LEGISLATIVE BUDGET BOARD

Fiscal Size-up
2020–21 Biennium

SUBMITTED TO THE 86TH TEXAS LEGISLATURE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

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FISCAL SIZE-UP: 2020–21 BIENNIUM

May 2020

This publication of *Fiscal Size-up* continues the tradition first instituted in 1952 to report on the budget and other fiscal actions of each Legislature, and to provide contextual information about the structure, operation, and fiscal condition of Texas state government. While *Fiscal Size-up* serves to inform members of the Legislature, state entities, and Texas taxpayers with a comprehensive review of how tax dollars were directed by the Eighty-sixth Legislature, 2019, this publication was developed before the impacts of the COVID-19 virus and sharp decrease in oil prices slowed economic activity. These events will have a profound effect on state and local budgets going forward.

The first three chapters of *Fiscal Size-up* summarize the overall fiscal condition of the state as it was when the Eighty-sixth Legislature deliberated the current budget. These opening chapters provide a high-level overview of the 2020–21 biennial state budget, a description of the major revenue sources and funds, economic indicators for Texas and the U.S., and highlight legislation passed by the Eighty-sixth Legislature, 2019, that will have a significant fiscal impact. Following this summary, the subsequent chapters of *Fiscal Size-up* focus in turn on each function of state government, providing comprehensive descriptions of programs and services within the state budget. We approach this discussion from the point of view of placing significant budget issues within the context of programs, activities, and services of the agencies and institutions that support each function.

We continue with this edition to include a stand-alone summary extracted from the broader publication that provides greater portability and access to key information. Furthermore, certain information also is available in an interactive format online at www.lbb.state.tx.us/interactive_graphics.aspx. This format enables quick extraction of detail by article, agency, and method of finance. Tabular and graphic reports are available, and the data are downloadable into spreadsheets in Microsoft Excel. Along with other Legislative Budget Board publications, the 2020–21 *Fiscal Size-up* is available on the Legislative Budget Board's website at www.lbb.state.tx.us.

The Legislative Budget Board is committed to producing work that is accurate, useful, and accessible. I am grateful for the work of the Legislative Budget Board staff and also to the many state officials and staff that provided the information necessary to compile this publication. The presentation of this information and its associated analysis is solely the responsibility of this office.

Jerry McGinty

Director

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1. STATE BUDGET OVERVIEW

This chapter provides an overview of House Bill 1, Eighty-sixth Legislature, 2019, referred to as the General Appropriations Act (GAA). This overview includes other bills passed by the Eighty-sixth Legislature, 2019, that appropriate funds. These combined appropriations are referred to as the state budget for the 2020–21 biennium. The overview highlights major changes in the budget from the previous biennium, and incorporates the adjustments to 2018–19 biennial appropriations included in Senate Bill 500, the supplemental appropriations bill.

The budget 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, plus an article providing general provisions to all state agencies and institutions.

The Legislature uses four methods of finance 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:

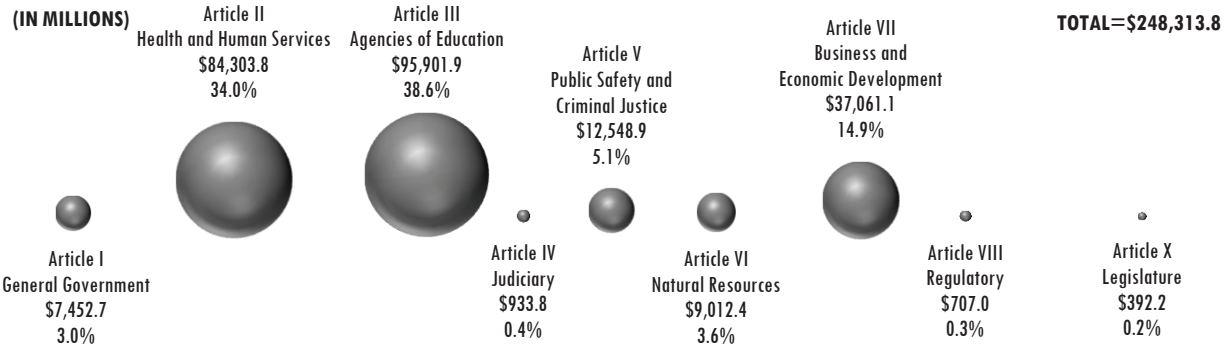
- **General Revenue Funds** include the nondedicated portion of the General Revenue Fund, which is the state's primary operating fund. General Revenue Funds also include the Available School Fund, the State Instructional Materials Fund, and the Foundation School Fund;
- **General Revenue–Dedicated Funds** include approximately 200 accounts within the General Revenue Fund that are dedicated for specific purposes by statute or by the funds-consolidation process. For example, Account No. 151, Clean Air, is funded primarily through a portion of motor vehicle inspection fees and a portion of air pollution control fees. These Account No. 151 revenues are statutorily dedicated to the Texas Commission on Environmental Quality to provide funding for various air quality, monitoring, and permitting 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; and
- **Other Funds** consist 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.

Figures 1 to **14** show the total appropriations for the 2020–21 biennium by each method of finance for each article compared to the 2018–19 biennium expenditure or budgeted level of funding. Included are highlights of major funding items or significant policy or fiscal issues across the state; a reconciliation of the base that explains how the previous biennium's appropriations have been adjusted during the 2018–19 biennium; an itemization of exceptions to 2020–21 baseline funding; and examples of factors affecting the state budget, including budget drivers such as correctional population and public school daily attendance.

This chapter also provides additional context for understanding the budget, including an analysis of trends in state government expenditures, restricted appropriations, and an explanation of constitutional limitations on state appropriations.

FUNDING BY ARTICLE

FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS



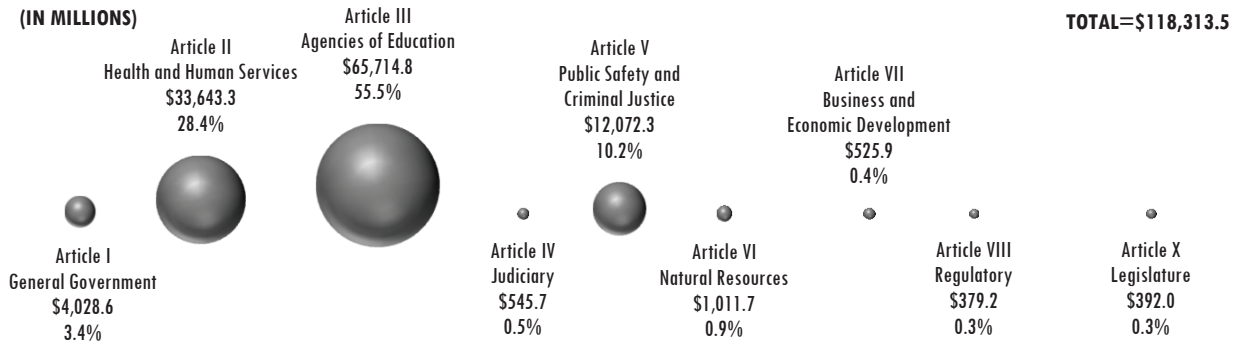
SOURCE: Legislative Budget Board.

FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$7,778.2	$7,452.7	($325.5)	(4.2%)
Article II – Health and Human Services	$83,816.3	$84,303.8	$487.5	0.6%
Article III – Agencies of Education	$82,214.8	$95,901.9	$13,687.1	16.6%
Public Education	*$61,315.5*	*$70,415.8*	*$9,100.4*	*14.8%*
Higher Education	*$20,899.4*	*$25,486.1*	*$4,586.7*	*21.9%*
Article IV – Judiciary	$858.0	$933.8	$75.8	8.8%
Article V – Public Safety and Criminal Justice	$18,854.5	$12,548.9	($6,305.6)	(33.4%)
Article VI – Natural Resources	$8,474.6	$9,012.4	$537.7	6.3%
Article VII – Business and Economic Development	$36,730.4	$37,061.1	$330.7	0.9%
Article VIII – Regulatory	$677.8	$707.0	$29.3	4.3%
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – Legislature	$392.8	$392.2	($0.6)	(0.2%)
Total, All Articles	**$239,797.5**	**$248,313.8**	**$8,516.3**	**3.6%**
Amount of Tax Relief			($4,980.0)	
Growth Excluding Property Tax Relief			**$3,536.3**	**1.5%**

NOTES:
(1) Excludes Interagency Contracts.
(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 3
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS



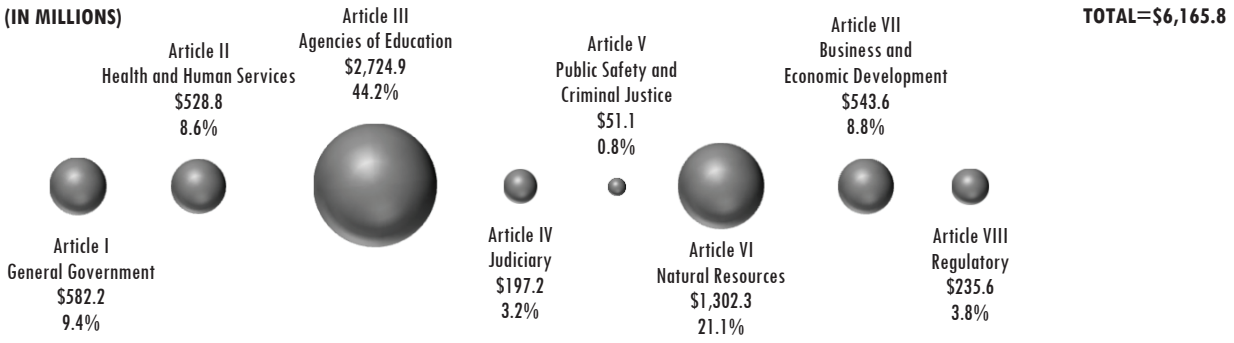
SOURCE: Legislative Budget Board.

FIGURE 4
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$3,338.7	$4,028.6	$689.9	20.7%
Article II – Health and Human Services	$34,640.7	$33,643.3	($997.5)	(2.9%)
Article III – Agencies of Education	$55,818.7	$65,714.8	$9,896.1	17.7%
Public Education	*$40,865.0*	*$49,738.7*	*$8,873.7*	*21.7%*
Higher Education	*$14,953.7*	*$15,976.1*	*$1,022.5*	*6.8%*
Article IV – Judiciary	$491.7	$545.7	$54.0	11.0%
Article V – Public Safety and Criminal Justice	$11,545.0	$12,072.3	$527.3	4.6%
Article VI – Natural Resources	$910.7	$1,011.7	$101.0	11.1%
Article VII – Business and Economic Development	$496.6	$525.9	$29.3	5.9%
Article VIII – Regulatory	$351.4	$379.2	$27.7	7.9%
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – Legislature	$392.7	$392.0	($0.7)	(0.2%)
Total, All Articles	**$107,986.3**	**$118,313.5**	**$10,327.1**	**9.6%**
Amount of Tax Relief			($4,980.0)	
Growth Excluding Property Tax Relief			**$5,347.1**	**5.0%**

NOTE: 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



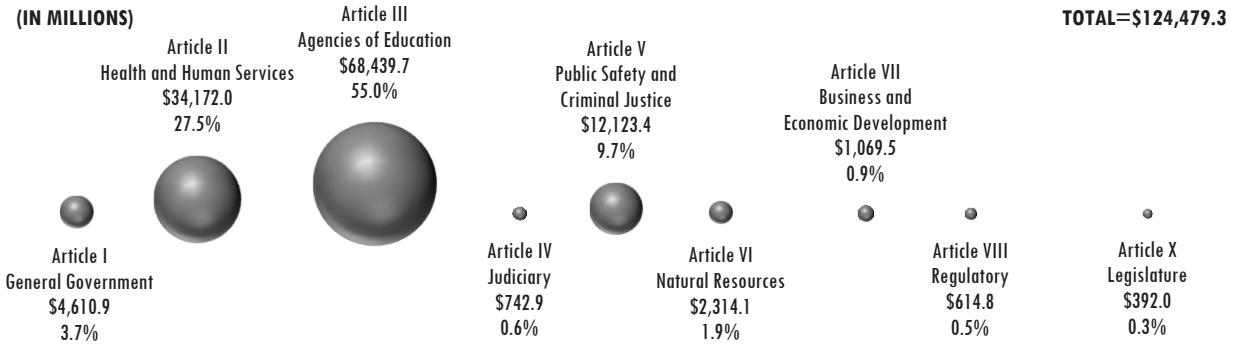
SOURCE: Legislative Budget Board.

FIGURE 6
FUNDING BY ARTICLE, GENERAL REVENUE–DEDICATED FUNDS

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$858.5	$582.2	($276.2)	(32.2%)
Article II – Health and Human Services	$566.9	$528.8	($38.1)	(6.7%)
Article III – Agencies of Education	$2,822.5	$2,724.9	($97.6)	(3.5%)
Public Education	*$0.0*	*$0.0*	*$0.0*	*N/A*
Higher Education	*$2,822.5*	*$2,724.9*	*($97.6)*	*(3.5%)*
Article IV – Judiciary	$141.1	$197.2	$56.2	39.8%
Article V – Public Safety and Criminal Justice	$42.0	$51.1	$9.1	21.7%
Article VI – Natural Resources	$1,368.7	$1,302.3	($66.4)	(4.8%)
Article VII – Business and Economic Development	$571.9	$543.6	($28.3)	(4.9%)
Article VIII – Regulatory	$236.1	$235.6	($0.5)	(0.2%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$6,607.5**	**$6,165.8**	**($441.7)**	**(6.7%)**

NOTE: 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



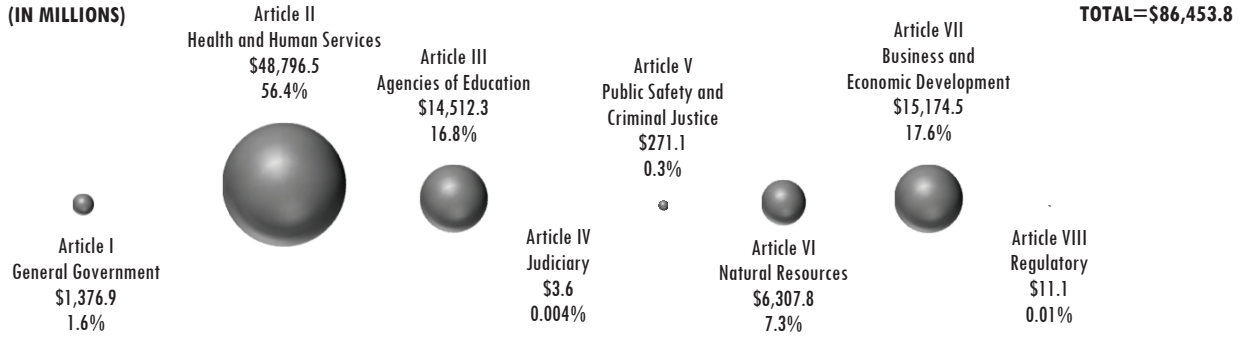
SOURCE: Legislative Budget Board.

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

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,197.2	$4,610.9	$413.7	9.9%
Article II – Health and Human Services	$35,207.6	$34,172.0	(1,035.6)	(2.9%)
Article III – Agencies of Education	$58,641.2	$68,439.7	9,798.5	16.7%
Public Education	*$40,865.0*	*$49,738.7*	*8,873.7*	*21.7%*
Higher Education	*$17,776.1*	*$18,701.0*	*924.9*	*5.2%*
Article IV – Judiciary	$632.8	$742.9	110.2	17.4%
Article V – Public Safety and Criminal Justice	$11,587.0	$12,123.4	536.4	4.6%
Article VI – Natural Resources	$2,279.4	$2,314.1	34.7	1.5%
Article VII – Business and Economic Development	$1,068.5	$1,069.5	1.0	0.1%
Article VIII – Regulatory	$587.5	$614.8	27.2	4.6%
Article IX – General Provisions	$0.0	$0.0	0.0	N/A
Article X – Legislature	$392.7	$392.0	(0.7)	(0.2%)
Total, All Articles	**$114,593.8**	**$124,479.3**	**$9,885.4**	**8.6%**
Amount of Tax Relief			($4,980.0)	
Growth Excluding Property Tax Relief			**$4,905.4**	**4.3%**

NOTE: 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



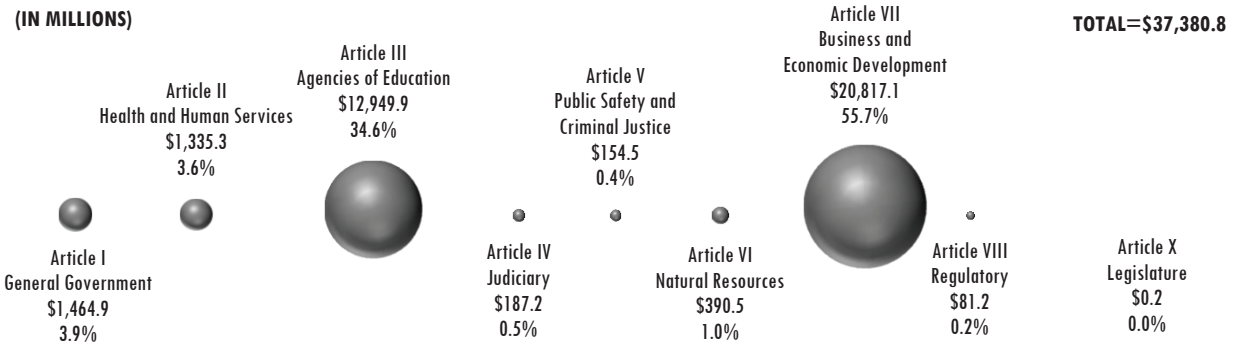
SOURCE: Legislative Budget Board.

FIGURE 10
FUNDING BY ARTICLE, FEDERAL FUNDS

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,264.0	$1,376.9	$112.9	8.9%
Article II – Health and Human Services	$46,421.5	$48,796.5	$2,374.9	5.1%
Article III – Agencies of Education	$10,802.4	$14,512.3	$3,709.9	34.3%
Public Education	*$10,519.6*	*$10,727.2*	*$207.6*	*2.0%*
Higher Education	*$282.8*	*$3,785.1*	*$3,502.3*	*1,238.4%*
Article IV – Judiciary	$4.0	$3.6	($0.4)	(10.7%)
Article V – Public Safety and Criminal Justice	$6,747.9	$271.1	($6,476.8)	(96.0%)
Article VI – Natural Resources	$3,823.5	$6,307.8	$2,484.3	65.0%
Article VII – Business and Economic Development	$14,715.6	$15,174.5	$458.9	3.1%
Article VIII – Regulatory	$12.6	$11.1	($1.6)	(12.4%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$83,791.7**	**$86,453.8**	**$2,662.1**	**3.2%**

NOTE: 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



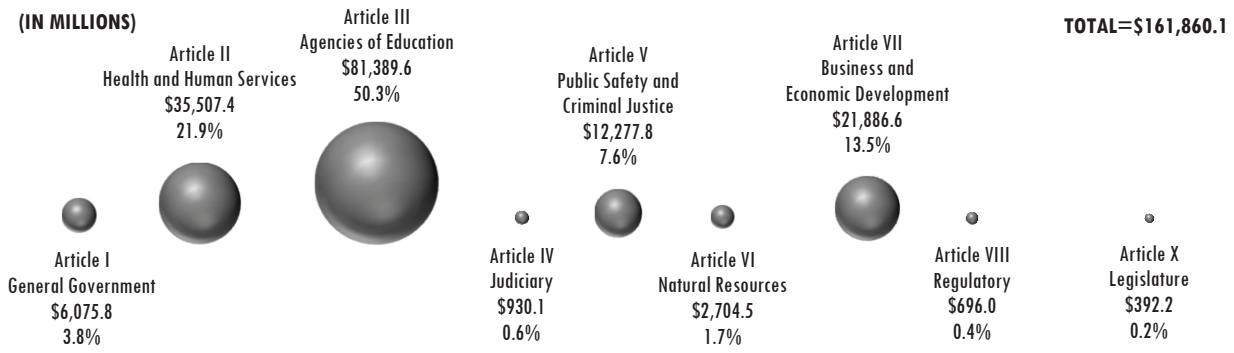
SOURCE: Legislative Budget Board.

FIGURE 12
FUNDING BY ARTICLE, OTHER FUNDS

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$2,317.0	$1,464.9	($852.1)	(36.8%)
Article II – Health and Human Services	$2,187.1	$1,335.3	($851.8)	(38.9%)
Article III – Agencies of Education	$12,771.2	$12,949.9	$178.6	1.4%
Public Education	*$9,930.8*	*$9,949.9*	*$19.1*	*0.2%*
Higher Education	*$2,840.4*	*$3,000.0*	*$159.6*	*5.6%*
Article IV – Judiciary	$221.2	$187.2	($34.0)	(15.4%)
Article V – Public Safety and Criminal Justice	$519.7	$154.5	($365.2)	(70.3%)
Article VI – Natural Resources	$2,371.8	$390.5	($1,981.3)	(83.5%)
Article VII – Business and Economic Development	$20,946.3	$20,817.1	($129.2)	(0.6%)
Article VIII – Regulatory	$77.6	$81.2	$3.6	4.6%
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – Legislature	$0.1	$0.2	$0.1	133.0%
Total, All Articles	**$41,412.0**	**$37,380.8**	**($4,031.2)**	**(9.7%)**

NOTES:
(1) Excludes Interagency Contracts.
(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 13
FUNDING BY ARTICLE, GENERAL REVENUE FUNDS, GENERAL REVENUE–DEDICATED FUNDS, AND OTHER FUNDS



SOURCE: Legislative Budget Board.

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

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$6,514.2	$6,075.8	($438.4)	(6.7%)
Article II – Health and Human Services	$37,394.8	$35,507.4	(1,887.4)	(5.0%)
Article III – Agencies of Education	$71,412.4	$81,389.6	9,977.2	14.0%
Public Education	*$50,795.9*	*$59,688.6*	*8,892.7*	*17.5%*
Higher Education	*$20,616.6*	*$21,701.0*	*1,084.5*	*5.3%*
Article IV – Judiciary	$854.0	$930.1	76.2	8.9%
Article V – Public Safety and Criminal Justice	$12,106.6	$12,277.8	171.2	1.4%
Article VI – Natural Resources	$4,651.1	$2,704.5	(1,946.6)	(41.9%)
Article VII – Business and Economic Development	$22,014.8	$21,886.6	(128.2)	(0.6%)
Article VIII – Regulatory	$665.2	$696.0	30.8	4.6%
Article IX – General Provisions	$0.0	$0.0	0.0	N/A
Article X – Legislature	$392.8	$392.2	(0.6)	(0.2%)
Total, All Articles	**$156,005.9**	**$161,860.1**	**$5,854.2**	**3.8%**
Amount of Tax Relief			($4,980.0)	
Growth Excluding Property Tax Relief			**$874.2**	**0.6%**

NOTES:
(1) Excludes Interagency Contracts.
(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.

HIGHLIGHTS OF THE STATE BUDGET

For the 2020–21 biennium, funding includes the following key budget items:

SCHOOL FINANCE AND PROPERTY TAX REFORM

- A total of $11.5 billion in General Revenue Funds greater than the amount required by previous law for public schools is provided to increase public education funding, including salary increases for classroom teachers and other educators, provide school district property tax relief, and reduce recapture. The funding was contingent upon the enactment of House Bill 3, Eighty-sixth Legislature, 2019, which became effective September 1, 2019, and includes the following components:
  - $6.5 billion for increased school funding, including: an increase to the basic allotment to $6,160; funding to provide salary increases to teachers, librarians, counselors, nurses and other school employees; full-day prekindergarten for eligible students; and major structural reforms to the school finance system. Districts and charters are required to spend at least 30.0 percent of their funding gain from the increased basic allotment on salary increases;
  - $5.0 billion for property tax relief through the compression of school district tax rates. Tier 1 tax rates are compressed to at least 93.0 percent, with additional compression beginning in fiscal year 2021 in districts where property value growth exceeds 2.5 percent; and
  - as a result of the school finance reform in House Bill 3, recapture payments are projected to decrease by $3.5 billion during the 2020–21 biennium from what they would have been before the legislation.

MEDICAID

- Funding for the 2020–21 biennium includes $66.4 billion in All Funds, including $24.7 billion in General Revenue Funds and $0.1 billion in General Revenue–Dedicated Funds, for the Texas Medicaid program. This amount is an increase of $1.1 billion in All Funds and a decrease of $1.8 billion in General Revenue Funds from 2018–19 biennial levels.
- Included in these amounts is $61.5 billion in All Funds for Medicaid client services, $1.8 billion in All Funds for programs supported by Medicaid funding, and $3.1 billion in All Funds for administration of the Medicaid program and other programs supported by Medicaid funding. The net increase in Medicaid funding is due to a $0.8 billion All Funds increase in Medicaid client services, a $0.2 billion All Funds increase in other programs supported by Medicaid funding, and a $0.1 billion All Funds increase in administrative funding.
- Increased All Funds funding for Medicaid client services supports caseload growth, maintains fiscal year 2019 average costs for most services, and provides funding for cost growth associated with average costs established by the federal government. Funding also is provided to support community-based long-term care, including 1,628 additional waiver slots to reduce interest lists; attendant wage and rate-enhancement program increases; and rate increases for consumer-directed services and certain waivers. Rate increases also are provided for inpatient services and labor and delivery services provided by rural hospitals, intermediate care facilities for individuals with intellectual disabilities, Texas Health Steps private-duty nursing, and certain therapy services. These increases are offset by assumed savings associated with cost containment of $0.9 billion in All Funds. More favorable Federal Medical Assistance Percentages result in a higher proportion of the program being funded with Federal Funds, more than offsetting increased General Revenue Funds demand associated with caseload and costs, resulting in an overall decrease to General Revenue Funds of $1.8 billion. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included. Funding levels also decreased by $0.1 billion in General Revenue Funds to offset appropriations made to the Texas Education Agency to implement the provisions of Senate Bill 11, Eighty-sixth Legislature, 2019.
- Funding amounts for the 2018–19 biennium for Medicaid client services include supplemental funding of $4.3 billion in All Funds, including $2.1 billion in General Revenue Funds and $0.1 billion in Other Funds from the Economic Stabilization Fund for fiscal year 2019 provided in Senate Bill 500,

Eighty-sixth Legislature, 2019. Of this amount, $50.0 million was provided for rate increases for children's hospitals; although these funds are included in 2018–19 biennial spending levels, they were appropriated for a two-year period and it is anticipated that the Health and Human Services Commission will expend the funds during the 2020–21 biennium.

TRANSPORTATION

- Funding provides $31.1 billion in All Funds for all functions at the Department of Transportation, which includes the following amounts: an estimated $5.0 billion in funding from anticipated state sales tax deposits to the State Highway Fund (SHF) (Proposition 7, 2015); $3.9 billion in funding from oil and natural gas tax-related transfers to the SHF (Proposition 1, 2014); and all available SHF funding from traditional transportation tax and fee revenue sources, estimated to be $9.3 billion for the 2020–21 biennium.
- Funding provides $27.2 billion in All Funds for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation. The All Funds amount includes $10.9 billion in Federal Funds; $7.5 billion from traditional SHF revenue sources; $4.4 billion from Proposition 7, 2015, proceeds and $3.9 billion from Proposition 1, 2014, proceeds for constructing, maintaining, and acquiring rights-of-way for nontolled public roadways; and $0.5 billion from the Texas Mobility Fund and regional toll project revenues.
- Funding provides $2.2 billion in All Funds for debt service payments and other financing costs, including $1.5 billion in Other Funds from the SHF and the Texas Mobility Fund; $0.6 billion in Other Funds from Proposition 7, 2015, SHF proceeds for General Obligation bond debt service; and $117.0 million in Federal Funds from Build America Bond interest payment subsidies.

DISASTER RECOVERY, INFRASTRUCTURE RESILIENCY, AND FLOOD INFRASTRUCTURE

- Senate Bill 500, Eighty-sixth Legislature, 2019, provides $3.7 billion from the Economic Stabilization Fund to fund significant initiatives that address damage to the state due to Hurricane Harvey, provide state participation and facilitation of the draw-down of federal aid programs for local government recovery efforts, and invest in long-term infrastructure projects intended to decrease the effects of subsequent disasters. Funding includes the following areas:
  - Hurricane Harvey relief to public schools through the Foundation School Program – $806.5 million is provided to the Texas Education Agency to provide 2018–19 biennial funding to school districts and charter schools affected by Hurricane Harvey. This amount includes funds for additional compensatory education-eligible students, facilities remediation costs, and amounts to hold schools harmless for revenue losses due to the loss of students and local property tax revenue due to the disaster. Additionally, $636.0 million is provided for district payments to cover projected tax revenue losses in the 2020–21 biennium;
  - Hurricane Harvey-related facilities damage recovery at institutions of higher education – institutions including University of Houston campuses, Lone Star College, and the University of Texas at Austin Marine Science Institute are appropriated $74.8 million for assistance to repair damaged facilities; and
  - Hurricane Harvey-related response reimbursement and facilities damage recovery at state agencies – $290.7 million is provided to state agencies, including the Department of Public Safety, the General Land Office, the Health and Human Services Commission, and the Texas Forest Service. These funds primarily are either to reimburse agencies for response costs incurred during the immediate aftermath of Hurricane Harvey or to provide facilities repair funding.
- Pursuant to Senate Bill 7, Eighty-sixth Legislature, 2019, Senate Bill 500 provides supplemental appropriations of $1.68 billion for the Texas Infrastructure Resiliency Fund and the Flood Infrastructure Fund for the following purposes:
  - state participation in the nonfederal match for federal Hurricane Harvey recovery programs – $838.0 million in state funds to assist local entities in drawing down federal disaster recovery funds in accordance with the Federal Emergency Management Agency's Public Assistance and Hazard Mitigation grant programs, and long-

term infrastructure projects by the U.S. Army Corps of Engineers; and

- flood infrastructure – $840.0 million to the Water Development Board to develop and fund projects in accordance with the State Flood Plan.

- Senate Bill 500 provides $150.0 million to the Texas Soil and Water Conservation Board to fund the repair and improvement of earthen dams.

BEHAVIORAL HEALTH

- Funding includes $4.4 billion in All Funds, including $3.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, for non-Medicaid and Children's Health Insurance Program (CHIP) behavioral health services. Funding supports programs at 23 agencies across six articles, and includes the following areas: inpatient client services at state hospitals and community hospitals; deferred maintenance projects at state mental health hospitals; outpatient services provided through local mental health authorities and local behavioral health authorities; substance abuse prevention, intervention, and treatment services for adults and children; mental healthcare and substance abuse treatment for incarcerated offenders; mental healthcare services for veterans; the Texas Child Mental Health Care Consortium established in Senate Bill 11, Eighty-sixth Legislature, 2019; and other services.

- Medicaid expenditures for behavioral health services, when including projected cost growth that is not funded, are estimated to total $3.3 billion in All Funds for the 2020–21 biennium. CHIP expenditures, when including projected cost growth that is not funded, are estimated to total $0.1 billion in All Funds. Total behavioral health-related funding, including estimated Medicaid and CHIP expenditures, is estimated to be $7.8 billion in All Funds for the biennium.

- Senate Bill 500, Eighty-sixth Legislature, 2019, provided the Health and Human Services Commission (HHSC) with an additional $445.4 million in Other Funds from the Economic Stabilization Fund (ESF) during fiscal year 2019 for continued improvements at the state mental health hospitals. These funds are included for 2018–19 biennial spending levels; however, they were appropriated for a two-year period and it is likely that HHSC will expend the majority of the funds during the 2020–21 biennium.

- Funding for non-Medicaid and CHIP behavioral health services is a decrease of $407.3 million in All Funds and an increase of $377.2 million in General Revenue Funds from the 2018–19 biennial level. The decrease is due primarily to decreases at HHSC in Federal Funds associated with an assumed reduction in the Opioid State Targeted Response federal grant ($82.2 million in Federal Funds) and Other Funds (ESF) appropriated for onetime construction projects and certain capital repair and renovation projects at state-funded inpatient mental health facilities, including $823.8 million from the ESF provided in Senate Bill 500. These decreases are offset partially by the following increases:

  - $230.9 million in additional General Revenue Funds at HHSC for behavioral health services, including community mental health services, substance abuse services, and inpatient services provided at state and community mental health hospitals;

  - $133.0 million in Other Funds from Revenue Bond Proceeds for deferred maintenance projects at the state mental health hospitals;

  - $99.0 million in General Revenue Funds provided to the Texas Higher Education Coordinating Board for the Texas Child Mental Health Care Consortium; and

  - $47.5 million in additional General Revenue Funds provided to other state agencies for various services, including mental healthcare for incarcerated offenders, mental health workforce training programs, and expansion of the Texas Tech Telemedicine Wellness, Intervention, Triage, and Referral project.

CHILD PROTECTIVE SERVICES

- Funding of $3.8 billion in All Funds, including $2.2 billion in General Revenue Funds, is provided for all Child Protective Services (CPS) functions at the Department of Family and Protective Services. This amount is an increase of $233.4 million in All Funds and $155.0 million in General Revenue Funds from the 2018–19 biennial base.

- CPS funding includes a total of $1.9 billion in All Funds and $0.9 billion in General Revenue Funds for client services programs, including foster care, adoption subsidies, permanency care assistance payments, relative caregiver monetary assistance payments, and day care. This amount is an increase of $73.4 million in All Funds and $19.8 million in General Revenue Funds from the 2018–19 biennial base, primarily to address Community-based Care expansion into Regions 1 and 8B and biennializing expansion into Regions 2 and 8A, provide for adoption and permanency care assistance payments caseload growth, and fund rate increases for certain foster care providers.
- Funding includes $1.6 billion in All Funds and $1.2 billion in General Revenue Funds for CPS direct delivery staff, including services provided through Community-based Care. This amount is an increase of $170.1 million in All Funds and $147.3 million in General Revenue Funds from the 2018–19 biennial base for additional full-time-equivalent (FTE) positions to reduce caseloads per worker for most caseworkers. This amount also includes increased funding and a decrease in FTE positions to biennialize Community-based Care expansion that occurred during fiscal year 2019 and expand Community-based Care into two new regions (Regions 1 and 8B) and into Stage II in Regions 3B, 2, and 8A.
- Funding amounts for the 2018–19 biennium for CPS include supplemental funding of $0.1 billion in All Funds for fiscal year 2019 provided in Senate Bill 500, Eighty-sixth Legislature, 2019.

SCHOOL SAFETY

- Including amounts in Senate Bill 500, Eighty-sixth Legislature, 2019, and amounts budgeted for fiscal year 2019, new funding provided for school safety programs totals $343.5 million in All Funds, including $231.8 million in General Revenue Funds and $110.9 million in Other Funds from the Economic Stabilization Fund (ESF), and $0.8 million in Federal Funds. All Funds appropriations include the following amounts:
  - Health and Human Services Commission – General Revenue Funds of $8.1 million and federal funding of $0.8 million to expand Children's Community Mental Health; and General Revenue Funds of $4.6 million for grants to mental health professionals at local mental health authorities;
  - public education – funding of $100.0 million from the ESF for school safety infrastructure enhancements and $10.9 million for school district reimbursement of post-disaster expenditures; $100.0 million in General Revenue Funds for the school safety allotment provided in Senate Bill 11, Eighty-sixth Legislature, 2019; and $2.0 million in General Revenue Funds for customized school safety programming; and
  - higher education – General Revenue Funds of $99.0 million for the Child Mental Health Consortium appropriated to the Texas Higher Education Coordinating Board; $5.0 million for Texas Tech University Health Sciences Center's Telemedicine Wellness Intervention Triage and Referral Program; and, at Texas State University, $9.1 million for the School Safety Center and $4.0 million for Advanced Law Enforcement Rapid Response Training.

HIGHER EDUCATION FORMULA FUNDING

- Higher education formulas are supported by $8.1 billion in General Revenue Funds and $1.4 billion in General Revenue–Dedicated Funds. Included in these amounts are an increase of $913.5 million in General Revenue Funds and a decrease of $10.8 million in General Revenue–Dedicated Funds, which primarily is statutory tuition, from the 2018–19 biennium.
- The general academic institutions Instruction and Operations (I&O) formula rate increases from $55.82 during the 2018–19 biennium to $55.85; the Lamar State Colleges I&O formula rate increases from $3.53 to $5.12; and the Texas State Technical Colleges I&O returned value percentage increases from 27.6 percent to 36.1 percent. The infrastructure formula rate for all of these institutions increases from $5.41 to $5.47.
- The health-related institutions (HRI) formula appropriations include new mission-specific formulas for the University of Texas (UT)

Southwestern Medical Center, the University of Texas Health Science Center (UTHSC) at Houston, UTHSC at San Antonio, and the University of Texas Medical Branch at Galveston. The HRI I&O formula rate increases from $9,431 during the 2018–19 biennium to $9,622. The HRI Infrastructure formula rate increases from $6.11 to $6.14. The HRI Research Enhancement formula rate increases from 1.16 percent to 1.18 percent. The HRI Graduate Medical Education formula rate increases from $5,824 to $5,970. The Cancer Center Operations formula rate for UT M.D. Anderson Cancer Center increases from $1,650 to $1,666. The Chest Disease Center Operations formula rate for UTHSC at Tyler increases from $187 to $189.

- Formula funding for the public community and junior colleges provides for an increase in the contact hour rate from $5.40 during the 2018–19 biennium to $5.44, and an increase in the success point rate from $171.56 to $202.53. Core operations funding was maintained at 2018–19 biennial levels.

TEACHER RETIREMENT AND HEALTH BENEFITS

- Senate Bill 500, Eighty-sixth Legislature, 2019, includes a total of $1.1 billion in All Funds greater than amounts that would have been required for retirement benefits at the Teacher Retirement System (TRS) effective before Senate Bill 12, Eighty-sixth Legislature, 2019. This amount includes $524.0 million in Other Funds from the Economic Stabilization Fund (ESF) to increase the state contribution for the 2020–21 biennium from 6.8 percent to 7.5 percent to achieve actuarial soundness. It also includes $589.0 million from the ESF for fiscal year 2019 for an additional onetime payment to certain TRS annuitants.

- The Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, provides $4.1 billion in All Funds to provide a state contribution to TRS retirement benefits equal to 6.8 percent of payroll, the state contribution rate effective before Senate Bill 12. Appropriations include $4.1 billion in General Revenue Funds, $48.8 million in General Revenue–Dedicated Funds, and $9.1 million in Other Funds from the Teacher Retirement System Pension Trust Fund.

- Retiree health insurance funding totals $1.1 billion in General Revenue Funds. Funding includes $879.4 million in General Revenue Funds to provide a statutorily required state contribution to TRS-Care of 1.25 percent of public education payroll. Funding also includes $236.3 million greater than statutorily required amounts in General Revenue Funds to maintain plan year 2019 TRS-Care premiums and benefits for the 2020–21 biennium.

- Funding for TRS assumes 3.9 percent annual public education payroll growth across retirement and TRS-Care strategies and 5.6 percent annual higher education payroll growth. These assumptions are based on payroll and method-of-finance trend data.

ADULT INCARCERATION

- Funding of $6.9 billion in All Funds, including $6.7 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. All Funds decreased by $97.7 million for the 2020–21 biennium from the previous biennium and includes the funding changes:
  - a $162.5 million increase for the provision of offender healthcare, medical capital equipment, and occupational therapy services for offenders in the developmental disabilities program;
  - a $99.1 million decrease for repair and rehabilitation of buildings and facilities;
  - an $85.7 million increase to restructure the correctional, institutional parole, parole hearing, and parole supervision officers' career ladder and provide salary increases;
  - an $8.4 million increase for 200 additional sheltered housing beds at the Stiles Unit;
  - a $4.8 million increase to expand services in rural areas for Texas Correctional Office on Offenders with Medical or Mental Impairments;
  - a $4.0 million increase for pretrial diversion grants to local community supervision and corrections departments; and

- a $1.6 million decrease to fund community supervision and parole to align with Legislative Budget Board population projections.

- Senate Bill 500, Eighty-sixth Legislature, 2019, appropriated the following supplemental amounts for fiscal year 2019:
  - $190.0 million in General Revenue Funds to fund fiscal year 2019 expenditures for correctional managed healthcare;
  - $30.0 million in General Revenue Funds for correctional officer overtime during the 2018–19 biennium;
  - $54.0 million in Other Funds from the Economic Stabilization Fund (ESF) for the repair and rehabilitation of buildings and facilities;
  - $38.6 million from the ESF for transfers from TDCJ to address Hurricane Harvey recovery during the 2018–19 biennium;
  - $26.0 million from the ESF for the installation of comprehensive video surveillance systems in TDCJ's maximum-security units; and
  - $24.2 million from the ESF for implementation of a modern Corrections Information Technology System for offender management.

HUMAN TRAFFICKING PREVENTION AND LAW ENFORCEMENT

- Funding includes an estimated $58.2 million for the prevention, investigation, and prosecution of human trafficking-related activities, an increase of $39.4 million from the 2018–19 biennium. Funded initiatives include law enforcement; inspection and prosecution personnel at the Department of Public Safety, Alcoholic Beverage Commission, Department of Licensing and Regulation, Office of the Governor, and the Office of the Attorney General; and prevention services at the Department of Family and Protective Services, the Department of State Health Services, and the Department of Transportation. Additionally, a Human Trafficking Coordinating Council is established to coordinate statewide anti-human-trafficking efforts.

BORDER SECURITY

- Funding of $800.6 million in All Funds is provided to fund border security purposes at nine state agencies across multiple articles of government. The majority of this funding, $693.3 million, is provided to the Department of Public Safety (DPS).

- Border security funding maintains support for DPS personnel at fiscal year 2019 full deployment levels and eliminates funding for onetime and transitional expenditures. Significant funding items include the following: $671.1 million in 2018–19 biennial base border security funding provided for the border security initiative, including a 50.0-hour work week for all DPS commissioned law enforcement officers, full biennial costs for 22 Texas Rangers, 250 new troopers and associated support staff, and several other border security-related initiatives. Funding also includes $9.3 million for human trafficking and antigang activities, $7.0 million for Operation Drawbridge camera maintenance, $0.8 million for a new Tactical Training Facility in Cameron County, and $0.5 million in General Revenue Funds for the Texas Transnational Intelligence Center.

- Border security funding also includes $53.5 million to the Trusteed Programs within the Office of the Governor for grants to local entities and other support, $29.0 million to the Parks and Wildlife Department for enhanced game warden activity, and funding for investigations, prosecutions, and other border security-related activities across several state agencies.

DRIVER LICENSE SERVICES

- Funding includes $486.3 million in All Funds for the Department of Public Safety's driver license program, which is an increase of $208.0 million in All Funds from the 2018–19 biennium. Funding is increased by $51.3 million to reclassify customer service representatives as license permit specialists and $141.5 million to add 762.0 FTE positions to fill all available work stations in current driver license offices. Additionally, funding is increased for new driver license offices in Angleton and Denton.

- A rider and $1.0 million in General Revenue Funds was added to the Department of Public Safety's bill pattern to direct the agency to contract with

an independent third party to study and make recommendations regarding the management, operating structure, and opportunities and challenges of transferring the driver license program to the Department of Motor Vehicles or becoming a standalone agency. The study must be submitted to the Legislature, the Governor, the Sunset Advisory Commission, the Department of Public Safety, and the Texas Department of Motor Vehicles by September 1, 2020.

- Pursuant to House Bill 2048, Eighty-sixth Legislature, 2019, the Driver Responsibility Program was repealed, resulting in a decrease of $4.4 million and 43.0 FTE positions in the Enforcement and Compliance Services strategy.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

- Funding for the Trusteed Programs within the Office of the Governor totals $1.4 billion in All Funds for the 2020–21 biennium, a decrease of $220.1 million, or 13.9 percent, from the 2018–19 biennium.

- Funding of $100.0 million from the Economic Stabilization Fund pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, is provided for disaster grants.

- Funding for economic development and jobs creation is included in Strategy C.1.1, Create Jobs and Promote Texas, which includes programs for economic development, tourism, film and music marketing, the Texas Enterprise Fund, military community support, and the Governor's University Research Initiative. Funding in the strategy for various economic development programs totals $534.2 million in All Funds for the 2020–21 biennium, including the following amounts:

  - $30.0 million in General Revenue Funds for the Defense Economic Adjustment Assistance grant program funding to provide assistance to affected military defense communities;

  - $74.0 million in General Revenue Funds and $76.0 million in estimated unexpended balances remaining at the end of fiscal year 2019 in the Texas Enterprise Fund for incentive grants, a decrease of $7.3 million in All Funds;

  - $17.1 million in General Revenue Funds and $22.9 million in estimated unexpended balances remaining at the end of fiscal year 2019 in the Governor's University Research Initiative for recruitment grants, a decrease of $13.3 million in All Funds;

  - $50.0 million in General Revenue Funds for the Moving Image Industry Incentive Program, a decrease of $17.2 million in General Revenue Funds;

  - $110.2 million in General Revenue–Dedicated Funds from Hotel Occupancy Tax deposits for tourism promotion. This amount maintains the $34.2 million appropriated for the 2018–19 biennium, plus projected unobligated balances estimated at $76.0 million; and

  - $50.0 million in General Obligation Bond Proceeds for the Military Value Revolving Loan Program for loans to defense communities for economic development projects at the Texas Military Preparedness Commission.

STATE FACILITIES

- Funding for the 2020–21 biennium includes an additional $1.6 billion for projects to address the repair, renovation, and new construction of state facilities and historic sites to address health and safety issues, maintenance, and other state needs. This amount includes $801.2 million in Revenue Bond Authority, $273.2 million in General Revenue Funds, $208.8 million from the Master Lease Purchase Program, $155.3 million from the State Highway Fund, $91.3 million from the Sporting Goods Sales Tax, $32.8 million from the Economic Stabilization Fund, $20.5 million in Federal Funds, and $9.8 million in Other Funds.

- Senate Bill 500, Eighty-sixth Legislature, 2019, includes $543.9 million to construct new state hospital facilities, address issues at the battleship *Texas*, implement state park repairs, and provide maintenance at institutions of higher education. This amount includes $509.9 million from the Economic Stabilization Fund and $34.0 million in General Revenue Funds.

- The following are among the major funded projects:
  - $475.2 million in Revenue Bond Authority and $7.3 million in General Revenue debt service for the Capitol Complex Phase 2 and North Austin Complex Phase 2 projects, and $120.2 million from the General Revenue Fund for deferred maintenance and health and safety repairs at the Texas Facilities Commission;
  - $445.4 million from the Economic Stabilization Fund pursuant to Senate Bill 500 for construction of new state hospital facilities, and $208.8 million from the Master Lease Purchase Program and $14.8 million in General Revenue debt service for deferred maintenance repairs at the Health and Human Services Commission;
  - $326.0 million in Revenue Bond Authority and $23.8 million in State Highway Fund debt service for the Texas Department of Transportation's Austin-area campus consolidation project.
  - $131.5 million from the State Highway Fund for repair and rehabilitation, facility construction, and land acquisition at the Texas Department of Transportation;
  - $99.3 million from the Sporting Goods Sales Tax and from the General Revenue–Dedicated Fund Account No. 9, Game, Fish and Water Safety, for planning, repair, and rehabilitation of facilities, and $35.5 million from the Economic Stabilization Fund to address battleship *Texas* repairs at the Texas Parks and Wildlife Department; and
  - $54.0 million in General Revenue Funds for deferred maintenance and health and safety projects at the Texas Department of Criminal Justice.

JUDICIAL COMPENSATION INCREASE

- Funding includes $30.0 million in All Funds, including $29.3 million in General Revenue Funds and $0.7 million in Federal Funds, to provide for increased judicial compensation pursuant to House Bill 2384, Eighty-sixth Legislature, 2019. The legislation establishes a tiered, tenure-based structure to adjust the state salaries for certain state judge and prosecutor positions to a percentage of the state-based salary of a district court judge depending on years of service. The legislation also relates the state salary of presiding judges, certain family court associate judges, county prosecutors, professional prosecutors, and the state prosecuting attorney to the state base salary of a district judge with comparable years of service.
- Funding of $24.0 million in General Revenue Funds is provided to the Judiciary Section, Comptroller's Department for increased compensation for the district judge and district and county attorney positions.
- Funding of $3.8 million in General Revenue Funds is provided to the Supreme Court of Texas, the Court of Criminal Appeals, the 14 Courts of Appeals, and the Office of the State Prosecuting Attorney for increased compensation for the chief justice, presiding judge, justice, and state prosecuting attorney positions.
- Funding of $2.2 million in All Funds, including $1.5 million in General Revenue Funds and $0.7 million in Federal Funds, is provided to the Office of Court Administration, Texas Judicial Council, for child protection court and child support court associate judge positions.

STATE EMPLOYEE RETIREMENT, HEALTH BENEFITS, SOCIAL SECURITY, AND FULL-TIME-EQUIVALENT POSITIONS

- Funding of $1.3 billion in All Funds, including $973.2 million in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the state contribution to the Employees Retirement System of Texas retirement program. This amount is an increase of $55.0 million in All Funds, including $44.2 million in General Revenue Funds and General Revenue–Dedicated Funds, for state agency employees' retirement benefits, due to assuming 0.5 percent annual payroll growth and selected salary and staffing increases. Funding provides for a 9.5 percent state contribution rate for each fiscal year of the 2020–21 biennium. Funding also continues the additional retirement contribution from all general state agencies at 0.5 percent of the total base wages and salaries for each eligible employee for a total combined state contribution of 10.0 percent.

- Funding of $4.2 billion in All Funds, including $3.0 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 is an increase of $211.3 million in All Funds, including $147.8 million in General Revenue Funds and General Revenue–Dedicated Funds, driven by assumed active and retired member growth. Funding does not provide a per-member contribution rate increase and instead relies upon the agency spending down the contingency reserve fund, which historically has achieved high fund balances due to savings in health plan contracts.

- Funding of $143.5 million in General Revenue Funds is provided for health insurance contributions for local community supervision and correction department employees, retirees, and dependents that also participate in the state's Group Benefits Program. Funding provides an increase of $4.4 million.

- Funding of $1.9 billion in All Funds, including $1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds, is provided for the state contribution for Social Security payroll taxes for employees of state agencies and institutions of higher education, an increase of $105.0 million. Funding is sufficient to provide the 6.2 percent Social Security employer contribution and the 1.45 percent Medicare employer contribution.

- Funding provides for 218,489.6 and 218,370.7 FTE positions for fiscal years 2020 and 2021, respectively. The number of FTE positions for fiscal year 2021 is an increase of 1,698.8 positions from fiscal year 2019 budgeted levels, to align with funding levels.

DEBT SERVICE

- Funding for the 2020–21 biennium fully funds debt service and totals $4.2 billion in All Funds. This amount is a decrease of $69.3 million, or 1.6 percent, from the 2018–19 biennium. Funding provides for debt service for General Obligation and revenue debt issued, or expected to be issued, by the Texas Public Finance Authority, the Facilities Commission, the Water Development Board, the Department of Transportation, and the Office of the Governor. Funding also provides for reimbursement of debt service payments for tuition revenue bonds issued by various institutions.

ECONOMIC STABILIZATION FUND

- House Bill 1, Eighty-sixth Legislature, 2019, contains no new appropriations from the Economic Stabilization Fund for the 2020–21 biennium. Senate Bill 500, Eighty-sixth Legislature, 2019, includes appropriations of $4,867.7 million from the Economic Stabilization Fund for fiscal year 2019 and $1,160.0 million for the 2020–21 biennium. The resulting cash balance of the fund plus the total asset value of investments is estimated to be $9,352.9 million at the end of fiscal year 2021.

STRATEGIC FISCAL REVIEW

- Eleven state agencies were subject to the Strategic Fiscal Review (SFR) in preparation for the Eighty-sixth Legislature, 2019. The public service nonformula support items of institutions of higher education also were subject to the SFR. The SFR provided an in-depth analysis of the selected state agency programs and their relationships to the agency's mission and statutes. Legislative Budget Board staff analysis that resulted from this review was made available to the members of the Legislature to aid in their budget and policy deliberations.

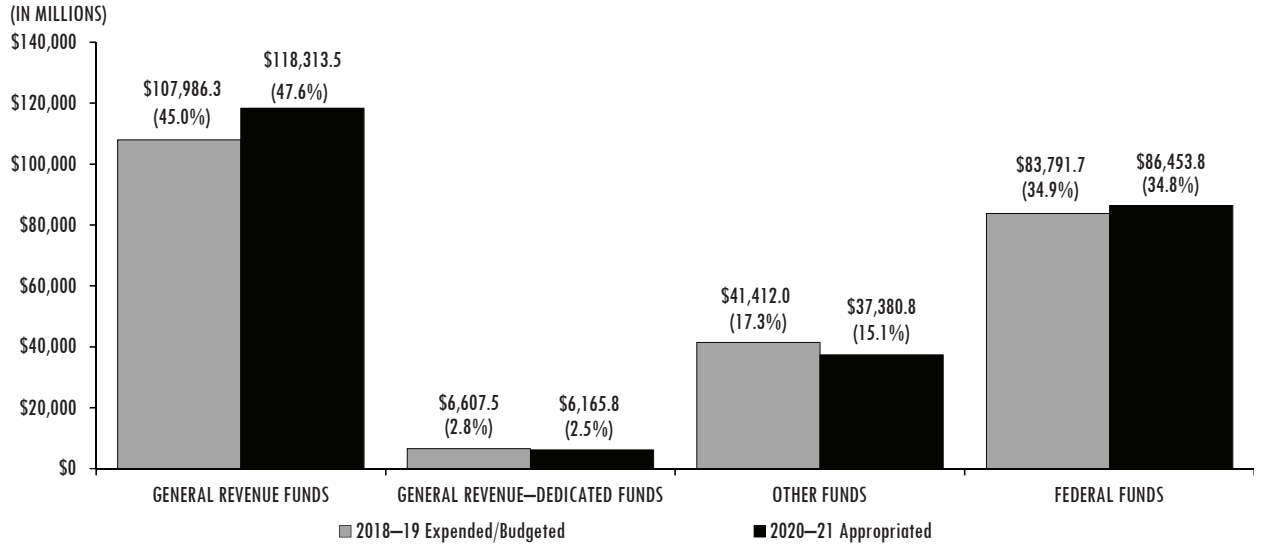
- The following agencies were subject to the Strategic Fiscal Review:
  - State Office of Risk Management;
  - Health and Human Services Commission – Office of Inspector General;
  - Teacher Retirement System;
  - Texas A&M Veterinary Medical Diagnostic Laboratory;
  - Institutions of Higher Education Public Service Nonformula Support Items;
  - Office of Court Administration, Texas Judicial Council;
  - Alcoholic Beverage Commission;
  - Military Department;

- Animal Health Commission;
- Parks and Wildlife Department;
- Workforce Commission; and
- Department of Licensing and Regulation.

BIENNIAL COMPARISON BY FUND SOURCE

Figure 15 shows a comparison of biennial amounts for each of the four fund sources, or methods of finance, in the state budget. Estimated and budgeted amounts for the 2018–19 biennium refer to agency-estimated expenditures for fiscal year 2018 and agency-budgeted amounts for fiscal year 2019. Amounts for the 2020–21 biennium refer to all appropriations made for the biennium. Percentage amounts represent the percentage of the entire biennial budget represented by that fund source.

FIGURE 15
BIENNIAL COMPARISON BY SOURCE OF 2018–19 EXPENDED/BUDGETED FUNDS AND 2020–21 APPROPRIATED FUNDS



NOTE: Other Funds excludes Interagency Contracts.
SOURCE: Legislative Budget Board.

APPROPRIATED, ESTIMATED, AND BUDGETED FUNDS COMPARISON

During each biennium, circumstances may result in variances to state agency expenditures (i.e., expended and budgeted amounts) from the amounts appropriated by the Legislature. Typically, these changes result from changes in population, client demands, or unforeseen events such as natural disasters, changes to federal formulas, grant requirements, or increased or decreased available revenue or balances supporting legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General Appropriations Act, and do not require legislative action. However, some expenditure changes require further action by the Legislature in the form of a supplemental appropriations bill.

Projected expended and budgeted amounts for the 2018–19 biennium increased by approximately $23.2 billion, or 10.7 percent, in All Funds. This amount consists of a net increase of $1.6 billion (1.4 percent) in General Revenue Funds and General Revenue–Dedicated Funds, and a net increase of $21.6 billion (20.7 percent) in other funding sources (Federal Funds and Other Funds). **Figure 16** shows the most significant changes.

FIGURE 16
RECONCILIATION OF INITIAL 2018–19 BIENNIAL APPROPRIATIONS TO 2018–19 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
2018–19 Biennial Appropriations as Published in the Fiscal Size-Up	$112,958.6	$216,608.3
BUDGET ADJUSTMENTS		
General Government		
Comptroller of Public Accounts: unexpended balances from fiscal year 2017	$24.7	$29.9
Fiscal Programs within the Office of the Comptroller of Public Accounts: supplemental appropriations from the Economic Stabilization Fund for the Texas Tomorrow Fund	$0.0	$211.0
Texas Facilities Commission (TFC): unexpended balances from fiscal year 2017 for Capitol Complex Revenue Bond Proceeds	$0.0	$743.0
TFC: unexpended balances from fiscal year 2017 for General Revenue–Dedicated Account No. 5166, Deferred Maintenance	$28.3	$28.3
Trusteed Programs within the Office of the Governor: unexpended balances from fiscal year 2017	$220.9	$262.4
Trusteed Programs within the Office of the Governor: supplemental appropriations from the Economic Stabilization Fund for Disaster Grants	$0.0	$100.0
Office of the Attorney General: an increase in estimated General Revenue Funds appropriations relating to federal incentives for the Child Support Retained Collection Account	$23.9	$23.9
Health and Human Services		
Health and Human Services Commission (HHSC): supplemental appropriations from General Revenue Funds and the Economic Stabilization Fund for Medicaid Client Services, including a rate increase for children's hospitals, partially offset by transfers to other programs	$1,875.7	$4,122.8
HHSC: a net decrease in estimated appropriations for Medicaid Client Services resulting from decreased Medicaid program-generated revenue ($265.0 million in General Revenue Funds and General Revenue–Dedicated Funds and $38.6 million in Other Funds)	($265.0)	($303.6)
HHSC: an increase in estimated General Revenue Funds appropriations for Women's Health Programs including replacing Medicaid Federal Funds not collected during fiscal year 2019 ($90.0 million) and supplemental appropriations for fiscal year 2019 ($10.3 million) partially offset by lapses during fiscal year 2018 ($7.4 million) and a realignment of funding for Title V ($3.2 million); additionally, estimated Federal Funds for Women's Health Programs decreased resulting in a small net All Funds decrease	$88.9	($2.7)

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2018–19 BIENNIAL APPROPRIATIONS TO 2018–19 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
BUDGET ADJUSTMENTS		
Health and Human Services (continued)		
HHSC: an increase in estimated General Revenue Funds appropriations and estimated Federal Funds appropriations for Disaster Assistance to respond to Hurricane Harvey, including the administration of Other Needs Assistance	$110.0	$519.8
HHSC: supplemental appropriations from General Revenue Funds ($57.0 million) and the Economic Stabilization Fund ($443.4 million), partially offset by a net decrease due to other adjustments including transfers to other Health and Human Services agencies and women's health programs, transfers from Medicaid, Federal Fund adjustments, and lapses	$6.1	$456.9
Funds for X-linked adrenoleukodystrophy newborn screening ($7.9 million) and the Economic Stabilization Fund for emergency laboratory generators ($12.0 million) and trauma capacity ($17.0 million)	$7.9	$36.9
Department of State Health Services: an increase in estimated Federal Funds for Hurricane Harvey ($21.2 million) and other increases, transfers, and lapses	$4.7	$152.2
Department of Family and Protective Services (DFPS): relating to client services programs; net increase in All Funds related to supplemental appropriations, internal and external transfers, and lapses including day care (an $8.3 million decrease in General Revenue Funds offset by a $26.8 million increase in Federal Funds), foster care ($89.0 million in General Revenue Funds and $1.9 million in Federal Funds), adoption subsidy and permanency care assistance (a $2.6 million decrease in General Revenue Funds partially offset by a $1.8 million increase in Federal Funds), and relative caregiver (a $22.8 million increase in General Revenue Funds offset by a $27.6 million decrease in Federal Funds)	$100.9	$103.8
DFPS: relating to purchased client services programs; supplemental appropriations from General Revenue Funds ($21.3 million) and internal transfers ($19.0 million) partially offset by a decrease in Federal Funds ($3.0 million)	$40.3	$37.3
DFPS: A net decrease in General Revenue Funds, including amounts transferred to client services and purchased client services, a transfer from HHSC, lapses, and other adjustments	($51.8)	($72.1)
Public and Higher Education		
Teacher Retirement System: supplemental appropriation from the Economic Stabilization Fund for onetime bonus annuity payments	$0.0	$589.0
Optional Retirement Program: a decrease in estimated General Revenue Funds appropriations	($47.7)	($47.7)
Texas Education Agency (TEA): estimated Foundation School Program appropriations funded with General Revenue Funds decreased by $849.7 million through the operation of entitlement formulas, primarily attributable to less-than-anticipated student enrollment growth. General Revenue Funds appropriations decreased by $271.3 million for certain costs funded from the Economic Stabilization Fund. General Revenue Funds decreases are offset partially by a $64.3 million General Revenue Funds increase required by less-than-anticipated collections of non-General Revenue Funds revenue sources for the Foundation School Program (a decrease of $162.6 million in the Property Tax Relief Fund, partially offset by an increase of $98.3 million in recapture)	($1,056.7)	($1,056.7)
TEA: Senate Bill 500, Eighty-sixth Legislature, 2019, increased General Revenue Funds appropriations for the Foundation School Program by $169.1 million for maintenance of financial support for special education and $50.5 million for special education supports. General Revenue Funds appropriations also increased from an unexpended balance carried forward from fiscal year 2017 for instructional materials of $169.6 million and the net effect of several smaller unexpended balances for an additional General Revenue Funds net increase of $11.9 million	$401.1	$401.1

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2018–19 BIENNIAL APPROPRIATIONS TO 2018–19 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
BUDGET ADJUSTMENTS		
Public and Higher Education (continued)		
TEA: estimated Federal Funds increased by the net impact of several federal funding streams being greater or less than anticipated, but primarily is attributable to Child Nutrition increases. Other Funds increased, primarily attributable to Senate Bill 500 appropriations from the Economic Stabilization Fund of $806.5 million for the Foundation School Program related to expenses related to Hurricane Harvey, $100.0 million for school safety infrastructure, $10.9 million for Santa Fe Independent School District funding, and $98.3 million in recapture revenue, partially offset by a decrease of $162.6 million from the Property Tax Relief Fund	$0.0	$880.3
Available University Fund: an increase in estimated Other Funds appropriations	$0.0	$224.3
Texas A&M Forest Service: supplemental appropriations from the Economic Stabilization Fund for expenses related to Hurricane Harvey ($2.5 million) and wildfires ($54.9 million)	$0.0	$57.7
Texas State Technical College System Administration: supplemental appropriations from General Revenue Funds for the abatement and demolition of certain facilities on the system's Waco campus	$29.6	$29.6
Public Safety and Criminal Justice		
Department of Public Safety: supplemental appropriations from General Revenue Funds for crime laboratories ($5.8 million) and supplemental appropriations from the Economic Stabilization Fund for helicopter replacement ($6.3 million) and Hurricane Harvey Transfer Replacement Funds ($97.0 million); increased Federal Funds for Hurricane Harvey Public Assistance and Hurricane Harvey Hazard Mitigation grants ($6,117.9 million)	$5.8	$6,226.9
Texas Department of Criminal Justice: supplemental appropriations from General Revenue Funds for Correctional Managed Health Care ($190.0 million) and correctional officer overtime ($30.0 million). Supplemental appropriations from the Economic Stabilization Fund for Corrections Information Technology System Project ($24.2 million), Hurricane Harvey Transfer Replacement Funds ($38.6 million), repair and rehabilitation of buildings and facilities ($54.0 million), and surveillance cameras ($26.0 million)	$220.0	$362.8
Natural Resources and Judiciary		
General Land Office: supplemental appropriations from the Economic Stabilization Fund for the Army Corps of Engineers ($200.0 million), an increase in estimated Federal Funds for Community Development Block Grants ($1,193.8 million), Disaster Grants Public Assistance ($209.6 million), and Federal Emergency Management Agency (FEMA) Federal Disaster Assistance to Individuals and Households ($540.0 million)	$0.0	$2,143.4
Texas Parks and Wildlife Department: an increase in estimated Federal Fund appropriations ($100.9 million) and supplemental appropriations from the Economic Stabilization Fund including the battleship *Texas* ($35.5 million), Hurricane Harvey expenses ($8.0 million), interoperable radio purchases ($5.0 million), and the Wyler aerial tramway ($5.0 million)	$0.0	$154.4
Texas State Soil and Water Conservation Board: supplemental appropriations from the Economic Stabilization Fund for dam infrastructure projects	$0.0	$150.0
Texas Water Development Board: supplemental appropriations from the Economic Stabilization Fund for flood infrastructure projects ($793.0 million), FEMA Public Assistance Grant Program ($365.0 million), FEMA Match Hazardous Mitigation Grant Program ($273.0 million), and State Flood Risk Maps and Flood Plan ($47.0 million)	$0.0	$1,478.0
Texas Commission on Environmental Quality: transfer to the Texas Division of Emergency Management relating to effects of Hurricane Harvey	$90.0	$90.0
Texas Department of Agriculture: lapse of federal receipts for various federal food and nutrition programs	$0.0	($150.9)

FIGURE 16 (CONTINUED)
RECONCILIATION OF INITIAL 2018–19 BIENNIAL APPROPRIATIONS TO 2018–19 EXPENDED AND BUDGETED AMOUNTS

(IN MILLIONS)	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ALL FUNDS
BUDGET ADJUSTMENTS		
Business and Economic Development		
Texas Workforce Commission: an increase in estimated Federal Funds appropriations primarily for Child Care and Development Block Grants	$0.0	$503.8
Texas Department of Housing and Community Affairs: an increase in federal awards, including the HOME Investment Partnerships Program, the National Housing Trust Fund, and the Low-Income Home Energy Assistance Program	$0.0	$77.0
Texas Lottery Commission: an increase in estimated General Revenue–Dedicated Funds for the lottery operator contract, retailer commissions, compliance monitoring, and other activities resulting from increased projected lottery sales	$42.7	$42.7
Texas Department of Transportation (TxDOT): unexpended balances from fiscal year 2017 for design-build transportation project payouts ($148.6 million) and aviation services grants and information resource technology projects ($44.7 million)	$0.0	$193.3
TxDOT: an increase in estimated Federal Funds appropriations for transportation projects ($559.8 million) and increase in estimated Other Funds appropriations for state sales tax revenue allocation for transportation projects ($1,760.9 million), oil and natural gas tax related revenue allocation for transportation projects ($816.5 million), Highway Improvement General Obligation (GO) Bond Proceeds for transportation projects ($575.0 million), Texas Mobility Fund funding for transportation projects ($371.4 million), Texas Mobility Fund bond proceeds for transportation projects ($283.3 million), and state sales tax revenue allocation for Highway Improvement GO bond debt service payments ($235.6 million)	$0.0	$4,602.6
TxDOT: a lapse of State Highway Fund appropriations for highway maintenance contract payouts ($326.2 million) and bond proceeds for transportation projects ($257.4 million)	$0.0	($583.5)
TxDOT: supplemental appropriations from the Economic Stabilization Fund for Transportation Infrastructure Fund grants ($125.0 million) and emergency and first responder airport facilities ($5.0 million)	$0.0	$130.0
State Contributions for Employee Benefits		
A decrease in estimated state contributions for employee health insurance (General Revenue Funds and General Revenue–Dedicated Funds of $199.9 million, All Funds of $170.4 million); retirement ($49.3 million, $23.2 million); Social Security ($70.1 million, $44.7 million); and benefit replacement pay ($3.5 million, $4.8 million)	($322.8)	($243.1)
Various Other Adjustments		
Other Adjustments	$57.8	$484.5
Subtotal, Adjustments	**$1,635.2**	**$23,189.3**
Total, Estimated/Budgeted Funds for the 2018–19 Biennium	**$114,593.8**	**$239,797.5**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

APPROPRIATIONS FOR ITEMS WITH 2020–21 BASELINE FUNDING EXCEPTIONS

In June 2018, the Office of the Governor, Budget Division, and the Legislative Budget Board provided guidance to state agencies and institutions of higher education regarding the preparation of their 2020–21 biennial legislative appropriations requests. As a starting point for budget deliberations, an agency's baseline request for General Revenue Funds and General Revenue–Dedicated Funds were prohibited from exceeding the sum of amounts estimated for fiscal year 2018 and budgeted for fiscal year 2019. Authorized exceptions to this restriction include amounts necessary to fund certain entitlement and other programs, debt service, and employee benefits. **Figure 17** shows the 2020–21 biennial recommended amounts for those program exceptions identified in the June 2018 correspondence.

FIGURE 17
PROGRAMMATIC EXCEPTIONS TO THE BASELINE FUNDING, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY, 2020–21 BIENNIUM

BUDGET ADJUSTMENTS (IN MILLIONS)	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Health and Human Services				
Medicaid	$24,293.5	$22,307.7	($1,985.8)	(8.2%)
Children's Health Insurance Program	$140.4	$422.8	$282.4	201.1%
Foster Care	$468.9	$480.5	$11.6	2.5%
Adoption Subsidies	$258.4	$247.2	($11.2)	(4.3%)
Permanency Care Assistance	$27.5	$35.1	$7.6	27.6%
Child Protective Services (2)	$1,293.5	$1,440.5	$147.0	11.4%
Behavioral Health Services (3)	$2,954.3	$3,331.4	$377.1	12.8%
Public Education				
Foundation School Program	$33,750.2	$42,803.9	$9,053.7	26.8%
Employer Contributions for State Pension Systems (Teacher Retirement System – pension only)	$3,953.9	$4,106.5	$152.6	3.9%
Employer Contributions for State Pension Systems (Teacher Retirement System – healthcare benefits only)	$1,209.6	$1,115.6	($94.0)	(7.8%)
Public Safety and Criminal Justice				
Maintain Public Safety Resources in Border Region (4)	$799.1	$800.6	$1.6	0.2%
State Employee Benefits				
Employer Contributions for State Pension Systems	$1,009.1	$1,053.0	$43.9	4.4%
Employer Contributions to Employee Health Insurance (5)	$2,870.6	$3,018.5	$147.9	5.2%
Employer Contributions to Social Security	$1,392.7	$1,492.4	$99.7	7.2%
Benefit Replacement Pay	$15.6	$11.3	($4.3)	(27.5%)
State Employee and Public Safety Death Benefits	$56.0	$55.1	($0.9)	(1.6%)
Debt Service Payments				
General Obligation Bonds (Public Finance Authority)	$581.4	$612.8	$31.4	5.4%
Revenue Bonds (Public Finance Authority)	$101.3	$120.8	$19.5	19.2%
Master Lease Purchase Program (Public Finance Authority)	$11.8	$22.2	$10.4	88.5%

FIGURE 17 (CONTINUED)
PROGRAMMATIC EXCEPTIONS TO THE BASELINE FUNDING, GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS ONLY, 2020–21 BIENNIUM

BUDGET ADJUSTMENTS (IN MILLIONS)	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Other				
Fiscal Programs within the Comptroller of Public Accounts: General Revenue–Dedicated Account No. 494, Compensation to Victims of Crime Auxiliary (CVC Auxiliary), exempted from certification	$0.1	$0.1	$0.0	0.0%
Fiscal Programs within the Comptroller of Public Accounts: General Revenue–Dedicated Account No. 5005, Oil Overcharge, exempted from certification	$15.4	$27.6	$12.2	79.6%
Trusteed Programs within the Office of the Governor: General Revenue–Dedicated Account No. 5107,Texas Enterprise, exempted from certification	$157.3	$76.0	($81.3)	(51.7%)
Office of the Attorney General: General Revenue–Dedicated Account No. 469, Compensation to Victims of Crime, exempted from certification	$143.2	$161.8	$18.6	13.0%
Office of the Attorney General: General Revenue–Dedicated Account CVC Auxiliary, exempted from certification	$0.4	$0.4	$0.0	0.0%
Secretary of State: General Revenue–Dedicated Account No. 5095, Election Improvement, exempted from certification	$0.8	$0.3	($0.5)	(61.2%)
Total, Programmatic Exceptions to Baseline Funding	**$75,504.7**	**$83,744.0**	**$8,239.3**	**10.9%**

NOTES:
(1) Totals may not sum due to rounding.
(2) Amounts shown for Child Protective Services exclude appropriations included in Foster Care, Adoption Subsidies, and Permanency Care Assistance totals.
(3) Amounts shown for Behavioral Health Services include appropriations across six articles but exclude appropriations included in Medicaid and Children's Health Insurance Program totals. Behavioral Health Services include supplemental funding provided in Senate Bill 500, Eighty-sixth Legislature, 2019.
(4) Appropriations to maintain public safety resources in the border region include appropriations across multiple articles.
(5) Employer Contributions to Employee Health Insurance totals include state contributions for local community supervision and corrections departments.
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, the Children's Health Insurance Program (CHIP), children in foster care, public and higher education enrollment, adult and juvenile institutional and probation populations, and retirement system enrollment.

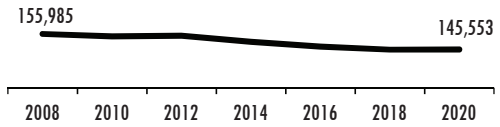
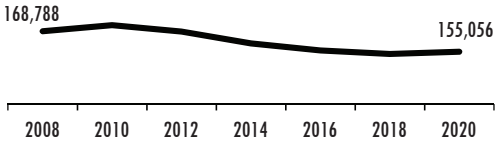
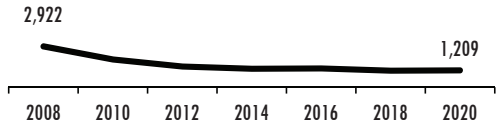
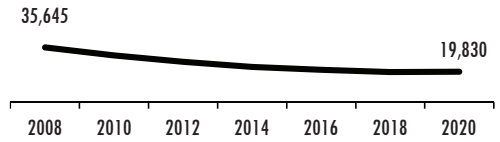
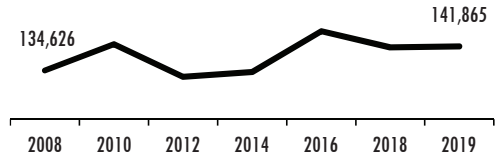
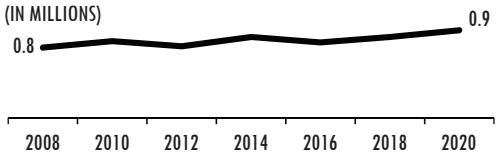
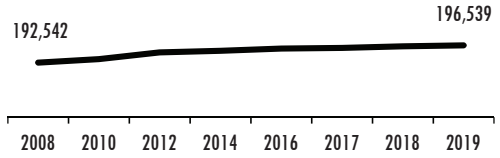
Population change is one element that helps explain the growth in the budget. Cost-related factors can have an equal or greater effect on growth. For example, medical inflation affects not only Medicaid and CHIP, but also inmate healthcare costs and state employee and teacher healthcare costs. Statutory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

Figure 18 shows the population-based indicators that affect a large portion of the state budget.

FIGURE 18
POPULATION-BASED INDICATORS
FISCAL YEARS 2008 TO 2020

INDICATORS	2020	TREND
Average Daily Attendance – Public Schools	5.1 Million Students	(IN MILLIONS) 4.3 → 5.1; 2008, 2010, 2012, 2014, 2016, 2018, 2020
Fall Headcount Enrollment – General Academic Institutions (1)	676,716 Students	509,136 → 676,716; 2008, 2010, 2012, 2014, 2016, 2018, 2020
Fall Headcount Enrollment – Community and Junior Colleges (1)	771,790 Students	597,146 → 771,790; 2008, 2010, 2012, 2014, 2016, 2018, 2020
Average Monthly Caseload – Children's Health Insurance Program (CHIP) (includes all CHIP programs)	432,455 Recipients	447,651 → 432,455; 2008, 2010, 2012, 2014, 2016, 2018, 2020
Average Monthly Caseload – Medicaid Clients (Acute Care and STAR+PLUS)	3.9 Million Recipients	(IN MILLIONS) 2.9 → 3.9; 2008, 2010, 2012, 2014, 2016, 2018, 2020
Average Monthly Paid Days of Foster Care – Department of Family and Protective Services	510,166 Days	522,594 → 510,166; 2008, 2010, 2012, 2014, 2016, 2018, 2020

FIGURE 18 (CONTINUED)
POPULATION-BASED INDICATORS
FISCAL YEARS 2008 TO 2020

INDICATORS	2020	TREND
Average Inmate Population – Department of Criminal Justice	145,553 Inmates	
Average Felony Community Supervision Population – Department of Criminal Justice	155,056 Felons	
Average Residential Population – Juvenile Justice Department	1,209 Juveniles	
Average Total Probation Supervision Population – Juvenile Justice Department	19,830 Juveniles	
Average Active Membership – Employees Retirement System (2)	141,865 Members	
Average Active Membership – Teacher Retirement System (1)	0.9 Million Members	
Highway Lane Miles Maintained – Department of Transportation (2)	196,539 Miles	

NOTES:
(1) Amounts for fiscal year 2020 are estimated.
(2) Most recent data is shown for fiscal year 2019.
SOURCE: Legislative Budget Board.

TRENDS IN STATE GOVERNMENT EXPENDITURES

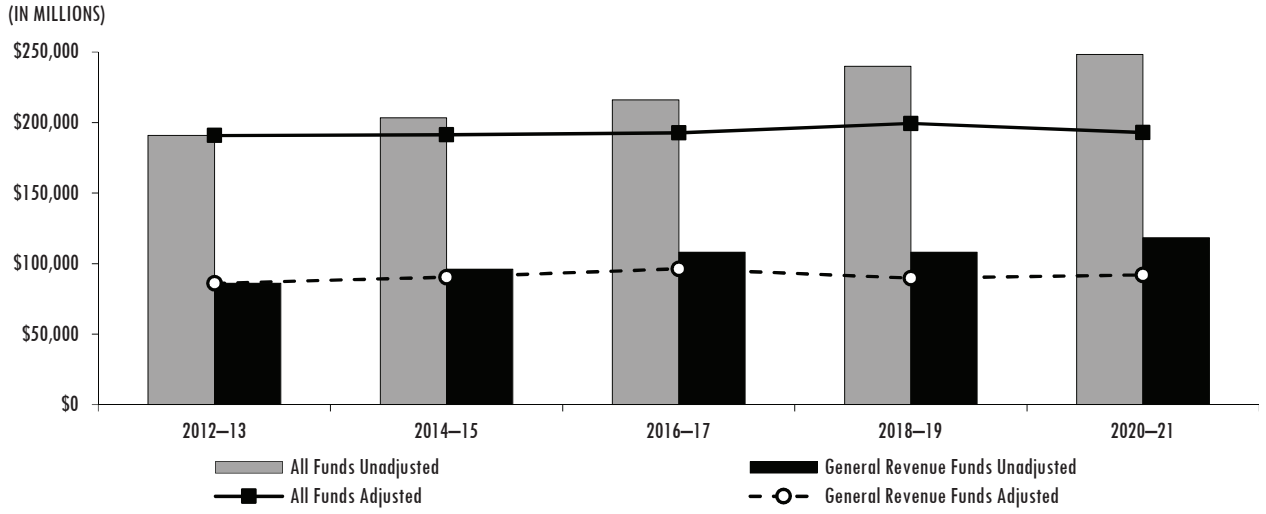
Figure 19 shows biennial All Funds and General Revenue Funds expenditures and appropriations since the 2012–13 biennium. The amounts also adjust current and historical expenditure and appropriation totals into 2012–13 biennial dollars based on compounded population and inflation growth. All Funds expenditures increased by 30.2 percent from the 2012–13 to 2020–21 biennia and increased by 1.1 percent after adjusting for population and inflation. General Revenue Funds appropriations increased by 37.5 percent during the same period and increased by 6.9 percent when adjusted.

Population and inflation is one tool used to compare budget growth; however, it does not relate directly to government budget drivers. For example, the Consumer Price Index (CPI) tracks the increased price of goods and services purchased by a typical family, such as groceries, clothing, housing, and private healthcare. Inflation of goods and services purchased by state government, such as education, public healthcare, and infrastructure, tends to grow faster than the price of goods and services purchased by consumers.

The compounded population and CPI growth shown in **Figure 20** is based on data in the Comptroller of Public Accounts' Fall 2019 State Economic Forecast as published in the 2019 *Certification Revenue Estimate*, which forecasted a biennial growth rate of 6.97 percent from the 2018–19 to 2020–21 biennia. Population and inflation growth estimates submitted to the Legislative Budget Board (LBB) in anticipation of the January 2019 LBB board meeting ranged from 7.54 percent to 8.39 percent.

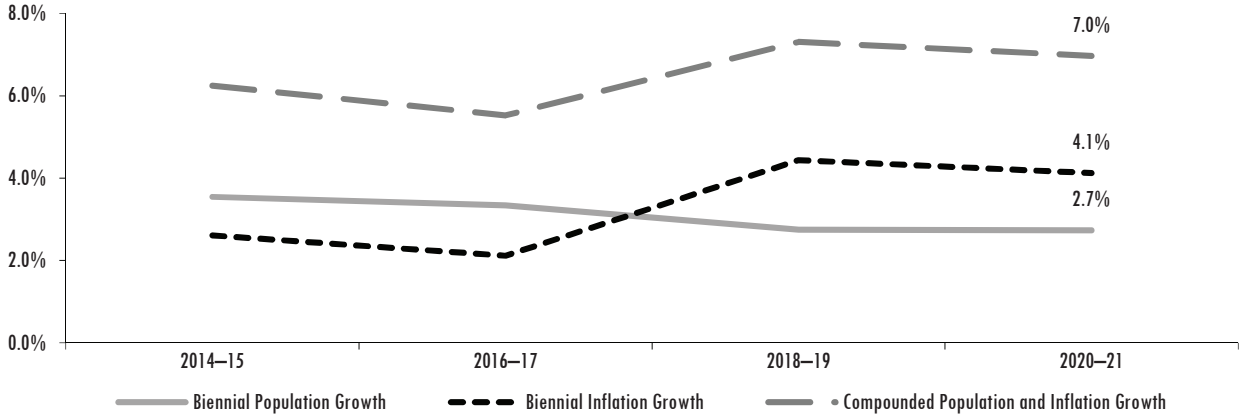
FIGURE 19
TRENDS IN STATE GOVERNMENT EXPENDITURES, 2020–21 BIENNIAL APPROPRIATIONS

(IN MILLIONS)	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
BIENNIUM	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
2012–13	$190,754.8	N/A	$190,754.8	N/A	$86,016.4	N/A	$86,016.4	N/A
2014–15	$203,300.5	6.6%	$191,345.0	0.3%	$96,072.6	11.7%	$90,422.8	5.1%
2016–17	$215,991.7	6.2%	$192,644.3	0.7%	$108,007.3	12.4%	$96,332.4	6.5%
2018–19	$239,797.5	11.0%	$199,308.3	3.5%	$107,986.3	(0.0%)	$89,753.1	(6.8%)
2020–21	$248,313.8	3.6% (1)	$192,940.4	(3.2%) (1)	$118,313.5	9.6% (1)	$91,929.9	2.4% (1)



NOTE: (1) Appropriations for the 2020–21 biennium include $5.0 billion for property tax relief. Excluding these appropriations, unadjusted All Funds appropriations for the 2020–21 biennium increased by 1.5 percent; adjusted All Funds decreased by 5.1 percent; unadjusted General Revenue Funds increased by 5.0 percent; and adjusted General Revenue Funds decreased by 1.9 percent.
SOURCE: Legislative Budget Board.

FIGURE 20
BIENNIAL POPULATION AND INFLATION GROWTH FROM THE 2014–15 TO 2020–21 BIENNIA

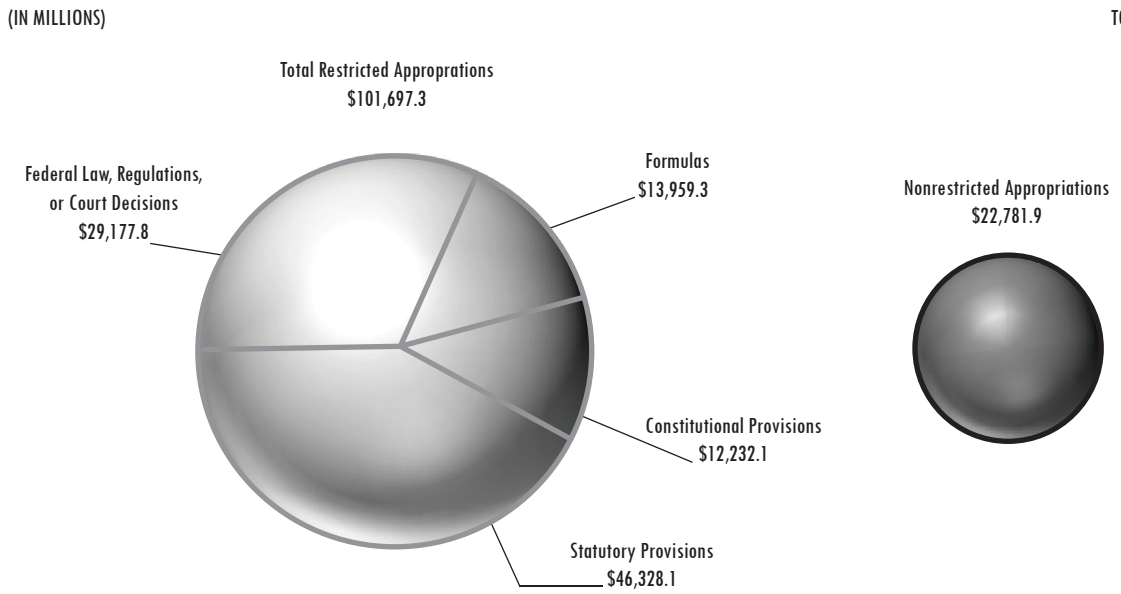


SOURCE: Texas Comptroller of Public Accounts.

RESTRICTED APPROPRIATIONS

The 2020–21 biennial appropriations from General Revenue Funds and General Revenue–Dedicated Funds total $124.5 billion. **Figure 21** shows that $22.8 billion of that total, 18.3 percent, is appropriated by the Legislature without restriction. The remaining $101.7 billion is restricted by existing constitutional provisions, statutory provisions, federal law, federal regulations, court decisions, and funding formulas. The Legislature maintains some discretion over a portion of the restricted budget; however, in many cases, it would need to revise statutes outside of the appropriations process to change the restrictions. **Figure 21** shows examples of the largest restrictions by category. The non-restricted portion of the budget is slightly larger than the 2018–19 biennial level of 17.8 percent. During the previous five biennia, this percentage has remained relatively constant.

FIGURE 21
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS 2020–21 BIENNIUM



TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2020–21 BIENNIUM

(IN MILLIONS)	2020–21 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Constitutional Provisions	$12,232.1	9.8%
Foundation School Program (Available School Fund)	$4,325.7	
Teacher Retirement System	$4,106.5	
Public Education (Instructional Materials)	$1,106.0	
Appropriations Restricted by Statutory Provisions	$46,328.1	37.2%
Public Education (Foundation School Program)	$38,478.2	
Teacher Retirement System, Health Insurance Programs for Public School Retiree Health Insurance	$879.4	
Bond Debt Service	$997.3	
Appropriations Restricted by Federal Law, Regulations, or Court Decisions	$29,177.8	23.4%
Medicaid Programs	$24,789.1	
Social Security Match	$1,492.4	
Children's Health Insurance Program	$422.0	

FIGURE 21 (CONTINUED)
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS
2020–21 BIENNIUM

TOTAL RESTRICTED APPROPRIATIONS VERSUS TOTAL NONRESTRICTED APPROPRIATIONS, 2020–21 BIENNIUM

(IN MILLIONS)	2020–21 APPROPRIATIONS	PERCENTAGE OF TOTAL
Appropriations Restricted by Formulas	$13,959.3	11.2%
Higher Education Formulas	$9,666.5	
Group Health Insurance (General State Employees)	$2,874.9	
Group Health Insurance (Higher Education Employees)	$1,417.9	
Total Restricted Appropriations	**$101,697.3**	**81.7%**
Nonrestricted Appropriations	$22,781.9	18.3%
Department of Criminal Justice	$6,697.3	
Department of Public Safety	$2,158.2	
Higher Education Coordinating Board	$1,671.6	
Juvenile Justice Department	$613.4	
Total, General Revenue Funds and General Revenue–Dedicated Funds Appropriations	**$124,479.3**	**100.0%**

NOTES:
(1) Appropriations shown are selected examples and are not intended to total to specific restricted appropriation.
(2) Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

LIMITS ON APPROPRIATIONS

Texas has four constitutional limits on spending: the balanced budget limit, which commonly is 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 2020–21 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 that are not dedicated by the constitution from growing faster than the state's economy. The spending limit does not apply to appropriations funded with nontax revenues or appropriations funded with tax revenues that the constitution requires to be spent on a specific purpose.

General Revenue Funds appropriations for the 2020–21 biennium total $118.3 billion. This amount is $2.9 billion less than the pay-as-you-go limit after adjusting for the Comptroller of Public Accounts' (CPA) costing adjustments (**Figure 22**). Furthermore, General Revenue Funds are $4.8 billion less than the calculated General Revenue Funds capacity of the spending limit. Because General Revenue Funds spending authority pursuant to the pay-as-you-go limit is the lower of the two limits, the pay-as-you-go limit is the controlling limit.

FIGURE 22
REMAINING GENERAL REVENUE FUNDS SPENDING AUTHORITY, 2020–21 BIENNIUM

LIMIT	AMOUNT (IN BILLIONS)
Pay-as-you-go Limit	$2.9
Spending Limit	$4.8

SOURCE: Legislative Budget Board.

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

The Texas Constitution, Article III, Section 49a, establishes the pay-as-you-go limit. The constitution requires that bills making appropriations are sent to the CPA for certification that the appropriations are within estimates of available revenue.

CPA identifies the pay-as-you-go limit for General Revenue Funds appropriations as $121.8 billion in the 2020–21 *Certification Revenue Estimate* (*CRE*). This total includes estimated 2020–21 biennial General Revenue Funds revenue collections of $123.1 billion, less the amount of $6.5 billion in General Revenue Funds deposits reserved for transfer to the Economic Stabilization Fund and the State Highway Fund. This total also includes the beginning General Revenue Funds balance and General Revenue–Dedicated Funds account balances available for certification totaling $5.1 billion (see **Figure 23**).

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

The Texas Constitution, Article VIII, Section 22, prohibits appropriations funded with state tax revenues that are not dedicated by the constitution from growing faster than the estimated rate of growth of the state's economy. Consequently, the revenue source that funds 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.

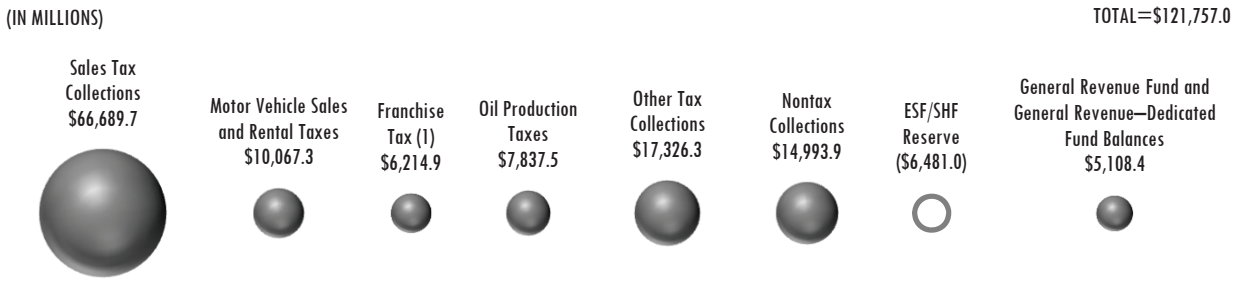
The 2020–21 biennial spending limit equals total 2018–19 biennial appropriations funded with state tax revenues that are not dedicated by the constitution, $96.3 billion, increased by the adopted growth rate of 9.89 percent. The 2020–21 biennial spending limit totals $105.8 billion after accounting for supplemental appropriations passed by the Eighty-sixth Legislature, 2019, and final fiscal year 2019 appropriation and revenue data. Appropriations for the 2020–21 biennium that are subject to the spending limit total $102.4 billion, $3.4 billion less than the spending limit (**Figure 24**) after accounting for all legislation passed by the Eighty-sixth Legislature and revenue estimates in the 2020–21 *CRE*.

Revenue deposits to the General Revenue Fund also include revenue that is not subject to the spending limit; therefore, the maximum 2020–21 biennial General Revenue Fund appropriations associated with the $105.8 billion limit is $123.1 billion, leaving $4.8 billion in remaining General Revenue Fund spending capacity less than the spending limit, shown in **Figure 25**.

ARTICLE III, §49-J, DEBT LIMIT

The Texas Constitution, Article III, Section 49-j, 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

FIGURE 23
COMPONENTS OF THE PAY-AS-YOU-GO LIMIT, 2020–21 BIENNIUM



NOTES:
(1) General Revenue Fund portion.
(2) ESF=Economic Stabilization Fund; SHF=State Highway Fund.
SOURCE: Legislative Budget Board.

FIGURE 24
SPENDING LIMIT COMPARED TO THE SUMMARY OF APPROPRIATIONS, 2020–21 BIENNIUM

(IN MILLIONS)	AMOUNT
Spending Limit	$105,830.9
Appropriations Subject to the Spending Limit	($102,437.9)
Total Less Than the Spending Limit	**$3,393.0**

SOURCE: Legislative Budget Board.

FIGURE 25
GENERAL REVENUE FUNDS PURSUANT TO THE SPENDING LIMIT COMPARED TO THE SUMMARY OF APPROPRIATIONS, 2020–21 BIENNIUM

(IN MILLIONS)	AMOUNT
Maximum General Revenue Fund Appropriations Pursuant to the Spending Limit	$123,129.6
General Revenue Fund Appropriations	($118,313.5)
Total Less Than the Maximum General Revenue Fund Appropriations	**$4,816.1**

SOURCE: Legislative Budget Board.

of state debt, exceeds 5.0 percent of the average annual unrestricted General Revenue Funds 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 2018, the BRB reported that the issued debt ratio is 1.33 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 reported that the state is at 2.20 percent of unrestricted General Revenue Funds at the end of fiscal year 2018. The latter calculation represents a 6.4 percent decrease from the 2.35 percent calculated for outstanding and authorized but unissued debt for fiscal year 2017. BRB expects the CDL ratio to continue to decrease with the issuance of authorized debt. However, the CDL ratio could be affected 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. Appropriations for the 2020–21 biennium include new debt authorizations for the Cancer Prevention Research Institute of Texas, the Texas Facilities Commission, the Water Development Board, and the Health and Human Services Commission, which will affect the CDL beginning in fiscal year 2020 by up to 0.65 percent. Debt authorizations for the Cancer Prevention Research Institute of Texas and certain debt authorizations for the Water Development Board must be approved by voters.

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 2020–21 biennial budget defined in the Texas Human Resources Code, Section 31.053, is $248.3 billion. Therefore, the welfare spending limit is $2.5 billion. The biennial amount appropriated in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, that is subject to the limit on state dollars paid out in Temporary Assistance for Needy Families (cash assistance) grants is $86.5 million, which is less than the 1.0 percent limit.

2. REVENUE SOURCES AND ECONOMIC INDICATORS

This chapter examines Texas' state and local government revenue structure for the Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium. This chapter discusses state revenue by examining the Comptroller of Public Accounts' (CPA) Certification Revenue Estimate, released in October 2019 for the 2020–21 biennium. Total All Funds net revenue for the 2020–21 biennium is estimated to be $259.7 billion, an increase of $11.6 billion, or 4.7 percent from the 2018–19 biennial level. Tax collections are estimated to grow by 7.8 percent, and nontax collections are estimated to grow by 1.9 percent for the 2020–21 biennium.

STATE REVENUE

According to CPA, state tax collections for the 2020–21 biennium are estimated to total $124.0 billion, an increase of $9.0 billion, or 7.8 percent, from the 2018–19 biennial collection levels.

SALES TAX

The sales and use tax continues to contribute most of the state's tax revenue, as shown in **Figures 26, 27,** and **28**. CPA estimates that sales tax revenue for the 2020–21 biennium

FIGURE 26
STATE REVENUE BIENNIAL COMPARISON BY SOURCE IN ALL FUNDS, 2018–19 AND 2020–21 BIENNIA

	(IN MILLIONS)				
SOURCE	2018–19 BIENNIUM	2020–21 BIENNIUM	PERCENTAGE CHANGE	PERCENTAGE OF 2020–21 TOTAL REVENUE	PERCENTAGE OF 2020–21 TOTAL TAXES
Tax collections	$114,965.50	$123,985.69	7.8%	47.7%	100.0%
Federal receipts	$81,523.04	$87,890.65	7.8%	33.8%	N/A
Licenses, fees, fines, and penalties	$13,019.47	$13,291.80	2.1%	5.1%	N/A
Interest and investment income	$4,353.44	$4,421.86	1.6%	1.7%	N/A
Lottery	$4,738.92	$4,631.20	(2.3%)	1.8%	N/A
Land income	$4,312.29	$4,645.27	7.7%	1.8%	N/A
Other revenue sources	$25,194.36	$20,837.08	(17.3%)	8.0%	N/A
Total, Net Revenue	**$248,107.02**	**$259,703.55**	**4.7%**	**100.0%**	**N/A**
Sales tax	$65,961.15	$72,501.09	9.9%	27.9%	58.5%
Oil production taxes	$7,278.34	$7,837.50	7.7%	3.0%	6.3%
Natural gas production tax	$3,116.79	$3,067.14	(1.6%)	1.2%	2.5%
Motor fuel taxes	$7,418.00	$7,670.56	3.4%	3.0%	6.2%
Motor vehicle sales and rental taxes	$9,984.03	$10,192.76	2.1%	3.9%	8.2%
Franchise tax	$7,903.81	$8,836.80	11.8%	3.4%	7.1%
Cigarette and tobacco taxes	$2,730.93	$2,523.99	(7.6%)	1.0%	2.0%
Alcoholic beverage taxes	$2,661.39	$2,911.00	9.4%	1.1%	2.3%
Insurance taxes	$5,107.46	$5,485.38	7.4%	2.1%	4.4%
Utility taxes	$923.75	$959.30	3.8%	0.4%	0.8%
Hotel occupancy tax	$1,237.35	$1,352.42	9.3%	0.5%	1.1%
Other taxes	$642.49	$647.74	0.8%	0.2%	0.5%
Total, Tax Collections	**$114,965.50**	**$123,985.69**	**7.8%**	**47.7%**	**100.0%**

NOTES:
(1) Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Totals may not sum due to rounding.
(2) Totals shown for the 2020–21 biennium are estimates from the Comptroller of Public Accounts' October 10, 2019, *Certification Revenue Estimate*.
SOURCE: Comptroller of Public Accounts.

FIGURE 27
STATE REVENUE BY SOURCE, FISCAL YEARS 2017 TO 2021

	REVENUE (IN MILLIONS)					PERCENTAGE CHANGE				PERCENTAGE OF TOTAL	
SOURCE	2017	2018	2019	2020	2021	2018	2019	2020	2021	2017	2021
Tax collections	$49,643.4	$55,584.8	$59,380.7	$61,011.9	$62,973.8	12.0%	6.8%	2.7%	3.2%	44.6%	48.1%
Federal receipts	$38,365.6	$39,618.6	$41,904.5	$44,123.4	$43,767.3	3.3%	5.8%	5.3%	(0.8%)	34.5%	33.4%
Licenses, fees, fines, and penalties	$6,258.4	$6,477.4	$6,542.1	$6,598.3	$6,693.5	3.5%	1.0%	0.9%	1.4%	5.6%	5.1%
Interest and investment income	$1,691.2	$1,849.0	$2,504.4	$2,207.9	$2,214.0	9.3%	35.4%	(11.8%)	0.3%	1.5%	1.7%
Lottery	$2,053.2	$2,228.8	$2,510.1	$2,285.7	$2,345.5	8.5%	12.6%	(8.9%)	2.6%	1.8%	1.8%
Land income	$1,694.1	$2,061.1	$2,251.2	$2,227.1	$2,418.1	21.7%	9.2%	(1.1%)	8.6%	1.5%	1.8%
Other revenue sources	$11,489.2	$12,346.0	$12,848.3	$10,360.0	$10,477.1	7.5%	4.1%	(19.4%)	1.1%	10.3%	8.0%
Total, Net Revenue	**$111,195.2**	**$120,165.6**	**$127,941.4**	**$128,814.2**	**$130,889.4**	**8.1%**	**6.5%**	**0.7%**	**1.6%**	**100.0%**	**100.0%**
Sales tax	$28,900.0	$31,937.2	$34,023.9	$35,650.9	$36,850.2	10.5%	6.5%	4.8%	3.4%	26.0%	28.2%
Oil production taxes	$2,107.3	$3,391.5	$3,886.8	$3,887.3	$3,950.2	60.9%	14.6%	0.0%	1.6%	1.9%	3.0%
Natural gas production tax	$982.8	$1,431.1	$1,685.7	$1,482.8	$1,584.3	45.6%	17.8%	(12.0%)	6.8%	0.9%	1.2%
Motor fuel taxes	$3,583.7	$3,675.0	$3,743.0	$3,804.6	$3,866.0	2.5%	1.9%	1.6%	1.6%	3.2%	3.0%
Motor vehicle sales and rental taxes	$4,532.3	$4,973.4	$5,010.6	$5,062.7	$5,130.1	9.7%	0.7%	1.0%	1.3%	4.1%	3.9%
Franchise tax	$3,242.2	$3,685.9	$4,217.9	$4,344.4	$4,492.4	13.7%	14.4%	3.0%	3.4%	2.9%	3.4%
Cigarette and tobacco taxes	$1,522.8	$1,320.5	$1,410.4	$1,226.1	$1,297.9	(13.3%)	6.8%	(13.1%)	5.9%	1.4%	1.0%
Alcoholic beverage taxes	$1,217.7	$1,292.0	$1,369.4	$1,423.8	$1,487.2	6.1%	6.0%	4.0%	4.5%	1.1%	1.1%
Insurance occupation taxes	$2,376.1	$2,508.4	$2,599.0	$2,674.8	$2,810.6	5.6%	3.6%	2.9%	5.1%	2.1%	2.1%
Utility taxes	$439.1	$452.4	$471.4	$476.1	$483.2	3.0%	4.2%	1.0%	1.5%	0.4%	0.4%
Hotel occupancy tax	$530.7	$601.2	$636.1	$661.5	$690.9	13.3%	5.8%	4.0%	4.5%	0.5%	0.5%
Other taxes	$208.6	$315.9	$326.5	$316.9	$330.8	51.5%	3.4%	(2.9%)	4.4%	0.2%	0.3%
Total, Tax Collections	**$49,643.4**	**$55,584.8**	**$59,380.7**	**$61,011.9**	**$62,973.8**	**12.0%**	**6.8%**	**2.7%**	**3.2%**	**44.6%**	**48.1%**

NOTE: Totals shown for the 2020–21 biennium are estimates from the Comptroller of Public Accounts' October 10, 2019, *Certification Revenue Estimate*.
SOURCE: Comptroller of Public Accounts.

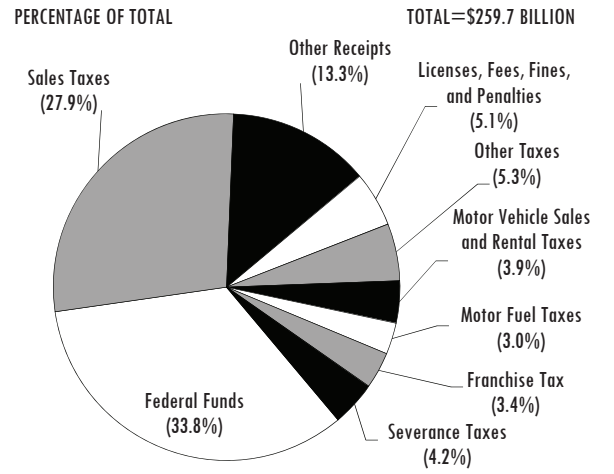
will total $72.5 billion, a 9.9 percent increase from 2018–19 biennial collections of $66.0 billion. Sales taxes are expected to contribute 58.5 percent of total tax collections for the 2020–21 biennium.

The state tax rate is 6.25 percent, which has been in place since 1990. Subject to certain exemptions, the state sales and use tax is imposed on retail sales, leases, and rentals of goods purchased within or brought into the state, and some taxable services. The largest exemptions include property used in manufacturing, food purchased for home consumption, agricultural items, gas and electricity, and water.

OIL AND GAS PRODUCTION TAXES

The state levies an oil production tax at 4.6 percent of market value and a natural gas production tax at 7.5 percent of market value, less certain deductions. During the 2018–19 biennium, annual oil production was approximately 1,291.1 million barrels for fiscal year 2018 and 1,559.3 million

FIGURE 28
ESTIMATED STATE REVENUE COLLECTIONS
2020–21 BIENNIUM



SOURCE: Comptroller of Public Accounts.

barrels for fiscal year 2019. Oil was priced on the NYMEX exchange at an average of $60.58 per barrel for fiscal year 2018 and $59.62 per barrel for fiscal year 2019. Annual natural gas production was 8.2 trillion cubic feet for fiscal year 2018 and 9.3 trillion cubic feet for fiscal year 2019, and NYMEX natural gas prices averaged $2.88 per 1,000 cubic feet (Mcf) for fiscal year 2018, and approximately $2.99 per Mcf for fiscal year 2019.

Oil production taxes are expected to increase during the 2020–21 biennium due to stable expected price per barrel and increasing production. Whereas 2018–19 biennial revenues from oil production taxes were $7.3 billion, CPA estimates the 2020–21 biennial revenues will be $7.8 billion, an increase of 7.7 percent.

For the 2018–19 biennium, natural gas production tax collections totaled $3.12 billion. CPA estimates 2020–21 biennial revenues from natural gas production taxes will decrease 1.6 percent to $3.07 billion.

MOTOR FUEL TAXES

Texas taxes three major types of motor fuel: gasoline, diesel, and liquefied and compressed natural gas. Gasoline and diesel fuel are taxed $0.20 per gallon; liquefied and compressed natural gas is taxed at a rate of $0.15 per gasoline or diesel gallon equivalent. The 2018–19 biennial motor fuels tax collections totaled $7.4 billion. CPA estimates that fuel tax collections will grow 3.4 percent during the upcoming biennium, forecasting $7.7 billion in revenue for the 2020–21 biennium.

Of the net balance, 75.0 percent of motor fuel tax revenues are deposited to the State Highway Fund, and the remaining 25.0 percent of collections are dedicated to public education.

MOTOR VEHICLE SALES AND RENTAL TAX

The motor vehicle sales tax is levied at a rate of 6.25 percent on the price of a vehicle, less the value of any trade-in. The rental tax rate is 10.0 percent for rentals of 30 days or fewer and 6.25 percent for rentals exceeding 30 days. Also included in motor vehicle sales and rental taxes is the tax on manufactured housing. This tax is levied at a rate of 5.0 percent of 65.0 percent of the manufacturer's selling price.

Motor vehicle sales and rental taxes increased during the 2018–19 biennium, generating $10.0 billion in revenue, 9.1 percent more than during the previous biennium. CPA estimates that revenue from motor vehicle sales and rental taxes will increase 2.1 percent to $10.2 billion for the 2020–21 biennium.

FRANCHISE TAX

During fiscal year 2008, the state converted from imposing a franchise tax that was based on taxable capital (net worth) and on earned surplus to a margins tax, which is based on taxable margin.

Although the name franchise tax remains in the new statute, it more commonly is called the margins tax because a business entity's taxable base is redefined as the taxable margin. The taxable margin is the lesser value of four methods of calculation: (1) 70.0 percent of total revenue; (2) total revenue minus costs of goods sold; (3) total revenue minus total compensation and benefits; or (4) total revenue minus $1.0 million. Beginning in fiscal year 2016, most entities pay at a rate of 0.75 percent of their taxable margins. The exception is a lower tax rate of 0.375 percent applied to any taxable entity engaged primarily in retail or wholesale trade. These rates originally were 1.0 percent and 0.5 percent, respectively. The Eighty-third Legislature, Regular Session, 2013, temporarily lowered the rates by 2.5 percent in fiscal 2014, and 5.0 percent in fiscal year 2015. The Eighty-fourth Legislature, 2015, permanently lowered the rates by 25.0 percent.

After increasing by 13.7 percent for fiscal year 2018 and 14.4 percent for fiscal year 2019, CPA estimates that the margins tax will increase 3.0 percent for fiscal year 2020 and will generate $4.3 billion; for fiscal year 2021, the tax is estimated to increase by 3.4 percent and generate

$4.5 billion. The companion legislation House Bill 2, Seventy-ninth Legislature, Third Called Session, 2006, established the Property Tax Relief Fund. This legislation stipulated that the amount that would have been collected in accordance with the previous franchise tax rate every fiscal year would be deposited to the General Revenue Fund, and the remainder of the margins tax would be dedicated to the Property Tax Relief Fund. Thus, of the $4.2 billion collected in accordance with the margins tax for fiscal year 2019, $2.96 billion was allocated to the General Revenue Fund, and $1.26 billion was allocated to the Property Tax Relief Fund.

CIGARETTE AND TOBACCO TAXES

Excise tax revenue related to cigarettes, cigars, and tobacco totaled $2.7 billion for the 2018–19 biennium. CPA estimates revenue for the 2020–21 biennium to total $2.5 billion, a 7.6 percent decrease from the 2018–19 biennial level.

The cigarette tax is levied at $70.50 per 1,000 cigarettes weighing 3.0 pounds or less per 1,000 or $72.60 per 1,000 cigarettes weighing more than 3.0 pounds per 1,000. The tobacco products tax is levied on cigars, snuff, chewing tobacco, and smoking tobacco. Legislation passed by the Eighty-first Legislature, Regular Session, 2009, amended the base used to calculate the tax imposed on tobacco products, other than cigars, from the manufacturer's listed price to the manufacturer's listed net weight. Beginning in fiscal year 2010, the rate per ounce was $1.10 and increased $0.03 per ounce each fiscal year until September 1, 2012. After December 1, 2013, the rate remains at $1.22 per ounce. A portion of the revenue generated in excess of the previous tax rate is deposited to the Physician Education Loan Repayment Program; the remainder of the revenue increase is deposited to the Property Tax Relief Fund.

Since the Seventy-ninth Legislature, Third Called Session, 2006, established the Property Tax Relief Fund, revenue that would have been collected in accordance with the previous tax rates before January 1, 2007, is credited to the General Revenue Fund. The excess revenue greater than this amount that is generated by the increased tax rates is dedicated to the Property Tax Relief Fund. The 2018–19 biennial transfers to the Property Tax Relief Fund from cigarette and tobacco tax revenue totaled $1.6 billion. CPA estimates transfers to the Property Tax Relief Fund from cigarette and tobacco tax revenue to be $1.5 billion for the 2020–21 biennium.

ALCOHOLIC BEVERAGE TAXES

Alcoholic beverage taxes consist of the mixed-beverage gross receipts tax; the mixed-beverage sales tax; and volume-based excise taxes imposed on ale, beer, liquor, and wine. The 2018–19 biennial alcoholic beverage tax revenue totaled $2.7 billion. CPA estimates revenue for the 2020–21 biennium to increase to $2.9 billion, or 9.4 percent greater than the 2018–19 biennial level.

INSURANCE OCCUPATION TAXES

Insurance occupation taxes include insurance premium taxes and insurance maintenance taxes. Insurance-related entities must remit a percentage of their gross premiums to pay insurance premium taxes. Insurers pay 1.75 percent of accident, health, and life insurance gross premiums; 1.6 percent of property and casualty insurance gross premiums; 1.35 percent of title insurance premiums; and 4.85 percent of independently procured insurance premiums.

Insurance maintenance taxes also are based on premiums. Insurance maintenance taxes are levied on insurance-related entities to cover the state's cost of regulating the industry. The Texas Department of Insurance primarily incurs these regulatory costs. Maintenance tax rates are reviewed annually and are based on the funding needs of the regulatory agencies.

In addition to these taxes, retaliatory taxes are imposed on insurers from outside Texas to assist Texas-based companies that are operating in other states. If a Texas-based company pays a higher proportion of taxes to another state than domestic companies pay to that state, the insurance companies from the other state that compete in Texas must pay a retaliatory tax.

CPA forecasts insurance taxes and fees to total $5.5 billion for the 2020–21 biennium, an increase of 7.4 percent from the 2018–19 biennial level of $5.1 billion.

UTILITY TAX

Texas has three forms of utility gross receipts taxes: the gas, electric, and water tax; the public utility gross receipts assessment; and the gas utility pipeline tax. The largest revenue generator is the gas, electric, and water tax, which provides more than 80.0 percent of the state's total utility tax revenues.

Tax rates imposed on utility gross receipts range from 0.581 percent to 1.997 percent, depending on city population. The public utility gross receipts tax is levied at a rate of 0.001667 percent of gross receipts. The gas utility pipeline tax is a levy of 0.5 percent on gas utility gross receipts, less the cost of gas sold.

During the 2018–19 biennium, utility taxes generated $923.8 million in revenue. CPA estimates that utility taxes will generate $959.3 million for the 2020–21 biennium, a 3.8 percent increase.

HOTEL OCCUPANCY TAX

Texas imposes a hotel occupancy tax on a person who pays for the use or possession of a room or space in a hotel. For purposes of the tax, the definition of a hotel includes the short-term rental of all or part of a residential property. The rate of tax is 6.0 percent of the price paid for a room in the hotel.

CPA estimates that the hotel occupancy tax will generate $1.4 billion for the 2020–21 biennium, which would be 9.3 percent greater than the 2018–19 biennial collections of $1.2 billion.

OTHER TAXES

Other taxes are levied on a variety of items such as oil well service receipts, unemployment assessments and contributions, cement, and coin-operated amusement machines. CPA estimates that these taxes will generate $647.7 million during the 2020–21 biennium, an increase of 0.8 percent from the 2018–19 biennial collections of $642.5 million.

NONTAX REVENUES

In addition to tax revenues, the state receives revenue from various other sources.

FEDERAL RECEIPTS

Federal receipts constitute the state's largest source of nontax revenue. CPA estimates that collections for the 2020–21 biennium will total $87.9 billion, 33.8 percent of all revenue for the biennium, which is an increase of 7.8 percent from 2018–19 biennial receipts.

LICENSES, FEES, FINES, AND PENALTIES

Licenses, fees, fines, and penalties contribute the state's second-largest source of nontax revenue. According to CPA, the state is projected to receive $13.3 billion from this revenue category for the 2020–21 biennium. This amount represents an increase of 2.1 percent from 2018–19 biennial collections of $13.0 billion.

This revenue category is expected to contribute 5.1 percent of all state revenue during the 2020–21 biennium.

INTEREST AND INVESTMENT INCOME

Most interest on fund balances and investment revenue in General Revenue Funds is composed of income deposited to the Available School Fund (ASF) from Permanent School Fund (PSF) investments. Funds distributed from the PSF to the ASF during a 10-year period may not exceed the total return on all PSF investment assets during the same period. Transfers to the ASF totaled $1.2 billion for fiscal year 2018 and $1.5 billion for fiscal year 2019. CPA estimates that $1.7 billion will be transferred for each of fiscal years 2020 and 2021.

All Funds total interest and investment revenue for the 2020–21 biennium is expected to be $4.42 billion, an increase of 1.6 percent from the 2018–19 biennial interest and investment revenue of $4.35 billion.

LOTTERY REVENUE

Texas Lottery ticket sales totaled $6.3 billion for fiscal year 2019, an increase of $624.6 million or 11.1 percent greater than the fiscal year 2018 sales.

Of the fiscal year total sales, $4.1 billion was paid out to players; $335.8 million was paid to retailers in the form of commissions and incentive payments; $1,523 million was transferred on a cash basis to the Foundation School Fund; $19.2 million was transferred to the Texas Veterans Commission; and $70.9 million of unclaimed prizes was transferred to the state.

Of the remaining fiscal year 2019 sales, $256.0 million was used to fund administrative expenses.

CPA estimates that $1.43 billion for fiscal year 2020 and $1.45 billion for fiscal year 2021 will be available for transfer to the Foundation School Fund.

LAND INCOME

Land income is derived from mineral royalties and leases, land sales, and the sale of timber and sand. CPA estimates that the state will collect $4.6 billion in income from state lands for the 2020–21 biennium. This amount represents an increase of 7.7 percent from 2018–19 biennial collections of $4.3 billion.

OTHER REVENUE

TOBACCO SETTLEMENT REVENUE

In January 1998, Texas entered into a settlement agreement with the defendants in the state's action against tobacco manufacturers. One result of the agreement was the establishment of a series of payments to the state and a number of political subdivisions to be made by the defendants named in the agreement. The schedule of these payments is outlined in the settlement agreement. Future payments are subject to price, sales volume, and profitability adjustments at tobacco companies. These adjustment factors may cause actual Tobacco Settlement revenue collections to deviate from the original payment schedule.

During the 2018–19 biennium, the state received $938.1 million as a result of the federal Tobacco Settlement agreement. For the 2020–21 biennium, $884.2 million in revenue is expected as the volume of domestic cigarette sales decreases.

STATE HEALTH SERVICE FEES AND REBATES

Most state health service fees and rebates are from federally mandated and state-supplemental Medicaid vendor drug programs. These revenues consist of rebates that the state collects from manufacturers of drugs that are covered by state Medicaid programs. CPA estimates that the state will collect $11.3 billion in state health service fees and rebates for the 2020–21 biennium, 22.9 percent less than the 2018–19 biennial collections of $14.7 billion.

ESCHEATED ESTATES

Escheated estates include unclaimed property submitted to the state. This revenue source is derived from proceeds of abandoned personal property such as checking accounts, savings accounts, certificates of deposit, safe deposit boxes, stocks, bonds, mutual funds, mineral proceeds, and other types of property. CPA estimates that collections of escheated estates during the 2020–21 biennium will total $1.5 billion, 12.2 percent more than the 2018–19 biennial collections of $1.3 billion.

OTHER SOURCES OF REVENUE

The remaining $8.0 billion, or 3.1 percent, of state revenue is from various sources, including the following sources: sales of goods and services, child support collections, and settlement of claims including tobacco settlement revenue previously mentioned. Collections of other revenue will total 12.5 percent less than the 2018–19 biennial collections of $9.2 billion.

STATE TAXES

Two measures are used commonly to compare state tax burdens across state lines: state tax revenue per $1,000 of personal income, and per-capita state tax revenues. Texas ranks low relative to other states on both measures. For fiscal year 2018, Texans paid $38.12 in state taxes for each $1,000 of personal income, or 67.4 percent of the $56.56 national average (**Figure 29**).

POPULATION

The annual growth rate of Texas' population remained relatively constant since calendar year 2008. **Figure 30** shows that the state's population grew by 18.1 percent from calendar years 2008 to 2018. This growth rate was a compounded annual rate of 1.7 percent. Of the 15 most populous states, Texas was the fastest growing state in the U.S. during this period. Moody's Analytics, a national econometric forecasting firm, estimates that Texas' population will increase approximately 1.4 percent per year from calendar years 2019 to 2029. During the same period, Moody's Analytics projects the total U.S. population will increase approximately 0.6 percent per year.

PERSONAL INCOME

Personal income is a widely used measure of economic well-being. It consists of wages and salaries, other labor income, proprietors' income, dividends, interest, rent, and transfer payments (e.g., Social Security and unemployment insurance benefits). Per capita personal income (total personal income divided by resident population) is used commonly to compare the relative economic well-being of

FIGURE 29
STATE TAX REVENUE PER $1,000 OF PERSONAL INCOME, FISCAL YEAR 2018

RANKING	STATE	TAX REVENUE PER $1,000 OF PERSONAL INCOME	RANKING	STATE	TAX REVENUE PER $1,000 OF PERSONAL INCOME
1	Hawaii	$98.00	27	Nevada	$56.42
2	Vermont	$96.64	28	Illinois	$55.04
3	Delaware	$83.07	29	Utah	$54.62
4	Minnesota	$82.42	30	Montana	$54.56
5	Arkansas	$74.90	31	Alabama	$53.28
6	Connecticut	$69.85	32	New Mexico	$53.11
7	California	$69.54	33	Nebraska	$52.45
8	Mississippi	$69.41	34	Ohio	$51.01
9	West Virginia	$67.82	35	Arizona	$50.92
10	Maine	$67.39	36	Louisiana	$50.69
11	New York	$64.83	37	North Dakota	$49.57
12	Iowa	$63.77	38	Oklahoma	$48.62
13	Kansas	$63.36	39	Georgia	$47.91
14	Michigan	$62.97	40	South Carolina	$47.48
15	Kentucky	$62.92	41	Virginia	$47.44
16	Idaho	$62.85	42	Tennessee	$44.88
17	Wisconsin	$62.41	43	Missouri	$44.54
18	Indiana	$61.48	44	Colorado	$44.15
19	Rhode Island	$60.06	45	Florida	$43.06
20	Massachusetts	$59.94	46	South Dakota	$41.45
21	Oregon	$59.27	**47**	**Texas**	**$38.12**
22	New Jersey	$58.18	48	Wyoming	$37.29
23	North Carolina	$58.17	49	New Hampshire	$35.13
24	Maryland	$58.05	50	Alaska	$16.22
25	Washington	$56.77		**U.S. Average**	**$56.56**
26	Pennsylvania	$56.50			

SOURCES: U.S. Census Bureau; U.S. Department of Commerce, Bureau of Economic Analysis.

residents in the states. It is affected by growth or decrease in the wage-earning population (ages 18 to 64) relative to overall population. Texas' per capita personal income was $50,355 for calendar year 2018, and the state ranked twenty-sixth among the states (**Figure 31**).

Texas' cost of living also is relatively low, at 91.5 percent of the national average during the second quarter of 2019 (see **Figure 32**). Texas ranked thirty-ninth among the states and ranked thirteenth among the 15 most-populous states on this measure (with first considered the most expensive state and fiftieth considered the least expensive state).

The ratio of Texas per capita income to U.S. per capita income is an important driver of the Texas state budget. Specifically, this ratio is the determining factor of Texas' Federal Medical Assistance Percentage (FMAP) and, thus, the state's share of the cost of the Medicaid program. Typically, when this ratio increases, Texas' FMAP and the federal share of the cost decreases and the state share increases, and vice versa. During the past 20 years, per capita personal income in Texas has fluctuated; it has remained less than the U.S. total (**Figure 33**), but the trend of the ratio has increased during this period. However, the ratio decreased during calendar years 2015 and 2016, primarily because of decreased earnings in the oil and gas industry, and then remained relatively stable during calendar years 2017 and 2018. For calendar year 2018, per capita personal income in Texas was approximately 92.5 percent of the U.S. total.

FIGURE 30
RESIDENT POPULATION RANKING, CALENDAR YEARS 2008 AND 2018

		POPULATION (IN MILLIONS)			
RANKING	STATE	2008 CENSUS	2018 CENSUS	CHANGE	PERCENTAGE CHANGE
1	California	36.6	39.6	2.95	8.1%
2	**Texas**	**24.3**	**28.7**	**4.39**	**18.1%**
3	Florida	18.5	21.3	2.77	15.0%
4	New York	19.2	19.5	0.33	1.7%
5	Pennsylvania	12.6	12.8	0.19	1.5%
6	Illinois	12.7	12.7	(0.01)	0.0%
7	Ohio	11.5	11.7	0.17	1.5%
8	Georgia	9.5	10.5	1.01	10.7%
9	North Carolina	9.3	10.4	1.07	11.5%
10	Michigan	9.9	10.0	0.05	0.5%
11	New Jersey	8.7	8.9	0.20	2.3%
12	Virginia	7.8	8.5	0.68	8.7%
13	Washington	6.6	7.5	0.97	14.8%
14	Arizona	6.3	7.2	0.89	14.2%
15	Massachusetts	6.5	6.9	0.43	6.7%
	U.S. Total	**304.1**	**327.2**	**23.07**	**7.6%**

SOURCE: U.S. Census Bureau.

FIGURE 31
15 MOST POPULOUS STATES PER CAPITA PERSONAL INCOME, CALENDAR YEAR 2018

RANKING	STATE	PER CAPITA PERSONAL INCOME
2	Massachusetts	$71,683
3	New York	$68,668
4	New Jersey	$68,236
5	California	$63,557
7	Washington	$62,026
12	Virginia	$57,799
14	Illinois	$56,839
15	Pennsylvania	$56,225
26	**Texas**	**$50,355**
28	Florida	$50,070
31	Ohio	$48,739
32	Michigan	$48,423
37	Georgia	$46,482
41	North Carolina	$46,117
42	Arizona	$44,329
1	Highest: Connecticut	$76,456
50	Lowest: Mississippi	$37,834
	U.S. Total	**$54,446**

SOURCE: U.S. Bureau of Economic Analysis.

FIGURE 32
15 MOST POPULOUS STATES COST OF LIVING AS PERCENTAGE OF NATIONAL AVERAGE CALENDAR YEAR 2019, SECOND QUARTER

RANKING	STATE	PERCENTAGE COST OF LIVING
2	California	139.1%
3	New York	135.3%
4	Massachusetts	134.2%
9	New Jersey	125.4%
13	Washington	110.2%
20	Virginia	101.3%
21	Arizona	101.0%
22	Florida	99.1%
23	Pennsylvania	98.8%
30	Illinois	95.0%
31	North Carolina	94.4%
35	Ohio	92.2%
39	**Texas**	**91.5%**
41	Georgia	90.6%
44	Michigan	89.5%
1	Highest: Hawaii	192.1%
50	Lowest: Mississippi	86.7%
	U.S. Average	**100.00%**

SOURCE: Missouri Economic Research and Information Center.

FIGURE 33
PER CAPITA PERSONAL INCOME IN TEXAS AND THE U.S. CALENDAR YEARS 1999 TO 2018

	INCOME		
YEAR	TEXAS	U.S.	TEXAS AS PERCENTAGE OF U.S.
1999	$26,337	$28,675	91.8%
2000	$28,135	$30,657	91.8%
2001	$29,339	$31,589	92.9%
2002	$29,185	$31,832	91.7%
2003	$29,772	$32,681	91.1%
2004	$30,688	$34,251	89.6%
2005	$32,745	$35,849	91.3%
2006	$35,144	$38,114	92.2%
2007	$36,646	$39,844	92.0%
2008	$39,271	$40,904	96.0%
2009	$36,711	$39,284	93.5%
2010	$38,274	$40,546	94.4%
2011	$41,244	$42,735	96.5%
2012	$43,397	$44,599	97.3%
2013	$43,781	$44,851	97.6%
2014	$46,289	$47,058	98.4%
2015	$46,577	$48,978	95.1%
2016	$45,616	$49,870	91.5%
2017	$47,929	$51,885	92.4%
2018	$50,355	$54,446	92.5%

SOURCE: U.S. Bureau of Economic Analysis.

MAJOR STATE FUNDS

Although more than 400 funds are held in the state Treasury, the General Revenue Fund and a few closely related special funds and accounts play key roles in state finance. Funds and accounts in the state Treasury are not directly equivalent to methods of finance in the GAA.

GENERAL REVENUE FUND

The General Revenue Fund consists of nondedicated General Revenue Funds and General Revenue–Dedicated Funds accounts. The nondedicated portion of the General Revenue Fund serves as the state's primary operating fund. Most state tax revenue, many state fees, and various other sources of revenue are deposited as nondedicated General Revenue Funds.

Among the taxes deposited initially to the nondedicated General Revenue Fund are the state sales tax, the franchise tax, motor vehicle sales taxes, alcohol and tobacco taxes, the oil production tax, the natural gas tax, and motor fuel taxes. Expenditures may be made directly from nondedicated General Revenue Funds, or, in some cases, revenue may be transferred from nondedicated General Revenue Funds to special funds or accounts.

Before fiscal year 1991, most of the accounts that now compose dedicated General Revenue Funds existed as separate special funds outside the General Revenue Fund. A fund consolidation process initiated in 1991 brought almost 200 special funds into the General Revenue Fund as General Revenue–Dedicated accounts.

An important distinction among special funds and General Revenue–Dedicated accounts is that cash balances in the General Revenue–Dedicated accounts are counted as part of the General Revenue Fund balance in determining the amount of cash available for certification of appropriations from the General Revenue Fund; account balances for special funds do not affect the amount of cash available for this certification.

AVAILABLE SCHOOL FUND

The ASF receives a total distribution from the PSF and one-quarter of net motor fuel taxes. The distribution amount is based upon a total return methodology, which is a percentage of the average market value of the PSF. The distribution rate cannot exceed 6.0 percent of the average market value. The rate is established by the State Board of Education (SBOE), or by the Texas Legislature during biennia when the SBOE fails to establish a rate. Additionally, the General Land Office has authority to make direct deposits into the ASF up to $600.0 million per year. Of this total, any amount in excess of $300.0 million in any year is considered part of the Tax Reduction and Excellence in Education Fund described subsequently.

A portion of ASF revenue is transferred to the State Technology and Instructional Materials Fund. It is used to provide free textbooks and technology to children attending Texas public schools. Remaining revenue in the ASF is allocated to school districts per pupil.

CPA estimates revenue deposited to the ASF for the 2020–21 biennium to total $2.6 billion for fiscal year 2020 and $2.7 billion for fiscal year 2021.

FOUNDATION SCHOOL FUND

One-quarter of occupation taxes—such as the oil production tax, the natural gas production tax, and the gas, water, and electric utility tax—are constitutionally dedicated to public education. The revenue from these taxes initially is deposited to the General Revenue Fund and then transferred to the Foundation School Fund. Legislation passed by the Seventy-fifth Legislature, 1997, statutorily dedicated net lottery proceeds to public education. Those proceeds are deposited to the Foundation School Fund. The Foundation School Fund also receives the revenue from attendance credits purchased by local school districts within the public school finance system. Revenue from the Foundation School Fund is distributed to school districts using Foundation School Program (FSP) formulas and via multiple methods of finance in the GAA. CPA estimates total revenue from occupation taxes, lottery proceeds, and attendance credits to total $5.5 billion for fiscal year 2020 and $5.8 billion for fiscal year 2021.

STATE HIGHWAY FUND

The State Highway Fund (SHF) may be used for highway construction and maintenance, acquisition of rights-of-way, and the policing of public roads. The major revenue sources deposited directly to the fund include motor vehicle registration fees, federal highway funds, and the sales tax on motor lubricants. Motor fuel tax revenue is deposited to the General Revenue Fund, and a significant portion of that amount is allocated to the SHF. Voter approval in November 2013 of amendments to the Texas Constitution directed additional General Revenue Fund allocations to the SHF based on the performance of oil and gas production taxes. Voter approval in November 2015 of constitutional amendments directed that a portion of sales tax and motor vehicle sales tax are to be deposited to the SHF beginning in fiscal years 2018 (sales tax) and 2020 (motor vehicle sales tax). CPA estimates revenue deposited to the SHF for the 2020–21 biennium to total $14.6 billion for fiscal year 2020 and $14.3 billion for fiscal year 2021.

TEXAS MOBILITY FUND

The Texas Constitution, Article III, Section 49-k, was added by amendment in November 2001, establishing the Texas Mobility Fund (TMF). The fund is a revolving fund in the state Treasury and is administered by the Texas Transportation Commission and the Texas Department of Transportation for the design, construction, reconstruction, acquisition, and expansion of state highways. The TMF also can be used in the construction of publicly owned toll roads and other public transportation projects. Subject to CPA's approval and the implementation of a strategic plan that outlines the use of TMF revenues, the Texas Transportation Commission was authorized to sell debt obligations of the state to construct highways, toll roads, or other transportation projects. The Eighty-fourth Legislature, 2015, prohibited the issuance of new TMF obligations, with certain exceptions, after January 1, 2015. Bond obligations are guaranteed with a pledge of the state's full faith and credit if the TMF balance proves insufficient to pay outstanding obligations. In that circumstance, the Legislature must appropriate funds from the Treasury to pay any outstanding obligations. The Legislature may dedicate any taxes or other revenues to the TMF that otherwise are not dedicated by the constitution, namely, motor fuel taxes, lubricant sales taxes, title fees, and motor vehicle registration fees. Deposits include portions of fees for the registration, titling, and inspection of motor vehicles; driver record information; driver licenses; and for state traffic fines and penalties.

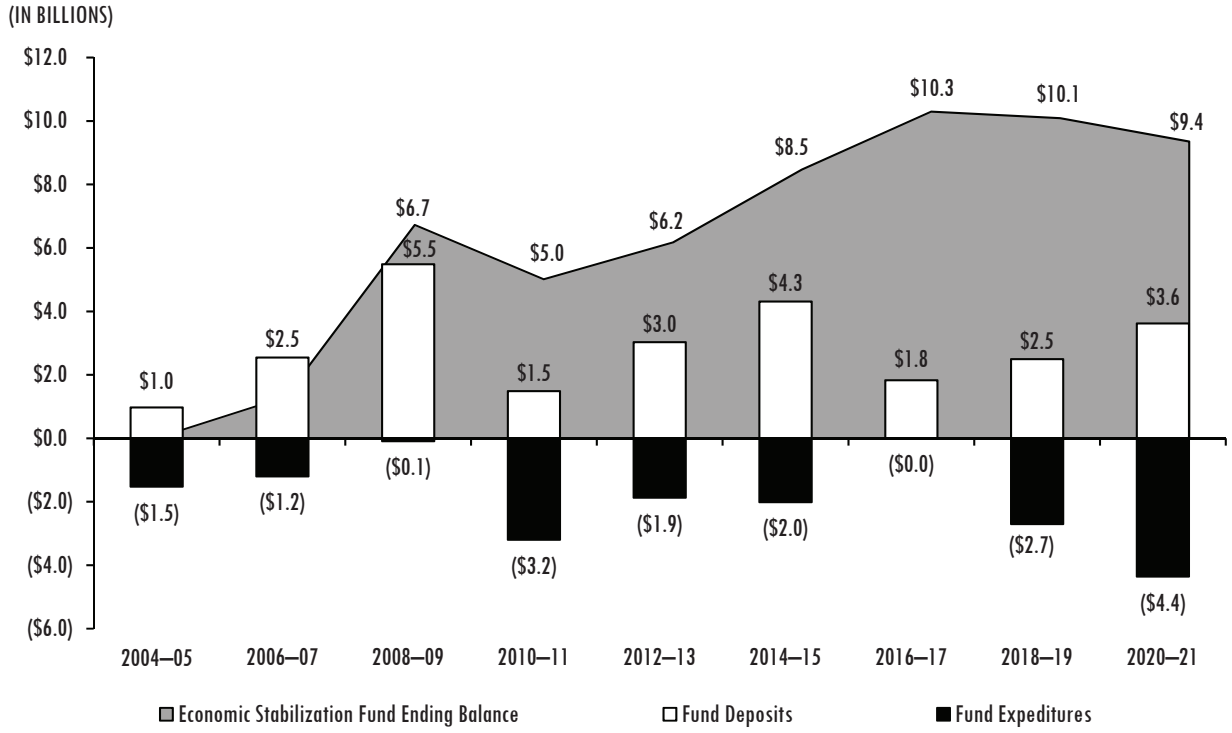
PROPERTY TAX RELIEF FUND

A portion of all revenue collected through the motor vehicle sales and use tax, cigarette and tobacco products tax, and the franchise and business margins tax is deposited to the Property Tax Relief Fund (PTRF). Fiscal year 2019 transfers to the PTRF totaled $2.1 billion. CPA estimates amounts transferred to the fund for the 2020–21 biennium to total $2.0 billion for fiscal year 2020 and $2.1 billion for fiscal year 2021. The PTRF is one of several funds that finances the FSP. Any deposits made to the PTRF will decrease the cost to General Revenue Funds for the FSP by an equal amount.

TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

House Bill 3, Eighty-sixth Legislature, 2019, established the Tax Reduction and Excellence in Education (TREE) Fund. CPA is required monthly to deposit an amount of General Revenue Funds into the TREE Fund equal to the sales and use tax revenue collected from marketplace providers during the previous month less the amount of revenue the CPA estimates would have been collected from marketplace providers prior to the enactment of House Bill 1525, Eighty-sixth Legislature, 2019. CPA estimates amounts transferred to the fund for the 2020–21 biennium to total $0.2 million for fiscal year 2020 and $0.3 million for fiscal year 2021. Similarly to the PTRF, the TREE Fund serves as a method of finance for the FSP.

FIGURE 34
ECONOMIC STABILIZATION FUND BIENNIAL DEPOSITS, EXPENDITURES, AND FUND BALANCE
2004–05 TO 2020–21 BIENNIA



NOTE: Fiscal years 2019 to 2021 are projections based on the Comptroller of Public Accounts' 2019 *Certification Revenue Estimate*.
SOURCES: Legislative Budget Board; Texas Comptroller of Public Accounts.

ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF) is a constitutional fund approved by voters in November 1988. Whenever collections are sufficient and the balance of the fund is greater than a threshold amount set by the Legislature, the fund receives an amount of General Revenue Funds. Beginning in fiscal year 2022, this threshold amount will be determined by statute instead of by the Legislature. The amount of General Revenue Funds that is deposited to the ESF is equal to 37.5 percent of the amount of tax collections from oil production in excess of 1987 levels, and 37.5 percent of the amount of tax collections from natural gas in excess of fiscal year 1987 levels. If the fund balance is less than the threshold balance, the fund can receive up to 75.0 percent of these excess tax collections. The fund also receives one-half of any unencumbered General Revenue Funds balance at the end of each biennium. The Legislature also may appropriate revenue to the ESF.

Appropriations may be made from the ESF with a three-fifths vote of the members present in each chamber in certain circumstances. These circumstances include when a budget deficit develops during a biennium or when CPA estimates that revenue will decrease from one biennium to the next. Appropriations may be made from the ESF for any purpose at any time with a two-thirds vote of the members present in each chamber of the Legislature.

The ESF ended fiscal year 2019 with a balance of $10.1 billion. The Eighty-sixth Legislature, 2019, made appropriations from the ESF of $4,867.7 million for the 2018–19 biennium and $1,160.0 million for the 2020–21 biennium. Of the amount appropriated by the Eighty-sixth Legislature, a portion was expended during the 2018–19 biennium in addition to appropriations by the Eighty-fifth Legislature, Regular Session, 2017. The remaining appropriations are expected to be expended during the 2020–21 biennium. After transfers to the fund based on oil and natural gas production tax revenue, interest income, investment earnings, and the expenditure of appropriations authorized by prior Legislatures, CPA estimates the ESF to end the 2020–21 biennium with a balance of $9.4 billion. **Figure 34** shows the revenue, expenditure, and balance history of the ESF since fiscal year 2004, and projections for the 2020–21 biennium.

FEDERAL FUNDS APPROPRIATIONS

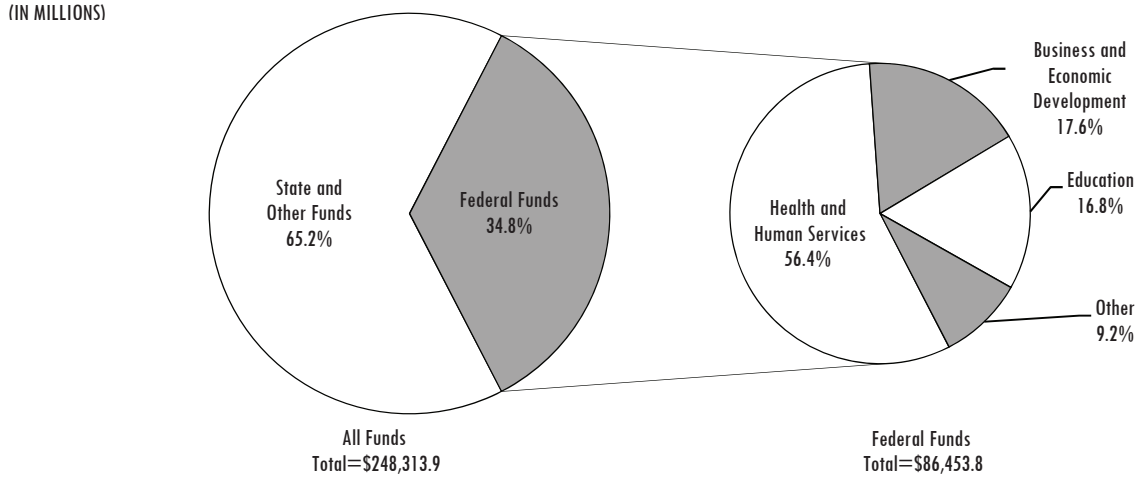
Appropriated Federal Funds for the 2020–21 biennium total $86,453.8 million, a 3.2 percent increase from the 2018–19 biennial total of $83,791.7 million (**Figure 35**). The largest shifts in federal funding include an increase of $2,374.9 million in the Health and Human Services function, an increase of $3,502.3 million in the Higher Education function, and an increase of $2,484.3 million in the Natural Resources function. These increases are offset by a decrease of $6,476.8 million in the Public Safety and Criminal Justice function. Federal Funds contribute 34.8 percent of the 2020–21 biennial All Funds budget (**Figure 36**), approximately equal to the percentage share (34.9 percent) during the 2018–19 biennium. These amounts differ from those shown in **Figure 26** due to the state's receipt of federal dollars after agency appropriations are finalized. These amounts usually are new federal grants or larger grant awards than originally projected.

FIGURE 35
FEDERAL FUNDS BY FUNCTION, 2018–19 TO 2020–21 BIENNIA

(IN MILLIONS) ALL FUNCTIONS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$1,264.0	$1,376.9	$112.9	8.9%
Article II – Health and Human Services	$46,421.5	$48,796.5	$2,374.9	5.1%
Article III – Agencies of Education	$10,802.4	$14,512.3	$3,709.9	34.3%
Public Education	*$10,519.6*	*$10,727.2*	*$207.6*	*2.0%*
Higher Education	*$282.9*	*$3,785.1*	*$3,502.3*	*1,238.4%*
Article IV – Judiciary	$4.0	$3.6	($0.4)	(10.7%)
Article V – Public Safety and Criminal Justice	$6,747.9	$271.1	($6,476.8)	(96.0%)
Article VI – Natural Resources	$3,823.5	$6,307.8	$2,484.3	65.0%
Article VII – Business and Economic Development	$14,715.6	$15,174.5	$458.9	3.1%
Article VIII – Regulatory	$12.6	$11.1	($1.6)	(12.4%)
Article IX – General Provisions	$0.0	$0.0	$0.0	N/A
Article X – Legislature	$0.0	$0.0	$0.0	N/A
Total, All Articles	**$83,791.7**	**$86,453.8**	**$2,662.1**	**3.2%**

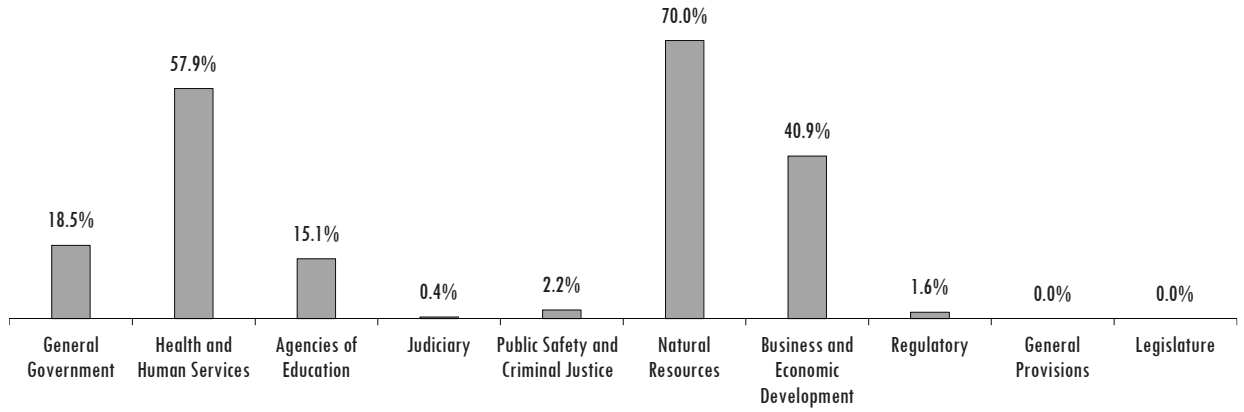
NOTE: Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 36
FEDERAL FUNDS AS PERCENTAGE OF ALL FUNDS, 2020–21 BIENNIUM



NOTE: Other=Natural Resources –7.3%; General Government –1.6%; Public Safety and Criminal Justice –0.3%; General Provisions – 0.0%; Judiciary – less than 0.01%; Regulatory – less than 0.01%.
SOURCE: Legislative Budget Board.

FIGURE 37
PERCENTAGE OF EACH FUNCTION'S ALL FUNDS BUDGET THAT IS FEDERAL FUNDS, 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Not all federal funding streams directed to Texas are included in these totals. For example, Earned Federal Funds are reimbursements to the state for expenditures already paid with state funds; these funds are included in General Revenue Funds. Most Federal Funds received by higher education institutions and a portion of Medicaid Disproportionate Share Hospital payments also are not included in the Federal Funds totals. Supplemental Nutrition Assistance Program benefits are not appropriated, nor are in-kind federal contributions such as the vaccines the federal government distributes to Texas. Expenditures for federal government salaries and wages, procurement, and direct payments to entities and individuals are not received by the state and, therefore, also are not included in the Federal Funds total.

Most of the Federal Funds that Texas receives (90.8 percent) are for services provided through the Health and Human Services, Business and Economic Development, and Education functions within the 2020–21 GAA. **Figure 37** shows each function's Federal Funds as a percentage of the function's All Funds budget.

HEALTH AND HUMAN SERVICES

In the 2020–21 GAA, it is estimated that Health and Human Services agencies will receive $48.8 billion in Federal Funds, which is 56.4 percent of the state's total Federal Funds. Federal Funds for these agencies are expected to increase $2.4 billion from 2018–19 biennial levels. This increase is attributable largely to the Medicaid program, in which Federal Funds increased by $2.7 billion. An increase in Medicaid funding is attributable primarily to caseload growth and maintaining fiscal year 2019 average costs for most services, and to net more favorable federal matching rates. See **Chapter 5, Health and Human Services**, for additional information related to Medicaid funding. Federal funds increases for the Health and Human Services agencies are offset partially by a $409.8 million decrease in federal disaster assistance. This funding was awarded to the state after Hurricane Harvey made landfall on the Texas coast in August 2017 for certain disaster-related expenses. The Health and Human Services Commission, which administers the state's Medicaid program and the federal Children's Health Insurance Program, receives 93.6 percent of the function's total Federal Funds.

BUSINESS AND ECONOMIC DEVELOPMENT

It is estimated that Business and Economic Development agencies will receive $15.2 billion in Federal Funds during the 2020–21 biennium, an increase of $458.9 million from 2018–19 biennial levels. The increase is attributable primarily to a $160.8 million increase at the Texas Workforce Commission for additional childcare services provided to low-income families and funding to replace various unemployment insurance and workforce services information technology systems, coupled with a $268.8 million increase at the Texas Department of Transportation related to federal transportation funds that support highway and construction planning. Federal sources are expected to contribute approximately 40.9 percent of the total budget for the Business and Economic Development function.

EDUCATION

The Education agencies account for the third-largest portion of Federal Funds in the state budget. Education agencies are expected to receive $14.5 billion in Federal Funds during the 2020–21 biennium (16.8 percent of the state's total Federal Funds), an

increase of $3.7 billion from 2018–19 biennial levels. Most of the increase is attributable to the transfer of the Texas Division of Emergency Management (TDEM) from the Texas Department of Public Safety to the Texas A&M University System, pursuant to House Bill 2794, Eighty-sixth Legislature, 2019. Federal Funds appropriations for TDEM are attributable primarily to federal assistance for Hurricane Harvey and other disasters.

OTHER FUNCTIONS

Federal Funds for the remaining functions—General Government, Judiciary, Public Safety and Criminal Justice, Natural Resources, and Regulatory—are estimated to total $8.0 billion (9.2 percent) of the state's federal receipts during the 2020–21 biennium.

LOCAL REVENUE

Property taxes and local sales and use taxes are levied by school districts, counties, cities, metropolitan transit authorities, and special districts. Although these revenues are not appropriated, these collections may affect state appropriations.

PROPERTY TAXES

Property taxes are levied by school districts, counties, cities, and special districts. The variety of special districts includes the following entities: junior colleges, hospitals, rural fire-fighting, municipal utilities, flood control, navigation, and economic development reinvestment zones.

TAXABLE VALUES

Gross taxable property values, adjusted for productivity valuation, totaled $848.4 billion for calendar year 1998. Productivity valuation is a measure of land value based on the land's ability to produce income from agriculture or timber operations. By calendar year 2018, adjusted gross property values were at $2,982.3 billion, an increase of 251.5 percent from the 1998 level. For calendar year 2018, net taxable school district property values increased $179.7 billion, or 7.5 percent from the calendar year 2017 amount, shown in **Figure 38**. Since 1998, net taxable school district property values decreased once, from calendar years 2009 to 2010, shown in **Figure 39**.

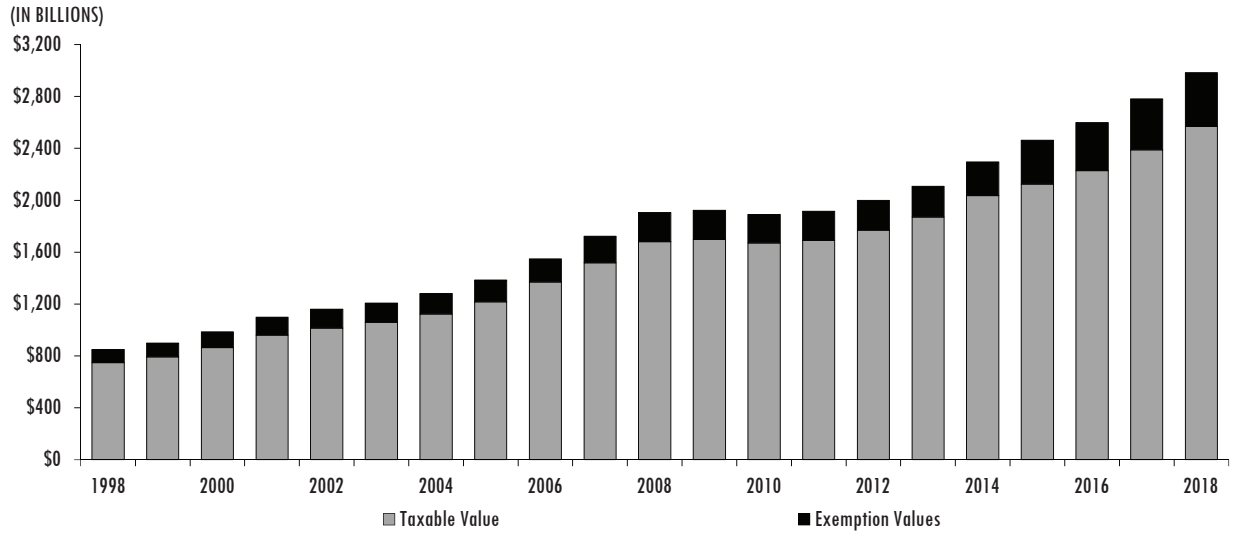
FIGURE 38
SCHOOL DISTRICT NET TAXABLE PROPERTY VALUES, CALENDAR YEARS 2017 AND 2018

(IN BILLIONS)

PROPERTY		2017	2018	PERCENTAGE CHANGE
A.	Single-family Residences	$1,412.6	$1,506.1	6.6%
B.	Multifamily Residences	$176.2	$197.5	12.1%
C1.	Vacant Platted Lots and Tracts	$50.3	$52.5	4.5%
C2.	Colonia Lots	$0.1	$0.1	(18.6%)
D1.	Real Property: Qualified Acres	$12.7	$13.2	3.7%
D2.	Real Property: Farm and Ranch	$5.1	$4.0	(22.8%)
E.	Real Property: Nonqualified Acres	$87.6	$95.0	8.4%
F1.	Commercial Real	$444.8	$473.6	6.5%
F2.	Industrial Real	$138.5	$151.6	9.4%
G.	Oil, Gas, Minerals	$75.1	$96.3	28.3%
J.	Utilities	$75.9	$78.9	4.0%
L1.	Commercial Personal	$159.2	$164.0	3.0%
L2.	Industrial Personal	$117.1	$122.3	4.4%
M.	Mobile Homes and Other Personal	$6.9	$7.3	6.6%
N.	Intangible Personal	$0.0	$0.0	149.6%
O.	Residential Inventory	$10.9	$12.2	12.2%
S.	Special Inventory	$7.7	$7.7	0.5%
Total Market Value		**$2,780.7**	**$2,982.3**	**7.3%**
Less Exemptions		($391.4)	$(413.3)	5.6%
Net Taxable Value		**$2,389.3**	**$2,569.0**	**7.5%**

SOURCE: Comptroller of Public Accounts.

FIGURE 39
SCHOOL DISTRICT PROPERTY VALUES, CALENDAR YEARS 1998 TO 2018



SOURCE: Comptroller of Public Accounts.

FIGURE 40
SCHOOL PROPERTY TAX EXEMPTIONS, CALENDAR YEARS 2017 AND 2018

(IN MILLIONS) EXEMPTION	2017	PERCENTAGE OF TOTAL	2018	PERCENTAGE OF TOTAL
State Homestead and Disabled Veterans	$159,285.2	40.7%	$164,550.2	39.8%
Homestead Appraisal Valuation Cap	$38,555.2	9.9%	$36,498.1	8.8%
Tax Freeze on Over-65 Homesteads	$100,655.9	25.7%	$111,461.0	27.0%
Subtotal, Homestead Exemption Value	**$296,570.8**	**76.3%**	**$309,558.3**	**75.6%**
Other	$92,891.7	23.7%	$100,814.4	24.4%
Total Exemptions	**$391,388.0**	**100.0%**	**$413,323.8**	**100.0%**

SOURCE: Comptroller of Public Accounts.

For calendar year 1998, school district exemptions accounted for $99.2 billion of reduced taxable value. By calendar year 2018, this amount grew to $413.3 billion, a $314.1 billion increase from 1998 levels. For calendar year 2018, approximately 75.6 percent of the total exemption amount was attributable to the state-mandated residential homestead exemptions, the 10.0 percent residential homestead appraisal valuation cap, and the property tax freeze for qualified homeowners age 65 or older, shown in **Figure 40**.

PROPERTY TAX LEVIES

For calendar year 2017, the most recent year for which complete property tax data is available, 4,226 local taxing units levied $59.4 billion in property taxes, an increase of $3.3 billion, or 5.9 percent from the 2016 level. As shown in **Figure 41**, school districts levied the highest amount of property taxes for calendar year 2017 at $32.1 billion, followed by cities at $9.7 billion, counties at $9.5 billion, and special districts at $8.0 billion. The levy imposed by school districts for calendar year 2017 was 7.6 percent higher than for 2016.

From calendar years 1997 to 2017, statewide property tax levies increased by $41.7 billion, or 236.4 percent. School district levies increased by the largest amount, $21.7 billion, accounting for 52.1 percent of the total increase. For 1997, school districts levied approximately $10.4 billion in property taxes, 58.9 percent of property taxes levied in the state. By 2017, school districts levied $32.1 billion in property taxes, for 54.1 percent of total property taxes.

FIGURE 41
PROPERTY TAX LEVIES, CALENDAR YEARS 1997 TO 2017

(IN MILLIONS) TAX YEAR	SCHOOL DISTRICT	CITY	COUNTY	SPECIAL DISTRICT	TOTAL PROPERTY TAXES	PERCENTAGE CHANGE
1997	$10,394.5	$2,847.1	$2,658.3	$1,759.6	$17,659.5	4.8%
1998	$11,334.6	$3,006.0	$2,828.3	$1,889.1	$19,058.0	7.9%
1999	$12,009.9	$3,248.0	$2,979.3	$2,041.0	$20,278.2	6.4%
2000	$13,392.3	$3,530.9	$3,200.9	$2,389.1	$22,513.2	11.0%
2001	$15,155.2	$3,884.8	$3,566.9	$2,703.5	$25,310.4	12.4%
2002	$16,418.8	$4,186.8	$3,849.7	$2,864.5	$27,319.8	7.9%
2003	$17,264.2	$4,415.2	$4,121.8	$3,092.3	$28,893.4	5.8%
2004	$18,534.0	$4,607.8	$4,462.8	$3,369.1	$30,973.6	7.2%
2005	$20,194.9	$4,901.8	$4,772.7	$3,609.6	$33,479.0	8.1%
2006	$20,918.1	$5,323.0	$5,339.6	$3,972.2	$35,552.9	6.2%
2007	$18,874.2	$5,890.3	$5,837.0	$4,513.1	$35,114.6	(1.2%)
2008	$21,233.5	$6,451.0	$6,342.7	$4,952.7	$38,980.0	11.0%
2009	$21,780.1	$6,593.8	$6,526.7	$5,133.8	$40,034.4	2.7%
2010	$21,558.3	$6,755.4	$6,567.1	$5,392.5	$40,273.3	0.6%
2011	$22,001.6	$6,810.0	$6,742.9	$4,926.1	$40,480.6	0.5%
2012	$23,072.8	$7,055.0	$7,064.7	$5,543.4	$42,735.9	5.6%
2013	$24,854.7	$7,324.4	$7,537.7	$5,529.4	$45,246.3	5.9%
2014	$26,792.7	$7,828.6	$8,115.0	$6,370.5	$49,106.7	8.5%
2015	$28,176.5	$8,380.4	$8,689.5	$6,954.1	$52,200.6	6.3%
2016	$29,854.8	$9,165.2	$9,027.4	$8,031.4	$56,078.9	7.4%
2017	$32,132.6	$9,730.4	$9,531.7	$8,010.2	$59,405.0	5.9%

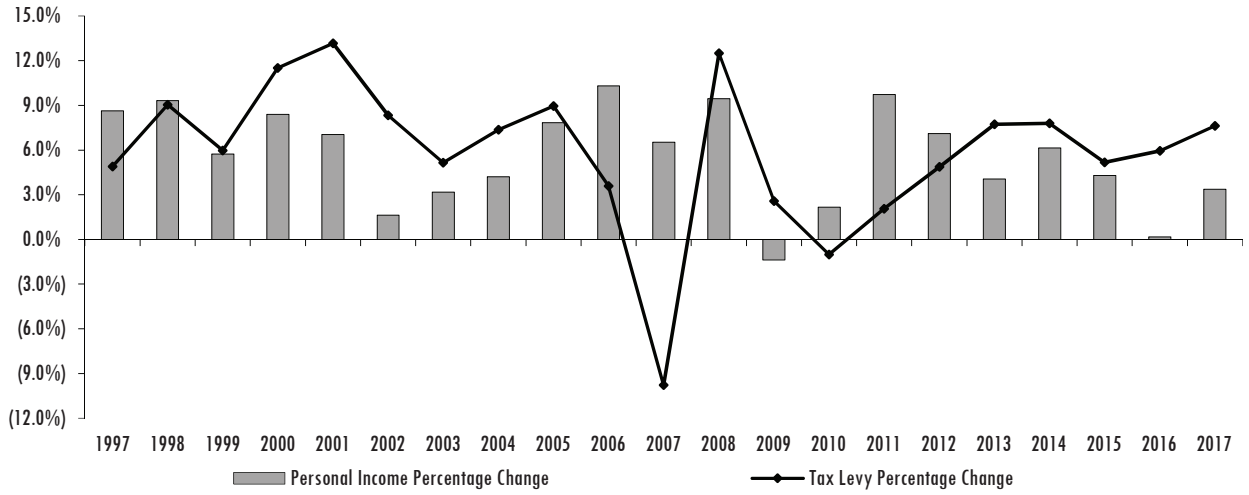
SOURCE: Comptroller of Public Accounts.

Figure 42 shows the percentage change in total property tax levies from 1997 to 2017. During this period, school district levies increased at an average annual rate of 5.9 percent, which is 0.4 percent more than the 5.5 percent average annual increase in personal income in Texas.

LOCAL SALES TAX

Local governmental entities, such as cities, counties, metropolitan transit authorities, and special districts, may impose local sales and use taxes. State law caps the combined rate set by local jurisdictions at 2.0 percent. The taxes are administered and collected by CPA and then remitted back to the local jurisdiction. **Figure 43** shows the remittances for calendar years 2016 to 2018.

FIGURE 42
ANNUAL SCHOOL DISTRICT TAX LEVY AND ANNUAL PERSONAL INCOME PERCENTAGE CHANGES CALENDAR YEARS 1997 TO 2017



SOURCE: Comptroller of Public Accounts.

FIGURE 43
LOCAL SALES TAX REMITTANCES, FISCAL YEARS 2016 TO 2018

(IN MILLIONS)	2016		2017			2018		
TAXING UNIT	REMITTED	PERCENTAGE OF TOTAL	REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE	REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE
Cities	$5,292.3	65.5%	$5,478.9	65.0%	3.5%	$5,923.7	64.6%	8.1%
Transit authorities	$1,831.8	22.7%	$1,898.0	22.5%	3.6%	$2,022.2	22.1%	6.5%
Counties	$470.1	5.8%	$501.2	5.9%	6.6%	$573.5	6.3%	14.4%
Special districts	$490.6	6.1%	$553.5	6.6%	12.8%	$650.1	7.1%	17.4%
Total	**$8,084.7**		**$8,431.6**		**4.3%**	**$9,169.5**		**8.8%**

SOURCE: Comptroller of Public Accounts.

ECONOMIC INDICATORS

The Texas economy rebounded strongly during the 2018–19 biennium, after the ripple effects from the collapse of crude oil, natural gas, and natural gas liquid prices led to depressed economic activity during the 2016–17 biennium. Texas Real Gross State Product (RGSP) grew at the slowest rate since the fiscal year 2009 recession during fiscal years 2016 and 2017. However, stabilization of hydrocarbon prices and a corresponding rapid increase in production led to RGSP growth rates of 2.8 percent during fiscal year 2018 and 4.4 percent during fiscal year 2019. Similarly, Texas employment growth slowed to less than the U.S. national average during the 2016–17 biennium for the first time in more than a decade. However, employment growth rates of 2.2 percent during fiscal year 2018 and 2.3 percent during fiscal year 2019 resumed the over-performance relative to the national average during both years.

Figure 44 shows the recent historical values of several Texas economic indicators and the Comptroller of Public Accounts' most recent forecast of these values for the 2020–21 biennium.

FIGURE 44
TEXAS ECONOMIC-BASED INDICATORS, FISCAL YEARS 2012 TO 2021 (1)

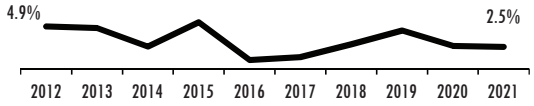
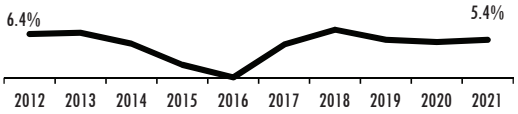
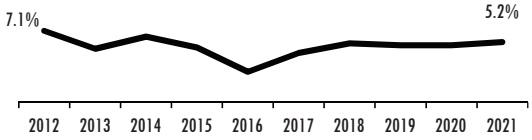
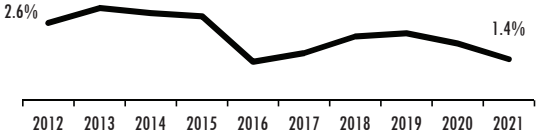
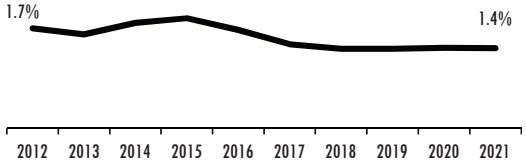
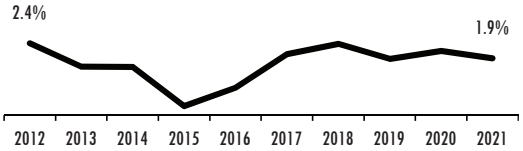
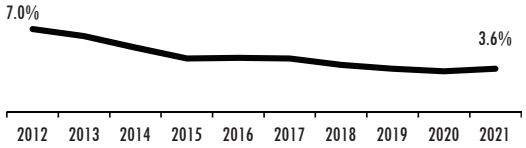
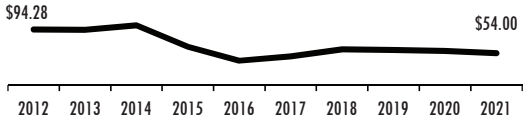
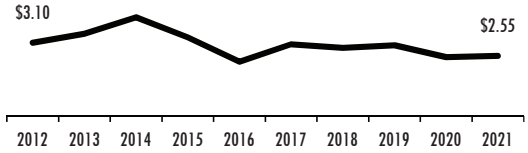
INDICATOR	2021 PROJECTED	TREND
Real Gross State Product (2)	2.5% annual change	
Nominal Gross State Product (2)	5.4% annual change	
Texas Personal Income	5.2% annual change	
Texas Nonfarm Employment	1.4% annual change	
Texas Resident Population	1.4% annual change	
U.S. Consumer Price Index	1.9% annual change	
Texas Unemployment Rate	3.6%	

FIGURE 44 (CONTINUED)
TEXAS ECONOMIC-BASED INDICATORS, FISCAL YEARS 2012 TO 2021 (1)

INDICATOR	2021 PROJECTED	TREND
Oil Price	$54.00 per barrel	
Natural Gas Price	$2.55 per MMBTU (3)	

NOTES:
(1) Trends for fiscal years 2019 to 2021 are based on projections from the Comptroller of Public Accounts' *Certification Revenue Estimate*, October 2019.
(2) Amounts for the Gross State Product are based on 2012 dollars.
(3) MMBTU=million British Thermal Units.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

3. SUMMARY OF SIGNIFICANT FISCAL LEGISLATION

This chapter provides brief summaries of those bills and joint resolutions passed by the Eighty-sixth Legislature, 2019, that will affect significantly the fiscal condition or which represent the material change to the fiscal operation of the state. The chapter is divided into four sections: (1) legislation with significant implications for the state budget or operations; (2) legislation that materially affects state fiscal policy; (3) legislation that affects information technology and contract oversight; and (4) significant tax and revenue legislation. Bills and joint resolutions are presented in alphanumeric order within each of the sections.

BILLS WITH SIGNIFICANT BUDGETARY OR OPERATIONAL IMPLICATIONS

SENATE BILL 500

The Texas Constitution authorizes the Legislature to consider and adopt budget bills, referred to as General Appropriations Bills, during regular or special legislative sessions. To maintain the operation of state government, the Legislature passes the bills to provide funding to state agencies and institutions of higher education for the upcoming biennium. As discussed in the preceding State Budget Overview chapter, House Bill 1 provides funding for the 2020–21 biennium. However, the Legislature may consider additional bills that modify existing spending levels and authority for the current and upcoming fiscal periods. Such bills are referred to commonly as supplemental appropriations bills and include appropriations and provisions that can be effective for up to a two-year period. As deemed necessary by the Legislature or the Governor, one or more items in a supplemental bill may be designated as an emergency as authorized by the Texas Constitution, Article III, Section 5. **Figure 45** shows the 12 supplemental bills enacted since fiscal year 2003.

FIGURE 45
SUPPLEMENTAL APPROPRIATIONS BILLS 2002–03 TO 2018–19 BIENNIA

LEGISLATIVE SESSION	BILL
Eighty-sixth, Regular, 2019	Senate Bill 500
Eighty-fifth, Regular, 2017	House Bill 2
Eighty-fourth, Regular, 2015	House Bill 2
Eighty-third, Regular, 2013	House Bill 1025
Eighty-third, Regular, 2013	House Bill 10
Eighty-second, Regular, 2011	House Bill 4
Eighty-second, Regular, 2011	House Bill 275
Eighty-first, Regular, 2009	House Bill 4586
Eightieth, Regular, 2007	House Bill 15
Seventy-ninth, Third Called, 2006	House Bill 63
Seventy-ninth, Regular, 2005	House Bill 10
Seventy-eighth, Regular, 2003	House Bill 7

SOURCE: Legislative Budget Board.

The Eighty-sixth Legislature, 2019, passed Senate Bill 500, which appropriates a total of $9,862.2 million in All Funds, representing $1,687.9 million in General Revenue Funds and General Revenue–Dedicated Funds, $6,027.7 million from the Economic Stabilization Fund (ESF), and $2,146.5 million in Federal Funds during fiscal year 2019 and fiscal years 2020 and 2021, as shown in **Figure 46**.

FIGURE 46
SENATE BILL 500 APPROPRIATIONS, FISCAL YEAR 2019 AND FISCAL YEARS 2020 AND 2021

FUNCTION	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS	ECONOMIC STABILIZATION FUND	FEDERAL FUNDS	ALL FUNDS
General Government	($74.1)	$343.0	$0.0	$268.9
Health and Human Services	$2,228.2	$582.4	$2,146.5	$4,957.1
Public Education	($683.7)	$2,666.4	$0.0	$1,982.7
Higher Education	$30.9	$132.2	$0.0	$163.1
Public Safety and Criminal Justice	$225.8	$253.6	$0.0	$479.3
Natural Resources	($45.2)	$1,907.2	$0.0	$1862.0
Business and Economic Development	$0.0	$142.9	$0.0	$142.9
Regulatory	$6.1	$0.0	$0.0	$6.1
Total	**$1,687.9**	**$6,027.7**	**$2,146.5**	**$9,862.2**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Some of the significant appropriations made by Senate Bill 500 include the following changes:

- a $2,000.0 million increase in General Revenue Funds and an additional $2,150.0 million in matching Federal Funds to address a shortfall in Medicaid funding;
- a $1,113.0 million increase from the ESF to the Teacher Retirement System, including $524.0 million for a state contribution to be deposited into the Teacher Retirement System Trust Account Fund, and $589.0 million to provide a onetime additional payment to annuitants;
- a $1,171.2 million increase from the ESF to the Texas Education Agency (TEA) for expenses related to Hurricane Harvey, including the following amounts: (1) $806.5 million for 2018–19 biennial Hurricane Harvey-related expenses, a portion of which were required and otherwise would have been paid with General Revenue Funds, related to increased student costs, decreases in school district property values, and facilities remediation; and (2) $636.0 million for projected 2020–21 biennial Hurricane Harvey-related expenses at TEA related to facilities remediation and lower district property tax collections;
- an $840.0 million increase from the ESF to the Water Development Board for grant funding of flood-related projects and updating flood risk maps across the state;
- a $445.4 million increase from the ESF to the Health and Human Services Commission for continuing improvements to state hospital facilities;
- a $365.0 million increase from the ESF for Federal Emergency Management Agency (FEMA) Public Assistance projects;
- a $273.0 million increase from the ESF for non-federal FEMA Hazard Mitigation projects;
- a $220.0 million increase in General Revenue Funds to the Department of Criminal Justice for Correctional Managed Health Care and correctional officer overtime;
- a $219.6 million increase in General Revenue Funds to ensure state compliance with federal special education funding requirements;
- a $211.0 million increase from the ESF to the Comptroller of Public Accounts for deposit into the Texas Tomorrow Fund to pay for 2020–21 biennial obligations;
- a $200.0 million increase from the ESF for state participation in nonfederal match for studies and projects planned for Texas by the U.S. Army Corps of Engineers;
- a $150.0 million increase from the ESF to the Soil and Water Conservation Board for earthen dam infrastructure projects;
- a $125.0 million increase from the ESF to the Department of Transportation to provide funding for grants through the Transportation Infrastructure Fund;
- a $110.9 million increase from the ESF to TEA to provide funding to school districts and charter schools for school hardening and post-disaster school safety; and
- a $100.0 million increase from the ESF to Trusteed Programs within the Office of the Governor to provide disaster response and relief grants.

HOUSE BILL 3

House Bill 3 made comprehensive systemic changes to public education funding, implemented school district property tax reform, and required that a portion of additional state funding provided is used for pay increases for teachers and other staff. Key changes to the Foundation School Program (FSP) include the repeal and establishment of numerous allotments, changes to guaranteed yields and other funding formulas, and property tax compression. The legislation also establishes several new non-FSP programs at TEA.

The Eighty-sixth Legislature, 2019, appropriated $11.5 billion in General Revenue Funds in addition to what was required by previous law for public schools to implement the provisions of House Bill 3. These funds will provide additional public education funding, provide salary increases, and pay for school district property tax relief and decreased recapture.

Components of the $11.5 billion in additional funding include $6.5 billion for increased school funding, $5.0 billion for property tax relief through the compression of school district tax rates, and a projected decrease of recapture payments of $3.5 billion during the 2020–21 biennium.

Additional details regarding House Bill 3 may be found in the **Chapter 6** section on the **Texas Education Agency**.

HOUSE BILL 6

House Bill 6 requires the Texas Division of Emergency Management (TDEM) to establish a recovery task force that provides specialized assistance for communities and individuals to address financial issues, available federal assistance programs, and recovery and resiliency planning to speed recovery efforts at the local level.

The legislation also extends statutorily required emergency management training to emergency management coordinators in locations that have populations of 500,000 or more, and requires certain emergency management programs to provide catastrophic debris management.

House Bill 6 allocates a share of state hotel occupancy taxes collected in certain coastal counties to a General Revenue–Dedicated Account for coastal erosion response, beginning September 1, 2021. The allocated tax revenue is dedicated to the General Land Office for certain coastal management program purposes that benefit a coastal county. The provisions described in House Bill 6 expire September 1, 2031.

HOUSE BILL 8

House Bill 8, the Lavinia Masters Act, removes the statute of limitations for sexual assault if the assault has not been subject to forensic DNA testing. The legislation requires the contents of certain sexual assault examination kits and other biological evidence to be retained for 40 years, or until the statute of limitations expires, whichever period is longer. The legislation also establishes a new Statewide Telehealth Center for Sexual Assault Forensic Medical Examination within the Office of the Attorney General.

The legislation requires a publicly accredited crime laboratory to complete analysis of the evidence of a sexual assault or other sex offense within 90 days of receipt of the evidence. The legislation expands the definition of "active criminal case" to include "other sex offenses," and sets requirements for victim notification before the destruction of evidence. The entity receiving sexual assault evidence is required to provide detailed instructions and a standard form to the victim describing how to object to the destruction of evidence. The legislation also requires publicly accredited crime laboratories to submit a quarterly report of the number of collection kits that have not been submitted for analysis by law enforcement agencies.

House Bill 8 requires a standardized form, developed by the Department of State Health Services, which provides information regarding the processing and analysis of sexual assault exam kits to certain victims of sexual assault before the survivor is released from the examination facility. If a criminal case occurs in which evidence of a sexual assault or other sex offense is collected and the number of offenders is uncertain or unknown, a publicly accredited crime laboratory must analyze any evidence submitted to the lab that is necessary to identify the offender or offenders.

HOUSE BILL 1325

House Bill 1325 legalizes the production of hemp and hemp-derived products such as cannabidiol (CBD). The legislation requires the Texas Department of Agriculture (TDA) to develop a state plan to monitor and regulate hemp production. A hemp grower's license is required to cultivate, handle, or ship hemp, and a shipping certificate is required for interstate transportation of hemp. The legislation establishes the State Hemp Production Account to collect revenue from licensing fees and administrative penalties related to the administration and enforcement of the program and the Hemp Transportation Account to collect revenue from civil penalties for interstate shipment of hemp without proper certification. Both accounts are established as dedicated accounts in the General Revenue Fund.

Establishments and individuals must apply for consumable hemp product manufacture's licenses through the Department of State Health Services (DSHS). A sample of a consumable hemp product must be tested to determine the delta-tetrahydrocannabinol (THC) concentrate of the product and the presence of heavy metals, pesticides, and other substances. DSHS and the Department of Public Safety are required to establish a process for random testing of CBD products to ensure that products do not contain harmful ingredients, are produced in compliance with federal regulation, and have a THC concentrate of less than 0.3 percent.

The Eighty-sixth Legislature, 2019, appropriated $2.1 million in General Revenue Funds to TDA and DSHS to implement the provisions of the legislation.

HOUSE BILL 1501

House Bill 1501 amends various chapters of the Texas Occupations Code and adds Chapter 507 relating to the establishment of the Texas Behavioral Health Executive Council (BHEC) and continuation and transfer of the

regulation of psychologists, marriage and family therapists, professional counselors, and social workers to BHEC. The legislation established BHEC effective September 1, 2019. The legislation abolishes the State Board of Examiners of Psychologists, the Texas Board of Marriage and Family Therapists, the Texas Board of Examiners of Professional Counselors, and the Texas State Board of Social Worker Examiners and transfers the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to BHEC effective September 1, 2020. The legislation continues BHEC until September 1, 2029.

HOUSE BILL 2048

House Bill 2048 repeals the Driver Responsibility Program (DRP) and eliminates surcharges assessed on drivers convicted of certain driving offenses. The legislation forgives surcharges assessed on or before September 1, 2019, and reinstates any driver license that was suspended only because of a failure to pay a DRP surcharge.

House Bill 2048 increases the state traffic fine from $30 to $50, and establishes, in addition to the fine prescribed for the specific offense, a fine of $3,000 for the first conviction of certain intoxicated driver offenses within a 36-month period; $4,500 for a second conviction within a 36-month period; and $6,000 if the individual's blood, breath, or urine testing showed an alcohol concentration of more than a certain amount.

With the repeal of the program, the new fines will be assessed once, rather than each year for a three-year period in accordance with DRP. The new fines will be collected by local governments and remitted to the Comptroller of Public Accounts quarterly.

HOUSE BILL 2384

House Bill 2384 establishes a tiered, tenure-based compensation structure to adjust the state salaries for certain state judge and prosecutor positions to a percentage of the state-based salary of a district court judge depending on years of service. The legislation requires the state salary for a state judge and prosecutor position to equal 110.0 percent of a district judge's state base salary for four or more years of service and 120.0 percent of a district judge's state base salary for eight or more years of service. The legislation decreases the length of service required for judges or justices to be eligible for longevity pay from 16 years to 12 years and increases the multiplier of a judge's monthly salary from 0.035 to 0.05. The legislation increases the statutory base for the state salary of a district judge from $125,000 to $140,000 and continues the current authority for the salary to be set at an amount established in the General Appropriations Act. The provisions of the legislation also relate the state salary of presiding judges, certain family court associate judges, county prosecutors, professional prosecutors, and the State Prosecuting Attorney to the state base salary of a district judge with comparable years of experience. The Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, appropriates $30.0 million in All Funds, including $29.3 million in General Revenue Funds and $0.7 million in Federal Funds, to judicial agencies to implement the legislation's provisions.

HOUSE BILL 2794

The Governor's Commission to Rebuild Texas, established after Hurricane Harvey, recommended the unification of certain emergency management functions within the state. House Bill 2794 transfers the administration of the Texas Division of Emergency Management (TDEM) from the Department of Public Safety (DPS) to the Texas A&M University (TAMU) System effective September 1, 2019. The legislation provides for the continuance of all DPS rules, policies, procedures, and decisions relating to the administration of TDEM and establishes that references in law or administrative rules to DPS regarding the administration of TDEM refer to the TAMU System.

House Bill 2794 also requires TAMU System and DPS to enter into a memorandum of understanding relating to the transfer of TDEM and sets out the required contents of the memorandum. The legislation requires the Governor to appoint the chief of TDEM. TDEM is required to manage and staff the state operations center in accordance with an agreement with DPS.

The Texas Education Code is amended to make conforming changes that define TDEM as an agency of higher education within the TAMU System's authority.

HOUSE JOINT RESOLUTION 12

House Joint Resolution 12 amends the constitution, authorizing the Legislature to increase the maximum General Obligation bond amount from $3.0 billion to $6.0 billion, to be issued by the Texas Public Finance Authority and used by the Cancer Prevention and Research Institute of Texas (CPRIT) if appropriated to it by the Legislature. Of the original $3.0 billion in General Obligation bond authority authorized to be used by CPRIT in fiscal year

2007, the remaining balance is projected to be awarded for grants in fiscal year 2021. By statute, the issuance of bonds and the awarding of grants is limited to $300.0 million each fiscal year.

SENATE BILL 8

Senate Bill 8 requires the Texas Water Development Board (TWDB) to prepare and adopt a comprehensive state flood plan before September 1, 2024, and every five years thereafter. The legislation also requires TWDB to coordinate with the Texas Commission on Environmental Quality (TCEQ), the Texas Department of Agriculture, the General Land Office, the Texas Parks and Wildlife Department, the Texas Division of Emergency Management, and the State Soil and Water Conservation Board (TSSWCB) to adopt related guidance principles, to be reviewed at least every five years. The plan must provide for flood preparation and response, guide state and local flood control policy, and, if possible, contribute to water development. The plan must incorporate regional flood plans submitted by flood planning groups established in the legislation. The plan must include an evaluation of the condition and adequacy of flood control infrastructure on a regional basis, a ranked statewide list of ongoing and proposed flood control and mitigation projects and strategies, an analysis of flood control projects included in previous state flood plans, an analysis of development in the 100-year floodplain, and legislative recommendations to facilitate flood control planning and project construction.

The legislation requires TSSWCB to develop a dam repair and maintenance plan to be submitted to TWDB every 10 years and to report annually to TWDB on progress made on the items listed in the plan. The legislation requires TWDB, in coordination with TSSWCB and TCEQ, to prepare a report on the repair and maintenance needs of certain dams.

Senate Bill 500, Eighty-sixth Legislature, 2019, appropriates $47.0 million for a two-year period beginning June 2019, from the newly established Texas Infrastructure Resiliency Fund to TWDB to implement the legislation's provisions.

SENATE BILL 11

Senate Bill 11 establishes new programs and requirements related to school safety and establishes the Foundation School Program school safety allotment, which provides an entitlement for each student in average daily attendance. Appropriations for the school safety allotment total an estimated $100.0 million for the 2020–21 biennium. Funds from the allotment are required to be used for securing facilities, providing security, and school safety training and planning. The legislation also contains provisions affecting other state agencies and institutions, including the establishment of the Texas Child Mental Health Care Consortium at the Texas Higher Education Coordinating Board, which was appropriated $99.0 million, and an expansion of the responsibilities of the Texas School Safety Center at Texas State University, for which $9.1 million was appropriated.

SENATE BILL 12

The legislation increases statutorily required contribution rates from the state, public education employers, and members to the Teacher Retirement System (TRS) for retirement benefits. The legislation also expands the employer contribution to apply to all public education employers, including employers that participate in the federal Social Security program. Previously, only public education employers that were not participating in Social Security were required to make the contribution.

The legislation requires a onetime additional annuity payment to certain TRS annuitants equal to the lesser of the member's monthly gross annuity payment or $2,000, contingent on the Legislature appropriating additional funding to TRS to cover the cost of the payment. Senate Bill 500, Eighty-sixth Legislature, 2019, provided $589.0 million in Other Funds from the ESF for fiscal year 2019 for this payment, and $524.0 million for the 2020–21 biennial cost of the state contribution increase.

SENATE BILL 72

Senate Bill 72 establishes the Human Trafficking Prevention Coordinating Council. The group is presided over by the Attorney General or a designee, includes representatives from multiple state agencies, and is tasked with developing and implementing five-year strategic plans to prevent human trafficking. Five-year strategic plans must include an inventory of human trafficking prevention programs administered by the state, and a plan to coordinate the expenditure of state funds appropriated to address human trafficking. The first five-year strategic plan is required to be submitted to the Legislature by May 1, 2020, and annual reports providing progress updates are due by December 1 of each subsequent calendar year. The Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article IX, Section 17.11, Human Trafficking Prevention Coordinating Council, provides $58.4 million in All Funds to address human trafficking across eight state agencies.

SENATE BILL 346

Senate Bill 346 restructures the allocation of state criminal court costs and establishes a consolidated local court cost. Several criminal court costs are added to the state consolidated court cost, and that cost is increased for all felony and misdemeanor convictions. Multiple court costs are renamed as reimbursement fees or fines without changing the application of the existing law. Several changes are made to the distribution of revenue generated from the state consolidated court cost by changing the percentage distribution of revenue for existing purposes and adding purposes to which the revenue is directed. When a new item is added, the legislation also repeals a related court cost or eliminates the portion of a court cost remitted to the state.

The legislation establishes a consolidated local court cost with a total cost that equals the sum of several previous local criminal court costs that the legislation repealed. Several court costs are reclassified as fines, and a new category of reimbursement fees is established for cost recovery. Court costs that previously were not collected for a judicial purpose are repealed. The legislation establishes two new accounts in the General Revenue Fund: DNA Testing and Transportation Administrative Fee. The legislation redesignates General Revenue–Dedicated Account No. 5174, Drug Court, as the Specialty Court Account and establishes the Jury Service Fund in the state Treasury.

SENATE BILL 2119

Senate Bill 2119 amends the Texas Occupations Code relating to the transfer of the regulation of motor fuel metering and motor fuel quality from the Texas Department of Agriculture (TDA) to the Texas Department of Licensing and Regulation (TDLR). The legislation transfers sections of the Texas Agriculture Code to the Texas Occupations Code regarding the inspection, required registration, complaints regarding motor fuel metering devices, and the sale, delivery, quality, and testing of motor fuel. The legislation requires TDA and TDLR to enter a memorandum of understanding to implement the provisions related to the state metrology lab, which will remain at TDA. The legislation requires TDA and TDLR to adopt a transition plan for the program's orderly transfer and complete it by September 1, 2020.

FISCAL MATTERS AND FUND ACCOUNTING

HOUSE BILL 1422

The legislation continues the Texas Historical Commission (THC) through August 31, 2031, and transfers six historic sites from the Texas Parks and Wildlife Department (TPWD) to THC: Fanthorp Inn, Lipantitlan, Monument Hill and Kreische Brewery, Port Isabel Lighthouse, San Jacinto Battleground, and Washington-on-the-Brazos. Related to the transfer of sites, the legislation amends the maximum allocations of Sporting Goods Sales Tax revenue to TPWD and THC from 94.0 percent and 6.0 percent, respectively, to 93.0 percent and 7.0 percent. The legislation also authorizes agencies that have curatorial collections and officially adopted deaccession policies to sell deaccessioned items through the State Surplus Property program, administered by the Texas Facilities Commission. Proceeds from the sale of deaccessioned items are to be deposited to the new General Revenue–Dedicated Account No. 5179, Historic Property Proceeds, and are authorized to be appropriated to affected agencies for the care and preservation of qualifying curatorial collections.

HOUSE BILL 3317

Each session, starting with the Seventy-fourth Legislature, 1995, the Legislature has passed a fund consolidation bill.

Like previous fund consolidation bills, House Bill 3317, Eighty-sixth Legislature, 2019, abolishes all funds, accounts, and revenue dedications established or reestablished by the Eighty-sixth Legislature, except those specifically exempted by the legislation's provisions. The legislation continues the provision making unappropriated revenue and balances in General Revenue–Dedicated Funds accounts available for general governmental purposes and certification of General Revenue Fund appropriations by the Comptroller of Public Accounts.

HOUSE BILL 3745

House Bill 3745 extends the sources of funding for the Texas Emissions Reduction Plan (TERP) beyond August 31, 2019, until each active or revoked ozone National Ambient Air Quality Standards area in Texas has been designated by the U.S. Environmental Protection Agency as being in attainment or nonclassifiable. The deposit of fees and surcharges to the credit of TERP and transfer of State Highway Funds deposited to TERP's credit are continued until September 1, 2021. After this date, the legislation establishes the new Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund held outside of the Treasury by the Comptroller of Public Accounts and administered by the Texas Commission on Environmental Quality (TCEQ). This fund would consist of revenues from fees and surcharges previously deposited to TERP, including the continued

transfer of State Highway Funds. The legislation authorizes money in the TERP Fund to be expended without legislative appropriation and directs TCEQ to deposit any remaining unencumbered balances from the TERP Fund to TERP at the end of each biennia. The legislation also increases the administrative allocation funded from both TERP and the TERP Fund from $8.0 million to $16.0 million each year.

HOUSE JOINT RESOLUTION 4 AND SENATE BILL 7

Together, House Joint Resolution 4 and Senate Bill 7 amend the constitution and the Texas Water Code to establish two new accounts, the Flood Infrastructure Fund (FIF) and the Texas Infrastructure Resiliency Fund (TIRF), and authorize the Texas Water Development Board (TWDB) to issue revenue bonds for both accounts. In November 2019, voters approved an amendment to the Texas Constitution, Article III, proposed by House Joint Resolution 4, which established FIF effective January 1, 2020. FIF is held in the state Treasury outside of the General Revenue Fund. It is administered by TWDB, without further legislative appropriation, to assist in the financing, through loans and grants, of drainage, flood control, and flood mitigation projects. The fund consists of appropriations from the Legislature, proceeds of General Obligation bonds, repayments from loans made from the fund, and proceeds from the sale of bonds or other obligations held in the fund. Senate Bill 500, Eighty-sixth Legislature, 2019, appropriates $793.0 million in Other Funds from the ESF to the FIF.

Senate Bill 7 establishes TIRF as a special fund in the state Treasury outside of the General Revenue Fund, also to be administered by TWDB. The fund consists of four subaccounts: (1) the Floodplain Management Account, which previously existed as a separate account; (2) the Hurricane Harvey Account; (3) the Flood Plan Implementation Account; and (4) the Federal Matching Account. The Floodplain Management Account is intended to be used for projects related to flood planning, protection, mitigation or adaptation; for collecting and analyzing flood-related information; for providing flood-related information to the public; and for evaluating the response to and mitigation of flooding affecting residential property. The Hurricane Harvey Account is to be used by TWDB solely to provide funding to the Texas Division of Emergency Management (TDEM) for TDEM to provide financing for projects related to Hurricane Harvey. TDEM may use the funds to provide grants and loans to eligible political subdivisions for flood projects and may provide grants for federal matching funds for flood projects. The Flood Plan Implementation Account may be used only to provide financing for projects included in the state flood plan. The Federal Matching Account may be used only to provide matching funds for flood projects receiving federal funding, including projects funded by the U.S. Army Corps of Engineers. The account is authorized to make below-market-rate loans to subdivisions with flexible repayment terms to finance the local match of federal ship channel projects. Senate Bill 500 appropriates $857.0 million from the Economic Stabilization Fund to TIRF. Of that amount, $47.0 million is credited to the Floodplain Management Account.

HOUSE JOINT RESOLUTION 151 AND HOUSE BILL 4611

House Joint Resolution 151 proposed a constitutional amendment, which was passed by voters and enacted into law in November 2019, to increase the amount of funding that the General Land Office may transfer directly from the Permanent School Fund to the Available School Fund from $300.0 million each year to $600.0 million each year. The amendment also authorized the State Board of Education or another entity that has responsibility for the management of revenues derived from Permanent School Fund land or other properties to distribute up to $600.0 million annually from the Permanent School Fund to the Available School Fund in addition to other distributions authorized by the constitution or statute. House Bill 4611 is the enabling legislation to the constitutional amendment in House Joint Resolution 151.

SENATE BILL 69

The legislation abolishes the legislative select committee charged with determining a sufficient balance for the Economic Stabilization Fund (ESF) and establishes provisions for the Comptroller of Public Accounts (CPA) to determine the allocations of oil and gas production tax-related revenue for transfer to the State Highway Fund (SHF) and the ESF pursuant to the Texas Constitution, Article III, Section 49-g(c-2). The legislation requires CPA, beginning in fiscal year 2022, to determine and adopt for the state fiscal biennium an amount equal to 7.0 percent of the certified General Revenue–Related appropriations made for that fiscal biennium to serve as a threshold for adjusting allocations of money for transfer to the ESF and SHF. The legislation requires CPA to determine whether the sum of the balance of the ESF on the preceding August 31, and any projected transfers to the ESF is less than the threshold adopted for that biennium. If the sum of the balance and transfers to the ESF is less than the threshold amount, then CPA would be

required to decrease the allocation to the SHF and increase the allocation to the ESF until the threshold amount is achieved or the total amount of the allocation pursuant to the Texas Constitution, Article III, Section 49-g(c), is allocated to the ESF, whichever occurs first. The legislation extends the statutory expiration date for the allocation of oil and gas production tax-related revenue transfers to the SHF from December 31, 2024, to December 31, 2034 (fiscal year 2035). Additionally, the legislation authorizes CPA to invest up to three-quarters of the ESF balance, in a manner that a prudent investor exercising reasonable care, skill, and caution would invest, provided that at all times at least one-quarter of the ESF balance must be invested in a manner that ensures the liquidity of that amount.

SENATE JOINT RESOLUTION 24 AND SENATE BILL 26

Senate Joint Resolution 24 proposed an amendment to the Texas Constitution, Article VIII, to appropriate automatically the net revenue received each fiscal year from the collection of sales and use taxes on sporting goods, identified as Sporting Goods Sales Tax (SGST), to the Parks and Wildlife Department (TPWD) and the Historical Commission (THC). The amendment, approved by voters in November 2019, becomes effective September 1, 2021, and will apply only to state tax revenue collected on or after that date. The amendment will prohibit appropriated SGST from being considered available for certification by the Comptroller of Public Accounts (CPA) pursuant to the Texas Constitution, Article III, Section 49a(b). The amendment authorizes the Legislature, by a two-thirds vote in each chamber, to direct CPA to decrease the amount that otherwise would be appropriated to TPWD and THC by 50.0 percent. The decrease could occur only for the fiscal year in which the legislative vote is taken or in either of the following two fiscal years.

Senate Bill 26, with voter approval of Senate Joint Resolution 24, establishes the General Revenue–Dedicated Account No. 5139, Historic Sites Fund (Account No. 5139), for appropriations to THC and specifies the permitted uses for SGST. Account No. 5139 will consist of allocations of SGST; transfers, interest, revenue from the operation of historic sites; grants; and donations. The legislation also becomes effective September 1, 2021, with the exception of establishing the account, which is effective January 1, 2020. The Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, appropriates $342.1 million, or 100.0 percent of available SGST to THC ($24.0 million) and TPWD ($318.1 million).

INFORMATION TECHNOLOGY AND CONTRACT OVERSIGHT

SENATE BILL 65

Senate Bill 65 contains substantive changes affecting contract reporting to the Legislative Budget Board (LBB) and technology monitoring and reporting by the Quality Assurance Team (QAT). The legislation increases the threshold for a major information resources project (MIRP) that would be subject to QAT review from $1.0 million to $5.0 million. The legislation requires state agencies that seek a contract for development or implementation of an MIRP of $10.0 million or more to submit proposed contract terms to QAT before negotiation and to submit the final negotiated and unsigned contract to QAT for review and recommendations. Before executing the final MIRP contract, the legislation requires agencies to comply with QAT's recommendations or to submit a written explanation why the recommendations are not applicable to the contract. The legislation prohibits vendors from assigning their rights to a third party in accordance with a state agency contract for an MIRP, or a contract involving sensitive personal information, without preapproval by the state agency. The state agency must notify the LBB at least 14 days before deciding the proposed assignment.

The legislation requires the State Auditor's Office to rate annually the 25 largest agencies, as determined by the LBB, for compliance with state procurement processes. The legislation requires the Comptroller of Public Accounts and the Department of Information Resources to develop guidelines for the Contract Advisory Team and QAT, respectively, to monitor agencies identified for decreased or additional monitoring.

In addition to the requirement to report vendor performance after contract completion, the legislation requires state agencies to report vendor performance at key contract milestones, and at least once annually for contracts with a value of more than $5.0 million.

The legislation requires state agencies to include in each contract file a checklist to ensure compliance with state laws and rules relating to the acquisition of goods and services. The legislation requires a state agency's procurement director or designee to review the contents of the contract file before the agency awards certain contracts. Senate Bill 65 also repeals the Teacher Retirement System's exemption to certain procurement and contracting requirements.

TAX AND REVENUE

HOUSE BILL 1525

House Bill 1525 adds new definitions of a "marketplace," "marketplace seller," and "marketplace provider" to the Texas Tax Code, Chapter 151, Limited Sales, Excise, and Use Tax. A marketplace is a physical or electronic medium through which someone other than the owner of the medium makes sales of items subject to the Limited Sales and Use Tax. Previously, neither the marketplace provider nor the marketplace seller were required to collect and remit the tax in certain circumstances pertaining to the location of the marketplace seller. Pursuant to House Bill 1525, the marketplace provider is responsible for collecting and remitting the tax imposed on sales made through the marketplace. The Comptroller of Public Accounts estimates that House Bill 1525 will increase tax collections by $550.0 million during the 2020–21 biennium.

SENATE BILL 2

Senate Bill 2 prohibits cities, counties, and certain other special taxing jurisdictions with populations of more than 30,000 from adopting a property tax rate that increases maintenance and operations tax levies on existing property by more than 3.5 percent without voter approval. The legislation defines this rate as the voter-approval tax rate. Previously, voter approval was required, upon voter petition, if the property tax growth rate exceeded 8.0 percent.

Senate Bill 2 provides various other reforms to the property tax appraisal process, including establishing the Property Tax Administration Advisory Board to advise the Comptroller of Public Accounts (CPA) regarding state oversight of appraisal districts. The legislation revises training guidelines for Appraisal Review Board members, requires that tax rates and other information are posted in an online database, and makes other changes relating to the administration of property taxes. Administrative costs to CPA to implement all provisions of the legislation are estimated to total $968,000 per year and require 13.0 full-time-equivalent positions. The legislation also prohibits an Appraisal Review Board from determining the appraised value of a protested property to be an amount greater than the appraised value of the property as shown in the appraisal records.

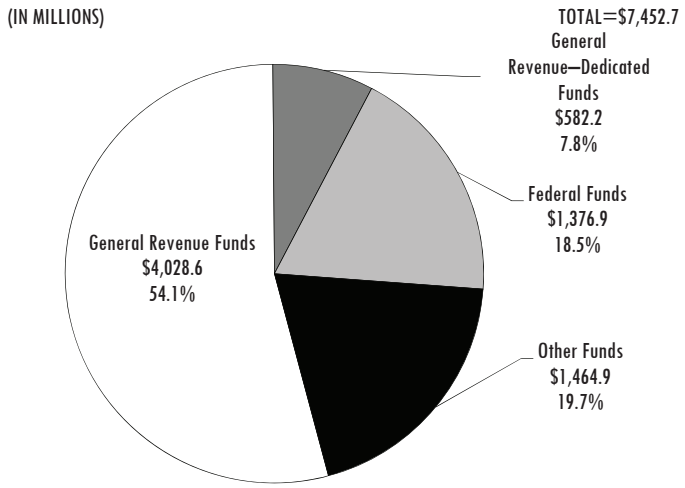
4. GENERAL GOVERNMENT

General Government agencies provide a variety of public and state administrative support services. Included in the functional area are executive-branch elective offices established by the Texas Constitution such as the Office of the Governor, the Comptroller of Public Accounts, and the Office of the Attorney General. In addition to the elective offices, other agencies are responsible for various functions, including the following: oversight and management of state debt; administration of state employee healthcare and retirement benefits; oversight of state and federal election laws; preservation of the state's cultural and historic resources; veterans' education and job training programs; management of information technology and telecommunications services; oversight of building construction and maintenance programs; and administration of cancer prevention and research programs.

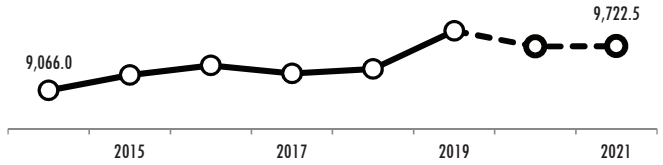
FIGURE 47
ARTICLE I – GENERAL GOVERNMENT, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3,338.7	$4,028.6	$689.9	20.7%
General Revenue–Dedicated Funds	$858.5	$582.2	($276.2)	(32.2%)
Federal Funds	$1,264.0	$1,376.9	$112.9	8.9%
Other Funds	$2,317.0	$1,464.9	($852.1)	(36.8%)
Total, All Methods of Finance	**$7,778.2**	**$7,452.7**	**($325.5)**	**(4.2%)**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Fiscal Programs within the Comptroller of Public Accounts **decreased by $179.8 million** due to decreased payments for **unclaimed property claims and supplemental appropriations during fiscal year 2019 for the Texas Guaranteed Tuition Plan.**

Funding for the Texas Facilities Commission **decreased by $289.4 million due to the removal of onetime funding,** offset by **increased appropriations for new construction projects and deferred maintenance projects**.

Funding for the Trusteed Programs within the Office of the Governor includes **$150.0 million for the Texas Enterprise Fund and $100.0 million in supplemental appropriations for disaster grants for fiscal year 2019.**

Department of Information Resources funding increased by **$139.9 million for data center services and the Texas.gov website, including $8.0 million for information technology security.**

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.

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

FIGURE 48
ARTICLE I – GENERAL GOVERNMENT APPROPRIATED BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$13.0	$27.9	$14.9	114.8%
Office of the Attorney General	$1,226.3	$1,375.2	$148.9	12.1%
Bond Review Board	$1.6	$1.8	$0.2	11.1%
Cancer Prevention and Research Institute of Texas	$595.2	$600.1	$4.9	0.8%
Comptroller of Public Accounts	$640.6	$654.5	$13.9	2.2%
Fiscal Programs within the Office of the Comptroller of Public Accounts	$1,421.0	$1,241.3	($179.8)	(12.6%)
Commission on State Emergency Communications	$144.8	153.8	$8.9	6.2%
Texas Emergency Services Retirement System	$4.1	$4.1	$0.0	0.0%
Employees Retirement System	$27.2	$27.5	$0.3	1.1%
Texas Ethics Commission	$5.9	$7.1	$1.2	21.0%
Facilities Commission	$1,027.6	$738.2	($289.4)	(28.2%)
Public Finance Authority	$3.0	$3.1	$0.1	3.3%
Office of the Governor	$31.5	$24.9	($6.6)	(20.9%)
Trusteed Programs within the Office of the Governor	$1,579.6	$1,359.5	($220.1)	(13.9%)
Historical Commission	$103.4	$64.3	($39.1)	(37.8%)
Department of Information Resources	$726.1	$865.9	$139.9	19.3%
Library and Archives Commission	$74.0	$71.2	($2.8)	(3.7%)
Pension Review Board	$2.0	$2.3	$0.3	15.3%
Preservation Board	$37.1	$21.8	($15.2)	(41.1%)
State Office of Risk Management	$107.0	$108.8	$1.8	1.7%
Secretary of State	$68.1	$84.4	$16.3	24.0%
Veterans Commission	$91.7	$95.0	$3.3	3.6%
Subtotal, General Government	**$7,930.8**	**$7,532.9**	**($397.9)**	**(5.0%)**
Employee Benefits and Debt Service	$714.3	$855.0	$140.7	19.7%
Less Interagency Contracts	$866.9	$935.2	$68.3	7.9%
Total, All Functions	**$7,778.2**	**$7,452.7**	**($325.5)**	**(4.2%)**

NOTE: 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.

MAJOR FUNDING

The 2020–21 biennial funding levels of General Government agencies decreased by $397.9 million compared to 2018–19 biennial spending levels. Significant changes include the following components:

- funding for the Commission on the Arts totals $27.9 million in All Funds for the 2020–21 biennium, which is an increase of $14.9 million from the 2018–19 biennium, attributed primarily to increases in General Revenue Funds for Cultural District Arts and Military Arts Healing grants programs and a grant for a cultural and performing arts center;
- funding for the Office of the Attorney General totals $1.4 billion in All Funds for the 2020–21 biennium, which is a net increase of $148.9 million from the 2018–19 biennium. This increase is attributed primarily to an additional $114.3 million in All Funds for a major information resource project and $18.5 million in additional General

Revenue–Dedicated Funds from Account No. 469, Compensation to Victims of Crime. Additionally, the General Appropriations Act directs that the Texas Child Support Enforcement System 2.0 is canceled, and no funds are appropriated for the project;

- the Cancer Prevention and Research Institute of Texas is funded at $600.1 million for the 2020–21 biennium. This amount includes $436.0 million in remaining available bond proceeds, and $164.0 million in new General Obligation Bond Proceeds, pursuant to House Joint Resolution 12, Eighty-sixth Legislature, 2019. Voters approved the increase of bond authority for the agency from $3.0 billion to $6.0 billion;
- funding for the Comptroller of Public Accounts totals $654.5 million in All Funds for the 2020–21 biennium, which is an increase of $13.9 million. The increase is related primarily to additional funding for information technology projects and funding for the implementation of legislation relating to ad valorem taxation passed by the Eighty-sixth legislature, 2019;
- funding for Fiscal Programs within the Comptroller of Public Accounts totals $1.2 billion in All Funds for the 2020–21 biennium, a decrease of $179.8 million. The decrease is attributed primarily to the decrease in 2020–21 biennial appropriations regarding unclaimed property claims and other miscellaneous claims, and a supplemental increase in fiscal year 2019 appropriations related to the Texas Guaranteed Tuition Plan;
- funding for the Texas Ethics Commission totals $7.1 million in All Funds for the 2020–21 biennium, which is an increase of $1.2 million from the 2018–19 biennium, due primarily to increased funding relating to information technology projects;
- funding for the Texas Facilities Commission totals $738.2 in All Funds for the 2020–21 biennium, which is an All Funds net decrease of $289.4 million from the 2018–19 biennium. Funding for the 2020–21 biennium includes an additional $475.2 million in revenue bond authority for new construction projects, and an additional $120.2 million in General Revenue Funds for deferred maintenance projects. These increases were offset by the removal of onetime capital project funding used during the 2018–19 biennium;
- funding for the Trusteed Programs within the Office of the Governor includes a net decrease of $220.1 million in All Funds from the 2018–19 biennium. Funding includes: $30.0 million in General Revenue Funds to provide funding to the Defense Economics Adjustment Assistance Grant program; $150.0 million in All Funds for the Texas Enterprise Fund; $40.0 million in All Funds for the Governor's University Research Initiative; and $50.0 million in General Revenue Funds for the Film and Music Program. Decreases in All Funds are associated with the elimination of onetime revenues. Additionally, $100.0 million in Other Funds from the Economic Stabilization Fund is provided pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, the supplemental appropriations bill, for disaster grants;
- funding for the Historical Commission totals $64.3 million in All Funds for the 2020–21 biennium, which is a decrease of $39.1 million from the 2018–19 biennium, primarily due to a decrease in Other Funds from the Economic Stabilization Fund for Courthouse Preservation Grants and capital projects at the agency's historic sites. Senate Bill 500 provides supplemental appropriations of $25.0 million from the Economic Stabilization Fund for fiscal year 2019 for Courthouse Preservation Grants and $7.0 million for capital projects at historic sites and the agency's offices within the Capitol Complex;
- funding for the Department of Information Resources totals $865.9 million in All Funds, primarily in Other Funds from Interagency Contracts and Appropriated Receipts, for the 2020–21 biennium, an increase of $139.9 million. The increase is due primarily to an estimated increase in data center services and receipts for implementation of and enhancements to the Texas.gov state website. Increases also include $8.0 million in General Revenue Funds to provide multifactor authentication to the state's high-risk information technology systems, secure coding training to developers across state agencies, and to provide a security rating of state agencies' websites;
- funding for the Texas State Library and Archives Commission totals $71.2 million in All Funds for the 2020–21 biennium, which is a decrease of $2.8 million from the 2018–19 biennium. Included in supplemental appropriations for fiscal year 2019 is $4.4 million for the renovation of state-owned space

to accommodate rising demand for records storage. Without supplemental funding, funding for agency programs increased by $1.6 million, or 2.4 percent, from the 2018–19 biennium. The increase is related primarily to onetime grants to provide library services and enhancements to certain communities, an anticipated increase in receipts for state records services, and increased funding due to increasing costs for library resource sharing; and

- funding for the Secretary of State totals $84.4 million in All Funds for the 2020–21 biennium, which is an increase of $16.3 million from the 2018–19 biennium, largely due to the receipt of a federal grant and increased funding for primary election reimbursements and information technology projects.

TEXAS COMMISSION ON THE ARTS

PURPOSE: To advance the state of Texas economically and culturally by supporting a diverse and innovative arts community through resources that enhance economic development, arts education, cultural tourism, and artist sustainability initiatives.

ESTABLISHED: 1965

AUTHORIZING STATUTE: The Texas Government Code, §444.001

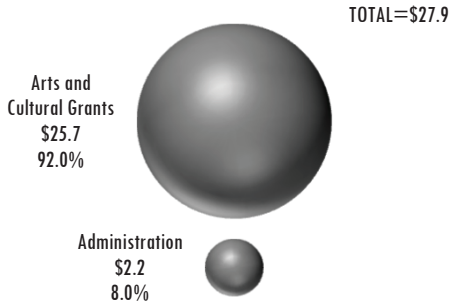
GOVERNANCE: Commission—nine members appointed by the Governor with advice and consent of the Senate

FIGURE 49
TEXAS COMMISSION ON THE ARTS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$9.9	$25.4	$15.4	155.1%
General Revenue–Dedicated Funds	$0.1	$0.0	($0.1)	(99.6%)
Federal Funds	$2.1	$2.0	($0.2)	(8.4%)
Other Funds	$0.8	$0.6	($0.2)	(24.2%)
Total, All Methods of Finance	**$13.0**	**$27.9**	**$14.9**	**114.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	14.0
2021	14.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The agency received an **additional $10.0 million** in General Revenue Funds for **Cultural District Arts grants** intended to attract visitors and increase cultural tourism.

The agency received **$5.0 million** in General Revenue Funds to provide a **grant for a cultural and performance arts center**.

The agency received **$0.3 million** in General Revenue Funds for **Military Arts Healing grants**.

The agency received approximately 1,500 grant applications during fiscal year 2019, and grant awards totaled an estimated **$5.3 million**. Most agency grants require a one-to-one match.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Texas Commission on the Arts (TCA) increased by $14.9 million, or 114.8 percent from the 2018–19 biennium. This All Funds increase is attributable primarily to $10.0 million in General Revenue Funds provided for Cultural District Arts grants and a $5.0 million grant for a cultural and performance arts center.

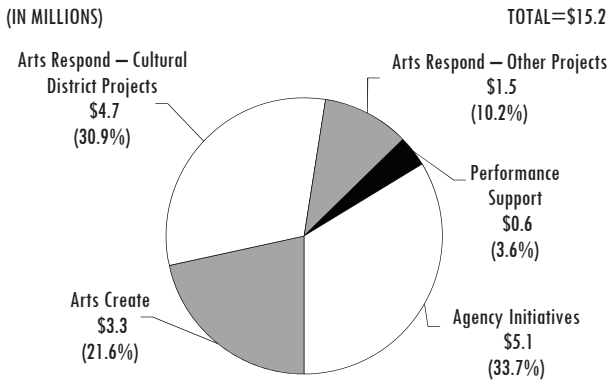
PROGRAMS

The agency carries out responsibilities through two major program areas: (1) arts and cultural grants; and (2) administration.

The primary function of the Texas Commission on the Arts is providing financial assistance to local entities through grants. Grants are in three broad categories: Arts Create, Arts Respond, and Performance Support and Agency Initiatives. Arts Create grants provide operational support, and the latter two categories provide support to projects in at least one of the following priority areas: economic development, education, health and human services, natural resources and agriculture, and public safety and criminal justice. **Figure 50** shows the agency's funding allocation for the grant categories for fiscal year 2020 and the two types of Arts Respond grants. To promote effective grant distribution, agency staff consults with grant recipients on grant-writing procedures and presents webinar trainings, workshops, and seminars on issues of particular relevance to applicants. Agency staff also conduct site visits of grant recipients to monitor and evaluate the use of grant funds. The agency's website provides links to arts information and services throughout the state, professional development resources, an online grant application system, and online evaluation report forms. During fiscal year 2019, the agency received approximately 1,500 applications requesting more than $41.0 million in grants; of these amounts, the agency awarded $5.3 million to 1,443 applicants. For fiscal year 2020, the agency expects to process 1,800 grant applications and distribute approximately $15.0 million in grant awards, which includes the grant for the Art Center in Flower Mound described in the Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article I, Commission on the Arts, Rider 6.

The Arts Create program provides operational support grants to nonprofit and local government arts organizations for administration, exhibits, performances, production, touring exhibitions, and other core programs. The agency awards Arts Create grants to arts organizations in five categories: established arts organizations with operating budgets of greater than $5.0 million; those with operating budgets from $1.0 million to $5.0 million; those with budgets from $50,000 to less than $1.0 million; established minority arts organizations with budgets of at least $50,000; and local arts organizations. Arts Create grant awards range from approximately $3,000 to $22,000. All Arts Create grant awards require an equal match from recipients. Appropriations for the 2020–21 biennium for the Arts Create program are approximately $6.2 million.

FIGURE 50
TEXAS COMMISSION ON THE ARTS GRANT AWARD ALLOCATIONS, FISCAL YEAR 2020



NOTE: Amounts for fiscal year 2020 are estimated.
SOURCE: Legislative Budget Board.

The Arts Respond program includes grants for cultural district projects and other projects that are not affiliated with a cultural district. For the 2020–21 biennium, the agency is appropriated new funding of $10.0 million in General Revenue Funds for cultural district programs. TCA has designated 40 cultural districts, which may apply for grants for cultural tourism projects that will attract visitors, enhance a cultural district, diversify local economies, or serve other purposes. These grants range from $5,500 to $250,000 for fiscal year 2020. Other Arts Respond grants are awarded in five categories, based on the state's priorities established by the Governor. These categories include economic development, education, health and human services, natural resources and agriculture, and public safety and criminal justice. Appropriations of $250,000 in General Revenue Funds for the new Military Arts Healing program are considered Other Arts Respond grants and provide arts-based therapeutic programming for military patients and veterans. Typically, Arts Respond grant awards that are not for cultural districts range from $1,000 to $9,000; military and veteran organizations receive grants

ranging from $2,000 to $18,000. All Arts Respond grants require a one-to-one match. Appropriations for the 2020–21 biennium for these Arts Respond programs total approximately $13.2 million.

Performance Support grants provide professional artist fees to schools, libraries, and other organizations to hire artists from the agency's touring roster. The TCA Touring Artists and Companies Roster includes Texas-based artists and companies that perform regularly outside their communities and that maintain reasonable artistic fees for performances. The Young Masters program awards grants to students in grades eight to 11 to develop skills in arts disciplines. Quarterly Arts Respond Performance Support grants range from approximately $200 to $6,000, and annual awards are limited to $8,000.

The agency's final grant program is referred to as Agency Initiatives, which is for specifically designated projects that typically are covered by external funds such as conferences or Texas Folklife. The agency also awards grants from other funding sources—including those from the National Endowment for the Arts and private donors—for various purposes or initiatives, including Poetry Out Loud, a poetry recitation competition for high school students. An addition to the agency's bill pattern for the 2020–21 biennium, GAA, Article I, TCA, Rider 6, specifies that $5.0 million in General Revenue Funds is appropriated to provide a grant for a community cultural and performing arts center in Flower Mound. Appropriations for Performance Support and Agency Initiative grant programs total approximately $6.3 million for the 2020–21 biennium.

OFFICE OF THE ATTORNEY GENERAL

PURPOSE: To defend the constitution and laws of the state of Texas and serve as the legal counsel to the Governor, the Legislature, and the state's more than 250 agencies, commissions, and institutions of higher education. The Attorney General represents the state in civil and criminal cases, assists and coordinates with local jurisdictions for the prosecution of certain criminal cases, enforces the state's consumer protection laws, investigates and prosecutes Medicaid fraud and Internet crimes, and administers the state's child support program and victims' compensation program.

ESTABLISHED: 1876

AUTHORIZING STATUTE: The Texas Constitution, Article IV, §22

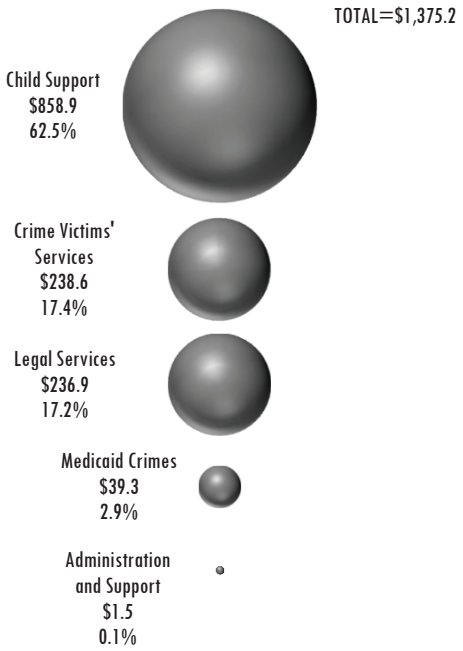
GOVERNANCE: Statewide elected official

FIGURE 51
OFFICE OF THE ATTORNEY GENERAL BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$452.8	$515.0	$62.1	13.7%
General Revenue–Dedicated Funds	$144.1	$162.6	$18.6	12.9%
Federal Funds	$481.5	$539.3	$57.8	12.0%
Other Funds	$147.9	$158.2	$10.3	7.0%
Total, All Methods of Finance	**$1,226.3**	**$1,375.2**	**$148.9**	**12.1%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	4,223.9
2021	4,229.9

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The Office of the Attorney General (OAG) **collected $8.8 billion in child support payments** during the **2018–19 biennium** and expects to collect approximately **$8.9 billion** during the **2020–21 biennium**.

The OAG is named as the presiding officer of the newly established **Human Trafficking Prevention Coordinating Council**, which is charged with planning and coordinating statewide human trafficking prevention funds.

The **Texas Child Support Enforcement System 2.0** project has been defunded and cancelled. The project began during fiscal year 2010 and had a final estimated budget of $419.6 million in state and federal funding.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Office of the Attorney General (OAG) increased by a net $148.9 million in All Funds due to the following increases: $114.3 million in All Funds for a major information technology project; $18.5 million in General Revenue–Dedicated Funds from Account No. 469, Compensation to Victims of Crime, for increased crime victims compensation payments; $13.2 million in General Revenue Funds related to increased federal Social Security Act, Title IV, Part D, annual service fee collections; $12.7 million in General Revenue Funds for staff attorney salary increases; $8.7 million in General Revenue Funds for additional victims' assistance grants; $6.0 million in General Revenue Funds for implementing the Centralized Accounting and Payroll/Personnel System; $3.5 million in General Revenue Funds to expand the Human Trafficking Section; and $2.0 million in General Revenue Funds to expand the Election Fraud Unit within the agency's legal services division. These amounts are offset partially by a decrease in funding of $30.0 million due to the removal of onetime capital project funds utilized during the 2018–19 biennium or the decrease of revenue receipts.

PROGRAMS

The agency carries out its mission through five main program areas: (1) child support; (2) crime victims' services; (3) legal services; (4) Medicaid crimes; and (5) State Office of Risk Management administrative support.

CHILD SUPPORT

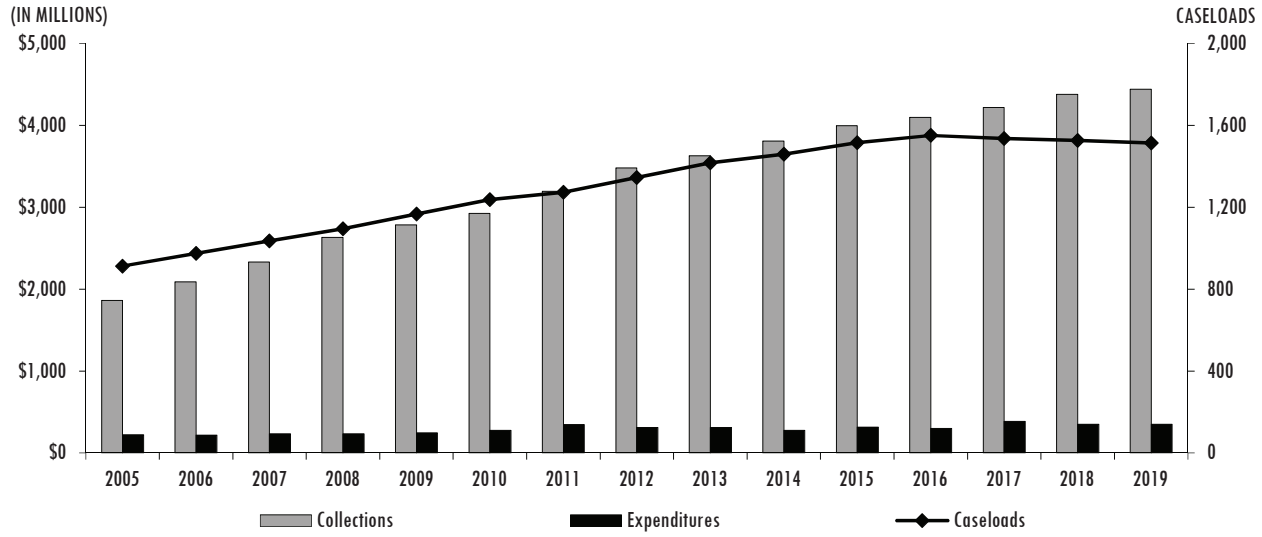
The Child Support Division is OAG's largest program area, representing 55.0 percent of total agency funding and 65.0 percent of the agency's full-time-equivalent (FTE) positions. OAG is responsible for the Child Support Enforcement Program, as provided in the federal Social Security Act, Title IV, Part D. The OAG Child Support Division provides services that locate delinquent parents, establishes paternity and court-ordered support obligations, and enforces the collection of established support obligations. These activities are supported by state funds, which are matched with Federal Funds. The Legislature appropriated $750.2 million and 5,490.4 FTE positions for the 2020–21 biennium for activities related to child support enforcement. To cover costs associated with managing the retention and distribution of child support payments, OAG is required to include annual service fees for certain Title IV, Part D, child support cases. The federal government retains 66.0 percent of these annual service fees, which are classified as child support program income. The federal Bipartisan Budget Act of 2018 required states to increase the service free from $25 for cases of more than $500 to $35 for cases valued at more than $550. This increase was executed by the Eighty-sixth Legislature, 2019, which resulted in an additional $13.2 million in General Revenue Funds appropriations for the Child Support Division for the 2020–21 biennium.

More than 82.0 percent of child support cases filed with the agency obtain child support orders, and the agency is focusing greater resources on enforcement of child support orders, as opposed to establishing paternity and court-ordered support obligations. During fiscal year 2018, the agency collected approximately $4.4 billion in child support payments and projects an increase to $4.5 billion by fiscal year 2021. **Figure 52** shows the child support enforcement expenditures, collections, and caseloads for fiscal years 2005 to 2019. Child support operations are conducted in 64 field offices organized into nine regional offices across the state. These regions are: Austin, Dallas, El Paso, Fort Worth, Houston, Lubbock, McAllen, Tyler, and San Antonio. San Antonio is also the location of the State Disbursement Unit (SDU). The SDU, which is required by federal welfare reform legislation passed in calendar year 1996, provides a central location for employers to send child support payments that are withheld from employees' paychecks. Since fiscal year 2001, the SDU has operated in San Antonio through a contract with a private vendor. The SDU is projected to process 22.7 million child support payments for fiscal year 2021.

CRIME VICTIMS' SERVICES

OAG's second-largest program area is related to the Crime Victims' Services Division. OAG administers several programs intended to assist victims of crime, which include crime victims' compensation, grants to state and local programs that assist victims, and programs that address confidentiality for victims of family violence, stalking, and sexual assault. Much of the funding for these programs comes from the General Revenue–Dedicated Account No. 469, Compensation to Victims of Crime (CVC). **Figure 53** shows victims' assistance programs that receive funding from the CVC and identifies allocation of appropriations to the programs for the 2020–21 biennium by All Funds and CVC funds. The account is dedicated constitutionally to provide payments and services to crime victims. Revenues, which come from court costs assessed against individuals convicted of certain felonies and misdemeanors, are collected in municipal and county treasuries and deposited in the state Treasury.

FIGURE 52
OFFICE OF THE ATTORNEY GENERAL CHILD SUPPORT ENFORCEMENT, FISCAL YEARS 2005 TO 2019



NOTE: Collection and expenditure amounts for fiscal year 2019 are estimated.
SOURCE: Office of the Attorney General.

FIGURE 53
VICTIMS' ASSISTANCE PROGRAMS AT THE OFFICE OF THE ATTORNEY GENERAL PARTIALLY FUNDED WITH GENERAL REVENUE–DEDICATED FUNDS ACCOUNT NO. 469, COMPENSATION TO VICTIMS OF CRIME (CVC), 2020–21 BIENNIUM

	(IN MILLIONS)	
PROGRAM	**ALL FUNDS**	**CVC**
Victim Assistance Organizations and Programs Funding for grants to support programs that serve victims of crime, such as Mothers Against Drunk Driving, SAFE – Stop Abuse for Everyone, People Against Violent Crime, Domestic Violence High Risk Teams, and others.	$21.7	$21.6
Sexual Assault Prevention and Crisis Services Program Provides funding and technical assistance to sexual assault programs. Distributes training materials for law enforcement, medical personnel, and sexual assault staff and volunteers. Provides evidence collection protocol for sexual assault forensic evidence collection. Certifies sexual assault training programs and sexual assault nurse examiners.	$34.4	$2.4
Victim Notification System Funding for the implementation of a statewide automated system at the county level to provide victims with information about a change in offender status or change in court date.	$6.0	$6.0
Victim-related Civil Legal Services Funding for the Supreme Court of Texas to provide grants to local programs that offer civil legal services for victims of violent crime.	$5.0	$5.0
Victims' Assistance Coordinators and Victims Liaisons Provides grants to local law enforcement agencies and prosecutor's offices to fund statutorily required coordinator and liaison positions.	$4.9	$4.9
Sexual Assault Services Program Grants Provides a grant to the Texas Association Against Sexual Assault for program development, technical assistance, and training to support local sexual assault programs. The grant also is used for statewide training for local programs, law enforcement agencies, and other victim services groups.	$3.0	$0.8
Address Confidentiality Provides address confidentiality for victims of family violence, stalking, and sexual assault.	$0.3	$0.3
Total, Programs at the Office of the Attorney General	**$75.3**	**$41.0**

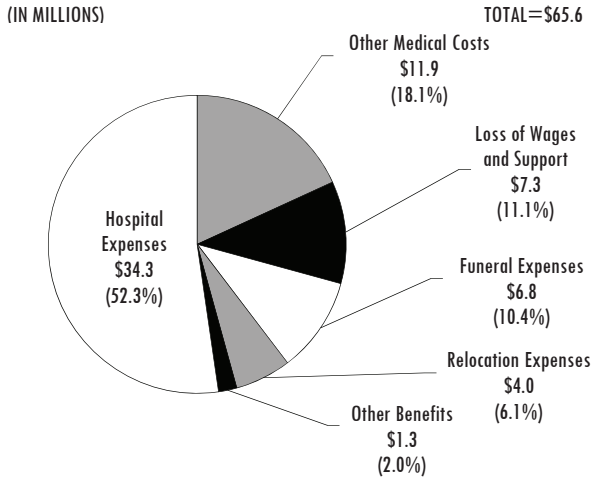
SOURCES: Legislative Budget Board; Office of the Attorney General.

The largest of the OAG victims' assistance programs is the Crime Victims' Compensation Program. The program pays for expenses ranging from medical expenses to loss of wages incurred by victims of violent crimes. Appropriations for the 2020–21 biennium for the Crime Victims' Compensation Program total $163.3 million in All Funds and provide 121.3 FTE positions. These appropriations include approximately $100.7 million in General Revenue–Dedicated Funds from the CVC. An additional $18.5 million in General Revenue–Dedicated Funds from the CVC has been appropriated for the 2020–21 biennium to ensure continued federal matching, which occurs on a two-year delay. The program is expected to pay out more than $122.5 million in compensation during the 2020–21 biennium. **Figure 54** shows the distribution of fiscal year 2019 awards among various categories. **Figure 55** shows the trends in compensation awarded and in the number of awards from fiscal years 2009 to 2019.

OAG is appropriated funds to make grants to local programs that assist crime victims by providing counseling, crisis intervention, assistance with the Crime Victims' Compensation Program, legal assistance, victim advocacy, referrals, and other related information. The agency also administers an address confidentiality program for victims of family violence, stalking, and sexual assault. This program, started during fiscal year 2008, assists victims by keeping their actual addresses confidential. The Texas Address Confidentiality Program (ACP) provides a substitute address and mail-forwarding service for these victims and members of their households. Applicants for the ACP must meet with a local domestic violence shelter, sexual assault center, or law enforcement staff to discuss a safety plan and enroll in the program. OAG grants also provide for sexual assault nurse examiner training and help local governments cover the costs of victims' assistance coordinators.

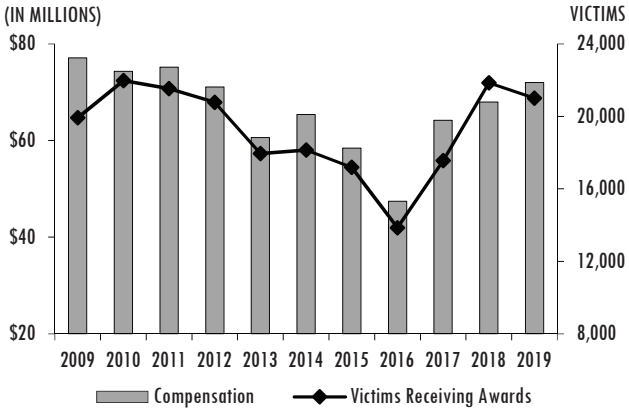
The Court-appointed Special Advocate program, which provides volunteer guardian assistance to abused and neglected children, and the Children's Advocacy Centers, which provide services to victims of child abuse, were transferred by the Eighty-fourth Legislature, 2015, to the Health and Human Services Commission beginning in fiscal year 2016. Appropriations for the Crime Victims' Services Division total approximately $238.5 million and include 151.0 FTE positions each fiscal year.

FIGURE 54
AWARDS FROM THE GENERAL REVENUE–DEDICATED FUND ACCOUNT NO. 469, COMPENSATION TO VICTIMS OF CRIME, FISCAL YEAR 2019



SOURCE: Office of the Attorney General.

FIGURE 55
TEXAS CRIME VICTIMS' COMPENSATION PROGRAM FISCAL YEARS 2009 TO 2019



NOTE: Compensation amount for fiscal year 2019 is estimated.
SOURCE: Office of the Attorney General.

LEGAL SERVICES

As the state's legal counsel, OAG provides various legal and investigatory services. The agency defends state officials and agencies in lawsuits, provides general counsel upon request, issues opinions interpreting state law, rules on public information requests made to and disputed by governmental bodies, and approves bond issuances for state agencies and other political subdivisions of the state. OAG also investigates and prosecutes violations of antitrust activities, election law, human trafficking statutes, banking and securities activities, and environmental protection offenses.

OAG is responsible for collecting certain delinquent judgments and debts owed to the state. For fiscal years 2014

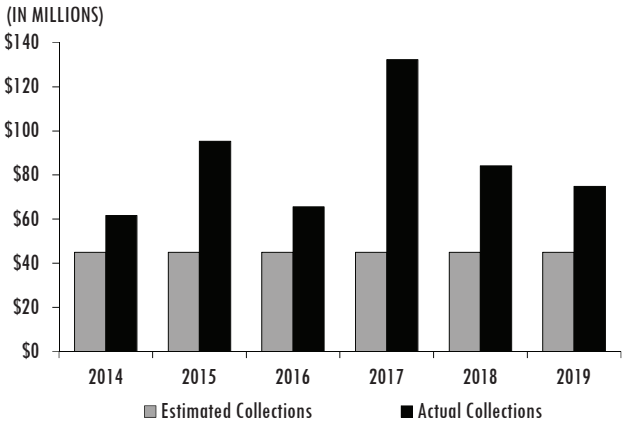
to 2019, the agency estimated collections of $270.0 million and collected $513.8 million. **Figure 56** shows the estimated and actual collections for fiscal years 2014 to 2019.

A growing priority for the legal services division is investigating and prosecuting crimes involving human trafficking. To address this priority, the Human Trafficking and Transnational Organized Crime (HTTOC) section was established in January 2016 to coordinate state and local responses and provide investigative and prosecutorial assistance to district attorneys. HTTOC initiated an awareness campaign during fiscal year 2018 to educate state employees and the public on human trafficking prevention, including releasing an online video and providing in-person training to approximately 25,000 Texans. The Attorney General or a designee is the presiding officer of the Human Trafficking Prevention Taskforce and the HTTOC, pursuant to Senate Bill 72, Eighty-sixth Legislature, 2019. HTTOC has recorded a six-fold increase in caseloads since it was established. An additional $3.0 million and 19.0 FTE positions have been appropriated for the 2020–21 biennium to expand HTTOC's capacity.

The Texas Election Code, Chapter 273, authorizes OAG to investigate and prosecute allegations of election fraud anywhere in the state. OAG has investigated and prosecuted 460 violations of the Texas Election Code since fiscal year 2004. Allegations of election fraud are reported by the public and local officials and by the Texas Secretary of State, which has referred 523 complaints since fiscal year 2002. To provide additional specialization regarding election matters within the legal services division, the Election Fraud Unit (EFU) was established during calendar year 2017 with partial grant funding from the Office of the Governor, Criminal Justice Division. EFU prosecuted 11 counts of election fraud during fiscal year 2017, and 63 counts during fiscal year 2018; 98 counts during fiscal year 2018 are pending. As of September 2019, EFU has 75 active election fraud investigations. Additional funding of $2.0 million in General Revenue Funds and 10.0 FTE positions have been appropriated for EFU for the 2020–21 biennium to expand its operations.

The agency's Cyber Crimes Unit is responsible for the investigation of Internet crimes against children. Law enforcement officers, posing as children in Internet chat rooms and social networking sites, seek out child predators that victimize children by soliciting sex online. In addition, the agency investigates individuals that produce, share, and distribute images of child sexual violence and exploitation. The unit also provides information and training regarding child exploitation crimes and cybersafety to law enforcement agencies across the state, various interest groups, school administrators, students, and the public.

FIGURE 56
OFFICE OF THE ATTORNEY GENERAL DEBT COLLECTIONS, FISCAL YEARS 2014 TO 2019



NOTE: Actual Collections amount for fiscal year 2019 is estimated.
SOURCE: Office of the Attorney General.

Consumer protection and education also is an important role for the agency. OAG files civil lawsuits against companies in violation of the state Deceptive Trade Practices–Consumer Protection Act (the Texas Business and Commerce Code, Chapter 17, Subchapter E) and other state consumer protection laws. Agency staff also receive and process consumer complaints against a company's business practices, which may result in lawsuits filed on behalf of the state. These lawsuits are not filed on behalf of individual complainants, but are filed to enforce state law for the public good; however, some legal actions produce restitution for individual consumers. The agency also helps to ensure public awareness by posting consumer rights and information regarding common scams on its website and offers information regarding a range of consumer issues.

OAG also issues rulings and decisions that determine whether requested information is open to the public in accordance with the Texas Public Information Act (the Texas Government Code, Chapter 552). When a governmental entity receives a written request for documents or other recorded information, Texas law requires that entity to release the information to the requestor. If the governmental entity believes an exception to disclosure may apply to the requested information, the entity must request a decision from OAG regarding whether the claimed exception applies to the requested information. The entity must submit its request for

an OAG open records decision, along with the requested information and any legal arguments to support withholding the requested information, within deadlines established pursuant to the Texas Public Information Act. OAG reviews the submitted information, the legal arguments, and applicable laws, and issues a decision within 45 business days of receiving the entity's request for the decision. During the 2018–19 biennium, OAG issued approximately 57,300 open records rulings.

Appropriations for the legal services function total $238.7 million and provide for 1,120.3 FTE positions.

MEDICAID CRIMES

OAG is responsible for administering a statewide Criminal Medicaid Fraud Investigation Program. This responsibility includes referring for prosecution all violations of laws pertaining to fraud or misconduct in the administration of the Texas Medicaid program and identifying overpayments obtained through fraudulent provider activity. During the 2018–19 biennium, the agency identified more than $83.3 million in Medicaid overpayments. Appropriations for Medicaid crimes total approximately $39.2 million and include 206.7 FTE positions each fiscal year.

OTHER

OAG executes major information technology projects to support the agency's mission, and a new strategy has been introduced for this purpose in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium. The previous Texas Child Support Enforcement System 2.0 project was defunded by the Eighty-sixth Legislature, 2019, which resulted in the cancellation of the project at the end of the 2018–19 biennium. Continued oversight of OAG's major information technology projects has been provided through an Executive Steering Committee for the 2020–21 biennium. Appropriations for OAG's information technology strategy total $107.2 million in All Funds, representing a $114.3 million increase from 2018–19 biennial amounts. Of this amount, $21.8 million in General Revenue Funds were carried forward from the 2018–19 biennium, and are counted twice because they simultaneously lowered the 2018–19 biennial base and increased 2020–21 biennial appropriations. The remaining All Funds increase is attributed to a Federal Funds match of $70.7 million.

OAG's fifth program area is related to the administrative support provided to the State Office of Risk Management (SORM). SORM is attached administratively to OAG and is required to provide administrative support for items such as payroll, human resources, accounting, procurement, and other administrative support. During the 2018–19 biennium, OAG's administrative costs for SORM totaled approximately $1.4 million. For the 2020–21 biennium, the agency is appropriated approximately $1.4 million and 6.5 FTE positions each fiscal year.

BOND REVIEW BOARD

PURPOSE: To ensure that debt financing is used prudently to meet Texas' infrastructure needs and other public purposes, to support and enhance the debt issuance and debt management functions of state and local entities, and to administer the state's private activity bond allocation.

ESTABLISHED: 1987

AUTHORIZING STATUTE: The Texas Government Code, §§1231 and 1372

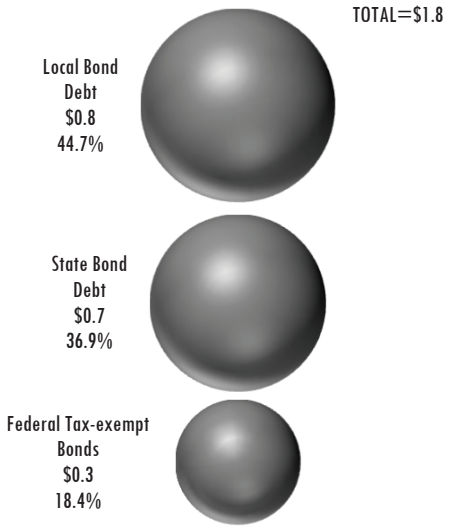
GOVERNANCE: Board—Governor, Lieutenant Governor, Speaker of the House of Representatives, who serves as a nonvoting member, and Comptroller of Public Accounts, or their respective designees

FIGURE 57
BOND REVIEW BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1.6	$1.8	$0.2	11.1%
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	**$1.6**	**$1.8**	**$0.2**	**11.1%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	10.0
2021	10.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Outstanding debt totaled $59.9 billion for fiscal year 2019 for all state agencies and universities, including conduit debt.

The agency **reviewed 36 bond documents,** including proposed bond applications and lease-purchase agreements for state issuers, during fiscal year 2019.

The agency **analyzed 1,527 local government financings** during fiscal year 2019.

The Bond Review Board reported that **the constitutional debt limit (CDL) is at 2.07 percent of unrestricted General Revenue Funds as of the end of fiscal year 2019**. New debt authorized by the Eighty-sixth Legislature, 2019, could affect the CDL by up to 0.65 percent.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to fund the Bond Review Board (BRB) for the 2020–21 biennium increased by $180,000, or 11.1 percent from the 2018–19 biennium. The increase pertains primarily to funding for updates to and maintenance for the agency's statewide debt database and website.

PROGRAMS

The agency carries out its responsibilities through three major program areas: (1) oversight of state debt issuance; (2) local government bond debt support; and (3) administration of private activity bonds and other federal tax-exempt bonds programs.

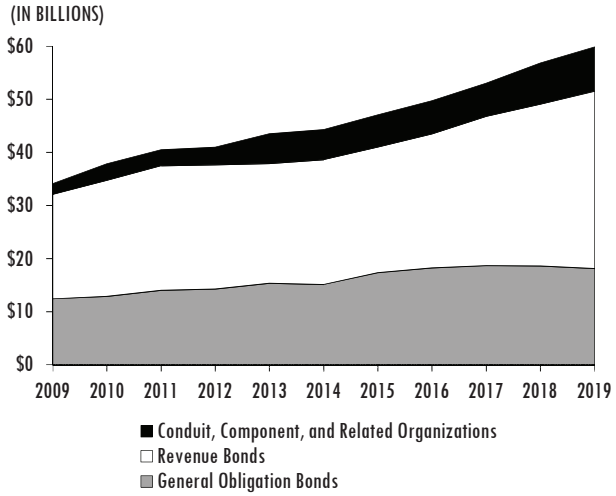
STATE BOND DEBT OVERSIGHT

BRB ensures that state bonds attain the highest possible rating and are issued in the most cost-effective manner. The agency accomplishes this goal by establishing guidelines for issuing debt, reviewing state debt issuance, and assisting in statewide capital project planning. The agency verifies the legal authorization for all bond issues proposed by state agencies and certain educational institutions and also evaluates the proposed use of the proceeds, investment provisions, debt-administration provisions, market conditions for timing the sale of the bonds, and issuance costs.

BRB staff produce reports for the Legislature, local public officials, investors, rating agencies, and other stakeholders to provide information regarding the state's debt burden and credit-worthiness. Included in the reports are recommendations for cost-effective capital financing practices to raise the state's bond rating and lower its borrowing costs. The agency reviews proposed bond applications and lease-purchase agreements to ensure proper legal authorization, accurate and adequate disclosure, appropriate use of call provisions, bond insurance, and other provisions of the projects.

BRB is required to submit an annual report to the Legislature regarding state and local debt burdens and the aggregate impact of all recommended state debt issuance on the state's debt burden. **Figure 58** shows the state's total outstanding debt in bonds for fiscal years 2009 to 2019, including $18.1 billion in General Obligation (GO) bonds, which are backed legally by the full faith and credit of the state, and $33.4 billion in revenue bonds. **Figure 58** also shows the revenue bond conduit debt—which is approximately $8.4 billion as of August 31, 2019—which is not a legal liability of the state and which the state is not obligated to pay. Appropriations include $4.2 billion for debt service payments for the 2020–21 biennium. As of August 2019, Texas' General Obligation debt was rated at Aaa/AAA/AAA by the three major credit rating agencies.

FIGURE 58
OUTSTANDING STATE DEBT BY TYPE
FISCAL YEARS 2009 TO 2019



SOURCE: Bond Review Board.

LOCAL BOND DEBT

BRB collects, maintains, analyzes, and reports on the status of local debt and works to ensure that local public officials have access to updated information regarding debt issuance, finance, and debt management. BRB does not have direct oversight of local government debt issuance. As of August 31, 2019, the state had a total of $240.0 billion in local government debt outstanding, an increase of 18.6 percent compared to $202.4 billion at the end of fiscal year 2015. These issuing entities include school districts, counties, community and junior colleges, cities, health and hospital districts, water districts, and other special districts. Local governments issue debt to finance construction and renovation of government facilities (school instructional facilities, public safety buildings, city halls, and county courthouses), public infrastructure (roads, and water and sewer systems), and other projects authorized by law. School districts and cities are the largest issuers of debt.

The Office of the Attorney General collects information regarding bond-issuing entities in the state and forwards the information to BRB. The agency analyzes the information to ensure reporting accuracy, prepares detailed fiscal year-end

FIGURE 59
TEXAS PRIVATE ACTIVITY BOND ALLOCATION PROGRAM SET-ASIDE COMPARED TO ISSUED ALLOCATION AMOUNTS PROGRAM YEAR 2019

(IN MILLIONS) SUBCEILING	AVAILABLE ALLOCATION	PERCENTAGE OF TOTAL	ISSUED ALLOCATION	PERCENTAGE OF TOTAL
Single-family Housing	$3,133.5	45.6%	$1,828.3	26.6%
State-voted Issues	$441.1	6.4%	$170.3	2.5%
Small-issue Industrial Development Bonds	$60.3	0.9%	$20.0	0.3%
Multifamily Housing	$1,928.0	28.1%	$662.4	9.6%
Student Loan Bonds	$366.4	5.3%	$20.0	0.3%
All Other Issues	$944.0	13.7%	$96.0	1.4%
Total	**$6,873.3**	**100.0%**	**$2,797.0**	**40.7%**

NOTE: Totals may not sum due to rounding. Includes carry-forward amounts.
SOURCE: Bond Review Board.

reports regarding tax-supported and revenue debt outstanding that include debt trends and debt ratios (debt to assessed value, debt per capita, debt per student), and provides its findings to bond-issuing entities and state officials.

The agency also compiles data regarding local government debt on its website for policy makers and other stakeholders and assists these local entities. Visitors to the BRB website can access and download spreadsheets that contain debt outstanding, debt ratio, and population data by government type at fiscal year-end. During fiscal year 2019, the agency analyzed more than 1,500 local government financings.

FEDERAL TAX-EXEMPT BONDS

The third program area involves the administration of federal tax-exempt bonds, primarily private activity bonds and Qualified Energy Conservation Bonds. The Private Activity Bond Allocation Program (PAB) is a federal program authorized by the federal Tax Reform Act of 1986. The PAB statutes and rules regulate the amount of tax-exempt bonds that may be issued in the state and restrict the type of privately owned, public-use projects that may take advantage of this tax-exempt financing authority. The agency must ensure that issuance of tax-exempt bonds by public and private entities are consistent with federal law.

BRB administers the PAB by regulating the state's total allocation of PAB authority (state ceiling or volume cap) for issuances of tax-exempt bonds and by monitoring the demand for and use of private activity bonds each calendar year. The state's volume cap is based on a per capita amount multiplied by the state's most recent population estimate as published by the U.S. Census Bureau. Total issuance authority for calendar year 2019 was set at a ceiling of $105 per capita and indexed for inflation. For calendar year 2019, Texas' state ceiling was $3.0 billion with an additional $3.9 billion in carry-forward ceiling. **Figure 59** shows the subceiling authorizations for the PAB and the actual amount of the state ceiling that was issued for program year 2019, showing that approximately 40.7 percent of the total state allocation has been issued. Issuers have three years to issue authority that has been carried forward from previous years. The majority of the PABs issued are from previous years' authority and do not affect the state ceiling.

SIGNIFICANT LEGISLATION

Senate Bill 1474 – Private Activity Bond program. The legislation updates and reforms the Private Activity Bond program to make the program more efficient and maximize bond financing opportunities. The legislation expands the use of alternative education loans and amends state ceiling allocations. Additionally, it increases individual project limits for reservations of the state ceiling and revises certain limitations regarding maximum carryforward designated amounts.

House Bill 440 – Bond Proceed Expenditures by Political Subdivisions. The legislation requires political subdivisions to solicit permission from pertinent stakeholders before spending bond proceeds for purposes that are not specified in the original bond authorization. The legislation also limits the use of bond proceeds for specific projects if the weighted average maturity of the issuance exceeds 120.0 percent of the reasonably expected weighted average economic life of the project.

House Bill 477 – Debt Disclosures Before Issuing New Debt. The legislation requires political subdivisions that have at least 250 registered voters to issue a voter information document containing information on the tax impact of proposed bonds, detailed information regarding full payment of the proposed bonds and for outstanding bonds on the date of adoption, and any other information considered relevant or necessary to explain the debt information. Additionally, the legislation requires local governments to include similar debt disclosures in the published notice of intent to issue new certificates of obligation, which must be published in a newspaper and on existing government websites for at least 45 days before issuing the certificates of obligation.

New Debt Legislation – The Eighty-sixth Legislature, 2019, sent two measures to voters in November 2019 for approval to issue new General Obligation bonds. House Joint Resolution 12 authorizes the issuance of an additional $3.0 billion in GO bonds to continue financing cancer research up to a maximum of $6.0 billion. Senate Joint Resolution 79 authorizes the issuance of up to $200.0 million in GO bonds to provide financial support for certain water projects in economically distressed areas. Voters approved both measures.

House Bill 1052, Eighty-sixth Legislature, 2019, authorized the Texas Water Development Board to use the state participation account of the Water Development Fund to provide financial assistance to develop certain facilities. Additionally, the Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, authorized the issuance of $475.2 million of new revenue bonds, appropriated to the Texas Facilities Commission, to finance phase two of the North Austin and Capitol Complex projects. The 2020–21 GAA also appropriated $208.8 million in revenue bonds through the Master Lease Purchase Program to the Health and Human Services Commission for deferred maintenance at state hospitals and state supported living centers.

The constitutional debt limit, governed by the Texas Constitution, Article III, Section 49-j, is 2.07 percent as of the end of fiscal year 2019. Additional debt authorized by the Eighty-sixth Legislature, 2019, could have up to a 0.65 percent impact on the constitutional debt limit.

CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

PURPOSE: Through awarding of grants for cancer research and prevention: (1) to initiate and expedite innovation in the area of cancer research and enhance the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer; and (2) to attract, establish, or expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the establishment of high-quality jobs in the state.

ESTABLISHED: 2007

AUTHORIZING STATUTE: The Texas Health and Safety Code, §102.002

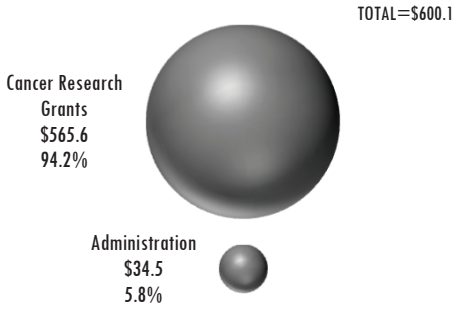
GOVERNANCE: Cancer Prevention and Research Institute of Texas Oversight Committee—nine members with three members each appointed by the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives

FIGURE 60
CANCER PREVENTION AND RESEARCH INSTITUTE BY METHOD OF FINANCE

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19 (IN MILLIONS)	APPROPRIATED 2020–21 (IN MILLIONS)	BIENNIAL CHANGE (IN MILLIONS)	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	$595.2	$600.1	$4.9	0.8%
Total, All Methods of Finance	**$595.2**	**$600.1**	**$4.9**	**0.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	36.0
2021	36.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The Cancer Prevention and Research Institute of Texas (CPRIT) has awarded **1,447 grants** totaling **$2.4 billion** through the end of fiscal year 2019.

The Eighty-sixth Legislature, 2019, amended statute to authorize CPRIT to continue to award grants beyond fiscal year 2022. Additionally, the bond authority authorized to CPRIT was amended from $3.0 billion to $6.0 billion, with voter approval in November 2019.

During the 2020–21 biennium, CPRIT will offer **12 types of grant awards** for Academic Research Grants, three **types of awards** for Product Development Research Grants, and **five types of awards** for Prevention Grants.

CPRIT has provided **5.7 million cancer prevention services** to people in all **254 Texas counties** through the end of fiscal year 2019.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Cancer Prevention and Research Institute of Texas (CPRIT) increased by $4.9 million, or 0.8 percent from the 2018–19 biennium. The increase is related primarily to approximately $6.2 million in General Obligation (GO) Bond Proceeds to be transferred to the Department of State Health Services to administer the Cancer Registry for the 2020–21 biennium. This increase is offset partially by unexpended balances that were issued for grants during previous biennia and were carried forward and encumbered or expended during the 2018–19 biennium.

CPRIT is funded almost entirely with GO Bond Proceeds, but approximately $15,000 per fiscal year in revenue is appropriated from the sale of certain license plates. CPRIT also receives approximately $40,000 per fiscal year in Appropriated Receipts composed of reimbursements from product development grant applicants. The Eighty-sixth Legislature, 2019, authorized an additional $3.0 billion in GO bonds to continue funding the operations and granting capacity of CPRIT. Voters approved the measure in November 2019, increasing CPRIT's total bond authority from $3.0 billion to $6.0 billion.

PROGRAMS

The agency carries out responsibilities through two major program areas: (1) cancer research grants and (2) administration.

CANCER RESEARCH GRANTS

CPRIT's first major program area is cancer research grants, which fund projects to directly or indirectly benefit subsequent cancer research efforts, cancer public health policy, or the continuum of cancer care from prevention to treatment and cure. Eligible grant recipients must be Texas-based, including the following entities: a public or private institution of higher education; academic health institution; government organization; nongovernmental entity; or a company established in or relocating to Texas upon receipt of a grant award. Grants are made in various amounts across multiyear periods, and GO Bond Proceeds are issued to pay grant recipients on a reimbursement basis.

Within the scope of cancer research grants are academic research grants and product development research grants. Academic research grants provide financial support to entities for research topics or issues related to cancer biology, causation, prevention, detection or screening, treatment, or cure. Product development research grants are related to cancer diagnosis, treatment, or prevention that develop new products with the ability to commercialize and produce returns on investment for the state. CPRIT may take equity ownership in companies that receive CPRIT awards or receive royalty payments, whichever provides the best return to the state, from investments in companies with successfully commercialized discoveries. Appropriations for the 2020–21 biennium for academic research grants and product development research grants total $509.5 million in Other Funds from GO Bond Proceeds.

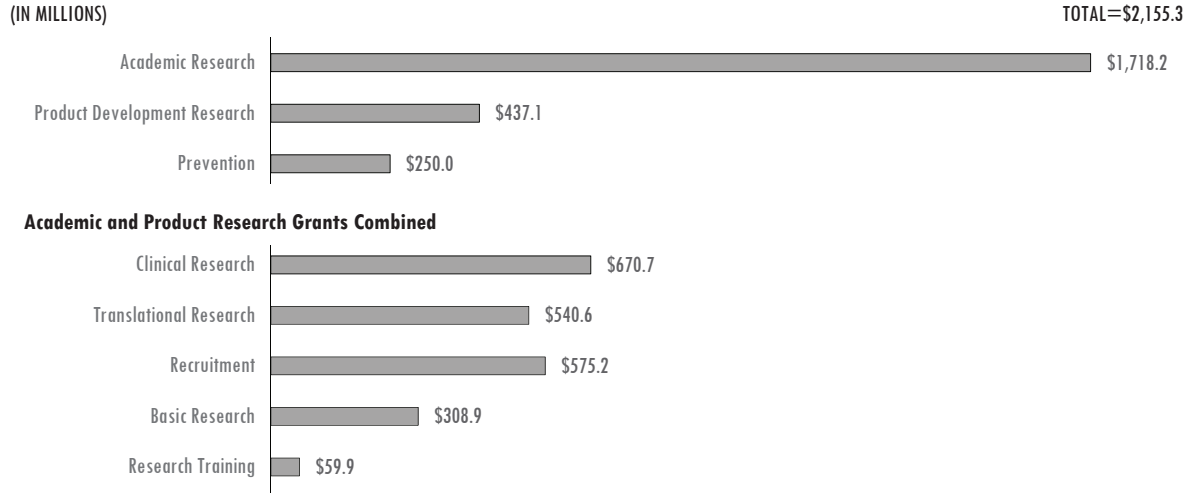
The cancer research grants program area also includes cancer prevention grants, which are grants that: affect the incidence, mortality, or morbidity of cancer; should affect personal behaviors leading to prevention, risk reduction, and early detection of cancer; and improve the quality of life for survivors. Appropriations for cancer prevention grants total $56.1 million for the 2020–21 biennium primarily from GO Bond Proceeds, including $30,000 in Other Funds generated from sales of the Texans Conquer Cancer license plate and the Cancer of Unknown Primary Origin Awareness license plate.

Since its inception, CPRIT has awarded a total of $2.4 billion in grant awards. Of this amount, $1.7 billion was awarded for academic research grants, $437.1 million was awarded for product development research grants, and $250.0 million was awarded for cancer prevention grants. **Figure 61** shows the awards by grant type from fiscal years 2010 to 2019.

ADMINISTRATION

CPRIT's other major program area is administration, which includes indirect administration to support the agency and the direct administration for awarding grants and oversight. Grant applications for cancer research and prevention projects are reviewed and scored by the Scientific Research and Prevention Program committees, which subsequently recommend eligible grant awards to the program integration committee in a prioritized list. The program integration committee then recommends grant funding to the CPRIT Oversight Committee, which must approve grants by a two-thirds vote. Appropriations for administration total $34.5 million for the 2020–21 biennium, including $80,000 from Appropriated Receipts composed of reimbursements from product development grant applicants, which support 36.0 positions.

FIGURE 61
CANCER RESEARCH GRANTS AWARDS BY PROGRAM TYPE
FISCAL YEARS 2010 TO 2019



SOURCE: Cancer Prevention and Research Institute of Texas.

SIGNIFICANT LEGISLATION

House Joint Resolution 12 – CPRIT Bond Authority Increase. The legislation proposes a constitutional amendment authorizing the Legislature to increase the maximum General Obligation bond amount from $3.0 billion to $6.0 billion to be issued by the Texas Public Finance Authority on behalf of CPRIT. This legislation was approved by voters in November 2019.

House Bill 39 – The legislation authorizes CPRIT to continue providing grants beyond fiscal year 2022.

COMPTROLLER OF PUBLIC ACCOUNTS

PURPOSE: To serve as the state's chief tax collector, accountant, revenue estimator, treasurer, and purchasing manager. To interpret and apply tax laws and collect taxes and fees; monitor the financial status of state agencies; report on the state's financial condition to the Legislature; oversee the cash management functions of the state; and manage statewide contracts.

ESTABLISHED: 1850

AUTHORIZING STATUTE: The Texas Constitution, Article IV, §23

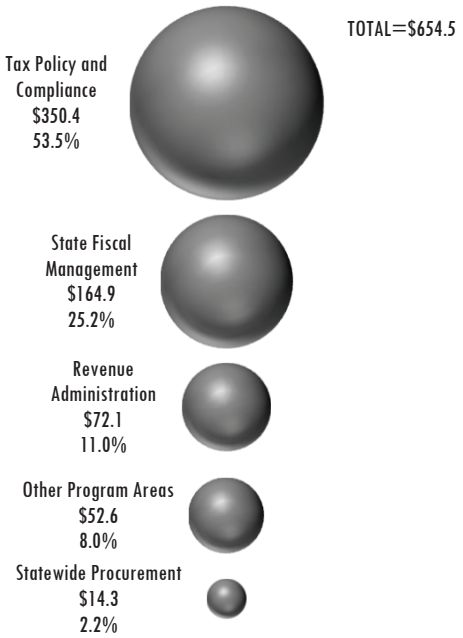
GOVERNANCE: Statewide elected official

FIGURE 62
COMPTROLLER OF PUBLIC ACCOUNTS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$603.1	$646.0	$42.9	7.1%
General Revenue–Dedicated Funds	$0.0	$0.0	($0.0)	(100.0%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$37.5	$8.5	($29.0)	(77.3%)
Total, All Methods of Finance	**$640.6**	**$654.5**	**$13.9**	**2.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	2,950.3
2021	2,950.3

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include an increase of **$16.4 million for improvement and enhancement of information technology services and systems,** including various tax and financial systems utilized by taxpayers, other state agencies, and local governments.

Appropriations replace **$24.0 million in funding from SmartBuy procurement fees (Other Funds) with General Revenue Funds** of the same amount for ongoing costs of the **Centralized Accounting and Payroll/Personnel System**.

Funding of **$2.5 million and 18.0 full-time-equivalent positions** is provided to implement Senate Bill 2, Eighty-sixth Legislature, Regular Session, 2019, relating to **ad valorem taxation and administration**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Total appropriations of $654.5 million in All Funds for the Comptroller of Public Accounts (CPA) include an increase of $16.4 million in General Revenue Funds for the enhancement of information technology systems. Appropriations also include a method-of-finance swap increasing General Revenue Funds by $24.0 million and decreasing Other Funds from Appropriated Receipts from SmartBuy procurement fees by the same amount for the Centralized Accounting and Payroll/Personnel System (CAPPS).

Funding to the CPA represents decreases of $3.8 million in Other Funds from Appropriated Receipts and Interagency Contract receipts for CAPPS, primarily from unexpended balances carried forward from the 2016–17 biennium to the 2018–19 biennium, and $1.3 million from forfeiture and seizure receipts from criminal investigations.

Additionally, General Revenue Funds increases are provided to implement provisions of Senate Bill 2, Eighty-sixth Legislature, 2019, relating to ad valorem taxation.

PROGRAMS

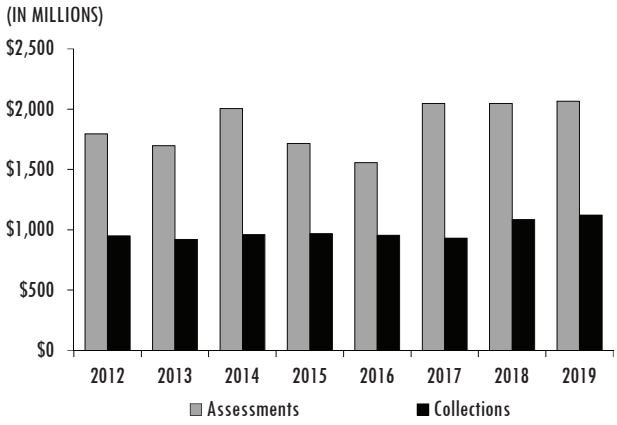
The agency carries out its responsibilities through five major program areas: (1) tax policy and compliance; (2) state fiscal management; (3) revenue administration; (4) statewide procurement; and (5) other program areas.

TAX POLICY AND COMPLIANCE

The tax policy and compliance program area interprets and applies tax laws, provides outreach to taxpayers, collects delinquent tax payments, and audits tax collections. The audit program reviews taxpayer records to determine compliance with state tax laws and educates taxpayers about tax requirements. In conjunction with audit functions, the CPA's Criminal Investigation Division detects, investigates, and prosecutes tax-related fraud. The program for tax laws compliance manages and tracks delinquent taxpayer accounts for collections and contacts taxpayers for payment and services. **Figure 63** shows tax audit assessments, which are additional amounts owed by a taxpayer after an audit, compared to delinquent tax collections for fiscal years 2012 to 2019. During the 2020–21 biennium, the agency projects more than $4.1 billion in tax audit assessments and estimates delinquent tax collections of approximately $2.2 billion.

Additionally, within the tax information program, the agency interprets tax laws, develops rules and bulletins to help taxpayers understand and comply with laws, and responds to taxpayer questions. The agency offers seminars and webinars to taxpayers that provide overviews of the tax responsibilities of buyers, sellers, and service providers to ensure their understanding and compliance with appropriate tax laws. Additionally, the CPA, through the tax hearings program, implements an Interagency Contract with the State Office of Administrative Hearings to hold redetermination and refund hearings requests. The Legal Counsel represents the agency during these hearings and provides agencywide legal research. Appropriations for programs within the tax policy and compliance area total $350.4 million and provide 1823.1 full-time-equivalent (FTE) positions.

FIGURE 63
COMPTROLLER OF PUBLIC ACCOUNTS TAX AUDIT ASSESSMENTS COMPARED TO DELINQUENT COLLECTIONS FISCAL YEARS 2012 TO 2019



SOURCE: Comptroller of Public Accounts.

STATE FISCAL MANAGEMENT

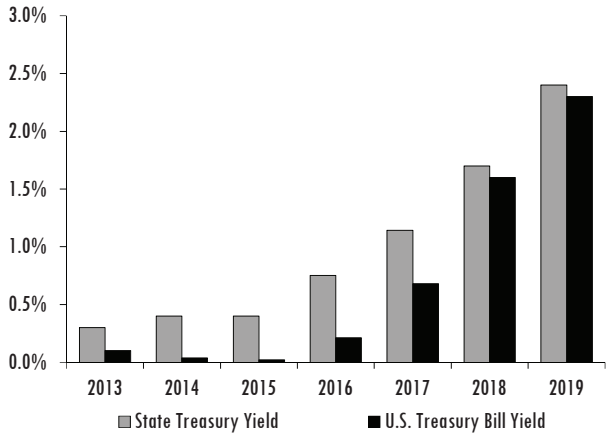
State fiscal management programs include statewide accounting, revenue forecasting, and cash management functions. The agency establishes and monitors appropriations to more than 170 state agencies and institutions of higher education for more than 660 funds and accounts each year; processes and issues payments for the state; and conducts post-payment audits of agencies' purchase, travel, and payroll expenditures to ensure compliance with state laws governing expenditures. This area also monitors and projects state revenue and produces fiscal analyses of legislation affecting state revenue, including analyzing appropriations bills to determine whether the funds appropriated are within the amount of revenue certified to be available. Additionally, this area prepares the state's Annual Cash Report and the Texas

Comprehensive Annual Financial Report, which is a set of financial statements detailing the state's financial condition.

Fiscal management utilizes various information technology tools to perform accounting functions, such as the Uniform Statewide Accounting System and the Uniform Statewide Payroll/Personnel System. These systems and others are becoming outdated and eventually will retire. To replace these systems and consolidate their functions, the agency implemented and is transitioning state agencies to CAPPS, an enterprise resource planning system. CAPPS uses a web-based system that includes modules for financials and human resources (HR) and payroll. These modules provide agencies with updated access to financial and HR and payroll information and include enhanced reporting capabilities. CAPPS also eliminates obsolete business processes, including manual processing and reconciliation and duplicate data entry. At the beginning of the 2020–21 biennium, 100 state agencies are using CAPPS Financials and CAPPS HR/Payroll. During the 2020–21 biennium, 39 additional state agencies will transition to using these CAPPS functions, 14 of which received funding for this purpose.

CPA manages the state Treasury, invests state cash and securities, pays state warrants, and enforces the state's cigarette and tobacco product laws. A primary function of the Treasury program is to manage and ensure the safety of the state's cash and securities while maximizing the return on investments. During fiscal year 2019, the average balance of the state Treasury portfolio was $38.4 billion. This amount includes an average of $583.8 million in state funds deposited at financial institutions throughout the state and more than $937.0 million in interest earned from the portfolio balance. **Figure 64** shows the yields on annual state Treasury investments compared to the three-month U.S. Treasury Bill interest rate yield for fiscal years 2013 to 2019. In addition, the banking and electronic processing function of the Treasury program ensures that all legitimate warrants are paid expeditiously. This function also ensures that all revenues are deposited within legally required timeframes to maximize interest earnings and minimize collection overhead. Appropriations for state fiscal management programs total $164.9 million and provide 395.0 FTE positions.

FIGURE 64
AVERAGE YIELD ON STATE FUNDS IN THE STATE TREASURY, FISCAL YEARS 2013 TO 2019



SOURCE: Comptroller of Public Accounts.

REVENUE ADMINISTRATION

The revenue administration program area collects and processes the state's taxes, including taxes on sales, franchises, crude oil, natural gas, fuels, motor vehicle sales, cigarettes, and alcoholic beverages. CPA also collects and remits local sales taxes on behalf of approximately 1,500 Texas city and county governments, special districts, and transit authorities. This area also is responsible for maintaining taxpayer accounts and processing tax payment exceptions and adjustments. During fiscal year 2019, the agency processed approximately 5.9 million tax returns. In fulfilling these responsibilities, revenue administration relies heavily on information technology systems to improve service and voluntary compliance with tax laws through multiple automated systems. Those systems include access to self-service options for taxpayers to register, pay, and file taxes either through online or automated voice-activated systems. Advanced document management systems help staff support a high-volume, paper-intensive, and time-sensitive operation. Instead of manually processing millions of tax returns, documents, and payments, processing occurs through a scanning and imaging system, which enables timely and accurate processing and results in fewer taxpayer data errors. Appropriations for the revenue administration program total $72.1 million and 426.0 FTE positions.

STATEWIDE PROCUREMENT

The statewide procurement program area is responsible for procurement and support services for state and local government agencies. As the state's purchasing manager, the CPA's Statewide Procurement Division has more than 9,600 registered state vendors and awards hundreds of statewide contracts for goods and services. The division's duties range from administering the Centralized Master Bidders List to processing bid invitations, tabulations, and

awards for all statewide term, Texas Multiple Award Schedules, and open-market contracts. The division also provides a statewide training and certification program for state agencies, a state credit card account for travel and vehicle management, and support for the Statewide Historically Underutilized Business Program. The program area also consists of the State Mail Office and the Office of Vehicle Fleet Management. The State Mail Office supports statewide mail-related initiatives such as postage and reviews of mail equipment and services for other agencies. The Office of Vehicle Fleet Management is charged primarily with the administration and management of the State Vehicle Fleet Management Plan, which details recommendations to improve the administration and operation of the state's vehicle fleet, and the statewide vehicle data reporting system, which assists agencies in managing their fleets. Appropriations for the statewide procurement program area total $14.3 million and provide 91.1 FTE positions.

OTHER PROGRAM AREAS

Other programs that CPA administers include the property tax program and unclaimed property administration. The property tax program provides the annual Property Value Study (PVS), which is used to certify the taxable value of all property in the state's approximately 1,000 school districts, to the Commissioner of Education to determine allocations of state funding for public education. Agency field appraisers inspect and appraise real and personal property by: verifying the condition, description, and contract terms for property that has sold; appraising property that has not sold but is included in the random sample of properties to be studied; obtaining deed information from county clerks; and collecting sales data from listing services, real estate brokers, and fee appraisers. The program develops values for properties that are appraised uniformly across county lines, such as railroads, pipelines, utilities, oil and gas interests, and agricultural and timber lands. Although the agency conducts the PVS annually, approximately one-half of Texas school districts are subjects of the PVS each year. For a year in which a school district is not a subject of the PVS, the values certified for the district are determined by the appraisal district. The program also conducts reviews of governance, taxpayer assistance, operations, and appraisal procedures during the years in which a PVS is not conducted. Appropriations for the property tax program include $30.3 million and 138.3 FTE positions.

CPA also administers the unclaimed property program. Businesses, financial institutions, and government entities, referred to as holders, remit property to CPA that is presumed abandoned. Property typically is in the form of forgotten bank accounts, insurance proceeds, uncashed checks, security deposits, and utility refunds. The agency processes claims and provides outreach efforts to help owners identify and claim their property, including an online searchable database, notice mailings, and participation in MissingMoney.com, a national unclaimed property database. Appropriations for the program include $22.3 million and 76.8 FTE positions.

SIGNIFICANT LEGISLATION

Senate Bill 2 – Ad Valorem Taxation and Administration. The legislation restricts cities, counties, and certain other special taxing jurisdictions with populations of 30,000 or more from adopting a property tax rate that increases maintenance and operations tax levies on existing property by more than 3.5 percent without voter approval. The legislation defines this rate as the voter-approval tax rate. Previously, voter approval was required, upon voter petition, if the property tax growth rate exceeded 8.0 percent.

Senate Bill 2 provides various other reforms to the property tax appraisal process, including the establishment of the Property Tax Administration Advisory Board to advise CPA regarding state oversight of appraisal districts. The legislation revises training guidelines for Appraisal Review Board members, requires that tax rates and other information are posted in an online database, and makes other changes relating to the administration of property taxes. Senate Bill 2 requires CPA to prescribe tax rate-calculation forms for use by taxing units to calculate and submit the no-new-revenue tax rate and the voter-approval tax rate for the unit. The legislation requires CPA to prepare a survey that enables certain individuals that attend an appraisal review board hearing to submit comments and suggestions regarding an appraisal review board or any other matter related to the fairness or efficiency of the appraisal review board. The legislation requires CPA to issue an annual report summarizing the survey results. Senate Bill 2 requires CPA to prescribe the format by which an appraisal district or taxing unit must submit values and tax rates for the Biennial Property Tax Report. The legislation requires CPA to review counties, cities, and school district information in detail and to collect and review special district information. The legislation also prohibits an Appraisal Review Board from determining the appraised value of a protested property to be an amount greater than the appraised value of the property as shown in the appraisal records.

Senate Bill 69 – Investment of Economic Stabilization Fund. The legislation amends the Texas Government Code and provides that CPA may invest up to three-quarters of the balance of the Economic Stabilization Fund (ESF) in an investment portfolio managed in accordance with the prudent person investment standard. The legislation also requires that, at all times, at least one-quarter of the balance of the ESF must be invested in a manner to ensure the liquidity of the fund.

FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER OF PUBLIC ACCOUNTS

PURPOSE: Statewide programs that are subject to the oversight of the Comptroller of Public Accounts, including disbursements to local governments, payment of unclaimed property claims, energy conservation programs, and payment of claims, settlements, and judgments against the state.

ESTABLISHED: 1850

AUTHORIZING STATUTE: The Texas Constitution, Article IV, §23

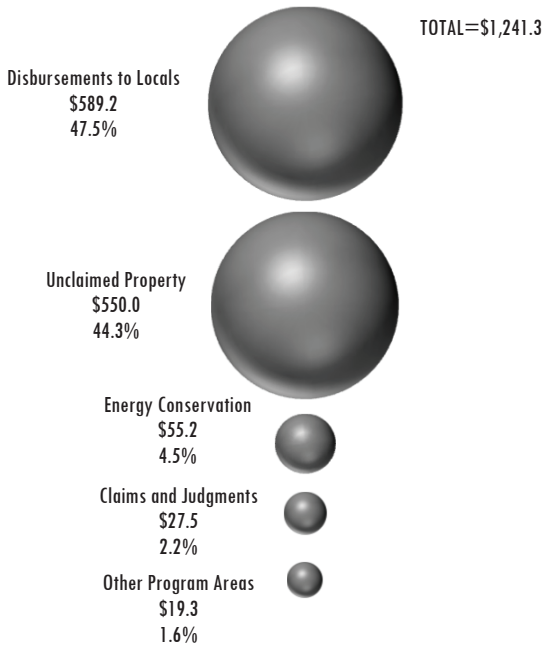
GOVERNANCE: Comptroller of Public Accounts, statewide elected official

FIGURE 65
FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER OF PUBLIC ACCOUNTS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,124.6	$1,160.2	$35.6	3.2%
General Revenue–Dedicated Funds	$27.5	$39.6	$12.1	44.1%
Federal Funds	$27.4	$26.8	($0.5)	(2.0%)
Other Funds	$241.5	$14.6	($226.9)	(94.0%)
Total, All Methods of Finance	**$1,421.0**	**$1,241.3**	**($179.8)**	**(12.6%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	15.0
2021	15.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Unclaimed property claim payments decreased by $25.0 million due to an estimated decrease in claims.

Statutorily required disbursements to cities and counties of tax revenues from mixed beverages increased by **$47.4 million**, due to a projected increase in mixed-beverage sales.

Supplemental appropriations for fiscal year 2019 include **$211.0 million** to pay contract obligations of the **Texas Guaranteed Tuition Plan** provided by Senate Bill 500, Eighty-sixth Legislature, 2019.

A funding increase of **$13.5 million** is provided for **payments to certain cities and counties to offset lost property tax revenue** from granting 100.0 percent disabled veteran residence homestead exemption.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium for Fiscal Programs within the Office of the Comptroller of Public Accounts (CPA) total $1.2 billion in All Funds. The largest funding item includes $550.0 million for the payment of unclaimed property claims, which represents a decrease of $25.0 million from the previous biennium. The second-largest funding item provides $492.9 million for reimbursements to cities and counties of mixed-beverage taxes, representing a biennial increase of $47.4 million based on estimated growth in mixed-beverage sales. Appropriations maintain statutorily set minimum disbursement levels of 10.7143 percent of mixed-beverage gross receipts and sales taxes.

Funding also provides $20.0 million, an increase of $13.5 million, for payments to qualified cities and counties to offset lost property tax revenue from granting a 100.0 percent disabled veteran residence homestead exemption. The funding increase is based on estimated growth in the value of homes owned by individuals that qualify for the exemption.

Additionally, Senate Bill 500, Eighty-sixth Legislature, 2019, provided $211.0 million in Other Funds from the Economic Stabilization Fund for fiscal year 2019 for payment of contract obligations of the Texas Guaranteed Tuition Plan.

PROGRAMS

Fiscal Programs within the Office of the CPA carry out responsibilities through five major program areas: (1) disbursements to locals; (2) unclaimed property; (3) energy conservation; (4) claims and judgments; and (5) other program areas.

DISBURSEMENTS TO LOCALS

Appropriations within the disbursements to locals program area typically provide for state obligations for disbursements to cities and counties. The largest disbursement within this area is of mixed-beverage revenues, both the gross receipts tax and sales tax, pursuant to the Texas Tax Code, Section 183.051. Pursuant to the Texas Tax Code and the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, CPA is required to distribute to counties and incorporated municipalities 10.7143 percent of mixed-beverage tax revenues received from permit holders within the county or municipality. Estimated funding of $492.9 million is included for this purpose.

Appropriations for this area also allocate an estimated $48.6 million to counties for roads and bridges, including a portion of gross weight and axle weight permit fees and a portion of motor fuels tax revenue, pursuant to the Texas Transportation Code. Counties in which University of Texas endowment lands are located also receive funding distributions, which are estimated to be $15.7 million, from CPA for payment of county taxes, pursuant to constitutional provisions. Grant funding of $12.0 million is allocated to local law enforcement agencies for continuing education and training of peace officers. Additionally, funding of $20.0 million is provided for payments to certain qualifying cities and counties to offset their loss of revenue from total property tax exemptions for 100.0 percent disabled veterans or their surviving spouses. Total funding for disbursements to local entities includes $589.2 million.

UNCLAIMED PROPERTY

Appropriations also provide payments of individuals' claims for unclaimed property that was presumed abandoned and remitted to the state by businesses, financial institutions, and government entities. Property typically is in the form of forgotten bank accounts, insurance proceeds, uncashed checks, security deposits, and utility refunds. Funding for payment of these claims is estimated to be $550.0 million for the 2020–21 biennium.

ENERGY CONSERVATION

The energy conservation program area includes administration of the State Energy Conservation Office (SECO) and distribution of Oil Overcharge Funds and federal State Energy Program funds for energy efficiency projects. SECO's largest program, Loans to Save Taxes and Resources (LoanSTAR), is a revolving loan program that finances energy-efficient facility retrofits for state agencies, institutions of higher education, cities, counties, public schools, hospitals, and other government entities. The program's revolving loan mechanism enables borrowers to repay loans through cost savings generated by the funded projects. Funding for the LoanSTAR program comes from two sources: Oil Overcharge Funds and federal State Energy Program funds. Oil Overcharge Funds became available to states in accordance with federal court settlements dealing with violations of price controls in effect for crude oil and refined petroleum products from calendar years 1973 to 1981. Approximately $125.0 million is allocated to LoanSTAR. Additionally, SECO allocated $75.1 million in funds received through the federal American Recovery and Reinvestment Act of 2009 to the Building Efficiency and Retrofit revolving loan program; the repayments from these loans are incorporated into the

LoanSTAR Program. **Figure 66** shows the distribution of LoanSTAR loans by entity type for the 2018–19 biennium.

SECO also administers other energy programs that provide technical assistance, training, and grants to state agencies and local entities related to energy conservation and renewable or alternative fuels. Appropriations for energy conservation programs total $55.2 million and 15.0 full-time-equivalent positions.

CLAIMS AND JUDGMENTS

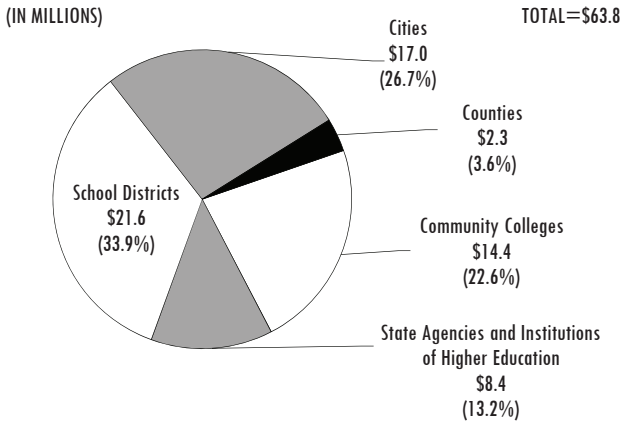
The claims and judgments program area provides for payment of certain claims, judgments, and settlements against the state. Appropriations provide for payments of settlements approved and judgments issued by federal courts and settlements and judgments issued by state courts related to the Texas Civil Practice and Remedies Code, Chapters 101 and 104, pertaining to government liability and state liability for the conduct of public servants. These settlements and judgments include indemnification for criminal prosecution, and medical malpractice claims against institutions of higher education pursuant to the Texas Education Code, Chapter 59.

Authority also is provided for CPA to pay other miscellaneous claims against the state for which an appropriation otherwise does not exist or for which the appropriation has lapsed, and payments to individuals wrongfully imprisoned. Appropriations for claims and judgments total $27.5 million.

OTHER PROGRAM AREAS

Other programs and functions administered within the Fiscal Programs include the following: payments to victims of crime who have not made claims for restitution from local probation departments; contracts with external tax examiners to perform audits and for modernization of tax administration technology; and funding outside of the Treasury for the Habitat Protection Fund for research on certain species for the development and administration of conservation plans. Funding levels for these programs total $19.3 million for the 2020–21 biennium. Additionally, Senate Bill 500, Eighty-sixth Legislature, 2019, the fiscal year supplemental funding bill, provides $211.0 million in Other Funds from the Economic Stabilization Fund for payment of obligations of the Texas Guaranteed Tuition Plan.

FIGURE 66
LOANSTAR PROGRAM DISTRIBUTIONS OF APPROPRIATIONS, 2018–19 BIENNIUM



SOURCE: Comptroller of Public Accounts.

SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

PURPOSE: To administer payment of state and employee Social Security and Medicare taxes to the federal government.

ESTABLISHED: 1935

AUTHORIZING STATUTE: The Texas Government Code, §606.063

GOVERNANCE: N/A

FIGURE 67
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,237.6	$1,320.5	$82.9	6.7%
General Revenue–Dedicated Funds	$170.7	$183.2	$12.5	7.3%
Federal Funds	$190.7	$197.8	$7.2	3.8%
Other Funds	$151.0	$153.4	$2.4	1.6%
Total, All Methods of Finance	**$1,749.9**	**$1,854.9**	**$105.0**	**6.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	0.0
2021	0.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

State contributions for Social Security fund the 6.2 percent employer payroll tax and the 1.45 percent Medicare payroll tax.

Benefit Replacement Pay is a benefit supplement for certain state employees that began employment before September 1, 1995.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium for the employer Social Security payroll tax represent an increase of $111.3 million in All Funds. This increase is related primarily to payroll growth for higher education employees and full-time-equivalent position changes at certain state agencies and institutions of higher education.

Appropriations for the 2020–21 biennium for Benefit Replacement Pay (BRP) contributions decreased by approximately $6.3 million in All Funds, which represents the anticipated annual turnover of 15.0 percent for state employees hired before September 1, 1995.

PROGRAMS

The Comptroller of Public Accounts (CPA) is responsible for the payment of state and employee Social Security taxes to the federal government. Appropriations for the 2020–21 biennium fund the 6.2 percent employer payroll tax contribution for the Social Security program and the 1.45 percent payroll tax for the state Medicare program. The Social Security wage base, which is the amount of wages subject to the 6.2 percent tax, increased from $127,200 for fiscal year 2017 to $128,400 for fiscal year 2018 and $132,900 for fiscal year 2019. Since calendar year 1993, Medicare-taxable earnings have no limit.

Also appropriated to CPA within the Social Security benefits program area are BRP contributions for certain state employees. Before fiscal year 1996, the state paid for a portion of the employees' Social Security obligations. The Seventy-fourth Legislature, 1995, replaced that portion with a benefit supplement to ensure that employees' take-home pay was not reduced. Employees retain BRP as long as they do not have a lapse in service from the state for 30 days. Employees hired after August 31, 1995, are not eligible to receive the benefit supplement or the additional state-paid Social Security benefit.

As with Employees Retirement System state contributions, the General Appropriations Act allocates the Social Security appropriation by functional area of state government, as shown in **Figure 68**.

FIGURE 68
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS) CATEGORY	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Social Security – Employer Match				
General Government	$81.4	$83.3	$2.0	2.4%
Health and Human Services	$354.7	$366.4	$11.6	3.3%
Education	$631.4	$695.8	$64.4	10.2%
Judiciary	$23.6	$24.4	$0.8	3.3%
Public Safety and Criminal Justice	$374.6	$404.2	$29.6	7.9%
Natural Resources	$71.6	$72.6	$1.0	1.4%
Business and Economic Development	$147.4	$148.9	$1.5	1.0%
Regulatory	$25.2	$25.4	$0.3	1.0%
Legislature	$16.8	$17.0	$0.2	1.0%
Subtotal, Social Security	**$1,726.8**	**$1,838.1**	**$111.3**	**6.4%**
Benefit Replacement Pay				
General Government	$2.0	$1.5	($0.6)	(27.3%)
Health and Human Services	$7.1	$5.1	($1.9)	(27.3%)
Education	$0.5	$0.3	($0.1)	(27.3%)
Judiciary	$0.4	$0.3	($0.1)	(27.3%)
Public Safety and Criminal Justice	$6.2	$4.5	($1.7)	(27.3%)
Natural Resources	$1.9	$1.4	($0.5)	(27.3%)
Business and Economic Development	$4.2	$3.0	($1.1)	(27.3%)
Regulatory	$0.6	$0.4	($0.2)	(27.3%)
Legislature	$0.3	$0.2	($0.1)	(27.3%)
Subtotal, Benefit Replacement Pay	**$23.1**	**$16.8**	**($6.3)**	**(27.3%)**
Total, Social Security and Benefit Replacement Pay	**$1,749.9**	**$1,854.9**	**$105.0**	**6.0%**

NOTE: 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.

COMMISSION ON STATE EMERGENCY COMMUNICATIONS

PURPOSE: To preserve and enhance public safety and health in Texas through reliable access to emergency communications services. Agency functions support the standardized 911 emergency communications services statewide and maintain the state's poison control network.

ESTABLISHED: 1987

AUTHORIZING STATUTE: The Texas Health and Safety Code, Chapter 771

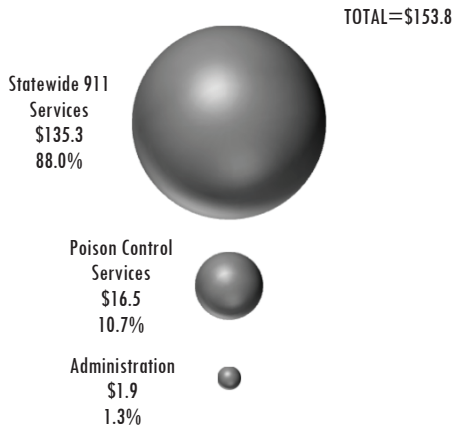
GOVERNANCE: Commission—12 members: nine appointed members and three ex officio members

FIGURE 69
COMMISSION ON STATE EMERGENCY COMMUNICATIONS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$144.8	$153.8	$8.9	6.2%
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	**$144.8**	**$153.8**	**$8.9**	**6.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	25.0
2021	25.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations of **$14.7 million** are provided for grants to **replace obsolete 911 equipment** during the 2020–21 biennium.

An additional **$0.3 million** is appropriated to the poison control program to increase **disaster-recovery resiliency** of the poison control facility located on Galveston Island.

The agency's 911 program serves more than 8.0 million Texans, or about one-third of the state's population. The poison control program serves all residents of the state.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the agency increased by $8.9 million, primarily due to increases to the 911 equipment replacement grant program and the removal of onetime-funded items during the 2018–19 biennium. Appropriations of General Revenue–Dedicated Funds constitute 100.0 percent of the agency's budget. Appropriations to the agency are derived from four telecommunications fees: the 911 equalization surcharge, the emergency service fee, the wireless emergency service fee, and the prepaid wireless emergency service fee. **Figures 70** and **71** show an overview of each telecommunications fee for the 2020–21 biennium. As shown in **Figure 71,** the decrease in the emergency service fee collected is attributed to fewer households having standard phones and instead using wireless services. All other fees are increasing or remaining constant due to expanded use of wireless phones.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) administering the state 911 service program; and (2) the statewide poison control program.

STATEWIDE 911 SERVICES

The first major program area is providing 911 emergency communication services statewide primarily by administering grants to regional planning commissions (RPC). The agency also undertakes public education efforts, reviews regional plans for compliance with statewide standards and funding allocations, coordinates 911 activities with emergency communications districts and national organizations, and participates in state and federal regulatory proceedings.

Texas residents who use landline telephones in their homes or businesses to place 911 calls can be located immediately because their addresses are relayed to a 911 public safety answering point (PSAP). In addition, wireless carriers are required to provide the wireless telephone number from which a 911 call is made to the PSAP. All counties in Texas have implemented services that assist emergency responders by providing (1) a callback number in the event of a dropped call, and (2) the caller's location by providing the phone's approximate location by latitude and longitude.

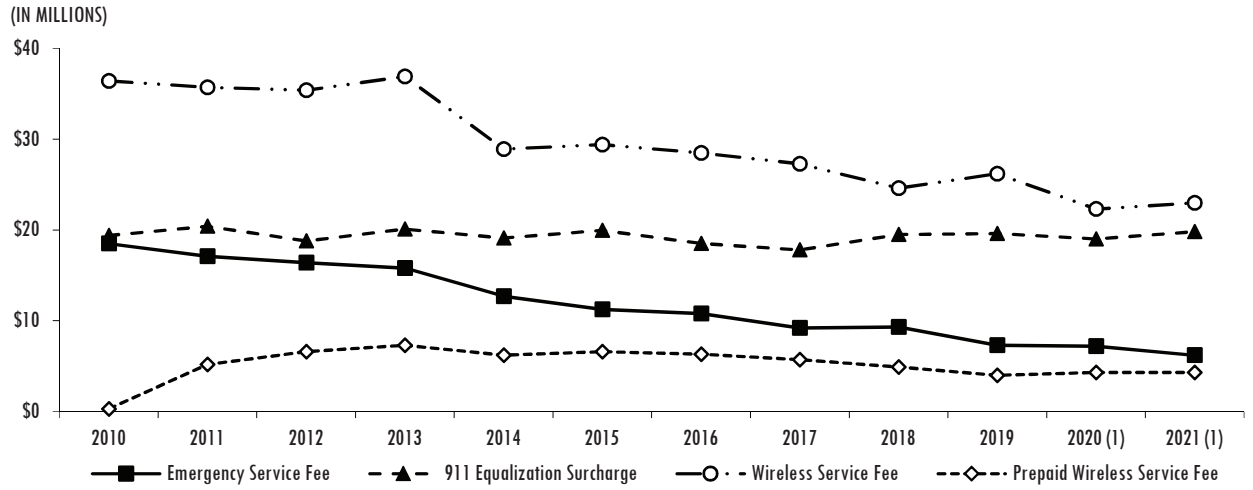
For fiscal year 2010, the agency was awarded $5.4 million in federal grant funds for the beginning stages of Next Generation 911 implementation, representing 13.0 percent of the total federal funding provided nationwide ($41.3 million). The federal grant, which is related to the Ensuring Needed Help Arrives Near Callers Employing 911 Act (ENHANCE 911 Act), was for the acquisition of information resource technologies to begin implementation of an Internet protocol (IP) emergency network. Appropriations for the 2018–19 biennium include $7.7 million in General Revenue–Dedicated Funds to begin Phase 3 of a state-level emergency communications network for digital 911. The agency received $7.1 million during the 2014–15 biennium to fund Phase 1 of the project, which enabled planning, setting up a test laboratory to identify risks and issues, and establishing the core functionality for the digital network. Phase 2 of the project was appropriated $7.7 million for the 2016–17 biennium to utilize the test lab to validate system design, plan activities, and acquire the components to implement the first instance of the network. When it is implemented, the IP emergency network will be more compatible with digital devices that transmit texts, images, and videos. Additionally, emergency calls will route faster, more efficiently, and more reliably. Caller information will be able to transfer among geographically dispersed PSAPs and

FIGURE 70
COMMISSION ON STATE EMERGENCY COMMUNICATIONS TELECOMMUNICATION FEES, 2020–21 BIENNIUM

CHARACTERISTIC	EMERGENCY SERVICE FEE	EMERGENCY SERVICE FEE FOR WIRELESS CONNECTIONS	PREPAID WIRELESS EMERGENCY SERVICE FEE (1)	911 EQUALIZATION SURCHARGE
Rate	Maximum of $0.50 per telephone line per month; may vary by RPC, currently at $0.50 in all 24 RPCs	$0.50 per wireless connection per month	2.0% of the retail sale of the prepaid wireless service	Not more than $0.06 per telephone line or wireless connection per month; excludes prepaid wireless
Levied on	Standard telephone service	Wireless telephone service	Prepaid wireless telephone service	Standard and wireless telephone service
Rate set by	Agency, with review and comment by PUC	Legislature	Legislature	Agency, with review and comment by PUC

NOTES:
(1) Fee on prepaid wireless service was collected beginning June 1, 2010.
(2) RPC=Regional Planning Commission; PUC=Public Utility Commission.
SOURCE: Commission on State Emergency Communications.

FIGURE 71
COMMISSION ON STATE EMERGENCY COMMUNICATIONS COLLECTIONS OF TELECOMMUNICATION FEES
FISCAL YEARS 2010 TO 2021



NOTE: (1) Amounts for fiscal years 2020 and 2021 are estimated.
SOURCE: Commission on State Emergency Communications.

to the appropriate public safety dispatchers. The full implementation of the network is expected in 2023.

Appropriations for 911 activities include a net increase of $8.6 million from the 2018–19 biennium. This amount includes an increase of $14.7 million for grants to RPCs for the replacement of obsolete 911 equipment, and the decrease of unexpended balances from the 2018–19 biennium relating to the Next Generation 911 project.

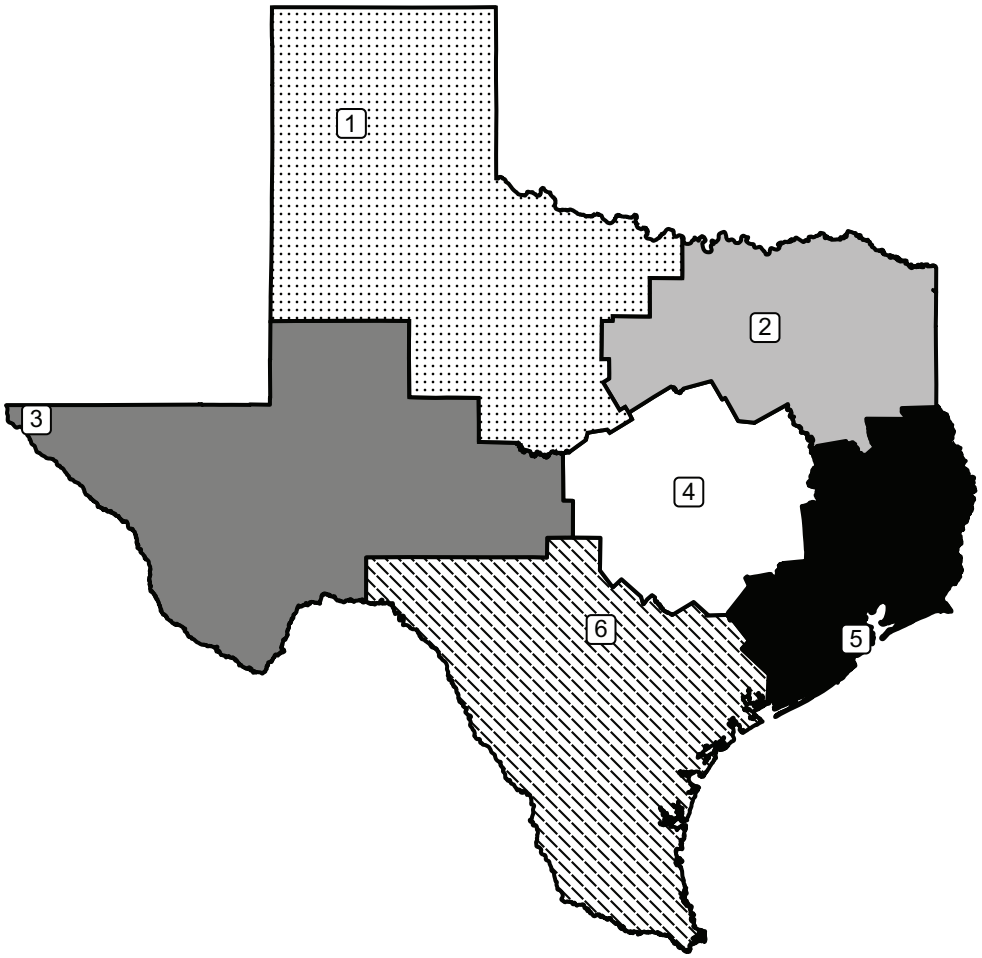
POISON CONTROL SERVICES

The agency's second major program area provides a statewide poison control center network that aids in the treatment and prevention of poisonings. The Texas Poison Center Network provides information to individuals that call the poison control toll-free telephone number and suspect they have been exposed to toxic substances. The network is composed of six geographically diverse poison centers located within medical facilities and linked by a telecommunications network. Individuals that call the poison control network speak directly with a healthcare professional trained in various aspects of toxicology and poison control and prevention. The aim is to provide sufficient information to treat a poison incident at home, precluding the dispatch of emergency medical services or a visit to a healthcare facility. According to the federal Centers for Disease Control and Prevention, research has shown that poison centers save up to $15 in healthcare expense for every $1 spent.

The agency operates a program, which is defined in statute, to award grants to the six regional poison control centers, shown in **Figure 72**. The regional centers are located at the University of Texas Medical Branch at Galveston, the Dallas County Hospital District/Parkland Hospital, the University of Texas Health Science Center at San Antonio, the Texas Tech University Health Science Center at Amarillo, the Scott and White Memorial Hospital at Temple, and the University Medical Center of El Paso, El Paso County Hospital District. The agency also oversees poison center operations and administers the telecommunications network operations.

Appropriations for the poison control center program include an increase of $0.3 million to increase disaster recovery resiliency of the poison control facility on Galveston Island. The location experienced a 20.0 percent decrease in operational capabilities due to flooding from Hurricane Harvey during calendar year 2017. Mitigation will take the form of a secondary disaster recovery site on the mainland adjacent to Galveston Island.

FIGURE 72
TEXAS POISON CENTER NETWORK, 2020–21 BIENNIUM



(1) Texas Panhandle – Texas Tech University Health Sciences Center at Amarillo

(2) North Texas – Parkland Memorial Hospital at Dallas, Dallas County Hospital District

(3) West Texas – University Medical Center of El Paso, El Paso County Hospital District

(4) Central Texas – Scott and White Memorial Hospital at Temple

(5) Southeast Texas – University of Texas Medical Branch at Galveston

(6) South Texas – University of Texas Health Science Center at San Antonio

SOURCE: Commission on State Emergency Communications.

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

PURPOSE: The Texas Emergency Services Retirement System is a statewide retirement system with a pooled investment fund established to finance pension, death, and disability benefits for volunteer firefighters and volunteer emergency medical personnel.

ESTABLISHED: 1977

AUTHORIZING STATUTE: The Texas Government Code, §865.001

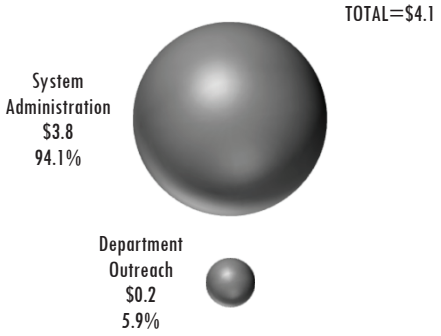
GOVERNANCE: Board of Trustees–nine members appointed by the Governor, subject to Senate confirmation

FIGURE 73
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1.4	$1.4	$0.0	0.0%
General Revenue–Dedicated Funds	$2.7	$2.7	$0.0	0.0%
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	**$4.1**	**$4.1**	**$0.0**	**0.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	10.0
2021	10.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The state's contribution to the retirement system consists of **$2.7 million from the General Revenue–Dedicated Account No. 5064, Volunteer Fire Department Assistance**.

The November 2018 actuarial valuation found that the **existing state contribution of $2.7 million would be needed for 24 years to maintain a 30-year amortization period** and actuarial soundness.

The agency provided **$5.7 million in benefit payments to 3,284 retirees and beneficiaries** during fiscal year 2018.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations and full-time-equivalent (FTE) positions for the Texas Emergency Services Retirement System (TESRS) have remained constant from the 2018–19 biennium.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) administering the retirement system, and (2) department outreach.

SYSTEM ADMINISTRATION

The primary function at the agency is to administer the statewide retirement system for volunteer firefighters and volunteer emergency medical personnel in Texas. This function includes collecting contributions, investing the proceeds, and calculating and paying benefits to retirees and their beneficiaries. Contributions to TESRS are made by participating departments on behalf of each eligible member. State statute directs a state contribution as necessary to make the system actuarially sound each year; the state contribution is capped at one-third of local governing bodies' contributions to the system. The state's contribution to the system for the 2020–21 biennium is $2.7 million from General Revenue–Dedicated Fund No. 5064, Volunteer Fire Department Assistance. This amount is the same as the state's contribution to the system for the 2018–19 biennium; the actuarial valuation in November 2018 found that the existing state contribution would be needed for 24 years to achieve a 30-year amortization period and maintain actuarial soundness.

At the end of fiscal year 2018, 238 fire departments and emergency service districts participated in TESRS, representing 9,138 vested and nonvested individuals, including 3,927 active members. At the close of fiscal year 2018, the system provided monthly annuity payments to 3,284 retirees and beneficiaries, totaling approximately $5.7 million in benefit payments for the year.

Figure 74 shows the net market value of TESRS assets from fiscal years 2009 to 2018.

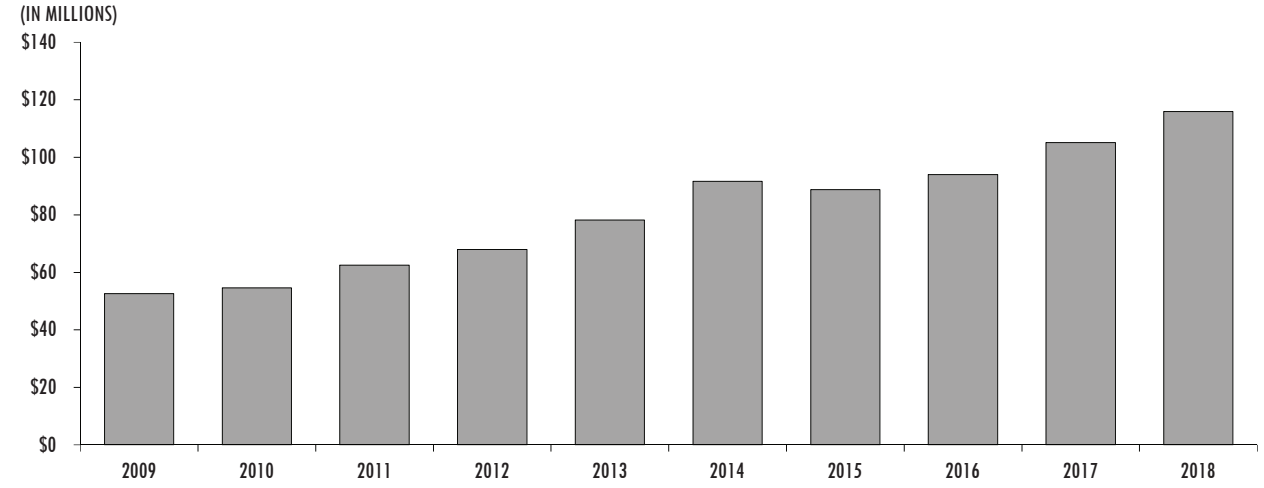
DEPARTMENT OUTREACH

Recruiting and technical assistance is a newer program area at the agency that began during fiscal year 2016. Appropriations provide funding to enroll more departments into the system and monitor departments. Appropriations for these activities include $241,920 in General Revenue Funds for the 2020–21 biennium and 2.0 FTE positions.

SIGNIFICANT LEGISLATION

House Bill 3247 – Administrative changes to the Texas Emergency Services Retirement System. The legislation implements changes to several provisions regarding the administration of the system, responsibilities within member departments, and definitions of who may become a member. Provisions also authorize the board to adopt rules to revoke a department's membership while maintaining actuarial soundness.

FIGURE 74
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM FUND NET MARKET VALUE OF ASSETS
FISCAL YEARS 2009 TO 2018



SOURCE: Texas Emergency Services Retirement System.

EMPLOYEES RETIREMENT SYSTEM

PURPOSE: To provide retirement, insurance, and death and survivor benefits to state employees, retirees, and eligible family members; and manage assets held in a trust.

ESTABLISHED: 1947

AUTHORIZING STATUTE: The Texas Constitution, Article XVI, §67(a)

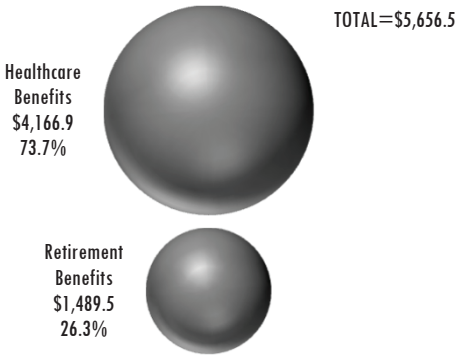
GOVERNANCE: Board of Trustees—one member appointed by Governor, one appointed by the Chief Justice of the Supreme Court, and one appointed by the Speaker of the House of Representatives, all with advice and consent of the Senate, and three elected members

FIGURE 75
EMPLOYEES RETIREMENT SYSTEM BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3,724.2	$3,908.9	$184.7	5.0%
General Revenue–Dedicated Funds	$211.5	$217.6	$6.2	2.9%
Federal Funds	$853.6	$902.2	$48.6	5.7%
Other Funds	$602.0	$627.7	$25.7	4.3%
Total, All Methods of Finance	**$5,391.3**	**$5,656.5**	**$265.2**	**4.9%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	408.5
2021	408.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

As of the August 31, 2019, actuarial valuation, the **funding period for the Employees Retirement System is infinite with a depletion date of fiscal year 2075**.

Funding for the **Group Benefits Program increased by $206.8 million** primarily due to active and retiree member growth.

State per-member contribution amounts for the Group Benefits Program have remained virtually consistent since fiscal year 2018 due to cost savings in contracts.

State contribution rates to the three defined-benefit retirement programs remain the same as the previous biennium, and **member contribution rates to the Judicial Retirement System Plan II increased by 2.0 percent**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for programs administered by the Employees Retirement System (ERS) increased by $265.2 million in All Funds, or 4.9 percent from the 2018–19 biennium. This increase is due primarily to an increase of $206.8 million in All Funds to the state contribution for group insurance benefits for general state employees, retirees, and their dependents. Although the state contribution per member did not increase, this amount represents an annual state employee retirement rate of 4.5 percent and full-time-equivalent (FTE) position changes at certain state agencies.

The overall increase in funding to ERS also includes an increase of $55.0 million in All Funds for the state contribution to the ERS retirement plan. Funding provides for 9.5 percent of salary as the state's contribution for each fiscal year of the 2020–21 biennium and for FTE position and salary increases at certain state agencies. Funding also continues 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, the maximum pursuant to the Texas Constitution, Article XVI, Section 67 (b)(3).

Figure 76 shows 2020–21 biennial appropriations for all benefits administered by ERS, compared with 2018–19 biennial budgeted and expended amounts.

PROGRAMS

The agency carries out responsibilities through two major program areas: (1) healthcare benefits and (2) retirement benefits. The appropriations are made within each article in the General Appropriations Act.

HEALTHCARE

ERS provides healthcare benefits to state employees, retirees, and their dependents through the Group Benefits Program (GBP). This program provides group health insurance, life insurance, dental insurance, accident insurance, and short-term and long-term income protection insurance for disability to GBP participants. Newly hired employees become eligible to receive health benefits on the first day of the month following their sixtieth day of employment. The state pays 100.0 percent of the insurance premium for full-time employees and 50.0 percent of dependent coverage; members pay the other 50.0 percent of dependent coverage. Active employees who work part-time receive a state contribution equal to 50.0 percent of the rate of full-time employees for health insurance. Employees are fully responsible for the costs of voluntary coverage, such as accidental death insurance, dental insurance, and disability plans.

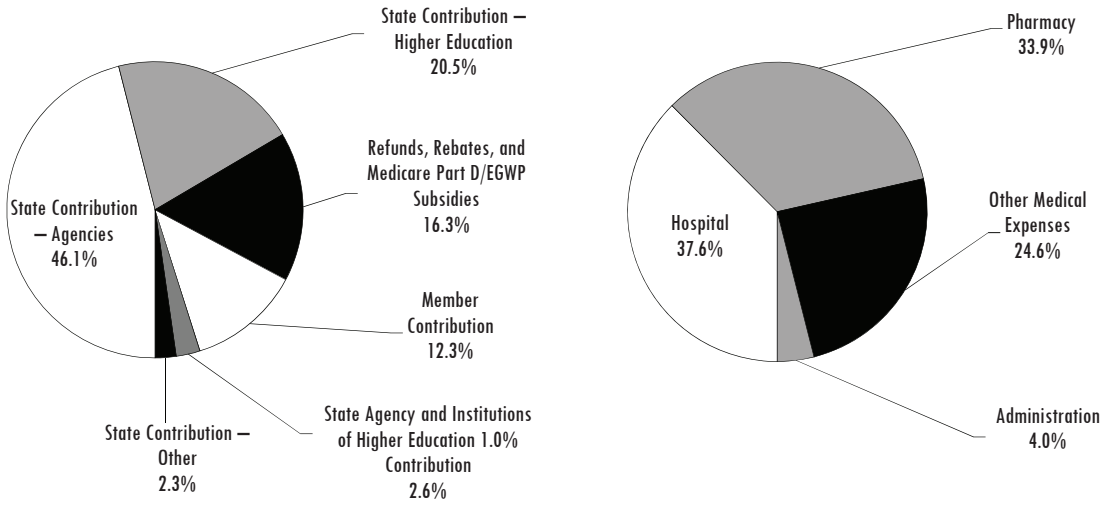
The combination of state contributions, the 1.0 percent agency contribution, employee premium payments, refunds, rebates, and subsidies earned from the federal Medicare Part

FIGURE 76
EMPLOYEES RETIREMENT SYSTEM EMPLOYEE BENEFITS APPROPRIATIONS IN ALL FUNDS 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS) BENEFITS	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Employees Retirement System Retirement Contributions	$1,291.1	$1,346.1	$55.0	4.3%
Law Enforcement and Custodial Officers Supplemental Retirement Fund	$16.9	$17.4	$0.5	2.9%
Judicial Retirement System – Plan II	$25.0	$28.4	$3.3	13.3%
Judicial Retirement System – Plan I	$46.6	$42.6	($4.0)	(8.6%)
Public Safety Benefits	$28.8	$27.6	($1.2)	(4.3%)
Retiree Death Benefits	$27.2	$27.5	$0.3	1.1%
Group Insurance Program	$3,816.6	$4,023.4	$206.8	5.4%
Community Supervision and Correctional Department Group Insurance	$139.1	$143.5	$4.4	3.2%
Total	**$5,391.3**	**$5,656.5**	**$265.2**	**4.9%**

NOTE: 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 77
DISTRIBUTION OF EMPLOYEES RETIREMENT SYSTEM HEALTHCARE FUNDING AND EXPENDITURES, 2020–21 BIENNIUM



NOTE: EGWP=Employer Group Waiver Plan.
SOURCE: Employees Retirement System.

D prescription drug plan provide revenue for the insurance trust fund, which provides funding for expenses paid by the healthcare program. **Figure 77** shows the distribution of funding sources for the benefits and the major categories of expenditures projected for the 2020–21 biennium.

Through a separate appropriation to the Higher Education Group Insurance program, the state also contributes toward group insurance for higher education employees that are paid with state funds. The University of Texas and Texas A&M University systems administer separate group health insurance programs for their employees and retirees. Employees and retirees of the other institutions of higher education, including community colleges, are part of the Group Benefits Program within ERS.

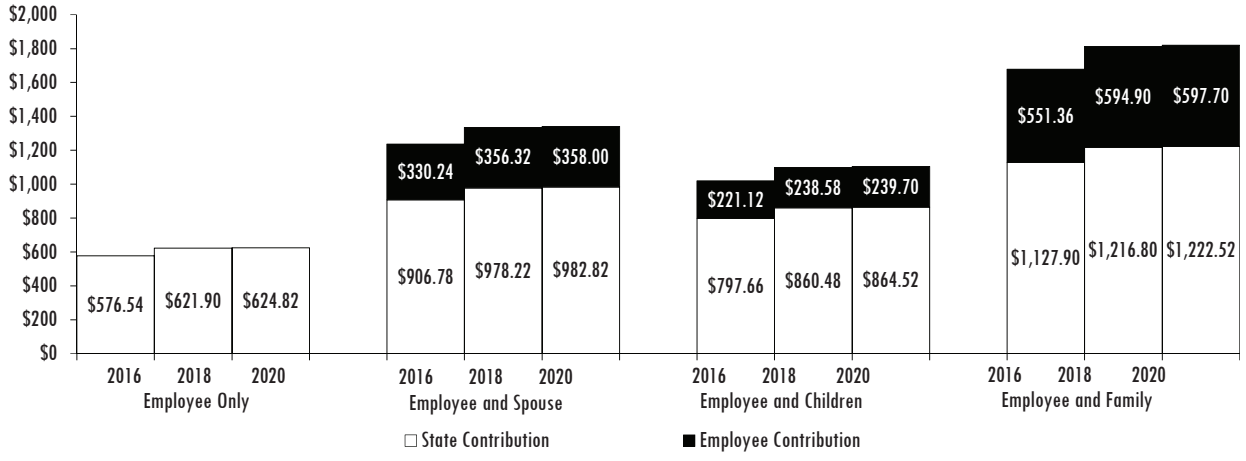
ERS offers a prescription drug plan and a managed healthcare plan called HealthSelect through the state-contracted vendors, OptumRx and Blue Cross Blue Shield, respectively. Although ERS self-insures the programs, outside administrators are contracted with the state to administer the managed-care, point-of-service health plan and the prescription drug plan. The system also contracts with various health maintenance organizations that serve primarily urban areas across Texas to provide state employees with healthcare alternatives to HealthSelect.

The state contribution for group insurance covers various levels of health coverage, depending on the category of coverage selected by the employee (e.g., employee only, employee and spouse). **Figure 78** shows the state and employee contributions as portions of the total cost in each of the various coverage categories for the HealthSelect plan for fiscal years 2016, 2018, and 2020. Member and state contribution levels have remained almost flat since fiscal year 2018 due to achieving significant cost savings in the OptumRx and Blue Cross Blue Shield contracts.

RETIREMENT

The second program area that ERS administers includes various retirement and death benefits available to state employees. ERS Retirement is the primary retirement plan that the system offers to general state employees and elected members. This plan is a defined-benefit retirement that results in a guaranteed annuity. The formula used to calculate a member's annuity multiplies years of service by final average salary by the benefit multiplier of 2.3 percent. Pursuant to the Texas Constitution, the state's contribution for employees' retirement may not exceed 10.0 percent of total payroll except in an emergency determined by the Governor, nor may it be less than 6.0 percent of total payroll. The state's retirement contribution rate established by the Eighty-sixth Legislature, 2019, is 9.5 percent for each fiscal year of the 2020–21 biennium; when combined with the 0.5 percent agency contribution, the total state contribution is 10.0 percent.

FIGURE 78
HEALTHSELECT MONTHLY CONTRIBUTION LEVELS, FISCAL YEARS 2016, 2018, AND 2020



SOURCE: Employees Retirement System.

An actuarial valuation report is completed annually for the ERS retirement trust fund, and an additional valuation update is completed during each regular legislative session. An actuarial valuation is a report regarding the financial status of the pension plan. The valuation includes a measurement of the plan's accrued liability and compares it to the plan's assets, then analyzes the reasons for changes from the previous plan year. The valuation also determines the actuarial soundness of the total contribution rate to the pension plan. For the plan to be actuarially sound, contributions must be sufficient to fund the normal cost, which is the cost of benefits being earned during the plan year by active members, and amortize the unfunded accrued liability during no more than 31 years. According to the August 31, 2019, actuarial valuation, the combined state and employee contribution rate of 19.50 percent for the 2020–21 biennium is less than the contribution required for the fund to be actuarially sound, which is 23.26 percent. The valuation also reported that the funding period at the end of fiscal year 2019 is infinite, meaning the unfunded accrued liability is expected to grow indefinitely. The assets are anticipated to be depleted in plan year 2075.

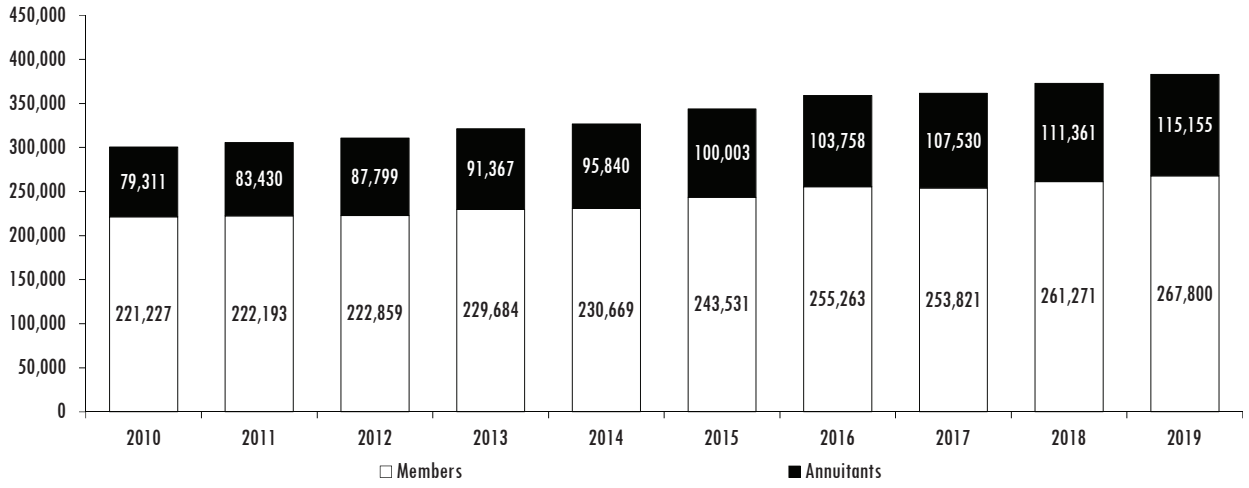
The August 31, 2019, actuarial valuation of the ERS retirement trust fund assessed the unfunded actuarial accrued liability—the amount of liabilities in excess of the assets—at $11.7 billion, an increase of $0.1 billion from the August 31, 2018, actuarial valuation. The plan's funded ratio, which is the plan's assets divided by the plan's liabilities, was 70.5 percent, which is 0.3 percentage point greater than the August 31, 2018, funded ratio of 70.2 percent.

As of August 31, 2019, ERS had 141,865 active contributing members and 125,935 noncontributing members, which are former state employees who have not withdrawn their retirement funds. At that time, 115,195 retirees and beneficiaries were receiving annuities. **Figure 79** shows ERS membership for current and retired employees since fiscal year 2010.

Trained professional personnel, in accordance with trustee policies and constitutional and statutory regulations, invest state contributions, member contributions, and investment income. To assist the agency staff with investment recommendations and decisions, the ERS board employs investment managers and utilizes an Investment Advisory Committee composed of financial and business community professionals appointed by the ERS board. ERS also retains an independent consultant to evaluate and analyze investment results. As of August 31, 2019, the market value of the ERS assets was $27.4 billion, which was $0.4 billion less than at the end of fiscal year 2018. **Figure 80** shows the fluctuating market value trend in the assets of the ERS retirement fund since fiscal year 2010, with the decrease during fiscal year 2015 attributable to national economic downturn.

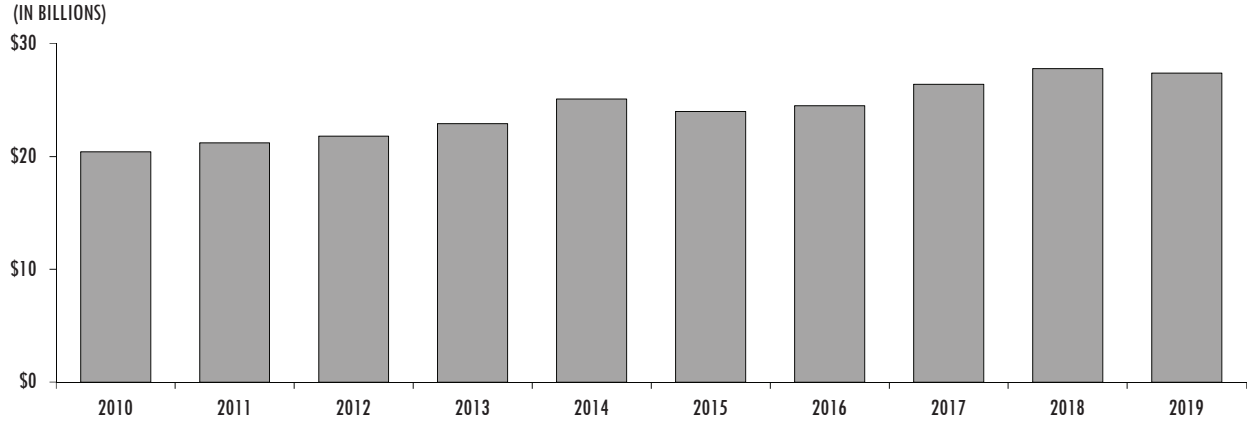
Certain members of ERS are also members of the Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund, which provides an increased retirement benefit for certain employees who are certified peace officers and custodial officers. LECOS funds a 0.5 percent supplement to the principal retirement

FIGURE 79
EMPLOYEES RETIREMENT SYSTEM MEMBERSHIP, FISCAL YEARS 2010 TO 2019



SOURCE: Employees Retirement System.

FIGURE 80
MARKET VALUE OF EMPLOYEES RETIREMENT SYSTEM CONSOLIDATED PENSION INVESTMENT FUND ASSETS FISCAL YEARS 2010 TO 2019



SOURCE: Employees Retirement System.

formula. This supplement increases the total retirement formula to 2.8 percent per year of service for those officers that have completed 20.0 years or more of services or have become occupationally disabled while serving as commissioned law enforcement or custodial officers. Members of LECOS will receive about 82.0 percent of their retirement annuity from the ERS Trust Fund and 18.0 percent from the LECOS Retirement Fund Trust. The state's LECOS contribution rate established by the Eighty-sixth Legislature, 2019, is 0.5 percent for the 2020–21 biennium, which continues the contribution rate from the 2018–19 biennium.

According to the August 31, 2019, actuarial valuation of the LECOS fund, the combined contribution rate is estimated to be 0.5 percent member contribution and 0.5 percent state contribution of payroll and $17.1 million in court fees for fiscal year 2020. The court fees are anticipated to be approximately 0.77 percent of payroll, but this rate will not remain level as a percentage of payroll. The total contribution rate is 2.91 percent less than the contribution required for the fund to be actuarially sound before including court fees. According to the same valuation, the total normal cost rate is 2.08 percent, which is less than the current combined contribution rate. The combined

contributions are insufficient to pay down the existing unfunded accrued liability; therefore, the expected funding period remains infinite.

As of August 31, 2019, the market value of the LECOS Retirement Fund was $943.6 million, a decrease of $23.2 million from the August 31, 2018, valuation report.

Eligible employees include law enforcement officers with the Texas Department of Public Safety, the Texas Alcoholic Beverage Commission, the Texas Parks and Wildlife Department, custodial officers at the Texas Department of Criminal Justice, and parole officers and caseworkers at the Board of Pardons and Paroles. As of August 31, 2019, 36,296 active members were contributing to the fund, 22,107 members were noncontributing, and 13,781 retirees and beneficiaries were receiving supplemental benefits.

ERS administers two retirement plans for judges: the Judicial Retirement System I (JRS I) and Judicial Retirement System II (JRS II). JRS I was closed on August 31, 1985, and is financed on a pay-as-you-go basis. Funds required for monthly annuity payments and refunds of member contributions are appropriated each fiscal year from General Revenue Funds. As of August 31, 2019, less than 10 active contributing members remained in the system, and 326 retirees and beneficiaries were receiving annuities.

JRS II was established for judges who joined the bench on or after September 1, 1985. The JRS II plan is prefunded on an actuarial basis, similarly to the ERS Retirement Fund and the LECOS Retirement Fund. The state contribution rate established by the Eighty-sixth Legislature, 2019, is 15.663 percent for each fiscal year of the 2020–21 biennium, which continues the contribution rate from the 2018–19 biennium. For fiscal year 2020, the member contribution rate is 9.5 percent of payroll; this rate is 2.0 percent greater than the member contribution rate during the 2018–19 biennium. Member contributions are optional after members accrue 20.0 years of service credit or have served 12.0 years on an appellate court and attained the Rule of 70, in which the sum of the judge's age and the judge's amount of service credit in the retirement system equals or exceeds the number 70. According to the August 31, 2019, actuarial valuation of the JRS II fund, the fiscal year 2019 combined contribution rate of 25.053 percent (15.663 percent state contribution and a 9.39 percent effective member contribution) is less than the contribution rate required for the fund to be actuarially sound, which is 27.84 percent. According to the same valuation, the normal cost rate is 23.14 percent, which is less than the combined contribution. The excess contribution of 1.913 percent does not meet the actuarially sound contribution rate, and the fund is expected to deplete within 57 years. As of August 31, 2019, 573 active members were contributing with 187 noncontributing members. As of the same date, 472 retirees and beneficiaries were receiving annuities.

FIGURE 81
STATE, MEMBER, AND ACTUARIALLY SOUND CONTRIBUTION (ASC) RATES FOR ERS RETIREMENT, LECOS, AND JRS II, FISCAL YEAR 2020

CATEGORY	ERS RETIREMENT	LECOS	JRS II (1)
State	9.50%	0.50%	15.66%
Member	9.50%	0.50%	9.39%
Other	0.5% (2)	$17.1 million (3)	N/A
Total	**19.50%**	**1.00% + $17.1 million**	**25.053%**
ASC Rate	23.26%	3.91% + $17.1 million	27.84%
Difference	3.76%	2.91%	2.79%

NOTES:
(1) JRS II=Judicial Retirement System II.
(2) State agencies contribute 0.5 percent of payroll to the Employees Retirement System (ERS) retirement plan each fiscal year.
(3) The Law Enforcement and Custodial Officer Supplemental (LECOS) Retirement Fund receives a portion of statutorily collected court costs, which is anticipated to be $17.1 million.
SOURCES: Legislative Budget Board; Employees Retirement System.

Figure 81 shows the combined contributions to the ERS retirement trust fund, the LECOS retirement fund, and the JRS II fund compared to the actuarially sound contribution rate for each fund for fiscal year 2020.

ERS also administers two death benefit programs, public safety death benefits and retiree death benefits. Survivors of a law enforcement officer, firefighter, or other public safety employee killed in the line of duty receive a $500,000 payment and other benefits such as funeral expenses and additional benefits for surviving children. Retiree death benefits include a $5,000 lump-sum death benefit provided to the survivor or estate of a person retired while a member of any of the retirement programs administered by ERS. Retiree death benefits are the appropriation made directly to the agency.

SIGNIFICANT LEGISLATION

House Bill 2384 – Judicial compensation and Judicial Retirement System of Texas Plans I and II. In addition to

increasing and restructuring judicial salaries, the legislation increases the member contribution to JRS II from 7.5 percent to 9.5 percent and changes the calculation of retirement annuities for JRS II members and district attorneys who retire on or after September 1, 2019.

Senate Bill 1264 – Consumer protections against certain medical and healthcare billing. The legislation prohibits certain out-of-network facilities and providers from balance-billing insurance plan participants for services provided in an emergency or at an in-network facility; this law removes the member from the mediation and arbitration process.

TEXAS ETHICS COMMISSION

PURPOSE: To promote individual participation and confidence in electoral and governmental processes by enforcing and administering ethics laws and by providing information that enables the public to oversee the conduct of public officials and those attempting to influence public officials.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Constitution, Article III, §24a

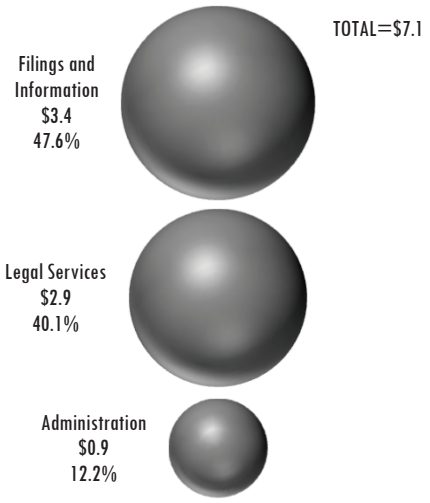
GOVERNANCE: Commission—four members appointed by the Governor, two members appointed by the Lieutenant Governor, two members appointed by the Speaker of the House of Representatives, with no more than four commissioners from the same political party

FIGURE 82
TEXAS ETHICS COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$5.9	$7.1	$1.3	21.4%
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)	(100.0%)
Total, All Methods of Finance	**$5.9**	**$7.1**	**$1.2**	**21.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	35.4
2021	34.4

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The legal services division received **more than 8,100 calls during fiscal year 2019**, and the agency issued **three advisory opinions**.

The agency collected approximately $2.0 million in fees for the 2018–19 biennium related to lobbyist registrations, which were deposited into the General Revenue Fund.

Additional appropriations of **$0.5 million** have been provided to maintain and enhance the agency's **Electronic Filing System**, which is used to process statutory filings.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Texas Ethics Commission (TEC) include an increase of approximately $1.2 million in General Revenue Funds. This increase is across all TEC's functions, with the exception of statutory filings, included in the Filings and Information program area, which received a decrease of $0.1 million from 2018–19 biennial levels. Of the agency's 2020–21 biennial appropriations, 100.0 percent consists of General Revenue Funds. Appropriations from the 2018–19 biennium of $16,380 in Appropriated Receipts, which are derived from copying charges that the agency collects for requests to obtain information or reports that the agency maintains, have been transferred to General Revenue Funds appropriations in the same amounts for the 2020–21 biennium.

PROGRAMS

The agency carries out its responsibilities through three major program areas: (1) filings and information; (2) legal services; and (3) administration.

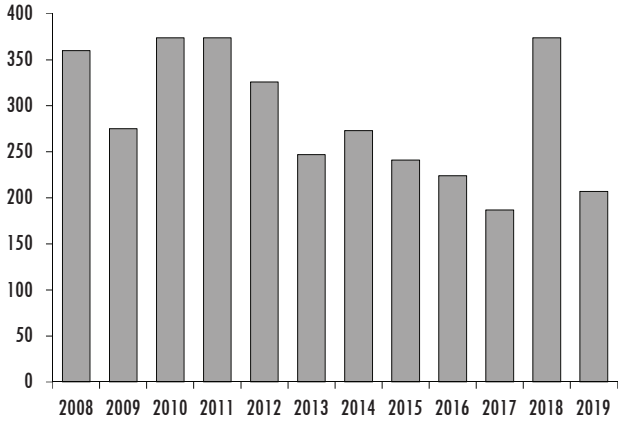
FILINGS AND INFORMATION

TEC's primary program area relates to filings and information, which includes appropriations for administering, supporting, and enforcing deadlines related to financial and campaign reports submitted to the agency by elected officials, candidates for elected office, lobbyists, and certain state officials. TEC makes certain reports available on the agency's website, and other reports are available upon request. State law requires that certain disclosure reports are filed electronically with the agency. All disclosure reports are processed through an agency-maintained electronic filing system, which was purchased and developed during the 2014–15 biennium. The system consists of web-based filing applications for campaign finance, lobby, and personal financial statements for the state's filers, an internal filing application manager, and other databases. The Information Resources division manages the filing application and provides the planning, management, and operation of information technology systems and equipment for the agency. Appropriations for filings and information total approximately $2.7 million for the 2020–21 biennium and provide for 14.0 full-time-equivalent (FTE) positions.

LEGAL SERVICES

Another TEC program area provides legal services to the public and filers by responding to requests for guidance, primarily by telephone, and providing instruction regarding laws that the agency administers. TEC utilizes an online training program and agency-developed educational guides and brochures to educate state employees and the public regarding ethics laws. The agency also issues advisory opinions, which assist the public and entities that the agency regulates to understand the laws it enforces. For fiscal year 2019, the agency issued three advisory opinions and received more than 8,100 calls to the legal division.

FIGURE 83
TEXAS ETHICS COMMISSION SWORN COMPLAINTS RECEIVED, FISCAL YEARS 2008 TO 2019



SOURCE: Texas Ethics Commission.

Legal services also include enforcing provisions of campaign finance law, lobby law, and government ethics laws on individuals that file with TEC or with local authorities such as county or city clerks. The agency may initiate investigations and subpoena witnesses pertaining to violations of state law related to ethics. These services include receiving sworn complaints from individuals alleging violation of certain laws that TEC is responsible for enforcing. **Figure 83** shows the number of complaints received by the agency from fiscal years 2008 to 2019. The number of complaints received is related to several factors, such as election timing. TEC is authorized to impose civil penalties through fines for reporting violations. The fines that the agency levies and collects are deposited directly into General Revenue Funds and are not appropriated to the agency. Appropriations for legal services total approximately $2.9 million for the 2020–21 biennium and provide for 15.4 FTE positions.

ADMINISTRATION

The agency's final program area is administration, which includes the indirect administrative functions that provide agencywide support functions, including executive

leadership, finance, purchasing, human resources management, and staff services. Appropriations for administration total approximately $0.9 million for the 2020–21 biennium and provide for 6.0 FTE positions.

SIGNIFICANT LEGISLATION

House Bill 1785 – Relating to the information required to be disclosed in a registration form for lobbyists. The legislation requires lobbying registration forms to include identification of registered foreign agents pursuant to the federal Foreign Agents Registration Act of 1938.

Senate Bill 548 – Relating to complaints filed with and certain other filings submitted to the Texas Ethics Commission. The legislation modifies the advisory opinion process to enable defense to prosecution or civil penalties on the basis of a TEC failure to issue an advisory opinion within 120 days of receiving a response. Enables automatic dismissal of complaints with the submission of a correction by a respondent.

TEXAS FACILITIES COMMISSION

PURPOSE: To support state government through strategic planning, asset management, design, construction, maintenance, and leasing of state facilities and the reallocation or disposal of state and federal surplus.

ESTABLISHED: 2007

AUTHORIZING STATUTE: The Texas Government Code, Chapter 2152

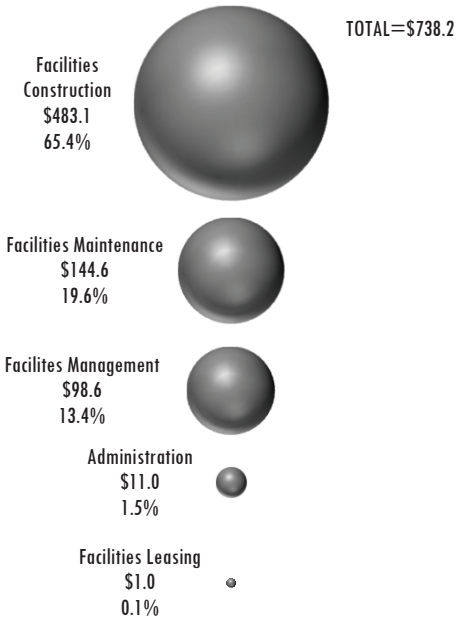
GOVERNANCE: Commission—five members appointed by the Governor, and two members appointed by the Lieutenant Governor

FIGURE 84
TEXAS FACILITIES COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	**EXPENDED/BUDGETED 2018–19**	**APPROPRIATED 2020–21**	**BIENNIAL CHANGE**	**PERCENTAGE CHANGE**
General Revenue Funds	$76.2	$221.4	$145.3	190.8%
General Revenue–Dedicated Funds	$38.5	$5.3	($33.3)	(86.3%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$912.9	$511.5	($401.4)	(44.0%)
Total, All Methods of Finance	**$1,027.6**	**$738.2**	**($289.4)**	**(28.2%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	553.4
2021	553.4

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations of $909.8 million in All Funds represent a decrease due to the removal of onetime capital project appropriations and unexpended balances from the 2018–19 biennium. These decreases are **offset by an increase of $620.4 million** in All Funds appropriations for the 2020–21 biennium.

Appropriations of **$133.8 million** in General Revenue Funds are provided for **deferred maintenance** projects and the Lyndon B. Johnson Building renovation.

Appropriations include **$475.2 million** in Revenue Bond Proceeds for the second phases of the **Capitol Complex and North Austin Complex projects.**

Appropriations of $5.8 million in General Revenue Funds and **44.0 additional full-time equivalent positions** are provided to increase the hiring of **skilled building trades**, with the goal of decreasing reliance on contracted maintenance services.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Texas Facilities Commission (TFC) includes a net decrease of $289.4 million in All Funds primarily due to the following changes: a decrease of $909.8 million in All Funds from onetime capital project appropriations and unexpended balances from the 2018–19 biennium; an increase of $475.2 million in Other Funds from Revenue Bond Proceeds for Phase 2 of the North Austin Complex and Capitol Complex projects; an increase of $120.2 million in General Revenue Funds for deferred maintenance projects across TFC-administered facilities; $19.3 million in General Revenue Funds for the Lyndon B. Johnson building renovation, cybersecurity initiatives, building security upgrades, and other capital projects; and $5.8 million in General Revenue Funds to hire additional staff in skilled building trades.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) oversight and management of facilities design and construction; (2) oversight and management of facility repairs and deferred maintenance projects; (3) management of state-owned facilities; (4) agency administration; and (5) management of facility leasing for state agencies.

FACILITIES DESIGN AND CONSTRUCTION

The facilities design and construction program area is responsible for providing professional architectural, engineering, and construction project management services to all state agencies. As of August 2019, TFC is managing 78 projects on behalf of 10 state agencies with a total value of approximately $1.3 billion. This portfolio includes Phase 1 of the North Austin Complex and Capitol Complex projects, totaling $767.6 million in Other Funds from Revenue Bond Proceeds for three new office buildings, associated parking structures, and utility infrastructure. Nine construction contracts, totaling approximately $117.7 million, were completed during fiscal year 2019, all within budget.

Appropriations of $475.2 million for the 2020–21 biennium are provided to proceed with Phase 2 of the Capitol Complex Project and North Austin Complex projects, which will include three new state office buildings and associated parking structures.

FACILITIES MAINTENANCE

The facilities maintenance program area involves administering the deferred maintenance and minor construction programs. Deferred maintenance projects include repairing or replacing broken or outdated building systems, upgrading building systems to increase building capacities, and improving energy conservation by installing high-efficiency equipment to lower utility costs. For the 2020–21 biennium, the agency is appropriated $120.2 million for health, safety, and deferred maintenance projects. Deferred maintenance priorities will include critical or near-critical repairs that affect health, safety, and continuity of operations at TFC, Texas School for the Deaf, and Texas School for the Blind and Visually Impaired facilities. In addition, $13.6 million is appropriated for renewal projects at the Lyndon B. Johnson Building.

Additionally, the minor construction program performs minor renovations and rehabilitation for tenants of TFC buildings on a cost-recovery basis. TFC charges agencies $63 per hour for minor construction services or contract administration if a private vendor performs the renovation with TFC oversight. The total fee for contract administration varies depending on the size and complexity of the contract. To decrease the state's reliance on contracted maintenance services, the agency has been appropriated $5.8 million in General Revenue Funds to hire 44.0 full-time-equivalent positions in skilled building trades during the 2020–21 biennium.

FACILITIES MANAGEMENT

The agency's facilities management program area is responsible for custodial services for state-owned buildings, facilities operation and management services, facilities planning, grounds management, parking and special events services, recycling and waste management, surplus property management, and utilities. During fiscal year 2018, the agency's portfolio of leased, owned, and managed facilities totaled more than 26.1 million square feet, supporting the needs of 102 state agencies and 63,265 employees throughout 243 Texas cities and towns. TFC has planning and oversight responsibilities to determine facility requirements and to allocate and assign space to the agencies located in TFC's leased, owned, and managed inventory. This program evaluates and approves all requests for space allocation, relinquishment, or modifications. For the 2020–21 biennium, the agency has been appropriated $3.4 million in General Revenue Funds to update and standardize security systems at 13 state office buildings in the Travis County area.

Figure 85 shows that approximately 64.6 percent of all office space occupied by the state in Travis County consists of state-

owned or state-built facilities that TFC manages. Statewide, state-owned, and state-managed space makes up approximately 38.5 percent of the total inventory of office space that state agencies occupy.

The custodial operations program provides cleaning services for state-owned and state-managed facilities within TFC's inventory. Inspections are performed randomly on all phases of custodial services intended to ensure that quality service is provided. TFC also manages the state's recycling and waste program. The recycling program provides proper disposal of these items at no cost to tenants in TFC-managed buildings.

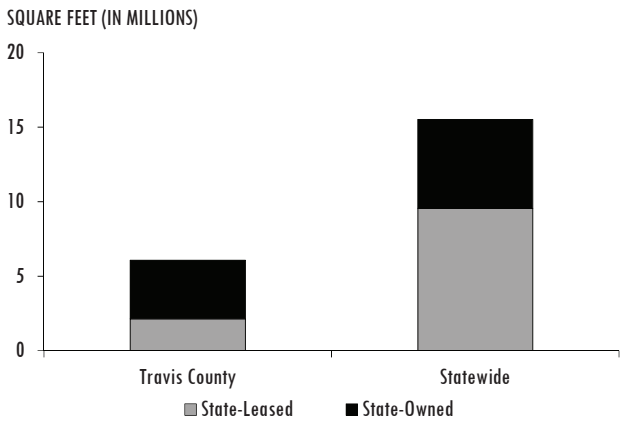
The facilities operations program is responsible for utility plants and building systems. This section is staffed on a continuous 24-hour work schedule to monitor central utility plants that provide chilled water and steam to various buildings. This program is also responsible for 67 standalone systems in buildings that do not receive chilled water or steam from the central utility plants.

Facilities planning is a continuous process at TFC, in which the agency monitors and evaluates facility space utilization and needs along with state agencies' anticipated requirements. TFC works closely with other agencies to develop planning assessments to meet particular agency needs in the areas of space utilization, facility acquisition, disposition, leasing, modification, or new construction. The agency has been appropriated an additional $0.3 million in General Revenue Funds for the 2020–21 biennium to update the Facilities Master Plan and the Capitol Complex Master Plan.

The grounds maintenance program maintains and repairs the grounds, parking garages, and surface lots on state property in Travis County. Agency staff, in conjunction with contract labor, perform routine landscape maintenance services such as mowing, edging, blowing, and weeding for approximately 288.0 acres of state-owned property in Travis County. Staff also perform nightly cleaning for 18 state-owned parking garages.

The commercial parking and special events program is responsible for administering temporary leasing of state facilities in the Austin area for after-hours parking, movie productions, special events, and tailgating. Additionally, the program administers the conference room reservation system, a web-based scheduling system for conference rooms, common areas, or exterior areas in TFC-managed, state-owned buildings for use by state agencies. During

FIGURE 85
STATE OFFICE SPACE, FISCAL YEAR 2019



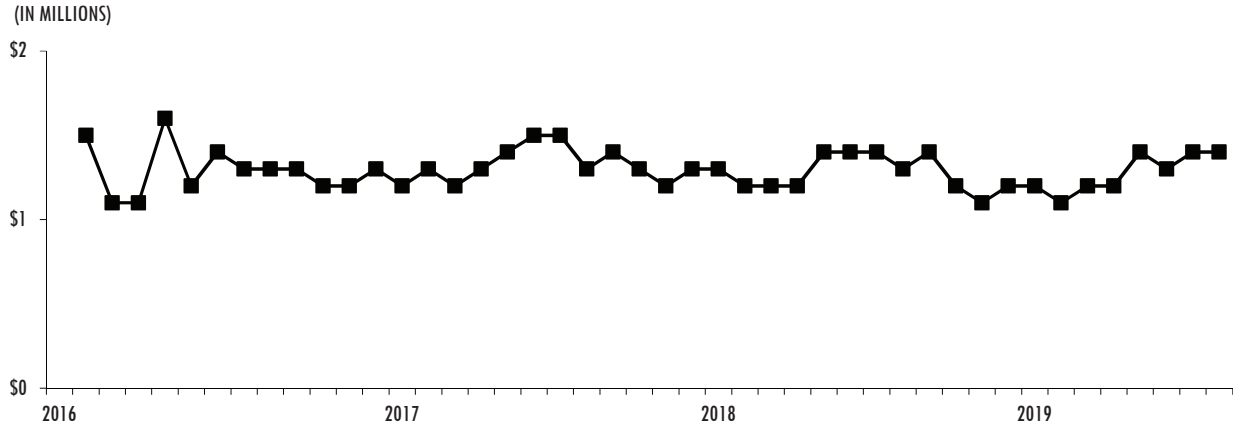
SOURCE: Texas Facility Commission.

fiscal year 2018, the program generated approximately $1.0 million in revenue returned to the state Treasury from fees charged for parking after hours, on weekends, during excess daytime special events, and lease agreements in the Capitol Complex and Hobby Complex in Austin.

TFC is statutorily charged with the administration of the Texas State and Federal Surplus Property programs. The State Surplus Property Program facilitates the placement and disposal of state surplus and salvage property for state agencies. For fiscal year 2019, the state program deposited proceeds totaling approximately $5.5 million to the state Treasury, of which a portion may be expended by participating state agencies and counties. The Federal Surplus Property Program is responsible for administering the donation of federal surplus personal property in Texas. During fiscal year 2019, the program generated $6.7 million in revenue.

The Office of Energy Management explores ways to lower utility costs and to conserve energy in state-owned facilities. The program oversees procurement, use, and distribution of TFC's utilities appropriations. This function includes performing cost-benefit analysis on equipment, evaluating and improving business practices, refining methods of building operation, developing and implementing program policies and procedures, and researching and planning for the use of advanced technologies. As **Figure 86** shows, monthly utility expenditures fluctuate within any fiscal year, often related to changes in weather conditions. Appropriations for utility payments related to facilities

FIGURE 86
STATE-OWNED FACILITIES UTILITY EXPENDITURES, FISCAL YEARS 2016 TO 2019



NOTE: Data as of August 2019.
SOURCE: Texas Facilities Commission.

operations for the 2020–21 biennium total $36.7 million in All Funds.

ADMINISTRATION

The agency administration program area supports the overall efficiency and effectiveness of TFC operations. This program area is funded with approximately $7.1 million in General Revenue Funds. For the 2020–21 biennium, the agency is appropriated $0.6 million in General Revenue Funds to implement the human resources component of the Centralized Accounting and Payroll/Personnel System. In addition, the agency has been appropriated $0.6 million for the replacement of motor vehicles older than age 10.0 years that have more than 150,000 miles of travel. Additionally, TFC has been appropriated $0.4 million in General Revenue Funds for agencywide cybersecurity improvements.

FACILITIES LEASING

TFC's leasing services program procures and manages leased facilities to meet state agencies' operational needs throughout the state. During fiscal year 2018, the program managed more than 700 active leases for office, warehouse, and training purposes for 33 state agencies in 243 Texas cities and towns. The program evaluates the facility requirements of tenant agencies; monitors real estate market rent and operating-cost characteristics; and procures, negotiates, and manages lease contracts that represent the best value to the state. TFC's leasing portfolio totaled 10.2 million square feet with a monetary value of $171.7 million during fiscal year 2018.

SIGNIFICANT LEGISLATION

House Bill 2944 – Authorizing the sale or transfer of the G.J. Sutton Building Complex in San Antonio. The legislation authorizes the sale of the G.J. Sutton Building Complex in San Antonio by the General Land Office on behalf of TFC.

Senate Bill 401 – Legislative oversight of deferred maintenance projects. The legislation establishes the Joint Oversight Committee on Government Facilities as a permanent joint committee of the Legislature to oversee deferred maintenance project planning and execution. A total of $556.4 million was appropriated for deferred maintenance projects for the 2020–21 biennium.

Senate Bill 1349 – Authorizing the sale of certain real property by the Texas Facilities Commission on behalf of the state. The legislation authorizes the sale of the William P. Hobby Building in Austin by the General Land Office on behalf of TFC. TFC estimates that the sale will result in annual savings of $16.0 million.

PUBLIC FINANCE AUTHORITY

PURPOSE: To issue general obligation and revenue bonds for designated state agencies, maintain the Master Lease Purchase Program, and act as the exclusive issuer in other statutes when designated by the Legislature.

ESTABLISHED: 1983

AUTHORIZING STATUTE: The Texas Government Code, §1232

GOVERNANCE: Board of Directors—seven members appointed by the Governor with advice and consent of the Senate

FIGURE 87
PUBLIC FINANCE AUTHORITY BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1.7	$1.6	($0.1)	(5.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$1.3	$1.5	$0.2	14.4%
Total, All Methods of Finance	**$3.0**	**$3.1**	**$0.1**	**3.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	14.5
2021	14.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

Public Finance Authority General Obligation (GO) bond debt totaled $2.5 billion, with debt service payments totaling $618.7 million for the 2020–21 biennium.

The agency approved **seven requests for financings**, **refundings, and cash defeasances** during fiscal year 2019.

Of **$2.5 billion in outstanding GO bonds, $1.4 billion**, or 56.0 percent, is for bonds for the Cancer Prevention and Research Institute of Texas.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to fund the Texas Public Finance Authority (TPFA) for the 2020–21 biennium are divided into two components: agency operations, and debt service payments on new and existing General Obligation (GO) bonds. Funding for TPFA's agency operations increased by $0.1 million, or 3.3 percent from the 2018–19 biennium. The increase is related primarily to funding for maintenance and updates to the Debt Management System, a salary merit pool, and completion of the Centralized Accounting and Payroll/Personnel System transition. GO bond debt service appropriations for debt issued by TPFA decreased by $13.6 million, or 2.7 percent, from the 2018–19 biennium.

PROGRAMS

TPFA issues general obligation and revenue bonds for designated state agencies to provide financing for the construction or acquisition of facilities, and maintains the Master Lease Purchase Program to provide financing for equipment acquisition. The agency carries out its responsibilities through two major program areas: (1) issuing and managing bonds on behalf of state agencies; and (2) issuing debt that is not a legal liability of the state on behalf of third-party entities.

ISSUE AND MANAGE BONDS

Within the first major program area, TPFA issues GO and revenue bonds for designated state entities, shown in **Figure 88**, and administers the Master Lease Purchase Program, which is used primarily to finance capital equipment such as computers, telecommunications systems, software, vehicles, and energy performance contracts.

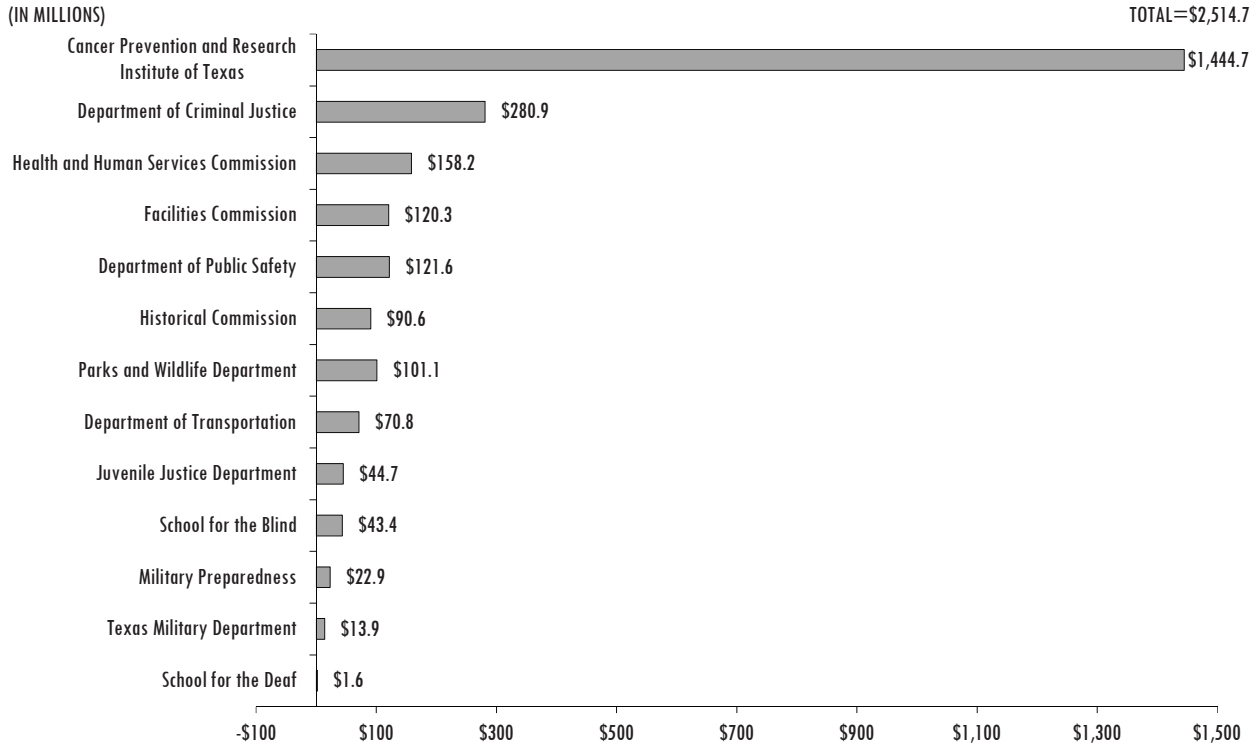
TPFA issues GO bonds on behalf of certain state agencies. GO debt requires a constitutional amendment, approval by two-thirds of the Legislature, and approval by a majority of voters in a statewide election. GO debt is backed by the full faith and credit of the state, requiring that the first monies coming into the state Treasury that are not otherwise constitutionally dedicated are used to pay the debt service on these obligations. The state operates several GO bond programs, including bonds for general state government construction projects on behalf of several state agencies, the Texas Military Revolving Loan Fund for loans to defense communities, and initiatives of the Cancer Prevention and Research Institute of Texas. TPFA monitors all debt obligations to ensure compliance with federal tax law and bond covenants. The agency's staff manages ongoing bond proceeds and ensures timely payments of principal and interest to the bond holders.

FIGURE 88
PUBLIC FINANCE AUTHORITY CLIENT AGENCIES BY TYPE OF FINANCING, 2020–21 BIENNIUM

GENERAL OBLIGATION BONDS	REVENUE BONDS	MASTER LEASE PURCHASE PROGRAM
Cancer Prevention and Research Institute of Texas	Facilities Commission	All state agencies and institutions of higher education
Facilities Commission	Historical Commission	
Historical Commission	State Preservation Board	
Texas Military Preparedness Commission (Texas Military Value Revolving Loan Fund)	Health and Human Services Commission	
Health and Human Services Commission	Department of State Health Services	
Department of State Health Services	Texas Military Department	
Texas School for the Blind and Visually Impaired	Department of Criminal Justice	
Texas School for the Deaf	Parks and Wildlife Department	
Texas Military Department	Texas Workforce Commission	
Department of Public Safety	Midwestern State University	
Department of Criminal Justice	Texas Southern University	
Juvenile Justice Department	Texas Windstorm Insurance Association	
Department of Agriculture	Department of Transportation	
Texas Agricultural Finance Authority		
Parks and Wildlife Department		
Department of Transportation		

SOURCE: Texas Public Finance Authority.

FIGURE 89
OUTSTANDING GENERAL OBLIGATION BOND DEBT AS OF AUGUST 31, 2019



NOTES:
(1) Totals may not sum due to rounding.
(2) State Preservation Board and Department of Agriculture General Obligation bonds debt service are less than $10,000 per biennium and are not shown.
SOURCE: Texas Public Finance Authority.

As of August 31, 2019, outstanding nonself-supporting GO bonds totaled $2.3 billion, outstanding self-supporting GO bonds totaled $22.9 million, and outstanding GO commercial paper totaled $174.3 million. **Figure 89** shows the amount of debt outstanding by agency. Appropriations for debt service payment for GO bonds total $618.7 million for the 2020–21 biennium, a decrease of $13.6 million, or 2.7 percent, from the 2018–19 biennial estimated and budgeted amounts. **Figure 90** shows the appropriations for debt service on GO bonds for the 2020–21 biennium by agency.

Due to favorable market conditions and conservative debt service estimations, TPFA identified $35.1 million in savings from GO bond debt service payments during the 2018–19 biennium. This amount was applied toward supplemental appropriations provided by Senate Bill 500, Eighty-sixth Legislature, 2019.

Unlike GO bonds, revenue bonds do not require voter approval. TPFA issues revenue bonds to fund a project on behalf of another state agency and leases the project to the agency. Funds for debt service payments on revenue bonds are appropriated to the applicable agency as lease payments to TPFA. These appropriations typically are made from General Revenue Funds; however, debt service for revenue bonds issued by TPFA for the Texas Department of Transportation's Austin Campus Consolidation project will be paid out of the State Highway Fund. Appropriations for debt service payments on revenue onds total $142.8 million for the 2020–21 biennium, an increase of $41.6 million, or 41.1 percent, from 2018–19 biennial spending levels, as shown in **Figure 91**.

As shown in **Figure 92**, outstanding revenue bond ebt totaled $604.1 million as of August 31, 2019. Of this amount, $341.8 million, or 56.5 percent, is

FIGURE 90
GENERAL OBLIGATION BOND DEBT SERVICE APPROPRIATIONS IN ALL FUNDS BY AGENCY, 2020–21 BIENNIUM

(IN MILLIONS)

AGENCY	BUDGETED/EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Facilities Commission	$40.6	$32.9	($7.7)	(19.0%)
Historical Commission	$29.9	$26.3	($3.5)	(11.9%)
Cancer Prevention Institute of Texas	$247.8	$301.7	$53.9	21.7%
Texas Military Preparedness Commission	$4.3	$7.3	$3.0	70.2%
Health and Human Services Commission	$54.9	$44.6	($10.3)	(18.7%)
Texas School for the Blind and Visually Impaired	$20.2	$14.5	($5.6)	(27.9%)
Texas School for the Deaf	$0.6	$0.6	$0.0	3.1%
Texas Military Department	$4.9	$4.5	($0.4)	(8.3%)
Department of Public Safety	$40.6	$33.4	($7.3)	(17.8%)
Juvenile Justice Department	$19.5	$14.0	($5.5)	(28.3%)
Department of Criminal Justice	$112.7	$90.2	($22.5)	(20.0%)
Parks and Wildlife Department	$33.4	$27.4	($5.3)	(18.0%)
Department of Transportation	$26.6	$21.3	($17.2)	(19.7%)
Total	**$635.9**	**$618.7**	**($13.6)**	**(2.7%)**

NOTES:
(1) Totals may not sum due to rounding.
(2) State Preservation Board and Department of Agriculture General Obligation bonds debt service are less than $10,000 per biennia and are not shown.
SOURCE: Texas Public Finance Authority.

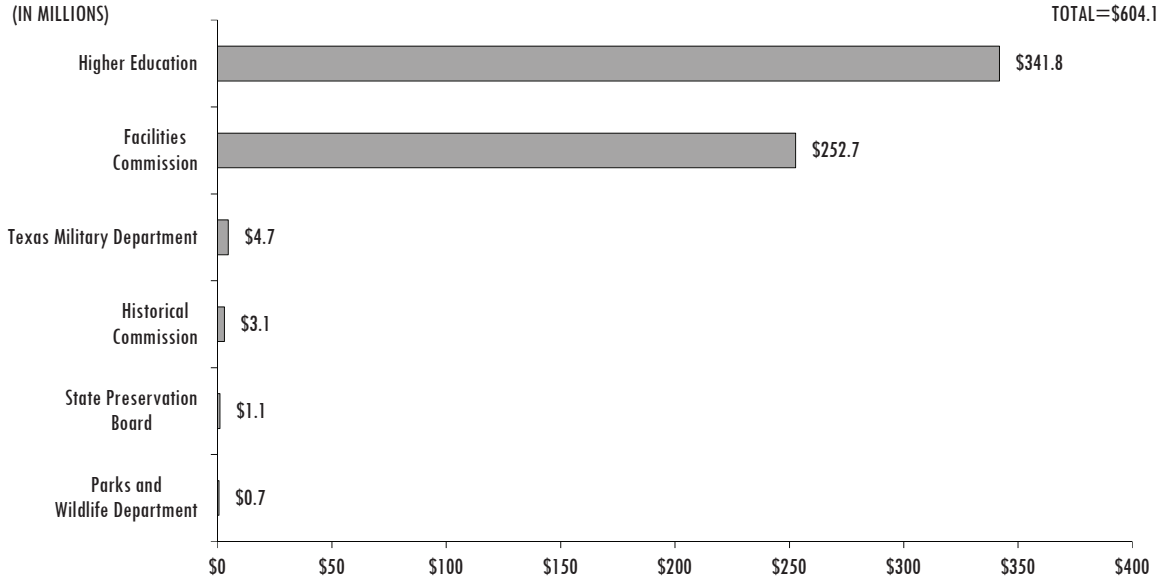
FIGURE 91
REVENUE BOND-RELATED DEBT SERVICE APPROPRIATIONS IN ALL FUNDS, 2020–21 BIENNIUM

(IN MILLIONS)

AGENCY	BUDGETED/EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Facilities Commission	$42.7	$78.5	$35.8	84.0%
Historical Commission	$1.4	$1.1	($0.2)	(18.0%)
State Preservation Board	$9.3	$1.1	($8.2)	(88.5%)
Department of State Health Services	$1.9	$0.0	($1.9)	(100%)
Higher Education Institutions	$38.4	$35.1	($3.3)	(8.7%)
Texas Military Department	$2.5	$2.5	$0.0	0.8%
Parks and Wildlife Department	$5.1	$0.7	($4.4)	(86.0%)
Texas Department of Transportation	0.0	$23.8	$23.8	100%
Total	**$101.3**	**$142.8**	**$41.6**	**41.1%**

NOTES:
(1) Higher education institutions include Midwestern State University and Texas Southern University. Higher education expended amounts are not verified by Texas Public Finance Authority because the institutions make their own debt service payments.
(2) Totals may not sum due to rounding.
SOURCE: Texas Public Finance Authority.

FIGURE 92
OUTSTANDING REVENUE BOND (NON-GENERAL OBLIGATION) DEBT, AS OF AUGUST 31, 2019



NOTES:
(1) Data includes university bonds for Midwestern State University and Texas Southern University.
(2) Master Lease Purchase Program and conduit debt not included.
SOURCE: Texas Public Finance Authority.

outstanding debt primarily for university bonds (tuition revenue bonds and nontuition revenue bonds) issued by TPFA on behalf of certain higher education institutions, which include Midwestern State University and Texas Southern University.

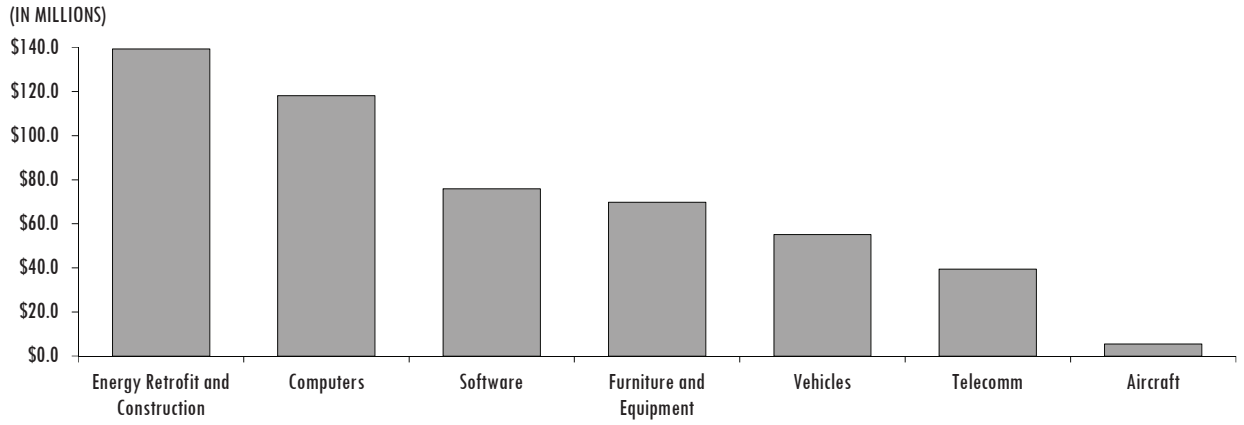
The Master Lease Purchase Program (MLPP) is a lease revenue-financing program initially authorized by the Seventy-first Legislature, Regular Session, 1989, primarily to finance equipment acquisitions for state agencies. The program provides financing for computers, telecommunications, and other capital equipment on purchases of greater than $10,000, and for equipment with a useful life of at least 3.0 years. MLPP acquisitions are funded with tax-exempt commercial paper, a short-term, variable-rate financing instrument. The agency charges its client agencies an administrative fee based on the outstanding principal balance of each lease. As of August 30, 2019, approximately $33.4 million in debt was outstanding for the MLPP.

Figure 93 shows the total amount of assets and type of projects financed since the program's inception in fiscal year 1992.

CONDUIT DEBT

The second major program area is issuing debt that is not a legal liability of the state on behalf of third-party entities. The state is authorized by statute to issue conduit debt for certain purposes, including charter schools, transportation, single-family mortgages, multifamily dwellings, and economic development. TPFA issues conduit debt for the Texas Windstorm Insurance Association and for Texas charter schools via the TPFA Charter School Finance Corporation. Debt service for conduit debt typically is provided by project revenue and is secured by a third party. Although conduit revenue debt obligations bear the name of the agency as the issuer, the agency is not liable financially for the debt beyond the revenues provided by a lease or loan with the third party on whose behalf they are issued.

FIGURE 93
ASSETS FINANCED VIA MASTER LEASE PURCHASE PROGRAM, FISCAL YEARS 1992 TO 2019



SOURCE: Texas Public Finance Authority.

OFFICE OF THE GOVERNOR

PURPOSE: As the chief executive officer of Texas, the Governor is responsible for carrying out various constitutional and statutory responsibilities, including serving as the commander in chief of the state's military forces, serving as the chief budget officer, and appointing members of state boards and commissions.

ESTABLISHED: 1845

AUTHORIZING STATUTE: The Texas Constitution, Article IV

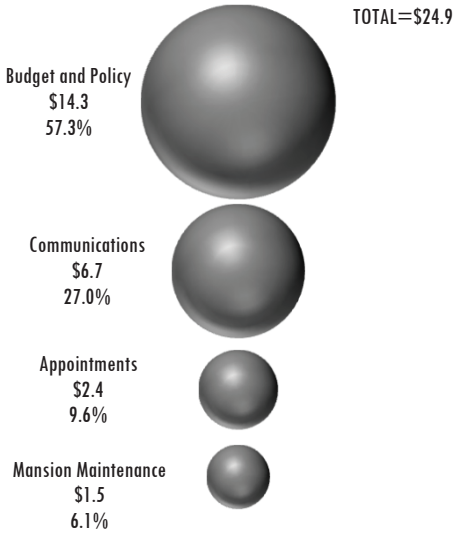
GOVERNANCE: Statewide elected official

FIGURE 94
OFFICE OF THE GOVERNOR BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$31.4	$24.9	($6.6)	(20.9%)
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	0.0%
Total, All Methods of Finance	**$31.5**	**$24.9**	**($6.6)**	**(20.9%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	120.1
2021	120.1

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Budget and Policy Division funding includes **$0.3 million** related to the **Texas Workforce Commission Investment Council**, which is funded via Interagency Contract.

Funding for the Office of the First Lady is $0.5 million, or 7.8 percent of the communications program area.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to fund the Office of the Governor for the 2020–21 biennium decreased by $6.6 million, or 20.9 percent from the 2018–19 biennium. The decrease is related primarily to unexpended balances carried forward from the 2016–17 biennium into the 2018–19 biennium and expended by the agency.

PROGRAMS

The agency carries out responsibilities through four major program areas: (1) budget and policy; (2) communications; (3) appointments; and (4) mansion maintenance.

BUDGET AND POLICY

The first major program area encompasses the Office of the Governor's Budget and Policy Division, which assists the Governor in formulating and implementing state policy by coordinating with state agencies, the Legislature, and various constituents and stakeholder groups. The Budget and Policy Division provides fiscal information and analysis in support of the Governor's statutory role as the state's chief budget officer. It advises the Governor on the state's fiscal condition, recommends fiscal policies to the Governor, and prepares the Governor's state biennial budget for distribution to the Legislature. Other budget activities include approving agency requests to enter into contracts with consultants and reviewing agency budget submissions and other submissions required by law. In conjunction with the Legislative Budget Board, the Budget and Policy Division coordinates the state agency strategic planning process, issues budget instructions to state agencies, and conducts hearings regarding agency budget requests. Funding for the budget and policy program area is $14.3 million, or 57.3 percent of appropriations and 61.6 full-time-equivalent positions for the 2020–21 biennium.

COMMUNICATIONS

Communications is the second major program area of the Office of the Governor. The Communications Office manages media relations for the Governor and the First Lady by providing information to media. The program prepares news releases and speeches for the Governor and handles media calls and requests for interviews. It also receives calls from individuals with concerns or issues about state government through its information and referral hotline, refers callers to appropriate agencies for assistance, and reports constituents' concerns to the Governor. In addition, the program makes travel arrangements and prepares detailed schedules for the Governor. Funding for the communications program area is $6.7 million, or 25.0 percent of appropriations for the 2020–21 biennium.

APPOINTMENTS

The third major program area in the Office of the Governor helps the Governor recruit, screen, select, and prepare individuals that are appointed to the state's boards, commissions, and advisory committees. When required, the Appointments Office prepares appointees for confirmation by the Texas Senate. This program also supports the processes of filling vacancies in statewide elected and judicial district offices. During a four-year term, the Governor makes approximately 300 appointments. Funding for the appointments program area is $2.4 million, or 9.6 percent of appropriations for the 2020–21 biennium.

MANSION MAINTENANCE

Mansion maintenance is the fourth major program area of the Office of the Governor. The Governor's mansion has served as the official residence of Texas governors and their families since 1856. The mansion staff provides for the standard operations of the mansion. The mansion staff also plans, coordinates, and executes special events. Funding for the mansion maintenance program area is $1.5 million, or 6.1 percent of appropriations for the 2020–21 biennium.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

PURPOSE: The Trusteed Programs within the Office of the Governor are statewide programs that the chief executive's office directly oversees. Programs include the Disaster Assistance Grants for state agencies and local governments, the Film and Music Marketing Program, the Criminal Justice Division, the Economic Development and Tourism Division, the Texas Military Preparedness Commission, the Homeland Security Division, the Committee on People with Disabilities, the Commission for Women, and the Office of State–Federal Relations.

ESTABLISHED: 1845

AUTHORIZING STATUTE: The Texas Constitution, Article IV

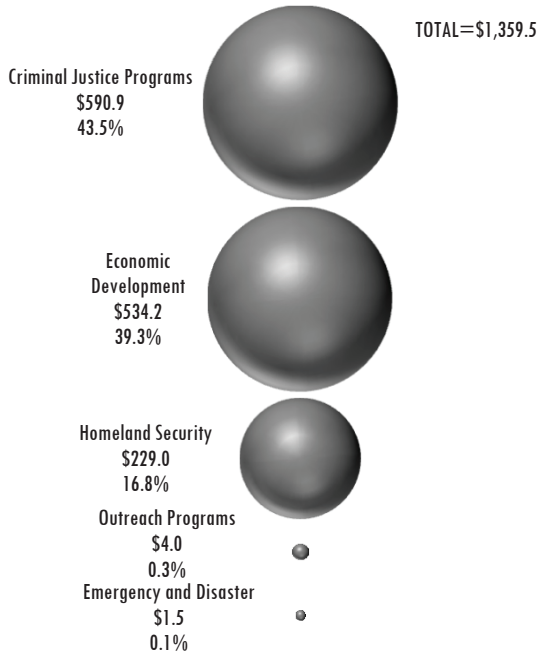
GOVERNANCE: Governor, statewide elected official

FIGURE 95
TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$300.0	$438.0	$138.0	46.0%
General Revenue–Dedicated Funds	$383.7	$194.1	($189.6)	(49.4%)
Federal Funds	$618.1	$664.0	$45.9	7.4%
Other Funds	$277.8	$63.4	($214.4)	(77.2%)
Total, All Methods of Finance	**$1,579.6**	**$1,359.5**	**($220.1)**	**(13.9%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	191.3
2021	191.3

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding for **disaster assistance grants totals $100.0 million in Other Funds from the Economic Stabilization Fund** appropriated as supplemental funding for fiscal year 2019.

Economic development funding includes **$74.0 million in new General Revenue Funds and $76.0 million in previously unexpended General Revenue–Dedicated Funds** for the Texas Enterprise Fund.

Funding for the **Governor's University Research Initiative includes $17.1 million in General Revenue Funds and $22.9 million in previously unexpended General Revenue–Dedicated Funds**.

Funding for the **Texas Military Preparedness Commission includes $30.0 million** for grants to defense communities in Texas.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Trusteed Programs within the Office of the Governor for the 2020-21 biennium decreased by $220.1 million, or 13.9 percent from the 2018–19 biennium. This decrease is due primarily to the expenditure during the 2018–19 biennium of unexpended balances carried forward from the 2016–17 biennium and disaster grant funding of $100.0 million provided as supplemental funding for fiscal year 2019.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) economic development; (2) criminal justice activities; (3) border security; (4) emergency, deficiency, and disaster grants; and (5) other outreach programs.

ECONOMIC DEVELOPMENT

Funding for economic development and jobs generation is represented in the agency's bill pattern in Strategy C.1.1 Create Jobs and Promote Texas, which combines the funding associated with the previous strategies for Economic Development, Tourism, Military Preparedness, the Texas Enterprise Fund, the University Research Initiative, and Film and Music Marketing. Funding for various economic development programs totals $534.2 million in All Funds for the 2020–21 biennium.

The first major program area includes the Economic Development and Tourism Division, which is tasked to help the state continue to be the nation's economic leader by attracting businesses, jobs, innovation, opportunities, and events to Texas. Appropriations for the Economic Development and Tourism Division for the 2020–21 biennium total $312.7 million in All Funds.

The Texas Tourism program markets Texas as a travel and tourist destination in out-of-state domestic and international markets. The program promotes the state as a premier travel, meetings, and convention destination, utilizing advertising in digital media, national cable television, consumer and trade publications, radio, and the TravelTex.com website. In addition, the program analyzes trends in domestic and international travel and the effectiveness of travel literature, the influence of Texas advertising, and consumers' images of Texas. Appropriations for the Texas Tourism program for the 2020–21 biennium total $111.6 million in All Funds.

Established in fiscal year 2003, the Texas Military Preparedness Commission (TMPC) consists of 13 members appointed by the Governor. The core mission of TMPC is to preserve, protect, expand, and attract new military missions, assets, and installations in the state. Additionally, TMPC encourages defense-related businesses to expand or relocate to Texas. TMPC administers the Defense Economic Adjustment Assistance Grant Program (DEAAG) and the Military Value Revolving Loan Program (Revolving Loan Fund). The DEAAG program is appropriated $30.0 million for the 2020–21 biennium for grants to assist defense communities affected or potentially affected by U.S. Department of Defense plans or decisions. The Revolving Loan Fund is appropriated $50.0 million in Other Funds from General Obligation Bond Proceeds for the 2020–21 biennium to provide infrastructure improvement loans to military communities.

The Texas Enterprise Fund (TEF) was established by legislation passed by the Seventy-eighth Legislature, Regular Session, 2003. The fund, which is administered statutorily by the Governor, promotes economic, infrastructure, and community development; job training programs; and business incentives. Since the beginning of fiscal year 2004, approximately $643.4 million in TEF grants have been awarded to 171 entities. Appropriations for TEF for the 2020–21 biennium include $74.0 million in General Revenue Funds and $76.0 million in previously unexpended General Revenue–Dedicated Funds.

The Eighty-fourth Legislature, 2015, established the Governor's University Research Initiative (GURI) to help Texas universities recruit top-tier faculty, including Nobel Laureates and members of National Academies or other honorific societies. Priority of awards is given to applications from academic institutions that involve the recruitment of distinguished researchers in the fields of science, technology, engineering, mathematics, and medicine. GURI is a matching grant program, and grants are given to Texas institutions of higher education on an ongoing basis. Appropriations for GURI for the 2020–21 biennium include $17.1 million in General Revenue Funds and $22.9 million in previously unexpended General Revenue–Dedicated Funds.

The Texas Film Commission (TFC) provides information regarding filming locations; the state's industry infrastructure such as crews, talent, and vendors; and state laws and sales tax exemptions for filmmakers seeking to produce movies or television shows in the state. TFC also

manages the Moving Image Industry Incentive Program, which offers grants to production companies that help generate jobs by producing films, television programs, videogames, instructional and educational videos, or commercials in Texas. Appropriations for the 2020–21 biennium include $50.0 million in General Revenue Funds for the Moving Image Industry Incentive Program. TFC works statewide with local communities to realize and promote regional assets for filmmaking activity through the Film Friendly Texas certification program. Beginning in fiscal year 2016, TFC has helped local communities realize continued economic benefit after films are produced in their regions through the Texas Film Tourism program.

The Texas Music Office (TMO) helps promote the state's music industry by providing referrals to Texas music businesses, performers, and events to attract new business to the state and to foster the economic development of in-state music businesses and musicians. The office publishes the annual Texas Music Industry Directory online, which contains more than 15,000 Texas music businesses cross-referenced by multiple music categories. TMO also maintains the Texas Music International Tip Sheet, a referral network consisting of international music businesses interested in Texas music and music businesses. TMO administers a specialty license plate grant program and uses the grant program's proceeds to provide musical instruments and music lessons to students in low-income schools. Appropriations for TFC and TMO for the 2020–21 biennium total $50.0 million in All Funds.

CRIMINAL JUSTICE

The Trusteed Programs' second major program area is criminal justice, which encompasses most of the programs administered by the Criminal Justice Division (CJD). The mission of the CJD is to establish and support programs that increase public safety, decrease crime, provide services to victims, and promote accountability, efficiency, and effectiveness within the state's criminal justice system. Eligible applicants for CJD grant funds include state agencies, regional councils of governments, cities, counties, independent school districts, institutions of higher education, and nonprofit organizations that are related to criminal justice. CJD serves as the State Administering Agency for various formula grants from the federal government. CJD grants are used to fund efforts to enhance public safety by prosecuting criminal offenders, decrease domestic violence, prevent sexual assault and human trafficking, decrease gang activity, increase services for victims of crime, decrease drug and juvenile crime, support border security efforts, support safe schools, assist victims, and increase the safety and effectiveness of law enforcement personnel. Criminal justice grants are monitored and evaluated by CJD and the Office of the Governor's compliance staff. **Figure 96** shows the top five state and federal grant and program funding amounts estimated to be available for the 2020–21 biennium, and a brief summary of eligible uses for each funding source. Appropriations for criminal justice activities, including grants and division operations, for the 2020–21 biennium

FIGURE 96
OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION, TOP FIVE FUNDING PROGRAMS AND GRANTS
2020–21 BIENNIUM

PROGRAM OR FUND	ESTIMATED FUNDING (IN MILLIONS)
Victims of Crime Act Formula Grant Program	$420.0
Federal Funds. Eligible Uses: Provide services and assistance directly to victims of crime.	
State Criminal Justice Planning Fund	$38.5
General Revenue Funds and General Revenue–Dedicated Funds. Eligible Uses: Support programs intended to decrease crime and improve the criminal or juvenile justice systems.	
Edward Byrne Justice Assistance Grants	$26.2
Federal Funds. Eligible Uses: Programs that prevent and control crime and make improvements to the criminal justice system.	
Violence Against Women Act Fund	$22.0
Federal Funds. Eligible Uses: Develop and strengthen effective criminal justice strategies and victim services programs to combat violent crimes against women.	
Drug Courts	$18.6
General Revenue–Dedicated Funds. Eligible Uses: Provides grant funding to court-supervised substance abuse treatment as an alternative to traditional criminal sanctions, including incarceration.	

SOURCE: Legislative Budget Board.

total $602.8 million in All Funds, including $123.9 million in General Revenue Funds and General Revenue–Dedicated Funds and $479.0 million in Federal Funds.

BORDER SECURITY

The Eighty-sixth Legislature, 2019, appropriated funds to the Trusteed Programs within the Office of the Governor for border security activities, the third major program area. Appropriations totaling $29.3 million in General Revenue Funds and $10.0 million in General Revenue–Dedicated Funds will be used for border security operations in coordination with CJD for enhanced patrol and prosecution efforts, installation and maintenance of border cameras, local law enforcement technology infrastructure upgrades, and border zone fire departments. In addition, $14.2 million in General Revenue Funds is appropriated for antigang programs and reported as a part of the border security efforts. Total funding for the border security program area for the 2020–21 biennium is $53.5 million in All Funds.

EMERGENCY AND DISASTER FUNDS

The fourth major program area is emergency, deficiency, and disaster funding. The Texas Government Code, Section 403.075, authorizes the Governor to fund and solve certain fiscal problems of the state without calling a special legislative session or using budget execution. The emergency deficiency grants program provides assistance to state agencies with insufficient funds to operate or to meet the needs of unforeseen circumstances. The Governor also may provide disaster assistance grants to local and state governments to respond to unforeseen disasters. According to the Texas Government Code, Chapter 418, disaster funds are available only after funds to state and local agencies for disasters are depleted. The Governor has the authority to consider approval of disaster assistance grants for agencies that have insufficient funds to operate or meet unanticipated situations. Examples of disaster funding provided to state and local entities include grants to fight and assist with recovery related to severe floods, wildfires, hurricane recovery efforts along the Gulf Coast, evacuation assistance for individuals that are forced out of dangerous or unsafe areas, and rebuilding of infrastructure such as roads and public buildings after a disaster event. The Eighty-sixth Legislature, 2019, appropriated $3.0 million in General Revenue Funds for Emergency and Deficiency Grants and $100.0 million in Other Funds from the Economic Stabilization Fund for Disaster Assistance Grants, which was included in supplemental appropriations for fiscal year 2019.

OUTREACH PROGRAMS

The Trusteed Programs' fifth major area, outreach, contains three programs: the Office of State–Federal Relations, the Governor's Committee on People with Disabilities, and the Governor's Commission for Women.

The Office of State–Federal Relations (OSFR) acts as primary liaison to the federal government for the Governor, the Legislature, and state agencies. The mission of OSFR is to advance state policy by promoting communications and building relationships between the state and federal governments. Appropriations for OSFR for the 2020–21 biennium total $2.0 million in All Funds.

The Governor's Committee on People with Disabilities (GCPD) was established by the Seventy-second Legislature, Regular Session, 1991, and is guided by statutory mandates in the Texas Human Resources Code, Chapter 115. GCPD makes recommendations to the Governor and the Legislature regarding disability issues; promotes compliance with disability-related laws; promotes a network of local committees doing similar work; recognizes employers for hiring and retaining employees with disabilities; and recognizes media professionals and students for positively depicting Texans with disabilities. GCPD also serves as the state's liaison agency with the federal President's Committee on Employment of Persons with Disabilities and other entities involved in activities or concerns affecting people with disabilities. Appropriations for GCPD for the 2020–21 biennium total $1.5 million in General Revenue Funds.

The Governor's Commission for Women (GCW) promotes and advances the status of women through its research and advocacy activities, education initiatives, referral services, recognition of outstanding Texas women, and professional training for state employees. Among GCW's primary missions during the 2020–21 biennium is to help make Texas the national leader in women-owned businesses; to help women veterans of the armed services transition into the Texas workforce; and to encourage young women to study science, technology, engineering, and mathematics. The Governor's Commission for Women has 11 commissioners, who are appointed by the Governor to serve two-year terms. Appropriations for GCW for the 2020–21 biennium total $0.5 million in General Revenue Funds.

SIGNIFICANT LEGISLATION

House Bill 1590 – Sexual Assault Survivors' Task Force. The legislation establishes the Sexual Assault Survivors' Task

Force within the Office of the Governor, Criminal Justice Division. The task force is to advise the Office of the Attorney General on rules governing the collection and preservation of evidence in sexual assault cases, advise the Texas Commission on Law Enforcement on resources to improve officer training in the investigation and documentation of sexual assault cases, biennially contract for a survey of resources provided to survivors, and develop best practice standards for the provision of resources to survivors.

Senate Bill 340 – Opioid Antagonist Grant Program. The legislation establishes a grant program within the Office of the Governor, Criminal Justice Division, to provide assistance to law enforcement agencies that seek to provide opioid antagonists to certain personnel that are likely to come into contact with opioids or to encounter individuals suffering from an apparent opioid-related overdose.

HISTORICAL COMMISSION

PURPOSE: To protect and preserve the state's historic and prehistoric resources for the use, education, economic benefit, and enjoyment of present and future generations.

ESTABLISHED: 1953

AUTHORIZING STATUTE: The Texas Government Code, Chapter 442

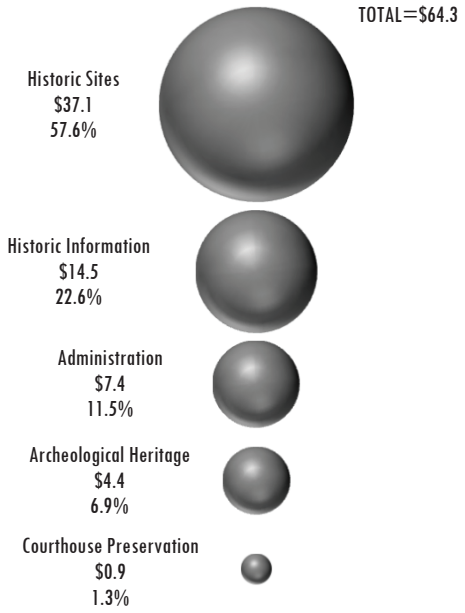
GOVERNANCE: Commission—nine members appointed by the Governor, with the advice and consent of the Senate

FIGURE 97
HISTORICAL COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$37.6	$59.5	$21.9	58.4%
General Revenue–Dedicated Funds	$0.5	$1.1	$0.6	121.8%
Federal Funds	$5.2	$2.2	($3.0)	(56.9%)
Other Funds	$60.1	$1.5	($58.7)	(97.6%)
Total, All Methods of Finance	**$103.4**	**$64.3**	**($39.1)**	**(37.8%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	283.2
2021	284.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Supplemental appropriations for fiscal year 2019 provide **$32.0 million** from the Economic Stabilization Fund for the **courthouse grant program and capital projects** primarily affecting historic sites in Senate Bill 500, Eighty-sixth Legislature, 2019.

Appropriations include **$4.0 million and 42.3 full-time-equivalent (FTE) positions** for the **transfer of six historic sites** from the Parks and Wildlife Department to the Historical Commission and provide the revised statutory **7.0 percent allocation ($23.9 million) of Sporting Goods Sales Tax** revenue for historic sites, pursuant to House Bill 1422, Eighty-sixth Legislature, 2019.

Appropriations provide a total of **$8.7 million** for the **Star of the Republic Museum**, transferred from Blinn College District pursuant to Senate Bill 2309, Eighty-sixth Legislature, 2019.

Funding includes **$2.9 million** to provide funding for operations and 16.0 FTE positions for various programs, **including historic sites, federal and state-mandated reviews, and administration**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Texas Historical Commission (THC) includes a decrease of $39.1 million. This decrease is primarily a result of decreases in onetime funding of $56.2 million in Other Funds from the Economic Stabilization Fund that was provided in the Eighty-fifth Legislature, General Appropriations Act, 2018–19 Biennium, and in the fiscal year 2019 supplemental bill, Senate Bill 500, Eighty-sixth Legislature, 2019. Funding from the Economic Stabilization Fund was primarily for capital projects for historic sites and for the Courthouse Preservation grant program.

In addition, the agency received funding increases for various programs and projects. Among the largest funding items are increases related to the transfer of six historic sites from the Parks and Wildlife Department (TPWD), pursuant to House Bill 1422, Eighty-sixth Legislature, 2019, and transfer of the Star of the Republic Museum from Blinn College District, pursuant to Senate Bill 2309, Eighty-sixth Legislature, 2019. Funding for the transfer of historic sites provides $4.0 million transferred from TPWD to THC, including $3.4 million in General Revenue Funds from Sporting Goods Sales Tax (SGST) revenue and $0.6 million from additional fees from the transferred sites, and 42.3 full-time-equivalent (FTE) positions. House Bill 1422 also increased the maximum allocation of SGST to the Historical Commission from 6.0 percent to 7.0 percent. Along with an additional $2.5 million from SGST revenue provided for all historic sites, total funding from SGST of $23.9 million represents the agency's maximum 7.0 percent allocation of the revenue.

Funding transferred from Blinn College District to THC for the Star of the Republic Museum includes $0.7 million in General Revenue Funds and increases of 2.7 FTE positions for fiscal year 2020 and 4.0 positions for fiscal year 2021. THC additionally was appropriated $8.0 million for the museum.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) overseeing the agency's 28 historic attractions throughout the state and the Star of the Republic Museum; (2) providing grants and technical assistance through the Texas Historic Courthouse Preservation program; (3) promoting and providing outreach and assistance for the historic and cultural resources of Texas; (4) identifying, protecting, and preserving Texas' archaeological heritage; and (5) performing administrative duties in support of all agency functions.

HISTORIC SITES

THC maintains and operates 28 historic sites throughout the state, as shown in **Figure 98**. Most sites were transferred from TPWD, including the National Museum of the Pacific War during fiscal year 2005 and 18 sites during fiscal year 2008, which include forts, battlegrounds, homes, plantations, and other historically significant sites. Since then, the agency received responsibility for the Mission Dolores Historic Site from the City of San Augustine during fiscal year 2016 and received management of the French Legation site in Austin from the Texas Facilities Commission during fiscal year 2017. House Bill 1422, Eighty-sixth Legislature, 2019, transfers an additional six sites from TPWD during fiscal year 2019, including Fanthorp Inn, Lipantitlan, Monument Hill and Kreische Brewery, Port Isabel Lighthouse, San Jacinto Battleground, and Washington-on-the-Brazos. The Star of the Republic Museum, which preserves history from Texas' republic period (1836–1846), is transferred from Blinn College District to THC pursuant to Senate Bill 2309, Eighty-sixth Legislature, 2019. Appropriations for the historic sites program area total $37.1 million in All Funds.

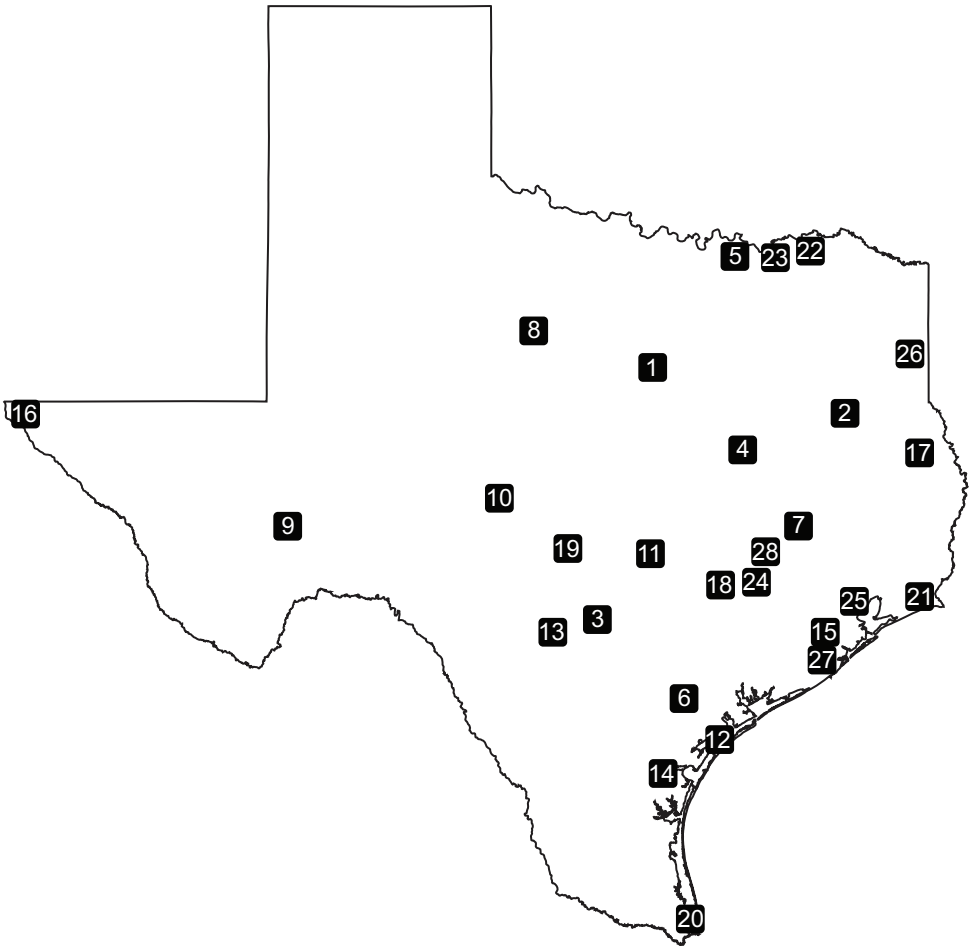
COURTHOUSE PRESERVATION

After the National Trust for Historic Preservation added Texas courthouses to its list of America's 11 Most Endangered Historic Places during calendar year 1998, the Historic Courthouse Preservation Program was established during fiscal year 1999. Through this program, THC provides matching grants of up to $6.0 million to eligible entities, including counties and cities, for the preservation of their courthouses. Since the program was initiated, $291.5 million has been awarded to assist with the restoration and preservation of 113 courthouses, including 73 full restorations, of which 70 are complete and shown in **Figure 99**. THC anticipates awarding approximately six to 12 Courthouse Preservation grants during the 2020–21 biennium, shown in **Figure 100,** with funding received through the fiscal year 2019 supplemental funding from Senate Bill 500, Eighty-sixth Legislature, 2019. Funding for the program for the 2020–21 biennium totals $0.9 million.

HISTORIC INFORMATION

Acting in partnership with communities and regions throughout Texas, the agency works to stimulate tourism and economic development. Through the Main Street Program, THC helps Texas cities revitalize their historic downtowns and commercial districts. Each year, the Main Street Interagency Council, composed of staff from the THC, Legislative Budget

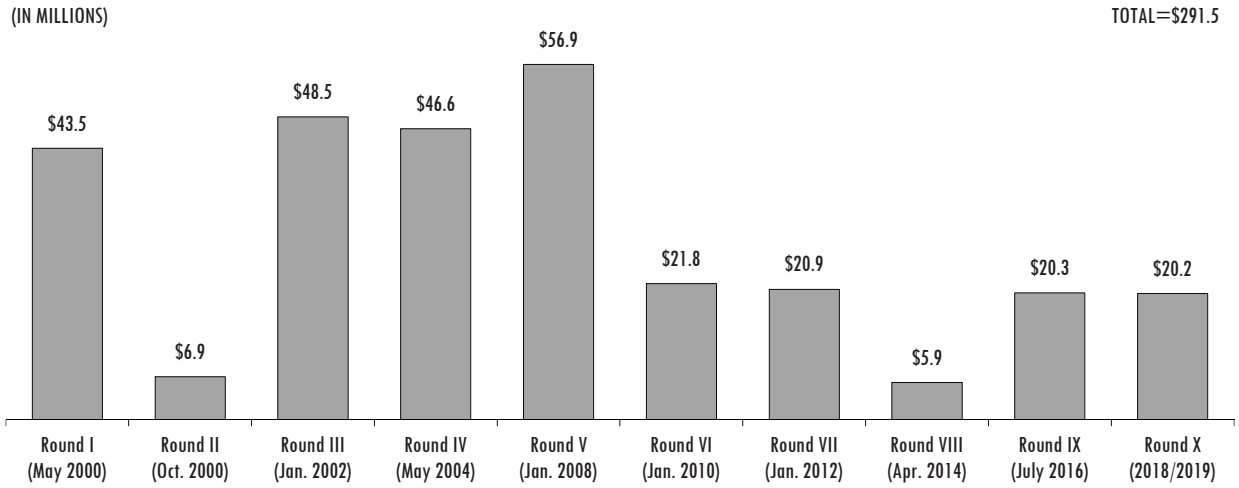
FIGURE 98
TEXAS HISTORICAL COMMISSION HISTORIC SITES, 2020–21 BIENNIUM



1	Acton State Historic Site, Acton, Hood County	15	Levi Jordan, Brazoria County
2	Caddo Mounds, Alton, Cherokee County	16	Magoffin Home, El Paso, El Paso County
3	Casa Navarro, San Antonio, Bexar County	17	Mission Dolores, San Augustine, San Augustine County
4	Confederate Reunion Grounds, Mexia, Limestone County	18	Monument Hill and Kreische Brewery, La Grange, Fayette County
5	Eisenhower Birthplace, Denison, Grayson County	19	National Museum of the Pacific War, Fredericksburg, Gillespie County
6	Fannin Battleground, Goliad, Goliad County	20	Port Isabel Lighthouse, Port Isabel, Cameron County
7	Fanthorp Inn, Anderson, Grimes County	21	Sabine Pass Battleground, Sabine Pass, Jefferson County
8	Fort Griffin, Albany, Shackelford County	22	Sam Bell Maxey House, Paris, Lamar County
9	Fort Lancaster, Sheffield, Pecos County	23	Sam Rayburn House Museum, Bonham, Fannin County
10	Fort McKavett, Fort McKavett, Menard County	24	San Felipe de Austin State Historic Site, San Felipe, Austin County
11	French Legation, Austin, Travis County	25	San Jacinto Battleground, La Porte, Harris County
12	Fulton Mansion, Fulton, Aransas County	26	Starr Family Home, Marshall, Harrison County
13	Landmark Inn, Castroville, Medina County	27	Varner-Hogg Plantation, West Columbia, Brazoria County
14	Lipantitlan, Sandia, Nueces County	28	Washington-on-the-Brazos, Washington, Washington County

SOURCE: Texas Historical Commission.

FIGURE 99
COURTHOUSE PRESERVATION GRANT AWARDS, FISCAL YEARS 2000 TO 2019



SOURCE: Texas Historical Commission.

FIGURE 100
HISTORIC PRESERVATION GRANTS, FISCAL YEARS 2016 TO 2021

GRANT OR PROGRAM	2016	2017	2018	2019	2020	2021
Texas Preservation Trust Fund Grants						
Total Amount	$0	$530,000	$227,384	$264,394	$854,403	$248,625
Grants Awarded	0	23	12	10	10–15	10–15
Certified Local Government Grants						
Total Amount	$144,931	$160,250	$161,012	$148,120	$150,000	$150,000
Grants Awarded	27	10	19	18	10	10
Texas Historic Courthouse Preservation Program						
Total Amount (in millions)	$20.10	$1.10	$18.98	$1.19	$25.00	$0.00
Grants Awarded	8	6	13	25	6–12	0
Heritage Tourism Grants						
Total Amount	$344,750	$325,000	$690,000	$690,000	$815,000	$815,000
Grants Awarded	10	10	10	10	10	10

NOTE: Fiscal years 2020 and 2021 are budgeted amounts.
SOURCE: Texas Historical Commission.

Board, Texas Department of Agriculture's Office of Rural Affairs, and Office of the Governor, may recommend up to five cities to receive services that include onsite evaluations by architects and other experts in historic preservation, marketing programs for heritage tourism, and training for Main Street managers and board members. Across Texas, 90 cities are participating in the Main Street program.

Through its Heritage Tourism program, the agency works with communities to identify historic resources and develop heritage corridors that stimulate tourism within an area of the state. Although originally developed to stimulate tourism around 10 scenic driving trails developed by the Office of the Governor and the Texas Department of Transportation, the agency expanded the Heritage Trails program to include other communities. The agency provides networking, statewide heritage travel promotion, and professional support training to the 10 heritage regions. THC also financially supports regional volunteer heritage tourism boards.

THC assists local communities in historic preservation by providing leadership and training to county historical

commissions, heritage organizations, and museums in Texas' 254 counties. Through the state's historical marker program, the agency reviews requests for three types of markers: (1) Recorded Texas Historic Landmarks; (2) educational subject markers; and (3) Historic Texas Cemetery markers. In coordination with the National Park Service, THC also reviews nominations for the National Register of Historic Places.

In addition, the agency offers financial assistance for preservation activities through several grant programs. In accordance with the Certified Local Government Program, at least 10.0 percent of Federal Historic Preservation Funds that the agency receives must be used for matching grants to communities for the development of preservation programs and planning. Another matching-grant program, the Preservation Trust Fund Grant Program, provides for the historic preservation of architecture and archeological properties from the General Revenue–Dedicated Account No. 664, Texas Preservation Trust Fund.

Figure 100 shows the number of grantees and amounts awarded for each of THC's historic preservation grant programs. Appropriations for the historic information program area total $14.5 million.

ARCHEOLOGICAL HERITAGE

The agency's Archeology Division performs review and advisory activities to identify, protect, and preserve Texas' archeological heritage. In accordance with the National Historic Preservation Act of 1966 and the Antiquities Code of Texas (the Texas Natural Resource Code, Title 9, Chapter 191), the division reviews public construction projects that may affect an archeological site. The Archeology Division also is responsible for designating State Antiquities Landmarks, formerly known as State Archeological Landmarks. THC archeologists provide assistance, primarily to private landowners, in identifying, recording, and preserving archeological sites throughout Texas. Agency archeologists also administer the Texas Archeological Stewardship Network, in which volunteer vocational archeologists assist in the preservation of archeological sites and artifacts. The Archeology Division also coordinates the annual observance of Texas Archeology Month.

THC is charged, pursuant to the Antiquities Code of Texas, with ensuring the proper care and management of archeological collections within the state's public domain; these collections are referred to as state held-in-trust collections. Due to the vastness of such collections, the agency transfers stewardship of them to various curatorial facilities in Texas. The agency's Curatorial Facility Certification Program ensures that these facilities meet standards related to the care and management of state artifact collections, facilitates the housing of these artifacts in museums and repositories across the state, and maintains an inventory of the held-in-trust collections.

THC maintains the Texas Historic Sites Atlas website, which includes more than 300,000 historic and archeological site records documenting Texas history. Included in the website's database is detailed information about Official Texas Historical Markers, the National Register of Historic Places, historic courthouses, museums, and cemeteries. The website was established to provide state and federal land-use planners with information regarding the location and condition of Texas' cultural resources. It also provides the public and qualified users with detailed textual descriptions, historic photographs, and interactive maps of historic sites in Texas. Appropriations for the archeological heritage program area total $4.4 million.

ADMINISTRATION

The agency administration program area supports the overall efficiency and effectiveness of THC operations. Appropriations for the administration program area total $7.4 million.

SIGNIFICANT LEGISLATION

House Bill 1422 – Continuation of THC and Transfer of Historic Sites. The legislation continues THC for 12 years, through August 31, 2031, and transfers six historic sites from TPWD to THC: Fanthorp Inn, Lipantitlan, Monument Hill and Kreische Brewery, Port Isabel Lighthouse, San Jacinto Battleground, and Washington-on-the-Brazos. Related to the transfer of sites, the legislation amends the maximum SGST allocations to the TPWD and THC from 94.0 percent and 6.0 percent, respectively, to 93.0 percent and 7.0 percent. The legislation also authorize agencies, including THC, with curatorial collections and an officially adopted deaccession policy to sell deaccessioned items through the State Surplus Property program administered by the Texas Facilities Commission. Proceeds from the sale of deaccessioned items are to be deposited to the new General Revenue–Dedicated Account No. 5179, Historic Property Proceeds Fund, and are authorized to be appropriated to affected agencies for the care and preservation of qualifying curatorial collections.

Senate Bill 2309 – Transfer of Jurisdiction Over and Management of the Star of the Republic Museum. The

legislation transfers the preservation, maintenance, and operation of the Star of the Republic Museum from Blinn College to THC, beginning January 1, 2020. The legislation specifies that Blinn College District maintains ownership of the museum, the land on which the museum is located, and the artifacts in the museum.

Senate Joint Resolution 24 and Senate Bill 26 – Appropriation of Net Revenue from SGST and Establishment of Historic Sites Account. Senate Joint Resolution 24 proposed a constitutional amendment, which was approved by voters in November 2019, that automatically appropriates to TPWD and THC the SGST revenue as provided by general law. The resolution authorizes the Legislature to decrease the amount appropriated to TPWD and THC by no more than 50.0 percent with a two-thirds vote of each chamber during the fiscal year in which the resolution is adopted or in either of the following two fiscal years. The resolution also provides that SGST revenue appropriated to the two agencies may not be considered available for certification by the Comptroller of Public Accounts. Senate Bill 26 establishes the General Revenue–Dedicated Account No. 5139, Historic Sites Fund, which wil consist of allocations of proceeds from SGST, transfers to the account, interest, fees, and other revenue from operation of historic sites, grants, and donations. Senate Bill 26 became effective after voters approved the constitutional amendment proposed by Senate Joint Resolution 24.

DEPARTMENT OF INFORMATION RESOURCES

PURPOSE: To provide information technology (IT) services to state and local government entities, including consolidated data centers, telecommunication services, IT security services, statewide IT procurement, the statewide Texas.gov web portal, and technology planning and policy.

ESTABLISHED: 1989

AUTHORIZING STATUTE: The Texas Government Code, §2054.004

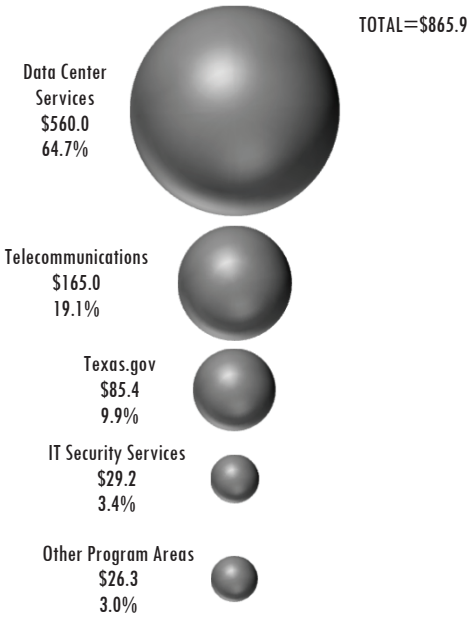
GOVERNANCE: Board of Directors—seven voting members appointed by the Governor with the advice and consent of the Senate and three ex officio nonvoting members specified in the Texas Government Code, §2054.021(c)

FIGURE 101
DEPARTMENT OF INFORMATION RESOURCES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3.2	$11.2	$8.0	248.8%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$722.9	$854.8	$131.9	18.2%
Total, All Methods of Finance	**$726.1**	**$865.9**	**$139.9**	**19.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	208.0
2021	208.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Data Center Services appropriations increased by **$71.5 million** for the estimated growth in usage of services by customer agencies and other entities.

Telecommunications program funding is increased by $7.0 million, primarily due to estimated increases in customer usage of data and voice services and maintenance of the legacy Capitol Complex Telephone System as agencies transition to a voice over Internet protocol platform.

Appropriations for the **Texas.gov state web portal** include an **increase of $49.4 million,** for application enhancements and to provide for a full biennium of funding, whereas only one year of costs was included for the 2018–19 biennium.

Cybersecurity funding is increased by $8.0 million in General Revenue Funds to provide additional **security services,** including multifactor authentication, secure coding training for developers, and security ratings of state agency websites.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to the Department of Information Resources (DIR) primarily provide payments to service providers of telecommunications and data center services for costs of services for which the agency directly bills customers (i.e., state agencies, institutions of higher education, and local entities) and to service providers for operation of the Texas.gov state web portal. Appropriations include $787.8 million in All Funds for cost of services for the following programs:

- Capitol Complex Telephone System (CCTS) – Funding provides $11.0 million, which represents an increase of $0.9 million due to maintenance of the existing private branch exchange phone system as agencies transition to a voice over Internet protocol platform;
- Texas Agency Network (TEX-AN) – Funding provides $142.3 million, which represents an increase of $6.2 million primarily related to increase in consumption of data and voice services;
- Data Center Services (DCS) – Funding provides $551.5 million, which represents an increase of $71.5 million based on anticipated increased usage of services by customer agencies. Costs represent amounts to maintain service levels and projects initiated during the 2018–19 biennium, including certain agencies shifting procurement of Microsoft licensing costs from outside of the DCS program to the DCS program; and
- Texas.gov – Funding provides $83.0 million, including an increase of $49.4 million, in estimated payments to service providers for application development, application maintenance, and customer support for the web portal for a full biennium; one year of costs was included in 2018–19 biennial funding.

Funding also provides $11.2 million, an increase of $8.0 million, in General Revenue Funds to provide cybersecurity services for agencies and institutions of higher education. Services added with the increased funding include multifactor authentication for the state's high-risk information technology (IT) systems, secure coding training for state agency developers, and security ratings of state agencies' public websites.

DIR is funded primarily through fees generated through the telecommunications, Cooperative Contracts, DCS, and Texas.gov programs. The agency receives telecommunications and DCS revenues generated primarily from an administrative fee that DIR levies on services or goods that contracted vendors provide. For certain telecommunications services that DIR provides directly, the fee is included in service pricings. Texas.gov revenues are generated primarily through convenience or transaction fees for services offered through the portal. The fees recover DIR's operational costs to oversee the four related programs and costs for statewide policy functions, IT security initiatives, and DIR's indirect administrative costs. **Figure 102** shows fees charged to customers of DIR's programs.

PROGRAMS

DIR carries out its responsibilities through five major program areas: (1) data center services; (2) telecommunications; (3) Texas.gov; (4) information technology security services; and (5) other program areas.

DATA CENTER SERVICES

DIR's consolidated DCS program provides IT services to multiple state agencies on a cost-sharing basis. With the goal of upgrading technology, increasing security, and leveraging economies of scale, the Seventy-ninth Legislature, Regular Session, 2005, authorized a program to merge the data centers of 27 state agencies into two consolidated data centers in Austin and San Angelo. Consolidated data center services primarily include mainframe, server, and bulk print and mail operations; standardization of security and disaster recovery plans and annual testing; and replacement of older technology, including a hardware and software refresh schedule.

Data center services are provided in accordance with three primary service provider contracts, which include contracts with: (1) Capgemini as the oversight and services integration vendor that coordinates services, provides service-level calculation and management, desk support, program management, business continuity, disaster recovery testing and planning, financial management, and invoicing; (2) Atos for the delivery of infrastructure services for mainframe, servers, networks, and data center operations; and (3) Xerox for bulk printing and mail services. The contracts with Atos and Xerox end at the close of fiscal year 2020, and new contracts will go into effect for fiscal year 2021. Agencies are billed for each specific service consumed, such as mainframe central processing unit hours or tape storage. In accordance with current contracts, each service has an associated rate, which is based on monthly baseline volumes. Actual rates fluctuate monthly based on service-consumption levels. Discounts are applied for services consumed at more than

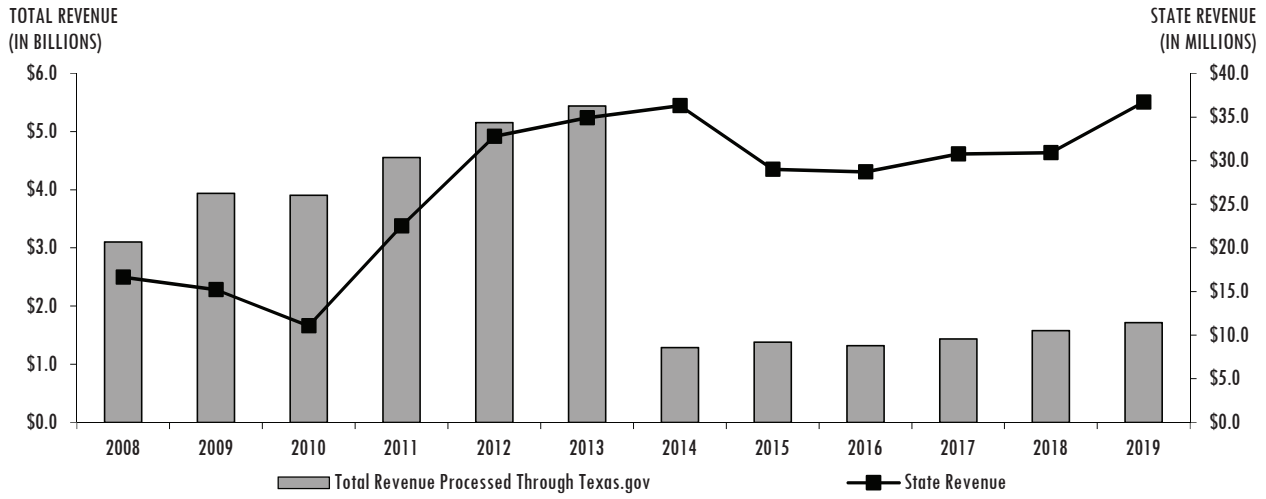
FIGURE 102
DEPARTMENT OF INFORMATION RESOURCES COST-RECOVERY PROGRAMS AND FUNDING SOURCES

PROGRAM	FEE RATES	OTHER FUNDS ACCOUNT
Telecommunications, including Capitol Complex Telephone System (CCTS) and Texas Agency Network (TEX-AN)	For services that the Department of Information Resources (DIR) provides directly, such as CCTS and shared Internet services, fees are included in the prices. Fee levels for other telecommunication services are: • 12.0 percent for services billed by DIR; • 2.0 percent for wireless services and conferencing services that are billed directly by the vendor; • 4.0 percent for local services and other TEX-AN Next Generation services that are billed directly by the vendor; and • 0.5 percent for managed services that are billed directly by the vendor. Fee rates are not capped and are not applied to surcharges billed from telecommunication providers.	Telecommunications Revolving Account (Appropriated Receipts and Interagency Contracts)
Cooperative Contracts	Actual fees, which are included in the purchase price of information technology commodities and services, vary by contract: • average fee – 0.68 percent; and • maximum fee – 1.0 percent. Fee rates are capped at 2.0 percent in the Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article I, DIR, Rider 3.	Clearing Fund (Appropriated Receipts)
Data Center Services	Fee is set at 2.95% of data center services costs billed by contracted service providers. Fee is uncapped. Agency must receive written approval from the Legislative Budget Board and Office of the Governor before increasing the fee, pursuant to the 2020–21 GAA, Article I, DIR, Rider 9.	Statewide Technology Account (Appropriated Receipts and Interagency Contracts)
Texas.gov	Actual fees vary by service and governmental entity. Fees per transaction typically include one of the following fees: • payment processing fees, which typically include both fixed-fee and variable-fee components: ◦ fixed fees range from $0.25 to $2.50 per transaction; and ◦ variable fees range from 2.25% to 2.75% of the transaction cost; • subscription fees ranging from $2 to $5 per individual licenses and 3.0% for facility licenses; or • other convenience fees, primarily fixed fees ranging from $0.02 to $10 per transaction. Fees and charges are not capped in the 2020–21 GAA.	Statewide Network Applications Account (Appropriated Receipts and Interagency Contracts)

NOTE: Rates for fiscal year 2020 are estimated.
SOURCE: Department of Information Resources.

baseline volumes, resulting in overall lower rates across participating agencies. Conversely, premiums are applied for services that are consumed at less than baseline volumes, resulting in higher rates across participating agencies. Data center infrastructure services are provided to 27 state agencies (including DIR) and institutions of higher education, one state agency for print and mail operations only (the Department of Agriculture), and 14 state agencies and local entities that purchase limited IT services through the DCS program. Appropriations for the DCS program include $560.0 million and provide for 28.0 full-time-equivalent (FTE) positions.

FIGURE 103
STATE REVENUE FROM THE TEXAS.GOV WEBSITE, FISCAL YEARS 2008 TO 2019



NOTE: Amounts shown for fiscal year 2019 are estimated.
SOURCE: Department of Information Resources.

TELECOMMUNICATIONS

DIR's telecommunications programs provide voice, data, video, and Internet services for the state through the CCTS and TEX-AN. CCTS operations provide local telephone service for 42 state office buildings in the Capitol Complex and several satellite office buildings in Austin. CCTS services include installation of new telephones or telephone services, moving and removal of existing telephones, and voicemail installation and training. TEX-AN is the long-distance, voice, and data communication system for state government and offers enhanced Internet and videoconferencing capabilities. Through TEX-AN, the agency also offers telecommunication services to other political subdivisions such as cities, counties, councils of governments, public school districts, and public institutions of higher education, with the goal of providing significant cost savings and communications service options to meet such entities' business needs. Funding for CCTS and TEX-AN totals $165.0 million and provides 56.1 FTE positions.

TEXAS.GOV

The Texas.gov program provides contract oversight, performance monitoring, planning, policy development, and program management of the state's Texas.gov web portal. Through Texas.gov, the public can access state agency and local government services and applications in multiple languages. Several agencies' services are offered through Texas.gov, such as driver license renewal, vehicle registration, professional and occupational license renewals, vital records (i.e., birth, death, and marriage certificates), and utility bill payments. Revenue generated through Texas.gov consists primarily of transaction-based fees charged for services provided through the portal. The fees support DIR's administration of the program and payments to contracted vendors for application development and maintenance and customer support. The portal also generates revenue for the General Revenue Fund; the excess of Texas.gov revenues beyond DIR's expenditures and allowable fund balances are deposited to the General Revenue Fund. **Figure 103** shows the state's revenue in contrast with total revenues processed through Texas.gov from fiscal years 2008 to 2019. The decrease beginning in fiscal year 2014 is due to the transfer of the Webfile tax filing system from the Texas.gov program to the Comptroller of Public Accounts (CPA) and the consequent removal of tax collections previously processed through Texas.gov. Additionally, the decrease in State Revenue Share for fiscal year 2015 is due to the removal of the SmartBuy system from the Texas.gov program and transfer to the CPA. Appropriations for Texas.gov include $85.4 million and provide for 12.0 FTE positions.

IT SECURITY SERVICES

DIR provides several IT security services to state agencies and institutions of higher education and is responsible for the physical and logical security of the state's data systems and networks. DIR operates the Network Security Operations

Center (NSOC) to provide computer network security services to state agencies. NSOC monitors, reports, analyzes, and provides coordinated responses to cyberthreats and attacks against the state network. NSOC also provides network testing services to identify and evaluate network and system vulnerabilities that are susceptible to cyberattack. DIR develops statewide IT security policies, procedures, standards, and guidelines for state agencies; monitors agencies' compliance with state security policies; recommends remedial actions for agencies out of compliance; and provides access to security research and advisory materials and to security training. Security assessments provided by DIR through a third-party vendor assess agencies' overall security postures and identify areas for improvement. Beginning in the 2020–21 biennium, DIR funding will provide multifactor authentication to the state's high-risk systems. Multifactor authentication confirms users' identities by a combination of two different factors: something the users know, something they have, or something they are. Additionally, increased funding will provide training to state agency developers on secure coding methods and a security rating service to agencies' public servers. Appropriations for the agency's IT security operations total $29.2 million and provide 12.7 FTE positions.

OTHER PROGRAM AREAS

DIR's administration and support programs include agencywide administrative and technology support, the statewide IT procurement Cooperative Contracts program, management of large enterprise contracts, technology innovation and modernization initiatives, and statewide technology planning and policy development.

The agency is responsible for the solicitation, negotiation, and management of the statewide IT procurement program known as Cooperative Contracts. The program's objective is to leverage the state's buying power to lower the cost and improve the quality of technology commodities and services to state agencies and political subdivisions. All governmental entities in Texas are eligible customers, including state agencies, universities, cities, counties, and public schools. The program streamlines the procurement process for customers by eliminating the need to issue individual solicitations. The program provides favorable prices for commodity items such as personal and laptop computers and related desktop software, hardware, and software maintenance; staffing services; disaster recovery planning; and other associated goods and services with high customer demand. According to DIR, the program provided approximately 4,900 eligible customers savings and cost avoidance of an estimated $216.0 million during fiscal year 2019.

The Technology Planning and Policy program provides strategic policy, procedures, and direction to implement and manage technology in the state. The office manages one of the agency's core activities: development of the State Strategic Plan for Information Resources Management. Through the State Strategic Plan, DIR establishes a common direction for all state agencies and universities to implement technology, thus promoting coordination and eliminating redundancy. In conjunction with the State Strategic Plan, the agency develops the Biennial Report for Information Resources Management, which evaluates the state's progress in information technology. Additionally, DIR provides leadership, guidance, and best practices to state agencies to promote modernization of agencies' IT infrastructure, software, and applications and develops shared services for agency use. Funding for the agency's administration and other programs total $26.3 million and provide 99.2 FTE positions.

SIGNIFICANT LEGISLATION

House Bill 3834 – Completion of Cybersecurity Training Program. The legislation requires DIR, in consultation with the cybersecurity council established pursuant to the Texas Government Code, Chapter 2054, and industry stakeholders, to certify annually at least five cybersecurity training programs for state and local government employees. Certain state employees are required to annually complete a certified cybersecurity training program. Certain local government employees are required annually to complete either a certified cybersecurity training program or a cybersecurity training program offered by the local government's information resources cybersecurity officer. The legislation additionally requires a state agency to require any contractor that has access to a state computer system or database to complete the certified training program.

Senate Bill 64 – Cybersecurity for Information Resources. The legislation requires DIR to submit a report to the Legislative Budget Board by October 1 of each even-numbered year that prioritizes, for the purpose of receiving funding, state agency cybersecurity projects and projects to modernize or replace legacy systems. The legislation requires the state cybersecurity coordinator, employed by DIR, in collaboration with the cybersecurity council and other public and private entities within the state, to develop best

practices for cybersecurity. The state cybersecurity coordinator also is required to establish a cyberstar certificate program to recognize public and private entities that implement the best practices.

Senate Bill 819 – Statewide Data Coordination and Central Data Repository. The legislation renames the statewide data coordinator position at DIR as the chief data officer and requires the chief data officer to assist DIR in the development and management of a data portal for use by state agencies. The legislation requires DIR to establish a digital transformation guide to assist state agencies with modernizing agency operations and services regarding electronic data and in converting agency information into electronic data. DIR also is required to establish a central repository of publicly accessible electronic data as the official open data Internet website for the state and designate the repository as the Texas Open Data Portal.

LIBRARY AND ARCHIVES COMMISSION

PURPOSE: To safeguard significant state resources; provide information services that inspire and support research, education, and literacy; and enhance the capacity for achievement of current and future generations.

ESTABLISHED: 1909

AUTHORIZING STATUTE: The Texas Government Code, Chapter 441

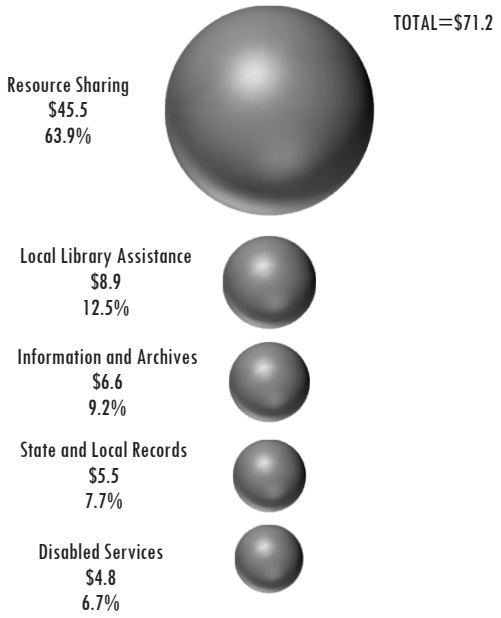
GOVERNANCE: Commission—seven members appointed by the Governor with the advice and consent of the Senate

FIGURE 104
LIBRARY AND ARCHIVES COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$34.9	$33.5	($1.4)	(4.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$21.3	$21.7	$0.4	1.9%
Other Funds	$17.8	$16.0	($1.8)	(10.0%)
Total, All Methods of Finance	**$74.0**	**$71.2**	**($2.8)**	**(3.7%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	170.5
2021	170.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Supplemental funding for fiscal year 2019 increased appropriations by $4.4 million for the renovation of state-owned property to accommodate additional records storage. The State and Local Records Management program reached 88.7 percent of storage capacity in August 2019.

Federal funding increased by **$399,204.** Texas, as the second-most populous state, receives the second-largest allocation of **federal Library Services and Technology Act funding.**

The Competitive Grant Program is appropriated $7.1 million for the 2020–21 biennium. Competitive grants support literacy, education attainment, and workforce development, among other needs, and are awarded to local libraries through the agency's grant program. Biennial appropritions increased by $2.7 million in General Revenue Funds, a portion of which will support the development of library resources in certain areas that lack services.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium for the Texas State Library and Archives Commission (TSLAC) decreased by $2.8 million, or 3.7 percent, from the 2018–19 biennium. This decrease is related primarily to onetime supplemental funding for fiscal year 2019 to address immediate storage needs for state records. Without the supplemental funding, agency appropriations increased by $1.6 million, or 2.4 percent, from the 2018–19 biennium. Decreases related to the expenditure of onetime funds were offset by increases related to additional grant funds, anticipated increase in Appropriated Receipts for records management services, and salary increases for certain staff.

PROGRAMS

TSLAC carries out its responsibilities through four major program areas: (1) delivery of services, including resource sharing, aid to local libraries, and disabled services; (2) access to government information and archives; (3) state and local records management; and (4) administration.

DELIVERY OF SERVICES

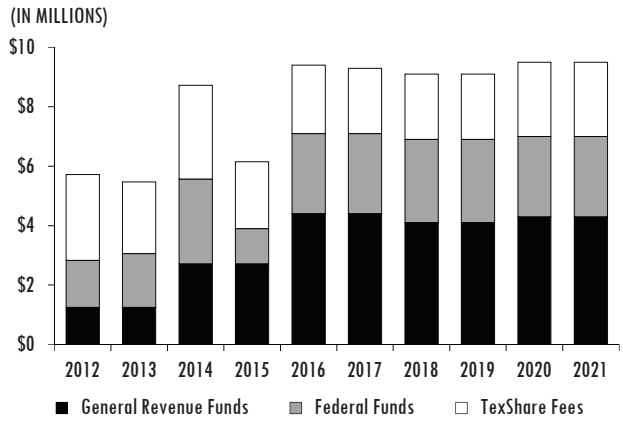
TSLAC offers resource-sharing services in three main program areas: TexShare, TexQuest, and the interlibrary loan program. TexShare is a statewide consortium of 689 academic, public, and clinical medicine libraries that, through access purchased by TSLAC, share print and electronic materials and other online resources and combine staff experience. During fiscal year 2019, 68 TexShare core databases with approximately 16 million core materials were available 24 hours a day to registered patrons of participating Texas libraries. **Figure 105** shows TexShare funding.

The agency negotiates cost-sharing electronic resources for primary and secondary public school libraries with memberships in the TexQuest program. These databases provide age-appropriate content and sources for reliable online information for learning and research in all grade levels. Appropriations for TexQuest decreased to $7.2 million for the 2020–21 biennium.

Through a series of grant programs, the statewide interlibrary loan program enables patrons of more than 550 member libraries to access materials that are not available locally. Funded by the federal Library Services and Technology Act, this program is appropriated $6.2 million for the 2020–21 biennium.

The Library Development and Networking Division at TSLAC provides shared resources to expand the capabilities of local public, academic, school, and special libraries. The agency provides statewide training and consultation related to library management, operations, and information technology in online and in-person formats. TSLAC also supports local libraries' community-engagement efforts, such as summer reading programs and website assistance. The agency anticipates offering 650,000 support services to Texas libraries each year of the 2020–21 biennium.

FIGURE 105
TEXSHARE DATABASE FUNDING LEVELS
FISCAL YEARS 2012 TO 2021

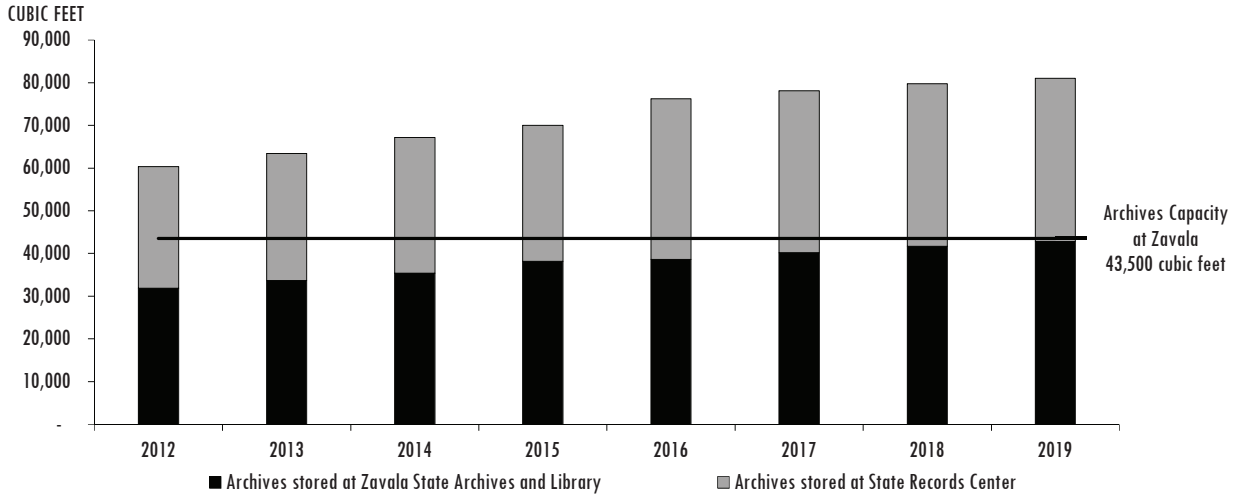


NOTES:
(1) TexShare Fees for fiscal year 2012 include funds collected and held outside the Treasury.
(2) Amounts for fiscal years 2016 and 2021 include only TexShare funds. All fees are estimated.
SOURCE: Texas State Library and Archives Commission.

In addition to consulting, training, and technical services, TSLAC awards grants that support literacy, education attainment, workforce development, technology, and other needs to local libraries. Appropriations include $7.1 million for competitive grants to libraries for the 2020–21 biennium, $1.9 million of which will be awarded to applicants in certain border cities that lack library services.

The Talking Book Program (TBP) at TSLAC provides free library services to qualifying Texans that have visual, physical, or reading disabilities. In collaboration with other state programs, libraries, and the National Library Services for the Blind and Physically Handicapped—a program administered by the Library of Congress—TSLAC provides a service that delivers narrated, downloadable, digital audiobooks directly to blind, low-vision, and other users. During fiscal year 2019, the Talking Book Program served approximately 15,000 individuals and circulated approximately 732,000 reading materials with more than 276,000 estimated to be

FIGURE 106
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION ARCHIVES STORAGE GROWTH
FISCAL YEARS 2012 TO 2019



SOURCE: Texas State Library and Archives Commission.

downloaded. The TBP is appropriated $4.8 million for the 2020–21 biennium.

ACCESS TO GOVERNMENT INFORMATION AND ARCHIVES

The Archives and Information Services Division (ARIS) of TSLAC identifies and collects official archival records of state government and subsequently makes them available, physically and digitally, to Texans. ARIS maintains and provides access to more than 2.0 million documents including federal, state, and other sources. During fiscal year 2019, the agency provided approximately 7.0 million services to individuals accessing archival or government information. The Texas Digital Archive, which manages, preserves, and facilitates access to electronic records including state agency records, now includes more than 59.0 terabytes of information.

Currently, the agency has more than 81,000 cubic square feet of archives stored in state archives, housed in the Lorenzo de Zavala State Archives and Library and the State Records Center in Austin. Additional archival records of state or local historical significance are kept in Regional Historical Resource Depositories; these depositories, with the exception of the Sam Houston Regional Library and Research Center, are not funded or staffed by TSLAC, although the agency may offer some staff assistance. **Figure 106** shows archives storage growth since fiscal year 2012. The agency is appropriated $5.6 million for archives and information services for the 2020–21 biennium.

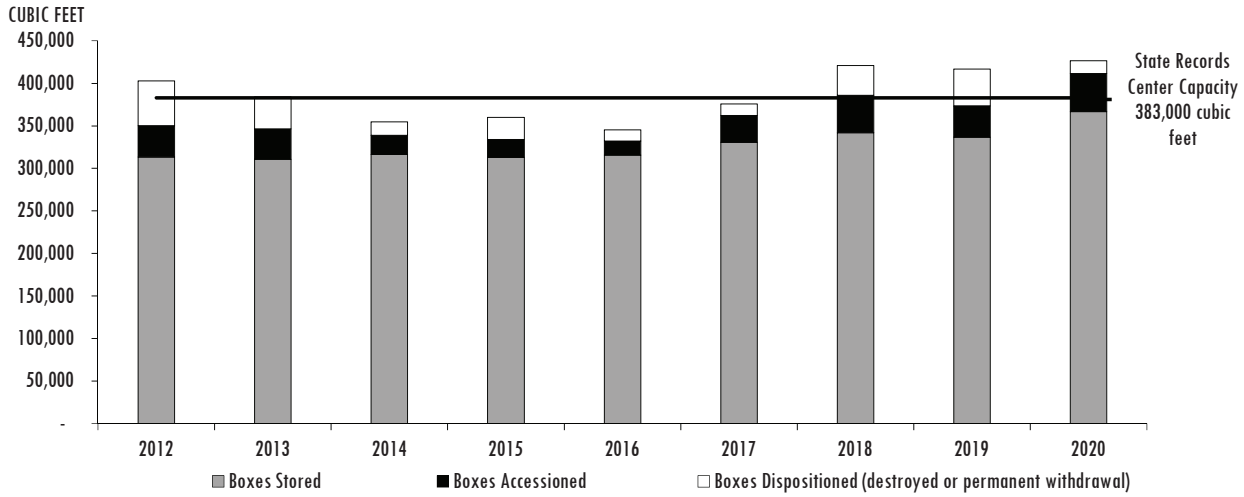
MANAGING STATE AND LOCAL RECORDS

TSLAC assists state and local governments with training, resources, and consultation regarding records management. Through its State and Local Records Management Division, TSLAC sets the state minimum retention schedule, and reviews and approves retention schedules submitted by state and local governmental entities. The agency offers document imaging services and storage of noncurrent records at the State Records Center (SRC) on a cost-recovery basis. During fiscal year 2019, the agency offered records storage services to 82 client entities, including 79 state agencies and three local governments. Appropriations for state and local records management increased by 20.6 percent to $5.5 million, not accounting for supplemental appropriations, for the 2020–21 biennium, primarily due to anticipated future receipts for services.

For the past three biennia, the agency has monitored capacity at the State Records Center. The SRC has capacity for approximately 383,000.0 cubic feet of storage. Due to changes in retention requirements and the decertification of an approved private vendor for records storage, the agency anticipated reaching 98.0 percent capacity by the end of fiscal year 2019. By limiting the number of boxes delivered monthly, and by working to identify records eligible for destruction, the agency slowed the growth and reached 88.7 percent capacity in August 2019.

To address decreasing storage space, the agency received $4.4 million in supplemental funds for fiscal year 2019 to renovate

FIGURE 107
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION STATE RECORDS STORAGE, ACCESSION, AND DISPOSITION FISCAL YEARS 2012 TO 2020



NOTE: Amounts shown for fiscal year 2020 are estimated.
SOURCE: Texas State Library and Archives Commission.

a state-owned facility and equip it with necessary technology. An additional 20,000 square feet of storage space capable of holding 70,000 boxes will be made available in December 2020. Although this renovation will address immediate needs, the agency will investigate other long-term options to accommodate future demand. **Figure 107** shows state records storage, accession, and disposition since fiscal year 2012.

TSLAC provides agencywide support services including accounting, human resources, information resources, purchasing, and executive leadership to facilitate and manage its programs. For the 2020–21 biennium, agency appropriations total approximately $5.9 million for its administrative functions.

SIGNIFICANT LEGISLATION

House Bill 1962 – Continuing the Texas State Library and Archives Commission. TSLAC's Sunset legislation continues the agency for another 12 years, requires the agency to develop a strategic plan for state archives, eliminates the requirement for local governments to obtain approval of records management programs, changes the retrieval and legal ownership of legislative records, and authorizes the agency to sell archival replicas and use proceeds to fund its archival programs.

House Bill 4181 – Legislative Records. The legislation transfers authority of legislative records from TSLAC to the Legislature and extends legislative privilege to certain records. All duties previously assigned to TSLAC regarding these records are transferred to the Legislative Reference Library unless otherwise agreed.

PENSION REVIEW BOARD

PURPOSE: To provide the necessary information and recommendations to ensure that Texas public retirement systems are financially sound, benefits are equitable, the systems are managed properly, and tax expenditures for employee benefits are kept to a minimum while providing for those employees; and to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds.

ESTABLISHED: 1979

AUTHORIZING STATUTE: The Texas Government Code, §801.101

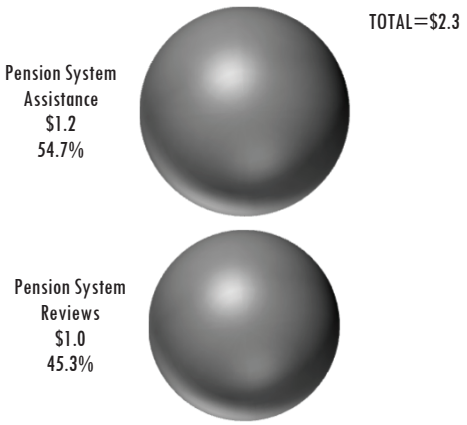
GOVERNANCE: Board—seven board members appointed by the Governor with advice and consent of the Senate

FIGURE 108
PENSION REVIEW BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2.0	$2.3	$0.3	15.3%
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	**$2.0**	**$2.3**	**$0.3**	**15.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	13.0
2021	13.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The agency has oversight responsibility for 346 public retirement systems in Texas: 99 actuarially funded, defined benefit plans; 166 defined contribution plans; and 81 pay-as-you-go, volunteer firefighter plans.

The **99 defined benefit plans** in Texas had approximately **$279.0 billion** in total net assets as of August 2019.

In **defined benefit plans**, benefits are determined by a formula that considers compensation and years of service. **Defined contribution plans** provide benefits equal to contributions and interest earned, minus administrative expenses.

Appropriations include an additional **$0.3 million in General Revenue Funds for salary increases**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Pension Review Board (PRB) was appropriated an additional $0.3 million in General Revenue Funds for salary increases. This increase was offset by removal of onetime funding for an online database portal project, which is complete.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) providing technical assistance and information to public pension systems; and (2) reviewing public retirement systems.

PENSION SYSTEM ASSISTANCE

PRB's primary program area is providing technical assistance and information to public pension systems. This area may include recommending policies, practices, and legislation to public retirement systems and appropriate governmental entities. The agency also is charged with preparing and providing an actuarial impact statement for a bill or resolution that proposes to change the amount or number of benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system. Additionally, PRB is directed to develop and administer an educational training program for trustees and system administrators of Texas public retirement systems. During the Eighty-sixth Legislature, 2019, PRB tracked 234 bills, including 127 pension bills, and provided 45 actuarial impact statements for proposed legislation. Appropriations for providing technical assistance and other information are $1.2 million for the 2020–21 biennium.

PENSION SYSTEM REVIEWS

The agency's secondary program area is reviewing public retirement systems. This area includes ongoing reviews of public retirement systems by compiling and comparing information about benefits, creditable service, financing, and administration of systems; and by conducting intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems. All public retirement systems in Texas are required to register and file certain reports for review with PRB. The agency reviews public pension plans to detect plans in need of corrective action and monitors public plans with amortization periods of greater than 30.0 years. PRB has oversight responsibility for 346 public retirement systems in Texas: 99 actuarially funded, defined benefit plans; 166 defined contribution plans; and 81 pay-as-you-go, volunteer firefighter plans. As of August 2019, the 99 defined benefit plans had approximately $279.0 billion in total net assets. Appropriations for this review function are approximately $1.0 million for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 322 – Evaluation and reporting of investment practices and performance. The legislation requires public retirement systems to evaluate investment practices and submit the report the Pension Review Board. PRB is required to include an investment performance report in its biennial report to the Legislature.

PRESERVATION BOARD

PURPOSE: To preserve and maintain the Texas Capitol, the Capitol Extension, the Capitol Visitors Center (1857 General Land Office Building), other designated buildings, their contents, and their grounds; preserve and maintain the Texas Governor's Mansion; and operate the Bullock Texas State History Museum and the Texas State Cemetery. Provide educational programs centered on Texas history, government, and culture.

ESTABLISHED: 1983

AUTHORIZING STATUTE: The Texas Government Code, Section 443.001

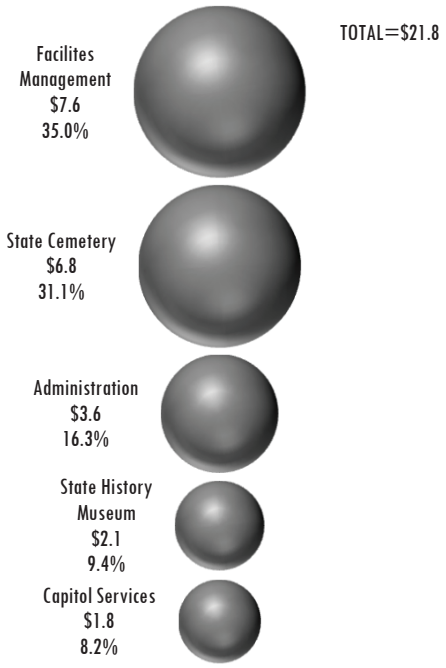
GOVERNANCE: Board—six members including the Governor, Lieutenant Governor, Speaker of the House of Representatives, one senator, one representative, and one public representative

FIGURE 109
PRESERVATION BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$36.9	$21.8	($15.1)	(41.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.1	$0.0	($0.1)	(68.0%)
Total, All Methods of Finance	**$37.1**	**$21.8**	**($15.2)**	**(41.1%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	120.0
2021	120.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include **$5.6 million for Phase I improvements identified in the State Cemetery Master Plan**, including repairs to facilities, burial sections, and irrigation system, among other improvements.

Decreases for onetime funding items, including capital improvement projects at the State Capitol and State Cemetery, **and debt service requirements** for the State History Museum **total $22.1 million**.

An increase of $1.2 million is provided **to fund previously unfilled full-time-equivalent positions** and to provide **2.0 percent salary increases** for staff.

SOURCE: Legislative Budget Board.

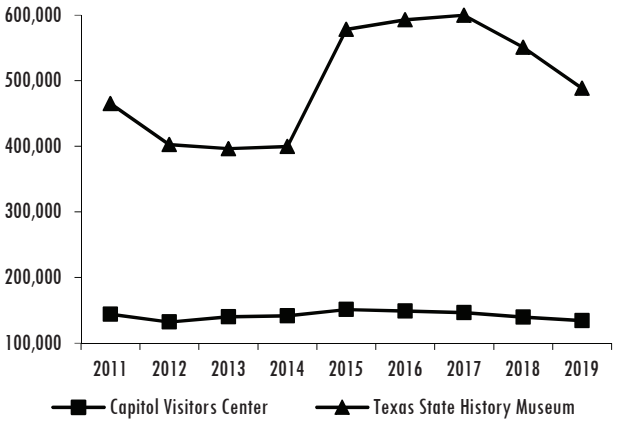
MAJOR FUNDING

Appropriations for the State Preservation Board provide total funding of $21.8 million in All Funds, which represents an overall decrease of $15.2 million. The decrease is due primarily to decreases of $8.2 million in estimated debt service payments for the Bullock Texas State History Museum, $12.1 million for onetime capital projects primarily affecting the State Capitol and State Cemetery, and $1.8 million for the Texas State History Education program.

Funding provides an increase of $5.6 million to implement the first of three phases of capital projects for the Texas State Cemetery, which includes repairs and renovations to facilities, burial section improvements, and other site improvements.

Increases also are provided to fund currently unfilled positions and provide a 2.0 percent salary increase across multiple programs ($1.2 million) and to upgrade security features for the Governor's Mansion ($0.2 million).

FIGURE 110
VISITORS TO THE CAPITOL VISITORS CENTER AND TEXAS STATE HISTORY MUSEUM, FISCAL YEARS 2011 TO 2019



NOTE: Amounts shown for fiscal year 2019 are estimated.
SOURCE: Legislative Budget Board; State Preservation Board.

PROGRAMS

The State Preservation Board (SPB) carries out its responsibilities through five major program areas: (1) facilities management; (2) State History Museum; (3) State Cemetery; (4) Capitol services; and (5) administration.

FACILITIES MANAGEMENT

The facilities management program area includes several programs and functions. The Maintenance Services and Mansion Maintenance programs provide facilities repairs, renovation, and maintenance services to the Capitol, Capitol Extension, Capitol Visitors Center (CVC), Governor's Mansion, and State History Museum. A primary goal for SPB is to preserve the historic integrity of artifacts and buildings within its purview. As a result, the agency's Building Modifications and Design program is responsible for approving all repairs and changes involving construction, restoration, and repair to the Capitol and grounds, CVC, and Governor's Mansion. SPB's Curatorial Services program employs a curator to oversee repairs and renovation to these buildings and their content. During fiscal year 2019, the agency repaired or restored 313 historical items that had been damaged.

In addition to providing maintenance and repair services, SPB is responsible for general housekeeping of buildings within its purview. Agency staff and contracted vendors provide housekeeping services, such as floor cleaning, waste collection, and other general custodial services. In addition to general housekeeping functions, a vendor provides groundskeeping services for the Capitol grounds, which includes mowing, hedge cutting, and other general landscaping duties. Appropriations for facilities management programs total $7.6 million and provide 53.0 full-time-equivalent (FTE) positions.

STATE HISTORY MUSEUM

State History Museum programs include the operation of the museum and educational and curatorial services. The Bullock Texas State History Museum, which opened in Austin during calendar year 2001, was established for the purpose of engaging visitors and displaying objects and information relating to the state's history. **Figure 110** shows visitation for the museum from fiscal years 2011 to 2019. To retain and build audiences, the museum offers changing exhibitions and programs and three floors of permanent galleries devoted to the history of Texas. The main permanent exhibit displays and interprets the seventeenth-century *La Belle* shipwreck recovered from Matagorda Bay and artifacts from the shipwreck. In addition, the museum presents professional development training for teachers and curriculum-based, onsite and distance-learning opportunities for students. Revenues that the museum generates from admission fees, parking, gift shop, concessions, IMAX Theater, and facility rentals are deposited into the Museum Fund, held outside the state Treasury, which is used to operate the museum and meet its projected needs. Additionally, appropriations also support and provide for debt service payments for the

museum. Appropriations for the State History Museum total $2.1 million and provide 11.5 FTE positions.

STATE CEMETERY

Since September 2015, SPB has overseen operations of the State Cemetery. The cemetery, established in 1851 and located in Austin, is the burial site for governors, senators, legislators, members of U.S. Congress, judges, and other eligible individuals that have made significant contributions to Texas history. The cemetery grounds are located approximately 1.0 mile east of the Capitol building and include several monuments dedicated to honor groups of Texans, including veterans. Appropriations for the Texas State Cemetery include $6.8 million for operations and capital projects and provide for 7.5 FTE positions.

CAPITOL SERVICES

Capitol services programs provide educational and visitation services at the Capitol and CVC and manage enterprises, events, and activities at the Capitol and its grounds. SPB provides interpretation and guided tours of the Capitol and CVC. Tours are provided in English and several other languages to better serve international visitors. Other educational programs offered at the CVC include interactive computer learning stations, multimedia presentations, and traditional exhibits to encourage interest in the state's diverse history. **Figure 110** shows the number of visitors to the Visitors Center from fiscal years 2011 to 2019.

Additionally, the agency coordinates public events, activities, and exhibits. The agency also manages revenue-generating enterprises, such as gift shops, cafeterias, parking meters, visitor parking garages, and leasing of other Capitol spaces. Revenue generated is deposited to the Capitol Fund, which is held outside the state Treasury and supports educational programming, historic preservation, facilities services, and other operating expenses of the Capitol and CVC. Additionally, funds also may be transferred from the Capitol Fund to the Capital Renewal Fund, which also is outside the Treasury, for major repairs and renovations at the Capitol and CVC. Appropriations for Capitol services total $1.8 million and provide 27.0 FTE positions.

ADMINISTRATION

SPB is appropriated $3.6 million and provided 21.0 FTE positions for its administration program area. This program area provides agencywide support functions, including executive leadership, finance, internal audit, legal services, purchasing, human resources management, and staff services.

STATE OFFICE OF RISK MANAGEMENT

PURPOSE: To assist state agencies in developing risk management programs and administer the state's self-insured government employees workers' compensation program and the state risk management programs.

ESTABLISHED: 1997

AUTHORIZING STATUTE: The Texas Labor Code, §412.011

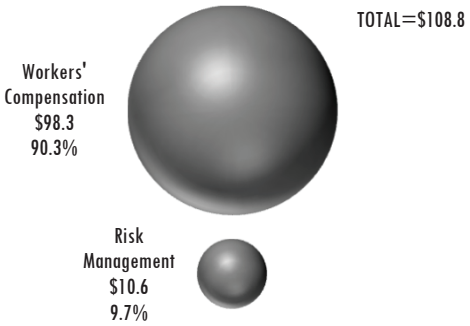
GOVERNANCE: Risk Management Board—five members appointed by the Governor with staggered six-year terms

FIGURE 111
STATE OFFICE OF RISK MANAGEMENT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	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	$107.0	$108.8	$1.8	1.7%
Total, All Methods of Finance	**$107.0**	**$108.8**	**$1.8**	**1.7%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	123.6
2021	123.6

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding includes **$1.8 million** to procure and implement a cloud-enabled Risk Management Information System. The system will integrate the agency's statutory programs and enable enhanced data collection, monitoring, and trend analysis across programs.

The agency has paid approximately **$523.8 million** in **medical and income benefits** since 2007. For the 2020–21 biennium, the agency estimates that it will pay approximately **$42.8 million** each fiscal year.

The **number of injuries sustained** by state employees per 100.0 full-time-equivalent positions has **decreased** from **4.0 injuries** to **3.2 injuries** from fiscal years 2004 to 2019.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to fund the State Office of Risk Management (SORM) increased by $1.8 million from the 2018–19 biennium to $108.8 million for the 2020–21 biennium. The agency received funding to procure and implement a cloud-based risk information system to upgrade antiquated technology and improve services to client agencies.

PROGRAMS

SORM carries out its mission through two main program areas: (1) workers' compensation, and (2) risk management.

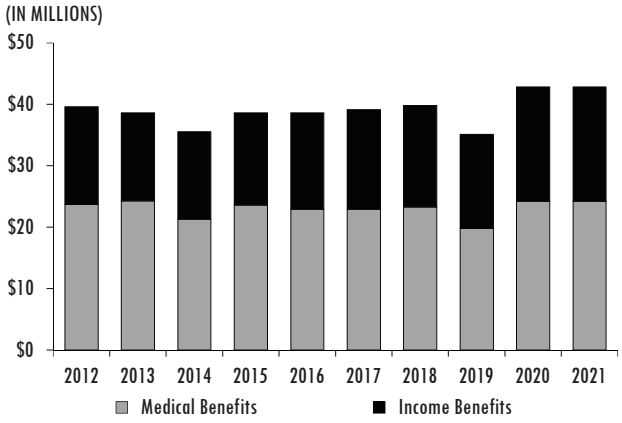
WORKERS' COMPENSATION

SORM administers the state workers' compensation program, which covers all state employees except those statutorily exempt at the University of Texas (UT) System, the Texas A&M University (TAMU) System, the Employees Retirement System (ERS), the Teacher Retirement System (TRS), and the Texas Department of Transportation (TxDOT). Also covered within the state workers' compensation program are county employees at community supervision and corrections departments and employees of the Windham School District.

As part of claims processing, the Claims Operation Department investigates, evaluates, and provides customer support for injury claims and oversees contracted medical cost-containment services. Appropriations for the 2020–21 biennium include $12.9 million in Other Funds through Interagency Contracts to administer claims processing. This amount is an increase of $1.1 million, or 8.8 percent from the 2018–19 biennium. The agency processed more than 89,000 medical bills and more than 26,000 indemnity bills (income payments) during fiscal year 2019. SORM expects to process approximately 92,000 medical bills and 27,200 indemnity bills during each fiscal year of the 2020–21 biennium.

SORM is appropriated $85.6 million to provide payments to approved workers' compensation claimants for the 2020–21 biennium. Of this amount, $84.5 million, or 98.7 percent, is funded by assessments to client agencies for workers' compensation coverage. Annual assessments are based on a formula that considers payroll size, number of full-time-equivalent (FTE) positions, claims costs, number of claims, and injury frequency rate (per 100.0 FTE positions). The formula determines a proportionate share for each agency of the total workers' compensation costs to the state and is structured so that agencies with decreased numbers of injuries and losses may receive decreases in their proportionate shares; conversely, the proportionate share increases for agencies whose loss performance worsens relative to all other client agencies.

FIGURE 112
WORKERS' COMPENSATION BENEFITS PAID
FISCAL YEARS 2012 TO 2021



NOTE: Amounts for fiscal years 2020 and 2021 are projected.
SOURCE: State Office of Risk Management.

Figure 112 shows the amount paid in recent years for medical and income benefits. During fiscal year 2019, SORM received 7,541 new claims, of which 6,098 were accepted and payments made totaling approximately $34.6 million, including claims with dates of injury from preceding fiscal years. This amount represents a 4.1 percent increase in the number of claims received and a 12.2 percent decrease in the amount of total payments from fiscal year 2017. SORM's appropriations for workers' compensation-related activities account for approximately $98.3 million of the agency's 2020–21 biennial appropriations.

RISK MANAGEMENT

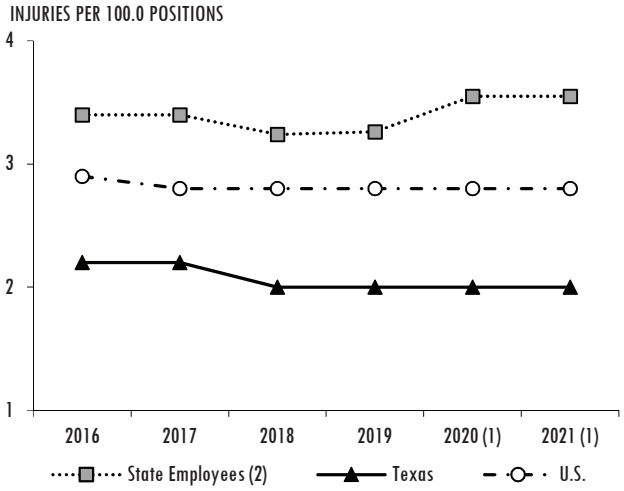
SORM provides risk management, insurance, and business continuity services to client state agencies. Its Enterprise Risk Management program intends to help state entities establish and maintain comprehensive risk management programs to ensure a safe environment for state employees and the public served by state agencies. All state entities participate in the program, excluding the following agencies, which are exempted by the Texas Labor Code, Section 412.011: UT System, TAMU, ERS, TRS, TxDOT, the Texas State University System, and the Texas Tech University System. During fiscal year 2019, the agency conducted approximately 257 onsite consultations and reviewed 29 risk management programs.

Through SORM, the state sponsors six lines of insurance including auto, directors and officers liability, property, volunteer, builder's risk, and fine arts. The agency also approves purchases of insurance from outside providers. During fiscal year 2019, the agency issued 158 state-sponsored insurance policies. Additionally, the agency approved 25 purchased lines of insurance from outside providers for 10 state agencies.

The Continuity of Operations Planning program assists agencies in developing processes and guidelines that will help with continuity of service in the wake of a catastrophic or disruptive event. Working with the Texas Office of Homeland Security, the Texas Division of Emergency Management, and the Texas Department of Information Resources, the agency provides resources to assist agencies in developing continuity of operations plans.

Figure 113 shows a comparison of the number of injuries sustained per 100.0 FTE positions by state employees at agencies that have contracts with SORM for risk management services, by Texas private industry employees, and by employees nationwide since state fiscal year 2016. Appropriations for SORM's risk management program area total approximately $10.1 million for the 2020–21 biennium.

FIGURE 113
INJURY FREQUENCY RATES PER 100.0 FULL-TIME-EQUIVALENT POSITIONS, FISCAL YEARS 2016 TO 2021



NOTES:
(1) For fiscal years 2020 and 2021, State Employees amounts are estimated. Texas and U.S. amounts are carried forward from fiscal year 2018.
(2) State employees are only those employed by agencies or entities that have contracts with the State Office of Risk Management.
SOURCE: State Office of Risk Management.

SECRETARY OF STATE

PURPOSE: The Secretary of State serves as chief election officer for Texas, assisting county election officials and ensuring the uniform application and interpretation of election laws throughout Texas. The office also provides a repository for required official, business, and commercial records; publishes government rules and regulations; commissions notaries public; and serves as keeper of the state seal and attestor to the Governor's signature on official documents.

ESTABLISHED: 1845

AUTHORIZING STATUTE: The Texas Constitution, Article IV, §21

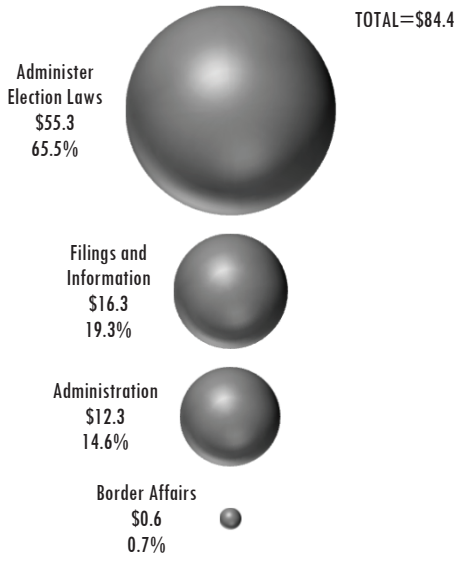
GOVERNANCE: Constitutional office appointed by the Governor with the advice and consent of the Senate

FIGURE 114
SECRETARY OF STATE BY METHOD OF FINANCE

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19 (IN MILLIONS)	APPROPRIATED 2020–21 (IN MILLIONS)	BIENNIAL CHANGE (IN MILLIONS)	PERCENTAGE CHANGE
General Revenue Funds	$43.9	$51.8	$8.0	18.1%
General Revenue–Dedicated Funds	$0.8	$0.3	($0.5)	(61.2%)
Federal Funds	$7.6	$15.8	$8.2	107.4%
Other Funds	$15.8	$16.5	$0.6	4.1%
Total, All Methods of Finance	**$68.1**	**$84.4**	**$16.3**	**24.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	205.0
2021	203.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Additional Help America Vote Act (HAVA) funds were awarded to the state during fiscal year 2018 to increase election security. HAVA-related appropriations include $**14.7 million in Federal Funds and $1.2 million in General Revenue Funds** for the 2020–21 biennium.

Appropriations include **$1.9 million** in General Revenue Funds to maintain the **Texas Election Administration Management (TEAM)** voter registration system, and $**1.5 million** to link TEAM to the national **Electronic Registration Information Center**.

Appropriations include an estimated **$18.0 million** in General Revenue Funds for primary and primary runoff election **poll worker salary reimbursements** for fiscal year 2020. This amount includes an **increase of $3.0 million**, which is intended to raise the average poll worker compensation to **$12 per hour.**

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Secretary of State (SOS) includes a net increase of $16.3 million in All Funds including the following changes: increases of $14.7 million in Federal Funds and a $1.2 million General Revenue Funds match due to the receipt of a fiscal year 2018 Help America Vote Act (HAVA) grant; a decrease of $6.5 million due to the removal of unexpended balances from the 2018–19 biennium; an increase of $3.0 million in General Revenue Funds for primary election poll worker wages; an increase of $1.9 million in General Revenue Funds to maintain the Texas Election Administration Management (TEAM) system; an increase of $1.5 million to enroll in the interstate Electronic Registration Information Center (ERIC); an increase of $0.3 million in Other Funds from Appropriated Receipts authority for computer replacements; and an increase of $0.2 million for implementation of the Centralized Accounting Payroll/Personnel System.

PROGRAMS

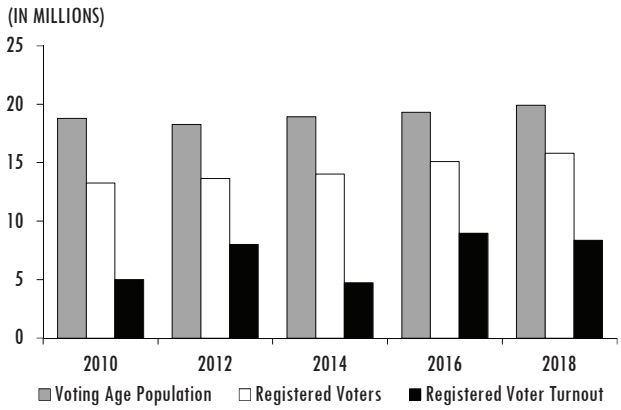
The agency carries out its responsibilities through three major program areas: (1) administering election laws; (2) filings and information; and (3) border affairs.

ADMINISTERING ELECTION LAWS

As chief elections officer, the SOS is responsible for the interpretation and application of the Texas Election Code. SOS administers election laws through five interrelated functions: administration of statewide elections, election and voter registration funds, constitutional amendments, administration of HAVA, and voter registration.

Historical data regarding voter turnout and registration is shown in **Figure 115**. Voting-age population refers to the total number of individuals in the state that are age 18 or older, regardless of citizenship, military status, felony conviction, or mental state. The state was the recipient of a $23.8 million HAVA federal grant during fiscal year 2018, $4.7 million of which was used during the 2018–19 biennium to conduct county-level election security audits. Of these new Federal Funds, $14.7 million and a $1.2 million General Revenue Funds match have been appropriated to the agency for the 2020–21 biennium to increase election security and integrity. Previous fiscal year 2004 HAVA funding has been depleted, and an additional $1.9 million in General Revenue Funds has been appropriated in its place to maintain TEAM, a statewide electronic voter registration database. An additional $1.5 million in General Revenue Funds has been provided to link TEAM to an interstate voter registration system known as ERIC.

FIGURE 115
TEXAS GENERAL ELECTION TURNOUT AND VOTER REGISTRATION, FISCAL YEARS 2010 TO 2018



SOURCE: Texas Office of the Secretary of State.

The Eighty-sixth Legislature, 2019, passed 10 proposed constitutional amendments for Texas voters to decide in the November 2019 election. SOS also will disburse approximately $18.0 million to county political parties for payment of poll workers and operating costs associated with primary elections for fiscal year 2020. Of this amount, an additional $3.0 million has been appropriated to raise primary poll worker hourly wages from an average of $8 per hour to $12 per hour. Appropriations for administering election laws include $55.2 million and 29.0 full-time-equivalent (FTE) positions.

FILINGS AND INFORMATION

The agency's responsibilities regarding information management are to provide accurate, reliable, and timely access to public information; to process documents efficiently; and to ensure compliance with laws and rules relating to filing documents and accessing documents filed with the agency. The agency's electronic filing system website, the Secretary of State Online Access (SOSDirect), enables external users to file documents and obtain information regarding Uniform Commercial Code (UCC) and business-entity filings. In the business and public filings program, the agency accepts or rejects business-entity documents, UCC documents, notary public, assumed names, trademark documents, and other statutory filings. The business and public filings program is appropriated $15.4 million and 101.0 FTE positions for the 2020–21 biennium. The other

primary program within information management is document publishing, which provides for the filing, editing, compiling, and publishing of the Texas Administrative Code and the *Texas Register* weekly journal, with appropriations of $0.9 million and 8.0 positions for the biennium. The agency anticipates processing 17.9 million filings and related information requests for the 2020–21 biennium.

BORDER AFFAIRS

The primary function of the border affairs program area is to provide for protocol services and the representation of the Governor and the state at meetings with Mexican officials and at events and conferences involving the diplomatic corps, government officials, and business leaders. Appropriations for the protocol and border affairs program include approximately $0.6 million for the biennium and provide for 3.0 FTE positions.

SIGNIFICANT LEGISLATION

House Bill 1850 – Availability of certain voter information. Requires early voting clerks to provide copies of registers, including at a minimum the registration numbers for each voter listed, for early voting in primary, runoff primary, general, or any special elections. Requires the Secretary of State to make such early voting rosters available on its website.

Senate Bill 902 – Public availability of election records; authorizing a fee. Requires the Secretary of State to provide downloadable voting totals on its website no later than the day after election day.

VETERANS COMMISSION

PURPOSE: To help guarantee that Texas veterans and their families secure all the rights and benefits provided for them by law through advocacy, counseling, and financial assistance.

ESTABLISHED: 1927 as the Veterans State Service Office and renamed the Texas Veterans Commission in 1985

AUTHORIZING STATUTE: The Texas Government Code, Chapter 434

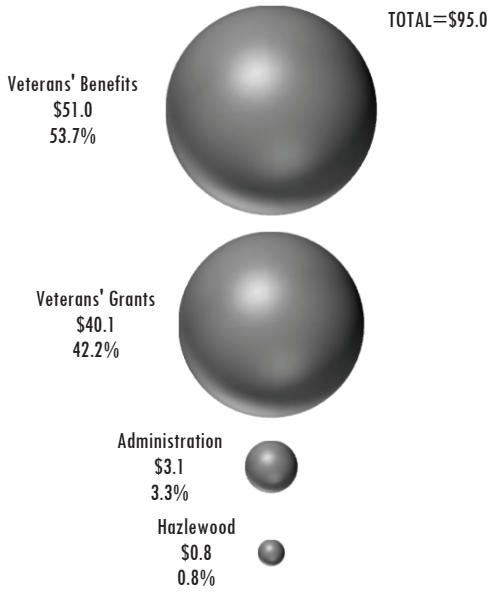
GOVERNANCE: Commission—five members appointed by the Governor with the advice and consent of the Senate

FIGURE 116
VETERANS COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$26.7	$28.9	$2.2	8.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$23.1	$25.1	$1.9	8.4%
Other Funds	$41.9	$41.0	($0.9)	(2.1%)
Total, All Methods of Finance	**$91.7**	**$95.0**	**$3.3**	**3.6%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	396.5
2021	396.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

During fiscal year 2019, the agency filed 166,490 new monetary claims, 4,874 appeals, and managed a total caseload of 283,417 claims resulting in **$4.9 billion in compensation** to Texas veterans and their families. Funding for the **Claims Counseling and Representation program** totals **$15.5 million** for the 2020–21 biennium.

Texas is home to the largest number of women veterans in the nation with approximately **177,000 women veterans**. Appropriations include $0.5 million and 4.0 full-time-equivalent positions for the Women Veterans program to fund efforts tailored to connect with and assist women veterans.

Since fiscal year 2009, the agency has awarded more than $**139.2 million** in **grant awards through the Fund for Veterans' Assistance** to nonprofit and local government entities that provide direct services to veterans and their families.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Texas Veterans Commission (TVC) increased by $3.3 million, or 3.6 percent, to $95.0 million for the 2020–21 biennium. The increase is related primarily to additional funding for the claims counseling and representation program and an increased drawdown of federal funding for the Veterans Employment Services' Disabled Veterans Outreach program.

PROGRAMS

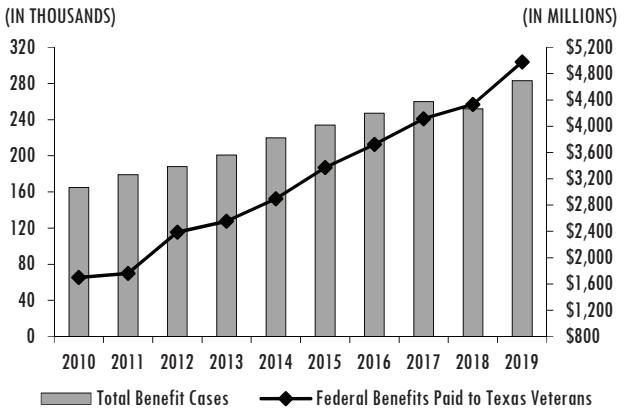
The agency carries out its responsibilities to this constituency through four major program areas: (1) veterans' benefits, (2) veterans' grants, (3) Hazlewood Act administration, and (4) administration.

VETERANS' BENEFITS

The Veterans Commission's largest program area encompasses six primary efforts, the largest of which, claims counseling and representation, assists and counsels veterans, families of veterans, and survivors in pursuit of eligible benefits. Texas ranks second in the U.S. in total veteran population with 1.6 million veterans. TVC informs veterans and their families of available benefits, assists them through the claims process, and offers guidance regarding benefit appeals. TVC also provides training for Veterans County Service Officers (VCSO), which provide local assistance to veterans. During fiscal year 2018, TVC procured electronic claims management software to increase the efficiency of claims filing and tracking.

During fiscal year 2019, the agency filed 166,490 new monetary claims, 4,874 appeals, and managed a total caseload of 283,417 claims, which resulted in $4.9 billion in compensation to Texas veterans and their families. Utilizing the Public Assistance Reporting Information System (PARIS), TVC forwarded 338 new or additional benefits claims to the U.S. Department of Veterans Affairs (VA), of which 280 were adjudicated in favor of the claimants; this action resulted in $1.4 million in annual federal compensation for veterans and their families. Of the claims forwarded, 56 are pending adjudication and could result in an annual increase of $0.2 million to Texas veterans. Since the inception of PARIS, TVC has collected $7.3 million in annual benefits for veterans. **Figure 117** shows the number of active benefit cases compared to the federal benefits paid to Texas veterans. Appropriations for claims counseling and representation total approximately $15.5 million for the 2020–21 biennium.

FIGURE 117
FEDERAL BENEFITS AND CASE REPRESENTATION BY THE VETERANS COMMISSION, FISCAL YEARS 2006 TO 2016



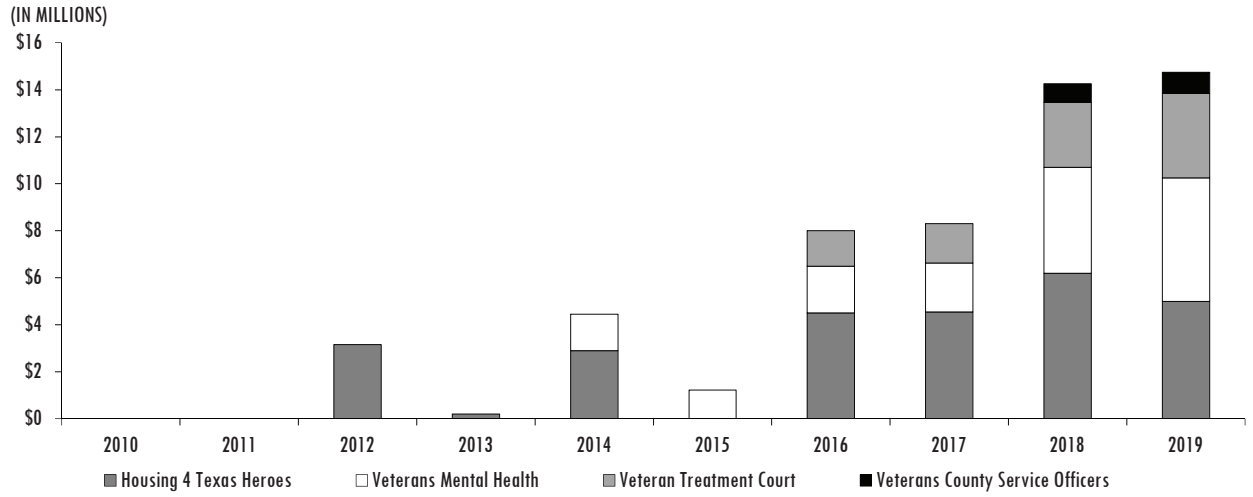
SOURCE: Texas Veterans Commission.

As part of its Veterans Employment Services program, TVC provides comprehensive services to veterans and veterans' spouses in pursuit of long-term, meaningful employment. These services include but are not limited to assistance with completing job applications, reviewing resumes, job matching and searches, referrals to training, and targeted service to those facing significant obstacles to employment. Additionally, TVC works with employers, government entities, and institutions of higher education to help them understand the benefits of hiring veterans and to navigate and simplify veteran hiring practices. Appropriations for the 2020–21 biennium increased by 9.2 percent to $23.4 million primarily due to an increased drawdown of federal funding for the federal Disabled Veteran Outreach Program.

TVC's Veterans Education Program serves as the state's approving agency for federal GI Bill benefits and serves as administrator for Hazlewood Act benefits. The Eighty-fifth Legislature, Regular Session, 2017, transferred TVC funding for the Hazlewood Legacy Program to the Permanent Fund Supporting Military and Veterans Exemptions to combine the funding for the Hazlewood Legacy Program (see **Chapter 6, Agencies of Education**). The agency reviews, evaluates, approves, and oversees education and training programs for veterans and other eligible individuals. TVC conducts VA-directed compliance survey visits to examine reporting accuracy at schools and training establishments, to monitor tuition and fee charges to veterans and the VA, and to ensure VA payment accuracy.

During fiscal year 2019, more than 1,400 TVC-approved Texas colleges, universities, trade and vocational schools, and

FIGURE 118
TEXAS VETERANS COMMISSION FUND FOR VETERANS' ASSISTANCE GRANTS, FISCAL YEARS 2010 TO 2019



NOTE: Amounts for fiscal year 2018 are estimated.
SOURCE: Texas Veterans Commission.

training facilities enabled an estimated 61,334 eligible veterans and their families to use benefits offered through the GI Bill(s). TVC's Veterans Education program responded to more than 19,000 inquiries regarding education benefits, conducted more than 260 onsite visits, and completed 122 VA-directed compliance survey visits throughout the state. Additionally, the agency participated in 79 veterans' job fairs, benefits fairs, and other outreach events in Texas and engaged in more than 3,000 outreach activities to connect veterans and families to services. The agency is appropriated approximately $3.3 million for veterans' education-related services for the 2020–21 biennium.

TVC's Veterans Outreach program informs veterans of benefits and services using a multimedia approach to disseminating information. This program is appropriated $3.4 million for the 2020–21 biennium. In its outreach efforts, TVC staff completed more than 1,000,000 veteran engagements during fiscal year 2019, including connections made via social media and other online campaigns. Included in the Veterans Outreach Program is the Women Veterans Program. Texas has the largest number of women veterans in the U.S. with approximately 177,000 women veterans. The Eighty-sixth Legislature, 2019, appropriated an additional $0.4 million and 3.0 full-time-equivalent (FTE) positions to connect with women veterans.

The Veteran Entrepreneur Program (VEP) provided more than 10,500 services to veterans and their families during fiscal year 2019, including business planning, development, opening assistance, and other targeted guidance. Approximately 54.0 percent of VEP activities are related to reviewing and providing qualifying veterans a letter of verification, which is used to waive certain business-filing fees. Appropriations for the VEP increased by 36.9 percent to $0.6 million for the 2020–21 biennium, and the agency is appropriated an additional 1.0 FTE position to assist veterans and their families in entrepreneurial ventures.

The Veteran Health Care Advocacy staff act as liaisons between veterans and the U.S. Department of Veteran Affairs to resolve access issues involving VA healthcare-related services. The agency is appropriated 14.0 FTE positions and $1.6 million for this program for the 2020–21 biennium, the same 2018–19 biennial levels.

VETERANS' GRANTS

The Texas Veterans Commission Fund for Veterans' Assistance (FVA) grant program awards grants to eligible charitable, governmental, and veterans organizations that provide direct services to Texas veterans and their families through four grant awards: General Assistance, Veterans Mental Health, Veteran Treatment Court, and Housing 4 Texas Heroes. Through the FVA grant program, the agency has awarded more than $137.0 million to organizations across Texas and helped more than 311,000 veterans and veteran families since fiscal year 2009.

Figure 118 shows the awards that FVA has granted since fiscal year 2010.

General Assistance grants are awarded to certain organizations that provide limited emergency assistance; child and family services; transportation services; legal services; and employment, training, education, and job placement assistance to veterans. Veterans Mental Health grants are awarded to organizations that work to meet the mental health needs of veterans and their families. These organizations typically offer services including clinical counseling, peer-delivered services, and nonclinical support services. Housing 4 Texas Heroes grants provide financial support to organizations that assist Texas veterans and their families to obtain, maintain, or improve housing. Veteran Treatment Court grants support local efforts to provide veterans service through treatment court programs. Senate Bill 1679, Eighty-fifth Legislature, Regular Session, 2017, set aside 5.0 percent of FVA grants to be awarded to Veteran County Service Officers that apply for one of the four main grant awards.

Approximately $45.1 million is appropriated to the Texas Veterans Commission for grant programs for the 2020–21 biennium.

HAZLEWOOD ACT ADMINISTRATION

The Hazlewood Act, the Texas Education Code, Section 54.341, provides an educational benefit to eligible Texas veterans residing in the state and certain dependents or spouses of Texas veterans. The Hazlewood exemption program is a state benefit that provides qualified individuals with an education benefit of up to 150.0 semester credit hours of tuition exemption, including most fees, at public institutions of higher education in Texas.

The Hazlewood Legacy Program, which began in fall 2009, enables a veteran to pass on this educational benefit to a dependent. Spouses and dependents of veterans are eligible for this exemption if a veteran spouse or parent was killed in action, died while in service, died as a result of service-related injuries or illness, is classified as missing in action, became totally and permanently disabled, or meets the requirements for individual unemployability due to a service-related injury.

TVC's Veterans Education program, which oversees GI Bill benefits, also manages the Hazlewood database. The Eighty-fifth Legislature, Regular Session, 2017, transferred TVC funding for the Hazlewood Legacy Program to the Permanent Fund Supporting Military and Veterans Exemptions (MVE) to combine the MVE and TVC funding for the Hazlewood Legacy Program into one appropriations bill. The agency is appropriated $781,200 for the 2020–21 biennium related to its administration of the Hazlewood Act.

ADMINISTRATION

The agency facilitates the management and distribution of funds, grants, and complex support services to support its agency programs. For the 2020–21 biennium, agency appropriations total approximately $3.1 million for administrative functions.

SIGNIFICANT LEGISLATION

Senate Bill 2104 – Establishes the Texas Veterans County Service Officer Task Force to study the roles, duties, and effects of Veterans County Service Officers in Texas. Additionally, the task force will identify regions in need of VCSOs and determine the types and levels of support needed from the state for VCSOs. The legislation also authorizes the agency to award grants to provide pro bono legal services to veterans, active-duty military, and members of the state military forces.

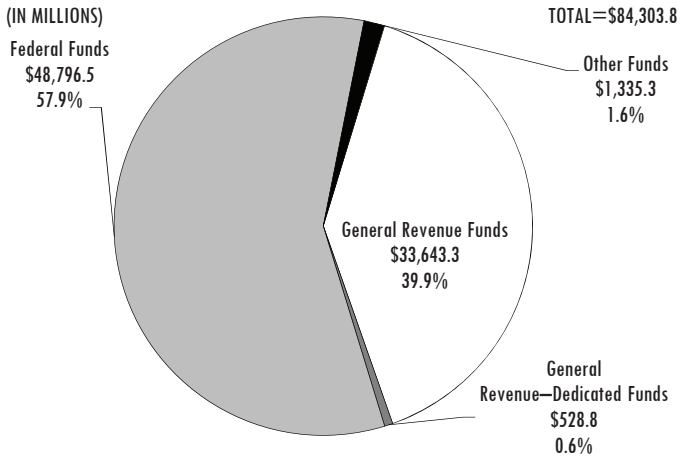
5. HEALTH AND HUMAN SERVICES

Health and Human Services is the second-largest function of Texas state government. Spending is driven primarily by caseloads for Medicaid, the Children's Health Insurance Program (CHIP), and child protective services. Other significant programs include inpatient and outpatient mental health services, services for individuals with intellectual disabilities, and programs to protect and improve public health.

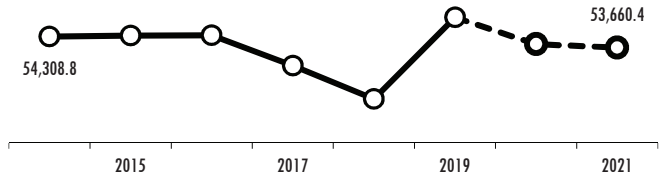
FIGURE 119
ARTICLE II – HEALTH AND HUMAN SERVICES, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$34,640.7	$33,643.3	($997.5)	(2.9%)
General Revenue–Dedicated Funds	$566.9	$528.8	($38.1)	(6.7%)
Federal Funds	$46,421.5	$48,796.5	$2,374.9	5.1%
Other Funds	$2,187.1	$1,335.3	($851.8)	(38.9%)
Total, All Methods of Finance	**$83,816.3**	**$84,303.8**	**$487.5**	**0.6%**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Appropriations for the **Medicaid program** total **$66.4 billion** in All Funds, including $24.8 billion in General Revenue Funds and General Revenue–Dedicated Funds, an increase of $1.1 billion in All Funds.

Funding for **non-Medicaid/CHIP behavioral health services** totals **$3.3 billion in All Funds**, including $2.5 billion in General Revenue Funds and General Revenue–Dedicated Funds.

Funding for **Child Protective Services** totals **$3.8 billion** in All Funds, an increase of $0.2 billion primarily for additional direct delivery staff to maintain or reduce caseloads and for the expansion of Community-based Care.

The Eighty-sixth Legislature, 2019, made **other significant investments** in health and human services programs, including women's and children's health services, public health services, child advocacy programs, infrastructure, salary increases, and contract oversight and administration.

Appropriations reflect a **decrease of $1.4 billion** in All Funds related to onetime expenditures for disaster assistance in the 2018–19 biennium and for construction and repairs at the state-owned facilities in the 2018–19 biennium, including $0.4 billion for state mental health hospital construction provided in Senate Bill 500, Eighty-sixth Legislature, 2019, that is included in fiscal year 2019 but likely to be expended in the 2020–21 biennium.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 120
ARTICLE II – HEALTH AND HUMAN SERVICES APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS)

FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Family and Protective Services	$4,159.0	$4,429.3	$270.2	6.5%
Department of State Health Services	$1,725.2	$1,676.2	($48.9)	(2.8%)
Health and Human Services Commission	$76,593.3	$76,733.5	$140.3	0.2%
Subtotal, Health and Human Services	**$82,477.5**	**$82,839.0**	**$361.5**	**0.4%**
Employee Benefits and Debt Service	$2,130.0	$2,237.9	$107.9	5.1%
Less Interagency Contracts	$791.2	$773.1	($18.1)	(2.3%)
Total, All Functions	**$83,816.3**	**$84,303.8**	**$487.5**	**0.6%**

NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) Includes supplemental appropriations made in Senate Bill 500, Eighty-sixth Legislature, 2019.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

MEDICAID

The primary funding issue for the health and human services (HHS) function is Medicaid, constituting more than three-quarters of HHS All Funds appropriations. 99.9 percent of Medicaid funding is appropriated to the Health and Human Services Commission (HHSC) for Medicaid client services, programs supported by Medicaid funding, and administration of Medicaid and programs supported by Medicaid funding. The remaining 0.1 percent is appropriated to the Department of State Health Services (DSHS) and the Department of Family and Protective Services (DFPS) for programs supported by Medicaid funding and administration of Medicaid and programs supported by Medicaid funding.

A total of $66.4 billion in All Funds ($24.7 billion in General Revenue Funds, $0.1 billion in General Revenue–Dedicated Funds, $0.6 billion in Other Funds, and $41.0 billion in Federal Funds) in Medicaid funding is appropriated across HHS for the 2020–21 biennium. These appropriations represent a $1.1 billion increase in All Funds (1.6 percent) from the 2018–19 biennial expenditure level, which includes a $0.8 billion All Funds increase in Medicaid client services, a $0.2 billion All Funds increase in Medicaid funding for programs supported by Medicaid funding, and a $0.1 billion increase in administrative funding. **Figure 121** shows 2018–19 biennial estimated/budgeted amounts for Medicaid compared to 2020–21 biennial appropriations.

BEHAVIORAL HEALTH

Funding for non-Medicaid/CHIP behavioral health services and related expenditures at HHS agencies includes $3.3 billion in All Funds ($2.5 billion in General Revenue Funds and General Revenue–Dedicated Funds). This amount is a decrease of $0.5 billion in All Funds, and an increase of $0.2 billion in General Revenue Funds, from the 2018–19 biennial expenditure level. The decrease is primarily due to a $0.1 billion decrease at HHSC in Federal Funds associated with an assumed reduction in the Opioid State Targeted Response federal grant and a $0.8 billion decrease in Other Funds (Economic Stabilization Fund, ESF) appropriated for onetime construction projects and certain capital repair and renovation projects at state-funded inpatient mental health facilities. The decrease reflects the inclusion of funds provided in Senate Bill 500, Eighty-sixth Legislature, 2019, in fiscal year 2019 although the appropriation is for a two-year period and the funds are anticipated to be expended during the 2020–21 biennium. These decreases are partially offset by increases at HHSC totaling $0.2 billion for inpatient and outpatient mental health and substance abuse treatment services and $0.1 billion for deferred maintenance projects at the state mental health hospitals.

Estimated Medicaid expenditures for behavioral health services total $3.3 billion in All Funds for the 2020–21 biennium, and estimated CHIP expenditures total $0.1 billion in All Funds. The amounts for both programs include projected cost growth that is not funded. Total behavioral

FIGURE 121
MEDICAID APPROPRIATIONS IN ALL FUNDS BY AGENCY
2018–19 TO 2020–21 BIENNIA

(IN MILLIONS) CATEGORY	ESTIMATED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE
Department of Family and Protective Services			
Medicaid Funding for Administration	$8.2	$8.3	$0.2
Programs Providing Client Services with Medicaid Funding	$35.8	$38.5	$2.7
Subtotal, Department of Family and Protective Services	**$44.0**	**$46.8**	**$2.9**
Department of State Health Services			
Medicaid Funding for Administration	$29.9	$29.1	($0.8)
Health and Human Services Commission			
Medicaid Program Client Services	$60,772.4	$61,547.7	$775.3
Medicaid Funding for Administration	$2,937.7	$3,061.1	$123.4
Programs Providing Client Services with Medicaid Funding	$1,542.4	$1,713.7	$171.3
Subtotal, Health and Human Services Commission	**$65,252.5**	**$66,322.5**	**$1,070.0**
Total, All Health and Human Services Agencies	**$65,326.3**	**$66,398.4**	**$1,072.1**

NOTES:
(1) Amounts may not sum due to rounding.
(2) Includes supplemental appropriations provided in Senate Bill 500, Eighty-sixth Legislature, 2019.
SOURCE: Legislative Budget Board.

FIGURE 122
HEALTH AND HUMAN SERVICES BEHAVIORAL HEALTH APPROPRIATIONS IN ALL FUNDS BY AGENCY
2018–19 TO 2020–21 BIENNIA

(IN MILLIONS) AGENCY	ESTIMATED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE
Department of Family and Protective Services	$63.4	$77.4	$14.0
Department of State Health Services	$2.9	$5.3	$2.4
Health and Human Services Commission	$3,819.7	$3,265.8	($553.9)
Subtotal, Non-Medicaid and Children's Health Insurance Program (CHIP)	**$3,886.0**	**$3,348.6**	**($537.4)**
Estimated Medicaid and CHIP	$3,235.4	$3,416.4	$181.0
Total, All Health and Human Services Agencies	**$7,121.4**	**$6,764.9**	**($356.4)**

NOTES:
(1) Amounts may not sum due to rounding.
(2) Includes supplemental appropriations provided in Senate Bill 500, Eighty-sixth Legislature, 2019.
(3) Medicaid and CHIP amounts for the 2020–21 biennium include cost growth that is not funded in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCE: Legislative Budget Board.

health funding at the HHS agencies, including estimated Medicaid and CHIP expenditures, is $6.8 billion in All Funds for the biennium. **Figure 122** shows 2018–19 biennial estimated/budgeted amounts for behavioral health compared to 2020–21 biennial appropriations.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

PURPOSE: Protect children, the elderly, and people with disabilities from abuse, neglect, and exploitation by involving clients, families, and communities.

ESTABLISHED: 2004

AUTHORIZING STATUTE: The Texas Human Resources Code, Title 2, Chapters 40, 42, and 48

GOVERNANCE: Commissioner, appointed by the Governor, with the advice and consent of the Senate; Family and Protective Services Council – nine members of the public appointed by the Governor to assist with development of rules and policies

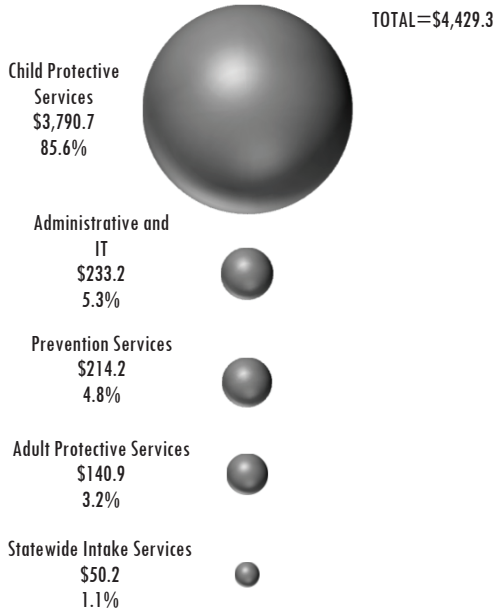
FIGURE 123
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2,392.6	$2,585.8	$193.2	8.1%
General Revenue–Dedicated Funds	$11.4	$11.4	$0.0	0.0%
Federal Funds	$1,741.6	$1,818.9	$77.3	4.4%
Other Funds	$13.4	$13.2	($0.3)	(1.9%)
Total, All Methods of Finance	**$4,159.0**	**$4,429.3**	**$270.2**	**6.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	12,609.3
2021	12,103.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations for **Community-based Care (CBC)** total $501.4 million in All Funds to maintain existing services and to expand CBC into two new regions (Regions 1 and 8b) and into Stage II in Regions 3b, 2, and 8a.

Appropriations for **Child Protective Services (CPS) Direct Delivery Staff** total $1,629.9 million in All Funds, an increase of $170.1 million primarily to support the expansion of CBC and for additional direct delivery staff to maintain or reduce caseworker caseloads.

Appropriations for **CPS client services**, including day care, foster care, adoption subsidies and permanency care assistance payments, and relative caregivers provide $1,902.1 million in All Funds, a net increase of $73.4 million. The increase is due primarily to projected increases in adoption and permanency care assistance caseloads, foster care rate increases, and CBC expansion.

Appropriations include $16.5 million in All Funds for **salary increases** for Statewide Intake staff and Adult Protective Services caseworkers and supervisors.

NOTE: IT=information technology.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

Senate Bill 500, Eighty-sixth Legislature, 2019, increased appropriation authority of the Department of Family and Protective Services (DFPS) in fiscal year 2019 by $113.2 million in All Funds, including $116.7 million in General Revenue Funds, for the following purposes:

- $88.6 million in General Revenue Funds for foster care payments;
- $10.6 million in General Revenue Funds for Substance Abuse Purchased Services;
- $6.8 million in General Revenue Funds for relative caregiver payments offset by a reduction of $8.5 million in Temporary Assistance for Needy Families (TANF) Federal Funds;
- $5.8 million in General Revenue Funds for Other Child Protective Services (CPS) Purchased Services;
- $5.0 million in Federal Funds for day care payments; and
- $4.9 million in General Revenue Funds for Adoption Purchased Services.

Appropriations for DFPS for the 2020–21 biennium total $4.4 billion in All Funds, including $2.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, representing increases of $270.2 million in All Funds and $193.2 million in General Revenue Funds from 2018–19 biennial spending levels. The majority of the increases ($233.4 million in All Funds and $155.0 million in General Revenue Funds) is provided for CPS, primarily to fund expansion of Community-based Care (CBC), provide rate increases for certain foster care providers, and support caseload growth for Adoption Subsidies and Permanency Care Assistance Payments. Increased funding for CPS also provides for additional full-time-equivalent (FTE) positions to maintain or reduce caseloads for caseworkers.

The expansion of CBC in the 2020–21 biennium affects funding for CPS direct delivery staff, program support, and foster care payments. CBC implementation occurs in two stages where a single-source continuum contractor (SSCC) assumes responsibility for finding foster homes or other out-of-home placements for children in state care and for providing additional services. In stage I the SSCC provides foster care services, including placement. In stage II the SSCC assumes responsibility for case management of children in state care. As CBC expands into additional regions and stages, DFPS funding is increased while FTE positions are reduced as SSCCs assume responsibilities previously performed by state staff. The increased funding includes start-up costs and resource transfers, which provide FTE position costs that would be appropriated to DFPS as well as funding for benefits that would have been appropriated outside of DFPS's budget. Additional costs are also associated with network support payments provided for each child for which an SSCC is responsible. CBC was implemented in Stage I in region 3b (Tarrant County and nearby counties) in fiscal year 2015 and in regions 2 (Abilene, Wichita Falls, and surrounding counties) and 8a (Bexar County) in fiscal year 2019. Appropriations for the 2020–21 biennium assume expansion of Stage I into two additional regions—1 (Amarillo, Lubbock, and surrounding counties) and 8b (counties surrounding Bexar County)—and into Stage II in three regions (3b, 2, and 8a). Total funding for CBC in the 2020–21 biennium includes $501.4 million in All Funds ($407.0 million in General Revenue Funds). **Figure 124** shows the major cities in each region.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) CPS; (2) Administrative and Information Technology; (3) Prevention Services; (4) Adult Protective Services; and (5) Statewide Intake Services.

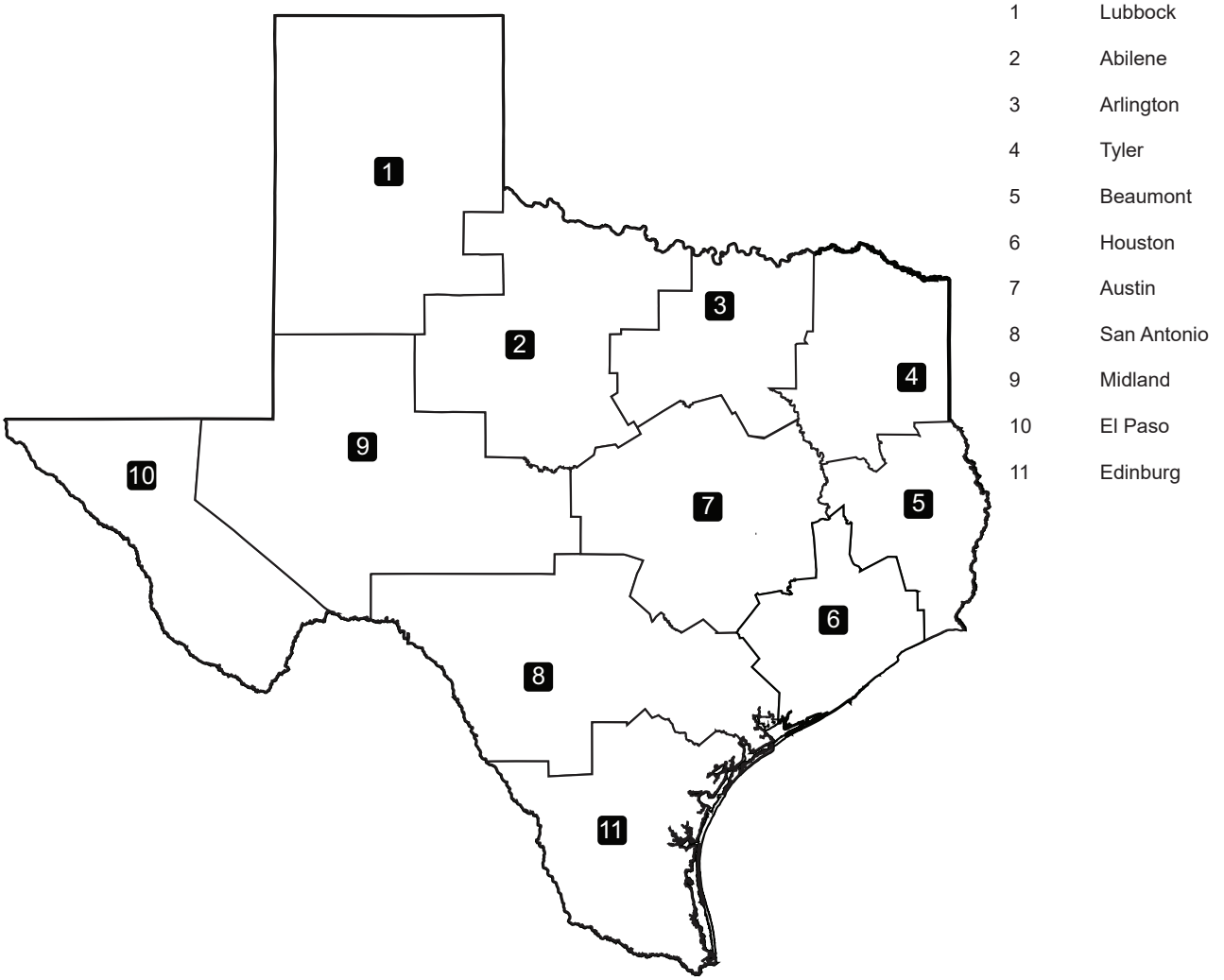
CHILD PROTECTIVE SERVICES

The CPS program investigates reports of suspected abuse or neglect of children and takes action to protect abused and neglected children from further harm. Program staff also work with children and their families to help alleviate the effects of abuse. The CPS program provides protective services through six primary programs: CPS Direct Delivery Staff, CPS Program Support, CPS Purchased Services, Foster Care Payments, Adoption Subsidy/Permanency Care Assistance Payments, and Relative Caregiver Monetary Assistance Payments. Biennial funding totals $3.8 billion in All Funds ($2.2 billion in General Revenue Funds), shown by CPS program in **Figure 125**.

CPS DIRECT DELIVERY STAFF

The largest portion (43.0 percent) of CPS funding is provided for CPS Direct Delivery Staff. These staff provide services including investigating reports of suspected abuse or neglect; developing and implementing protective service plans; placing children in temporary care or permanent homes; providing long-term casework; and serving families in crisis

FIGURE 124
DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES REGIONS, INCLUDING LOCATION OF REGIONAL HEADQUARTERS
FISCAL YEAR 2019



NOTE: Community-based Care regions are based on current DFPS regions. Certain regions are divided further, designated by letters following the number. DFPS intends to establish additional divisions in regions 3, 6, 7, 8, and 11.
SOURCE: Department of Family and Protective Services.

to help prevent the out-of-home placement of children. Funding for direct delivery staff also includes amounts transferred to SSCCs for CBC. Biennial funding totals $1,629.9 million in All Funds ($1,158.5 million in General Revenue Funds) and provides for 9,961.4 FTE positions in fiscal year 2020 and 9,447.4 FTE positions in fiscal year 2021. Funding represents an increase of $170.1 million in All Funds ($147.3 million in General Revenue Funds) due to the following increases:

- $96.9 million in All Funds ($79.6 million in General Revenue Funds) to maintain end of fiscal year 2019 staffing levels, which were assumed to be higher than the 2018–19 biennial average, and to provide additional caseworkers and related staff to maintain or reduce caseloads per worker in the 2020–21 biennium (see **Figure 126**). Relative to the fiscal year 2018 average, an average of 491.6 additional FTE positions is provided in fiscal year 2020 and 625.6 FTE positions in fiscal year 2021;
- $60.0 million in All Funds ($55.6 million in General Revenue Funds) to support the expansion of CBC into stage II in regions 3b, 2, and 8a and to provide

child and adolescent needs and strengths (CANS) assessments for all children in CBC regions. Stage II CBC funding includes start-up costs in each region, the cost of benefits included in resource transfers, network support payments, and additional resource transfers. FTE positions are reduced by 192.0 in fiscal year 2020 and 847.0 in fiscal year 2021;

- $8.5 million in All Funds ($7.9 million in General Revenue Funds) for an additional 65.3 FTE positions each fiscal year for staff not directly involved in CPS casework;
- $4.7 million in All Funds ($4.3 million in General Revenue Funds) for an additional 7.0 FTE positions in fiscal year 2020 and 39.0 FTE positions in fiscal year 2021 to provide oversight of CBC.

CPS PROGRAM SUPPORT

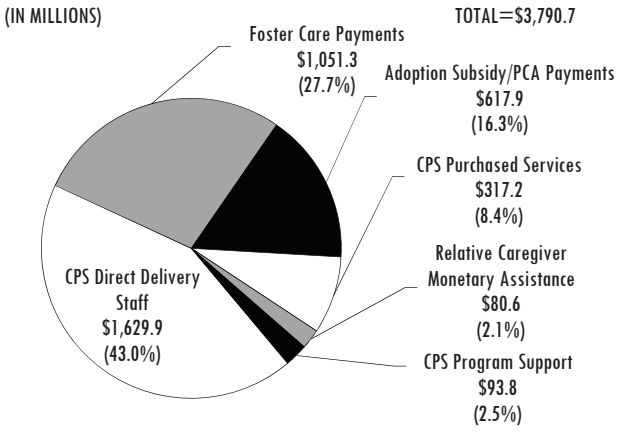
CPS Program Support provides support services such as program administration, contract management, staff training, federal funds eligibility determination, and administration of discretionary federal programs. Biennial funding totals $93.8 million in All Funds ($41.9 million in General Revenue Funds) and provides for 506.2 FTE positions in fiscal year 2020 and 505.6 FTE positions in fiscal year 2021. Funding represents an increase of $4.5 million in All Funds ($2.3 million in General Revenue Funds), primarily associated with an increase of $3.7 million in All Funds ($3.4 million in General Revenue Funds) and 24.5 FTE positions each fiscal year for staff not directly involved in CPS casework as well as funding for outcome evaluation for CBC.

CPS PURCHASED SERVICES

CPS Purchased Services provides day care, adoption, post-adoption, preparation for adult living (PAL), substance abuse, and other purchased services for children and families. Biennial funding totals $317.2 million in All Funds ($182.0 million in General Revenue Funds). Funding in the 2020–21 biennium for most purchased client services, including adoption, post-adoption, substance abuse, and other CPS purchased services, maintained 2018–19 biennial appropriated levels. Transfers into these purchased client services in fiscal year 2018 and supplemental funding provided in fiscal year 2019 in Senate Bill 500 increased 2018–19 biennial spending levels above the appropriated level by $40.3 million in General Revenue Funds. These increases were not maintained in the 2020–21 biennium but the Eighty-sixth Legislature, 2019, did provide some additional funding.

Day Care services are purchased from the Texas Workforce Commission (TWC). TWC contracts with local workforce development boards that contract with local child-care management system agencies. TWC bills DFPS monthly for reimbursement of day care service cost plus an administrative fee. Biennial funding for day care totals $152.4 million in All Funds ($83.2 million in General

FIGURE 125
CHILD PROTECTIVE SERVICES (CPS) APPROPRIATIONS BY PROGRAM, 2020–21 BIENNIUM



NOTE: PCA=Permanency Care Assistance.
SOURCE: Legislative Budget Board.

FIGURE 126
CHILD PROTECTIVE SERVICES CASELOAD PER CASEWORKER, FISCAL YEARS 2016 TO 2021

CASEWORKER CLASSIFICATION	2016	2017	2018	2019	2020	2021
Conservatorship Caseworker	29.7	27.8	26.5	25.9	23.9	23.5
Family-based Safety Services Caseworker	15.3	15.0	11.4	10.4	9.3	9.3
Investigations Caseworker	17.1	14.5	13.3	13.6	13.6	13.6
Foster and Adoptive Home Development Caseworker	18.4	19.9	18.9	19.2	18.1	18.1
Kinship Caseworker	32.3	32.4	35.7	35.1	32.5	32.5

SOURCES: Legislative Budget Board; Department of Family and Protective Services.

Revenue Funds), a decrease of $8.9 million in Federal Funds. The reduction is due to a significant decline in the number of children provided day care services in fiscal year 2019, partially offset by projected growth in the average daily cost of services.

Adoption Purchased Services provides contracted adoption services through child-placing agencies that recruit, train, and verify adoptive homes; handle adoptive placements; provide post-placement supervision; and facilitate consummation of adoptions. Biennial funding totals $25.6 million in All Funds ($15.7 million in General Revenue Funds), a decrease of $2.1 million in General Revenue Funds from 2018–19 biennial spending levels. Funding represents an increase of $6.0 million in General Revenue Funds for increased demand for services and a decrease of $8.1 million in General Revenue Funds associated with fiscal year 2018 transfers and fiscal year 2019 supplemental funding.

Post-adoption Purchased Services provides services to help families that adopt children in the care of DFPS to adjust to the adoption. Services available include casework, support groups, parent training, therapeutic counseling services, respite care, and residential therapeutic care. Biennial funding totals $12.8 million in All Funds ($8.0 million in General Revenue Funds), an increase of $4.4 million in All Funds ($4.6 million in General Revenue Funds). Funding represents an increase of $3.3 million in General Revenue Funds for increased demand for services and $2.5 million in General Revenue Funds for additional residential behavioral treatment slots to provide services to families to promote permanency. These increases are partially offset by a decrease of $1.5 million in General Revenue Funds associated with fiscal year 2018 transfers and fiscal year 2019 supplemental funding.

PAL Purchased Services provides services to help youth in CPS substitute care prepare for their eventual departure from DFPS care and support. It also provides funding for post-secondary education and training programs. Biennial funding totals $18.5 million in All Funds ($3.0 million in General Revenue Funds). Funding represents an increase of $0.5 million in General Revenue Funds to support the increase in youth participating in PAL training.

Substance Abuse Purchased Services provides services to address the parenting impairment caused by substance abuse. The services help prevent children from being removed from their homes or enable them to be reunited with their families more quickly. Biennial funding totals $27.2 million in All Funds ($26.7 million in General Revenue Funds), which is a decrease of $9.7 million in General Revenue Funds. Funding reflects an increase of $10.9 million in General Revenue Funds for increased demand for services offset by a decrease of $20.6 million in General Revenue Funds associated with fiscal year 2018 transfers and fiscal year 2019 supplemental funding.

Other CPS Purchased Services includes a range of therapeutic and supportive services for abused or neglected children and their families. The services include, but are not limited to, counseling, case management, skills training, and respite care. Biennial funding totals $80.8 million in All Funds ($45.4 million in General Revenue Funds), which is a decrease of $7.7 million in General Revenue Funds. Funding reflects an increase of $2.5 million in General Revenue Funds for increased demand for services offset by a decrease of $10.2 million in General Revenue Funds associated with fiscal year 2018 transfers and fiscal year 2019 supplemental funding.

FOSTER CARE PAYMENTS

DFPS pays a daily rate for the care and maintenance of children who have been removed from their homes and placed in foster homes or residential treatment facilities as a result of abuse or neglect allegations. Biennial funding for the foster care program, including CBC, totals $1,051.2 million in All Funds ($480.5 million in General Revenue Funds). Funding represents a net increase of $24.2 million in All Funds ($11.7 million in General Revenue Funds) for the following purposes:

- an increase of $16.0 million in All Funds ($2.3 million in General Revenue Funds) for projected changes in caseloads, levels of care, eligibility for federal funding, and more favorable federal matching rates;
- an increase of $12.3 million in General Revenue Funds for increased network support payments due to CBC expansion;
- an increase of $12.0 million in All Funds ($9.1 million in General Revenue Funds) to increase daily rates for basic child placing agency, moderate child placing agency, moderate residential, specialized child placing agency, and emergency care services providers;
- an increase of $1.8 million in All Funds ($1.3 million in General Revenue Funds) for a new Supervised Independent Living (SIL) add-on rate; and

- a reduction of $17.9 million in All Funds ($13.4 million in General Revenue Funds) for assumed savings related to the increase in residential treatment center beds at DFPS and the Health and Human Services Commission and the implementation of the new SIL add-on rate.

ADOPTION SUBSIDY/PERMANENCY CARE ASSISTANCE PAYMENTS

Adoption Subsidy payments are made to families that adopt children with disabilities, school-age children, minority children, and children in sibling groups. Permanency Care Assistance (PCA) Payments are provided to qualified relatives who assume permanent managing conservatorship of children leaving DFPS care. Funding is also provided for nonrecurring payments for families that incur certain expenses during the adoption or PCA process. Biennial funding for all programs totals $617.9 million in All Funds ($282.3 million in General Revenue Funds). Funding represents an increase of $50.3 million in All Funds, primarily associated with projected growth in caseloads for both adoption subsidies and PCA. A decrease of $3.7 million in General Revenue Funds is because the General Revenue cost of caseload growth is more than offset by reductions in General Revenue Funds demand attributed to more favorable Federal Medical Assistance Percentages (FMAP) and increased federal Title IV-E eligibility for adoption subsidies.

RELATIVE CAREGIVER MONETARY ASSISTANCE

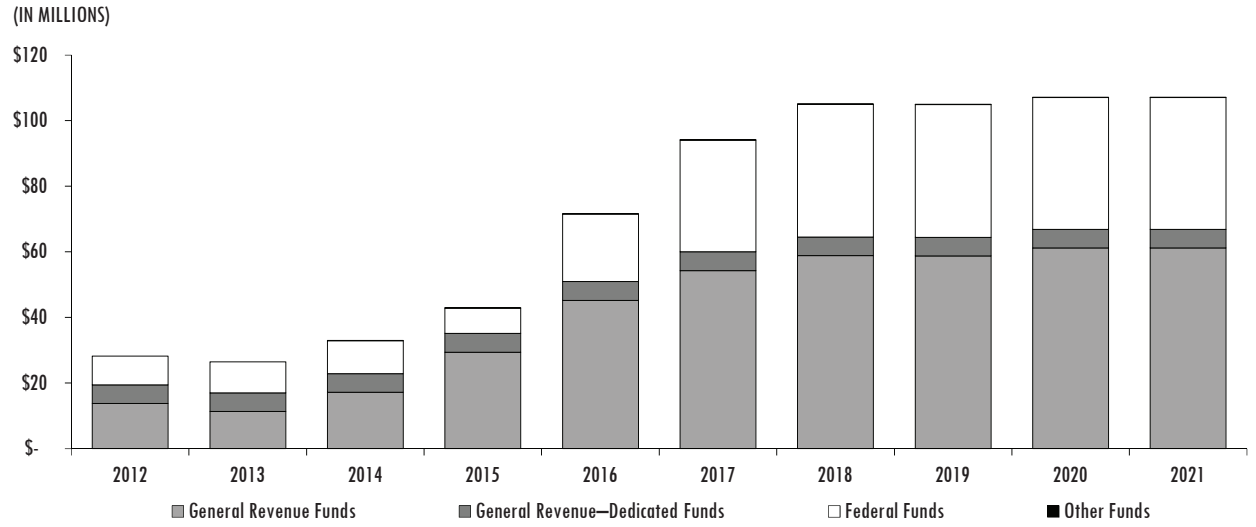
The Relative Caregiver Monetary Assistance program is a state program that assists income-eligible relatives and other designated caregivers who are not verified foster parents with meeting the needs of children placed in their care who are in the conservatorship of DFPS. Through this program DFPS is able to provide relatives and other designated caregivers that provide homes for children in DFPS managing conservatorship with payments to help defray the costs of care. Biennial funding for the Relative Caregiver Monetary Assistance program totals $80.6 million in All Funds ($58.1 million in General Revenue Funds). Funding represents an increase of $7.7 million in All Funds ($11.8 million in General Revenue Funds) primarily due to projected caseload growth. A decline in the proportion of children eligible for TANF Federal Funds results in a higher proportion of the program being funded with General Revenue Funds relative to 2018–19 biennial spending levels.

ADMINISTRATIVE AND INFORMATION TECHNOLOGY

Administrative and Information Technology (IT) programs provide indirect administration, IT-related program support, and funding for the agency's capital projects. Biennial funding totals $233.2 million in All Funds, including $143.8 million in General Revenue Funds. Funding represents a net increase of $5.7 million in All Funds, including $7.3 million in General Revenue Funds, due primarily to the following:

- a decrease of $17.1 million in All Funds ($12.7 million in General Revenue Funds) due to the end of an Information Management Protecting Adults and Children in Texas (IMPACT) contract, reduction in administration costs, the transfer of capital budget projects related to child-care licensing to HHSC, and reductions in onetime funding for IMPACT and the Child Care Licensing Automated Support System (CLASS);
- an increase of $12.6 million in All Funds ($10.1 million in General Revenue Funds) to maintain estimated fiscal year 2019 FTE positions, which were assumed to be higher than fiscal year 2018 positions;
- an increase of $4.6 million in All Funds ($4.1 million in General Revenue Funds) to provide funding for the seat management capital budget project including to fulfill current data center obligations;
- an increase of $2.1 million in All Funds ($1.9 million in General Revenue Funds), which includes funding for 3.7 FTE positions in fiscal year 2020 and 4.9 FTE positions in fiscal year 2021, to provide support services for new staff in other programs;
- an increase of $1.5 million in All Funds ($1.4 million in General Revenue Funds) for 7.8 FTE positions each fiscal year for contract and oversight monitoring of the legacy system and CBC;
- an increase of $1.3 million in General Revenue Funds to develop protocols and a strategic plan to determine child placing facilities' eligibility for federal funding under the Federal Family First Prevention Services Act pursuant to Senate Bill 781, Eighty-sixth Legislature, 2019; and
- an increase of $1.2 million in General Revenue Funds (5.0 FTE positions each fiscal year) to continue human trafficking prevention and expand prevention services, partially offset by a reduction of

FIGURE 127
PREVENTION AND EARLY INTERVENTION FUNDING, FISCAL YEARS 2012 TO 2021



SOURCE: Legislative Budget Board.

$0.6 million in Other Funds due to the end of the human trafficking initiative grant provided by the Governor's Office.

PREVENTION AND EARLY INTERVENTION

The Prevention and Early Intervention Program provides at-risk prevention services for children, youth, and their families through five programs: Services to At-risk Youth, Community Youth Development, child abuse prevention grants, maternal and child home visiting programs, and other at-risk prevention services. Contractual arrangements with community-based organizations deliver most of the services. At-risk prevention program support provides contract management and support services.

Appropriations for the 2020–21 biennium total $214.2 million in All Funds ($133.7 million in General Revenue Funds and General Revenue–Dedicated Funds), and provide for 69.6 FTE positions each fiscal year. The General Revenue–Dedicated Funds are from Account No. 5084, Child Abuse and Neglect Prevention Operating, which is financed by the Children's Trust Fund. The Children's Trust Fund receives a portion of each marriage license fee paid in the state. Federal Funds account for 37.6 percent of the appropriation for prevention and early intervention, and consist primarily of funding from the U.S. Social Security Act, Title IV-B, Subpart 2, Promoting Safe and Stable Families Program; the Maternal, Infant, and Early Childhood Home Visiting Grant Program; and from the TANF block grant. **Figure 127** shows funding for prevention and early intervention services for fiscal years 2012 to 2021.

SERVICES TO AT-RISK YOUTH

The Services to At-risk Youth (STAR) program is intended to provide crisis intervention, temporary emergency shelter, and counseling services for young persons at risk of delinquent or criminal behavior. Each STAR contractor is charged with providing universal child abuse prevention services, ranging from local media campaigns to informational brochures and parenting classes. Biennial funding totals $48.6 million in All Funds ($41.6 million in General Revenue Funds). Funding for these services was maintained at 2018–19 biennial All Funds levels. An increase of $11.4 million in General Revenue Funds is offset by an equal reduction in General Revenue–Dedicated Funds (Account No. 5084, Child Abuse and Neglect Prevention Operating) to better align expenditure of that dedicated account with statutory requirements.

COMMUNITY YOUTH DEVELOPMENT

The Community Youth Development program provides grant awards that help targeted communities alleviate conditions in the family and the community that lead to juvenile crime. The program emphasizes approaches that support families and enhance positive youth development, such as conflict resolution and mentoring. Biennial funding

totals $16.8 million in All Funds ($12.3 million in General Revenue Funds). Funding for these services was maintained at 2018–19 biennial levels.

MATERNAL AND CHILD HOME VISITING PROGRAMS

There are two primary Maternal and Child Home Visiting programs. The Nurse Family Partnership is a voluntary, evidence-based home visitation program that pairs registered nurses with low-income, first-time mothers to improve prenatal care and provide individual child development education and counseling. The Texas Home Visiting program's mission is to provide evidence-based home visiting services in targeted communities across Texas to contribute to the development of a comprehensive early childhood system that promotes maternal, infant, and early childhood health, safety, and development. Biennial funding totals $66.0 million in All Funds ($9.1 million in General Revenue Funds). A decrease of $4.5 million in General Revenue Funds is due to the reallocation of $7.2 million in General Revenue Funds to Other At-Risk Prevention Services programs, partially offset by an increase of $2.7 million in General Revenue Funds to expand the Texas Home Visiting Program into additional regions.

CHILD ABUSE PREVENTION GRANTS

Child abuse prevention grants provide funding for local partnerships that strengthen and support families and for community-based, child abuse prevention services. Biennial funding totals $6.6 million in All Funds and provides for 2.0 FTE positions each fiscal year. Funding represents a decrease of $0.6 million in All Funds ($0.3 million in General Revenue Funds) due to anticipated issues in expending the Community-based Child Abuse Prevention federal grant and the reallocation of funding to at-risk prevention program support.

OTHER AT-RISK PREVENTION SERVICES

DFPS provides other at-risk prevention services including through the Community-based Family Services program, Healthy Outcomes through Prevention and Early Support (HOPES), Project Helping through Intervention and Prevention (HIP), Universal Prevention Services, Statewide Youth Services Network, and Texas Families: Together and Safe and by providing prevention services for veterans and military families and safe-baby campaigns to address shaken-baby and safe-sleep risk factors. These prevention programs seek to strengthen families and increase youth resiliency through local collaborations. Biennial funding for all services totals $60.6 million in General Revenue and General Revenue–Dedicated Funds and includes funding for 5.5 FTE positions each fiscal year. An increase of $11.4 million in General Revenue–Dedicated Funds (Account No. 5084, Child Abuse and Neglect Prevention Operating) is offset by an equal reduction in General Revenue Funds to better align expenditure of that dedicated account with statutory requirements. An increase of $7.2 million in General Revenue Funds is associated with the reallocation of funding from Maternal and Child Home Visiting programs, and an increase of $1.4 million in General Revenue Funds is provided to expand the HOPES program into additional regions.

AT-RISK PREVENTION PROGRAM SUPPORT

At-risk prevention program support provides staff services such as provider training, contract management, and the management of client data. In addition to these support functions, funding also provides for the Texas Runaway Hotline and the Texas Youth Hotline. Biennial funding totals $15.5 million in All Funds ($10.0 million in General Revenue Funds) and provides for 62.1 FTE positions each fiscal year. Funding represents an increase of $0.7 million in All Funds ($0.9 million in General Revenue Funds) and 4.0 FTE positions in each fiscal year associated with the increase in funding for HOPES, expansion of the Texas Nurse Family Partnership program, and to increase contract oversight.

ADULT PROTECTIVE SERVICES

Adult Protective Services (APS) programs investigate reports of abuse, neglect, and exploitation to protect adults with disabilities who are age 18 or older and any adults age 65 or older living in their homes. These services are provided in three ways: APS Direct Delivery Staff, APS Program Support, and APS Purchased Emergency Client Services. Biennial funding for these services totals $140.9 million in All Funds ($92.2 million in General Revenue Funds).

APS DIRECT DELIVERY STAFF

APS Direct Delivery Staff provides protective services for individuals living at home. The services include investigating reports of abuse, neglect, or exploitation; providing or arranging for services to remedy or prevent further abuse; and purchasing services to meet short-term client needs. Biennial funding for direct delivery totals $113.0 million in All Funds ($82.4 million in General Revenue Funds) and provides for 790.8 FTE positions in fiscal year 2020 and 796.8 FTE positions in fiscal year

2021. Funding represents an increase of $21.6 million in All Funds ($21.2 million in General Revenue Funds) primarily for the following increases:

- $9.4 million in All Funds ($9.2 million in General Revenue Funds) to maintain fiscal year 2019 staffing levels, which were higher than fiscal year 2018 levels, and provide an additional 45.0 FTE positions in fiscal year 2020 and 51.0 FTE positions in fiscal year 2021 for caseworkers and related staff to maintain a caseload per worker of 30.9; and
- $12.2 million in All Funds ($11.7 million in General Revenue Funds) to provide salary increases for caseworkers and supervisors.

APS PROGRAM SUPPORT

APS program support provides direct support and management of APS Direct Delivery Staff. Functions include developing and maintaining policies, legal and IT support, and program training. Biennial appropriations total $9.1 million in All Funds ($4.8 million in General Revenue Funds) and provide for 49.8 FTE positions in fiscal year 2020 and 50.8 FTE positions in fiscal year 2021. The increase of 1.0 FTE position in fiscal year 2021 is to support new APS direct delivery staff.

APS PURCHASED EMERGENCY CLIENT SERVICES

APS Purchased Emergency Client Services provides emergency purchased client services for clients in confirmed cases of abuse, neglect, or exploitation. These services are purchased when an APS caseworker determines that resources in the community cannot meet the client's needs. Emergency client services include emergency shelter, food, medications, adaptive equipment, minor home repairs, restoration of utilities, rent, short-term medical or mental health services, and transportation. Biennial funding totals $18.8 million in All Funds ($4.9 million in General Revenue Funds). Funding for these services was maintained at 2018–19 biennial levels.

STATEWIDE INTAKE SERVICES

Statewide Intake Services includes funding for the statewide centralized intake center. The center receives, assesses, prioritizes, and routes reports of abuse, neglect, and exploitation of children, elder adults, and persons with disabilities. It also provides 24-hour expedited background checks for Child Protective Services caseworkers and information and referral services.

Appropriations for Statewide Intake Services for the 2020–21 biennium total $50.2 million in All Funds ($24.2 million in General Revenue Funds) and provide for 416.8 FTE positions each fiscal year. Funding represents an increase of $5.3 million in All Funds ($5.0 million in General Revenue Funds) including $4.3 million in General Revenue Funds to provide for salary increases for Statewide Intake staff and $1.0 million in All Funds ($0.8 million in General Revenue Funds) related to movement of funding for the Automated Call Distributor from the Administration and Information Technology programs.

SIGNIFICANT LEGISLATION

House Bill 72 – Provision of health benefits and subsidies for certain children. The legislation requires DFPS to provide health benefit subsidies on behalf of adopted children who were in the conservatorship of DFPS at the time of the adoptive placement and who are eligible for Medicaid but not receiving benefits.

House Bill 2764 – Minimum standards and caregiver training for substitute care providers. The legislation requires DFPS to develop and implement a process to simplify and provide greater flexibility in application of the minimum standards for child placing agencies, agency foster homes, and adoptive homes. The legislation also requires DFPS and an SSCC to include a provision in contracts with child-placing agencies to adopt a policy that training for potential caregivers is not to exceed 35 hours and allows child placing agencies to provide training to meet the requirements of the Federal Family First Prevention Services Act.

Senate Bill 195 – Collecting and reporting of certain information on alcohol and controlled substance use and treatment. The legislation requires DFPS to update its systems to collect and track data related to children affected by alcohol and controlled substance abuse. The legislation also requires DFPS to submit a report on the data collected.

Senate Bill 500 – Supplemental appropriations and reductions in appropriations. The legislation increased the appropriation authority of DFPS by $113.2 million in All Funds, including $116.7 million in General Revenue Funds in fiscal year 2019. Additional appropriation authority for fiscal year 2019 services includes $88.6 million in General Revenue Funds for Foster Care Payments, $6.8 million in General Revenue Funds for Relative Caregiver Assistance Payments, $4.9 million in General Revenue Funds for Adoption Purchased Services, $10.6 million in General

Revenue Funds for Substance Abuse Purchased Services, and $5.8 million in General Revenue Funds for Other CPS Purchased Services. In addition, the legislation appropriates $5.0 million in Federal Funds for TWC Contracted Day Care and reduces appropriations by $8.5 million in Federal Funds for Relative Caregiver Assistance Payments.

Senate Bill 781 – Regulation of child-care facilities. The legislation requires DFPS to establish a strategy to develop trauma-informed protocols and develop and submit a strategic plan regarding child placements in child-care facilities eligible for federal funding under the Federal Family First Prevention Services Act. DFPS received $1.3 million in General Revenue Funds to implement the provisions of the legislation.

DEPARTMENT OF STATE HEALTH SERVICES

PURPOSE: To improve the health, safety, and well-being of Texans through good stewardship of public resources and a focus on core public health functions.

ESTABLISHED: 2004

AUTHORIZING STATUTE: The Texas Health and Safety Code, Chapter 1001

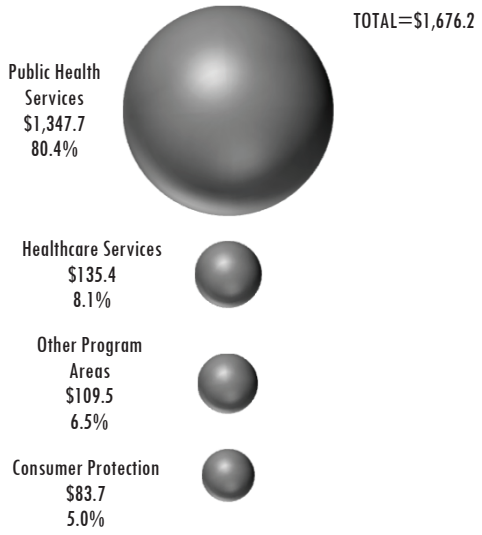
GOVERNANCE: Department of State Health Services Commissioner, appointed by the Health and Human Services Executive Commissioner, with the approval of the Governor

FIGURE 128
DEPARTMENT OF STATE HEALTH SERVICES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$483.6	$556.7	$73.1	15.1%
General Revenue–Dedicated Funds	$336.2	$322.6	($13.6)	(4.0%)
Federal Funds	$660.1	$586.4	($73.7)	(11.2%)
Other Funds	$245.3	$210.6	($34.7)	(14.1%)
Total, All Methods of Finance	**$1,725.2**	**$1,676.2**	**($48.9)**	**(2.8%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	3,273.9
2021	3,254.9

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations represent an increase of $32.3 million in General Revenue Funds for **laboratory services**, primarily for repairs and renovation, software upgrades, salary increases for trained personnel, and to increase testing capacity.

Appropriations represent an increase of $10.9 million in General Revenue Funds for **tuberculosis prevention and surveillance activities**, primarily to expand contracts with local health departments and for equipment and tools to address inpatient capacity.

Appropriations include $7.0 million in General Revenue Funds to implement **maternal safety initiatives**, develop a **high-risk maternal care coordination pilot program**, and increase **public awareness and prevention activities** related to maternal mortality and morbidity.

Senate Bill 500 includes $17.0 million from the Economic Stabilization Fund (ESF) to **increase trauma capacity and response infrastructure**, $12.0 million from the ESF for an **emergency generator for the state laboratory**, and $7.9 million in General Revenue Funds for **screening newborns for X-linked adrenoleukodystrophy** (X-ALD). Funding was provided in fiscal year 2019 but is for a two-year period and is likely to be expended in the 2020–21 biennium.

SOURCE: Legislative Budget Board.

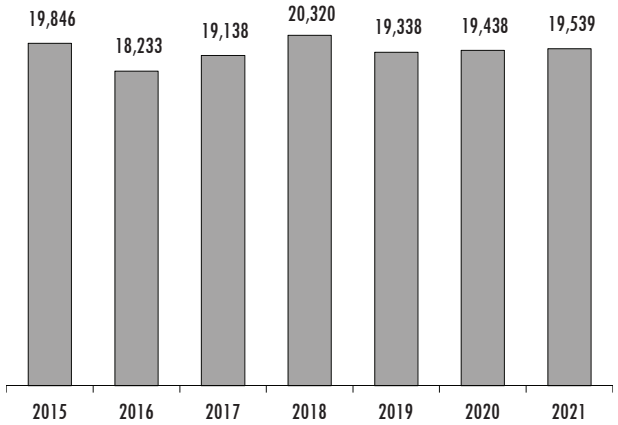
MAJOR FUNDING

Funding for the Department of State Health Services (DSHS) totals $1.7 billion in All Funds, including $0.9 billion in General Revenue Funds and General Revenue–Dedicated Funds, for the 2020–21 biennium, which represents a decrease of $48.9 million in All Funds from the 2018–19 biennium. The net decrease includes the following significant changes:

- an increase of $73.1 million in General Revenue Funds, primarily attributable to the following increases: $32.3 million for the state public health laboratory; $10.9 million for tuberculosis prevention and surveillance activities; $7.3 million for maternal and child health services; $4.2 million for infectious disease prevention, epidemiology, and surveillance activities; $3.3 million for the Texas Center for Infectious Disease (TCID); and $3.2 million for public health preparedness and coordinated services;
- a decrease of $13.6 million in General Revenue–Dedicated Funds primarily due to projected declines in revenue;
- a decrease of $73.7 million in Federal Funds, primarily attributable to the following decreases: $36.9 million in public health preparedness activities, which includes $21.2 million for onetime Hurricane Harvey public assistance; $17.7 million for HIV care and prevention activities; $9.4 million for infectious disease prevention, epidemiology, and surveillance activities; and $8.4 million for immunization activities; and
- a decrease of $34.7 million in Other Funds, primarily attributable to the following decreases: $29.0 million in supplemental funding provided in the 2018–19 biennium from the Economic Stabilization Fund, which includes $17.0 million for Emergency Medical Services (EMS) and Trauma Care systems and $12.0 million for laboratory services, and $10.8 million for HIV care and prevention.

Appropriations for DSHS include an increase of $4.0 million in General Revenue for salary increases for public health and TCID nurses in Public Health Services and Healthcare Services programs, meat safety personnel, and financial staff in the Central Administration program. Funding also includes $3.8 million in General Revenue Funds for salary increases for trained laboratory personnel.

FIGURE 129
CLIENTS PROVIDED SERVICES IN TEXAS HIV MEDICATION PROGRAM, FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCE: Department of State Health Services.

PROGRAMS

The agency carries out its responsibilities through four major program areas: (1) public health services; (2) healthcare services; (3) consumer protection services; and (4) other program areas, primarily administration and information technology.

PUBLIC HEALTH SERVICES

DSHS provides a variety of public health services, including HIV/STD Prevention, immunizations, EMS and Trauma Care systems, infectious disease control, and emergency preparedness. Biennial appropriations for public health services total $1.3 billion, which includes $0.7 billion in General Revenue Funds and General Revenue–Dedicated Funds.

HIV/STD PREVENTION

The HIV/STD Prevention program includes interventions to prevent and reduce the spread of sexually transmitted diseases (STD), which include the human immunodeficiency virus (HIV), syphilis, chlamydia, and gonorrhea. Interventions include HIV and STD screening and testing; evidence-based prevention programs for individuals, groups, and communities; and partner services and referrals. Funding also supports local providers that offer outpatient medical services, medical case management, and other medical and supportive services to persons living with HIV/AIDS. In addition, DSHS operates the HIV Medication Program, which provides medications to low-income Texans who live with HIV or AIDS. **Figure 129** shows the number of clients served in the HIV Medication Program for fiscal years 2015 to 2021.

Biennial appropriations for HIV/STD Prevention total $429.1 million in All Funds ($100.0 million in General Revenue Funds) and provide for 208.7 full-time-equivalent (FTE) positions in each fiscal year. Appropriations represent a decrease of $28.5 million in All Funds from the 2018–19 biennium, primarily due to a projected $15.0 million decrease in federal HIV Care formula grants and an anticipated $10.8 million decrease in HIV Vendor Drug Rebates.

EMS AND TRAUMA CARE SYSTEMS

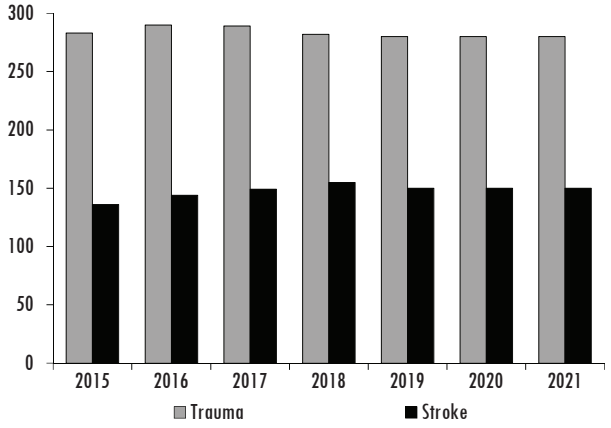
Emergency health programs include regional emergency medical services (EMS) and trauma systems development; designation of four levels of trauma facilities; designation of stroke facilities and neonatal facilities; regulation of EMS providers; development and maintenance of a trauma reporting and analysis system; and assurance of coordination and cooperation with neighboring states. **Figure 130** shows the number of designated trauma and stroke facilities in Texas for fiscal years 2015 to 2021.

Biennial appropriations total $252.3 million in All Funds, which come entirely from General Revenue Funds and General Revenue–Dedicated Funds and provide for 69.1 FTE positions in each fiscal year. Appropriations include $230.0 million from General Revenue–Dedicated Account No. 5111, Designated Trauma Facility and EMS, used primarily to reimburse hospitals for uncompensated trauma care. Of this amount, $200.9 million from Account No. 5111 is required to be transferred to HHSC to fund the state share of certain Medicaid hospital payments. Appropriations represent a decrease of $18.5 million in All Funds from the 2018–19 biennium, primarily due to a decrease of $17.0 million from the Economic Stabilization Fund provided in fiscal year 2019 by Senate Bill 500, Eighty-sixth Legislature, 2019. The supplemental appropriation was provided for a two-year period to increase trauma capacity and improve trauma related response infrastructure. Funding is likely to be expended in the 2020–21 biennium.

IMMUNIZE CHILDREN AND ADULTS

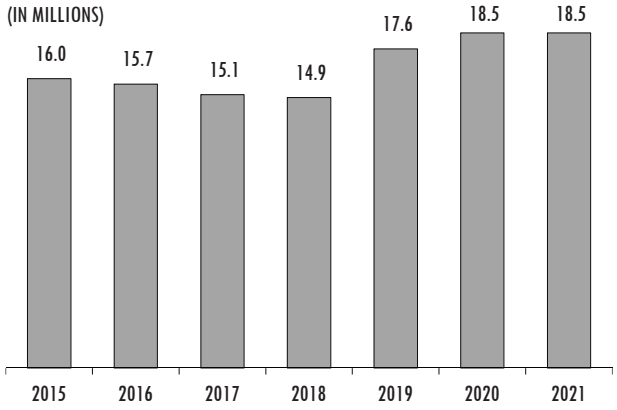
The agency provides immunization services to prevent, control, reduce, and eliminate vaccine-preventable diseases in children and adults, with emphasis on children younger than 36 months. DSHS also manages the state immunization registry. Biennial appropriations total $166.5 million in All Funds ($65.0 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 244.3 FTE positions in each fiscal year. Appropriations represent a decrease of $10.4 million in All Funds from the 2018–19 biennium, primarily due to a projected decrease of $8.4 million in Federal Funds. **Figure 131** shows the number of vaccine doses administered to children for fiscal years 2015 to 2021.

FIGURE 130
TEXAS DESIGNATED TRAUMA AND STROKE FACILITIES FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCE: Department of State Health Services.

FIGURE 131
VACCINE DOSES ADMINISTERED TO TEXAS CHILDREN FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCE: Department of State Health Services.

PUBLIC HEALTH PREPAREDNESS AND COORDINATED SERVICES

DSHS coordinates state public health and healthcare systems' preparedness programs and response activities. This coordination includes providing oversight and management of the Public Health Emergency Preparedness program and the Hospital Preparedness Program. DSHS also provides public health services to communities where local health departments do not exist or that do not have the capacity to provide them. DSHS provides funding to public health regions for disease prevention, syndromic surveillance, disaster response, and protection against environmental hazards. Biennial appropriations total $134.2 million in All Funds ($30.6 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 240.7 FTE positions in each fiscal year. Appropriations represent a net decrease of $34.7 million in All Funds from the 2018–19 biennium primarily due to a $36.9 million decrease in Federal Funds, which includes a decrease of $21.2 million in onetime Hurricane Harvey Public Assistance Grants.

LABORATORY SERVICES

The state's public health laboratory conducts analysis of human, animal, and environmental samples; responds to biological and chemical threats; and provides professional consultation. Biennial appropriations total $125.9 million in All Funds ($77.6 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 363.8 FTE positions in fiscal year 2020 and 362.8 FTE positions in fiscal year 2021, which includes an increase from fiscal year 2019 of 12.0 FTE positions in 2020 and an increase of 11.0 FTE positions in fiscal year 2021 to meet increased testing volume and ensure system maintenance and modifications.

Appropriations represent a net increase of $21.1 million in All Funds from the 2018–19 biennium, which includes an increase of $32.3 million in General Revenue Funds partially offset by a decrease of $5.4 million in General Revenue–Dedicated Funds and $5.8 million in Other Funds. Major General Revenue Funds increases include $17.5 million to address the laboratory shortfall, $10.9 million for repairs and renovation of the Austin and South Texas laboratories, $5.9 million for Laboratory Information Management Software (LIMS) upgrades, $3.8 million for salary increases for trained laboratory personnel, $2.8 million for increased testing costs, and $0.9 million for miscellaneous lab equipment. A $5.4 million decrease in General Revenue–Dedicated Funds is due to a projected loss of revenue in Account No. 524, Public Health Services Fee. The loss in revenue is replaced with funding from Public Health Medicaid Reimbursements Account (Other Funds), which is increased by $6.1 million. Appropriations also include decreases of $12.0 million from the Economic Stabilization Fund and $7.9 million in General Revenue Funds provided in fiscal year 2019 by Senate Bill 500, Eighty-sixth Legislature, 2019. The supplemental appropriations were provided for a two-year period for an emergency generator for the Austin laboratory and to screen newborns for X-linked adrenoleukodystrophy (X-ALD). Funding is likely to be expended in the 2020–21 biennium.

TUBERCULOSIS SURVEILLANCE AND PREVENTION

The tuberculosis (TB) program at DSHS conducts a number of activities to control and prevent TB in Texas. The program provides funding to local health departments to provide TB screening; provides technical assistance to correctional facilities in establishing TB control plans and dealing with cases of TB; tracks confirmed cases of drug-resistant TB throughout treatment; and maintains a genotyping database. Biennial appropriations total $68.7 million in All Funds ($50.5 million in General Revenue Funds) and provide for 132.0 FTE positions each fiscal year, which is an increase of 8.0 FTE positions each fiscal year compared to fiscal year 2019 to provide staffing for large-scale TB exposures. Appropriations represent a net increase of $11.4 million in All Funds and include General Revenue Funds increases of $4.6 million to expand contracts with local health departments, $4.5 million for equipment and tools for inpatient capacity, and $1.5 million to address large-scale TB exposures.

INFECTIOUS DISEASE PREVENTION, EPIDEMIOLOGY, AND SURVEILLANCE

DSHS implements programs to prevent, control, and treat infectious diseases, including hepatitis and Hansen's disease (leprosy), and to minimize the incidence of diseases transmittable from animals to humans (zoonotic diseases). Biennial appropriations for infectious disease prevention, epidemiology, and surveillance total $35.0 million in All Funds ($24.6 million in General Revenue Funds) and provide for 120.5 FTE positions in fiscal year 2020 and 119.5 FTE positions in fiscal year 2021. Appropriations represent a net decrease of $5.2 million in All Funds due to a decrease of $9.4 million in Federal Funds, primarily for epidemiology and building lab capacity for infectious diseases, partially offset by an increase of $4.2 million in General Revenue Funds to increase surveillance and analysis capacity and to purchase servers for the Texas Enhancement

of the National Electronic Disease Surveillance System (NEDSS). These General Revenue Fund increases support an increase of 12.0 FTE positions in fiscal year 2020 and an increase of 11.0 FTE positions in fiscal year 2021 compared to fiscal year 2019.

VITAL STATISTICS

The Vital Statistics Unit (VSU) of DSHS maintains the state's vital records system, which includes original birth and death records, applications for marriage licenses, and reports of divorces and annulments. Additionally, VSU maintains a paternity registry and voluntary adoption registry. Biennial appropriations for vital statistics activities total $30.6 million in All Funds ($11.0 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 170.1 FTE positions in fiscal year 2020 and 153.1 FTE positions in fiscal year 2021, which includes an increase of 23.0 FTE positions in fiscal year 2020 and an increase of 6.0 FTE positions in fiscal year 2021 compared to fiscal year 2019. Funding includes an increase of $1.5 million in General Revenue Funds and 17.0 FTE positions in fiscal year 2020 to improve customer service for vital event records. The increase of 6.0 FTE positions each fiscal year is to increase surveillance system monitoring, complete inventory of all current records, monitor the security of vital event records, and improve the quality of death data. **Figure 132** shows the average number of days to certify vital records for fiscal years 2015 to 2021.

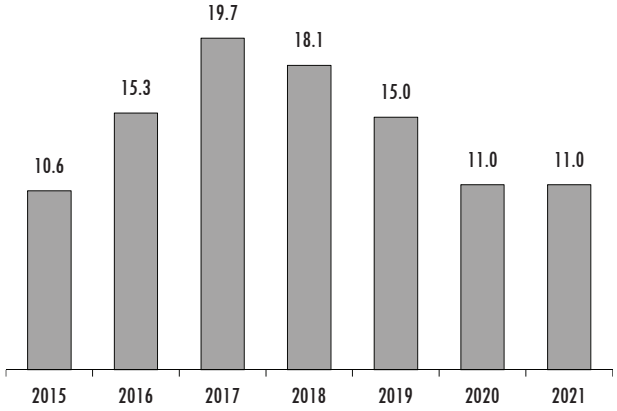
HEALTH REGISTRIES

The agency conducts disease surveillance, investigates unusual occurrences of disease, assesses environmental exposures, and conducts population research studies using a number of health registries. These registries track conditions such as birth defects, cancer, and elevated blood lead levels, among others. Biennial appropriations total $27.1 million in All Funds ($8.9 million in General Revenue Funds) and provide for 140.4 FTE positions in each fiscal year.

TEXAS CENTER FOR INFECTIOUS DISEASE

The Texas Center for Infectious Disease (TCID) is a public health facility for the treatment of TB. The center provides medical care, conducts research, and provides professional education to healthcare providers who treat patients with TB and other infectious diseases. TCID also operates as an outpatient clinic for patients with Hansen's disease. Biennial appropriations total $25.9 million in All Funds ($25.2 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 145.0 FTE positions in each fiscal year. This amount includes an increase of $3.3 million in General Revenue Funds, primarily to address an operational shortfall and for renovations and repairs of TCID infrastructure.

FIGURE 132
AVERAGE NUMBER OF DAYS TO CERTIFY TEXAS VITAL RECORDS, FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCE: Department of State Health Services.

REDUCE USE OF TOBACCO PRODUCTS

DSHS conducts comprehensive tobacco prevention and control activities at various levels throughout the state, including community mobilization, tobacco use prevention education in schools and communities, and cessation activities through education and a statewide telephone counseling service. Appropriations for these activities total $19.5 million in All Funds ($9.3 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 16.5 FTE positions in each fiscal year.

HEALTH PROMOTION AND CHRONIC DISEASE PREVENTION

DSHS implements population-based and community-based interventions to reduce the burden of the most common chronic diseases, including cardiovascular disease, stroke, diabetes, asthma, arthritis, and certain cancers. DSHS works with public and private partners to increase local capacity for chronic disease prevention programs, which support healthy behaviors such as maintaining a healthy weight, good nutrition, physical activity, and preventive healthcare. DSHS collaborates with school districts to implement coordinated school health programs and operates the Safe Rider program that promotes the correct use of child safety seats. Biennial

appropriations for health promotion and chronic disease prevention total $19.3 million in All Funds ($8.8 million in General Revenue Funds) and provide for 52.2 FTE positions in each fiscal year.

HEALTH DATA AND STATISTICS

DSHS is responsible for collecting, storing, analyzing, and disseminating health data and information to improve public health. The agency achieves this goal by operating the Center for Health Statistics (CHS). CHS conducts research on public health issues and health disparities in Texas; collects and reports on healthcare activity in hospitals and health maintenance organizations operating in Texas through the Texas Health Care Information Collection; collects, analyzes, and disseminates information regarding health and healthcare providers, which includes operating the Health Professions Resource Center and the Texas Center for Nursing Workforce Studies; and provides library and information services, including a medical and research library, an audiovisual library, and a funding information center. Biennial appropriations for health data and statistics total $10.0 million in All Funds ($6.8 million in General Revenue Funds) and provide for 47.4 FTE positions in each fiscal year.

BORDER HEALTH AND COLONIAS

DSHS operates the state's Office of Border Public Health (OBPH). OBPH coordinates and promotes health issues between Texas and Mexico. Biennial appropriations for border health and colonias total $3.6 million in All Funds, including $2.5 million in General Revenue Funds, and provide for 19.2 FTE positions each fiscal year.

HEALTHCARE SERVICES

Healthcare services include a number of programs including services for children with special healthcare needs, initiatives promoting maternal and child health, and operation of the Texas Primary Care Office. Biennial appropriations total $135.4 million in All Funds ($54.1 million in General Revenue Funds and General Revenue–Dedicated Funds).

MATERNAL AND CHILD HEALTH SERVICES

The agency develops, implements, and promotes maternal and child public health initiatives intended to improve health outcomes for federally identified Social Security Act, Title V populations in Texas. Initiatives are implemented through research and surveillance, promotion of best practices, statewide public health collaboration efforts, and strengthening of the public health infrastructure, while meeting specified national and state performance measures. DSHS also serves as a connection between direct care services provided by the Medicaid Texas Health Steps program at HHSC and other health and social services programs. Additionally, the agency facilitates collaboration and education, serves as information conduits for public health messaging at the local level, and provides administrative support to the Maternal Mortality and Morbidity Review Committee.

Biennial appropriations for maternal and child health services total $113.7 million in All Funds ($40.6 million in General Revenue Funds) and provide for 415.2 FTE positions in each fiscal year. Appropriations represent an increase of $8.1 million in All Funds, primarily attributable to an increase of $7.0 million in General Revenue Funds and 8.0 FTE positions in each fiscal year to implement maternal safety initiatives statewide, develop and establish a high-risk maternal care coordination services pilot program for women of childbearing age, and increase public awareness and prevention activities related to maternal mortality and morbidity.

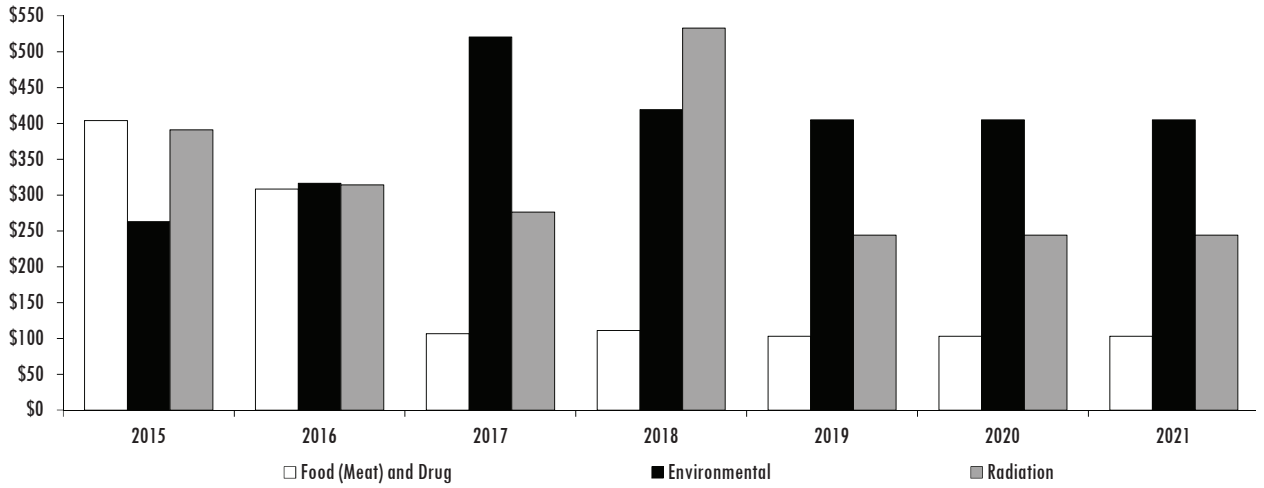
CHILDREN WITH SPECIAL HEALTH CARE NEEDS

The Children with Special Health Care Needs (CSHCN) program provides medical, dental, and case-management services that are not covered by Medicaid, the Children's Health Insurance Program, or private insurance for children with special healthcare needs. The program also provides family support services (FSS) to eligible clients including respite care, vehicle and home modifications, and special equipment and family supports and community resources (FSCR), which are population health initiatives available to the general CSHCN population. HHSC provides the medical, dental, and FSS portion of the CSHCN program and DSHS provides case management and FSCR services. Biennial appropriations for case management and FSCR services total $18.4 million in All Funds, including $11.0 million in General Revenue Funds, and provide for 77.8 FTE positions each fiscal year.

TEXAS PRIMARY CARE OFFICE

DSHS operates the Texas Primary Care Office (TPCO), which assesses needs for the underserved, designates parts of the state as health professional shortage areas or as medically underserved, recruits and retains providers to work in these areas, and works with communities to improve access to primary medical, dental, and mental healthcare. Biennial

FIGURE 133
AVERAGE COST PER CONSUMER PROTECTION SURVEILLANCE ACTIVITY, FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCE: Department of State Health Services.

appropriations for TPCO total $3.3 million in All Funds ($2.4 million in General Revenue–Dedicated Funds) and provide for 8.0 FTE positions in each fiscal year.

CONSUMER PROTECTION SERVICES

Consumer protection services include public health efforts related to ensuring food and drug safety, minimizing environmental hazards, and regulating activities related to radiation. Funding for consumer protection is generated largely through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated accounts. Biennial appropriations for consumer protection services total $83.7 million in All Funds ($72.6 million in General Revenue Funds and General Revenue–Dedicated Funds). **Figure 133** shows the average cost of food (meat) and drug, environmental, and radiation surveillance activities for fiscal years 2015 to 2021.

FOOD (MEAT) AND DRUG SAFETY

Food, meat, and drug safety activities include inspecting and monitoring foods, drugs, medical devices, cosmetics, shellfish-growing areas and processing plants, facilities that produce milk and milk products, and certain public school cafeterias. In addition, the agency inspects retail food establishments in counties that have no local health authority. DSHS is also responsible for ensuring that all meat and poultry processed in Texas for consumption is derived from healthy animals, is slaughtered and prepared in a sanitary manner, has no harmful ingredients added, and is packaged and labeled truthfully. Food, meat, and drug safety appropriations total $51.8 million in All Funds for the 2020–21 biennium ($43.2 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 374.2 FTE positions in each fiscal year.

RADIATION CONTROL

The agency has a primary role in regulating the use of radiation in Texas. DSHS licenses radioactive materials; certifies individuals to practice industrial radiography; certifies x-ray and mammography equipment and facilities; and provides emergency response for nuclear facilities. Radiation control appropriations for the 2020–21 biennium total $18.6 million in All Funds ($17.5 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 131.2 FTE positions in each fiscal year, which includes a decrease of 7.9 FTE positions each fiscal year compared to fiscal year 2019 to adjust for unfilled vacancies.

ENVIRONMENTAL HEALTH

DSHS provides licensure, inspection, and regulation of asbestos, lead-based paints, hazardous products, abusable volatile chemicals, community sanitation, and other agents. Additionally, the agency monitors the environmental health safety of schools, youth camps, public swimming pools, and public lodging facilities. Environmental health appropriations

for the 2020–21 biennium total $13.3 million in All Funds ($12.0 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 98.6 FTE positions in each fiscal year.

OTHER PROGRAM AREAS

CENTRAL ADMINISTRATION

Central Administration supports all agency programs by directing and managing agencywide operations, establishing and administering overall agency policy, and directing and managing business and fiscal operations. Appropriations for the 2020–21 biennium total $35.8 million in All Funds ($15.0 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 160.6 FTE positions.

AGENCYWIDE INFORMATION TECHNOLOGY PROJECTS

DSHS has two major agencywide information technology projects: seat management and data center consolidation. Appropriations for these projects for the 2020–21 biennium total $33.3 million in All Funds ($27.2 million in General Revenue Funds and General Revenue–Dedicated Funds).

INFORMATION TECHNOLOGY PROGRAM SUPPORT

Information technology program support implements and supports the automation and management of information resources throughout the agency. Appropriations for the 2020–21 biennium total $31.0 million in All Funds ($30.9 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 20.6 FTE positions in each fiscal year.

OTHER SUPPORT SERVICES

Other support services include facilities management, mail distribution, and management and maintenance of physical assets and material resources. Appropriations for other support services for the 2020–21 biennium include $5.1 million in All Funds ($2.2 million in General Revenue Funds and General Revenue–Dedicated Funds) and provide for 17.8 FTE positions in each fiscal year.

REGIONAL ADMINISTRATION

DSHS provides infrastructure support for eight regional offices. These regional offices assist with community needs assessments, manage contracts, and provide public health services. Appropriations total $2.9 million in All Funds ($2.6 million in General Revenue Funds and General Revenue–Dedicated Funds) for the 2020–21 biennium.

TEXAS.GOV

Applications and renewals for licenses for certain professionals and businesses can be processed through Texas.gov, the official website for the state of Texas. Appropriations include $1.4 million in All Funds, provided entirely from General Revenue Funds and General Revenue–Dedicated Funds, for Texas.gov services for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 1325 – Production and regulation of hemp. The legislation allows establishments and individuals to apply for a consumable hemp product manufacturer's license through DSHS. Individuals are required to register with DSHS each location where hemp products are sold. DSHS is authorized to adopt a reasonable fee for the registration of establishments where consumable hemp products with cannabidiol (CBD) oil are sold and for the renewal of the registrations. The legislation also requires samples of consumable hemp product be tested to determine the delta-tetrahydrocannabinol (THC) concentrate of the product and the presence of heavy metals, pesticides, and other substances prescribed by DSHS. Additionally, DSHS and the Department of Public Safety are required to establish a process for random testing of CBD oil at various establishments that sell, offer the sale, distribute, or use the oil to ensure that the oil does not contain harmful ingredients, is produced in compliance with federal regulation, and has a THC concentrate of less than 0.3 percent.

House Bill 2048 – Repeal of the Driver Responsibility Program and allocation of certain revenue. The legislation repeals the Driver Responsibility Program and eliminates the surcharges assessed on drivers convicted of certain driving offenses, some of which were allocated to General Revenue–Dedicated Account No. 5111, Designated Trauma Facility and Emergency Medical Services (Account No. 5111)**.** The legislation increases the fee that motor vehicle insurance companies pay per motor vehicle year and allocates 60.0 percent of the fee revenue to Account No. 5111. The legislation increases state traffic fines and reduces the allocation of fine receipts to Account No. 5111 from 33.0 percent to 30.0 percent. The legislation also changes the allocation of expenditures from Account No. 5111 from at least 96.0 percent to at least 94.0 percent to fund uncompensated trauma care and increases the allocations to fund emergency medical services and regional advisory councils by 1.0 percent each.

Senate Bill 436 – Statewide initiatives to improve maternal and newborn health for women with opioid use disorder. The legislation requires DSHS to collaborate with the Maternal Mortality and Morbidity Review Committee to develop and implement initiatives to better identify and care for women with opioid use disorder and newborns with neonatal abstinence syndrome. The legislation requires DSHS to promote and facilitate maternal health care informational materials among health care providers. The legislation also authorizes DSHS to conduct a limited pilot program at hospitals with expertise in caring for newborns with neonatal abstinence syndrome or related conditions to be completed before March 1, 2020, with a written report evaluating the success of the initiatives to be submitted before December 1, 2020.

Senate Bill 500 – Supplemental appropriations and reductions in appropriations. The legislation increased DSHS' appropriation authority for fiscal year 2019 by $36.9 million in All Funds, including $7.9 million in General Revenue Funds to provide for newborn screening of X-ALD, $17.0 million from the Economic Stabilization Fund (ESF) to increase trauma capacity and improve related trauma response infrastructure, and $12.0 million from the ESF for an emergency generator for the Austin laboratory. All appropriations to DSHS were made for a two-year period. Although they are included in the 2018–19 biennial spending levels, it is likely that some of the funding will be expended in the 2020–21 biennium.

Senate Bill 748 – Maternal and newborn health care, including the Newborn Screening Preservation Account. The legislation establishes the Newborn Screening Preservation Account as a dedicated account in the General Revenue Fund. The account is to be administered by DSHS to carry out the newborn screening program, perform additional newborn screening tests, and provide for certain capital expenditures. The legislation also requires DSHS to develop and implement a high-risk maternal care coordination services pilot program and submit a report evaluating the effectiveness of the program.

Senate Bill 749 – Level of care designations for hospitals that provide neonatal and maternal care. The legislation repeals the provision abolishing the Perinatal Advisory Council and requires the Sunset Advisory Commission to review the council during the period in which DSHS is reviewed. The legislation also requires DSHS to consult with the council to conduct a strategic review of the practical implementation of current rules relating to hospital level of care designations for neonatal and maternal care and submit two reports to the Legislature.

HEALTH AND HUMAN SERVICES COMMISSION

PURPOSE: To improve the health, safety, and well-being of Texans with good stewardship of public resources.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Government Code, §531.002

GOVERNANCE: Health and Human Services Executive Commissioner, appointed by the Governor, with the advice and consent of the Senate; the Health and Human Services Executive Council receives public input and advises the executive commissioner regarding operation of the commission

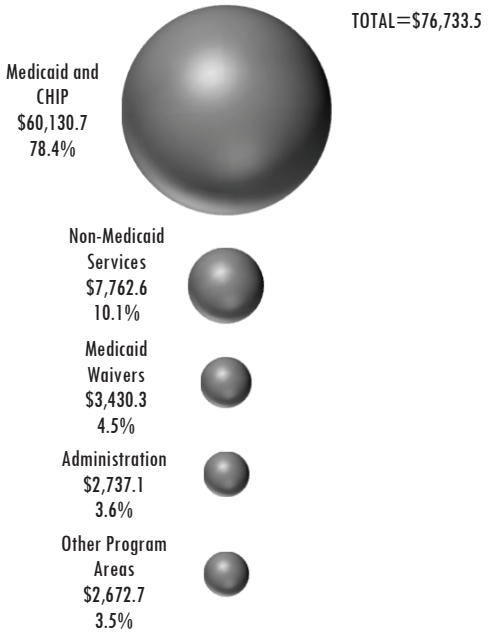
FIGURE 134
HEALTH AND HUMAN SERVICES COMMISSION BY METHOD OF FINANCE

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$30,331.8	$28,994.3	($1,337.5)	(4.4%)
General Revenue–Dedicated Funds	$197.1	$173.2	($23.8)	(12.1%)
Federal Funds	$43,347.3	$45,683.7	$2,336.4	5.4%
Other Funds	$2,717.1	$1,882.3	($834.8)	(30.7%)
Total, All Methods of Finance	**$76,593.3**	**$76,733.5**	**$140.3**	**0.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	37,977.7
2021	38,302.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Medicaid client services funding increases by $0.8 billion in All Funds, after adjusting for $0.9 billion in projected All Funds savings from cost-containment initiatives.

Appropriations represent a **decrease of $0.5 billion** in All Funds for disaster assistance and **$0.9 billion** from the Economic Stabilization Fund for construction and repairs at state-owned facilities. Of the $0.9 billion appropriated during the 2018–19 biennium for construction and repairs, $0.4 billion was provided in Senate Bill 500, Eighty-sixth Legislature, 2019; funding was provided in fiscal year 2019 but is for a two-year period and is likely to be expended in the 2020–21 biennium.

Appropriations for **facility operations** reflect an increase of **$115.8 million** in All Funds, to support services provided at state supported living centers and state and community mental health hospitals. The agency received an additional **$225.1 million** in All Funds for deferred maintenance projects at state-owned facilities.

Appropriations for **community mental health services** increase by **$96.0 million** in All Funds, of which $59.1 million is to expand outpatient capacity.

Appropriations for **certain women's and children's health services**, including Women's Health programs, Alternatives to Abortion, and Early Childhood Intervention, reflect an increase of **$140.8 million** in All Funds.

NOTE: CHIP=Children's Health Insurance Program.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

Senate Bill 500, Eighty-sixth Legislature, 2019, increased appropriation authority of the Health and Human Services Commission (HHSC) in fiscal year 2019 by $4.8 billion in All Funds, including $2.1 billion in General Revenue Funds and $0.6 billion from the Economic Stabilization Fund (ESF), including:

- $4.2 billion in All Funds, including $2.0 billion in General Revenue Funds, to fund Medicaid client services;
- $445.4 million from the ESF for continuing improvements to state hospital facilities appropriated for a two-year period, which is included in fiscal year 2019 but is likely to be expended in the 2020–21 biennium;
- $110.0 million from the ESF for Medicaid client services to replace money transferred from Medicaid for disaster assistance related to Hurricane Harvey;
- $50.0 million in General Revenue Funds for a rate increase for children's hospitals appropriated for a two-year period, which is included in fiscal year 2019 but is likely to be expended in the 2020–21 biennium;
- $31.7 million in General Revenue Funds for mental health state hospital services;
- $10.3 million in General Revenue Funds for the Healthy Texas Women program;
- $10.1 million in General Revenue Funds for state supported living centers; and
- $1.5 million in General Revenue Funds for early childhood intervention services.

Appropriations for HHSC for the 2020–21 biennium total $76.7 billion in All Funds, including $29.0 billion in General Revenue Funds, representing a net increase of $0.1 billion in All Funds from 2018–19 biennial spending levels. A $2.3 billion increase in Federal Funds is offset by a reduction of $1.5 billion in General Revenue Funds and General Revenue–Dedicated Funds and a reduction of $0.7 billion in Other Funds. Significant funding changes include the following:

- Medicaid funding at HHSC totals $66.3 billion in All Funds, including $24.6 billion in General Revenue Funds. These amounts include $61.5 billion in All Funds ($22.9 billion in General Revenue Funds) for client services, $1.7 billion in All Funds ($0.6 billion in General Revenue Funds) for programs supported by Medicaid funding, and $3.1 billion in All Funds ($1.1 billion in General Revenue Funds) for administration of the Medicaid program and other programs supported by Medicaid funding. These amounts are an increase of $1.1 billion in All Funds and a decrease of $1.8 billion in General Revenue Funds from 2018–19 biennial spending levels. More favorable Federal Medical Assistance Percentages (FMAP) result in a higher proportion of the program being funded with Federal Funds, which more than offsets increased General Revenue demand associated with increased caseloads and costs;
- funding includes $2.0 billion in All Funds, including $0.4 billion in General Revenue Funds, for Children's Health Insurance Program (CHIP) client services, which is an increase of $0.1 billion in All Funds ($0.3 billion in General Revenue Funds) from 2018–19 biennial spending levels. The All Funds increase is due primarily to projected caseload growth during each fiscal year and maintaining fiscal year 2019 average costs. More favorable Enhanced Federal Medical Assistance Percentages (EFMAP) are offset by the phase-out of the 23.0 percentage-point increase to matching rates pursuant to the federal Affordable Care Act, resulting in a decrease in the proportion of the program that is federally funded;
- behavioral health funding at HHSC totals $3.3 billion in All Funds, including $2.4 billion in General Revenue Funds and General Revenue–Dedicated Funds. This amount is a decrease of $0.6 billion in All Funds and an increase of $0.2 billion in General Revenue Funds from 2018–19 biennial spending levels. The decrease is primarily due to declines in Federal Funds associated with an assumed reduction in the Opioid State Targeted Response federal grant ($0.1 billion reduction in Federal Funds) and Other Funds (ESF) appropriated for onetime construction projects and certain capital repair and renovation projects at state-funded inpatient mental health facilities, including funds appropriated in Senate Bill 500 ($0.8 billion reduction in Other Funds). These decreases are partially offset by $0.2 billion in additional General Revenue Funds provided for community and inpatient behavioral health

services and $0.1 billion in Other Funds (Revenue Bond Proceeds) provided for deferred maintenance projects at the state hospitals. In addition, an estimated $3.4 billion in All Funds is anticipated to be expended on behavioral health services through Medicaid and CHIP;

- total funding for selected specialty health programs including women's health programs, Alternatives to Abortion, and Early Childhood Intervention is $0.7 billion in All Funds ($0.4 billion in General Revenue Funds), an increase of $0.1 billion in All Funds from 2018–19 biennial spending levels;
- funding for capital repairs and renovations at the state-owned facilities includes $81.2 million in All Funds ($5.4 million in General Revenue Funds and $75.9 million in Revenue Bond Proceeds) to address critical deferred maintenance needs at the state supported living centers; and
- funding levels include a reduction of $0.5 billion in All Funds related to onetime expenditures for disaster assistance in the 2018–19 biennium.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) Medicaid and CHIP; (2) Medicaid Waivers (3) Non-Medicaid Services; (4) Other Program Areas, including eligibility determinations; and (5) Administration.

MEDICAID CLIENT SERVICES

Funding for the 2020–21 biennium includes $61.5 billion in All Funds, including $22.9 billion in General Revenue Funds, $0.1 billion in General Revenue–Dedicated Funds, $0.6 billion in Other Funds, and $37.9 billion in Federal Funds, for Medicaid client services. This amount is an increase of $0.8 billion (1.3 percent) in All Funds and a decrease of $1.8 billion (7.3 percent) in General Revenue Funds from 2018–19 biennial levels. The 2018–19 biennial amounts for Medicaid include supplemental funding provided in Senate Bill 500 to complete fiscal year 2019 expenditures and $50.0 million for children's hospital rate increases, which was appropriated for a two-year period and is likely to be expended in the 2020–21 biennium.

Increased All Funds funding for Medicaid client services supports caseload growth, maintains fiscal year 2019 average costs for most services, and provides funding for cost growth associated with average costs established by the federal government. More favorable FMAPs result in a higher proportion of the program being funded with Federal Funds, more than offsetting General Revenue Funds demand associated with caseload and costs, resulting in an overall decrease to General Revenue Funds of $1.8 billion. Full funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.

Funding provides an increase of $259.8 million in All Funds ($98.2 million in General Revenue Funds) to support community-based long-term care, including the following increases:

- $86.2 million in All Funds ($32.6 million in General Revenue Funds) to increase the base wage for community attendants to $8.11 per hour;
- $66.7 million in All Funds, including $24.8 million in General Revenue Funds, for additional waiver slots to reduce interest lists for certain community-based waiver programs including 60 Medically Dependent Children Program slots, 240 Community Living and Support Services slots, 1,320 Home and Community-based Services slots, and 8 Deaf–Blind Multiple Disabilities slots;
- $56.1 million in All Funds ($21.7 million in General Revenue Funds) to provide for rate increases for certain waiver providers;
- $39.6 million in All Funds ($15.2 million in General Revenue Funds) for rate enhancement programs to further address community care wages; and
- $11.2 million in All Funds ($3.9 million in General Revenue Funds) for consumer-directed services employers who will incur additional costs related to electronic visit verification.

Funding also provides $232.6 million in All Funds ($89.9 million in General Revenue Funds) for the following additional provider rate increases:

- $90.4 million in All Funds ($35.0 million in General Revenue Funds) to increase rural hospital inpatient rates;
- $49.2 million in All Funds ($19.0 million in General Revenue Funds) for a 10.0 percent increase in provider rates for physical, occupational, and

speech therapies provided in-home to children and to increase reimbursement rates for therapy assistants to 80.0 percent of the rate paid to a licensed therapist;

- $38.7 million in All Funds ($14.9 million in General Revenue Funds) to provide for rate increases for intermediate care facilities;
- $38.3 million in All Funds ($14.8 million in General Revenue Funds) for a 2.5 percent rate increase for Texas Health Steps private-duty nursing services; and
- $16.0 million in All Funds ($6.2 million in General Revenue Funds) to provide for a $500 add-on payment for labor and delivery services provided by rural hospitals.

Funding levels were reduced by $900.0 million in All Funds ($350.0 million in General Revenue Funds) for assumed savings associated with cost containment. Funding levels were also decreased by $100.0 million in General Revenue Funds pursuant to Article IX, Section 18.117, Contingency for Senate Bill 11 – School Safety Allotment, which reduced appropriations at HHSC in an amount equal to additional appropriations made to the Texas Education Agency. Funding was also reduced by $0.8 million in All Funds ($0.3 million in General Revenue Funds) pursuant to Article IX, Section 18.67, Contingency for Senate Bill 21, to reflect anticipated savings from reduced health care costs as a result of a reduction in the use of tobacco products.

CHILDREN'S HEALTH INSURANCE PROGRAM

Biennial funding for the Children's Health Insurance Program (CHIP) totals $2.0 billion in All Funds, including $0.4 billion in General Revenue Funds, which is an increase of $0.1 billion in All Funds, and an increase of $0.3 billion in General Revenue Funds. In addition to $1,109.9 million in All Funds ($238.2 million in General Revenue Funds) to provide medical services to children enrolled in CHIP, this funding level includes $297.8 million in All Funds ($60.5 million in General Revenue Funds) for CHIP Perinatal services, $358.4 million in All Funds ($73.7 million in General Revenue Funds) for CHIP Prescription Drugs, and $243.7 million in All Funds ($50.4 million in General Revenue Funds) for CHIP Dental Services. Increased funding for CHIP supports caseload growth and maintains fiscal year 2019 average costs. CHIP caseloads declined in fiscal year 2019 but are projected to return to growth in the 2020–21 biennium, reaching an average monthly caseload of 432,849 in fiscal year 2021. Funding for anticipated increases in cost due to medical inflation, higher utilization, or increased acuity is not included.

The EFMAPs will be more favorable in the 2020–21 biennium than in the 2018–19 biennium; however, the 23 percentage point increase to EFMAP pursuant to the federal Affordable Care Act ended on September 30, 2019. The federal Helping Ensure Access for Little Ones, Toddlers and Hopeful Youth by Keeping Insurance Delivery Stable Act provided for an 11.5 percentage point increase for federal fiscal year 2020. Replacing two full fiscal years of the 23 percentage point increase with one month of 23 percentage point increase, 12 months of 11.5 percentage point increase, and 11 months with no increase will result in a lower proportion of the program being funded with Federal Funds in the 2020–21 biennium than in the 2018–19 biennium, which results in an increase in General Revenue Funds. The more favorable EFMAPs without the increases partially offset this increase.

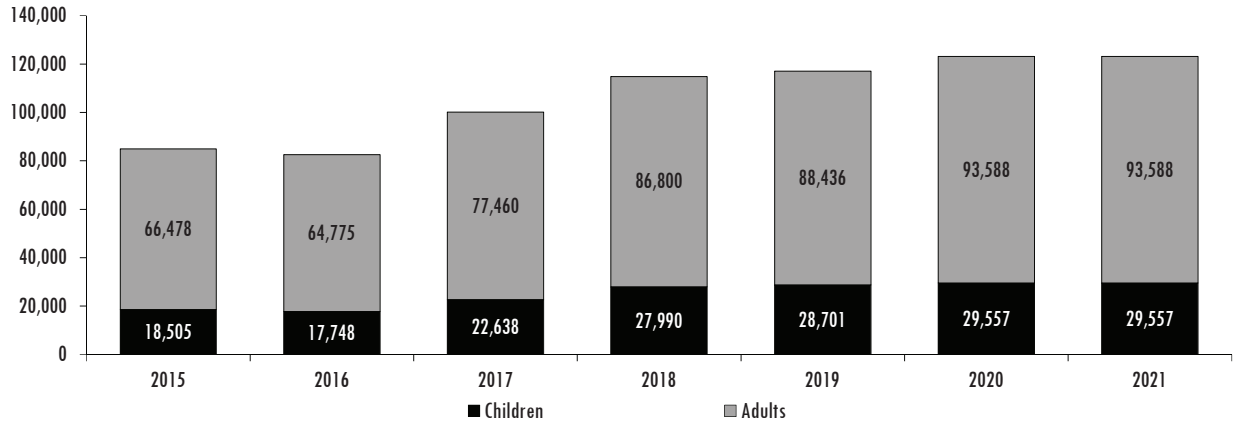
NON-MEDICAID SERVICES BEHAVIORAL HEALTH SERVICES

COMMUNITY MENTAL HEALTH SERVICES

HHSC provides community mental health services to adults and children through contracts with local mental health authorities (LMHA) and local behavioral health authorities (LBHA). Services include screening and assessment, service coordination, medication-related services, and outpatient and inpatient services. In addition, certain services are available specifically for adults or children, such as employment and housing assistance for adults and respite services for children.

Community mental health funding for adults totals $764.7 million in All Funds ($657.0 million in General Revenue Funds) and provides for 161.6 full-time-equivalent (FTE) positions each fiscal year. Funding for children totals $189.2 million in All Funds ($137.3 million in General Revenue Funds) and provides for 13.7 FTE positions in each fiscal year. Funding amounts for adults and children represent an increase of $72.9 million in All Funds ($61.1 million in General Revenue Funds) primarily due to increases of $59.1 million in All Funds ($54.9 million in General Revenue Funds) to expand outpatient mental health capacity at the LMHAs and LBHAs, $24.5 million in Federal Funds due to a projected increase in Mental Health Block Grant Funds, $2.5 million in General Revenue Funds to fund additional residential treatment center beds for youths, and $1.2 million in General Revenue Funds for contract oversight. HHSC also received $5.2 million in All Funds to implement the

FIGURE 135
AVERAGE MONTHLY NUMBER OF CHILDREN AND ADULTS RECEIVING COMMUNITY MENTAL HEALTH SERVICES FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCES: Department of State Health Services; Health and Human Services Commission.

provisions of House Bill 19 and Senate Bill 633, Eighty-sixth Legislature, 2019, related to LMHAs. These increases are partially offset by a decrease of $19.0 million in All Funds ($2.0 million in General Revenue Funds) associated with projected decreases in other federal grants, the discontinuation of an agreement to provide statistical data to a third-party entity, and the discontinuation of onetime grant funding for a pilot program for children in the foster care system.

Figure 135 shows the monthly average number of children and adults receiving community mental health services from fiscal year 2015 to fiscal year 2021.

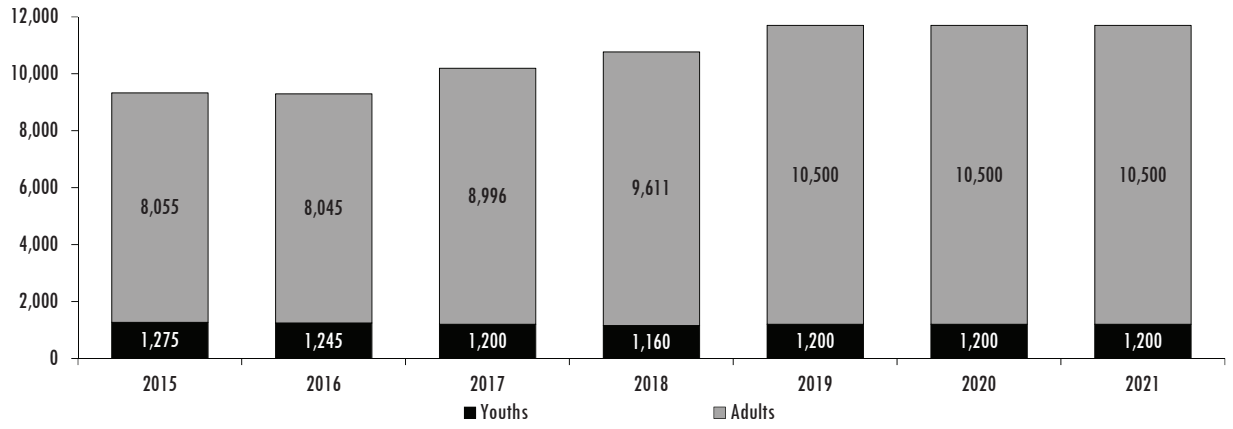
Funding for community mental health crisis services includes $343.3 million in All Funds ($339.3 million in General Revenue Funds) and provides for 28.3 FTE positions in each fiscal year. HHSC contracts with LMHAs/LBHAs and local communities to provide services including crisis hotlines, mobile outreach, children's outpatient services, walk-in services, extended observation, crisis stabilization units, crisis residential, respite services, and transportation. These amounts also include funding for certain community mental health grant programs, established by the Eighty-fifth Legislature, to provide funding to support community mental health programs and to reduce recidivism, arrests, and incarceration of individuals with serious mental illness. HHSC received an additional $22.5 million in General Revenue Funds to maintain these programs at the appropriated fiscal year 2019 level. With this increase, appropriations for the Community Mental Health Grant program and Mental Health Grant Program for Justice-Involved Individuals total $40.0 million in General Revenue Funds and $50.0 million in General Revenue Funds, respectively, in the 2020–21 biennium.

The Home and Community Based Services – Adult Mental Health (HCBS-AMH) program provides community-based services to divert adults with a serious mental illness from inpatient psychiatric settings. Services are provided in the individual's home or other community-based settings, and include psychosocial rehabilitation, employment, home delivered meals, and transportation services. Funding for the 2020–21 biennium totals $44.7 million in All Funds ($23.8 million in General Revenue Funds). The Youth Empowerment Services (YES) waiver provides home and community-based services to children ages 3 to 18 who exhibit symptoms of a serious emotional disturbance. Services include family supports, minor home modifications, specialized therapies, and respite care. Funding for the 2020–21 biennium totals $59.9 million in All Funds ($23.4 million in General Revenue Funds). Amounts for both programs provide for 18.8 FTE positions in each fiscal year.

SUBSTANCE ABUSE PREVENTION, INTERVENTION, AND TREATMENT

HHSC is the designated state agency for the federal Substance Abuse Prevention and Treatment block grant (SABG). Federal maintenance-of-effort requirements stipulate that the state must maintain spending for substance abuse services

FIGURE 136
AVERAGE MONTHLY NUMBER OF YOUTH AND ADULTS SERVED IN TREATMENT PROGRAMS FOR SUBSTANCE ABUSE FISCAL YEARS 2015 TO 2021



NOTE: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCES: Department of State Health Services; Health and Human Services Commission.

at a level equal to the average of expenditures for the previous two fiscal years.

Prevention programs implement one or more of the SABG-required prevention approaches and include prevention education and skills training for youth and families, problem identification and referral to appropriate services, information dissemination, alternative activities, and community collaboration. Substance abuse intervention services include the Outreach, Screening, Assessment, and Referral programs, which provide referrals to treatment and other appropriate services, assist with transportation to services, and assist individuals in enrolling in community-based support services after receiving treatment. Other intervention services include outreach, human immunodeficiency virus (HIV) early intervention services, family services, and screening and assessment services.

HHSC gives comprehensive and appropriate treatment priority status to the needs of pregnant women and mothers, and substance users at risk of contracting HIV. Youth ages 13 to 17 with substance use or dependence disorder are also eligible to receive treatment. **Figure 136** shows the monthly average number of youth and adults served in substance abuse treatment programs from fiscal year 2015 to fiscal year 2021.

Biennial funding for substance abuse services totals $464.4 million in All Funds ($122.1 million in General Revenue Funds) and provides for 140.8 FTE positions in each fiscal year. Funding for substance abuse services represents a decrease of $53.3 million in All Funds and an increase of $28.6 million in General Revenue Funds primarily due to the following:

- an increase of $23.6 million in General Revenue Funds to reduce the substance abuse treatment waitlist for pregnant women and women with dependent children;
- an increase of $5.0 million in General Revenue Funds to provide a rate increase for substance abuse treatment services; and
- a decrease of $82.2 million in Federal Funds associated with an assumed reduction in the Opioid State Targeted Response federal grant.

MENTAL HEALTH STATE HOSPITALS – DAILY OPERATIONS

The mental health state hospital system includes nine state-operated mental health hospitals, including inpatient mental health services at the Rio Grande State Center, and one state-owned inpatient residential treatment facility for adolescents. These facilities provide inpatient hospitalization and general psychiatric services for persons with severe mental illness who require intensive treatment. Individuals needing specialized short-term or long-term care can receive services such as therapeutic programming and skills building to reduce acute symptoms and restore their ability to function in the community.

Funding for the 2020–21 biennium totals $898.7 million in All Funds ($767.2 million in General Revenue Funds)

and provides for 7,749.6 FTE positions in fiscal year 2020 and 8,127.9 FTE positions in fiscal year 2021. Appropriations include an increase of $62.9 million in All Funds ($69.0 million in General Revenue Funds) primarily due to the following increases:

- $17.7 million in General Revenue Funds for daily operations;
- $19.1 million in General Revenue Funds for cost growth;
- $15.5 million in General Revenue Funds and an additional 378.3 FTE positions in fiscal year 2021 to operate expanded bed capacity at San Antonio State Hospital and Kerrville State Hospital;
- $10.2 million in General Revenue Funds to provide salary increases for psychiatric nursing assistants; and
- $7.0 million in General Revenue Funds for improvements to IT infrastructure.

Appropriations also include an increase of $5.9 million in General Revenue Funds to replace an equal reduction in Other Funds (Public Health Medicaid Reimbursements Account No. 709) to align with a projected decrease in collections and a reduction of $6.5 million in General Revenue Funds associated with enhancements to the state hospitals' electronic health record system.

MENTAL HEALTH COMMUNITY HOSPITALS

Mental Health Community Hospitals funding supports inpatient services at psychiatric facilities located throughout the state. The facilities provide services such as assessment, crisis stabilization, skills training, and medication management. Funds are allocated primarily to the community hospitals through performance contracts with LMHAs and LBHAs.

Appropriations for the 2020–21 biennium total $272.3 million in All Funds ($252.1 million in General Revenue Funds), and provide 3.7 FTE positions in each fiscal year. The All Funds appropriation is $28.5 million, or 11.7 percent, more than the 2018–19 biennial spending level, due primarily to an increase of $26.0 million in General Revenue Funds for an additional 50 purchased community hospital beds.

OTHER STATE-OWNED FACILITIES

STATE SUPPORTED LIVING CENTERS

State Supported Living Centers (SSLC) are large, state-operated, intermediate care facilities for individuals with intellectual disability (ICF/IID). Appropriations support 13 centers across Texas (including the ICF/IID component of Rio Grande State Center), located in Abilene, Austin, Brenham, Corpus Christi, Denton, El Paso, Harlingen, Lubbock, Lufkin, Mexia, Richmond, San Angelo, and San Antonio.

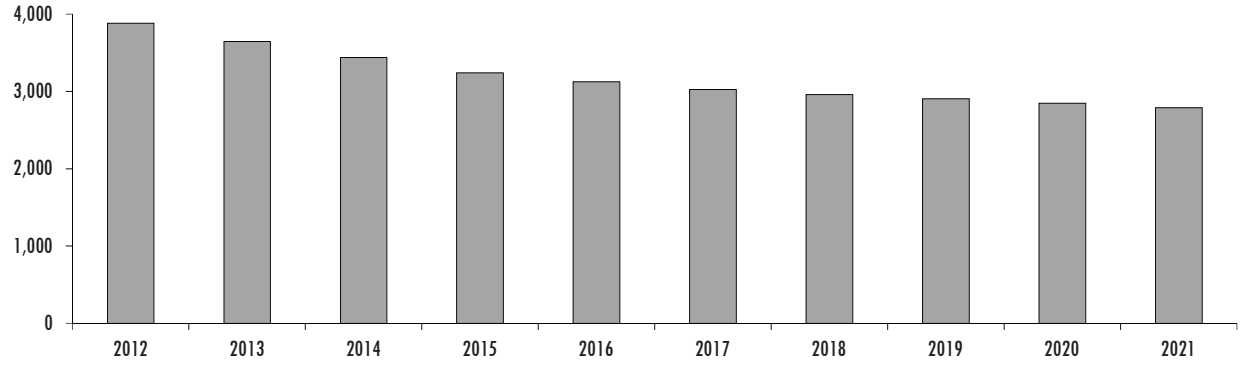
Appropriations for SSLCs for the 2020–21 biennium total $1,394.4 million in All Funds ($533.2 million in General Revenue Funds) and provide for 12,124.1 FTE positions in each fiscal year. This amount is an increase of $9.7 million in All Funds and a decrease of $45.6 million in General Revenue Funds from the 2018–19 biennial level. More favorable FMAPs result in a higher proportion of the program being funded with Federal Funds, which results in a reduction of $49.9 million in General Revenue Funds and an equal increase in Federal Funds. Appropriations include $25.3 million in All Funds ($14.2 million in General Revenue Funds) to provide salary increases for direct care staff and technology upgrades. This increase is partially offset by a decrease of $15.6 million in All Funds ($9.9 million in General Revenue Funds) related to a projected decline in the 2020–21 census, the assumed discontinuation of certain federal grants, and reductions associated with contract savings.

As shown in **Figure 137**, the average monthly SSLC census has steadily declined. From fiscal year 2012 to fiscal year 2021, the average monthly census is projected to decline by 28.1 percent. However, the cost to operate the SSLCs has not decreased to the same degree during the same period, in part because of fixed overhead costs such as salaries, benefits, and capital needs. Pursuant to HHSC Rider 110, State Supported Living Centers Planning, 2020–21 General Appropriations Act (GAA), HHSC is required to develop and submit a plan to maximize resources at the SSLCs, including considering the feasibility of repurposing vacant or unused buildings.

RIO GRANDE STATE CENTER AND CORPUS CHRISTI BOND HOMES

In addition to inpatient mental health services and ICF/IID services, the Rio Grande State Center in Harlingen provides primary medical care to individuals living in the lower Rio

FIGURE 137
STATE SUPPORTED LIVING CENTERS AVERAGE MONTHLY CENSUS FISCAL YEARS 2012 TO 2021



NOTES: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCES: Health and Human Services Commission.

Grande Valley. HHSC also operates two small ICFs/IID (bond homes) in Corpus Christi. Appropriations for these services for the 2020–21 biennium total $11.9 million in All Funds ($9.0 million in General Revenue Funds) and provide for 92.2 FTE positions each fiscal year.

OTHER NON-MEDICAID CLIENT SERVICES

WOMEN'S HEALTH SERVICES

HHSC operates three women's health programs: the Healthy Texas Women (HTW) Program, Family Planning Program (FPP), and Breast and Cervical Cancer Services (BCCS). HTW provides no-cost women's health, family planning, and preventive health services to women who are U.S. citizens or eligible immigrants between the ages of 15 and 44 with income at or below 200 percent of the Federal Poverty Level (FPL). Clients must also be uninsured and not pregnant. FPP provides low- or no-cost reproductive healthcare, family planning, prenatal, and preventive screenings to men and women under the age of 65 who have incomes at or below 250 percent of the FPL. BCCS provides access to diagnostic services for breast and cervical cancers for women who have incomes at or below 200 percent of the FPL.

Biennial appropriations for women's health programs total $347.0 million in All Funds ($209.3 million in General Revenue Funds) and provide for 30.0 FTE positions in each fiscal year. Appropriations represent an increase of $65.1 million in All Funds (23.1 percent), and a decrease of $50.6 million in General Revenue Funds from 2018–19 biennial spending levels. These amounts include an increase of $53.5 million in General Revenue Funds for caseload growth and related administrative costs and $14.7 million in General Revenue Funds to provide a limited postpartum care services package for HTW clients as required by Senate Bill 750, Eighty-sixth Legislature, 2019. These increases are offset by a reduction of $115.7 million in General Revenue Funds and an equal increase in Federal Funds due to assumed approval of the HTW Section 1115 Demonstration Waiver application by the Centers for Medicare and Medicaid Services. If federal matching funds do not become available or become available in a lesser amount, the 2020–21 GAA, Article II, HHSC, Rider 75, Funding for Healthy Texas Women Program, directs HHSC to seek approval to transfer funds from other sources prior to making reductions to service levels.

ALTERNATIVES TO ABORTION

Alternatives to Abortion provides pregnancy support services that promote child birth, including information and referrals. Some material services, such as maternity clothes and car seats, are also available. Biennial appropriations total $59.9 million in All Funds, including $53.9 million in General Revenue Funds and $6.0 million in Temporary Assistance for Needy Families (TANF) Federal Funds, and provide for 1.0 FTE position each fiscal year. Appropriations represent an increase of $21.5 million in General Revenue Funds over 2018–19 biennial spending levels. Additionally, HHSC Rider 80, Alternatives to Abortion Program, of the 2020–21 GAA provides HHSC authority to transfer up to $20.0 million to the Alternatives to Abortion program from any appropriated funds if HHSC determines there is a demand based on program utilization.

EARLY CHILDHOOD INTERVENTION SERVICES

Early Childhood Intervention (ECI) Services are for eligible children younger than age three who have a disability or developmental delay. These services are provided through contracts with local agencies, including community centers, education service centers, and private nonprofit entities. These agencies determine eligibility, assess the child's needs, and coordinate the delivery of comprehensive services. Appropriations for ECI client services total $341.6 million in All Funds ($91.2 million in General Revenue Funds). This amount includes an increase from 2018–19 biennial amounts of $54.2 million in All Funds, ($29.5 million in General Revenue Funds) for caseload growth and to provide increased funding to contracted providers. **Figure 138** shows the distribution of appropriation sources for ECI client services for the 2018–19 biennium and the 2020–21 biennium. The share of ECI client services funded by General Revenue Funds increased by 5.2 percentage points from the 2018–19 biennium to the 2020–21 biennium. Additional sources of funding for ECI services not shown in **Figure 138** include some therapy services funded through Medicaid and CHIP client services and other funding sources that are not reflected in the GAA, including third-party collections and local contributions.

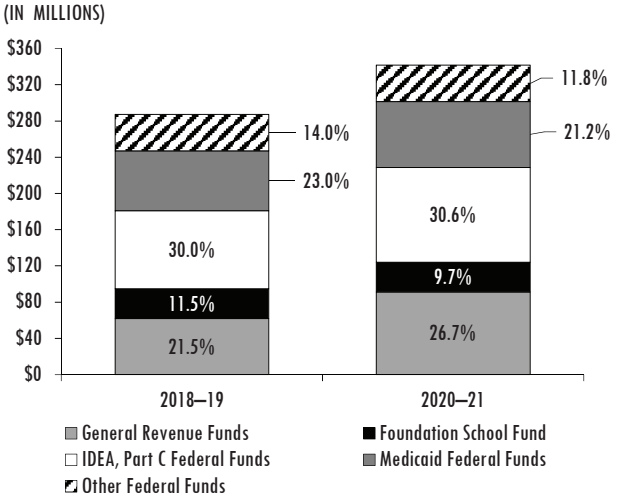
Figure 139 shows the historical changes in the number of children served through ECI. The average monthly caseload has increased since fiscal year 2012 and is estimated to increase by 4.8 percent from fiscal year 2019 to fiscal year 2021.

In addition to the client services discussed above, the ECI program receives appropriations for respite services, quality assurance, and program administration. Biennial appropriations for these activities total $7.1 million in All Funds ($1.9 million in General Revenue Funds) and provide for 34.1 FTE positions in each fiscal year.

CHILDREN WITH SPECIAL HEALTH CARE NEEDS

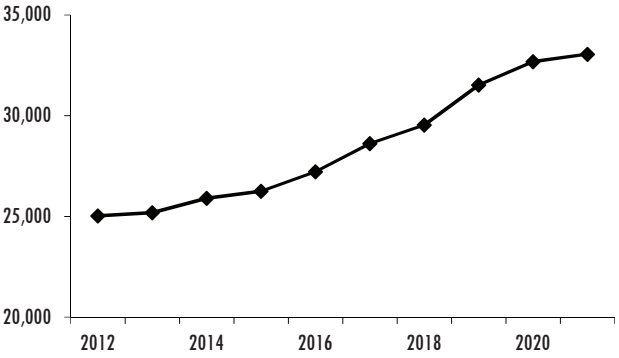
The Children with Special Health Care Needs (CSHCN) program provides medical, dental, and case-management services not covered by Medicaid, CHIP, or private insurance for children with special healthcare needs. The program also provides family support services (FSS) to eligible clients, including respite care, vehicle and home modifications, and special equipment, and family supports and community resources (FSCR), which are population health initiatives available to the general CSHCN population. HHSC provides the medical, dental, and FSS portion of the CSHCN program, and the Department of State Health Services (DSHS) provides case-management and FSCR services. Biennial appropriations for medical, dental, and FSS total $61.0 million in All Funds ($49.0 million in General Revenue Funds) and provide for 22.7 FTE positions in each fiscal year.

FIGURE 138
EARLY CHILDHOOD INTERVENTION PROGRAM APPROPRIATIONS BY FUND TYPE
2018–19 AND 2020–21 BIENNIA



NOTE: IDEA, Part C=the federal Individuals with Disabilities Education Act, Part C, Program for Infants and Toddlers with Disabilities.
SOURCE: Legislative Budget Board.

FIGURE 139
EARLY CHILDHOOD INTERVENTION PROGRAM AVERAGE MONTHLY CHILDREN SERVED
FISCAL YEARS 2012 TO 2021



NOTES: Targets for fiscal years 2020 and 2021 are established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.
SOURCES: Legislative Budget Board; Health and Human Services Commission.

OTHER SPECIALTY CARE PROGRAMS

HHSC operates several additional specialty care programs, including the Kidney Health Care Program; Title V Maternal and Child Health Program; Autism Program; Blind Children's Vocational Discovery and Development Program; Epilepsy Program; Blindness Education, Screening, and Treatment (BEST) Program; and Hemophilia Assistance Program.

The Kidney Health Care Program assists Texans with end-stage renal disease in paying for treatment. Biennial appropriations total $37.4 million in All Funds ($37.0 million in General Revenue Funds) and provide for 24.9 FTE positions in each fiscal year.

The Title V Maternal and Child Health program provides preventative and primary health care and dental services to low-income youth age 21 and younger who do not qualify for Medicaid, CHIP, or another program that covers similar services. The program also provides up to 60 days of prenatal care for pregnant women while they await Medicaid or CHIP Perinatal coverage and dental care for pregnant women up to three months postpartum. Biennial appropriations total $17.5 million in All Funds ($3.2 million in General Revenue Funds) and provide for 2.0 FTE positions in each fiscal year.

The Autism Program serves children ages 3 to 15 with a diagnosis of autism spectrum disorder. Appropriations total $14.4 million in All Funds ($14.3 million in General Revenue Funds) and provide for 4.0 FTE positions in each fiscal year.

The Blind Children's Vocational Discovery and Development Program provides services through trained blind children's specialists who function as case managers and direct-care providers. Appropriations total $11.5 million in All Funds ($9.5 million in General Revenue Funds) and provide for 78.0 FTE positions in each fiscal year.

The Epilepsy Program connects low-income Texans with epilepsy and seizure-like symptoms to comprehensive outpatient care. Services can include diagnosis, treatment, and case management. Biennial appropriations for the Epilepsy Program total $3.7 million in General Revenue Funds.

The BEST Program provides vision screenings and treatment for individuals with eye conditions. Appropriations total $0.9 million in General Revenue Funds and provide for 1.1 FTE positions in each fiscal year.

The Hemophilia Assistance Program assists low-income adults with hemophilia who are not eligible for other programs in paying for medical care. Biennial appropriations for the Hemophilia Assistance Program total $0.3 million in General Revenue Funds.

COMMUNITY PRIMARY CARE SERVICES

The Community Primary Care Services program contracts with clinics throughout the state to provide primary health care services to low-income men, women, and children who do not receive similar services through another program. Biennial appropriations total $24.3 million in General Revenue Funds and provide for 3.0 FTE positions in each fiscal year.

CASH ASSISTANCE

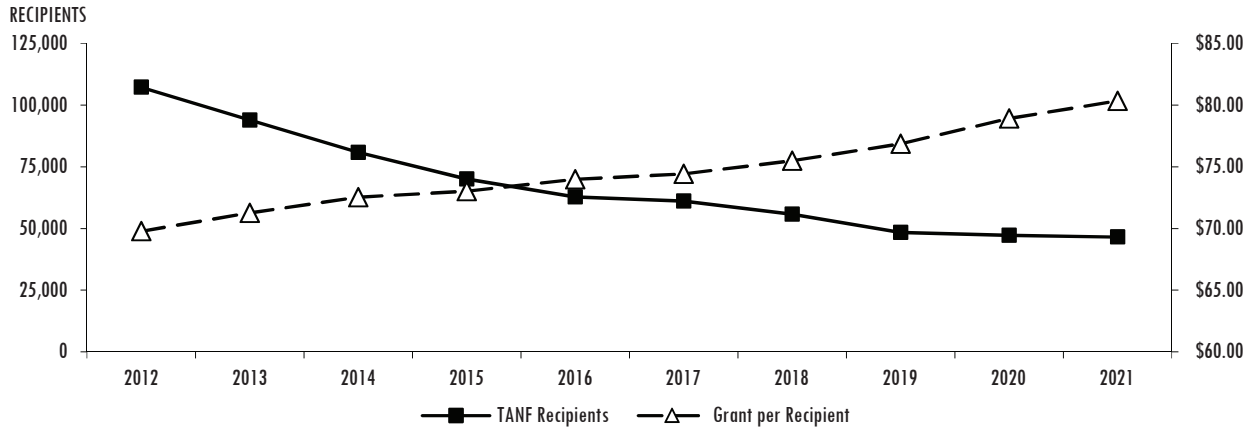
TANF grants provide time-limited cash assistance to very low-income families with children. Grants are provided to single-parent families and to two-parent families in which one or both parents are unemployed or have a disability. The monthly cash grant amount paid to a family is based on household size, income, and the family's basic needs.

Appropriations for TANF cash assistance include $96.3 million in All Funds ($86.5 million in General Revenue Funds). These amounts represent a decrease of $7.0 million in All Funds, including $13.0 million in General Revenue Funds, due to declining caseloads. **Figure 140** shows changes in the TANF caseload and grant per recipient from fiscal years 2012 to 2021. Reduced expenditures associated with declining caseloads are partially offset by increases associated with the average grant per recipient.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Nutrition services are delivered through the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). This program uses smart cards, which function similarly to debit cards, to provide food assistance through electronic benefits transfer for infants, young children, and low-income pregnant and postpartum women. The program also provides nutrition education to pregnant and postpartum women. WIC rebates are collected from manufacturers of infant formula. Biennial appropriations for WIC total $1.6 billion in All Funds, including $0.4 billion in WIC rebates (Other Funds), and provide for 171.7 FTE positions in each fiscal year.

FIGURE 140
CASH ASSISTANCE CASELOAD AND AVERAGE GRANT PER RECIPIENT, FISCAL YEARS 2012 TO 2021



NOTE: TANF=Temporary Assistance for Needy Families.
SOURCES: Legislative Budget Board; Health and Human Services Commission.

DISASTER ASSISTANCE

HHSC administers the Other Needs Assistance provision of the Federal Assistance to Individuals and Households Program, which provides financial assistance to victims of floods, hurricanes, tornadoes, and other disasters when insurance and other avenues of recovery are exhausted. Funding for disaster assistance is made available when the U.S. President declares a disaster. Although funds are not appropriated explicitly for disasters, the 2020–21 GAA authorizes the transfer of funding from one or more agencies to address funding needs in response to a disaster. Onetime funding for Hurricane Harvey response during the 2018–19 biennium accounts for a decrease of $519.8 million in All Funds ($110.0 million in General Revenue Funds) and 223.2 FTE positions during the 2020–21 biennium.

GUARDIANSHIP

The Guardianship Services Program includes services for adults with diminished capacity; arranging for placement in facilities such as long-term-care facilities, hospitals, or foster homes; managing estates; and making medical decisions. The program serves individuals referred by Adult Protective Services at the Department of Family and Protective Services (DFPS) and courts with jurisdiction of probate matters. Funding totals $17.9 million in All Funds ($3.5 million in General Revenue Funds), and provides for 118.7 FTE positions in each fiscal year. This includes an increase of $0.3 million in General Revenue Funds from 2018–19 biennial spending levels to provide a rate increase for contracted guardians.

NON-MEDICAID COMMUNITY SERVICES

Non-Medicaid Community Services include services funded by the state and the federal government, including through the U.S. Social Security Act, Title XX, Social Service Block Grant and Federal Funds from the Older Americans Act. These services are provided in community settings to persons who are aging or have disabilities to maintain independence and avoid institutionalization. Unlike entitlement services, funding does not necessarily increase as the demand for services increases.

Funding for these programs totals $421.1 million in All Funds ($158.2 million in General Revenue Funds) for the 2020–21 biennium. Funding provides an increase of $13.0 million in General Revenue Funds from 2018–19 biennial spending levels for outpatient mental health services at local IDD authorities, to expand crisis intervention and respite services, and to provide a rate increase for the home-delivered meals program. Funding for Non-Medicaid Community Services also includes $1.0 million in General Revenue Funds for attendant wage increases.

INDEPENDENT LIVING SERVICES

The Independent Living Services program provides services to individuals with significant disabilities, including those who are blind or visually impaired, to promote independence at home and in the community. HHSC contracts with Centers for Independent Living, which are community-based nonprofit organizations, to provide services. Services can include providing assistive technology and devices, such as hearing aids and prosthetics, or the provision of core

services mandated by federal law, such as independent-living skills training and peer counseling. Combined appropriations for all services total $28.1 million in All Funds ($8.9 million in General Revenue Funds), and provide for 22.1 FTE positions each fiscal year.

COMPREHENSIVE REHABILITATION

The Comprehensive Rehabilitation Services program provides rehabilitation services to persons with traumatic spinal cord or traumatic brain injuries. Core services include inpatient comprehensive medical rehabilitation services, post-acute brain injury rehabilitation services, and outpatient rehabilitation services. Comprehensive rehabilitation services are time-limited and focus on mobility, self-care, and communication skills. HHSC is estimated to serve approximately 735 individuals in this program during each fiscal year. Appropriations total $47.2 million in All Funds ($46.6 million in General Revenue Funds) and provide for 21.3 FTE positions in each fiscal year.

FAMILY VIOLENCE

HHSC provides emergency shelter and support services to victims of family violence and their children, educates the public, and provides training and prevention support to various agencies. The agency contracts with residential and nonresidential centers. Services include shelter, transportation, legal assistance, medical assistance, educational arrangements for children, and employment assistance. Appropriations total $65.3 million in All Funds ($27.8 million in General Revenue Funds) and provide for 6.4 FTE positions in each fiscal year. This funding is estimated to provide services to 71,500 survivors of family violence and their dependents during each year of the biennium, and includes an increase of $5.5 million in General Revenue Funds for housing and economic supports, legal services, and mental health services.

CHILD ADVOCACY PROGRAMS

The Court Appointed Special Advocates (CASA) program provides funds to help develop and support local CASA programs, which coordinate volunteers who are court-appointed to advocate for the best interests of abused or neglected children involved in the legal and welfare systems. Appropriations for the CASA program total $29.9 million in All Funds ($19.7 million in General Revenue Funds and $10.2 million in General Revenue–Dedicated Funds). Funding provides an increase of $3.5 million in General Revenue Funds from 2018–19 biennial spending levels to serve additional children.

The Children's Advocacy Center (CAC) program provides funds to develop and support local child advocacy programs that offer a coordinated, multidisciplinary response to cases of suspected child abuse. Appropriations for the CAC program total $47.2 million in All Funds ($27.0 million in General Revenue Funds and $20.2 million in General Revenue–Dedicated Funds). Funding provides increases of $10.0 million in General Revenue Funds and $10.0 million in General Revenue–Dedicated Funds from 2018–19 biennial spending levels to serve additional children.

OTHER PROGRAM AREAS

MENTAL HEALTH STATE HOSPITALS – CONSTRUCTION PROJECTS

The Eighty-fifth Legislature provided $300.0 million from the Economic Stabilization Fund (ESF) for new construction and significant repairs at the state hospitals and other state-funded inpatient mental health facilities. HHSC was required to receive approval for specific projects prior to expenditure of the funds. HHSC received approval to expend $298.0 million from the ESF for the following projects:

- $125.0 million for construction of a facility in Harris County, with a minimum of 228 beds added to total state capacity;
- $91.5 million for construction of a 100-bed maximum security unit (MSU) and $4.5 million for planning of a 100-bed non-MSU at Rusk State Hospital;
- $30.5 million for construction of a 70-bed MSU at Kerrville State Hospital;
- $30.0 million to begin planning efforts to replace current Austin State Hospital ($15.5 million; 240-bed campus) and San Antonio State Hospital ($14.5 million; 300-bed campus);
- $11.5 million for construction of a 40-bed unit at San Antonio State Hospital;
- $4.3 million to address various IT infrastructure and storm water run-off systems at the Harris County facility and Rusk State Hospital; and
- $0.7 million to hire 3.0 FTE positions for oversight of the construction projects.

HHSC Rider 140, Unexpended Construction Balances, 2020–21 GAA, allows HHSC to transfer unexpended ESF funds into the 2020–21 biennium to be used towards construction of approved projects.

An additional $445.4 million from the ESF was provided in Senate Bill 500, Eighty-sixth Legislature, 2019, for continued improvements to the state hospitals, including $90.1 million to construct the non-MSU at Rusk State Hospital and $355.3 million to begin construction to replace the campuses at Austin State Hospital ($165.0 million) and San Antonio State Hospital ($190.3 million). The appropriation is included in fiscal year 2019 amounts but was appropriated for a two-year period and is anticipated to be expended in the 2020–21 biennium. HHSC will require additional appropriations to complete construction at Austin State Hospital and San Antonio State Hospital. Onetime funding in the 2018–19 biennium for new construction at the state hospitals and other state-funded inpatient mental health facilities accounts for a total decrease of $743.4 million in Other Funds (ESF) during the 2020–21 biennium.

OTHER STATE-OWNED FACILITY SUPPORT SERVICES, REPAIRS, AND RENOVATIONS

HHSC provides program oversight, business and communications support, and other administrative services to assist with the operation of state-owned facilities, including the SSLCs and state mental health hospitals. HHSC also receives funding for repairs, renovations, and construction projects at the state-owned facilities. Combined appropriations for all facility support services, repairs, and renovations total $262.6 million in All Funds ($48.2 million in General Revenue Funds) and provide for 173.4 FTE positions in each fiscal year. This is an increase of $70.9 million in All Funds ($26.5 million in General Revenue Funds) from 2018–19 biennial spending levels. This net increase includes decreases of $158.6 million from the ESF provided for deferred maintenance projects at the SSLCs and state hospitals in the 2018–19 biennium, $6.2 million in Other Funds (General Obligation Bond Proceeds) that HHSC was projected to spend towards repairs at state-owned facilities in fiscal year 2018, and $1.0 million in General Revenue Funds to reflect an anticipated decrease associated with energy conservation projects financed through the Master Lease Purchase Program. Decreases are more than offset by an increase of $225.1 million in All Funds ($16.3 million in General Revenue Funds and $208.8 million in Revenue Bond Proceeds) to address the most critical deferred maintenance projects at the facilities in the 2020–21 biennium, of which $14.8 million in General Revenue Funds is provided for lease payments and $1.5 million in General Revenue Funds is provided for staffing-related costs. Funding also provides increases of $7.9 million in General Revenue Funds to replace 243 vehicles, $2.0 million in General Revenue Funds to replace laundry equipment, and $1.6 million in All Funds ($1.3 million in General Revenue Funds) primarily associated with the anticipated impact of HHSC's revised Public Assistance Cost Allocation Plan (PACAP).

ELIGIBILITY DETERMINATION

HHSC is responsible for making eligibility determinations for TANF, CHIP, Supplemental Nutrition Assistance Program (SNAP), and Medicaid. The commission provides outreach and application assistance; develops and implements policy; and provides training, oversight, and quality assurance for eligibility and enrollment functions. HHSC also provides state oversight staff and administers the contract for the operation of the Lone Star electronic benefits transfer card system, which issues TANF and SNAP benefits to eligible recipients.

Biennial appropriations for eligibility determination functions total $1.3 billion in All Funds ($430.8 million in General Revenue Funds), and provide for 8,084.9 FTE positions in each fiscal year. This funding level is a decrease of $24.4 million in All Funds, including a decrease of $41.6 million in General Revenue Funds, which is partially offset by an increase of $17.2 million in Federal Funds from 2018–19 biennial spending levels. Relative to the Eighty-fifth Legislature, GAA, 2018–19 Biennium, the 2018–19 biennial spending levels include an All Funds increase due to the expenditure of General Revenue Funds that were made available by a matching rate for certain eligibility functions that was more favorable and the associated additional federal matching funds. Funding for Integrated Eligibility and Enrollment is maintained at the lower 2018–19 biennial appropriated level and adjusted for the assumed continuation of the higher federal matching rate. That reduction is partially offset by an increase of $44.9 million in All Funds, including $30.0 million in General Revenue Funds, primarily to retain eligibility-related staffing above the 2018–19 appropriated level.

In addition to eligibility determination functions for TANF, CHIP, SNAP, and Medicaid, HHSC also provides for functional eligibility determinations, development of individual service plans, and assistance to consumers in obtaining information and authorization for appropriate long-term-care services. Funding for long-term-care intake and access totals $518.8 million in All Funds ($246.6 million in General Revenue Funds), which provides for

1,256.0 FTE positions in fiscal year 2020 and 1,267.0 FTE positions in fiscal year 2021. This funding level is a decrease of $25.1 million in All Funds, which primarily reflects a decrease in federal funding sources. Increased FTE positions are provided to support new Medicaid waiver slots.

TEXAS INTEGRATED ELIGIBILITY REDESIGN SYSTEM

Texas utilizes the Texas Integrated Eligibility Redesign System (TIERS) to make eligibility determinations and enroll clients in Medicaid, CHIP, SNAP, and TANF. Appropriations to support TIERS total $334.6 million in All Funds ($122.5 million in General Revenue Funds), which supports 259.7 FTE positions in fiscal year 2020 and 258.3 FTE positions in fiscal year 2021. This funding level is a decrease of $41.8 million in All Funds, which primarily reflects a decrease in Federal Funds to align with revised cost allocation estimates based on HHSC's revised PACAP and the expiration of a Federal waiver that allows states to utilize enhanced Medicaid matching rates for all costs of modernizing eligibility systems, even when certain functionality also benefits other federal programs that are matched at a lower rate.

TEXAS VETERANS AND FAMILY ALLIANCE PROGRAM

The Texas Veterans and Family Alliance Program (TV+FA) provides grants to support community programs that offer mental healthcare services and treatment to veterans and their families. Appropriations to HHSC also fund a mobile application for veterans to provide information about local, state, and national resources available to them. Funding for TV+FA and the mobile application is maintained at the 2018–19 biennial appropriated level of $20.2 million in General Revenue Funds for the 2020–21 biennium.

ABSTINENCE EDUCATION

Through the Abstinence Education Program, HHSC contracts with local providers for abstinence-only sex education and, where appropriate, mentoring, counseling, and adult-supervised activities to decrease the teen pregnancy rate and the rate of sexually transmitted infections in youths ages 15 to 19. Biennial appropriations total $16.8 million in All Funds, including $1.0 million in General Revenue Funds and $15.8 million in Federal Funds, and provide for 8.8 FTE positions in each fiscal year.

DEAF AND HARD OF HEARING SERVICES

The agency provides services to persons who are deaf or hard of hearing through contracted services, education and training, interpreter certification, and specialized telecommunication assistance. Combined appropriations for all services total $8.4 million in All Funds ($5.7 million in General Revenue Funds) and provide for 22.5 FTE positions in each fiscal year.

LONG-TERM AND ACUTE CARE REGULATION AND QUALITY

Staff in the healthcare facility and community-based regulation program license and regulate nursing facilities, ICFs/IID, assisted living facilities, day activity and health services facilities, home and community support services agencies, Medicaid waiver program providers, and healthcare facilities. Staff conduct inspections, investigate complaints and provider-reported incidents, and monitor the performance of facilities found to be out of compliance with state and federal regulations. Biennial appropriations total $212.4 million in All Funds ($71.9 million in General Revenue Funds and $16.7 million in General Revenue–Dedicated Funds) and provide for 1,556.5 FTE positions in each fiscal year. Appropriations represent an increase of $13.4 million in All Funds (increase of $19.4 million in General Revenue Funds and decrease of $11.6 million in General Revenue–Dedicated Funds) from 2018–19 biennial spending levels for the following:

- an increase of $12.3 million in General Revenue Funds to offset projected revenue declines in General Revenue–Dedicated Funds;
- an increase of $9.6 million in General Revenue Funds to biennialize higher fiscal year 2019 expenditures for staff;
- a decrease of $5.9 million in General Revenue Funds and increases of $0.7 million in General Revenue–Dedicated Funds and $5.2 million in Federal Funds based on the anticipated impact of HHSC's revised PACAP;
- an increase of $2.0 million in All Funds ($1.8 million in General Revenue Funds) for salary increases for certain staff; and
- an increase of $1.8 million in All Funds ($1.6 million in General Revenue Funds) for an additional 8.1 FTE positions to perform enforcement functions, conduct substance abuse facility investigations and inspections, perform complaint and incident intakes, and support additional community waiver slots.

The long-term-care quality outreach program conducts quality-monitoring activities in long-term-care facilities. Funding totals $11.4 million in All Funds ($3.9 million in General Revenue Funds) and provides for 65.3 FTE positions in each fiscal year. This represents a decrease of $6.9 million in All Funds (increase of $0.2 million in General Revenue Funds) from 2018–19 biennial spending levels primarily due to certain Civil Money Penalty projects ending, which results in a decrease of $8.1 million in Other Funds. This is partially offset by an increase of $0.4 million in All Funds ($0.2 million in General Revenue Funds) to biennialize higher fiscal year 2019 expenditures for staff and an increase of $0.9 million in Federal Funds to maintain the Quality Reporting Unit.

CHILD CARE REGULATION

The Child Care Regulation Program develops and enforces minimum standards for the delivery of child-care services throughout the state. Providers range in size from small family homes to large, 24-hour, residential care facilities. The program licenses, registers, or lists providers; conducts monitoring inspections; investigates complaints; takes action when violations are confirmed; and provides technical assistance and training to help providers improve services. The program also obtains abuse or neglect and criminal history information on individuals who come into contact with children in regulated settings and disseminates information about child-care services that are available throughout the state. Appropriations for Child Care Regulation total $91.5 million in All Funds ($49.6 million in General Revenue Funds) and provide for 675.3 FTE positions in each fiscal year. This represents an increase of $15.7 million in All Funds ($10.4 million in General Revenue Funds) from 2018–19 biennial spending levels for the following:

- an increase of $7.4 million in Interagency Contracts (Other Funds) associated with former DFPS background check staff;
- an increase of $3.7 million in General Revenue Funds and 35.0 FTE positions to establish a unit to investigate child-care facilities operating without a license, certification, registration, or listing;
- an increase of $3.6 million in General Revenue Funds for salary increases for certain staff;
- a decrease of $2.1 million in Federal Funds based on the anticipated impact of HHSC's revised PACAP;
- an increase of $1.3 million in General Revenue Funds to biennialize higher fiscal year 2019 expenditures for staff;
- an increase of $1.2 million in General Revenue Funds and 10.1 FTE positions to implement automation of National Sex Offender Registry searches; and
- an increase of $0.6 million in General Revenue Funds and 5.2 FTE positions to implement provisions of Senate Bill 569, Eighty-sixth Legislature, 2019, regarding minimum standards investigations of listed family homes.

CREDENTIALING AND CERTIFICATION OF HEALTH CARE OCCUPATIONS

The credentialing and certification program regulates certain long-term-care and behavioral health occupations. The primary activities include the nursing facility administrator licensing and enforcement function, operation of the nurse aide registry and the nurse aide training and competency evaluation program, operation of the employee misconduct registry, issuing and renewing permits for medication aides, conducting continuing education activities, and licensing marriage and family therapists, professional counselors, social workers, chemical dependency counselors, and sex offender treatment providers. Biennial appropriations total $7.3 million in All Funds ($5.4 million in General Revenue Funds) and provide for 93.2 FTE positions in fiscal year 2020 and 47.7 FTE positions in fiscal year 2021. Appropriations represent a decrease of $0.6 million in All Funds ($0.6 million in General Revenue Funds) from 2018–19 biennial spending levels. Appropriations include the following:

- a decrease of $1.9 million in General Revenue Funds and 45.5 FTE positions in fiscal year 2021 due to transfer of the regulation of marriage and family therapists, professional counselors, and social workers to the newly created Texas Behavioral Health Executive Council pursuant to House Bill 1501, Eighty-sixth Legislature, 2019;
- an increase of $0.8 million in General Revenue Funds to biennialize higher fiscal year 2019 expenditures for staff;
- an increase of $0.4 million in General Revenue Funds and 3.0 FTE positions to enhance background checks; and

- an increase of $0.1 million in General Revenue Funds for salary increases for certain staff.

Applications and renewals for licenses for certain occupations and facilities regulated by HHSC can be processed through the Texas.gov website. Biennial appropriations for HHSC's Texas.gov subscription total $0.2 million in General Revenue Funds.

DISABILITY DETERMINATION SERVICES

The Disability Determination Services (DDS) program makes medical determinations of disability for Texans who apply for disability benefits through Social Security Disability Insurance or Supplemental Security Income. DDS is funded completely by the U.S. Social Security Administration. Biennial appropriations total $211.4 million in Federal Funds and provide for 788.8 FTE positions in each fiscal year. This represents a decrease of $19.1 million in Federal Funds to align with the projected number of disability determinations HHSC will perform during the 2020–21 biennium.

TEXAS CIVIL COMMITMENT OFFICE

The Texas Civil Commitment Office (TCCO) is an independent agency responsible for the supervision and treatment of civilly committed sexually violent offenders. It is attached administratively to HHSC. Biennial funding for TCCO totals $37.8 million in All Funds ($37.6 million in General Revenue Funds) and provides for 35.0 FTE positions in each fiscal year. This is an increase of $4.5 million in All Funds ($4.7 million in General Revenue Funds) from 2018–19 biennial spending levels. General Revenue Fund increases include $2.4 million to support projected caseload growth for the 2020–21 biennium, $2.0 million to support expanded facility capacity, $0.3 million to support costs for certain healthcare services, and $0.1 million to support a career ladder for case managers in accordance with the requirements of Senate Bill 1576, Eighty-fifth Legislature, Regular Session, 2017.

OTHER PROGRAMS

The Eighty-sixth Legislature, 2019, maintained a variety of other grant programs and client outreach and coordination services. A few of these programs are the Umbilical Cord Blood Bank grant program, the Office of Disability Prevention for Children, the Office for eHealth, the Healthy Marriage Program, and Indigent Health Care Services. Additionally, several new programs, including the Mobile Stroke Unit Program and Pediatric Tele-connectivity Program for Rural Texas, were established. Appropriations for these programs total $13.9 million in All Funds ($9.5 million in General Revenue Funds). This is an increase of $3.9 million in All Funds ($3.0 million in General Revenue Funds) from 2018–19 biennial spending levels, due primarily to an increase of $6.3 million in All Funds ($3.7 million in General Revenue Funds) related to newly established grant programs and HHSC's revised PACAP, partially offset by a decrease of $2.3 million in All Funds ($0.7 million in General Revenue Funds) for the discontinuation of the Office of Minority Health Statistics and Engagement.

ADMINISTRATION

MEDICAID AND CHIP CONTRACTS AND ADMINISTRATION

HHSC performs administrative functions for Medicaid, including maintaining the contract for a claims administrator, supporting the Medicaid Management Information System, and contracting with an enrollment broker. Biennial funding for Medicaid-related contracts and administration totals $1.3 billion in All Funds ($425.5 million in General Revenue Funds), which supports 805.4 FTE positions in each fiscal year. This is an increase of $139.7 million in All Funds ($28.6 million in General Revenue Funds) from 2018–19 biennial spending levels, which includes the following increases:

- $39.6 million in Federal Funds to reflect additional anticipated federal funding for the Medicaid Management and Information System Modernization capital project;
- $32.1 million in All Funds for anticipated expansion of electronic visit verification;
- $20.5 million in All Funds for additional contract monitoring and oversight staff and to provide full funding for certain monitoring and utilization review staff hired during the 2018–19 biennium;
- $16.0 million in All Funds to implement the provisions of Senate Bill 2138, Eighty-sixth Legislature, 2019, relating to the authority of HHSC to retain certain money received by the commission to administer certain Medicaid programs;
- $14.8 million in All Funds for technology changes necessary to carve certain Medicaid waiver programs into managed care;
- $10.1 million in All Funds related to cost growth in the Medicaid claims administrator contract;

- $7.9 million in Federal Funds related to the impact of HHSC's revised PACAP;
- $5.2 million in All Funds to establish a centralized data repository for critical incident reports;
- $4.7 million in All Funds relating to Medicaid external medical review, including $1.9 million for HHSC to contract with an Independent Review Organization to provide Medicaid managed care clients with the option to seek external medical review to promote resolution of client concerns, and $2.8 million to implement the provisions of Senate Bill 1207, Eighty-sixth Legislature, 2019, relating to an independent medical review of certain determinations by HHSC or a Medicaid managed care organization; and
- $1.2 million in All Funds to hire additional contract oversight staff to support the rollout of additional community-based Medicaid waiver slots.

The increases are partially offset by All Funds decreases of $12.3 million in supplemental funding provided for fiscal year 2019 related to certain Medicaid contingency contracts and $0.8 million relating to the transfer of certain Subrogation and Recovery program staff to the Office of the Inspector General.

Similar administrative functions for the CHIP program total $33.6 million in All Funds ($6.8 million in General Revenue Funds), which supports 42.2 FTE positions in each fiscal year. This is an increase of $2.1 million in All Funds, including $4.8 million in General Revenue Funds, from 2018–19 biennial spending levels, which is primarily to align General Revenue funding with projections of EFMAPs for the 2020–21 biennium and to reflect the anticipated impacts of revisions to HHSC's PACAP.

SYSTEM OVERSIGHT AND PROGRAM SUPPORT

HHSC also performs administrative functions for all other internal programs, and performs certain administrative functions for DSHS and DFPS. HHSC uses a federally approved cost-allocation plan to determine the other agencies' shares of administrative costs. HHSC then bills the agencies for their allocated costs, and payments from the agencies are received as Interagency Contracts.

Enterprise Oversight and Policy consists of services such as procurement, human resources, and legal. Funding for Enterprise Oversight and Policy totals $210.4 million in All Funds ($83.7 million in General Revenue Funds) and provides for 1,149.5 FTE positions in fiscal year 2020 and 1,147.5 FTE positions in fiscal year 2021. This is an increase of $28.4 million in All Funds ($18.4 million in General Revenue Funds) for the following increases:

- $16.5 million in All Funds ($10.1 million in General Revenue Funds) due to the anticipated impact of HHSC's revised PACAP;
- $10.4 million in All Funds ($7.7 million in General Revenue Funds) and 50.0 FTE positions for procurement and contracting;
- $0.9 million in All Funds ($0.4 million in General Revenue Funds) to biennialize higher fiscal year 2019 expenditures for staff; and
- $0.6 million in All Funds ($0.3 million in General Revenue Funds) and 3.0 FTE positions in fiscal year 2020 and 1.0 FTE position in fiscal year 2021 for fair hearings.

Information Technology Oversight and Program Support includes project management, application development and support, network management, help desk services, Internet security, and information resource procurement review. Funding for Information Technology Oversight and Program Support totals $484.7 million in All Funds ($229.1 million in General Revenue Funds) and provides for 473.9 FTE positions in fiscal year 2020 and 457.8 FTE positions in fiscal year 2021. This is an increase of $58.6 million in All Funds ($49.2 million in General Revenue Funds) for the following increases:

- $22.5 million in All Funds ($14.6 million in General Revenue Funds) and 8.6 FTE positions in fiscal year 2020 and 9.6 FTE positions in fiscal year 2021 to implement technology changes required by a U.S. Department of Health and Human Services Office of Civil Rights Corrective Action Plan;
- $13.0 million in General Revenue Funds, partially offset by a decrease of $6.8 million in Federal Funds and $0.1 million in Other Funds due to the anticipated impact of HHSC's revised PACAP;
- $8.0 million in All Funds ($5.4 million in General Revenue Funds) and 16.2 FTE positions to implement a systemwide business enablement platform and case management platform;

- $7.8 million in All Funds ($3.9 million in General Revenue Funds) and 13.0 FTE positions in fiscal year 2020 and 5.0 FTE positions in fiscal year 2021 to implement a performance management and analytics system;
- $6.3 million in All Funds ($5.6 million in General Revenue Funds) to upgrade telecommunications equipment;
- $3.6 million in All Funds ($2.5 million in General Revenue Funds) and 6.0 FTE positions for security risk assessments;
- $2.8 million in All Funds ($1.4 million in General Revenue Funds) and 6.0 FTE positions for information technology functions related to Senate Bills 568 and 569, Eighty-sixth Legislature, 2019;
- $1.4 million in All Funds ($0.9 million in General Revenue Funds) and 8.0 FTE positions for additional monitoring and oversight of information technology contracts;
- $0.7 million in General Revenue Funds and 5.1 FTE positions in fiscal year 2020 to implement automation of National Sex Offender Registry searches for child care providers;
- $0.4 million in General Revenue Funds and 2.0 FTE positions in fiscal year 2020 to expand real-time data sharing among jails, LMHAs, LBHAs, and local intellectual and developmental disability authorities; and
- $0.3 million in General Revenue Funds and 2.0 FTE positions in fiscal year 2020 to implement fingerprint-based background checks for certain regulated occupations.

Central Program Support provides administrative support for other internal administrative functions, such as accounting, budget, contract and grant administration, internal audit, external relations, and legal services. Appropriations for Central Program Support total $95.3 million in All Funds ($45.6 million in General Revenue Funds) and provide for 720.5 FTE positions in each fiscal year.

Additionally, Regional Program Support provides administrative support to regional offices. Appropriations for Regional Program Support total $202.4 million in All Funds ($9.5 million in General Revenue Funds) and provide for 248.5 FTE positions in each fiscal year.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) is responsible for the prevention, detection, audit, inspection, review, and investigation of fraud, waste, and abuse in the provision of health and human services. OIG is charged with protecting the integrity of the Texas Medicaid program, SNAP, TANF, WIC, CHIP, and other programs through investigation of allegations of provider and recipient fraud, waste, and abuse; audit of contracts, providers, and administrative services and functions; and inspection of HHS programs, systems, and functions. OIG serves as an independent office within the HHS system, and the Inspector General is appointed by the Governor. Biennial funding for OIG totals $111.0 million in All Funds ($45.9 million in General Revenue Funds), which supports 633.2 FTE positions in each fiscal year. This funding includes $31.9 million in All Funds ($10.4 million in General Revenue Funds) for direct administrative costs and allocated administrative support costs from HHSC, which is an increase of $2.4 million in All Funds, including $0.3 million in General Revenue Funds, from 2018–19 biennial spending levels. OIG was appropriated an additional $0.8 million in All Funds ($0.4 million in General Revenue Funds) to hire 5.0 additional General Investigations staff in the 2020–21 biennium. The remaining increase is primarily due to anticipated changes in federal and interagency contract funding as a result of revisions to HHSC's PACAP, and an increase in General Revenue Funds and associated federal matching funds related to the transfer of the Subrogation and Recovery program from other strategies at HHSC.

SIGNIFICANT LEGISLATION

House Bill 1501 – Establishment the Texas Behavioral Health Executive Council and transfer of the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to the Texas Behavioral Health Executive Council. The legislation transfers regulation of marriage and family therapists, professional counselors, and social workers from HHSC to the newly established Texas Behavioral Health Executive Council by August 31, 2020. Appropriations for fiscal year 2021 reflect the transfer of $1.9 million in General Revenue Funds and 45.5 FTE positions from HHSC to the Texas Behavioral Health Executive Council.

House Bill 1576 – Delivery of certain transportation services under Medicaid and certain other health and human services programs. The legislation allows regional contracted brokers and managed transportation organizations that contract with HHSC to subcontract with a transportation network company to provide certain medical transportation services for Medicaid and other health and human services programs. The bill also requires Medicaid managed care organizations to arrange for the provision of nonmedical transportation services to or from medically necessary, nonemergency covered health care services no later than September 1, 2020. HHSC did not receive additional funding for this purpose.

Senate Bill 170 – Reimbursement of rural hospitals under Medicaid. The legislation requires HHSC, to the extent allowed by federal law and subject to limitations on appropriations, to adopt a prospective reimbursement methodology for the payment of rural hospitals participating in Medicaid on an individual basis by using the hospitals' most recent cost information for providing services. The legislation also requires HHSC, to the extent allowed by federal law, to implement a true cost-based reimbursement methodology for inpatient and general outpatient services provided to Medicaid recipients at rural hospitals beginning in fiscal year 2022 that includes a cost settlement in the subsequent fiscal year. In the absence of additional funding for reimbursement of rural hospitals, HHSC would recalculate individual hospital rates such that some hospitals would receive reimbursement at a lower level and some at a higher level than they receive under the current reimbursement methodology.

Senate Bill 500 – Supplemental appropriations and reductions in appropriations. The legislation increased appropriation authority of HHSC by $4.8 billion in All Funds, including $2.1 billion in General Revenue Funds and $0.6 billion from the ESF, in fiscal year 2019. Additional appropriation authority for fiscal year 2019 services includes $4.2 billion in All Funds, including $2.0 billion in General Revenue Funds, to fund Medicaid client services; $110.0 million from the ESF for Medicaid client services to replace funds transferred from Medicaid for disaster assistance related to Hurricane Harvey; $31.7 million in General Revenue Funds for mental health state hospital services; $10.3 million in General Revenue Funds for the Healthy Texas Women program; $10.1 million in General Revenue Funds for state supported living centers; and $1.5 million in General Revenue Funds for early childhood intervention services. In addition, the legislation provides two-year appropriations of $50.0 million in General Revenue Funds for a rate increase for children's hospitals and $445.4 million from the ESF for continuing improvements to state hospital facilities, which are included in 2018–19 biennial spending levels but likely to be expended in the 2020–21 biennium.

Senate Bill 568 and Senate Bill 569 – Regulation of child-care facilities and family homes. The legislation requires HHSC to establish safe sleeping standards for licensed facilities and registered family homes; adopt minimum standards for listed family homes; investigate complaints made against listed family homes; include at least five years' worth of investigative data in the inspection information database; and consider additional criteria when evaluating an application for a license, certification, or registration renewal. The legislation requires operators of registered and listed family homes to carry liability insurance and for the operators of listed family homes to complete safe sleep training. Senate Bill 568 also establishes the Safety Training Account as a dedicated account in the General Revenue Fund. HHSC received a total of $3.5 million in All Funds ($2.0 million in General Revenue Funds) and 11.8 FTE positions in each fiscal year to implement the provisions of the legislation.

Senate Bill 633 – Initiative to increase the capacity of LMHAs to provide access to mental health services in certain counties. The legislation requires HHSC to assign LMHAs that are located in or serve a county with a population at or under 250,000 into regional groups and develop a plan to increase the capacity of the LMHAs in the regional group to provide access to services. HHSC received $0.6 million in All Funds ($0.5 million in General Revenue Funds) for the 2020–21 biennium to implement the legislation's provisions.

Senate Bill 670 and House Bill 1063 – Telemedicine, telehealth, and home telemonitoring services. The legislation repeals the September 1, 2019, Sunset date associated with Medicaid reimbursement of home telemonitoring services, and would require HHSC to make several amendments to reimbursement policy related to telemedicine and telehealth services under Medicaid, including Medicaid managed care. Funding to continue the provision of home telemonitoring services beyond September 1, 2019, was included in the 2020–21 General Appropriations Act.

Senate Bill 706 – Investigation unit within HHSC for certain illegally operating child-care facilities. The

legislation requires HHSC to maintain a unit to investigate child-care facilities operating without a license, certification, registration, or listing. HHSC received $3.8 million in General Revenue Funds and 35.8 FTE positions in each fiscal year for the unit.

Senate Bill 750 – Maternal and newborn health care and quality of services provided to women under certain healthcare programs. The legislation requires HHSC to evaluate postpartum care services provided to women enrolled in HTW and, based on the evaluation, develop a limited postpartum care services package for postpartum HTW clients for a period of up to 12 months after enrollment into HTW. HHSC received $14.7 million in General Revenue Funds for the 2020–21 biennium to provide the postpartum care services package.

Senate Bill 1096 – Medicaid managed care program, including the provision of pharmacy benefits. The legislation requires HHSC, in contracts with managed care organizations, to prohibit certain additional prior authorization or other barriers to accessing a drug prescribed to a child enrolled in STAR Kids if the drug is on the vendor drug program formulary. The legislation also prohibits protocols that require children enrolled in STAR Kids to first use drugs other than those recommended by their physician, provides for continued access to drugs provided to children enrolled in STAR Kids regardless of whether the drug is on the formulary, and prohibits the use of additional prior authorization for a drug included on the preferred drug list.

Senate Bill 1207 – Operation and administration of Medicaid, including Medicaid managed care and the medically dependent children (MDCP) waiver program. The legislation makes several changes in the operation and administration of the Medicaid program, including requiring HHSC to contract with an external medical review organization to review the resolution of certain appeals of a managed care organization's adverse determination on the basis of medical necessity or an HHSC denial of eligibility based on medical or functional need; requiring HHSC to operate a Medicaid escalation help line through which MDCP or Deaf-Blind Multiple Disabilities (DBMD) waiver program recipients may access assistance; requiring HHSC to submit a quarterly report about access to care for recipients in MDCP; requiring HHSC to adopt rules to provide additional protections related to the fair hearing process; requiring HHSC to provide certain information in notices sent by HHSC or managed care organizations regarding the denial, partial denial, reduction, or termination of coverage or denial of prior authorization for a service; and requiring HHSC to make certain changes relating to the interest list for MDCP and DBMD waiver services.

Senate Bill 2138 – Administration and operation of Medicaid. The legislation authorizes HHSC to retain up to $8.0 million in each fiscal year from funds received under certain Medicaid supplemental payment programs to pay for related administrative costs.

6. AGENCIES OF EDUCATION

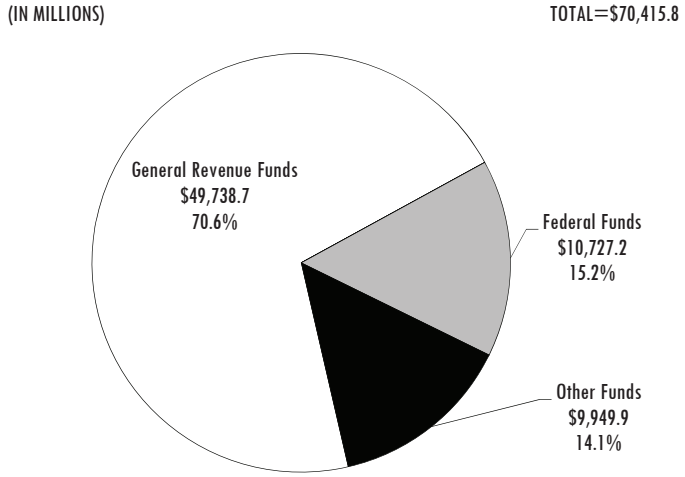
PUBLIC EDUCATION

Public education is the largest function of Texas state government, receiving 42.0 percent of all General Revenue Funds appropriations. The largest public education agency, the Texas Education Agency, is responsible for supporting and distributing funding to school districts and charter schools throughout the state. The public education system serves approximately 5.5 million students enrolled in 8,098 campuses located in 1,022 districts, and 747 charter school campuses. The public education function also includes the Texas School for the Blind and Visually Impaired and Texas School for the Deaf. Although the Teacher Retirement System (TRS) and the Optional Retirement Program (ORP) include higher education functions, for the purpose of the General Appropriations Act, they are considered public education.

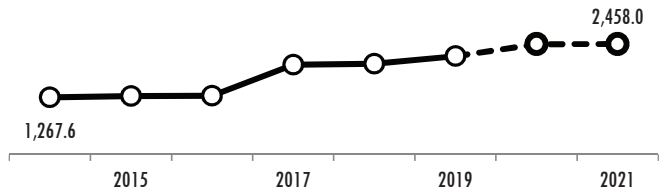
FIGURE 141
ARTICLE III – AGENCIES OF EDUCATION—PUBLIC EDUCATION, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$40,865.0	$49,738.7	$8,873.7	21.7%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$10,519.6	$10,727.2	$207.6	2.0%
Other Funds	$9,930.8	$9,949.9	$19.1	0.2%
Total, All Methods of Finance	**$61,315.5**	**$70,415.8**	**$9,100.4**	**14.8%**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Foundation School Program (FSP) appropriations total $51.9 billion in All Funds, an **increase of $9.2 billion**. Appropriations include **$6.5 billion** in General Revenue Funds **for additional school funding** and a **$5.0 billion distribution for property tax relief** through the compression of school district tax rates.

Non-FSP programs and administration appropriations for the 2020–21 biennium total $2.0 billion in General Revenue Funds, a biennial decrease of $122.3 million (5.9 percent), and include **$1.1 billion for the technology and instructional materials allotment.**

TRS appropriations provide **$524.0 million from the Economic Stabilization Fund for additional state retirement contributions** to implement Senate Bill 12, and **$263.6 million** in General Revenue Funds **greater than statutorily required amounts for TRS-Care** to maintain fiscal year 2019 premium and benefit levels.

The Eighty-sixth Legislature, 2019, provided additional public education funding for the 2018–19 biennium, including **$589.0 million for a onetime additional annuity payment** for certain retirees, **$110.9 million** from the Economic Stabilization Fund **for school safety** purposes, and **$50.5 million** in General Revenue Funds **for special education supports**.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
(3) Figure includes Teacher Retirement System funding and FTE positions for public education purposes.
SOURCES: Legislative Budget Board; State Auditor's Office.

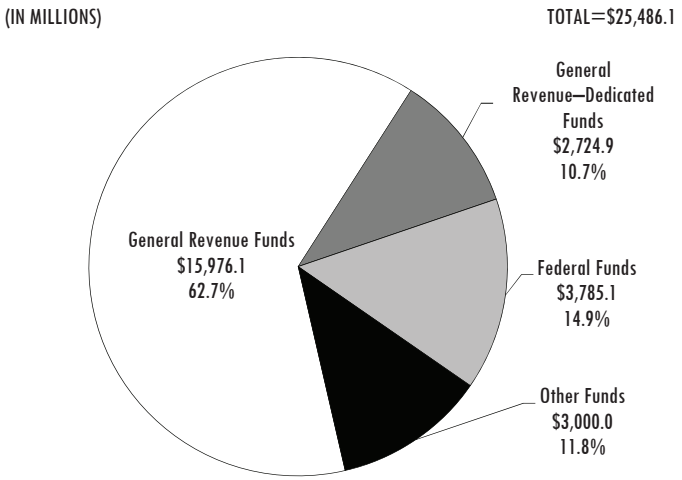
HIGHER EDUCATION

Texas' system of public higher education encompasses 37 general academic institutions; three lower-division institutions; 50 community and junior college districts; one technical college system; and 12 health-related institutions. Higher education also includes the Texas Higher Education Coordinating Board, whose mission is to ensure an effective system of higher education; eight Texas A&M University System agencies that provide research and training support; two constitutionally authorized funds to support new construction and maintenance programs; several statutorily authorized research funds; and funds to assist public institutions of higher education offset the waived tuition and fee revenue from the Hazlewood Legacy Program.

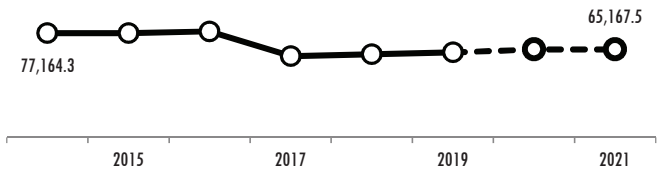
FIGURE 142
ARTICLE III – AGENCIES OF EDUCATION—HIGHER EDUCATION, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$14,953.7	$15,976.1	$1,022.5	6.8%
General Revenue–Dedicated Funds	$2,822.5	$2,724.9	($97.6)	(3.5%)
Federal Funds	$282.8	$3,785.1	$3,502.3	1,238.4%
Other Funds	$2,840.4	$3,000.0	$159.6	5.6%
Total, All Methods of Finance	**$20,899.4**	**$25,486.1**	**$4,586.7**	**21.9%**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Higher education formulas are supported by **$8.1 billion** in General Revenue Funds, an increase of **$913.5 million** from the 2018–19 biennium.

Appropriations include **$1.1 billion** for **nonformula support** items at all institutions of higher education, an increase of **$269.6 million** from the 2018–19 biennium.

Higher Education Coordinating Board appropriations for the **TEXAS Grants program** total **$866.4 million**, which includes an increase of **$80.0 million** in General Revenue Funds.

Appropriations include an increase of **$3.5 billion** in All Funds due to House Bill 2794 transferring the **Texas Division of Emergency Management (TDEM)** from the Department of Public Safety to the **Texas A&M University System** and establishing TDEM as an agency of higher education.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent (FTE) positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
(3) Figure includes Optional Retirement Program funding and Teacher Retirement System funding and FTE positions used for higher education purposes.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 143
ARTICLE III – EDUCATION APPROPRIATIONS BY AGENCY OR GROUP, ALL FUNDS

(IN MILLIONS)

FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education				
Texas Education Agency	$55,586.6	$64,612.8	$9,026.2	16.2%
School for the Blind and Visually Impaired	$47.2	$48.3	$1.1	2.3%
School for the Deaf	$58.9	$65.2	$6.4	10.8%
Subtotal, Public Education (2)	**$55,692.7**	**$64,726.3**	**$9,033.6**	**16.2%**
Public Higher Education				
General Academic Institutions	$7,292.8	$7,596.8	$304.0	4.2%
Health-related Institutions	$3,255.9	$3,369.3	$113.4	3.5%
Texas A&M Service Agencies	$1,082.4	$4,560.2	$3,477.8	321.3%
Higher Education Coordinating Board	$1,583.6	$1,789.1	$205.5	13.0%
Higher Education Funds	$2,906.0	$3,270.3	$364.3	12.5%
Article III, Special Provisions	$0.0	$0.0	$0.0	N/A
Two-year Institutions				
Public Community/Junior Colleges	$1,807.6	$1,867.7	$60.1	3.3%
Lamar Lower-level Institutions	$78.1	$89.1	$10.9	14.0%
Texas State Technical Colleges	$195.8	$199.4	$3.6	1.9%
Subtotal, Two-year Institutions	**$2,081.5**	**$2,156.2**	**$74.6**	**3.6%**
Subtotal, Public Higher Education (2)	**$18,202.2**	**$22,741.9**	**$4,539.7**	**24.9%**
Employee Benefits				
Teacher Retirement System	$5,992.4	$6,027.7	$35.4	0.6%
Optional Retirement Program	$297.6	$296.8	($0.8)	(0.3%)
Higher Education Employees Group Insurance Contributions	$1,413.5	$1,417.9	$4.4	0.3%
Retirement and Group Insurance	$92.0	$97.0	$5.1	5.5%
Social Security and Benefit Replacement Pay	$631.9	$696.2	$64.3	10.2%
Subtotal, Employee Benefits	**$8,427.3**	**$8,535.7**	**$108.3**	**1.3%**
Bond Debt Service Payments	$20.8	$15.2	($5.6)	(27.0%)
Lease Payments	$0.4	$0.0	($0.4)	(100.0%)
Subtotal, Debt Service	**$21.2**	**$15.2**	**($6.0)**	**(28.4%)**
Less Interagency Contracts	$128.6	$117.0	($11.5)	(9.0%)
Total, All Functions	**$82,214.8**	**$95,901.9**	**$13,687.1**	**16.6%**

NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) Subtotals do not include employee benefits or debt service, and include Interagency Contracts.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Eighty-sixth Legislature, 2019, appropriated $95.9 billion in All Funds for public and higher education for the 2020–21 biennium. This amount is an increase of $13.7 billion, or 16.6 percent from the 2018–19 biennial spending level.

Senate Bill 500, Eighty-sixth Legislature, 2019, also increased funding for the 2018–19 biennium. For public education, additional 2018–19 biennial funding includes $110.9 million in All Funds for school hardening and safety and $169.1 million for special education maintenance of effort.

PUBLIC EDUCATION

Agencies of public education, excluding the Teacher Retirement System and Optional Retirement Program, were appropriated $64.7 billion in All Funds for the 2020–21 biennium. This amount is an increase of $9.0 billion, or 16.2 percent, from the 2018–19 biennial spending level. Included in these amounts are $51.9 billion in All Funds for state aid to school districts and charter schools through the Foundation School Program (FSP). The FSP funding implements House Bill 3, Eighty-sixth Legislature, 2019, and includes the following components:

- $6.5 billion for increased school funding, including an increase to the basic allotment to $6,160; with a portion of increased funding dedicated to provide salary increases to teachers, librarians, counselors, nurses, and other school employees; and major structural reforms to the school finance system;
- $5.0 billion for property tax relief through the compression of school district tax rates; and
- a projected decrease of recapture payments of $3.5 billion during the 2020–21 biennium from what they would have been if House Bill 3 had not been enacted.

The Eighty-sixth Legislature, 2019, appropriated an additional $524.0 million in Other Funds from the Economic Stabilization Fund for the 2020–21 biennium for state retirement contributions, implementing the pension reform provisions of Senate Bill 12. An additional $263.6 million in General Revenue Funds greater than statutorily required amounts for TRS-Care was provided for the 2020–21 biennium to maintain fiscal year 2019 premium and benefit levels.

In addition, the Eighty-sixth Legislature, 2019, appropriated for the 2018–19 biennium $589.0 million in Other Funds from the Economic Stabilization Fund for a onetime additional annuity payment for certain retirees.

HIGHER EDUCATION

Appropriations to support higher education, excluding end-of-article benefits, total $24.2 billion in All Funds for the 2020–21 biennium, an increase of $4.5 billion, or 23.2 percent, from the 2018–19 biennial spending level. This increase is due primarily to the transfer of the Texas Division of Emergency Management from the Texas Department of Public Safety to the Texas A&M University System.

Higher education formulas are supported by $8.1 billion in General Revenue Funds and $1.4 billion in General Revenue–Dedicated Funds, which are primarily from statutory tuition. Included in this amount is an increase of $913.5 million in General Revenue Funds and a decrease of $10.8 million in General Revenue–Dedicated Funds from statutory tuition. **Figure 144** shows the biennial change in All Funds formula appropriations for the different types of institutions. The increase in formula appropriations primarily reflects the funding of enrollment growth in the various institutions' funding formulas. **Figure 144** also shows the Instruction and Operations formula rates for the different types of institutions for the 2018–19 and 2020–21 biennia.

Funding for institutions of higher education includes funding for nonformula support items, which are direct appropriations for projects specifically identified by the Legislature for support. This nonformula support item funding for the 2020–21 biennium includes General Revenue Funds appropriations shown in **Figure 145**.

The amounts shown in **Figure 145** include $157.5 million of hold harmless funding appropriated during the 2018–19 biennium that was reallocated to nonformula support funding for the 2020–21 biennium. Additionally, the amounts shown represent the reallocation of $106.9 million in nonformula support funding to the new health-related institutions' mission-specific formulas for the 2020–21 biennium.

Funding also represents direct support for research at general academic institutions through various funding formulas including the following amounts:

- $147.1 million in General Revenue Funds, which is an increase of $21.9 million from the 2018–19 biennium, for the Texas Research University Fund to

FIGURE 144
ALL FUNDS FORMULA APPROPRIATIONS AND INSTRUCTION AND OPERATIONS FORMULA RATES 2018–19 AND 2020–21 BIENNIA

INSTITUTIONS	APPROPRIATED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE	I&O RATE (1) 2018–19	I&O RATE (1) 2020–21
General Academic Institutions	$4,751.7	$4,937.2	$185.5	3.9%	$55.82	$55.85
Lamar State Colleges	$35.8	$56.5	$20.8	58.1%	$3.53	$5.12
Texas State Technical Colleges (2)	$110.8	$152.9	$42.1	37.9%	27.6%	36.1%
Health-related Institutions (3)	$2,019.5	$2,608.0	$588.6	29.1%	$9,431	$9,622
Public Community and Junior Colleges	$1,767.4	$1,833.3	$65.9	3.7%	$2.70 per contact hour; $171.56 per success point	$2.72 per contact hour; $202.53 per success point

NOTES:
(1) I&O= Instruction and Operations.
(2) Texas State Technical College rate reflects returned value percentage.
(3) Formula amounts for the health-related institutions include amounts appropriated to the Texas Higher Education Coordinating Board for Baylor College of Medicine.
(4) Formula amounts do not include Board Authorized Tuition.
SOURCE: Legislative Budget Board.

FIGURE 145
NONFORMULA SUPPORT ITEM GENERAL REVENUE FUNDS APPROPRIATIONS, 2018–19 AND 2020–21 BIENNIA

INSTITUTIONS	APPROPRIATED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Academic Institutions	$410.2	$745.4	$335.3	81.7%
Lamar State Colleges	$9.2	$12.8	$3.6	38.6%
Texas State Technical Colleges	$17.4	$19.1	$1.7	9.7%
Health-related Institutions	$395.9	$317.9	($78.1)	(19.7%)
Public Community and Junior Colleges	$27.1	$32.4	$5.3	19.6%

NOTE: Health-related institutions include the University of Texas Dell Medical School.
SOURCE: Legislative Budget Board.

the two eligible institutions, the University of Texas at Austin and Texas A&M University;

- $117.1 million in General Revenue Funds, which is an increase of $11.7 million from the 2018–19 biennium, for Core Research Support to the state's eight emerging research universities; and
- $14.3 million in General Revenue Funds, which is an increase of $1.4 million from the 2018–19 biennium, for the Comprehensive Research Fund to institutions that are not eligible for either the Texas Research University Fund or Core Research Support.

Funding for the Higher Education Coordinating Board for the 2020–21 biennium includes an increase of $205.5 million in All Funds from the 2018–19 biennium. Appropriations for the 2020–21 biennium include the following amounts:

- $866.4 million for the TEXAS Grants program, which is an $80.0 million increase in General Revenue Funds;
- $88.5 million and $7.5 million, respectively, for the Texas Educational Opportunity Grant (TEOG) Public Community College Program and the TEOG State and Technical Colleges Program, which maintain 2018–19 biennial funding levels;
- $178.6 million for the Tuition Equalization Grants program, which is an increase of $6.8 million from the 2018–19 biennium;
- $35.0 million for the Texas Research Incentive Program, which maintains 2018–19 biennial funding levels; and

- $157.2 million for the Graduate Medical Education Expansion program, which is an increase of $60.2 million in All Funds from the 2018–19 biennium.

Appropriations for the Texas A&M System agencies for the 2020–21 biennium total $4.6 billion in All Funds, which is an increase of $3.5 billion from the 2018–19 biennium. This funding increase is due primarily to the enactment of House Bill 2794, Eighty-sixth Legislature, 2019, which transfers the Texas Division of Emergency Management (TDEM) from the Department of Public Safety to the Texas A&M University System and establishes TDEM as a standalone agency of higher education.

TEXAS EDUCATION AGENCY

PURPOSE: To oversee the primary and secondary public education system in Texas through the distribution of state and federal funding, administration of statewide assessment and accountability systems, support of curriculum development and textbook adoption, administration of a public school data collection system, and supervision of compliance with state and federal regulations.

ESTABLISHED: 1949

AUTHORIZING STATUTE: The Texas Education Code, §7.002

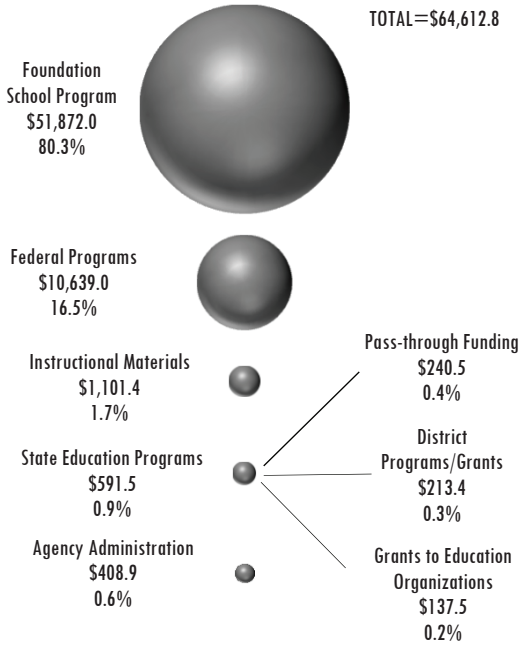
GOVERNANCE: A governor-appointed Commissioner of Education, an elected State Board of Education, and an appointed State Board for Educator Certification

FIGURE 146
TEXAS EDUCATION AGENCY BY METHOD OF FINANCE

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19 (IN MILLIONS)	APPROPRIATED 2020–21 (IN MILLIONS)	BIENNIAL CHANGE (IN MILLIONS)	PERCENTAGE CHANGE
General Revenue Funds	$35,959.5	$44,721.9	$8,762.3	24.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$10,494.4	$10,699.1	$204.7	2.0%
Other Funds	$9,132.7	$9,191.8	$59.1	0.6%
Total, All Methods of Finance	**$55,586.6**	**$64,612.8**	**$9,026.2**	**16.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	1,006.5
2021	1,008.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

All Funds appropriations for the Foundation School Program (FSP) total $51,872.0 million, an increase of $9.2 billion. FSP funding implements House Bill 3 and includes General Revenue Funds appropriations of **$6.5 billion for additional school funding** and **$5.0 billion for property tax relief** through the compression of school district tax rates.

Appropriations include $10,699.1 million in Federal Funds, an increase of $204.7 million. Funding supports child nutrition and other federal programs and provides an additional 54.0 full-time-equivalent positions for special education.

Technology and instructional materials funding totals $1,101.4 million, a decrease of $166.7 million compared to the 2018–19 biennium, which included unexpended balances of $169.6 million from the 2016–17 biennium. Funding provides 50.0 percent of the distribution of the Permanent School Fund to the Available School Fund.

Non-FSP programs and administration appropriations for the 2020–21 biennium total $2.0 billion in General Revenue Funds, a biennial decrease of $122.3 million (5.9 percent). In addition, fiscal year 2019 funding included **$50.5 million** in General Revenue Funds **for special education supports** and **$110.9 million** from the Economic Stabilization Fund **for school safety** purposes.

SOURCE: Legislative Budget Board.

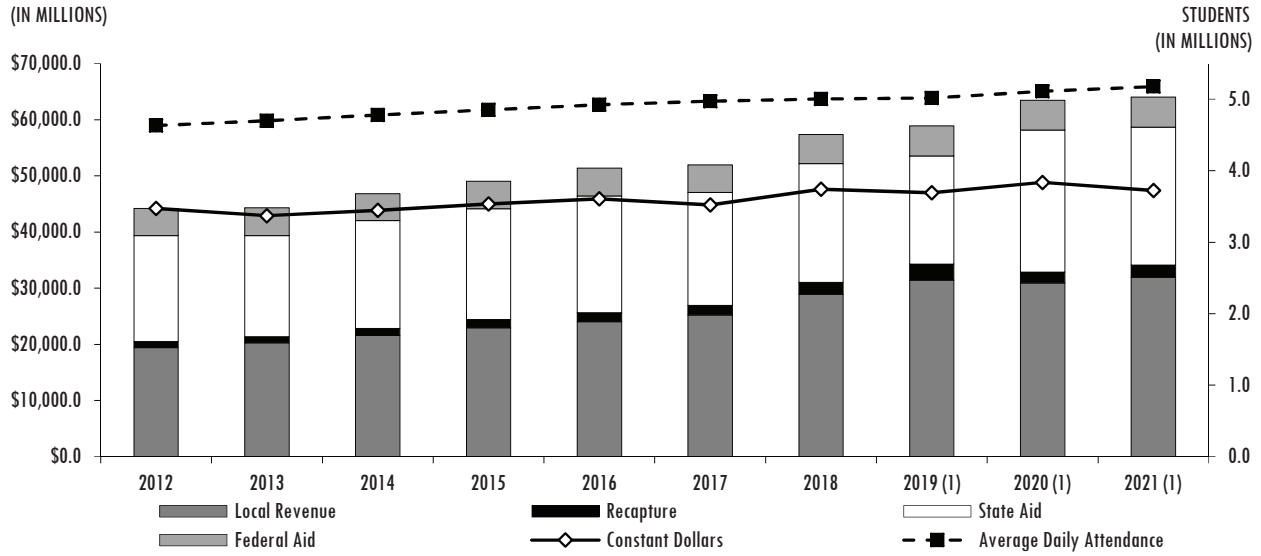
MAJOR FUNDING

Funding for the Texas Education Agency (TEA) for the 2020–21 biennium includes General Revenue Funds increases for the Foundation School Program (FSP) of $11.5 billion from amounts required by previous law. These increases are in addition to funding for pre-existing statutory entitlements associated with student growth and increases to the value of local tax effort (see the **Foundation School Program** section).

In addition to the FSP, TEA administers several state and federally funded educational grant and support programs. The 2020–21 biennial appropriation for non-FSP programs and administration is $2.0 billion in General Revenue Funds, a decrease of $122.3 million (5.9 percent) from 2018–19 biennial spending levels. The decrease is attributable to $242.7 million in decreases to numerous programs, offset by increases of $120.4 million for new programs. The All Funds 2020–21 biennial appropriation for non-FSP programs and administration is $12.7 billion, a decrease of $53.5 million (0.4 percent) from 2018–19 biennial spending levels. This decrease is attributable to a decrease of $135.9 million in Other Funds from the Economic Stabilization Fund and the $122.3 million General Revenue Funds decrease, partially offset by a $204.7 million increase in Federal Funds.

Figure 147 shows the change in public education revenue since fiscal year 2012 in current and constant dollars, using compounded state population and inflation growth, and the number of students in average daily attendance.

FIGURE 147
PREKINDERGARTEN TO GRADE 12 TEXAS EDUCATION AGENCY FUNDING IN ACTUAL AND CONSTANT DOLLARS FISCAL YEARS 2012 TO 2021



YEAR	ACTUAL DOLLARS LOCAL REVENUE	RECAPTURE	STATE AID	FEDERAL AID	TOTAL ACTUAL DOLLARS	TOTAL CONSTANT DOLLARS (2)	AVERAGE DAILY ATTENDANCE
2012	$19,396.7	$1,089.8	$18,889.5	$4,842.2	$44,218.2	$44,218.2	4,632,151
2013	$20,288.5	$1,069.3	$17,972.4	$4,968.8	$44,299.0	$42,905.3	4,697,243
2014	$21,603.7	$1,212.8	$19,233.6	$4,763.1	$46,813.2	$43,849.6	4,778,014
2015	$22,939.4	$1,492.6	$19,687.0	$4,925.5	$49,044.6	$44,973.7	4,853,101
2016	$24,019.2	$1,587.5	$20,792.9	$4,997.1	$51,396.7	$45,934.7	4,922,493
2017	$25,223.7	$1,721.9	$20,098.2	$4,907.2	$51,951.0	$44,832.7	4,969,590
2018	$28,917.3	$2,109.0	$21,161.2	$5,164.0	$57,351.5	$47,611.0	5,001,346
2019 (1)	$31,423.1	$2,868.8	$19,261.8	$5,330.4	$58,884.1	$47,004.2	5,016,557
2020 (1)	$30,948.8	$1,936.5	$25,270.0	$5,323.0	$63,478.2	$48,823.4	5,108,989
2021 (1)	$31,975.5	$2,157.5	$24,529.2	$5,376.1	$64,038.2	$47,399.7	5,176,272

NOTES:
(1) Amounts for fiscal year 2019 are estimated; amounts for fiscal years 2020 and 2021 are projected.
(2) Constant dollars are calculated with compounded state population and inflation growth.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts; Texas Education Agency.

FUNDING FOR PUBLIC EDUCATION INITIATIVES

The Eighty-sixth Legislature, 2019, provided significant funding for multiple new education initiatives during the 2018–19 and the 2020–21 biennia.

HOUSE BILL 3 – SCHOOL FINANCE AND PROPERTY TAX REFORM

House Bill 3, Eighty-sixth Legislature, 2019, made comprehensive systemic changes to public education funding. Key changes to the FSP include the repeal and establishment of multiple allotments, changes to guaranteed yields and other funding formulas, and property tax compression. The legislation also establishes several non-FSP programs at TEA and requires that districts spend a certain percentage of funding increases for salary increases. Changes resulting from the legislation are discussed in more detail in subsequent sections.

SCHOOL SAFETY

The Eighty-sixth Legislature, 2019, implemented several programs to improve public school safety. Senate Bill 11 established new programs and requirements related to school safety and established the FSP school safety allotment, which provides an entitlement for each student in average daily attendance, totaling an estimated $100.0 million for the biennium. Funds from the allotment are required to be used for securing facilities, providing security, and school safety training and planning. The legislation also contained provisions affecting other state agencies and institutions, including the establishment of the Texas Child Mental Health Care Consortium at the Texas Higher Education Coordinating Board, which was appropriated $99.0 million, and an expansion of the responsibilities of the Texas School Safety Center at Texas State University, for which $9.1 million was appropriated.

Senate Bill 500, Eighty-sixth Legislature, 2019, appropriated $100.0 million in Other Funds from the Economic Stabilization Fund (ESF) for a school safety infrastructure grant program to school districts and $10.9 million from the ESF to reimburse school districts that had sustained a mass shooting. These funds were appropriated for fiscal year 2019.

FUNDING FOR SPECIAL EDUCATION

In April 2018, TEA released the Special Education Strategic Plan, drafted in part to implement corrective actions required by the U.S. Department of Education to address noncompliance with the federal Individuals with Disabilities Education Act (IDEA). The Eighty-sixth Legislature, 2019, authorized TEA to use $10.0 million in federal IDEA, Part B, funds for the 2020–21 biennium to support an additional 54.0 full-time-equivalent (FTE) positions to support the implementation of the agency's Special Education Strategic Plan.

Senate Bill 500, Eighty-sixth Legislature, 2019, also appropriated $50.5 million in General Revenue Funds for fiscal year 2019 for Special Education Supports. This program establishes a fund to reimburse local education agencies for costs related to compensatory services for students that are identified as needing special education services and that need increased support. In addition to this funding, Senate Bill 500 appropriated $169.1 million in General Revenue Funds to ensure state compliance with special education maintenance of financial support obligations for fiscal year 2019.

HURRICANE HARVEY

Hurricane Harvey made landfall in Texas in August 2017, causing significant damage to affected regions. Effects to school districts that resulted in additional costs include facilities damage, missed class days, and displaced students. The Eighty-sixth Legislature, 2019, appropriated $1.4 billion from the Economic Stabilization Fund (Other Funds), budgeted across two biennia, including $806.5 million for fiscal year 2019 and $636.0 million for fiscal year 2020 to provide additional state aid to districts impacted by Hurricane Harvey.

Appropriations include $271.3 million for fiscal year 2019 for increased student costs, and to offset the decrease in school district property values and for the recapture payments owed to the state as a result of the hurricane; $535.2 million for fiscal year 2019 to adjust school district property values and reimbursement to school districts for disaster remediation; and $636.0 million for the 2020–21 biennium to offset the decrease in school district property values.

PROGRAMS

The agency carries out its responsibilities through seven major program areas: (1) Foundation School Program; (2) instructional materials; (3) district programs and grants; (4) grants to education organizations; (5) pass-through funding; (6) federal education programs; and (7) agency administration.

FOUNDATION SCHOOL PROGRAM

The FSP is the principal vehicle for distributing state aid to school districts, which in turn use state funds, local property tax revenue, and federal funding to provide educational services. FSP is the largest appropriation item for TEA, accounting for 80.3 percent of the agency's 2020–21 biennial

FIGURE 148
MAJOR FOUNDATION SCHOOL PROGRAM (FSP) GENERAL REVENUE FUNDS COST DRIVERS AND LEGISLATIVE ACTIONS 2020–21 BIENNIUM

CURRENT LAW OBLIGATIONS AND COST DRIVERS GREATER THAN 2018–19 BIENNIUM	GENERAL REVENUE FUNDS (IN MILLIONS)
Projected Student Enrollment Growth:	$2,400.0
Fiscal Year 2020 – 65,000 Fiscal Year 2021 – 65,000	
Projected Additional Special Education Growth	$882.0
Projected School District Property Value and Revenue Increase:	($5,050.0)
Tax Year 2018 – 7.04% Tax Year 2019 – 5.76% Tax Year 2020 – 4.07%	
Increase in Austin ISD Yield Growth	$2,200.0
Ongoing Cost of 2018–19 Biennial Formula Changes	$200.0
Settle-up and Other Costs (e.g., enrichment tax effort, prior year, and other adjustments)	$23.4
Recapture Increase Greater Than Base	($2,737.1)
Property Tax Relief Fund Increase Compared to Base	($344.6)
Total, 2020–21 Biennial Cost Drivers	**($2,426.3)**
Legislative Actions:	
House Bill 3 Contingency	$11,480.0
Total, Net FSP Comparison to 2018–19 Biennial Base, General Revenue Funds	**$9,053.7**

NOTES:
(1) Legislative actions include actions of the Eighty-sixth Legislature, Regular Session, 2019.
(2) ISD=independent school district.
SOURCE: Legislative Budget Board.

All Funds appropriation. It is also the largest single appropriation item in the state budget from General Revenue Funds and General Revenue–Dedicated Funds. The Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article III, TEA, Strategies A.1.1, FSP – Equalized Operations and A.1.2, FSP – Equalized Facilities, address FSP appropriations, and set-aside appropriations in other strategies address programs that are funded statutorily from the FSP.

All Funds appropriations to FSP for the 2020–21 biennium total $51.9 billion, representing a $9.2 billion increase from the 2018–19 biennial spending level. Appropriations of General Revenue Funds contribute $42.8 billion of this total, a $9.1 billion increase from the 2018–19 biennium. The increase is attributable primarily pursuant to House Bill 3 Eighty-sixth Legislature, 2019 (see the **House Bill 3** section).

Figure 148 shows the major cost drivers for FSP for the 2020–21 biennium, compared to the 2018–19 biennial spending level. Before any entitlement increases, the combined effect of major cost drivers is a savings to the cost of state FSP obligations of approximately $2.5 billion in General Revenue Funds. The largest driver of General Revenue Funds cost savings is an estimated $5,050.0 million attributable to projected increases in local revenue attributable to property value growth.

Recapture revenue and Property Tax Relief Fund amounts in excess of projected collections yielded General Revenue Funds savings of an estimated $3.1 billion. The FSP is structured so that any change in estimated revenue from a dedicated revenue stream is made up by an opposite and equal change in the Foundation School Fund, which draws on unrestricted General Revenue Funds. As a result, increases in any other FSP funding source from the previous biennium will decrease the General Revenue Funds draw required to finance FSP. Additionally, settle-up contributed to General Revenue Funds savings. School districts are paid based on estimates of major cost drivers such as student counts and local property values, and the state settles up with districts during the following school year based on actual data.

These General Revenue Funds savings are offset partially by increased FSP state costs. The largest cost driver in the system is the projected increase of about 65,000 students in average daily attendance per year, at an estimated cost to the state of $2.4 billion for the 2020–21 biennium. In addition to costs

associated with general student enrollment growth, a projected growth in the special education population is projected to cost an additional $882.0 million for the 2020–21 biennium. Other factors resulting in increased state cost compared to the 2018–19 biennium include a projected $2.2 billion in increased formula costs due to growth in the golden penny yield, and $200.0 million for ongoing costs of formula changes made by the Eighty-fifth Legislature, Regular Session, 2017.

HOUSE BILL 3 FUNDING INCREASES TO THE FOUNDATION SCHOOL PROGRAM

In addition to these drivers, the 2020–21 GAA appropriated $11.5 billion in General Revenue Funds greater than what was required by previous law for public schools to implement the provisions of House Bill 3 that increased public education funding, provided salary increases, provided school district property tax relief, and decreased recapture. The funding was contingent upon the enactment of House Bill 3, which became effective September 1, 2019.

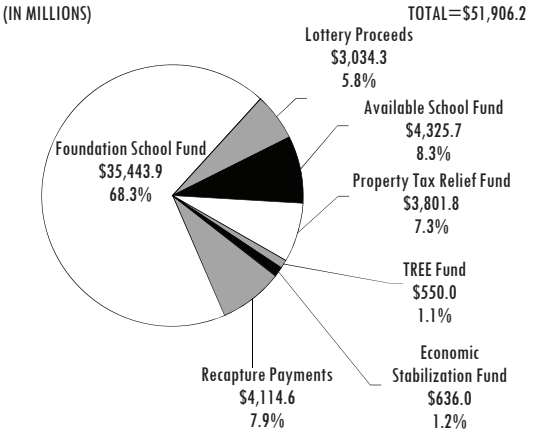
The additional funding of $11.5 billion includes the following components:

- $6.5 billion for increased school funding, including: an increase to the Basic Allotment to $6,160; funding to provide salary increases to teachers, librarians, counselors, nurses and other school employees, with districts and charters required to spend at least 30.0 percent of their funding gain from the increased Basic Allotment for salary increases; full-day prekindergarten for eligible students; and major structural reforms to the school finance system;
- $5.0 billion for property tax relief through the compression of school district tax rates. Tier 1 tax rates are compressed to at least 93.0 percent, with additional compression beginning in fiscal year 2021 in districts where property value growth exceeds 2.5 percent; and
- a projected decrease of recapture payments of $3.5 billion during the 2020–21 biennium from what they would have been.

FOUNDATION SCHOOL PROGRAM FUNDING SOURCES

Figure 149 shows all the sources that fund the FSP for the 2020–21 biennium. General Revenue Funds contribute an estimated 82.5 percent of the FSP appropriation through three sources: the Available School Fund (ASF), Texas Lottery proceeds, and the Foundation School Fund, which is an amount distributed from the state's General Revenue Funds sufficient to fulfill the state's FSP funding obligation.

FIGURE 149
FOUNDATION SCHOOL PROGRAM APPROPRIATIONS BY FUNDING SOURCE, 2020–21 BIENNIUM



NOTE: General Revenue Funds include Foundation School Fund, Lottery Proceeds, and the Available School Fund. Other Funds include the Property Tax Relief Fund, Recapture Payments, TREE Fund, and the Economic Stabilization Fund. All remaining methods of finance are categorized as Other Funds.
SOURCE: Legislative Budget Board.

FSP funding sources that are not General Revenue Funds are categorized as Other Funds. An additional $3.8 billion is projected to come from the Property Tax Relief Fund (PTRF), made up of certain revenue generated by the state's franchise tax, tobacco taxes, and a tax on used car sales. Additionally, wealth-equalizing recapture payments, budgeted as Recapture Payments – Attendance Credits, from property-wealthy school districts are estimated to generate $4.1 billion and are used to offset the state cost of the school finance system. Statute requires that recapture payments are used only as a source of funding for the FSP.

Additionally, House Bill 3 established the Tax Reduction and Excellence in Education (TREE) Fund (Other Funds), which consists of deposits of certain sales and use tax collections, money appropriated to the fund by the Legislature, and annual transfers in excess of $300.0 million from the Permanent School Fund to the Available School Fund by the School Land Board or the State Board of Education, pursuant to the Texas Constitution Article VII, Section 5(g). Appropriations from the TREE Fund may be used only to pay the cost of Tier 1 allotments in the FSP or for the purpose of decreasing school district maintenance and operations ad valorem tax rates. These appropriations total $1.2 billion for the 2020–21 biennium.

In addition, although not a regular or ongoing source of funding for the FSP, the Eighty-sixth Legislature, 2019,

appropriated $636.0 million from the Economic Stabilization Fund (Other Funds) for increased state costs in accordance with the FSP resulting from the decrease in school district property values associated with Hurricane Harvey.

Revenues from the ASF, lottery proceeds, PTRF, TREE Fund, and recapture payments are all estimated, and during the biennium they may increase or decrease based on actual revenue collections. The Foundation School Fund also is estimated; however, it draws generally from the state Treasury. These estimated appropriations constitute a sum-certain All Funds appropriation amount for the FSP. In practice, if revenue for the ASF, state lottery proceeds, PTRF, TREE Fund, or recapture payments is greater than estimated, the General Revenue Funds draw through the Foundation School Fund decreases; conversely, if revenue is less than expected, the General Revenue Funds cost increases.

STATE AND LOCAL REVENUE CONTRIBUTION

The 2020–21 biennial FSP appropriation, in combination with an estimated $67.0 billion in local property tax revenue, represents the $113.8 billion total FSP entitlement for the 2020–21 biennium, as shown in **Figures 150, 151, and 152**.

FSP is a shared funding model, depending on contributions from state and local revenue sources to fund the level of entitlement generated by the statutory formulas. As such, fluctuations in local property tax revenue partially determine the amount of state funding needed to fund district entitlement in the school finance system. The measure of the proportion of the FSP system funded from state revenues is referred to as the state share.

Figure 150 shows that, since fiscal year 2014, local revenue driven by strong property value growth has outpaced both FSP entitlement increases and additional property tax relief, resulting in a steady decrease in the state share, which was projected to decrease to 34.2 percent for fiscal year 2021 before House Bill 3 was implemented. Following the implementation of House Bill 3, the total state share is projected to increase to 41.2 percent for fiscal year 2020 and 40.9 percent for fiscal year 2021, or 44.2 percent for fiscal year 2020 and 43.8 percent for fiscal year 2021 when only M&O funding is considered.

HOUSE BILL 3 PROPERTY TAX COMPRESSION

House Bill 3 includes $5.0 billion for the 2020–21 biennium for property tax relief through the compression of school district property tax rates. School district M&O tax rates are made up of the district's Tier 1 tax rates and, for most districts, an additional Tier 2 tax rate, which is an optional enrichment tax rate. Tier 1 tax rates were compressed to 93.0 percent for fiscal year 2020. Beginning in fiscal year 2021, Tier 1 tax rates will be compressed further by the amount that the district's or statewide average's district property value exceeds 2.5 percent. For example, based on projections by the Comptroller of Public Accounts, district property values are expected to increase by 4.01 percent for fiscal year 2021. Therefore, each district's Tier 1 tax rate will be compressed further by at least 1.51 percent (4.01 percent minus 2.5 percent). To the extent that a district's property values exceed the statewide average, the Tier 1 tax rate will be compressed even further. For most districts, this compression will have the effect of decreasing the Tier 1 tax rate from $1.00 per $100 of district property valuation during fiscal year 2019 to $0.93 for fiscal year 2020 and $0.916 for fiscal year 2021.

House Bill 3 additionally compressed Tier 2 tax rates for copper pennies, which were subject to recapture and were the last $0.11 of tax effort per $100 of property valuation levied by school districts for those districts at the maximum tax rate before the legislation. Pursuant to House Bill 3, two copper pennies of tax effort were added to the district's golden pennies, which are not subject to recapture and provide a higher level of state aid, and the remaining 9 copper pennies were compressed to 5.8 pennies. Therefore, pursuant to House Bill 3, a district that levied the maximum M&O tax rate of $1.17 would be compressed to $1.068 for fiscal year 2020, including $0.07 of tax compression for Tier 1 and $0.032 of tax compression for Tier 2. For fiscal year 2021, this amount would be compressed further to at least $1.054.

CURRENT-YEAR VALUES

Previously, state aid provided to a district in accordance with the FSP was determined primarily by a district's property values from the previous fiscal year. Pursuant to House Bill 3, a district's prior-year property values no longer will be used; the district's current-year property values will be considered instead. This change aligns a district's state aid to the year in which the property taxes are collected.

FOUNDATION SCHOOL PROGRAM STRUCTURE

FSP includes a two-tiered structure to provide M&O funding for basic program costs and enrichment of the program, and a separate structure to provide state aid for district debt service, most commonly for facilities construction bonds. The system contains a set of funding formulas by which every school district's total revenue entitlement, local tax revenue, and the resulting state aid is determined. The formulas are

FIGURE 150
STATE AND LOCAL FOUNDATION SCHOOL PROGRAM FUNDING FOR COMBINED MAINTENANCE AND OPERATIONS AND FACILITIES, FISCAL YEARS 2012 TO 2021

YEAR	LOCAL	RECAPTURE	STATE	TOTAL	PERCENTAGE STATE SHARE
2012	$19,396.7	$1,089.8	$17,387.8	$37,874.3	45.9%
2013	$20,288.5	$1,069.3	$17,415.4	$38,773.2	44.9%
2014	$21,603.7	$1,212.8	$18,772.6	$41,589.1	45.1%
2015	$22,939.4	$1,492.6	$18,779.1	$43,211.0	43.5%
2016	$24,019.2	$1,587.5	$19,873.3	$45,480.0	43.7%
2017	$25,223.7	$1,721.9	$19,388.2	$46,333.8	41.8%
2018	$28,917.3	$2,109.0	$18,703.9	$49,730.2	37.6%
2019	$31,423.1	$2,868.8	$19,196.9	$53,488.8	35.9%
2020	$30,948.8	$1,936.5	$23,089.3	$55,974.5	41.2%
2021	$31,975.5	$2,157.5	$23,603.1	$57,736.0	40.9%

NOTES:
(1) Amounts for fiscal years 2018 and 2019 are estimated, and amounts for 2020 and 2021 are projected.
(2) The State category includes appropriations from the Economic Stabilization Fund of $806.5 million for fiscal year 2019 and $636.0 million for fiscal year 2020 for districts affected by Hurricane Harvey.
SOURCE: Legislative Budget Board.

FIGURE 151
STATE AND LOCAL FOUNDATION SCHOOL PROGRAM SHARES FOR MAINTENANCE AND OPERATIONS, FISCAL YEARS 2012 TO 2021

YEAR	LOCAL	RECAPTURE	STATE	TOTAL	PERCENTAGE STATE SHARE
2012	$16,287.5	$1,089.8	$16,653.2	$34,030.4	48.9%
2013	$17,192.5	$1,069.3	$16,680.8	$34,942.6	47.7%
2014	$18,269.6	$1,212.8	$18,038.0	$37,520.4	48.1%
2015	$19,620.4	$1,492.6	$18,044.4	$39,157.5	46.1%
2016	$20,438.4	$1,587.5	$19,138.6	$41,164.5	46.5%
2017	$21,499.9	$1,721.9	$18,653.6	$41,875.3	44.5%
2018	$24,985.9	$2,109.0	$18,164.8	$45,259.6	40.1%
2019	$27,272.2	$2,868.8	$18,616.3	$48,757.3	38.2%
2020	$26,636.7	$1,936.5	$22,601.4	$51,174.6	44.2%
2021	$27,469.4	$2,157.5	$23,109.1	$52,736.0	43.8%

NOTES:
(1) Amounts for fiscal years 2018 and 2019 are estimated, and amounts for 2020 and 2021 are projected.
(2) The State category includes appropriations from the Economic Stabilization Fund of $806.5 million for fiscal year 2019 and $636.0 million for fiscal year 2020 for districts affected by Hurricane Harvey.
SOURCE: Legislative Budget Board.

FIGURE 152
STATE AND LOCAL FOUNDATION SCHOOL PROGRAM SHARES FOR FACILITIES, FISCAL YEARS 2012 TO 2021

YEAR	LOCAL	STATE	TOTAL	PERCENTAGE STATE SHARE
2012	$3,109.2	$658.0	$3,767.2	17.5%
2013	$3,096.0	$631.6	$3,727.6	16.9%
2014	$3,334.1	$642.5	$3,976.6	16.2%
2015	$3,318.9	$585.6	$3,904.6	15.0%
2016	$3,580.9	$671.0	$4,251.9	15.8%
2017	$3,723.8	$645.8	$4,369.6	14.8%
2018	$3,931.4	$539.1	$4,470.6	12.1%
2019	$4,150.8	$580.6	$4,731.4	12.3%
2020	$4,312.0	$487.9	$4,799.9	10.2%
2021	$4,506.0	$494.0	$5,000.0	9.9%

NOTE: Amounts for fiscal years 2018 and 2019 are estimated, and amounts for 2020 and 2021 are projected.
SOURCE: Legislative Budget Board.

established by the Legislature in the Texas Education Code, and certain portions are specified further in the GAA. District information, including property values, level of tax effort, the number and type of students, and certain district characteristics are entered into these formulas to compute entitlement. The portion of this entitlement that is not covered by eligible local revenue is funded with state aid.

MAINTENANCE AND OPERATIONS – TIER 1

The majority of district entitlement for M&O is provided through Tier 1 and is provided through the funding formula element called the Basic Allotment, which is an amount of total state and local funding that the state guarantees to districts per student in average daily attendance (ADA). This Basic Allotment then is adjusted for student characteristics, such as whether a student is determined to be entitled to bilingual education, compensatory education, or special education services, among other factors. The additional funding earned by these student populations contribute to the calculation of an adjusted student count for each school district, called weighted average daily attendance.

HOUSE BILL 3 CHANGES TO TIER 1

House Bill 3 made multiple changes to the structure of Tier 1. House Bill 3 increased the Basic Allotment from $5,140, as specified in the Eighty-fifth Legislature, GAA, 2018–19 Biennium, to $6,160. The legislation also established the following allotments: Dyslexia Allotment; Early Education Allotment; College, Career, or Military Readiness Outcomes Bonus; Fast Growth Allotment; Teacher Incentive Allotment; Mentor Program Allotment; Allotment for Certain Special-Purpose Districts; and Dropout Recovery School and Residential Placement Facility Allotment.

House Bill 3 increased the following weights: the mainstream instructional arrangement of the Special Education Allotment, from 1.1 to 1.15; the Compensatory Education Allotment, from 0.2 to a range from 0.225 to 0.275 depending on the census tract of the student's home address; and the Bilingual Education Allotment, to provide an extra weight of 0.05 for students using a dual-language immersion program.

The legislation further modified other elements of Tier 1, including the Transportation Allotment; the New Instructional Facilities Allotment; and the Small-sized and Mid-sized District Adjustment. House Bill 3 eliminated several allotments and funding streams previously included in Tier 1, including the Cost of Education Index, the High School Allotment, and the Gifted and Talented Allotment.

FIGURE 153
KEY PROVISIONS OF HOUSE BILL 3, EIGHTY-SIXTH LEGISLATURE, 2019

House Bill 3 comprehensively reforms school finance and provides property tax relief reform, including the following changes:

- **provides tax relief** by compressing Foundation School Program (FSP) Tier 1 and 2 tax rates;
- **increases the statutory minimum Basic Allotment** from $4,765 to $6,160;
- **establishes new allotments** for school safety, dyslexia, early education, fast growth, teacher incentive, mentor program, dropout recovery school, residential placement facility, special-purpose districts, additional instructional days, and establishes the College, Career, or Military Readiness Outcome bonus;
- **eliminates certain existing funding elements** such as the Cost of Education Index, the High School Allotment, and the Gifted and Talented Allotment;
- **modifies certain funding weights** such as Special Education, Compensatory Education, and Bilingual Education;
- **requires that schools** use at least thirty percent of certain annual funding increases to **provide salary increases to teachers, librarians, counselors, and other full-time staff;**
- **changes from prior year to current year property values** as the basis for determining a school district's state aid under the FSP;
- **modifies the FSP Tier II enrichment guaranteed yields** associated with the golden and copper pennies; and
- **establishes several new non-FSP grant programs** such as the blended learning program and the summer career and technology program.

SOURCE: Legislative Budget Board.

Figure 153 shows some of the changes implemented pursuant to House Bill 3.

MAINTENANCE AND OPERATIONS – TIER 2

The final major funding formula for M&O entitlement is the enrichment tier, or Tier 2, established during fiscal year 2006 to provide meaningful tax-rate discretion to school districts. Tier 2 provides a guaranteed yield per penny of property tax effort levied greater than the Tier 1 tax rate. The first eight pennies of tax effort are called golden pennies because they generate a higher yield and are not subject to recapture; a district is guaranteed $98.56 per weighted student per cent of tax effort. The remaining pennies are called copper pennies because they have a lower yield and are subject to recapture; a district is guaranteed $49.28 per weighted student per penny of tax effort.

PUBLIC SCHOOL FACILITIES

State funding to assist school districts with debt-service costs related to public school facilities is conducted through two programs: the Instructions Facilities Allotment (IFA) and the Existing Debt Allotment (EDA). Both programs provide state aid to equalize interest-and-sinking (I&S) tax effort. IFA equalizes I&S tax effort at $35.00 per $0.01 per student in ADA. EDA equalizes I&S tax effort at an estimated $38.10 per $0.01 per student in ADA for the 2020–21 biennium. The Texas Education Code also provides facilities funding for charter schools equal to a statewide total of $60.0 million per fiscal year.

Although the basic structure of IFA and EDA is similar, some key differences separate the two programs. IFA funding is limited to instructional facilities, whereas district debt service for any type of facility is potentially eligible for EDA support. IFA is a sum-certain appropriation, and the Legislature makes specific appropriation decisions regarding new grant awards. In contrast, debt service is eligible automatically for EDA funding during a biennium if the district made a payment during the previous biennium. EDA assistance is restricted to $0.29 of tax effort. The Legislature did not appropriate any funding for new grants through the Instructional Facilities Allotment for the 2020–21 biennium.

The Eighty-fifth Legislature, Regular Session, 2017, first provided $60.0 million per fiscal year for charter school facilities funding statewide during the 2018–19 biennium. House Bill 3, Eighty-sixth Legislature, 2019, maintains charter school facility funding at the same amount for the 2020–21 biennium.

Total state aid for facilities programs is $1,123.4 million for the 2020–21 biennium.

RECAPTURE REVENUE

To address inequities among school districts in terms of access to revenue for public education, the Texas Education Code, Chapter 49, requires certain school districts in which a calculation of local revenue (based on local property values) exceeds entitlement to exercise one of five options to reduce property tax revenue available to the district. This system is referred to as recapture. Most school districts subject to recapture opt to remit tax revenues associated with property value in excess of entitlement directly to the state. Recapture revenue is used only as a method of financing the state's FSP obligations, and it is not used for any other non-FSP related appropriation. Revenues associated with Tier 1 and copper pennies are subject to recapture; revenues associated with golden pennies levied in Tier 2 are not subject to recapture, meaning that districts retain 100.0 percent of those tax revenues locally.

For fiscal years 2012 to 2021, **Figure 154** shows the total recapture revenue, the percentage of recapture as a percentage of total M&O revenue, and the total number of districts paying recapture. Although the total amount of recapture revenue has increased, the percentage of total M&O revenue that recapture revenue contributes to the FSP has stayed within a range from 3.0 percent to 5.0 percent. As a result of House Bill 3, Eighty-sixth Legislature, 2019, it is estimated that 2020–21 biennial recapture payments will decrease by $3.5 billion from what otherwise would have been required, decreasing the percentage of total M&O revenue that recapture contributes to 4.0 percent.

CHARTER SCHOOL FUNDING

Charter schools are not authorized to levy local property taxes. Therefore, the entire FSP entitlement for a charter school is provided as state aid.

The charter school Tier 1 entitlement is determined by multiplying counts of students enrolled in general and targeted education programs by applicable program weights and the state average of school district adjusted allotments. Enrichment funding provided through Tier 2 for charter schools is calculated using the state average number of enrichment pennies levied by school districts with taxing authority.

Figure 155 shows, from fiscal years 2012 to 2021, charter school state aid, the percentage of total state aid, charter school average daily attendance, and the percentage of total ADA made up by charter schools. From fiscal years 2014 to 2019, charter school ADA growth averaged 21,100 students per year.

PREKINDERGARTEN

The state funds half-day prekindergarten for eligible students through the FSP. For the 2020–21 biennium, the state provides additional funding that may be used to support prekindergarten through the new Early Education Allotment established in House Bill 3, Eighty-sixth Legislature, 2019. School districts that identify more than 15 children that meet statutory eligibility requirements are required to provide prekindergarten.

House Bill 3 requires each prekindergarten class for children that are at least age four to be operated on a full-day basis and to comply with the program standards required for high-

FIGURE 154
RECAPTURE REVENUE, FISCAL YEARS 2012 TO 2021

YEAR	TIER 1 EQUALIZED WEALTH LEVEL	TOTAL RECAPTURE PAID (IN MILLIONS)	RECAPTURE AS A PERCENTAGE OF TOTAL M&O REVENUE	DISTRICTS PAYING RECAPTURE	PERCENTAGE OF TOTAL ADA
2012	$476,500	$1,089.8	3%	222	13.6%
2013	$476,500	$1,069.3	3%	216	12.2%
2014	$495,000	$1,212.8	3%	226	12.3%
2015	$504,000	$1,492.6	3%	241	14.1%
2016	$514,000	$1,587.5	4%	231	14.7%
2017	$514,000	$1,721.9	4%	234	16.7%
2018	$514,000	$2,109.0	5%	267	37.4%
2019	$514,000	$2,868.8	6%	303	41.8%
2020	N/A	$1,936.5	4%	147	20.6%
2021	N/A	$2,157.5	4%	157	23.5%

NOTES:
(1) Amounts shown for fiscal years 2019 to 2021 are estimated.
(2) M&O=maintenance and operations; ADA=average daily attendance.
(3) Data show Tier 1 and Tier 2 recapture. For fiscal year 2020, 110 districts are anticipated to pay recapture at the Tier I level, some of which also pay Tier 2 recapture; and 37 districts are anticipated to pay recapture only at the Tier 2 level. For fiscal year 2021, these amounts are projected to be 117 and 40, respectively.
(4) Due to statutory changes in House Bill 3, Eighty-sixth Legislature, 2019, recapture payments no longer are calculated based on an equalized wealth level.
SOURCE: Legislative Budget Board.

FIGURE 155
CHARTER SCHOOL STATE AID AND AVERAGE DAILY ATTENDANCE, FISCAL YEARS 2012 TO 2021

YEAR	STATE AID (IN MILLIONS)	PERCENTAGE OF TOTAL STATE SHARE	AVERAGE DAILY ATTENDANCE (ADA)	PERCENTAGE OF TOTAL ADA
2012	$1,172.1	6.7%	139,049	3.0%
2013	$1,327.1	7.6%	161,846	3.4%
2014	$1,561.3	8.3%	183,228	3.8%
2015	$1,793.2	9.5%	207,003	4.3%
2016	$2,030.9	10.2%	226,771	4.6%
2017	$2,265.0	11.8%	251,917	5.1%
2018	$2,233.6	12.2%	270,230	5.4%
2019	$2,839.9	15.7%	288,722	5.8%
2020	$3,101.7	13.6%	328,870	6.4%
2021	$3,477.6	15.0%	362,229	7.0%

NOTE: Amounts shown for fiscal years 2019 to 2021 are estimated.
SOURCE: Legislative Budget Board.

quality prekindergarten programs. Although House Bill 3 continues to fund only half-day prekindergarten for these students, the legislation added the Early Education Allotment, which must be used to fund programs and services intended to improve student performance in reading and mathematics in prekindergarten through grade three, and which may be used to fund the additional half-day of prekindergarten required pursuant to the legislation.

TECHNOLOGY AND INSTRUCTIONAL MATERIALS

Aside from the FSP, the largest state-funded public education program appropriation is for technology and instructional materials. For the 2020–21 biennium, appropriations for

technology and instructional materials total $1,106.0 million to be distributed through the Technology and Instructional Materials Allotment. The allotment provides each school district and charter school with an account into which funding is deposited based on average daily attendance.

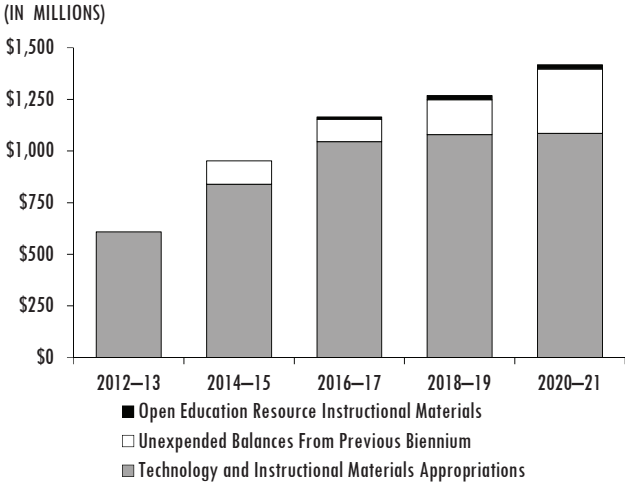
The 2020–21 biennial funding is based on a distribution rate of 50.0 percent of the Permanent School Fund to the Available School Fund (ASF). The 2020–21 biennial appropriation represents a decrease of $166.7 million (13.1 percent) from the 2018–19 base spending level. The 2018–19 biennial base funding for instructional materials was larger than 2018–19 biennial appropriations due to unexpended balances carried forward from the 2016–17 biennium. For fiscal year 2020, TEA reported $310.4 million in unexpended district and charter balances carried forward from the 2018–19 biennium, in addition to the 2020–21 biennial appropriations.

Of technology and instructional materials funding, $20.0 million is provided for the development of open-source instructional materials. Beginning with the 2018–19 biennium, House Bill 3526 and Senate Bill 810, Eighty-fifth Legislature, Regular Session, 2017, require the Commissioner of Education to develop and maintain a website to assist school districts and charter schools in selecting instructional materials. This project is known as the Texas Resource Review. Through the project, teams of external reviewers, including educators and others with specialized knowledge, evaluate the quality of instructional materials by using rubrics that are specific to each subject area and grade band. With the conclusion of the pilot program the review process will become mandatory for materials being considered for adoption in each State Board of Education instructional materials proclamation.

Figure 156 shows an overview of technology and instructional materials funding from the 2012–13 to the 2020–21 biennia.

Beginning in the 2016–17 biennium, House Bill 1474, Eighty-fourth Legislature, 2015, changed the Instructional Materials Allotment from an annual allocation to a biennial allocation. Pursuant to this legislation, the allocation provides funding to school districts and charter schools for instructional material and technology purchases for two full school years instead of one.

FIGURE 156
TECHNOLOGY AND INSTRUCTIONAL MATERIALS FUNDING, 2012–13 TO 2020–21 BIENNIA



SOURCES: Legislative Budget Board; Texas Education Agency.

SCHOOL SAFETY

Senate Bill 500, Eighty-sixth Legislature, 2019, provided for the 2018–19 biennium $100.0 million in Other Funds from the ESF funds for school safety infrastructure enhancements and $10.9 million from the ESF for school district reimbursement of post-disaster expenditures. TEA's 2020–21 biennial appropriations include $100.0 million from FSP funds for the school safety allotment of $9.72 per ADA and $2.0 million in General Revenue Funds to provide funding to a nongovernmental organization for customized school safety programming.

DISTRICT PROGRAMS AND GRANTS

TEA awards grants and distributes funds for numerous programs to school districts and charter schools. The 2020–21 biennial appropriation for district programs and grants is $213.4 million. The following programs are among the more significant.

HOUSE BILL 3

House Bill 3, Eighty-sixth Legislature, 2019, established three new programs at TEA that are outside of the FSP. Appropriations for these programs in the 2020–21 biennium include the following areas:

- Blended Learning Grant Program – $12.0 million in General Revenue Funds;
- Kindergarten Entry Assessment Program – $8.1 million in General Revenue Funds; and
- Summer Career and Technical Education Grant Program – $10.0 million in General Revenue Funds.

GRANTS FOR STUDENTS WITH AUTISM

House Bill 21, Eighty-fifth Legislature, First Called Session, 2017, established a grant program to provide additional funding for districts and charter schools that provide innovative services to students with autism. The Commissioner may provide awards to 10 grantees. Program enrollment typically is limited to students ages three to eight or are enrolled in prekindergarten to grade three. The program was appropriated $20.0 million for the 2020–21 biennium, with funding to be distributed evenly through the biennium.

PROGRAMS TARGETING HIGH SCHOOL STUDENTS

The 2020–21 GAA, Article III, TEA, Riders 48, 49, and 66, directs funding for three programs targeted at high school students: Pathways in Technology Early College High School (P-TECH), Texas Science, Technology, Engineering, and Mathematics (T-STEM), and Early College High School (ECHS).

P-TECH provides a pathway for students to earn postsecondary degrees in addition to their high school diplomas. TEA Rider 67 directs $8.0 million to support the P-TECH program for the 2020–21 biennium. From this funding, the agency may use 3.0 percent ($240,000) for administration of the program.

Appropriations of $3.0 million are provided to support the T-STEM program. The grant program supports middle schools and high schools that focus on rigorous instruction in science and mathematics, with the goal of increasing the number of students studying and entering STEM-related fields. T-STEM programs target schools with high proportions of students at risk of dropping out of school.

The ECHS program was funded at $6.0 million for the 2018–19 biennium. ECHS provides grants to support districts and charter schools partnering with institutions of higher education to enable students to earn high school diplomas and at least 60.0 hours of college credit each simultaneously at no additional cost to the students.

TEACHER ACADEMIES

Appropriations for teacher academies total $24.9 million for the 2020–21 biennium. This amount includes $9.0 million for Math Academies, $9.0 million for Literacy Academies, $5.5 million for Reading-to-Learn Academies, and $1.4 million for Reading Excellence Teams.

STUDENT SUCCESS INITIATIVE/ COMMUNITY PARTNERSHIPS

The Student Success Initiative (SSI)/Community Partnerships is an instructional intervention program related to student performance on state assessments. Appropriations for the 2020–21 biennium for the program total $11.0 million, the same level of funding as the 2018–19 biennium. The 2020–21 GAA, Article III, TEA, Rider 43, requires the Commissioner of Education to award grants to schools that have high percentages of students who do not perform satisfactorily on relevant state assessments, and that serve certain neighborhoods to implement a comprehensive support program that increases the number of students performing on grade level by leveraging academic, community, and governmental support. In addition, 2020–21 GAA, Article III, TEA, Rider 68, provides $1.0 million for the 2020–21 biennium to agency administrative support for the SSI.

EDUCATOR QUALITY INITIATIVES

The Educator Quality and Leadership program is funded at $29.0 million for the 2020–21 biennium, the same level as the 2018–19 biennium. The program provides grants to school districts to improve educator quality and effectiveness through innovative recruitment, preparation, hiring, strategic compensation, retention, and improved district administrative practices.

The 2020–21 GAA, Article III, TEA, Rider 41, Educator Quality and Leadership, requires the Commissioner of Education to spend $29.0 million for the 2020–21 biennium for certain initiatives that systematically transform educator quality and effectiveness statewide and ensure that funds directed by the rider maximize the receipt of federal grant funding for similar purposes. Additionally, Rider 41 directs portions of the appropriation to be used toward funding the following for the 2020–21 biennium: $5.0 million to implement standards on educator quality; $2.0 million to support Humanities Texas, a nonprofit organization providing professional development for teachers in their first or second years of service; and $14.5 million for innovative programs that support educator development or increase achievement outcomes, such as Math Innovation Zones and Replicating Great Options.

TEXAS GATEWAY AND ONLINE RESOURCES

Texas Gateway and Online Resources is a web-based platform operated by TEA that includes a collection of professional development opportunities for educators and supplemental

instruction for students in an interactive learning environment. Texas Gateway uses existing and new professional development resources and builds professional learning communities where educators can collaborate and participate in online learning opportunities. The appropriation to support Texas Gateway for the 2020–21 biennium is $15.0 million in General Revenue Funds, the same level as the 2018–19 biennium. From the total funding, $3.0 million for each fiscal year of the biennium is directed to the hosting and maintenance of online educator and student educational resources and the secure provisioning of user accounts. The 2020–21 GAA, Article III, TEA, Rider 53, directs that, from the $15.0 million appropriation, $1.5 million for each fiscal year of the biennium is used for the Lesson Study Initiative for teacher development of best-practice lessons and supporting tools; $2.0 million for each fiscal year of the biennium is used to reimburse districts for costs related to students enrolled in OnRamps Dual Enrollment courses; and $1.0 million for each fiscal year is used for professional development provided by UTeach, a science, technology, engineering, and mathematics teacher preparation program offered by the University of Texas.

SCHOOL IMPROVEMENT AND GOVERNANCE SUPPORT

Appropriations for School Improvement and Governance Support total $2.85 million for the 2020–21 biennium, the same level as the 2018–19 biennium. The 2020–21 GAA, Article III, TEA, Rider 44, requires the Commissioner to direct funding to provide campus, charter, and district intervention; governance and turnaround assistance services to districts and campuses with identified student performance or financial concerns; and technical or governance assistance to charter schools.

GRANTS TO EDUCATION ORGANIZATIONS

In addition to providing funds to school districts and charter schools, TEA provides funds to organizations providing educational services. The 2020–21 biennial appropriation for grants to education organizations is $137.5 million. The following programs are among the more significant.

COMMUNITIES IN SCHOOLS

The Communities in Schools (CIS) program, which is affiliated with a national nonprofit organization and administered at the state level by TEA, operates in 27 communities across Texas. The program's goals include improving school attendance, academic achievement, and addressing the behavior of students at risk of dropping out of school. Based on a case-management model, local CIS coordinators work with individual students to provide support and services according to an individualized needs assessment. TEA's 2020–21 biennial appropriations include $61.0 million in General Revenue Funds, a $30.0 million increase from 2018–19 biennial levels, and $7.8 million of federal funding for Temporary Assistance for Needy Families to support the program.

TEACH FOR AMERICA

Appropriations for Teach for America (TFA) are $11.0 million for the 2020–21 biennium, the same level as the 2018–19 biennium. Funding is directed to support the provision of at least 2,100 TFA public school employees in Texas schools, with a prioritization on employment of mathematics teachers. The 2020–21 GAA, Article III, TEA, Rider 47, also requires TFA to work jointly with TEA and representatives of districts that employ TFA teachers on implementing a plan to improve retention rates of TFA teachers and to provide expenditure and performance data to assess the success of TFA in meeting the rider requirements.

PASS-THROUGH FUNDING

TEA provides pass-through funding to other state entities and governmental organizations for education programs. The 2020–21 biennial appropriation for pass-through funding is $240.5 million. The following programs are among the more significant.

WINDHAM SCHOOL DISTRICT FUNDING

The Windham School District (WSD) provides educational programming for inmates in the adult correctional system in Texas. The funding to support this function is provided through TEA; however, the agency does not have oversight of WSD operations. The appropriation to support WSD for the 2020–21 biennium is $114.2 million, an increase of $9.9 million from the 2018–19 biennial spending level. Those funds support high school, vocational, and technical education programs in the prison system. Increased funding for Windham will support expanded programming and pay increases for academic staff, librarians, academic counselors, school nurses, and other field staff. Appropriations include an increase of $5.0 million to provide a $3,000 pay increase to teachers, librarians, academic counselors, and school nurses and a 4.0 percent pay increase for all other field staff. TEA appropriations also include an increase of $0.9 million

for a $3,000 pay increase for teachers, librarians, academic counselors, and school nurses at the Texas Juvenile Justice Department.

REGIONAL EDUCATION SERVICE CENTERS

The appropriation to support core services at regional Education Service Centers (ESC) is $23.8 million for the 2020–21 biennium, the same level as the 2018–19 biennium. The 2020–21 GAA, Article III, TEA, Rider 34, directs the Commissioner to determine a formula by which these funds are distributed to the 20 ESCs to favor those serving rural areas and small-sized schools.

AGENCY ADMINISTRATION

Appropriations to TEA for agency administration for the 2020–21 biennium total $304.3 million in All Funds, including $161.6 million in General Revenue Funds. Administrative appropriations represent an increase of $6.5 million, 2.2 percent, in All Funds. The increase is attributable primarily to additional administrative funding for the implementation of House Bill 3, Eighty-sixth Legislature, 2019.

METHODS OF FINANCING PUBLIC EDUCATION

The TEA budget includes General Revenue Funds, Other Funds, and Federal Funds. Among the General Revenue Funds and Other Funds are several methods of financing the public education system with unique qualities or statutory or constitutional dedications.

GENERAL REVENUE FUNDS

AVAILABLE SCHOOL FUND

The Available School Fund (ASF) is a constitutionally dedicated fund for the support of the public education system. It is funded from distributions from returns on investment of the Permanent School Fund (PSF) and also receives 25.0 percent of the state's motor fuels tax revenue (see the **Other Funds** section). Before each legislative session, the State Board of Education (SBOE) sets an assumed rate of total return on all PSF investment assets that determines the amount to be distributed to the ASF. The ASF funds the state's technology and instructional materials purchases through a transfer to the state Technology and Instructional Materials Fund and also provides an annual per capita distribution to school districts. The per capita distribution is a method of finance for the FSP.

In addition to motor fuels tax revenue and PSF distributions from the SBOE-controlled portion of the PSF, pursuant to House Joint Resolution 151, Eighty-sixth Legislature, 2019, the General Land Office (GLO) also has the authority to, at its discretion, directly transfer up to $600.0 million per year directly from the PSF to the ASF. During summer 2018, the GLO's School Land Board resolved to transfer $300.0 million for the 2020–21 biennium from the PSF to the ASF. Appropriations include an additional $300.0 million per fiscal year transfer from the GLO-controlled portion of the PSF to the ASF, pursuant to House Joint Resolution 151 as approved by voters in November 2019, and the distribution of the additional $300.0 million per fiscal year from the School Land Board.

TECHNOLOGY AND INSTRUCTIONAL MATERIALS FUND

Transfers from the Available School Fund provide funding for the Technology and Instructional Materials Fund. The Technology and Instructional Materials Fund provides school districts with funding for textbooks and other instructional materials. Statute requires that 50.0 percent, or an alternate amount specified in the General Appropriations Act, of the amount transferred from the PSF to the ASF is deposited into the Technology and Instructional Materials Fund during each biennium.

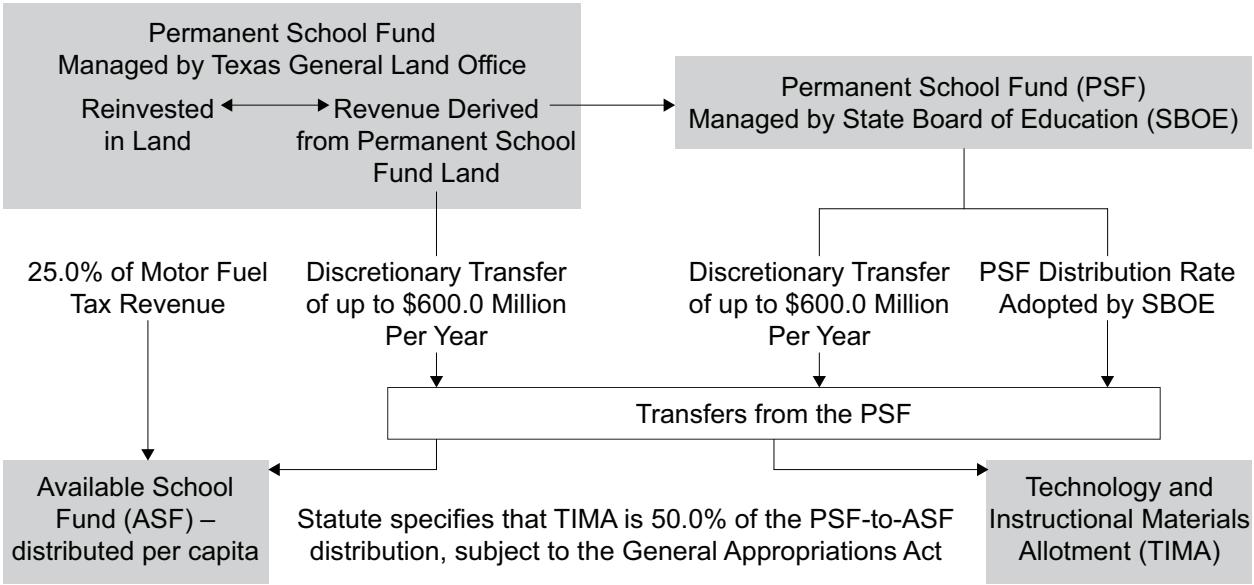
Figure 157 shows the allocation of funds related to the PSF to the ASF. The total rate of return that SBOE adopts each biennium is based on the average market value of the PSF for the preceding 16 fiscal quarters. The rate is set with consideration of a policy of intergenerational equity, whereby the distribution rate cannot jeopardize the probability that the PSF will be able to support the public education of subsequent generations of Texas students at a comparable level. Since the adoption of the total rate of return methodology for determining the distribution, rates ranged from 4.5 percent for the 2004–05 and 2006–07 biennia to 2.5 percent for the 2010–11 biennium, representing market conditions. For the 2020–21 biennium, the adopted rate of 3.0 percent is projected to yield about $2.2 billion.

Figure 158 shows the revenue and expenditures of the ASF for fiscal years 2012 to 2021.

LOTTERY PROCEEDS

Since fiscal year 1997, net proceeds from the sale of Texas Lottery games, after paying the cost of administering the lottery and awarding prizes, are dedicated statutorily to funding the FSP. For the 2020–21 biennium, lottery proceeds

FIGURE 157
ALLOCATION OF FUNDS FROM THE PERMANENT SCHOOL FUND TO AVAILABLE SCHOOL FUND, 2020–21 BIENNIUM



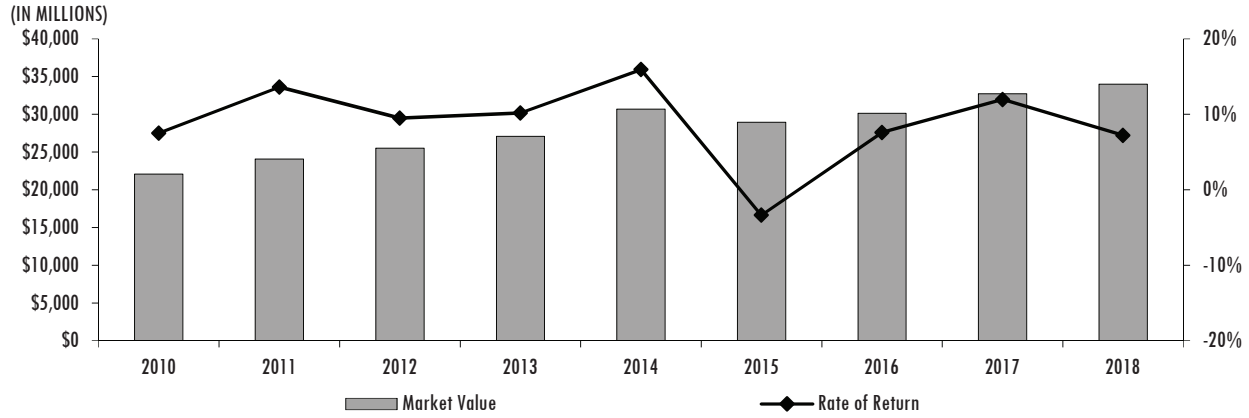
NOTE: Amounts represent changes enacted through House Bill 4611, Eighty-sixth Legislature, 2019, and subsequent November 2019 passage of the constitutional amendment proposed in House Joint Resolution 151, Eighty-sixth Legislature, 2019.
SOURCE: Legislative Budget Board.

FIGURE 158
AVAILABLE SCHOOL FUND, FISCAL YEARS 2012 TO 2021

	REVENUES (IN MILLIONS)			EXPENDITURES (IN MILLIONS)		
YEAR	MOTOR FUELS TAX	INVESTMENT INCOME	DIRECT TRANSFERS FROM GENERAL LAND OFFICE	TECHNOLOGY AND INSTRUCTIONAL MATERIALS ALLOTMENT TRANSFERS	TOTAL PER CAPITA APPORTIONMENT	PSF TOTAL RATE OF RETURN
2012	$772.7	$1,020.9	$0.0	$598.5	$1,118.0	4.2%
2013	$791.1	$1,020.9	$300.0	$10.0	$2,174.0	4.2%
2014	$809.7	$838.7	$0.0	$419.3	$1,229.4	3.3%
2015	$843.1	$838.7	$0.0	$419.3	$1,242.3	3.3%
2016	$858.8	$1,055.1	$0.0	$1,054.9	$854.4	3.5%
2017	$873.2	$1,055.1	$0.0	$0.0	$1,923.1	3.5%
2018	$884.5	$1,232.8	$0.0	$1,091.1	$1,177.0	3.7%
2019	$920.5	$1,236.0	$300.0	$12.3	$2,480.4	3.0%
2020	$937.5	$1,106.0	$600.0 (4)	$1,093.7	$1,605.0	3.0%
2021	$952.8	$1,106.0	$600.0 (4)	$12.3	$2,720.7	3.0%

NOTES:
(1) Amounts for fiscal years 2020 and 2021 are projected.
(2) House Joint Resolution 109, Eighty-second Legislature, Regular Session, 2011, and subsequent voter approval of the associated constitutional amendment authorized the General Land Office (GLO) to transfer up to $300.0 million from the GLO-controlled portion of the Permanent School Fund (PSF) directly to the Available School Fund (ASF).
(3) House Bill 1474, Eighty-fourth Legislature, 2015, changed the distribution from the ASF to the Technology and Instructional Materials Allotment to occur only during the first year of the biennium, rather than annually.
(4) House Joint Resolution 151, Eighty-sixth Legislature, 2019, and subsequent voter approval of the associated constitutional amendment increases the amount that GLO may transfer annually from the PSF directly to the ASF from $300.0 million to $600.0 million.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts; Texas Education Agency.

FIGURE 159
PERMANENT SCHOOL FUND FAIR MARKET VALUE AND TOTAL RATE OF RETURN
FISCAL YEARS 2010 TO 2018



NOTE: Data shown represents the portion of the Permanent School Fund managed by the State Board of Education.
SOURCE: Texas Education Agency.

account for $3.0 billion of the $51.9 billion in state funds appropriated to fund the FSP, an increase of $247.5 million compared to the 2018–19 biennial amount.

FOUNDATION SCHOOL FUND

The Foundation School Fund is an account within the General Revenue Fund that is used exclusively to fund public education. It is appropriated primarily as a method of financing the FSP; however, some appropriations for programs outside the FSP are made from the Foundation School Fund. For the 2020–21 biennium, $35.8 billion from the Foundation School Fund is appropriated to TEA, of which $35.4 billion is appropriated for the FSP.

FUND 1

For the 2020–21 biennium, TEA's appropriations include approximately $436.8 million in other General Revenue Funds (Fund 1) to support agency administration and certain programs outside of the FSP.

OTHER FUNDS

PERMANENT SCHOOL FUND

A unique aspect of public school funding in Texas is the provision of state funds from the Permanent School Fund, an endowment fund established by the Texas Constitution that consists of fixed income and equity holdings, state lands, mineral rights, and royalty earnings. PSF investments are managed primarily by the State Board of Education (SBOE) through TEA staff, with a portion of PSF-owned lands and associated mineral rights managed by the General Land Office. PSF is managed to be a permanent, perpetual source of funding of public education for Texans. Additionally, since 1983 the fund has provided for the guarantee of school district bonds, enabling districts to earn high bond ratings, which translate into lower interest rates and substantial cost savings to taxpayers. The Eighty-second Legislature, Regular Session, 2011, extended the bond guarantee program to charter schools for the first time, and in 2014, the Texas Education Agency issued the first charter school bond guarantees. The Eighty-fifth Legislature, Regular Session, 2017, modified the calculations to determine the capacity for charter school loan guarantees. In June 2018, SBOE authorized the full twenty percent increase in the amount of charter school bonds that may be guaranteed for fiscal year 2019, which increased the relative capacity for charter school guarantees to school district guarantees.

Figure 159 shows the changes to the fair market value and rate of return of PSF for fiscal years 2010 to 2018.

A limited amount of PSF funding is used as a method of financing the portion of the TEA administration budget dedicated to managing and overseeing PSF. For the 2020–21 biennium, the total administrative appropriation from PSF is $60.7 million.

PROPERTY TAX RELIEF FUND

The Property Tax Relief Fund (PTRF), established by the Seventy-ninth Legislature, Third Called Session, 2006, is a fund outside of the General Revenue Fund that serves

as a method of financing the FSP. The fund was established as part of the effort to compress school district maintenance and operations property tax rates by one-third and serves to finance a portion of the state cost of replacing that lost local revenue. PTRF is funded with revenues resulting from a package of legislation that was passed by the Seventy-ninth Legislature, Third Called Session, 2006, which altered the franchise (business margins) tax, motor vehicle sales and use tax, and taxes on tobacco products. The amounts deposited to PTRF are essentially the amounts generated by the authorized change in those taxes, with the greatest contributions coming from the franchise tax. For the 2020–21 biennium, PTRF contributes $3.8 billion in state funds appropriated to fund the FSP, a projected increase of $370.2 million from the 2018–19 biennial spending level.

TAX REDUCTION AND EXCELLENCE IN EDUCATION FUND

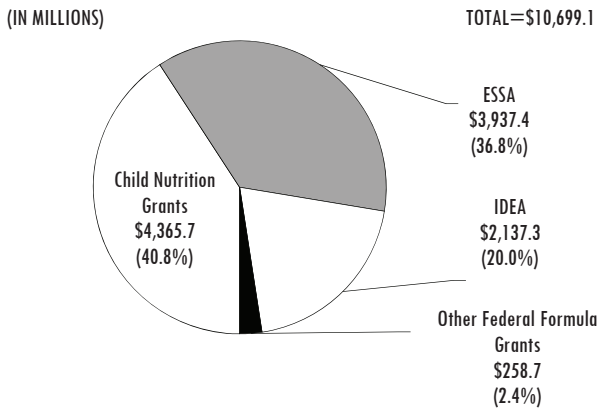
House Bill 3, Eighty-sixth Legislature, 2019, establishes the Tax Reduction and Excellence in Education (TREE) Fund, which is a fund in the Treasury but outside General Revenue Funds. The TREE Fund may be appropriated only to pay for Tier 1 allotment costs and to decrease school district M&O tax rates.

The legislation establishes two revenue sources to be deposited into the fund, and an additional potential revenue increase to the Available School Fund (ASF) that would be considered part of the fund. The first source consists of certain revenues currently allocated pursuant to the Texas Constitution, Article III, Section 49-g, which instead would be deposited to the TREE Fund. The second source would deposit net sales tax revenue collected by marketplace providers during the previous fiscal year. The potential additional revenue source would be amounts distributed to the ASF pursuant to the Texas Constitution, Article VII, Section 5(g), in excess of $300.0 million each year; these funds would be limited to paying for the cost of Tier 1 allotments. House Bill 1, Eighty-sixth Legislature, 2019, appropriates a total of $550.0 million from the TREE Fund to be used as a method of finance for the FSP.

RECAPTURE PAYMENTS – ATTENDANCE CREDITS

The final estimated method of finance supporting FSP is Recapture Payments – Attendance Credits, which consists entirely of revenue from school districts that are subject to wealth-equalization recapture. For the 2020–21 biennium, recapture receipts contribute $4.1 billion of the FSP appropriation, a $554.6 million decrease from the 2018–19 biennium. All recapture payments support the Foundation School Program; statute prohibits the use of recapture for any other purpose.

FIGURE 160
FEDERAL EDUCATION FORMULA FUNDING IN TEXAS 2020–21 BIENNIUM



NOTES:
(1) Federal appropriations for the 2020–21 biennium are projected amounts.
(2) ESSA=federal Every Student Succeeds Act grants; IDEA=federal Individuals with Disabilities Education Act.
SOURCE: Legislative Budget Board.

FEDERAL FUNDS

Federal Funds appropriations for the 2020–21 biennium are estimated to be $10.7 billion, $204.7 million greater than the 2018–19 biennium. **Figure 160** shows appropriations of Federal Funds to TEA for the 2020–21 biennium. The $204.7 million net increase includes a $338.2 million increase for the Child Nutrition Program; a $89.8 million decrease in Other Formula Grants, including onetime Hurricane Relief funds awarded to restart school operations during fiscal year 2018; and a $43.7 million decrease in federal Every Student Succeeds Act (ESSA) grants. ESSA, enacted in December 2015, supersedes the No Child Left Behind Act and authorizes federal education programs for four years beginning during federal fiscal year 2017.

TEXAS STUDENTS AND DISTRICTS

Texas' public school students and its school districts exhibit diversity in various factors that drive funding and policy decisions within the state and result in a unique public education environment relative to other states.

STUDENTS IN AVERAGE DAILY ATTENDANCE

Recent average daily attendance (ADA) trends for Texas and ADA projections for the 2020–21 biennium are shown in **Figure 161**. The 2020–21 biennial projections include a March 2019 update of estimates prepared by TEA for the Eighty–sixth Legislature, 2019. Charter school ADA is included in the counts shown in **Figure 161**. For school year 2020–21, charter school ADA is projected to be 362,229.

For the 2020–21 biennium, it is estimated that the ADA growth rate will be 1.8 percent for fiscal year 2020 and 1.3 percent for fiscal year 2021.

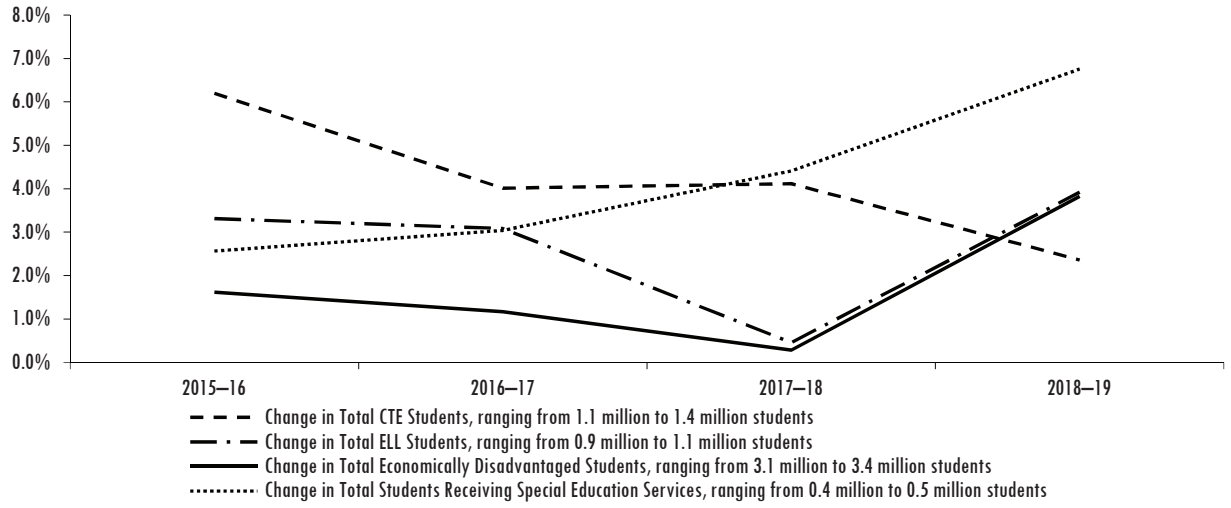
The Foundation School Program provides weighted funding for certain student populations. **Figure 162** shows enrollment trends for various student populations that drive FSP funding. The highlighted populations include gifted and talented students, students participating in career and technology education programs, English language learner (ELL) students, economically disadvantaged students, and students receiving special education services. From fiscal years 2014 to 2019, overall enrollment increased every year, although at a slower rate during the last several years. Growth in the number of special education students has increased from approximately 2.6 percent to 6.8 percent, at the same time enrollment has decreased from 1.3 percent to 0.6 percent. The number of students participating in career and technology programs has been increasing, but at a decreasing rate since fiscal year 2016. Growth in the number of ELL students has stayed relatively consistent, except for a one-year decrease during fiscal year 2018.

FIGURE 161
TEXAS PUBLIC SCHOOL AVERAGE DAILY ATTENDANCE
FISCAL YEARS 2008 TO 2021

FISCAL YEAR	SCHOOL YEAR	TOTAL ADA	PERCENTAGE CHANGE
2008	2007–08	4,315,132	1.6%
2009	2008–09	4,396,423	1.9%
2010	2009–10	4,470,146	1.7%
2011	2010–11	4,555,707	1.9%
2012	2011–12	4,632,151	1.7%
2013	2012–13	4,697,243	1.4%
2014	2013–14	4,778,014	1.7%
2015	2014–15	4,853,101	1.6%
2016	2015–16	4,922,493	1.4%
2017	2016–17	4,969,590	1.0%
2018	2017–18	5,001,346	0.6%
2019	2018–19	5,016,557	0.3%
2020	2019–20	5,108,989	1.8%
2021	2020–21	5,176,272	1.3%

NOTES:
(1) Amounts for fiscal years 2020 and 2021 are projected.
(2) Average daily attendance (ADA) counts include charter schools, and exclude all state-administered schools.
SOURCES: Legislative Budget Board; Texas Education Agency.

FIGURE 162
ENROLLMENT TRENDS OF CERTAIN TEXAS STUDENT POPULATIONS
SCHOOL YEARS 2015–16 TO 2018–19



NOTE: CTE=career and technical education; ELL=English language learners.
SOURCE: Texas Education Agency.

FIGURE 163
TEXAS PUBLIC SCHOOL EMPLOYEES BY FUNCTION
SCHOOL YEARS 2008–09, 2013–14, AND 2018–19

	2008–09		2013–14		2018–19	
FUNCTION	FTE POSITIONS	PERCENTAGE OF TOTAL	FTE POSITIONS	PERCENTAGE OF TOTAL	FTE POSITIONS	PERCENTAGE OF TOTAL
Instructional						
Teachers	327,892	50.5%	334,580	50.9%	358,525	49.7%
Classroom Support	67,560	10.4%	67,449	10.3%	76,648	10.6%
Total, Instructional	**395,452**	**60.9%**	**402,029**	**61.1%**	**435,173**	**60.4%**
Noninstructional						
Administrative Staff	25,130	3.9%	26,118	4.0%	30,195	4.2%
Nonclassroom support	50,535	7.8%	56,821	8.6%	71,571	9.9%
Auxiliary Staff	177,860	27.4%	172,954	26.3%	184,072	25.5%
Total, Noninstructional	253,525	39.1%	255,893	38.9%	285,838	39.6%
Total, FTE Positions	**648,977**		**657,922**		**721,011**	
Ratio of Instructional to Noninstructional	1.6		1.6		1.5	

NOTES:
(1) FTE=full-time-equivalent position.
(2) The instructional function includes professional staff reported with a Classroom ROLE-ID code in the Public Education Information Management System (PEIMS). The noninstructional function includes professional staff reported with a Non-Classroom ROLE-ID code in PEIMS and auxiliary staff reported without a specific ROLE-ID. The instructional and noninstructional functions shown may differ from other staff groupings included in Texas Education Agency reports. Instructional support includes roles that provide direct services to students in a classroom setting, such as paraprofessional staff and certain therapists.
(3) Nonclassroom support includes roles that provide support services primarily outside the classroom such as librarians, counselors, diagnosticians, supervisors, and other professional roles.
(4) Auxiliary staff includes roles such as bus drivers, cafeteria workers, janitorial services, and grounds services.
SOURCE: Texas Education Agency.

TEXAS PUBLIC SCHOOL EMPLOYEES

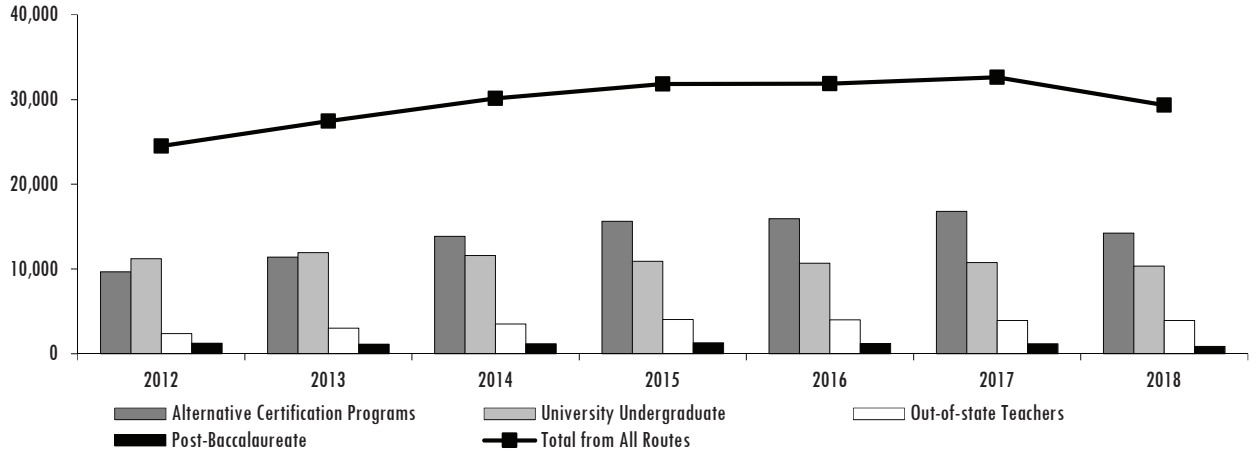
For school year 2018–19, Texas public schools employed 721,011 full-time-equivalent positions. Of those positions, about half were teachers. **Figure 163** shows public school employees by function and subdivides those functions into instructional and noninstructional roles. Instructional roles are defined as functions that primarily serve students in the classroom. **Figure 163** shows that about three-fifths of public education employees are in this instructional category, and those proportions have been similar for at least the past 10 school years.

STATE BOARD FOR EDUCATOR CERTIFICATION

The State Board for Educator Certification (SBEC), an appointed board whose functions are carried out within TEA's Educator Leadership and Quality Division, oversees a range of teacher credentialing, recruitment and retention, and activities related to professional conduct. This oversight includes the accreditation of more than 130 educator preparation programs that offer more than 260 educator preparation programs. With few exceptions, SBEC functions are self-funded—paid from fees charged to educators and educator candidates for credentialing-related services.

SBEC specifies the classes of educator certificates to be issued, the period for which a certificate is valid, and all rules relating to initial issuance and renewal. To ensure that educators are certified properly, SBEC manages the development and oversees administration of numerous pedagogy (teaching skills), content knowledge, and professional examinations. The Texas Examinations of Educator Standards and their associated teaching certificates align educator certification standards with the Texas Essential Knowledge and Skills curriculum framework. In addition to the standard examinations, the agency also requires examinations for specific certificates: the Texas Oral Proficiency Test, for the education of students with limited English proficiency, and the Texas Assessment of

FIGURE 164
INITIAL TEACHING CERTIFICATES ISSUED BY CERTIFICATION ROUTE
FISCAL YEARS 2012 TO 2018



NOTE: Number of certificates does not include renewals, temporary credentials, or professional certifications.
SOURCE: Texas Education Agency.

Sign Communication, for the education of students with hearing impairment.

Figure 164 shows the number of individuals that were issued initial teaching certificates from fiscal years 2012 to 2018. Beginning in fiscal year 2015, the issuance of initial teaching certificates increased annually, through fiscal year 2017, including a 5.7 percent increase in initial teaching certificates during fiscal year 2015. However, the trend reversed during fiscal year 2018 when the number of individuals that were issued initial teaching certificates decreased by 10.1 percent. As **Figure 164** shows, the decrease during fiscal year 2018 is represented in all categories of initial teaching certificates, but most significantly in alternative certification programs, with a 15.3 percent decrease.

Through fiscal year 2004, the most common route to obtaining a teaching certificate was to complete an educator preparation program as part of a four-year University Undergraduate program (UP) and then pass the relevant certification examinations. However, the proportion of initial certifications earned through Texas Alternative Certification Programs (ACP) increased significantly and, in fiscal year 2005, surpassed those earned through UPs. The proportion of initial teaching certificates granted to ACP participants exceeded those granted through UPs during each fiscal year from 2014 to 2018. ACPs enable individuals that meet certain educational criteria to become certified as educators in approximately one year through course work and fieldwork outside of a traditional undergraduate or graduate program. During fiscal years 2016 and 2017, more than 50.0 percent of new initial certificates were issued to participants in ACPs; however less than 34.0 percent of UPs issued initial certificates during those years.

PUBLIC SCHOOL EXPENDITURES COMPARED TO OTHER STATES

A comparison of estimated public school expenditures per student during school year 2018–19 is shown in **Figure 165** for the 15 most populous states. Texas spent an estimated $10,096 per student in current dollars during school year 2018–19, compared with a national average of $12,920 and a national median of $11,960, ranking the state thirty-ninth in the U.S. and twelfth among the 15 most populous states. Compared to its four contiguously neighboring states, Texas' estimated level of spending for school year 2018–19 is less than Louisiana ($11,791) and New Mexico ($11,012) but greater than Arkansas ($10,082) and Oklahoma ($8,449). The amounts shown in **Figure 165** are not adjusted for cost-of-education differences across states.

PUBLIC SCHOOL ACCOUNTABILITY FOR STUDENT PERFORMANCE

Texas has been a national leader in statewide assessment and accountability for student performance in public education. **Figure 166** shows a timeline of major events in the evolution of testing and accountability in the state.

The first iteration of the statewide accountability system for Texas public schools was established by the Seventy-third Legislature, 1993, to hold Texas public schools accountable for student performance. The accountability ratings system was based on student performance on an annual student dropout rate and on performance on a set of assessments called the Texas Assessment of Academic Skills (TAAS). TAAS included tests on reading, writing, math, and social studies. Each school district and campus was rated according to its ability to meet state passing standards on each test for all students and for certain disaggregated student groups—African American, Hispanic, White, and economically disadvantaged—and its ability to meet state dropout standards. Each district and campus was given a rating of exemplary, recognized, acceptable, or unacceptable/low-performing.

The system was amended during calendar year 2004 to align with the transition to a new assessments program, the Texas Assessment of Knowledge and Skills (TAKS), and to align with new federal performance standards set in the federal No Child Left Behind Act of 2001. The system was amended to incorporate performance on the alternative assessments for special education students and to use longitudinal completion rates instead of annual dropout rates.

In accordance with the more rigorous standards of the amended system, fewer districts and campuses initially achieved the recognized and exemplary ratings. For example, during calendar year 2007, 2,997 campuses earned these ratings, which was about 70.0 percent of the campuses that earned them during fiscal year 2002, the final year of the TAAS-based accountability era. However, by calendar year 2011, 4,049 campuses achieved the recognized and exemplary ratings.

During school year 2011–12, the state again transitioned to a new assessment system, the State of Texas Assessments of Academic Readiness (STAAR), as a result of actions of the Eightieth Legislature, 2007. The STAAR system includes assessments in grades three to eight in reading, mathematics, science, social studies, and writing. STAAR also replaces the exit-level TAKS exam for high school students with 15 subject-specific, end-of-course assessments in foundation subjects. STAAR is intended to increase relevance and rigor in the assessments program and to correlate performance on assessments in lower grades with achievement of standards on end-of-course assessments in high school.

FIGURE 165
KINDERGARTEN TO GRADE 12 PUBLIC SCHOOL ESTIMATED EXPENDITURES PER ENROLLED PUPIL IN THE 15 MOST POPULOUS STATES, SCHOOL YEAR 2018–19

STATE	TOTAL PER PUPIL	NATIONAL RANKING
New York	$24,565	1
New Jersey	$20,465	4
Massachusetts	$19,394	5
Pennsylvania	$17,360	8
Illinois	$15,547	12
Washington	$14,698	15
California	$13,783	18
Virginia	$12,269	24
Ohio	$11,960	26
Georgia	$10,883	35
Michigan	$10,699	38
Texas	**$10,096**	**39**
North Carolina	$9,907	42
Florida	$9,901	43
Arizona	$8,519	47
U.S. Average	$12,920	
U.S. Median	$11,960	

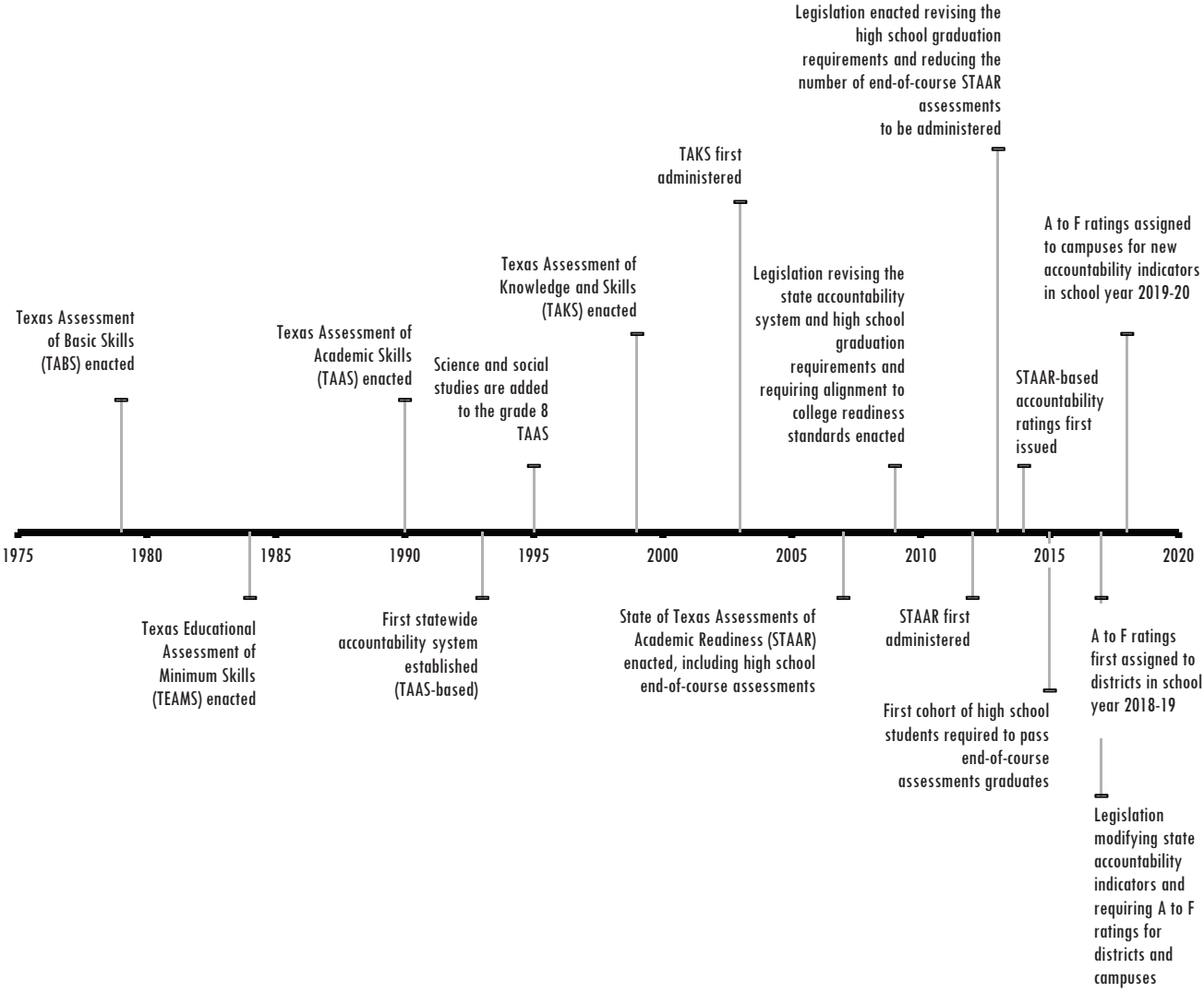
NOTE: U.S. average and median calculations and ranking include the District of Columbia.
SOURCE: National Education Association.

The Eighty-third Legislature, Regular Session, 2013, amended the number of end-of-course assessments for high school students from 15 to 5, including algebra I, biology, English I, English II, and U.S. history.

The Commissioner of Education modified the state accountability system beginning with school year 2012–13. The state accountability system assigned performance ratings to districts and campuses of Met Standard, Met Alternative Standard, or Improvement Required. The system was based on student performance on STAAR assessments in four categories: student achievement, student progress, closing performance gaps, and postsecondary readiness. The Eighty-third Legislature also required the state accountability system to assign ratings of A to F to districts beginning with school year 2016–17.

The Eighty-fourth Legislature, 2015, modified the indicators by which districts and campuses must be evaluated in accordance with the state

FIGURE 166
TEXAS PUBLIC EDUCATION ASSESSMENT AND ACCOUNTABILITY SYSTEM
CALENDAR YEARS 1979 TO 2019



SOURCE: Legislative Budget Board.

accountability system. Beginning in school year 2017–18, the legislation established five domains of indicators for district and campus accountability and requires certain percentages of the overall performance rating to be attributed to the five domains. The legislation required the accountability system to assign ratings of A to F to each of these domains and to each district and campus. The legislation also established the Texas Commission on Next Generation Assessments and Accountability, which developed recommendations for new systems of student assessment and public school accountability.

The Eighty-fifth Legislature, Regular Session, 2017, further modified the state accountability system indicators for districts and campuses. House Bill 22, Eighty-fifth Legislature, Regular Session, 2017, restructured and reduced the achievement indicators from a five-domain system (student achievement, student progress, closing performance gaps, postsecondary readiness, and community and student engagement) to a three-domain system (student achievement, student progress, and closing the gaps). Additionally, the legislation changed the way the overall grade for campuses and districts are calculated; delayed the implementation of the letter rating for campuses until school year 2019–20; and

FIGURE 167
SCHOOL DISTRICT AND CHARTER SCHOOL ACCOUNTABILITY RATINGS, 2018 AND 2019

	2018 (1)		2019	
ACCOUNTABILITY RATING	COUNT	PERCENTAGE	COUNT	PERCENTAGE
A	153	12.8%	301	25.1%
B	356	29.7%	677	56.4%
C	247	20.6%	154	12.8%
D	57	4.8%	43	3.6%
F	17	1.4%	14	1.2%
Met Standard/Met Alternative Standard	254	21.2%	N/A	N/A
Improvement Required	12	1.0%	N/A	N/A
Not Rated	12	1.0%	12	1.0%
Not Rated: Harvey Provision (2)	92	7.7%	N/A	N/A

NOTES:
(1) In 2018, individual campuses did not receive A to F ratings and instead were rated Met Standard or Improvement Required. For this reason, a school district or charter school that had only one campus received a rating that aligned with its campus rating.
(2) During calendar year 2018, certain school districts and open-enrollment charter schools that were affected by Hurricane Harvey were eligible to be labeled Not Rated.
SOURCE: Texas Education Agency

established a local accountability plan to enable districts to rate campuses using locally developed domains and accountability measures.

The A-to-F accountability system debuted during the 2018–19 school year. During the first year, districts were awarded accountability scores from 0 to 100 and ratings from A to F. Campuses were assigned scores of 0 to 100 during the first year, and A-to-F scores were added to campus ratings during the 2019–20 school year. **Figure 167** shows the distribution of accountability ratings for Texas school districts during calendar years 2018 and 2019.

STUDENT PERFORMANCE ON STATE ASSESSMENTS

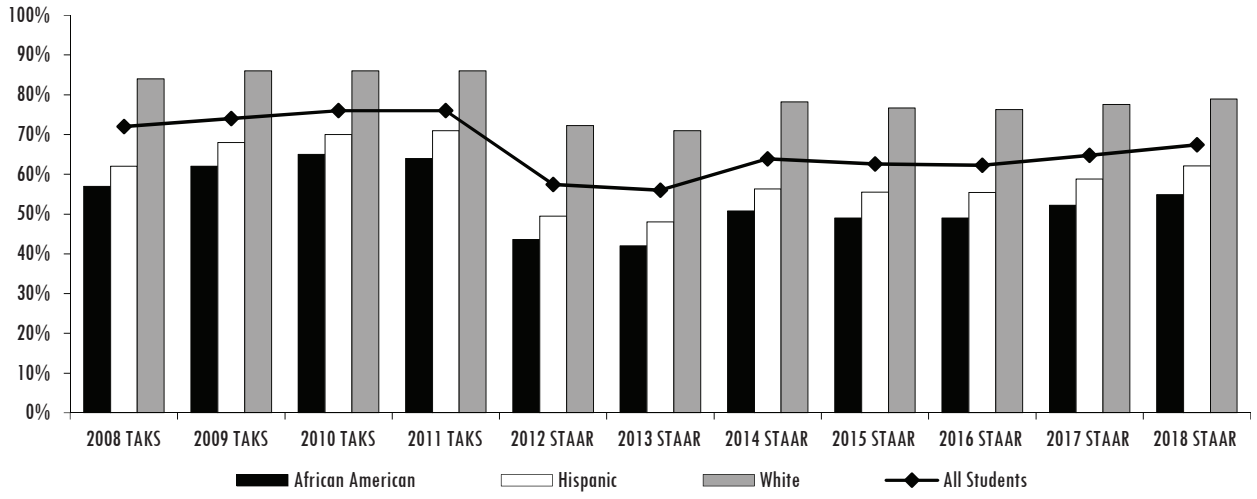
School year 2002–03 was the first year the TAKS exams were administered. STAAR exams, including end-of-course exams, replaced TAKS during school year 2011–12. Following the introduction of TAKS during calendar year 2003, student performance overall and disaggregated by ethnicity decreased until calendar year 2005. Subsequently, as shown in **Figure 168**, overall performance and the disaggregated performance of White, Hispanic, and African American students all began an upward trend that was sustained through calendar year 2011. The achievement gap among these student groups also decreased from calendar years 2007 to 2011.

Similarly to the trend following the introduction of TAKS, student performance overall and disaggregated by ethnicity initially decreased following the introduction of the STAAR assessments. In addition, the achievement gap among White, African American, and Hispanic students increased. During calendar year 2011, White students passed at a rate of 22.0 percentage points greater than African American students. Following the introduction of the STAAR assessment, this performance gap increased to 29.0 percentage points during calendar year 2013. Since 2013, the performance gap among these student groups has decreased; during calendar year 2018, White students passed at a rate 24.0 percentage points greater than African American students. Similarly, the difference between White students' TAKS passing rate and that of Hispanic students decreased to 15.0 percentage points by calendar year 2011. Following the introduction of the STAAR assessments, this performance gap increased to 23.0 percentage points during calendar year 2013. Since 2013, the gaps among these student groups has decreased; during calendar year 2018, the performance gaps among these groups decreased to 16.8 percent.

TEXAS STUDENTS' PERFORMANCE COMPARED TO THE U.S.

The National Assessment of Educational Progress (NAEP) is a set of exams administered every two years to random samples of students in all 50 states and the District of Columbia to gauge relative performance of students in

FIGURE 168
TEXAS PUBLIC AND CHARTER SCHOOL STUDENTS PASSING ALL TESTS, BY ETHNICITY, ACADEMIC YEARS 2008 TO 2018



NOTE: TAKS=Texas Assessment of Knowledge and Skills; STAAR=State of Texas Assessments of Academic Readiness.
SOURCE: Texas Education Agency.

selected grades and subjects. It is the largest such assessment and the longest-running, and, as such, it serves as the basis for the U.S. Department of Education's Nation's Report Card. **Figure 169** shows NAEP scores in grades four and eight, comparing reading and math results for Texas and the U.S. for calendar years 2007 and 2017. In math, Texas students consistently have exceeded the national average scale score, particularly with respect to demographic subgroups. However, in 2019, reading scores for all students and some demographic subgroups were less than the national average. NAEP is not necessarily aligned to Texas curriculum standards, and the scores of Texas students on this assessment can be used only to judge relative performance on the NAEP itself.

SIGNIFICANT LEGISLATION

For discussions of **House Bill 3**, relating to public school finance, and **Senate Bill 11**, relating to school safety and mental health in public schools, please see preceding sections.

House Bill 4611 and House Joint Resolution 151– Distributions from the Available School Fund. The proposition and the enabling legislation authorize discretionary distributions by the School Land Board and the State Board of Education of up to $600.0 million to the Available School Fund from revenue derived during each fiscal year from Permanent School Fund land or properties. Previously, discretionary transfers of up to $300.0 million annually were authorized only from the School Land Board. Texas voters approved Proposition 7 in November 2019 to enact this amendment.

House Bill 3906 – Assessment of public school students. The legislation makes various changes to the system of assessing public school students. Among its provisions, the legislation: sets maximum time limits on assessments for grades three to eight; authorizes parts of assessments to be administered across more than one day; requires the Texas Education Agency to develop interim assessments; requires the transition to electronic assessments; and institutes a limit on multiple choice questions. The legislation authorizes TEA to use up to $35.0 million of FSP funds during each fiscal year to implement the legislation's provisions, and the 2020–21 GAA, Article IX, Section 18.116, authorizes TEA to expend amounts as necessary to implement the legislation.

FIGURE 169
NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP), NATIONAL COMPARISON TO TEXAS STUDENTS' PERFORMANCE ON SELECTED ASSESSMENTS, CALENDAR YEARS 2007 AND 2017

SUBJECT	RACE/ETHNICITY	2007 AVERAGE SCALE SCORE		TEXAS RANK AMONG STATES 2007	2017 AVERAGE SCALE SCORE		TEXAS RANK AMONG STATES 2017
		U.S.	TEXAS		U.S.	TEXAS	
Grade 4 Math	All	239	242	19	239	241	17
	African American	222	230	3	223	229	4
	Hispanic	227	236	3	229	236	5
	White	248	253	4	248	253	8
Grade 4 Reading	All	220	220	31	221	215	45
	African American	203	207	14	205	210	8
	Hispanic	204	212	11	208	206	33
	White	230	232	12	231	231	20
Grade 8 Math	All	280	286	12	282	282	25
	African American	259	271	4	260	266	7
	Hispanic	264	277	2	268	274	7
	White	290	300	2	292	297	7
Grade 8 Reading	All	261	261	33	265	260	43
	African American	244	249	9	248	247	22
	Hispanic	246	251	13	255	254	32
	White	270	275	6	274	271	34

NOTES:
(1) Rankings for the Asian American/Pacific Islander category are not shown because results for that group were not reported for the years shown.
(2) State rankings include Puerto Rico, the District of Columbia, and the U.S. Department of Defense Education Activity.
SOURCE: U.S. Department of Education.

TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

PURPOSE: Serve as a leading center of expertise and support, working in partnership with schools, families, and organizations to improve educational outcomes for students that are blind or visually impaired, including those with deaf-blindness or additional disabilities. Provide full-time classroom and residential programs during the school year for students whose needs cannot be met at local school districts.

ESTABLISHED: 1856

AUTHORIZING STATUTE: The Texas Education Code, Chapter 30, Subchapter B

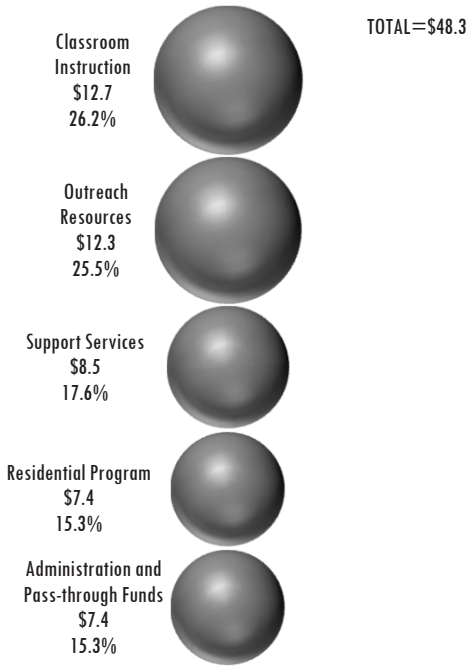
GOVERNANCE: Board of Trustees—nine members appointed by the Governor and confirmed by the Senate, filling specified positions

FIGURE 170
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$31.5	$33.0	$1.5	4.8%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$4.0	$4.0	$0.1	1.8%
Other Funds	$11.7	$11.2	($0.5)	(4.2%)
Total, All Methods of Finance	**$47.2**	**$48.3**	**$1.1**	**2.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	370.9
2021	370.9

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations provide an increase of $1.1 million in All Funds and increase full-time-equivalent positions by 0.4 positions to increase salaries for professional educators and direct-care staff, modernize accounting systems, and partially replace decreased Appropriated Receipts funding with additional General Revenue Funds.

Funding includes $0.5 million to provide pay increases for direct-care staff, including residential specialists, teacher aides, and nurses.

Funding includes $0.2 million provided to pay professional salary increases due to a 1.5 percent pay raise adopted by the Austin Independent School District (ISD) for the 2018–19 school year. Statute requires salaries to align with those of Austin ISD.

Funding includes $0.8 million in General Revenue Funds to partially offset decreases in Appropriated Receipts that occurred during the 2018–19 biennium. Appropriations maintain the funding level for the teacher preparatory consortium provided by the Eighty-fifth Legislature, Regular Session, 2017.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding appropriated to the Texas School for the Blind and Visually Impaired (TSBVI) for the 2020–21 biennium represents an All Funds increase of $1.1 million, or 2.3 percent. Funding increases are attributable to salary increases of $0.7 million for teachers and direct-care employees and $0.8 million in additional General Revenue Funds to bring the agency's appropriations closer to the All Funds amounts appropriated by the Eighty-fifth Legislature, Regular Session, 2017. The additional $0.8 million in General Revenue Funds replaces Other Funds (Appropriated Receipts) appropriated by the Eighty-fifth Legislature based on an agency overestimation of available revenue during the 2018–19 biennium. Funding also includes a biennial increase of $0.1 million to fund the Centralized Accounting and Payroll/Personnel System (CAPPS). Funding increases are offset partially by a $0.4 million decrease in Other Funds, including a onetime Governor's Emergency Deficiency Grant during the 2018–19 biennium and decreased collections of Appropriated Receipts for the 2020–21 biennium.

TSBVI is appropriated $0.5 million in General Revenue Funds for pay raises for employees that provide direct care to students, including residential specialists, teacher aides, and nurses. For educational professionals, appropriations include $0.2 million in General Revenue Funds to maintain fiscal year 2019 salary increases during the 2020–21 biennium, pursuant to the statutory requirement that these salaries align with those adopted by the Austin Independent School District. TSBVI also may draw down additional funding as necessary during the 2020–21 biennium through an appropriation that is estimated to maintain salary parity.

Funding for the 2020–21 biennium includes $0.4 million in General Revenue Funds and 3.0 full-time-equivalent positions to implement the CAPPS financials module. Funding for CAPPS during the 2018–19 biennium included $0.3 million in onetime General Revenue Funds for deployment of the CAPPS human resources module.

TSBVI is appropriated $0.8 million in General Revenue Funds to replace partially the decrease in Appropriated Receipts funding, bringing the agency's total funding closer to the All Funds level appropriated for the 2018–19 biennium. These appropriations maintain the 2018–19 biennial funding level for Professional Education in Visual Impairment, a collaborative teacher preparatory consortium involving Texas Tech University and Stephen F. Austin University.

During fiscal year 2018, TSBVI exhausted its remaining unexpended balances (UB) of Appropriated Receipts, which it had carried forward and expended across several previous biennia. The UB accrued primarily due to the receipt of onetime settle-up payments related to funding that TSBVI receives from school districts whose students attend the school, pursuant to the Texas Education Code, Section 30.003. To offset partially the depleted UB funding, TSBVI received a onetime Governor's Emergency and Deficiency Grant of $0.2 million for the 2018–19 biennium, which is not continued for the 2020–21 biennium. The depletion of these funds results in a $0.2 million decrease in Appropriated Receipts for the 2020–21 biennium.

PROGRAMS

TSBVI staff work in conjunction with local school districts and the state's regional Education Service Centers to provide a continuum of services to students with visual impairments. Students receive instruction that prepares them for high school graduation; for return to their local school districts; or for transition to further education, training, or placement in local communities. The school serves these students through five major program areas.

OUTREACH RESOURCES

The Outreach Resources program, which includes Outreach Development and Training for Schools and Families, provides training services for parents and professionals statewide, including information related to adapted materials, technology, student transition and assessment, and individual consultations for blind and visually impaired students. TSBVI maintains extensive resources that are accessed internationally. Outreach staff offer online and live presentations related to many aspects of visual impairment and deaf-blindness, including assessment, programming, adapted materials, mobility, and assistive technology. Individual consultations support students that are blind and visually impaired in their local communities, and TSBVI visits districts across the state upon request. During the 2017–18 school year, TSBVI conducted 241 conferences and workshops for 6,591 participants. TSBVI indirectly serves most of the state's 10,753 students that are visually impaired or deaf-blind through collaboration with regional Education Service Centers to support school districts and families across the state.

The TSBVI Curriculum Department provides evaluation and instructional support to classroom teachers and residential instructors on campus. In addition, the

department develops and provides instructional materials sold worldwide and used by families and professionals serving students with visual impairments, blindness, and deaf-blindness.

TSBVI Short-term Programs offer three-day to five-day classes on campus and online that emphasize adaptive technology, math tools, social interaction, travel, and independent living. During the 2018–19 school year, 275 students were served by Short-term Programs. Summer programs emphasize real-life skills such as personal care, home care, money management, and travel. The calendar year 2019 summer program served 177 students.

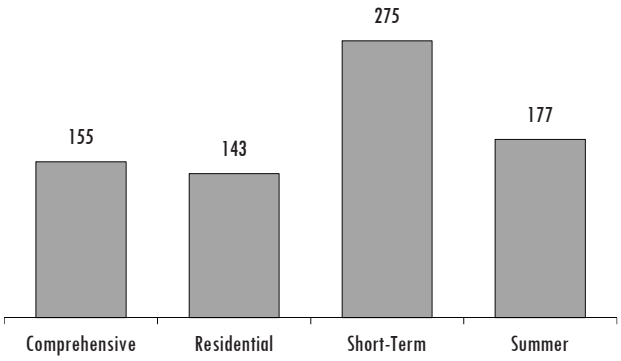
In addition, Outreach Resources includes Professional Education in Visual Impairment, a collaborative teacher preparation program among TSBVI and Texas Tech and Stephen F. Austin universities that provides tuition stipends to educate qualified specialists for blind and visually impaired students. Funding appropriated for Outreach Resources totals $12.3 million in All Funds.

CLASSROOM INSTRUCTION

Classroom Instruction provides comprehensive Instructional Services for elementary school through high school during the regular school year for students ages six to 21 that are blind, deaf-blind, or visually impaired, that need specialized and intensive services related to their visual impairments, and for whom an appropriate education is not available in their local schools. The school's 45.0-acre campus is located in Austin. The school is accredited by the Texas Education Agency and is established as part of the public education system of Texas to serve as a special school in the continuum of statewide alternative placements for students that have visual impairments.

Local school districts that place students at TSBVI are required by the Texas Education Code to share the cost of educating those students. In accordance with federal law, the local (home) school district is responsible for providing a free appropriate public education (FAPE) that addresses the intensive or specialized needs of visually impaired children and youth. When local districts are unable to meet FAPE requirements, a referral for admission to TSBVI may be originated by the student's local school district in collaboration with the student's parent or guardian. TSBVI cannot accept direct referrals from parents or guardians. **Figure 171** shows the number of students enrolled in comprehensive, residential, short-term, and summer programs at TSBVI during fiscal year 2019.

FIGURE 171
STUDENTS SERVED BY PROGRAMS AT THE TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED SCHOOL YEAR 2018–19



NOTE: The Texas School for the Blind and Visually Impaired (TSBVI) indicates substantial overlap among certain programs shown, such as among Comprehensive and Residential programs, as a result of TSBVI students enrolling in multiple programs that the school offers.
SOURCE: Texas School for the Blind and Visually Impaired.

During school year 2018–19, the school's comprehensive programs served 149 students and six postsecondary students during the fiscal year.

Figure 172 shows the number of students with multiple disabilities, including deaf-blindness, autism, cerebral palsy, and other disabilities. During the last five school years, the percentage of students with multiple disabilities typically has ranged from two-thirds to three-fourths of the total student population.

STUDENT SUPPORT SERVICES

Student Support Services provides related services for visually impaired students including orientation and mobility, social work, physical therapy, occupational therapy, and speech therapy. Support Services includes Student Transportation. Funding appropriated for Support Services totals $8.5 million in All Funds.

RESIDENTIAL PROGRAMS

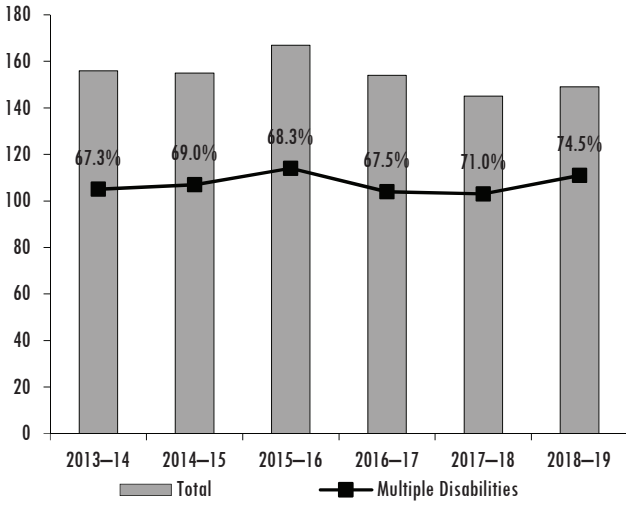
Residential Programs provide Residential Housing and Instruction – Independent and Supported Living Curriculum, which includes on-campus housing for residential students and student development programs such as independent living, social and daily living skills, and decision-making skills. Of the 155 students served in the

Classroom Instruction program during fiscal year 2019, 142 were residential program students. Funding appropriated for Residential Programs totals $7.4 million in All Funds.

SCHOOL ADMINISTRATION

School Administration includes Central Administration, which supports administrative functions including the governing board, the superintendent's office, internal audit, human resources, the business office, and information management. It also includes Campus Support Services for daily operations, including warehouse functions, mail services, data processing and repairs, telephone and utilities, and federal Americans with Disabilities Act accommodations. Funding appropriated for School Administration totals $7.4 million in All Funds.

FIGURE 172
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED STUDENTS WITH MULTIPLE DISABILITIES COMPARED TO TOTAL STUDENT POPULATION IN THE SCHOOL YEAR COMPREHENSIVE PROGRAM
SCHOOL YEARS 2013–14 TO 2018–19



SOURCE: Texas School for the Blind and Visually Impaired.

TEXAS SCHOOL FOR THE DEAF

PURPOSE: Provide direct educational services to students ages 0 to 22 years, including residential programs, and serve as a statewide educational resource center on deafness by providing a variety of outreach services to deaf students, their families, school districts, and professionals involved in deaf education.

ESTABLISHED: 1856

AUTHORIZING STATUTE: The Texas Education Code, Chapter 30, Subchapter C

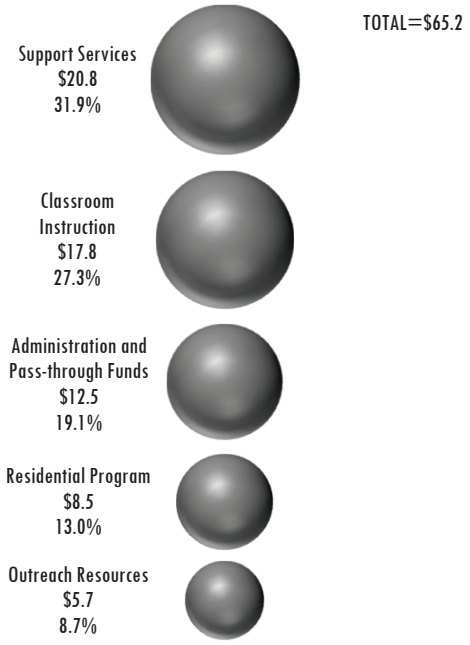
GOVERNANCE: Board of Trustees—nine members appointed by the Governor and confirmed by the Senate, meeting certain statutory specifications

FIGURE 173
TEXAS SCHOOL FOR THE DEAF BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$37.6	$43.7	$6.1	16.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$2.3	$2.3	($0.1)	(4.0%)
Other Funds	$18.9	$19.3	$0.4	1.9%
Total, All Methods of Finance	**$58.9**	**$65.2**	**$6.4**	**10.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	445.1
2021	445.1

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations provide a funding increase of $6.4 million in All Funds and 3.0 full-time-equivalent (FTE) positions to construct new facilities, provide for growing service demands, and increase salaries for professional educators and direct-care employees.

Funding includes $5.1 million in pass-through General Revenue Funds for campus traffic circulation improvements and career and technology classroom construction. These funds will be transferred to the Texas Facilities Commission to implement the construction.

Funding includes $0.3 million and 3.0 FTE positions for additional special education teaching and direct student services staff to address increased service demands.

Funding includes $0.5 million for pay raises for direct-care employees. Funding also includes $0.2 million for educational professional salary increases due to a 1.5 percent raise adopted by the Austin Independent School District (ISD) for the 2018–19 school year. Statute requires that salaries align with those of Austin ISD.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding appropriated for the Texas School for the Deaf (TSD) for the 2020–21 biennium represents an All Funds increase of $6.4 million, or 10.8 percent. This increase is attributable primarily to an appropriation of $5.1 million in General Revenue Funds for facilities projects, including expansion of career and technology education classrooms and campus traffic circulation improvements. This construction is part of the Texas Facilities Commission's (TFC) Campus Master Plan for TSD. These funds will be transferred to TFC to implement the plans. Other capital project funding includes $0.2 million in General Revenue Funds for furniture for student dormitories, classrooms, and newly constructed facilities; and an increase of $45,000 in General Revenue Funds for school bus replacement.

Appropriations also increase funding for staffing, including $0.3 million in General Revenue Funds for 3.0 full-time-equivalent positions for additional special education instructional and support services staff. An additional $0.5 million in General Revenue Funds is provided for salary increases for bus drivers, day and night residential educators, cafeteria staff, behavior support, teacher aides, security, and information technology staff. Additionally, an increase of $0.2 million in General Revenue Funds is provided to maintain fiscal year 2019 educational professional salary increases during the 2020–21 biennium, pursuant to the statutory requirement that these salaries should align with those adopted by the Austin Independent School District. TSD also may draw down additional funding as necessary during the 2020–21 biennium through an appropriation that is estimated to maintain salary parity.

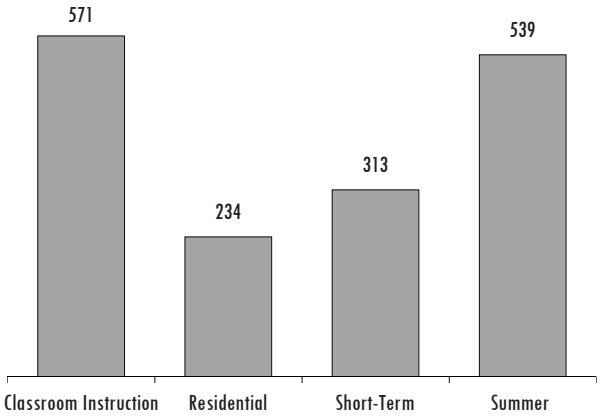
In addition to General Revenue Funds increases, appropriations represent an increase of $0.4 million in Other Funds. This increase is due primarily to the receipt of onetime additional Appropriated Receipts funding during fiscal year 2018, which was carried forward into the 2020–21 biennium.

Increased funding is offset partially by decreases of $0.2 million in onetime General Revenue Funds provided during the 2018–19 biennium to implement the Centralized Accounting and Payroll/Personnel System and $0.1 million in Federal Funds due to the projected end of DeafTEC grant funding from the Rochester Institute of Technology.

PROGRAMS

TSD operates a 67.5-acre campus located in Austin and provides students that are deaf or hard of hearing with early childhood education, academic and career training from kindergarten to high school, and transitional postsecondary services. **Figure 174** shows the number of students enrolled in the school's comprehensive, residential, and short-term programs. A comprehensive program of extracurricular and cocurricular services includes athletics, intramural sports, and Special Olympics training after school hours. Students also are supported by specialized related services including counseling, physical therapy, health services, occupational therapy, and audiological and speech therapy.

FIGURE 174
STUDENT ENROLLMENT AT TEXAS SCHOOL FOR THE DEAF SCHOOL YEAR 2018–19



SOURCE: Texas School for the Deaf.

In addition to day and residential educational services, the school is the primary statewide resource center on deafness. TSD provides expertise and technical assistance to students, families, and professionals across Texas.

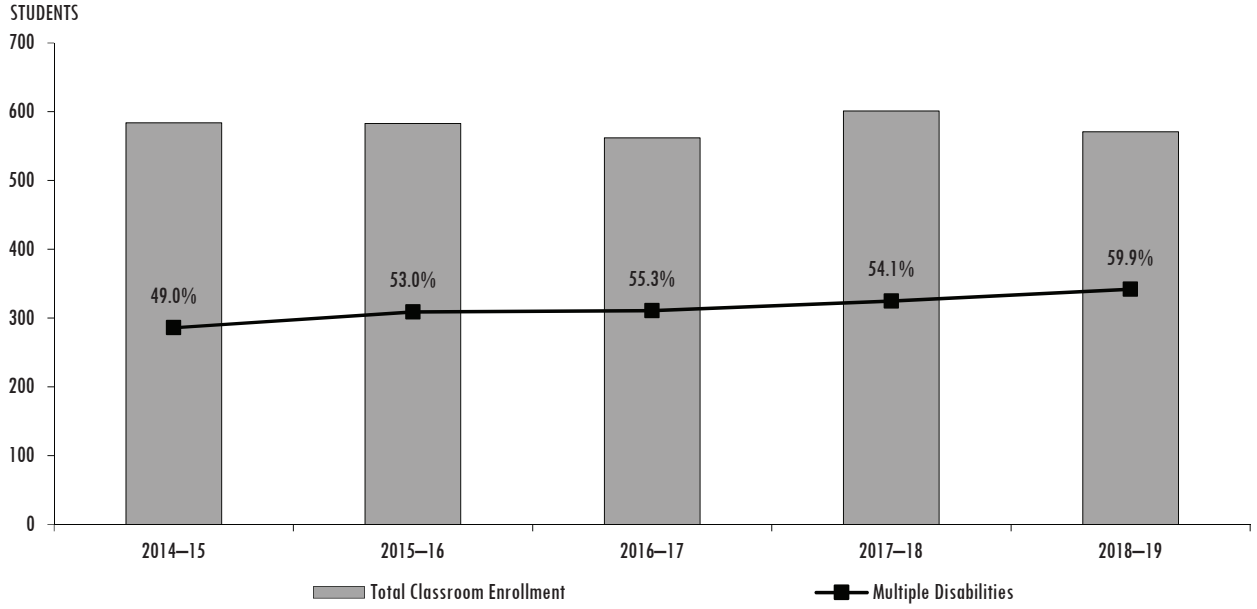
SUPPORT SERVICES

Support Services includes Assessment and Diagnostics, providing the initial evaluation of each child as required by the federal Individuals with Disabilities Education Act (IDEA) and reevaluations of all enrolled students.

Additional student services include counseling, behavioral support, speech therapy, audiology, interpreting services, health services, physical therapy, and occupational therapy.

The number of students with other disabilities in addition to deafness represents approximately one-half of student enrollment. These students may have visual impairments, physical impairments, cognitive or developmental impairments, autism spectrum disorders, or other health impairments. Some students may have significant

FIGURE 175
TEXAS SCHOOL FOR THE DEAF STUDENTS WITH MULTIPLE DISABILITIES AND COMPLEX EMOTIONAL AND BEHAVIORAL ISSUES COMPARED TO TOTAL CLASSROOM ENROLLMENT
SCHOOL YEARS 2014–15 TO 2018–19



NOTE: Students that have multiple disabilities include those identified as having learning disability, other health impairment, Autism Spectrum Disorder, emotional disturbance, speech or language impairment, visual impairment, deaf-blindness, intellectual disability, orthopedic impairment, or traumatic brain injury.
SOURCE: Texas School for the Deaf.

psychological, emotional, or behavioral issues that require intervention plans. Students that have multiple disabilities and complex emotional and behavioral problems increase the scope and degree of services the school is required to deliver, and this increase has contributed accordingly to service costs for TSD. **Figure 175** shows the number of students with multiple disabilities compared to total student enrollment.

The Career Center and Career Technical Education programs provide hands-on technical training to prepare students with marketable job skills and career center services to help students explore potential career fields. The Adult Curriculum for Community, Employment, and Social Skills (ACCESS) Program is an adult transitional program for community living, employment, and social skills. Services are individualized and focus on work training, postsecondary preparation, independent living skills, and social and emotional development.

During the 2018–19 biennium, TSD's Career Technical Education program received a grant from the Texas Workforce Commission to collaborate with Austin Community College to upgrade the school's automotive mechanics and graphic arts programs, which provide vocational training for TSD students. Additionally, for the 2020–21 biennium TSD is appropriated $2.3 million in General Revenue Funds to construct a commercial kitchen for its culinary arts program.

Student transportation is provided daily for Austin-area students, and weekend home transportation is provided to students that reside on campus during the school week and return home on the weekends to locations across the state. Transportation services also include athletics and extracurricular activities. Funding appropriated for programs included in Support Services totals $20.8 million in All Funds.

CLASSROOM INSTRUCTION

Classroom Instruction includes the Instructional Services (Parent/Infant through High School) program, which provides comprehensive educational services during the school year for individuals age 21 or younger that are deaf or hard of hearing and that may have multiple disabilities. Students may be referred to TSD through the admission, review, and dismissal (ARD) process by their local school

districts or by their parents. Early childhood intervention programs may refer children younger than age three, and students ages 18 or older may refer themselves for admission.

The Texas Education Code requires local school districts to share in the cost of educating students attending TSD. When a local school district makes a referral on a student's behalf, the district conducts an ARD meeting, which includes parents and local school district representatives. When a parent referral is made, TSD staff conducts the ARD meeting, and the district is encouraged to attend.

Classroom Instruction includes academic, career, life skills, and related services. During school year 2018–19, TSD served 571 students in school year programs. Funding appropriated for Classroom Instruction totals $17.8 million in All Funds.

RESIDENTIAL PROGRAMS

Residential Programs provide on-campus housing, tutoring, character education, independent living training, and other social and cultural experiences. In addition, after-school programs include athletics, performing arts, a tutor center, American Sign Language (ASL), and the student worker program. During the school year, approximately 40.0 percent of TSD students live on campus while attending classes, and the remainder are nonresidential students who attend classes as day students and live in Austin and surrounding areas. During school year 2018–19, 234 students were enrolled in the school's residential program. Funding appropriated for Residential Programs totals $8.5 million in All Funds.

SCHOOL ADMINISTRATION

School Administration supports daily operations of the agency, including the superintendent's office and security and safety. Funding appropriated for School Administration totals $7.4 million in All Funds.

OUTREACH RESOURCES

Outreach Resources provide multiple programs and resources for students, families, professionals, and school districts such as retreats, distance learning opportunities, sign language instruction, parent mentoring, and summer programs. During fiscal year 2019, 539 students were served on campus in summer programs and 313 were served in short-term programs. TSD also trained 577 deaf education teachers, ASL teachers, and interpreters in three weeks of sign language immersion workshops during fiscal year 2019. In addition, the school served 14,825 parents and professionals and 1,830 students across Texas in workshops, conferences, consultations, and technical outreach. Through distance learning programs, TSD provided services to 247 students and 126 adults. More than 3.0 million individuals received technical service through emails, phone calls, publications, social media, and website visits. Funding appropriated for Outreach Resources totals $5.7 million in All Funds.

TRANSFER OF FUNDING FOR CAMPUS CONSTRUCTION PROJECTS

For the 2020–21 biennium, TSD is appropriated $5.1 million in General Revenue Funds for facilities projects described in the Texas Facilities Commission's Campus Master Plan for Texas School for the Deaf. Appropriations will be transferred to TFC during fiscal year 2020, as all powers, duties, functions, programs, and activities relating to the maintenance and management of physical facilities at TSD, including grounds maintenance and custodial services, were transferred to the TFC by Senate Bill 1457, Eighty-third Legislature, Regular Session, 2011, and Senate Bill 836, Eighty-fourth Legislature, 2015. Of the total appropriated funding, $2.3 million of this amount will pay for the construction of a new culinary arts classroom for the career and technology education program, and $2.8 million will fund improvements to pedestrian and vehicle traffic circulation on campus and parking and gate improvements.

TEACHER RETIREMENT SYSTEM

PURPOSE: Deliver service and disability retirement benefits, death and survivor benefits, and group healthcare coverage for employees of public school districts and institutions of higher education; and manage assets held in trust.

ESTABLISHED: 1937

AUTHORIZING STATUTE: The Texas Government Code, Chapters 821–825

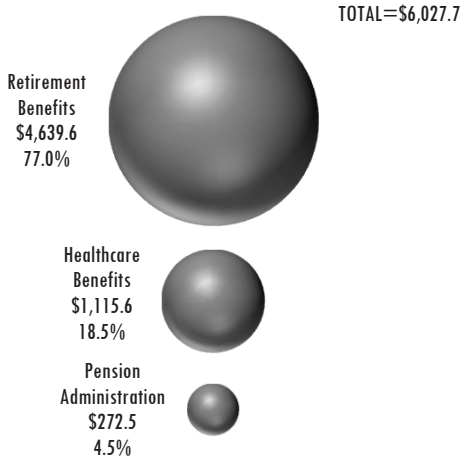
GOVERNANCE: Board of Trustees—nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 176
TEACHER RETIREMENT SYSTEM BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$5,078.0	$5,173.4	$95.5	1.9%
General Revenue–Dedicated Funds	$85.6	$48.8	($36.8)	(43.0%)
Federal Funds	$0.0	$0.0	$0.0	N//A
Other Funds	$828.9	$805.6	($23.3)	(2.8%)
Total, All Methods of Finance	**$5,992.4**	**$6,027.7**	**$35.4**	**0.6%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	745.3
2021	745.3

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Senate Bill 12 increases retirement contribution rates from the state, members, and employers **to achieve actuarial soundness.** The legislation also requires all public education employers to make the employer contribution and provides a **onetime additional annuity payment to certain retirees**.

Funding includes $524.0 million in Other Funds from the Economic Stabilization Fund to **increase state retirement contributions to 7.5 percent** of payroll and **$589.0 million in Other Funds** for fiscal year 2019 **for the additional annuity payment**, pursuant to Senate Bill 12.

Funding provides a **1.25 percent state contribution to TRS-Care**, the retiree healthcare program. Public education employers and employees also contribute 0.75 percent and 0.65 percent, respectively.

The pension trust fund is 80.5 percent funded, with an unfunded actuarial accrued liability of $35.5 billion, an amortization period of 32.2 years, and a market value of $146.1 billion as of August 31, 2017.

NOTE: Administrative appropriations represent only expenditures associated with the Pension Trust Fund and exclude administrative expenses associated with TRS-Care, TRS-ActiveCare, and the 403(b) program, which are paid from trust funds or accounts associated with those programs and are not part of the appropriations process.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding appropriated to the Teacher Retirement System (TRS) of Texas for the 2020–21 biennium totals $6.0 billion in All Funds, an increase of $35.4 million, or 0.6 percent. This increase is attributable primarily to the following amounts: an appropriation of $524.0 million in Other Funds from the Economic Stabilization Fund for additional state retirement contributions pursuant to Senate Bill 12, Eighty-sixth Legislature, 2019; $236.3 million in General Revenue Funds greater than the required contribution provided primarily to maintain fiscal year 2019 TRS-Care premiums and benefit levels for the 2020–21 biennium; and $217.8 million in All Funds for payroll growth. Additionally, funding for the 2020–21 biennium includes an increase of $40.9 million in Other Funds (Pension Trust Funds) and 171.0 full-time-equivalent positions for pension administration.

These biennial funding increases are offset primarily by the provision of certain onetime funding during the 2018–19 biennium, including $589.0 million in Other Funds provided by the Eighty-sixth Legislature, 2019, for an additional annuity payment, and $394.6 million in General Revenue Funds for an additional contribution to TRS-Care.

PROGRAMS

RETIREMENT

TRS administers a traditional, defined-benefit retirement plan that provides service and disability retirement and death and survivor benefits to eligible Texas public education and higher education employees and their beneficiaries. As of August 31, 2018, TRS had approximately 1.6 million members, including 872,999 active members, 420,458 retirement recipients, and 298,498 inactive vested and nonvested members. Benefit calculations are determined by statute and are based on an employee's age and years of creditable service. Certain eligible employees of institutions of higher education may choose instead to participate in the Optional Retirement Program, a defined-contribution, 403(b) plan administered by the Texas Higher Education Coordinating Board. Funding for TRS retirement contributions for the 2020–21 biennium totals $4.6 billion in All Funds.

Retirement benefits are financed by member, state, and employer contributions based on employee payroll; and by investment earnings of the pension trust fund. Senate Bill 12, Eighty-sixth Legislature, 2019, increases statutorily required state, member, and employer contributions for fiscal years 2020 to 2025 to make the pension fund actuarially sound.

Appropriation amounts to pay the state contribution are estimated and based on a state contribution rate of 7.5 percent of eligible compensation for the 2020–21 biennium. In addition to General Revenue Funds and General Revenue–Dedicated Funds, a portion of the state contribution is paid by public and higher education employers, as required by statute. State retirement contributions to TRS for public community and junior colleges are limited to 50.0 percent of the creditable compensation of members whose duties are instructional or administrative. An additional limit to state retirement contributions applies for each community and junior college. The limit is based on the growth in each college's staff size in proportion to changes in student enrollment.

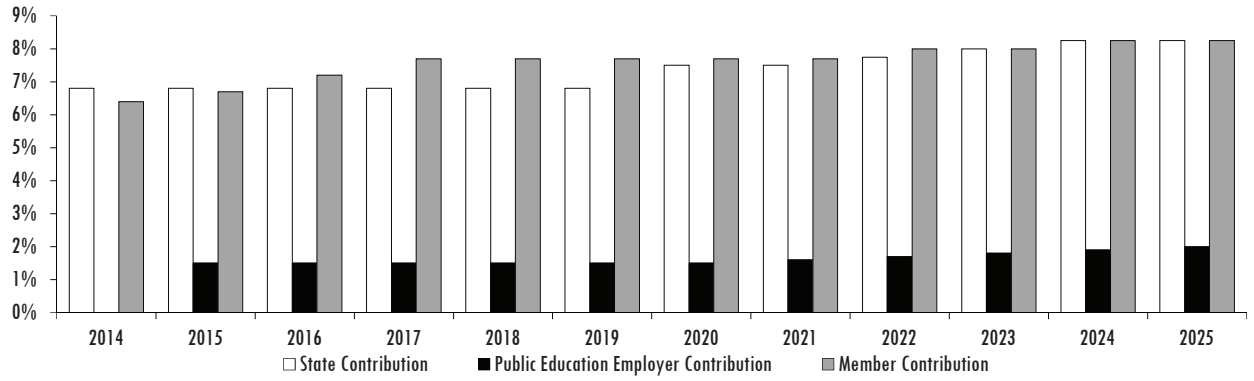
Pursuant to Senate Bill 12, all public education employers are required to contribute an additional percentage of either actual employee pay or the statutorily required minimum salary for employees subject to the Minimum Salary Schedule pursuant to the Texas Education Code, Section 21.402. This contribution rate is 1.5 percent for fiscal year 2020 and 1.6 percent for fiscal year 2021. Previously, only public education employers that did not participate in Social Security were required to make a 1.5 percent contribution.

The employee contribution rate for the 2020–21 biennium is 7.7 percent of salary, a continuation of the 2018–19 biennial contribution rate. **Figure 177** shows the funded contribution rates for fiscal years 2014 to 2021 and contribution rates for fiscal years 2022 to 2025 required by Senate Bill 12.

The payroll growth rate is another significant factor in determining state funding requirements, because state contributions for retirement and retiree health are based on a percentage of active employee compensation. Estimated annual payroll growth during the 2018–19 biennium was 3.5 percent for public education and 2.9 percent for higher education, with actual public education payroll growth of 3.4 percent during fiscal year 2018. This growth was driven by population growth, increasing student enrollment, and the increase of educational staff in school districts across the state. The assumed growth rate of public education payroll for the 2020–21 biennium is an average of 3.9 percent for each fiscal year across the retirement and TRS-Care programs.

In higher education, actual payroll growth has averaged 5.7 percent annually during the last five years. However, actual growth of state contributions paid using General Revenue Funds and General Revenue–Dedicated Funds can vary significantly each year because institutions of higher education have the discretion to pay salaries from local,

FIGURE 177
TEACHER RETIREMENT SYSTEM STATE, EMPLOYER, AND MEMBER CONTRIBUTION RATES, FISCAL YEARS 2014 TO 2025



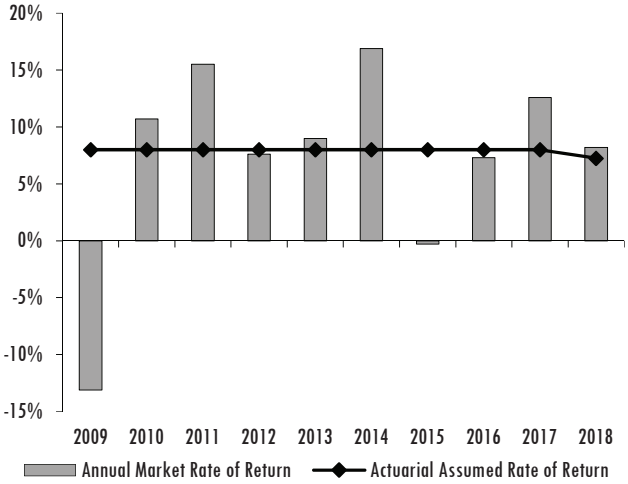
NOTE: For fiscal years 2015 to 2019, only public education employers that do not participate in the federal Social Security program were required to contribute 1.5 percent of payroll. Beginning in fiscal year 2020, all public education employers are required to make this contribution. The contribution rate increases to 1.6 percent for fiscal year 2021.
SOURCE: Teacher Retirement System.

nonappropriated funds, such as tuition and grants. This discretion increases institutional control of total payroll growth from year to year. Additionally, due to the requirement that institutions pay the state retirement contributions using the same methods of finance and in the same proportions as the agency's overall budget, the share of the state contribution that is paid from General Revenue Funds and General Revenue–Dedicated Funds also fluctuates each year as each institution's mix of funding changes. The assumed growth rate of higher education retirement contributions made from General Revenue Funds and General Revenue–Dedicated Funds for the 2020–21 biennium is 5.6 percent for each fiscal year of the biennium, based on recent growth trends of payroll covered by each method of finance.

Investment earnings contribute a major role in determining the health of the pension trust fund, accounting for approximately 62.0 percent of fund revenues during fiscal year 2018. TRS manages assets across a diversified portfolio allocation that includes global equity, stable value, and real return. The annual return on investment for fiscal year 2018 was 8.2 percent, increasing the market value of pension assets to $154.1 billion at the end of fiscal year 2018. The three-year, five-year, and 10-year returns as of August 31, 2018, are 9.4 percent, 8.8 percent, and 7.1 percent, respectively.

The annual actuarial assumed rate of return is 7.25 percent. This assumption is used to assess the long-term health of the retirement trust and determine whether the system will be able to meet obligations. In July 2018, the TRS Board of Trustees decreased the return assumption from 8.0 percent to 7.25 percent to provide a more reasonable forecast of current and future financial conditions. This lower return assumption increased the projected contributions and length of time, or funding period, needed to pay off the unfunded actuarially accrued liability. Senate Bill 12 provides these additional contributions and is expected to lower the funding period to 29.0 years as of August 31, 2019. Pursuant to statute, plans with funding periods of less than 31.0 years are considered actuarially sound. **Figure 178** shows the actuarial assumed

FIGURE 178
TEACHER RETIREMENT SYSTEM TRUST FUND'S ACTUAL ANNUAL RETURN ON INVESTMENT COMPARED TO ACTUARIAL ASSUMED RATE OF RETURN FISCAL YEARS 2009 TO 2018



NOTE: The 10-year average annual return for fiscal years 2009 to 2018 is 7.1 percent.
SOURCE: Teacher Retirement System.

rate of return and the annual rate of return on investments since fiscal year 2009.

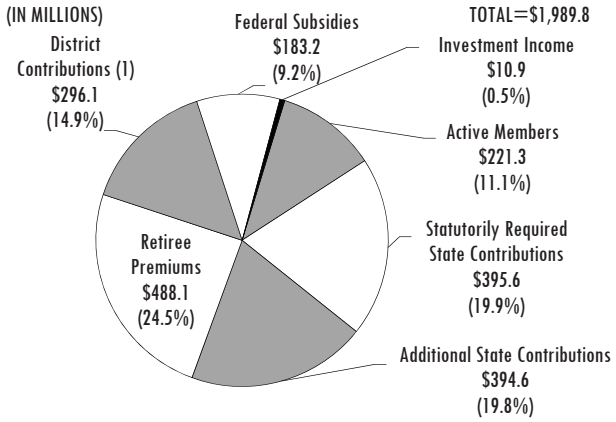
ADMINISTRATIVE OPERATIONS

The Pension Trust Fund finances administrative operations for the retirement program and investment management. Funding for the 2020–21 biennium totals $272.5 million in Other Funds (Pension Trust Funds) and 745.3 full-time-equivalent (FTE) positions. This funding level represents an increase of $40.9 million in Other Funds (Pension Trust Funds) and 171.0 FTE positions from the 2018–19 biennium. Of these new staff, 51.0 additional FTE positions are provided for the Benefits Services Division to improve customer service levels for TRS members and employers. This improvement includes decreasing call wait times, which increased significantly during the 2018–19 biennium due to legislative changes in the TRS-Care program, difficulties with the implementation of Phase 1 of the major technology initiative, TRS Enterprise Application Modernization (TEAM), and the long-term growth of TRS membership. The Investment Management Division is provided 24.0 new FTE positions to enable the agency to increase the share of pension assets managed internally, which TRS expects to result in savings to the retirement fund by decreasing fees paid to external managers. Additionally, 96.0 FTE positions in other administrative departments will provide internal support for these two initiatives and the ongoing implementation of Phase 2 of the TEAM project. Phase 2 is expected to be implemented by April 2020 and will include member-accessible functions such as annuity payroll processing.

Increased appropriations for administration also include $3.0 million in Other Funds (Pension Trust Funds) for renovation of the agency's headquarters, which will include reconfiguration of the call center to further support the customer service initiative.

Amounts appropriated for administrative operations of the agency apply only to expenditures associated with payment of retirement benefits and management of the assets in the Pension Trust Fund. Administrative expenses associated with other programs administered by the agency, including TRS-Care and TRS-ActiveCare, are paid from trust funds or accounts associated with those programs and are not part of the appropriations process. The total administrative budget from nonappropriated funds for the administration of these other programs for fiscal year 2020 is $16.3 million, supporting 95.0 FTE positions. The positions supported by nonappropriated funds are not counted against the FTE position cap that the Legislature established for the agency.

FIGURE 179
TRS-CARE CONTRIBUTIONS BY SOURCE
FISCAL YEAR 2018



NOTE: District contributions include the 0.75 percent employer contribution, amounts paid by districts from federal funds and private grants to fund the 1.25 percent state contribution as required by statute, and district payments to the Teacher Retirement System (TRS) for a surcharge owed on return-to-work employees.
SOURCE: Teacher Retirement System.

RETIREE HEALTHCARE

Health coverage through TRS-Care is available for eligible retirees and their dependents. As of August 31, 2018, TRS-Care had 236,565 total participants. Of this number, 187,960 are retirees; the remainder are dependents, surviving spouses, and surviving dependent children. The TRS-Care program is funded by participant premiums, federal subsidies, and regular payroll contributions from the state, active employees, and school districts. TRS-Care is not prefunded like the retirement plan; it is funded on a pay-as-you-go basis. For the 2020–21 biennium, state, employer, and active employee contribution rates are 1.25 percent, 0.75 percent, and 0.65 percent, respectively. Statutorily required state contributions to TRS-Care for the 2020–21 biennium total $879.4 million in General Revenue Funds, an increase of $64.4 million to cover projected payroll growth during the 2020–21 biennium. **Figure 179** shows total funding by source for TRS-Care for fiscal year 2018.

The TRS-Care program faces an ongoing funding gap between the revenues generated by statutorily required contributions and the cost of providing health benefits. Required contributions from the state, school districts, and active employees are based on public education payroll,

which grows at a modest rate. However, program costs are related to higher rates of healthcare and prescription drug inflation. For the 2020–21 biennium, appropriations to TRS-Care include $236.3 million in General Revenue Funds greater than statutorily required amounts to cover the difference between projected revenues and costs. This additional funding is provided to prevent an increase in member premiums or a decrease in benefits from the plan year 2019 levels.

Before fiscal year 2018, TRS-Care experienced a structural funding shortfall due to the recurring funding gap and additional legislative restrictions on member premiums. For several previous biennia, the General Appropriations Act (GAA) directed TRS not to increase retiree premiums, and statute directed TRS to provide a basic health plan at no cost to the retiree. These provisions, intended to keep retiree healthcare affordable while a long-term solution was found, decreased the program's capacity to generate the level of revenue required to fully fund benefits. House Bill 3976, Eighty-fifth Legislature, Regular Session, 2017, and the Eighty-fifth Legislature, GAA, 2018–19 Biennium, eliminated the structural shortfall by removing the restriction on premiums and eliminating the requirement that TRS offer a basic plan at no cost to retirees. The legislation further decreased the gap between revenues and costs by significantly modifying plan structure and benefits and by providing $394.6 million in onetime additional General Revenue Funds. Following these changes, the average premium per member increased by 47.0 percent during plan year 2018.

ACTIVE MEMBER HEALTHCARE

TRS administers TRS-ActiveCare, which is a group healthcare program for active employees of local public schools. Of the 1,216 school districts, charter schools, and regional education service centers eligible to participate in TRS-ActiveCare, 89.5 percent, or 1,088 entities, participate. With few exceptions, school districts that have fewer than 500 employees are required to participate in the ActiveCare program, and districts that have more than 500 employees may join the program with proper notification to the TRS trustees. As of August 31, 2018, TRS served 485,897 participants, consisting of 308,259 employees and 177,638 dependents, in the TRS-ActiveCare program.

TRS-ActiveCare is funded by state and employer contributions and by employee premiums. Statute requires a minimum state contribution of $75 per employee per month, which is distributed through the Foundation School Program school finance formulas. Districts are required to contribute a minimum of $150 per employee per month toward the premiums of participating members, for a total of $225 toward the cost of coverage. Employee premiums cover the remainder of program costs. Minimum state and employer contributions have not changed since the program was enacted in 2001. According to TRS, about two-thirds of districts contribute more than the minimum; however, a majority of districts contribute a total of $200 per employee or less.

Significant cost growth in the program without additional state subsidy has decreased the affordability of ActiveCare plans. According to TRS, rising prescription drug costs, including specialty drugs, and other medical cost increases contribute significantly to plan costs. To balance costs and revenues, TRS has raised premiums significantly and made several benefit design changes since the program began.

SIGNIFICANT LEGISLATION

Senate Bill 12 – Increases statutorily required contribution rates from the state, public education employers, and members to the Teacher Retirement System (TRS) for retirement benefits. The legislation also expands the employer contribution to apply to all public education employers, including employers that participate in the federal Social Security program. Previously, only public education employers that did not participate in Social Security were required to make the contribution. Additionally, the legislation requires a onetime additional annuity payment to certain TRS annuitants equal to the lesser of the member's monthly gross annuity payment or $2,000, contingent on the Legislature appropriating to TRS additional funding to cover the cost of the payment. Senate Bill 500, Eighty-sixth Legislature, 2019, provided $589.0 million in Other Funds from the Economic Stabilization Fund for fiscal year 2019 for this purpose.

House Bill 3 – TRS Minimum Contribution. This comprehensive school finance reform also modifies the TRS Statutory Minimum Contribution pursuant to the Texas Government Code, Section 825.405, to repeal references to the former Cost of Education Index and to require charter schools and districts of innovation to make the contribution.

Senate Bill 1264 – Consumer protections against certain medical and healthcare billing by certain out-of-network providers. The legislation prohibits balance billing for TRS-Care and ActiveCare members, modifies the existing mandatory mediation process for out-of-network billing for

facility providers, and establishes a new arbitration process for out-of-network providers that are not facilities.

House Bill 1612 – TRS investment authority. Eliminates a Sunset date on statutory authority for TRS to invest up to 10.0 percent of assets in hedge funds.

House Bill 2820 – Repeals certification of certain coverage. Eliminates the TRS 403(b) certification program. Provides for oversight of 403(b) products by the Texas Department of Insurance.

Senate Bill 1682 – Requires the TRS Board to establish a contingency reserve fund for the TRS-Care program. The Board is required to request legislative appropriations sufficient to pay an average of 60.0 days of program claims and administrative expenditures each biennium and to transfer that amount to the fund.

Senate Bill 65 – Repeals exemption from contract and procurement oversight. Repeals TRS' statutory exemption from certain contracting and procurement oversight and requirements.

OPTIONAL RETIREMENT PROGRAM

PURPOSE: Provide a defined contribution plan for public higher education faculty, librarians, and certain administrators and professionals as an alternative to the defined benefit retirement plan administered by the Teacher Retirement System of Texas.

ESTABLISHED: 1967

AUTHORIZING STATUTE: The Texas Government Code, Chapter 830

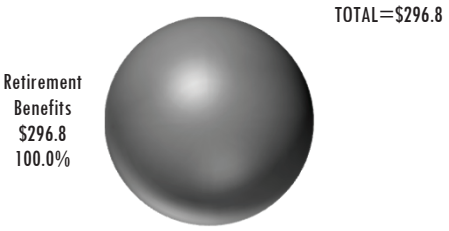
GOVERNANCE: Texas Higher Education Coordinating Board oversees applicable rules; each university administers its own program

FIGURE 180
OPTIONAL RETIREMENT PROGRAM BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$246.5	$243.2	($3.3)	(1.3%)
General Revenue–Dedicated Funds	$51.1	$53.6	$2.5	4.9%
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	**$297.6**	**$296.8**	**($0.8)**	**(0.3%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	0.0
2021	0.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The **state contribution rate** is **6.6 percent** of employee compensation for the 2020–21 biennium. Schools may contribute additional amounts up to the 8.5 percent statutory cap. The employee contribution rate is 6.65 percent.

State funding for public community and junior college instructional and administrative employees is **limited to 50.0 percent** of qualifying compensation. A further decrease applies to these colleges if employee growth exceeds student enrollment growth.

Funding includes a decrease of $0.8 million in All Funds, attributable to a move to fund Optional Retirement Program salaries with nonappropriated funds.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Estimated appropriations for the state contribution to the Optional Retirement Program (ORP) total $296.8 million in All Funds for the 2020–21 biennium, a decrease of $0.8 million from the 2018–19 biennium. This amount is based on an assumed decrease of 0.7 percent each year of the biennium for ORP member payroll covered by General Revenue Funds, and an increase of 2.4 percent each year of the biennium for the portion of ORP member payroll covered by General Revenue–Dedicated Funds, based on historic trends.

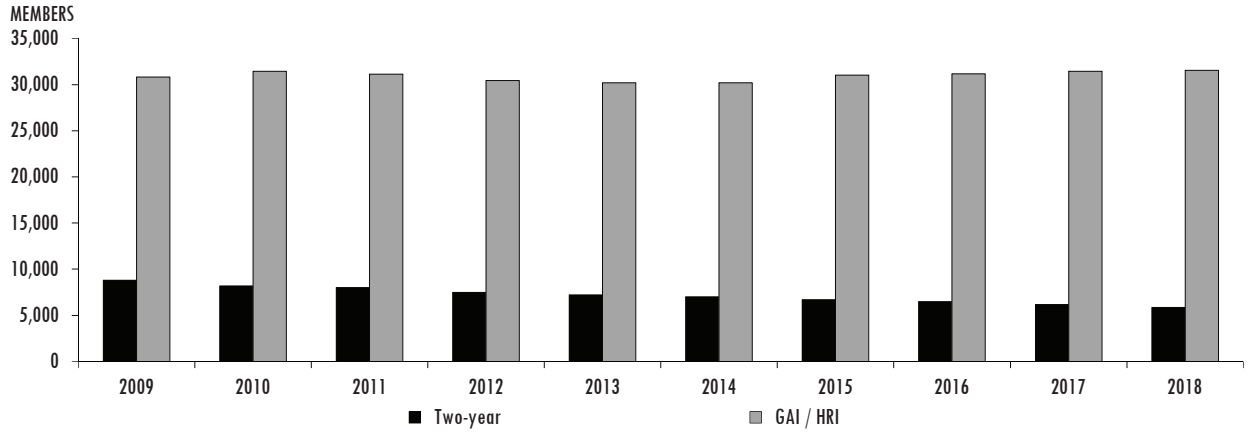
PROGRAMS

ORP is funded by tax-deferred contributions made by the state and employees. As specified in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article III, ORP, Rider 2, the state contribution rate is 6.6 percent, funded with General Revenue Funds and General Revenue–Dedicated Funds. As required by statute, payments from institutions of higher education support ORP. Institutions also may provide supplements to the state rate up to 8.5 percent of payroll. State funding for ORP at public community and junior colleges is limited to 50.0 percent of the creditable compensation of members whose duties are instructional or administrative. An additional limit to state retirement contributions applies for each community and junior college based on the growth in its staff size in proportion to changes in student enrollment at the college.

New public higher education employees that are employed in an ORP-eligible position have 90.0 days from the first date of eligibility to make a onetime irrevocable choice between participation in ORP or Teacher Retirement System (TRS) membership. Employees that elect ORP in lieu of TRS membership must continue to participate in ORP for the remainder of their careers in Texas public higher education. As of August 2018, 5,856 employees of two-year institutions and 31,563 university and health-related institution employees participated in the program. **Figure 181** shows a 10-year trend in ORP membership for two-year institutions compared to four-year and health-related institutions.

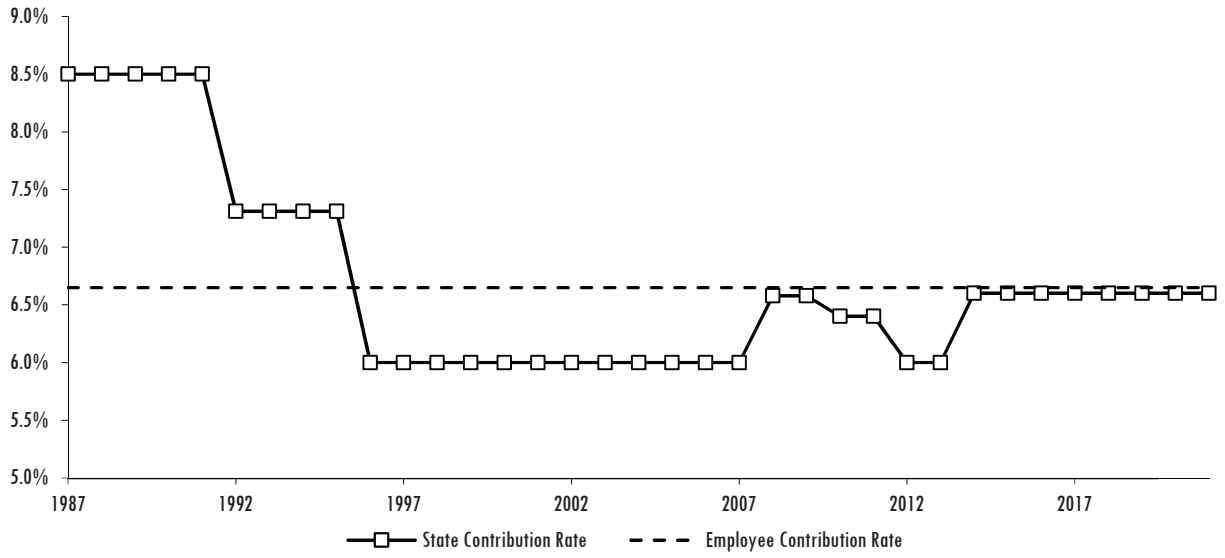
ORP features one-year vesting and is a portable benefit that enables participants to maintain their retirement savings after separation from employment in Texas public higher education. Participants that terminate state employment before meeting the ORP vesting requirement forfeit employer contributions made during that period of employment. Employee contribution amounts are based on a percentage of the employee's salary, which is 6.65 percent, as established by the Texas Legislature. All contributions are invested by the employee through individual investment contracts, pursuant to the U.S. Internal Revenue Code, Section 403(b), purchased from authorized companies. The retirement benefit provided within ORP is based on the accumulated contributions and rate of return earned during the course of the employee's career and does not include disability retirement benefits or death and survivor benefits.

FIGURE 181
OPTIONAL RETIREMENT PROGRAM MEMBERSHIP FROM TWO-YEAR INSTITUTIONS COMPARED TO GENERAL ACADEMIC INSTITUTIONS (GAI) AND HEALTH-RELATED INSTITUTIONS (HRI)
FISCAL YEARS 2009 TO 2018



SOURCE: Texas Higher Education Coordinating Board.

FIGURE 182
OPTIONAL RETIREMENT PROGRAM STATE AND EMPLOYEE CONTRIBUTION RATES
FISCAL YEARS 1987 TO 2021



SOURCE: Texas Higher Education Coordinating Board.

Figure 182 shows the state and employee contribution rates since 1987.

Each institution's governing board administers its ORP, and vendor selections must be made from the employer's authorized list at the same time that ORP is elected. ORP participants assume full responsibility for monitoring their selected companies and investments. The ORP participant's benefit amount is dependent directly on the actual amounts contributed. The defined contribution plan enables participants to manage their personal investment accounts; therefore, no state provisions are made for improvement of benefits after termination (e.g., cost-of-living adjustments).

HIGHER EDUCATION COORDINATING BOARD

PURPOSE: Coordinate Texas higher education and administer various student financial aid, federal grant, and state-funded trusteed programs. The agency establishes a master plan for higher education in Texas; prescribes the role and mission of public higher education institutions; reviews university academic programs, academic and vocational technical programs at the community and technical colleges, and health-related programs; and promotes access to and quality in higher education.

ESTABLISHED: 1965

AUTHORIZING STATUTE: The Texas Education Code, §61.021

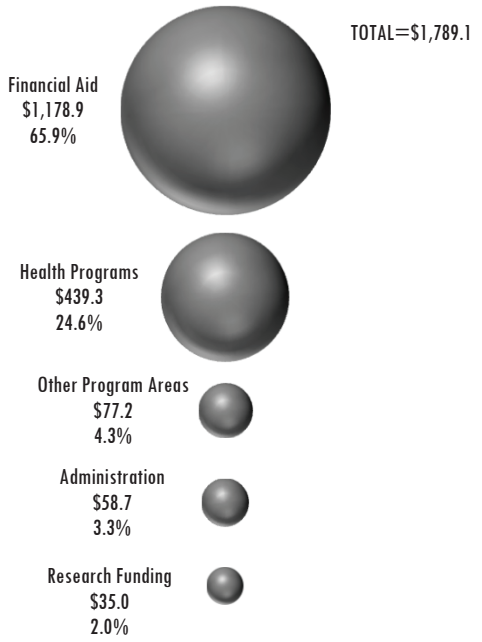
GOVERNANCE: Texas Higher Education Coordinating Board—nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 183
HIGHER EDUCATION COORDINATING BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,396.9	$1,638.5	$241.6	17.3%
General Revenue–Dedicated Funds	$45.3	$33.1	($12.2)	(27.0%)
Federal Funds	$60.3	$54.9	($5.5)	(9.1%)
Other Funds	$81.1	$62.6	($18.4)	(22.7%)
Total, All Methods of Finance	**$1,583.6**	**$1,789.1**	**$205.5**	**13.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	266.9
2021	267.9

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations for the **TEXAS Grant program**, which supports students attending public universities, total **$866.4 million**, an increase of **$80.0 million** in General Revenue Funds.

Appropriations for the **TEG Grant program**, which supports students attending private universities, total **$178.6 million**, an increase of **$6.8 million** in General Revenue Funds.

Appropriations for the **Graduate Medical Education Expansion Program**, which supports residency training, total **$157.2 million**, an increase of **$60.2 million**.

Senate Bill 11, Eighty-sixth Legislature, 2019, established the **Texas Child Mental Health Care Consortium**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Texas Higher Education Coordinating Board (THECB) for the 2020–21 biennium totals $1,789.1 million, which is an increase of $205.5 million from the 2018–19 biennium. This funding includes increases of $159.9 million in health programs, $68.0 million in financial aid programs, and $1.0 million in administration. These increases are offset by decreases of $18.0 million in tobacco funds and $5.5 million in federal funding. General Revenue–Dedicated Funds appropriations total $33.1 million, a decrease of $12.2 million from 2018–19 biennial funding levels, due primarily to funding for the B-On-Time Program, which includes $1.0 million from Account No. 5103, Texas B-On-Time Student Loan, to support renewal awards for students attending public institutions of higher education, a decrease of $17.2 million from 2018–19 biennial levels. Appropriations for the Physician Education Loan Repayment Program includes $30.3 million in General Revenue–Dedicated Funds from Account No. 5144, Physician Education Loan Repayment Program, an increase of $4.9 million from 2018–19 biennial levels.

PROGRAMS

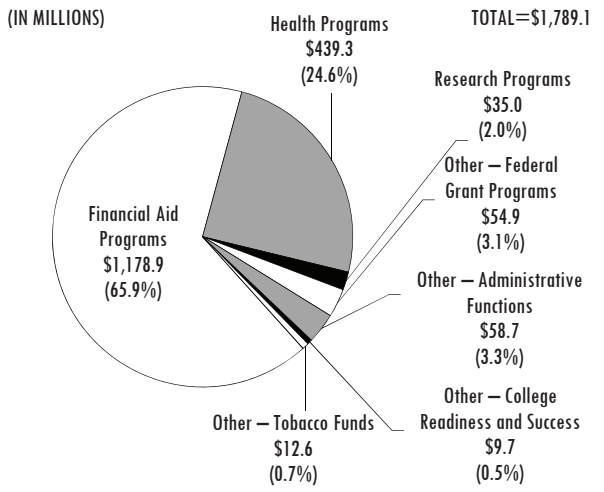
The agency carries out its responsibilities through three major program areas: (1) financial aid, which includes grant and scholarship funding for students attending public and private institutions of higher education; (2) research programs; and (3) health programs, which includes Graduate Medical Education (GME) programs, loan repayment programs for healthcare professionals, and funding for Baylor College of Medicine.

The remaining funding includes programs intended to increase student participation and access, federally funded programs, and programs supported by tobacco funds and administrative functions. **Figure 184** shows the agency's appropriations by program areas.

FINANCIAL AID

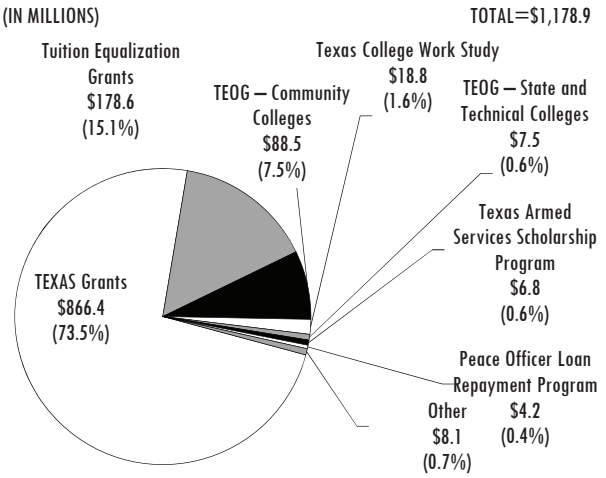
Financial aid constitutes 65.9 percent of the funding in All Funds appropriated to THECB and 70.5 percent in General Revenue Funds and General Revenue–Dedicated Funds. This area includes programs that provide financial assistance to students attending public and private institutions of higher education. **Figure 185** shows the appropriations to these programs. The largest financial aid program is the Towards EXcellence, Access, and Success (TEXAS) Grant Program. Appropriations for this program total $866.4 million, a $80.0 million increase in General Revenue Funds. Appropriations to the B-On-Time Public program total $1.0 million, a decrease of $17.2 million in General Revenue–Dedicated Funds to support renewal awards. Appropriations

FIGURE 184
TEXAS HIGHER EDUCATION COORDINATING BOARD APPROPRIATIONS, 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 185
TEXAS HIGHER EDUCATION COORDINATING BOARD FINANCIAL AID PROGRAMS, 2020–21 BIENNIUM



NOTES:
(1) TEXAS Grants=Towards EXcellence, Access and Success Grants; TEOG=Texas Educational Opportunity Grant.
(2) Other includes funding for the Texas Armed Services Scholarship Program, Teach for Texas Loan Repayment Program, Peace Officer Loan Repayment Program, Math and Science Scholar's Loan Repayment Program, Educational Aide Program, and License Plate Programs.
SOURCE: Legislative Budget Board.

to the B-On-Time Private program, which support students attending private institutions, total $0.2 million in General Revenue Funds, a decrease of $7.1 million, and will support renewal students only. Appropriations to the Tuition Equalization Grant Program total $178.6 million in General Revenue Funds, an increase of $6.8 million.

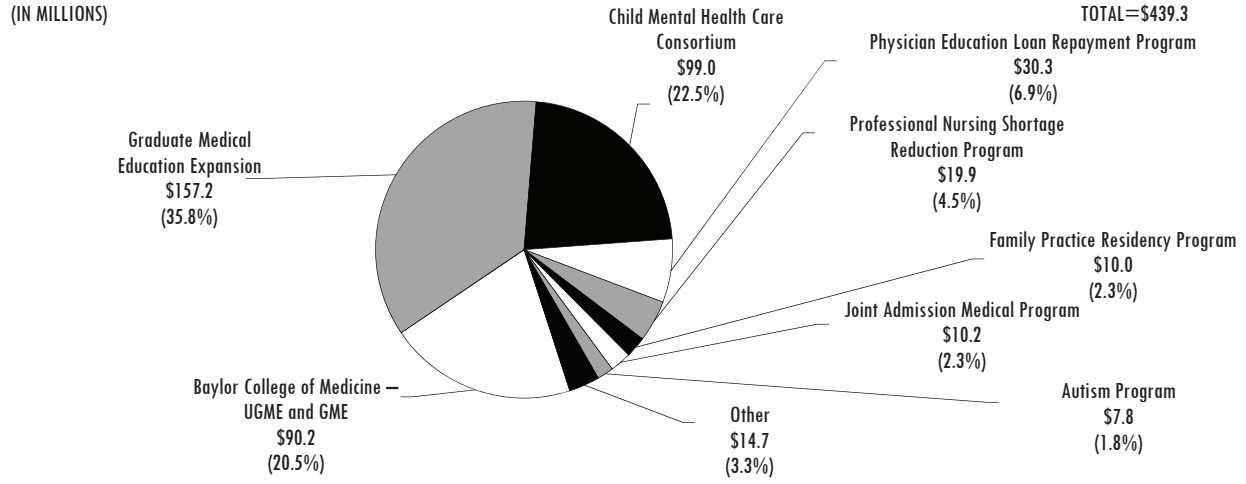
Appropriations to the Texas Educational Opportunity Grant (TEOG) Public Community College Program and the TEOG State and Technical Colleges Program are $88.5 million and $7.5 million, respectively, which maintain 2018–19 biennial funding levels. The TEOG Public Community College Program awards grants to students attending public community colleges. The TEOG State and Technical Colleges Program awards grants to students attending Lamar State College – Orange, Lamar State College – Port Arthur, Lamar Institute of Technology, and the Texas State Technical Colleges. Appropriations to the Work Study Program total $18.8 million, which maintains 2018–19 biennial funding levels. These programs are supported by appropriations from General Revenue Funds.

The Teach for Texas Loan Repayment Program, which provides loan repayments to qualified teachers at preschool, primary, or secondary levels in Texas public schools, is funded at $2.7 million in General Revenue Funds, which maintains 2018–19 biennial funding levels. Appropriations for the Math and Science Scholars Loan Repayment Program total $2.6 million, which maintains 2018–19 biennial funding levels. Appropriations for the Texas Armed Services Scholarships Program total $6.8 million, an increase of $4.2 million. Appropriations for the Educational Aide Program total $1.0 million, which maintains 2018–19 biennial funding levels. Appropriations for license plate programs total $0.5 million, which maintains 2018–19 biennial funding levels. Appropriations for the Top Ten Percent Scholarship Program were discontinued for the 2020–21 biennium. Senate Bill 16, Eighty-sixth Legislature, 2019, established the Peace Officer Loan Repayment Assistance Program, which is funded with $4.2 million in General Revenue Funds.

HEALTH PROGRAMS

Appropriations for the health-related programs, which include funding for Baylor College of Medicine, total $439.3 million for the 2020–21 biennium, an increase of $159.9 million. **Figure 186** shows the appropriations to these programs. This increase is due primarily to increased funding for the GME Expansion program and funding for a new Texas Child Mental Health Care Consortium. Total funding for the GME Expansion program is $157.2 million, which is

FIGURE 186
TEXAS HIGHER EDUCATION COORDINATING BOARD HEALTH PROGRAMS APPROPRIATIONS
2020–21 BIENNIUM



NOTES:
(1) UGME=undergraduate medical education program; GME=graduate medical education program; TC3=Texas Community College Consortium.
(2) Other includes Physician and Nursing Trauma Care Program ($4.3 million), Nursing Faculty Loan Repayment Program ($3.0 million), Preceptorship Program ($3.0 million), Northeast Texas Initiative ($2.5 million) and Mental Health Care Professionals Loan Repayment Program ($2.1 million.
SOURCE: Legislative Budget Board.

an increase of $60.2 million to meet the 1.1-to-1.0 ratio of first-year residency positions for each Texas medical school graduate. This increase includes $60.0 million in General Revenue Funds and $0.2 million in additional distributions from the Permanent Fund Supporting Graduate Medical Education. Senate Bill 18, Eighty-fourth Legislature, 2015, established the Permanent Fund Supporting Graduate Medical Education, supported by a transfer of funds from the Texas Medical Liability Joint Underwriting Association. GME Expansion supports onetime graduate medical education planning and partnership grants, funding to enable new or existing GME programs to increase the number of first-year residency positions, funding for unfilled residency positions, and continuation awards for programs that received grant awards during fiscal year 2015.

Senate Bill 11, Eighty-sixth Legislature, 2019, established the Texas Child Mental Health Care Consortium. Total funding for the program is $99.0 million in General Revenue Funds. The group includes representatives from health-related institutions, Baylor College of Medicine, the Health and Human Services Commission, the Higher Education Coordinating Board, a hospital system in Texas, three non-profit organizations, and other entities as deemed necessary by the health-related institutions. The group is responsible for implementing the following initiatives: (1) establishing child psychiatry access centers that will provide consultation services and training opportunities for pediatricians and primary care providers; (2) establishing or expanding telemedicine or telehealth programs to identify and assess behavioral health needs and provide access to mental healthcare services; (3) supporting community psychiatric workforce expansion projects; and 4) funding additional child and adolescent psychiatry fellowship positions at health-related institutions.

THECB was appropriated $10.0 million for the Family Practice Residency Program for the 2020–21 biennium, which maintains 2018–19 biennial funding levels. THECB allocates the funds based on the certified number of residents training in each approved family practice residency program.

Appropriations for the Preceptorship Program total $3.0 million in General Revenue Funds, which maintains 2018–19 biennial funding levels. The program provides stipends to medical students that participate in the program as incentive for them to pursue careers in the primary care field.

Appropriations for Autism Programs total $7.8 million, which maintains 2018–19 biennial funding levels. These programs support autism research centers at institutions of higher education that currently provide evidence-based behavioral services and training.

The Sixty-first Legislature, Regular Session, 1969, authorized THECB to contract with the Baylor College of Medicine, a private institution, for the education of undergraduate medical students that are Texas residents. The amount of funding that Baylor College of Medicine receives is based on the average annual state tax support per undergraduate medical student at the University of Texas Medical Branch at Galveston and the University of Texas Southwestern Medical Center at Dallas. The Eighty-sixth Legislature, 2019, provided Baylor College of Medicine with $73.0 million in General Revenue Funds for the 2020–21 biennium, a decrease of $3.1 million. Baylor College of Medicine also receives funding for GME totaling $17.2 million in General Revenue Funds for the 2020–21 biennium, an increase of $1.8 million.

Appropriations to the Joint Admission Medical Program (JAMP) total $10.2 million in General Revenue Funds, which maintains 2018–19 biennial funding levels. The program provides assistance to select economically disadvantaged undergraduates enrolled in Texas general academic institutions. Such designated JAMP students are provided with ongoing educational support in preparation for medical school, including summer experiences on medical school campuses and medical college admissions test preparation. Successful students that progress through the undergraduate curriculum are guaranteed admission to a Texas medical school.

Funding for the Professional Nursing Shortage Reduction Program is $19.9 million, which maintains 2018–19 biennial funding levels. The program includes three initiatives: (1) $3.3 million per fiscal year to institutions that have nursing programs, based on increases in the number of nursing students graduating; (2) $4.5 million per fiscal year to institutions that have graduation rates of 70.0 percent or greater, based on academic year 2018 graduation rates, and increases in the number of new enrollees as determined by the Higher Education Coordinating Board in consultation with eligible nursing programs; and (3) an estimated $2.1 million per fiscal year to programs that have graduation rates of less than 70.0 percent, hospital-based programs, or new programs whose graduation rates have not been determined, with $20,000 allocated for each additional registered nurse graduate in two-year programs and $10,000 for each additional graduate in a one-year program.

Appropriations for the Physician Education Loan Repayment Program is $30.3 million, an increase of $4.6 million in General Revenue–Dedicated Funds from Account No. 5144, Physician Education Loan Repayment Program, pursuant to House Bill 2261, Eighty-sixth Legislature, 2019. The legislation increased the maximum loan repayment assistance that a physician may receive through the program to $180,000 across a period of four years. The program provides loan repayment assistance to qualified physicians that practice in designated health professional shortage areas or provide specified service levels for individuals enrolled in Medicaid or the Texas Women's Health Program.

Appropriations for the Nursing Faculty Loan Repayment Program and Northeast Texas Initiative, $3.0 million and $2.5 million, respectively, were maintained at 2018–19 biennial levels. Funding for the Texas Community College Consortium, $2.5 million, was transferred to Angelina Community College.

RESEARCH PROGRAMS

Appropriations to the Texas Research Incentive Program, which matches certain gifts at emerging research universities, total $35.0 million in General Revenue Funds, which maintains 2018–19 biennial funding levels.

OTHER PROGRAM AREAS

Appropriations to the Developmental Education Program total $2.7 million in General Revenue Funds. Of this amount, $0.2 million will be transferred to the University of Texas at Austin for the Mathways project, which is a partnership among university and community colleges intended to improve student success. Appropriations for the Advise TX program total $4.0 million, which maintains 2018–19 biennial funding levels. Appropriations to the Bilingual Education Program total $1.5 million, which maintains 2018–19 biennial funding levels. One new program received appropriations from the Eighty-sixth Legislature, 2019. Appropriations to the Texas Success Initiative Assessment Enhancement and Success program total $0.3 million to support a new online system for students to retrieve and send test results. Appropriations for the Open Educational Resources Program total $0.5 million, an increase of $0.3 million.

FEDERAL GRANT PROGRAMS

Other program areas include one program that is supported by federal funding. The total funding to the agency for the Career and Technical Education Program is $54.9 million in Federal Funds, which maintains 2018–19 biennial funding levels. The federal Carl D. Perkins Vocational and Technical Education Act funds this program for the improvement of vocational and technical programs at postsecondary institutions. The funding is trusteed to THECB from the State Board of Education through the U.S. Department of Education. Funding for several federal grant programs, including the Teacher Quality Grant Program, were discontinued during fiscal year 2017 but had residual expenditures during fiscal year 2018, resulting in a decrease of $5.5 million from 2018–19 funding levels.

TOBACCO FUNDS

Other program areas also include several programs that are supported by tobacco-related funds. Legislation passed by the Seventy-sixth Legislature, 1999, established several General Revenue–Dedicated Funds, including the Permanent Health Fund for Higher Education; permanent endowments for each of the individual health-related institutions; the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-related Programs; and the Permanent Fund for Minority Health Research and Education. THECB provides grants from the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-related Programs to public institutions that offer upper-level instruction and training in nursing, allied health, or other health-related education. THECB provides grants from the Permanent Fund for Minority Health Research and Education to institutions, including Centers for Teacher Education, that conduct research or educational programs that address minority health issues. These grants also may be awarded to institutions that form partnerships with minority organizations, colleges, or universities to conduct research and educational programs to address minority health issues. The total funding for these two programs is $5.9 million. Additionally, THECB is trusteed Baylor College of Medicine's endowment fund and Baylor College of Medicine's share of the Permanent Health Fund. Allocations for these two funds total $6.7 million for the 2020–21 biennium.

ADMINISTRATIVE FUNCTIONS

THECB has two administrative functions: Coordinate and Planning for Higher Education, and Agency Operations. The Coordinate and Planning Higher Education function includes funding for such activities as the College for Texans campaign, which provides financial aid information to students and parents, and reviews of degree programs. The

Agency Operations function includes the Commissioner of Higher Education's Office, accounting services, and network operations. Total funding for these functions for the 2020–21 biennium is $58.7 million in All Funds, an increase of $1.0 million. This increase is due primarily to IT Application Portfolio Modernization ($0.5 million), funding for the agency to access out-of-state student data ($0.2 million), an increase in the Commissioner's salary ($0.2 million), a facilities contract lease extension ($0.2 million), and transfer initiatives ($0.1 million), offset by decreases in anticipated donations ($0.3 million).

SIGNIFICANT LEGISLATION

House Bill 2261 – Physician Education Loan Repayment Program. The legislation increases the maximum amount of loan repayment assistance that a physician may receive through the program to $180,000 across a period of four years.

Senate Bill 11 – Texas Mental Health Care Consortium. The legislation establishes the Texas Child Mental Health Consortium, including representatives of health-related institutions, including Baylor College of Medicine, the Health and Human Services Commission, the Higher Education Coordinating Board, a hospital system in Texas, three nonprofit organizations, and any other entities deemed necessary by health-related institutions. The legislation requires the group to establish a network of comprehensive child psychiatry access centers to be located at health-related institutions and establish or expand telemedicine or telehealth programs for identifying and assessing behavioral health needs and providing access to mental health care services.

Senate Bill 16 – Peace Officer Loan Repayment Program. The legislation establishes the Peace Officer Loan Repayment Assistance Program for individuals that agree to continued employment as a full-time peace officers in the state for a specified period.

Senate Bill 25 – Transfer of Course Credit. The legislation requires general academic institutions to issue a report on nontransferable credit for transfer students and changes the requirements for filing a degree plan by March 1 annually. The legislation requires each institution of higher education to develop at least one recommended course sequence for each undergraduate certificate or degree plan. The legislation requires the Higher Education Coordinating Board to conduct a study regarding the feasibility of implementing statewide meta majors in specific academic disciplines by November 1, 2020.

Senate Bill 1504 – B-On-Time Student Loan Account. The legislation extends the date on which the Texas B-On-Time student loan account is abolished from September 1, 2020, to September 1, 2024. The legislation requires that eligible institutions that receive an appropriation from the General Revenue–Dedicated Funds account may use the money only to support efforts to increase the number of at-risk students that graduate from the institution or the rate at which these students graduate from the institution.

GENERAL ACADEMIC INSTITUTIONS

PURPOSE: The general academic institutions in Texas consist of 37 public colleges and universities that provide baccalaureate, masters, professional, and doctoral degree programs. Although all general academic institutions have common goals (instruction, research, and public service), each has a unique set of academic offerings and a unique regional or statewide mission.

ESTABLISHED: Various

AUTHORIZING STATUTE: The Texas Education Code, Chapters 65–111

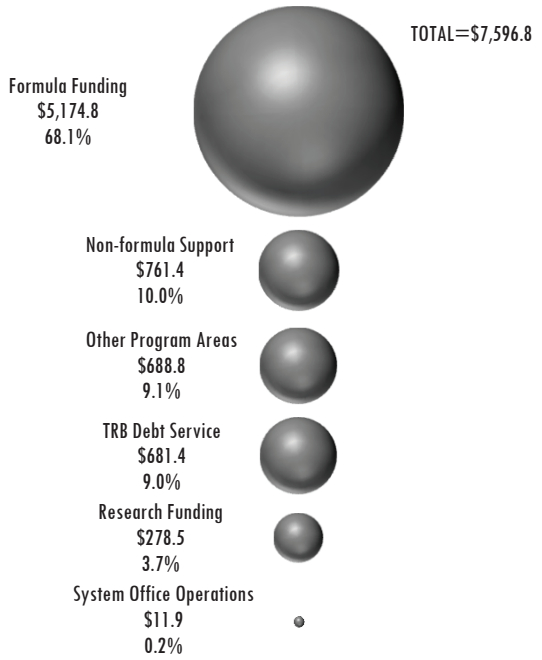
GOVERNANCE: Nine-member boards of regents appointed by the Governor with the advice and consent of the Senate

FIGURE 187
GENERAL ACADEMIC INSTITUTIONS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$5,007.7	$5,411.5	$403.8	8.1%
General Revenue–Dedicated Funds	$2,214.3	$2,178.3	($35.9)	(1.6%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$70.7	$6.9	($63.8)	(90.2%)
Total, All Methods of Finance	**$7,292.8**	**$7,596.8**	**$304.0**	**4.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	43,898.4
2021	43,898.4

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Formula funding increased by **$185.5 million**, or 3.9 percent, in All Funds.

Appropriations represent a decrease of **$32.5 million** to annualize the debt service on the **tuition revenue bonds** authorized by the Eighty-fourth Legislature, 2015, for the general academic institutions.

Nonformula support increased by **$337.1 million** in General Revenue Funds and General Revenue–Dedicated Funds from the 2018–19 biennium.

NOTE: TRB=Tuition Revenue Bond.
SOURCE: Legislative Budget Board.

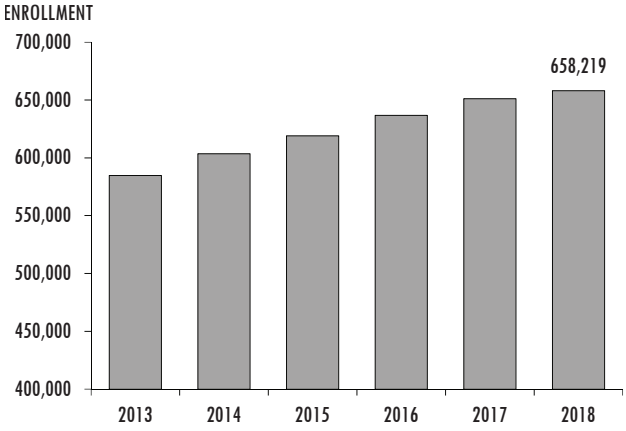
MAJOR FUNDING

Appropriations for the 2020–21 biennium for the general academic institutions total $7,596.8 million in All Funds, an increase of $304.0 million from 2018–19 biennial funding levels. Appropriations of General Revenue Funds for the 2020–21 biennium total $5,411.5 million, an increase of $403.8 million. General Revenue–Dedicated Funds include income from tuition and student fees and total $2,178.2 million for the 2020–21 biennium. Appropriations for the general academic institutions also include $6.9 million in Other Funds. Additionally, general academic institutions are provided state support outside of their bill patterns in other portions of the General Appropriations Act, such as appropriations for Higher Education Employees Group Insurance, the Available University Fund, the Higher Education Fund, the Available National Research University Fund, and Support for Military and Veterans Exemptions.

PROGRAMS

The 37 general academic institutions and six university system offices carry out their responsibilities through five major program areas: (1) formula funding; (2) nonformula support funding; (3) other program areas; (4) tuition revenue bond debt service; and (5) research funding. **Figure 188** shows the enrollment trend from academic years 2013 to 2018 at the general academic institutions. **Figure 189** shows the appropriations of General Revenue Funds by function for the general academic institutions and the six university system offices. **Figure 190** shows the All Funds appropriation level for each of the general academic systems.

FIGURE 188
GENERAL ACADEMICS INSTITUTIONS HEADCOUNT ACADEMIC YEARS 2013 TO 2018

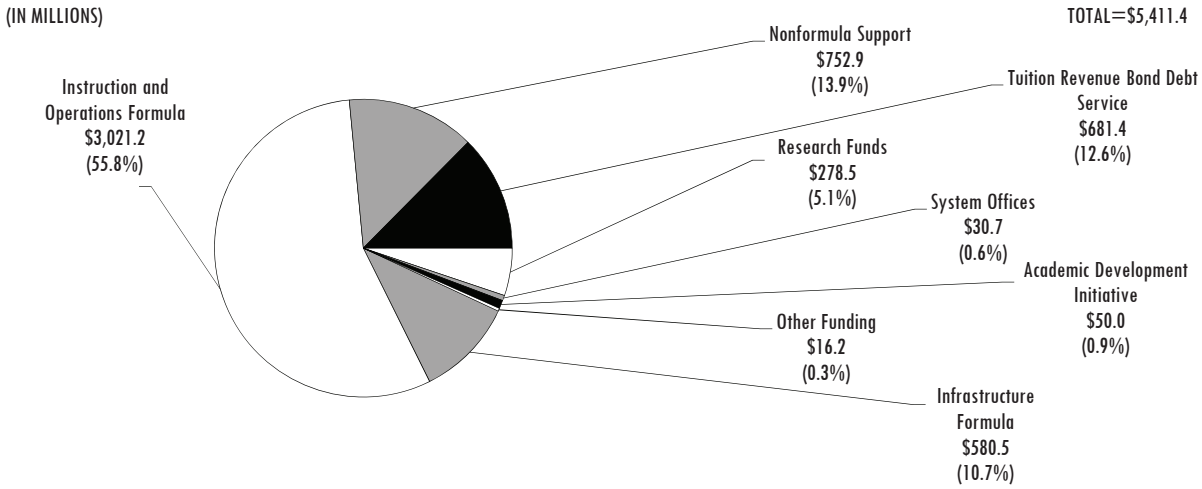


SOURCE: Texas Higher Education Coordinating Board.

FORMULA FUNDING

General academic institutions receive funding through two main formulas and two supplemental formulas. The Instruction and Operations (I&O) formula provides funding for faculty salaries, administration, student services, and other support based on weighted semester credit hours. General academic institutions also receive the Teaching Experience Supplement, which provides additional funding for undergraduate semester credit hours taught by tenured and tenure-track faculty. Semester credit hours are weighted on a cost-based funding matrix for the I&O formula. The matrix used for the 2020–21 biennium

FIGURE 189
GENERAL ACADEMIC INSTITUTIONS GENERAL REVENUE FUNDS APPROPRIATIONS BY FUNCTION, 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 190
ALL FUNDS APPROPRIATIONS FOR GENERAL ACADEMIC INSTITUTIONS AND SYSTEM OFFICES, 2020–21 BIENNIUM

INSTITUTION	APPROPRIATIONS (IN MILLIONS)	INSTITUTION	APPROPRIATIONS (IN MILLIONS)
The University of Texas at Arlington	$393.5	Midwestern State University	$54.9
The University of Texas at Austin	$843.1	Stephen F. Austin State University	$109.5
The University of Texas at Dallas	$346.9	Texas Southern University	$162.4
The University of Texas at El Paso	$246.0	Texas Woman's University	$163.7
The University of Texas Rio Grande Valley	$266.2	**Subtotal, Independent Universities**	**$490.5**
The University of Texas of the Permian Basin	$80.0		
The University of Texas at San Antonio	$315.3	University of North Texas	$355.7
The University of Texas at Tyler	$94.0	University of North Texas at Dallas	$62.9
The University of Texas System Office	$19.5	University of North Texas System Office	$12.3
Subtotal, the University of Texas System	**$2,604.5**	**Subtotal, University of North Texas System**	**$430.9**
Texas A&M University	$947.5	Texas Tech University	$458.5
Texas A&M University at Galveston	$50.7	Angelo State University	$82.4
Prairie View A&M University	$134.1	Texas Tech University System Office	$2.7
Tarleton State University	$121.5	**Subtotal, Texas Tech University System**	**$543.6**
Texas A&M University – Central Texas	$39.6		
Texas A&M University – Corpus Christi	$139.3	Lamar University	$135.2
Texas A&M University – Kingsville	$109.3	Sam Houston State University	$183.2
Texas A&M University – San Antonio	$77.7	Texas State University	$340.1
Texas A&M International University	$84.2	Sul Ross State University	$26.7
West Texas A&M University	$97.5	Sul Ross State University Rio Grande College	$11.7
Texas A&M University – Commerce	$116.1	Texas State University System Office	$2.7
Texas A&M University – Texarkana	$49.8	**Subtotal, Texas State University System**	**$700.0**
Texas A&M University System Office	$1.5	**Total**	**$7,596.8**
Subtotal, Texas A&M University System	**$1,968.7**		
University of Houston	$563.8		
University of Houston – Clear Lake	$86.2		
University of Houston – Downtown	$86.0		
University of Houston – Victoria	$40.0		
University of Houston System Office	$83.1		
Subtotal, University of Houston System	**$859.0**		

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

is based on the most recent expenditure study from the Texas Higher Education Coordinating Board (THECB). The Eighty-sixth Legislature, 2019, continued the policy of calculating Texas A&M University at Galveston's formula appropriations based on a recommendation from THECB that was adopted by the Eightieth Legislature, 2007, to recognize the university's statutory mission serving as the state's marine and maritime institution. This policy

increases the funding for the university's I&O goal by 50.0 percent, and includes its ship space in the Infrastructure Support formula. The Eighty-sixth Legislature, 2019, provides I&O formula funding at a rate of $55.85 per weighted semester credit hour for the 2020–21 biennium. Appropriations for the 2020–21 biennium through the I&O formula total $4.1 billion in General Revenue Funds and General Revenue–Dedicated Funds (Other Educati General Revenue Funds formula funding amounts by institution. **Figure 191** shows the General Revenue Funds formula funding amounts by institution.

NONFORMULA SUPPORT

General academic institutions also receive funding through nonformula support items. Nonformula support items include Institutional Enhancement and direct appropriations to institutions for projects or programs that are identified specifically by the Legislature for support. Appropriations to the general academic institutions and six university system offices for nonformula support funding total $759.9 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2020–21 biennium, an increase of $337.1 million from the 2018–19 biennium.

Nonformula support items that are identified as start-up funded before fiscal year 2010 and items that generate formula funding are decreased by 10.0 percent from 2018–19 biennial funding levels. Hold harmless funding of $145.5 million is maintained from the 2018–19 biennium, and it is included in nonformula support item strategies for the 2020–21 biennium.

OTHER PROGRAM AREAS

Other program area funding for the general academic institutions includes staff group insurance, workers' compensation insurance, organized activities, academic development initiative, funding for the lease of facilities, system office operations, and Texas Public Education Grants. Institutions receive General Revenue–Dedicated Funds, consisting of other educational and general income, in staff group insurance amounts for staff whose salaries are not paid with General Revenue Funds. Pursuant to the Texas Education Code, Chapter 56, Subchapter C, and the Texas Education Code, Section 54.051, institutions must set aside a portion of tuition revenue for Texas Public Education Grants. Fifteen percent of each resident student's tuition and 3.0 percent of each nonresident student's tuition are set aside for financial aid to students at the institution.

FIGURE 191
GENERAL REVENUE FUNDS FORMULA FUNDING FOR GENERAL ACADEMIC INSTITUTIONS, 2020–21 BIENNIUM

INSTITUTION	FUNDING (IN MILLIONS)
The University of Texas at Arlington	$201.5
The University of Texas at Austin	$391.0
The University of Texas at Dallas	$158.6
The University of Texas at El Paso	$121.5
The University of Texas Rio Grande Valley	$132.5
The University of Texas of the Permian Basin	$19.3
The University of Texas at San Antonio	$164.9
The University of Texas at Tyler	$44.2
Subtotal, the University of Texas System	**$1,233.5**
Texas A&M University	$524.8
Texas A&M University at Galveston	$23.1
Prairie View A&M University	$36.5
Tarleton State University	$61.9
Texas A&M University – Central Texas	$13.3
Texas A&M University – Corpus Christi	$54.9
Texas A&M University – Kingsville	$38.0
Texas A&M University – San Antonio	$27.5
Texas A&M International University	$34.4
West Texas A&M University	$45.1
Texas A&M University – Commerce	$68.1
Texas A&M University – Texarkana	$12.0
Subtotal, Texas A&M University System	**$939.6**
University of Houston	$265.8
University of Houston – Clear Lake	$41.3
University of Houston – Downtown	$46.6
University of Houston – Victoria	$20.9
Subtotal, University of Houston System	**$374.7**
Midwestern State University	$27.1
Stephen F. Austin State University	$56.9
Texas Southern University	$35.5
Texas Woman's University	$84.9
Subtotal, Independent Institutions	**$204.4**
University of North Texas	$183.6
University of North Texas at Dallas	$20.5
Subtotal, University of North Texas System	**$204.1**
Texas Tech University	$249.3
Angelo State University	$37.7
Subtotal, Texas Tech University System	**$287.1**
Lamar University	$70.9
Sam Houston State University	$98.3
Texas State University	$171.8
Sul Ross State University	$11.7
Sul Ross State University Rio Grande College	$5.6
Subtotal, Texas State University System	**$358.4**
Total, General Academic Institutions	**$3,601.7**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Unemployment insurance and workers' compensation insurance is funded at institution-requested levels. System office operations funding is provided at four of the six system offices and totals $13.2 million in General Revenue Funds. The University of Texas System Administration and the Texas A&M University System Administrative and General Offices are not provided direct appropriations for system office operations but receive support through the Available University Fund. Appropriations for the Academic Development Initiative are provided to Prairie View A&M University and Texas Southern University and total $50.0 million for the 2020–21 biennium, the same level as for the 2018–19 biennium.

TUITION REVENUE BOND DEBT SERVICE

After tuition revenue bonds are authorized by the Legislature and approved by the Texas Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Appropriations for tuition revenue bond debt service for the general academic institutions total $681.4 million for the 2020–21 biennium, a decrease of $32.5 million from the 2018–19 biennial amounts due to the general academic institutions and system offices paying off debt in full or refinancing for lower interest rates.

RESEARCH FUNDING

The Legislature provides direct support for research to the institutions through various funding formulas for (1) the Texas Research University Fund; (2) the Core Research Support Fund; and (3) the Comprehensive Research Fund. The Eighty-sixth Legislature, 2019, provided additional funding to the three research funds to restore the funding levels to 2016–17 biennial appropriated amounts.

The Texas Research University Fund provides funding to eligible research universities to support faculty to ensure excellence in instruction and research. The Texas Education Code, Section 62.051, establishes that, to be eligible for the Texas Research University Fund, an institution must be defined as a research university in the Higher Education Coordinating Board's accountability system and have total annual research expenditures in an average annual amount of no less than $450.0 million for three consecutive fiscal years. The University of Texas at Austin and Texas A&M University are eligible for the Texas Research University Fund. Total appropriations for the Texas Research University Fund are $147.1 million in General Revenue Funds for the 2020–21 biennium, an increase of $21.9 million from the 2018–19 biennium.

The Legislature established the Core Research Support Fund to provide funding to promote increased research capacity at emerging research universities. The Texas Education Code, Section 62.132, provides that, to be eligible for the Core Research Support Fund, an institution must be defined as an emerging research university in accordance with THECB's accountability system. Funding for core research support is allocated based on a funding formula of eligible institutions' three-year average of total restricted research expenditures and total annual research expenditures. Total appropriations for the Core Research Support Fund provide $117.1 million for the 2020–21 biennium to the state's eight emerging research universities, an increase of $11.7 million from the 2018–19 biennium.

The Comprehensive Research Fund provides funding to promote increased research capacity at eligible general academic teaching institutions. The Texas Education Code, Section 62.092, establishes that general academic institutions are eligible to receive funding through the Comprehensive Research Fund if they are not eligible to receive funding from either the Texas Research University Fund or the Core Research Support Fund. Funding is allocated based on a three-year average of eligible institutions' total restricted research expenditures. Total appropriations for the Comprehensive Research Fund are $14.3 million in General Revenue Funds for the 2020–21 biennium, an increase of $1.4 million from the 2018–19 biennium.

State support for research at general academic institutions is not limited solely to appropriations made directly in their bill patterns. (See the **National Research University Fund** and the **Texas Higher Education Coordinating Board** section regarding the Texas Research Incentive Program and **Chapter 4 – General Government, Governor's University Research Initiative**.)

SIGNIFICANT LEGISLATION

House Bill 826 – University of Houston College of Medicine. The legislation establishes the University of Houston College of Medicine and makes the University of Houston eligible to receive distributions from the Permanent Health Fund. The Legislature appropriates $30.0 million in General Revenue Funds to the University of Houston to establish the College of Medicine in the 2020–21 biennium.

House Bill 2867 – Sam Houston State University College of Osteopathic Medicine. The legislation establishes the College of Osteopathic Medicine at Sam Houston State University (SHSU). The legislation authorizes SHSU to offer courses leading to a doctor of osteopathic medicine (DO) degree, and states that the College of Osteopathic Medicine is not entitled to receive state formula funding. The legislation also makes SHSU eligible to receive distributions from the Permanent Health Fund and funding from the state's Tobacco Settlement Fund.

House Bill 1735 – Sexual Harassment, Sexual Assault, Dating Violence and Stalking. The legislation amends state policies regarding sexual harassment, sexual assault, dating violence, and stalking at public and private, nonprofit institutions of higher education. The legislation requires institutions to adopt a policy on such offences for enrolled students and employees that must be approved by the institution's governing board and made available in student and employee handbooks and on the institution's website.

Senate Bill 212 – Reporting Requirement for Sexual Harassment, Sexual Assault, Dating Violence and Stalking. The legislation requires incidents involving sexual harassment, sexual assault, dating violence and stalking to be reported to the institution's Title IX coordinator. The legislation also requires the Chief Executive Officer of each institution of higher education annually to certify in writing to the Texas Higher Education Coordinating Board (THECB) that the institution is in compliance. THECB may assess an administrative penalty against an institution that is not in compliance in an amount not to exceed $2.0 million. THECB is required to report annually to the Office of the Governor, Lieutenant Governor, the Speaker of the House of Representatives, and the standing legislative committee with primary jurisdiction of legislation relating to sexual assault at institutions of higher education, with the first report due by January 1, 2021. The legislation also requires the Commissioner of Higher Education to establish an advisory committee to develop training for reporting certain incidents to federal civil rights Title IX coordinators by December 1, 2019.

HEALTH-RELATED INSTITUTIONS

PURPOSE: Health-related institutions' (HRI) mission is to: (1) educate future health professionals and scientists; (2) engage in basic and applied research; (3) provide compassionate, scientifically based clinical care for the sick; and (4) develop public and community health programs.

ESTABLISHED: 1891–2013

AUTHORIZING STATUTE: The Texas Education Code, Chapters 61, 63, 74, 79, 89, 105, and 110

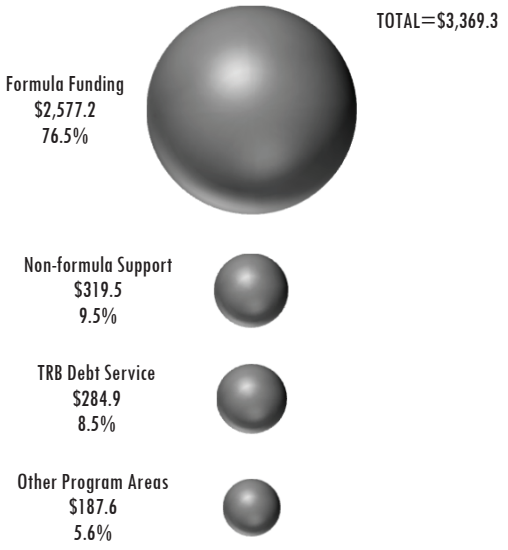
GOVERNANCE: Board of Regents of each respective university system, appointed by the Governor and confirmed by the Senate

FIGURE 192
HEALTH-RELATED INSTITUTIONS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2,855.0	$3,048.4	$193.4	6.8%
General Revenue–Dedicated Funds	$224.7	$215.2	($9.5)	(4.2%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$176.2	$105.7	($70.5)	(40.0%)
Total, All Methods of Finance	**$3,255.9**	**$3,369.3**	**$113.4**	**3.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	13,660.7
2021	13,660.7

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding includes appropriations to **12 institutions,** including funding for the University of Texas (UT) at Austin Dell Medical School.

Funding includes appropriations for **four new mission-specific formulas**, one at each of the following: UT Southwestern, UT Health Science Center at Houston, UT Health Science Center at San Antonio, and UT Medical Branch at Galveston.

Formula funding increased by **$594.3 million** in All Funds across **all HRI funding formulas**, which includes reallocated nonformula support and hold harmless funding for the four new mission-specific formulas.

Funding for **nonformula support** decreased by **$78.1 million** in General Revenue Funds**,** which represents a reallocation of a portion of this funding to the new mission-specific formulas.

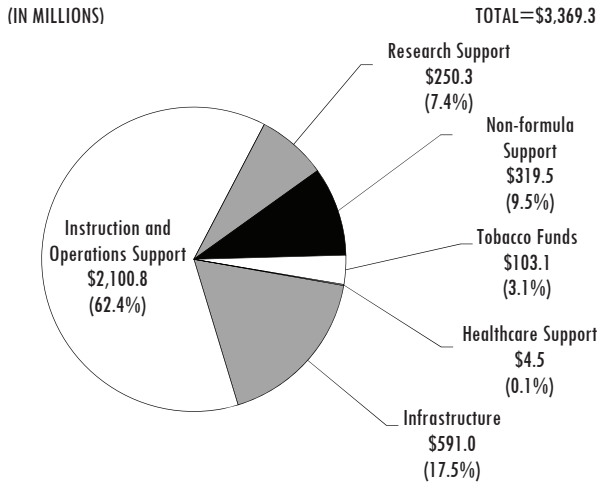
NOTE: TRB=Tuition Revenue Bond.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium for the health-related institutions total $3,369.3 million in All Funds, an increase of $207.5 million from the 2018–19 biennial funding level. Appropriations of General Revenue Funds for the 2020–21 biennium total $3,048.4 million, an increase of $193.4 million from the 2018–19 biennial funding level. General Revenue Funds and General Revenue–Dedicated Funds appropriations total $3,263.6 million, or 96.9 percent of total appropriations for the 2020–21 biennium. General Revenue–Dedicated Funds include income from tuition and student fees. Appropriations for health-related institutions also include $105.7 million in Other Funds, which are primarily tobacco settlement endowment funds. **Figure 193** shows appropriations for the health-related institutions by goal, and **Figure 194** shows the distribution of funding among the institutions.

Patient income, which is revenue that is generated through the operation of a hospital, clinic, or dental clinic (inpatient and outpatient charges), is not appropriated to the health-related institutions. This revenue is shown in informational riders in the General Appropriations Act for the affected institutions, which continue to receive this funding.

FIGURE 193
HEALTH-RELATED INSTITUTIONS APPROPRIATIONS BY GOAL AND FROM SPECIAL PROVISIONS, ALL FUNDS 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

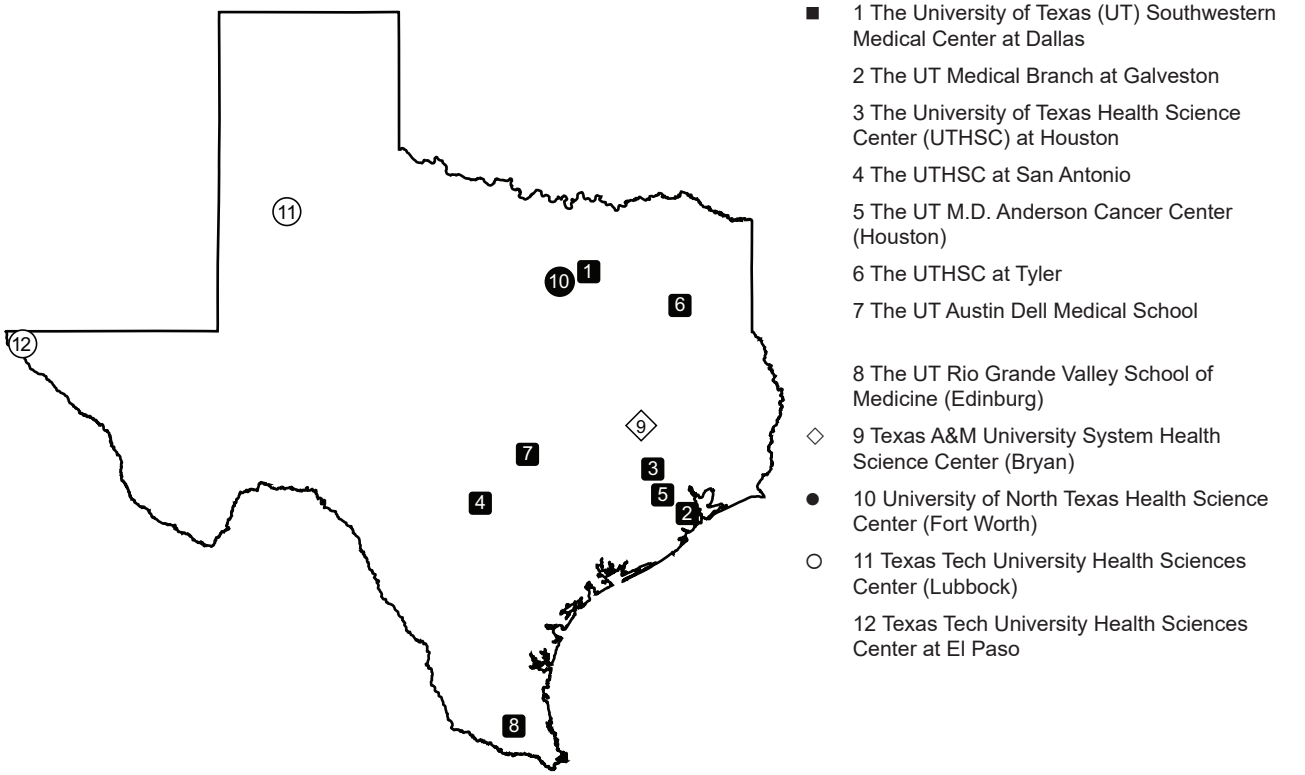
The Texas Higher Education Coordinating Board (THECB) contracts with Baylor College of Medicine (BCM), a private institution, to provide funding for its undergraduate and

FIGURE 194
COMPARISON OF HEALTH-RELATED INSTITUTIONS APPROPRIATIONS, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS)	GENERAL REVENUE FUNDS			ALL FUNDS		
INSTITUTION	2018–19 BIENNIUM	2020–21 BIENNIUM	PERCENTAGE CHANGE	2018–19 BIENNIUM	2020–21 BIENNIUM	PERCENTAGE CHANGE
UT Southwestern Medical Center	$318.6	$339.1	6.4%	$344.6	$366.7	6.4%
UT Medical Branch at Galveston	$525.8	$535.6	1.9%	$560.5	$570.0	1.7%
UT Health Science Center at Houston	$348.6	$376.6	8.0%	$403.6	$435.1	7.8%
UT Health Science Center at San Antonio	$271.5	$294.9	8.6%	$321.5	$346.6	7.8%
UT M.D. Anderson Cancer Center	$385.8	$404.2	4.8%	$404.9	$423.5	4.6%
UT Health Science Center at Tyler	$86.2	$97.2	12.8%	$92.9	$104.2	12.1%
UT Austin Dell Medical School	$11.4	$22.0	93.0%	$12.1	$24.6	102.3%
UT Rio Grande Valley School of Medicine	$53.5	$64.6	20.7%	$56.7	$68.9	21.6%
Texas A&M University System Health Science Center	$288.0	$290.9	1.0%	$326.1	$330.0	1.2%
University of North Texas Health Science Center at Fort Worth	$176.9	$186.5	5.5%	$204.0	$213.4	4.6%
Texas Tech University Health Sciences Center	$258.0	$296.4	14.9%	$292.7	$334.1	14.2%
Texas Tech University Health Sciences Center at El Paso	$130.8	$140.5	7.4%	$142.0	$152.1	7.1%
Total	**$2,855.0**	**$3,048.4**	**6.8%**	**$3,161.7**	**$3,369.3**	**6.6%**

NOTE: UT=the University of Texas System.
SOURCE: Legislative Budget Board.

FIGURE 195
HEALTH-RELATED INSTITUTION LOCATIONS, OCTOBER 2019



NOTE: Locations show the main campus for each health-related institution and do not include any regional campuses operated by the institutions.
SOURCE: Legislative Budget Board.

graduate medical students. BCM receives funding based on the average cost per undergraduate medical student enrolled at the University of Texas Medical Branch at Galveston and the University of Texas Southwestern Medical Center. Appropriations for BCM's undergraduate medical education total $73.0 million in General Revenue Funds for the 2020–21 biennium, a decrease of $3.1 million from 2018–19 biennial funding levels, due primarily to a decrease of the per-student rate. Appropriations of General Revenue Funds for BCM's graduate medical education total $17.2 million for the 2020–21 biennium and are funded through the Graduate Medical Education formula.

Figure 195 shows the locations of the health-related institutions' main campuses.

PROGRAMS

State funding for health-related institutions includes appropriations to 12 public institutions. Included in these appropriations is funding for the University of Texas (UT) at Austin Dell Medical School, which receives appropriations in the bill pattern for UT at Austin. The University of Texas Rio Grande Valley (UTRGV) School of Medicine received its own bill pattern for the 2020–21 biennium. Health-related institutions receive state funding through four major funding areas: (1) formula funding; (2) nonformula support items; (3) tuition revenue bond debt service; and (4) other program areas.

FORMULA FUNDING

Formula funding appropriations for the 2020–21 biennium total $2,576.7 million in All Funds, an increase of $594.3 million from 2018–19 biennial funding levels. This funding includes General Revenue Funds and General Revenue–Dedicated Funds, including board-authorized tuition, and does not include appropriations to BCM. Approximately 76.5 percent of All Funds appropriations to the institutions for the 2020–21 biennium is included in the formula funding strategies. The formulas are intended to provide for an equitable allocation of funds among the institutions and

to establish the level of funding to adequately support higher education. Health-related institutions receive funding through the following formulas, including four new mission-specific formulas:

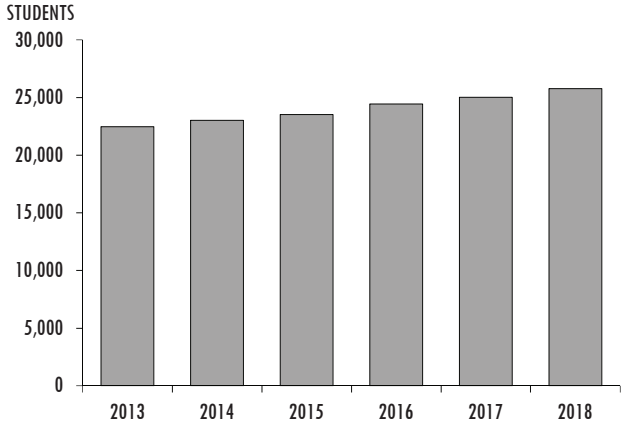
- Instruction and Operations (I&O) Support formula;
- Infrastructure Support formula;
- Research Enhancement formula;
- Graduate Medical Education (GME) formula;
- Cancer Center Operations formula – UT M.D. Anderson Cancer Center;
- Chest Disease Center Operations formula – UT Health Science Center at Tyler;
- Performance Based Research Operations Formula – UT Southwestern Medical Center (new for the 2020–21 biennium);
- Performance Based Research Operations Formula – UT Health Science Center at Houston (new for the 2020–21 biennium);
- Performance Based Research Operations Formula – UT Health Science Center at San Antonio (new for the 2020–21 biennium); and
- Health System Operations Formula – UT Medical Branch at Galveston (new for the 2020–21 biennium).

The method of financing for the I&O Support formula and for the Infrastructure Support formula is based on General Revenue Funds and General Revenue–Dedicated Funds (tuition and fees). The difference between the total formula allocation and an institution's estimated tuition income is funded with General Revenue Funds. The other formulas are funded primarily with General Revenue Funds. For the 2020–21 biennium, appropriations of General Revenue Funds for formula funding totaled $2,410.3 million, an increase of $582.1 million from 2018–19 biennial funding levels.

INSTRUCTION AND OPERATIONS SUPPORT

The Instruction and Operations Support formula provides funding for the ongoing academic and administrative programs of the institutions. The Eighty-sixth Legislature, 2019, provides I&O formula funding at an annual rate of $9,622 per weighted full-time student equivalent (FTSE) for the 2020–21 biennium. Appropriations for the I&O Support formula for the 2020–21 biennium total $1,317.3 million, an increase of $80.9 million from 2018–19 biennial funding levels. These appropriations are allocated to institutions per FTSE with a funding weight predicated on the student's instructional program. General Revenue Funds for the 2020–21 biennium contribute 88.9 percent, or $1,171.7 million of the formula; General Revenue–Dedicated Funds, primarily tuition and fees, contribute 11.1 percent.

FIGURE 196
HEALTH-RELATED INSTITUTIONS FALL HEADCOUNT ACADEMIC YEARS 2013 TO 2018



SOURCE: Texas Higher Education Coordinating Board.

In addition, instructional programs at remote locations and the main campus at the University of Texas Health Science Center at Tyler with enrollments of less than 200 students at individual campuses receive a Small Campus Supplement, which is additional funding to compensate for diseconomies of scale. The additional funding is on a sliding scale, and programs that have small enrollments receive more additional funding per student. The Eighty-sixth Legislature, 2019, also increased the weight of Biomedical Informatics in the I&O formula from 1.0 to 1.75.

Figure 196 shows the total fall headcount at health-related institutions from academic years 2013 to 2018.

INFRASTRUCTURE SUPPORT

All of the health-related institutions are responsible for maintaining physical facilities and equipment, providing direct support of the institutional educational and research missions, and providing adequate utilities to operate the institutions' facilities. The Infrastructure Support formula provides funding for the maintenance and operation, including utilities, of the institutions' physical plants. The

FIGURE 197
HEALTH-RELATED INSTITUTIONS EXPENDITURES FOR RESEARCH AND DEVELOPMENT, FISCAL YEARS 2015 TO 2018

(IN MILLIONS) INSTITUTION	2015	2016	2017	2018	PERCENTAGE CHANGE
UT Southwestern Medical Center	$402.7	$431.7	$454.9	$469.5	16.6%
UT Medical Branch at Galveston	$137.9	$145.2	$149.8	$149.3	8.3%
UT Health Science Center at Houston	$220.4	$223.0	$232.5	$240.0	8.9%
UT Health Science Center at San Antonio	$141.3	$168.4	$164.5	$173.5	22.8%
UT M.D. Anderson Cancer Center	$780.6	$787.3	$839.4	$858.0	9.9%
UT Health Science Center at Tyler	$12.2	$12.6	$16.3	$19.2	57.8%
UT Austin Dell Medical School	N/A	$4.2	$3.3	$27.2	N/A
UT Rio Grande Valley School of Medicine	N/A	$13.9	$12.6	$10.8	N/A
Texas A&M University System Health Science Center	$91.3	$112.5	$103.4	$104.1	14.0%
University of North Texas Health Science Center	$39.2	$44.6	$44.4	$45.4	15.8%
Texas Tech University Health Sciences Center	$40.1	$39.9	$39.7	$37.7	(5.9%)
Texas Tech University Health Sciences Center at El Paso	$18.8	$17.4	$16.5	$12.5	(33.5%)
Total	**$1,884.5**	**$2,000.6**	**$2,077.1**	**$2,147.4**	**14.0%**

NOTES:
(1) UT=the University of Texas System.
(2) Percentage change shows fiscal year 2018 relative to fiscal year 2015.
SOURCE: Texas Higher Education Coordinating Board.

Eighty-sixth Legislature, 2019, provided an annual Infrastructure Support rate of $6.11 per predicted square foot. Appropriations for the Infrastructure Support formula for the 2020–21 biennium total $278.7 million, an increase of $11.1 million from 2018–19 biennial funding levels. General Revenue Funds for the 2020–21 biennium contribute 92.9 percent, or $258.8 million of the formula; General Revenue–Dedicated Funds, primarily statutory tuition and fees, contribute 7.1 percent.

Appropriations for the Infrastructure Support formula are distributed based on the predicted square feet at the institutions multiplied by a rate per square foot, which is estimated by THECB. The THECB Space Projection Model predicts the educational and general space (predicted square feet) required for a public institution to fulfill its missions of teaching, research, and public service. The space model prediction is based on the following factors: (1) the number and level of FTSEs; (2) the number of faculty; (3) single or multiple programs and campuses; (4) actual clinical space; and (5) research and educational and general expenditures.

RESEARCH ENHANCEMENT

All of the health-related institutions share the goal of conducting research. Research is conducted within the institution and in collaboration with other entities such as community organizations, academic institutions, health professions organizations, and healthcare and managed-care systems. The Research Enhancement formula funds medical and clinical research at health-related institutions. The Eighty-sixth Legislature, 2019, provided an annual Research Enhancement rate of 1.18 percent of research expenditures, plus a base funding amount of $1.4 million for each institution per year. Appropriations for the Research Enhancement formula for the 2020–21 biennium total $84.5 million in General Revenue Funds, an increase of $3.9 million from 2018–19 biennial funding levels.

Combined research and developmental expenditures at health-related institutions totaled $2,147.4 million for fiscal year 2018. This amount represents an increase of 14.0 percent from fiscal year 2015. **Figure 197** shows the expenditures for research and development at each institution for fiscal years 2015 to 2018.

GRADUATE MEDICAL EDUCATION

In addition to providing undergraduate medical education, the health-related institutions provide residency training, also called Graduate Medical Education (GME), in the form of residency positions and fellowships and continuing

education for practicing physicians and medical scientists. The GME formula funds the health-related institutions' residency programs. The Seventy-ninth Legislature, Regular Session, 2005, established the GME formula and directed the institutions to use these funds to increase the total number of residency slots in Texas and to support faculty costs relating to GME. The Eighty-sixth Legislature, 2019, provided an annual rate of $5,970 per resident for the GME formula for the 2020–21 biennium. Appropriations for the GME formula for the 2020–21 biennium total $81.3 million in General Revenue Funds, an increase of $6.6 million from 2018–19 biennial funding levels. In addition to this funding, $17.2 million in General Revenue Funds is appropriated to Baylor College of Medicine for GME through the THECB bill pattern. In addition, health-related institutions are eligible to participate in GME expansion programs at THECB to assist in filling vacant residency positions and increasing the number of residency positions.

CANCER CENTER OPERATIONS

The Eightieth Legislature, 2007, established the Cancer Center Operations formula for the University of Texas M.D. Anderson Cancer Center. The formula provides funding to support the institution's statutory mission to eliminate cancer through patient care, research, education, and prevention. The Eighty-sixth Legislature, 2019, provided an annual rate of $1,666 per Texas cancer patient for the Cancer Center Operations formula for the 2020–21 biennium. Appropriations for the Cancer Center Operations formula for the 2020–21 biennium total $280.8 million in General Revenue Funds, an increase of $16.0 million from 2018–19 biennial funding levels. For the 2020–21 biennium, funding is based on the number of Texas cancer patients served during fiscal year 2018. Funding increases in the Cancer Center Operations formula may not exceed the average growth in funding for health-related institutions in the Instruction and Operations Support formula for the biennium.

CHEST DISEASE CENTER OPERATIONS

The Eighty-first Legislature, Regular Session, 2009, established the Chest Disease Center Operations formula for the University of Texas Health Science Center (UTHSC) at Tyler. The formula provides funding to support the institution's statutory mission to conduct research, develop diagnostic and treatment techniques, provide training and teaching programs, and provide diagnosis and treatment of inpatients and outpatients with respiratory diseases. The Eighty-sixth Legislature, 2019, provided an annual rate of $189 per Texas chest disease patient for the Chest Disease Center Operations formula for the 2020–21 biennium. Appropriations for the Chest Disease Center Operations formula for the 2020–21 biennium total $62.2 million in General Revenue Funds, an increase of $3.8 million from 2018–19 biennial funding levels. For the 2020–21 biennium, funding is based on the number of chest disease patients served during fiscal year 2018. Funding increases in the Chest Disease Center Operations formula may not exceed the average growth in funding for health-related institutions in the Instruction and Operations Support formula for the biennium.

PERFORMANCE BASED RESEARCH OPERATIONS

The Eighty-sixth Legislature, 2019, established Performance Based Research Operations formulas for three health-related institutions: the University of Texas (UT) Southwestern Medical Center, the University of Texas Health Science Center at Houston, and the University of Texas Health Science Center at San Antonio. The formulas provide funding to enhance research capacity at the institutions, assist each institution in leveraging external research grants and gifts, and support the expansion of the institutions' research operations. The three Performance Based Research Operations formulas are pilots for the 2020–21 biennium. They are similar in structure and design, but each institution's formula distributes funds based on different rates and drivers.

Appropriations for the Performance Based Research Operations formula for UT Southwestern Medical Center for the 2020–21 biennium total $114.8 million in General Revenue Funds. This funding consists of $79.0 million in General Revenue Funds reallocated from research nonformula support items, $21.8 million in General Revenue Funds reallocated from hold harmless funds appropriated during the 2018–19 biennium, and $14.1 million of new General Revenue Funds allocated by the formula for the 2020–21 biennium.

Funding is allocated to the formula through two mechanisms. The Base Match provides funding at a rate of 12.1 percent of total research expenditures, excluding state appropriations, for the 2020–21 biennium, based on average annual research expenditures during the three-year base period preceding the biennium. For subsequent biennia, the Base Match rate for UT Southwestern's Performance Based Research Operations formula will be adjusted in proportion to the increase or decrease of average annual research expenditures from the prior biennium's

three-year base average. The second mechanism, the Tiered Match, provides funding in three tiers that increase on a sliding scale, based on average annual research expenditures, excluding state appropriations, during the two-year base period preceding the biennium. Tier 1 provides matching General Revenue Funds at a rate of 25.0 percent for any increase in the institution's average annual research expenditures from $0.0 to $10.0 million. Tier 2 provides matching General Revenue Funds at a rate of 50.0 percent for any increase in the institution's average annual research expenditures from $10.0 million to $20.0 million. Tier 3 provides matching General Revenue Funds at a rate of 75.0 percent for any increase in the institution's average annual research expenditures greater than $20.0 million. The formula increase from one biennium to the next is limited to no more than 5.0 percent of the institution's total General Revenue Funds appropriations during the prior biennium, excluding tuition revenue bond debt service.

Appropriations for the Performance Based Research Operations formula for UT Health Science Center at Houston for the 2020–21 biennium total $25.5 million in General Revenue Funds. This funding consists of $12.5 million in General Revenue Funds reallocated from research nonformula support items, and $13.0 million in new General Revenue Funds allocated by the formula for the 2020–21 biennium. Funding is based on the institution's total federal research expenditures.

Funding is allocated to the formula through two mechanisms. The Base Match provides funding at a rate of 10.0 percent of total federal research expenditures for the 2020–21 biennium, based on average annual federal research expenditures during the three-year base period preceding the biennium. The Tiered Match provides funding in three tiers that increase on a sliding scale, based on average annual federal research expenditures during the two-year base period preceding the biennium. Tier 1 provides matching General Revenue Funds at a rate of 20.0 percent for any increase in the institution's average annual federal research expenditures from $0.0 to $5.0 million. Tier 2 provides matching General Revenue Funds at a rate of 40.0 percent for any increase in the institution's average annual federal research expenditures from $5.0 million to $10.0 million. Tier 3 provides matching General Revenue Funds at a rate of 60.0 percent for any increase in the institution's average annual federal research expenditures greater than $10.0 million. The formula increase from one biennium to the next is limited to no more than 5.0 percent of the institution's total General Revenue Funds appropriations during the prior biennium, excluding tuition revenue bond debt service.

Appropriations for the Performance Based Research Operations formula for UT Health Science Center at San Antonio for the 2020–21 biennium total $25.4 million in General Revenue Funds. This funding consists of $12.4 million in General Revenue Funds reallocated from research nonformula support items, and $13.0 million in new General Revenue Funds allocated by the formula for the 2020–21 biennium. Funding is based on the institution's total federal research expenditures.

Funding is allocated to the formula through two mechanisms. The Base Match provides funding at a rate of 12.7 percent of total federal research expenditures for the 2020–21 biennium, based on average annual federal research expenditures during the three-year base period preceding the biennium. The Tiered Match provides funding in three tiers that increase on a sliding scale, based on average annual federal research expenditures during the two-year base period preceding the biennium. Tier 1 provides matching General Revenue Funds at a rate of 20.0 percent for any increase in the institution's average annual federal research expenditures from $0.0 to $5.0 million. Tier 2 provides matching General Revenue Funds at a rate of 40.0 percent for any increase in the institution's average annual federal research expenditures from $5.0 million to $10.0 million. Tier 3 provides matching General Revenue Funds at a rate of 60.0 percent for any increase in the institution's average annual federal research expenditures greater than $10.0 million. The formula increase from one biennium to the next is limited to no more than 5.0 percent of the institution's total General Revenue Funds appropriations during the prior biennium, excluding tuition revenue bond debt service.

UTMB HEALTH SYSTEM OPERATIONS FORMULA AND HOSPITAL FUNDING

The Eighty-sixth Legislature, 2019, also established a Health System Operations formula for the University of Texas Medical Branch (UTMB) at Galveston. The formula provides funding to support UTMB hospitals and clinics that provide services to patients and serve as the training ground for medical, nursing, and health profession students. Appropriations for the Health System Operations formula for the 2020–21 biennium total $306.1 million in All Funds. This funding consists of $297.0 million in General Revenue Funds reallocated from Medical Branch Hospitals and related nonformula support item strategies, $8.2 million in General

Revenue Funds reallocated from hold harmless funds appropriated during the 2018–19 biennium, and $0.9 million in Interagency Contracts reallocated from the institution's Medical Branch Hospitals strategy in its bill pattern. The Eighty-sixth Legislature, 2019, provided a rate for the 2020–21 biennium of $180.10 per Texas patient encounter in trauma, primary care, diabetes, heart, psychiatry, and telemedicine. Funding increases in the Health System Operations formula may not exceed the average growth in funding for health-related institutions in the Instruction and Operations Support formula for the biennium.

UTMB and the Texas Tech University Health Sciences Center also provide healthcare for all Texas Department of Criminal Justice (TDCJ) state-managed inmates. Senate Bill 2, Eighty-second Legislature, First Called Session, 2011, authorized TDCJ to contract directly with governmental providers to provide healthcare services, including psychiatric support, pharmacy services, AIDS care, and hospice care. The institutions provide the healthcare services for incarcerated offenders at the TDCJ facilities and at the TDCJ hospital, which is located on the UTMB campus. The Texas Juvenile Justice Department contracts with UTMB to provide medical care for youths in its care.

NONFORMULA SUPPORT

In addition to formula funding, health-related institutions also receive funding through nonformula support items. Nonformula support items are direct appropriations to institutions for projects that the Legislature specifically identified for support. This support includes funding for projects in the areas of public service, research, residency programs, instructions and operations, and healthcare. Nonformula support appropriations for the 2020–21 biennium total $317.9 million in General Revenue Funds, a decrease of $78.1 million from 2018–19 biennial funding levels. This decrease of nonformula support item funding is attributable primarily to the reallocation of $106.9 million of nonformula support item funding to the new mission-specific formulas. This decrease was offset by the reallocation of $5.3 million hold harmless funds appropriated during the 2018–19 biennium to nonformula support items for the 2020–21 biennium. Additionally, nonformula support item funding includes the following new items for the 2020–21 biennium: $5.5 million for Mental Health Workforce Training at UT Health Science Center at Tyler; $10.0 million for Forensic Genetic Research and Education at University of North Texas Health Science Center; $5.0 million for the Telemedicine Wellness Intervention and Triage Referral program and $0.3 million for the Physician Assistant Program at Texas Tech University Health Science Center; and $2.7 million for the Cancer Immunology Center at the University of Texas Rio Grande Valley School of Medicine.

TUITION REVENUE BOND DEBT SERVICE AND OTHER DEBT SERVICE

Appropriations for tuition revenue bond (TRB) debt service reimburse institutions for debt service that is associated with tuition revenue bonds. Appropriations for the 2018–19 biennium for TRB debt service to health-related institutions total $284.9 million in General Revenue Funds for existing projects. TRBs must be authorized in statute, and legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service.

In addition to TRB debt service, health-related institutions receive other appropriations for debt service when the Legislature finds, pursuant to the Texas Constitution, Article 7, Section 18(i), a demonstrated need for the support of new facilities at institutions of higher education. Appropriations of non-TRB debt service to health-related institutions for the 2020–21 biennium include $7.2 million to Texas A&M University Health Science Center to support facilities in Round Rock, and $20.0 million to Texas Tech University Health Sciences Center to support a Physician Assistant Facility in Midland.

OTHER PROGRAM AREAS

TOBACCO FUNDS

Health-related institutions receive appropriations from interest earnings from the Permanent Health Fund for Higher Education and permanent endowments established in statute for each individual institution. **Figure 198** shows the tobacco settlement endowments and related appropriations for the institutions. Estimated appropriations from the endowments to the institutions total $103.1 million.

The Permanent Health Fund for Higher Education is a $350.0 million endowment from which distributions are appropriated for programs that benefit medical research, health education, or treatment programs. Appropriations from this fund are distributed to 14 public health-related institutions, including UTRGV School of Medicine and Baylor College of Medicine. Additionally, the Eighty-sixth Legislature, 2019, authorized eligibility for Permanent Health Fund distributions to the University of Texas at Austin Dell Medical School, the University of Houston

FIGURE 198
TOBACCO SETTLEMENT ENDOWMENTS AND PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS, 2020–21 BIENNIUM

(IN MILLIONS)

INSTITUTION/FUND	ENDOWMENT	APPROPRIATION
UT Southwestern Medical Center	$50.0	$6.3
UT Medical Branch at Galveston	$25.0	$3.1
UT Health Science Center at Houston	$25.0	$3.2
UT Health Science Center at San Antonio	$200.0	$25.6
UT M.D. Anderson Cancer Center	$100.0	$12.6
UT Health Science Center at Tyler	$25.0	$3.1
Texas A&M University System Health Science Center	$25.0	$2.8
University of North Texas Health Science Center at Fort Worth	$25.0	$2.3
Texas Tech University Health Sciences Center	$25.0	$3.1
Texas Tech University Health Sciences Center El Paso	$25.0	$2.8
Subtotal, Individual Endowments	**$525.0**	**$64.7**
Permanent Health Fund for Higher Education	$350.0	$38.4
Total Endowments/Funds	**$875.0**	**$103.1**

NOTE: UT=the University of Texas System.
SOURCE: Legislative Budget Board.

College of Medicine, and Sam Houston State University College of Osteopathic Medicine. Institutions receive distributions from the Permanent Health Fund of 70.0 percent in equal amounts to each institution, and 30.0 percent based on each institution's proportional expenditures on instruction, research, and charity care.

Individual health-related institutions' endowments total $525.0 million, from which the estimated distributions are appropriated to the institutions based on the original endowment amount. Funds from the individual endowments may be used only for research and other programs that benefit public health that are conducted by the institution for which the fund was established.

DENTAL CLINIC OPERATIONS

Three institutions receive appropriations to support dental clinic operations: UTHSC at San Antonio, UTHSC at Houston, and Texas A&M University Health Science Center. Appropriations for the 2020–21 biennium total $4.5 million in General Revenue Funds.

SIGNIFICANT LEGISLATION

Senate Bill 479 – Participation of the Dell Medical School at the University of Texas at Austin and the School of Medicine at the University of Texas Rio Grande Valley and certain programs and funding. The legislation makes UT Austin Dell Medical School and UTRGV School of Medicine eligible for the Joint Admission Medical Program, and makes UT Austin Dell Medical School eligible for distributions from the Permanent Health Fund.

PUBLIC COMMUNITY/JUNIOR COLLEGES

PURPOSE: The mission of the community colleges is to teach and award certifications or degrees in arts and sciences, vocational programs, and technical courses. Their mission also includes providing continuing education, developmental education consistent with open admission policies, counseling and guidance programs, workforce development training, and adult literacy and basic skills programs.

ESTABLISHED: Various

AUTHORIZING STATUTE: The Texas Education Code, Chapters 130–131

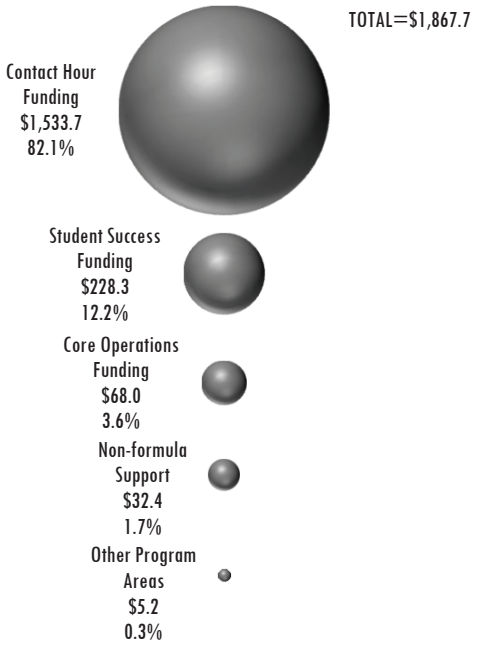
GOVERNANCE: Community college board of trustees, elected by local community

FIGURE 199
PUBLIC COMMUNITY/JUNIOR COLLEGES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,807.6	$1,867.7	$60.1	3.3%
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	**$1,807.6**	**$1,867.7**	**$60.1**	**3.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	N/A
2021	N/A

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Core operations are funded at **$1.4 million** per institution in the community college outcomes-based formula.

Contact hours are funded at an average annual rate of **$2.72 per contact hour**. Success points are funded at a rate of approximately **$202.53 per success point.**

The **total number of contact hours** for the 2020–21 biennium **increased by 0.3 percent** from the 2018–19 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium for Texas public community colleges total $1,867.7 million in General Revenue Funds, an increase of $60.1 million, or 3.3 percent, from the 2018–19 biennium. Formula funding for the 2020–21 biennium is appropriated through an outcomes-based model and totals $1,830.1 million, an increase of $65.4 million, or 3.7 percent, from 2018–19 biennial levels.

The majority of total appropriations, 98.0 percent, are allocated through the outcomes-based formula. Of the remainder of the appropriations, $32.4 million provides for nonformula support items at 12 schools, $3.2 million provides for bachelor of applied technology programs at four schools, and $1.9 million provides for hold-harmless funding to ensure that no community college experienced a formula decrease of more than 5.0 percent from 2018–19 biennial levels. **Figure 200** shows the 2018–19 and 2020–21 biennial appropriations for community colleges.

FIGURE 200
PUBLIC COMMUNITY/JUNIOR COLLEGE GENERAL REVENUE FUND APPROPRIATIONS, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS) PUBLIC COMMUNITY OR JUNIOR COLLEGE	2018–19 BIENNIUM	2020–21 BIENNIUM	DIFFERENCE	PERCENTAGE CHANGE
Alamo Community College	$127.9	$133.7	$5.8	4.5%
Alvin Community College	$15.9	$15.5	($0.3)	(2.0%)
Amarillo College	$27.0	$29.7	$2.7	9.8%
Angelina College	$14.9	$17.1	$2.2	14.6%
Austin Community College	$92.9	$95.3	$2.4	2.6%
Blinn College	$47.2	$49.1	$1.8	3.9%
Brazosport College	$10.9	$12.0	$1.1	9.7%
Central Texas College	$33.2	$32.8	($0.5)	(1.4%)
Cisco Junior College	$10.0	$10.7	$0.7	7.3%
Clarendon College	$5.7	$5.9	$0.2	3.5%
Coastal Bend College	$14.3	$13.6	($0.7)	(5.0%)
College of the Mainland	$12.2	$13.1	$0.9	7.1%
Collin County Community College	$71.0	$79.7	$8.7	12.2%
Dallas County Community College	$179.3	$192.8	$13.5	7.6%
Del Mar College	$31.7	$33.0	$1.2	3.9%
El Paso Community College	$63.6	$64.2	$0.6	1.0%
Frank Phillips College	$5.3	$5.1	($0.2)	(4.0%)
Galveston College	$8.2	$9.2	$1.0	12.8%
Grayson County College	$14.3	$14.2	($0.1)	(0.9%)
Hill College	$13.4	$14.2	$0.8	5.8%
Houston Community College	$136.2	$137.2	$0.9	0.7%
Howard College	$19.4	$20.3	$1.0	5.0%
Kilgore College	$19.5	$18.5	($1.0)	(5.0%)
Laredo Community College	$20.9	$23.0	$2.1	10.2%
Lee College	$19.8	$20.8	$1.0	5.1%
Lone Star College System	$169.0	$157.3	($11.7)	(6.9%)
McLennan Community College	$24.7	$25.0	$0.3	1.3%
Midland College	$16.9	$16.1	($0.8)	(4.8%)
Navarro College	$28.1	$26.7	($1.4)	(4.9%)
North Central Texas College	$21.6	$23.4	$1.8	8.5%

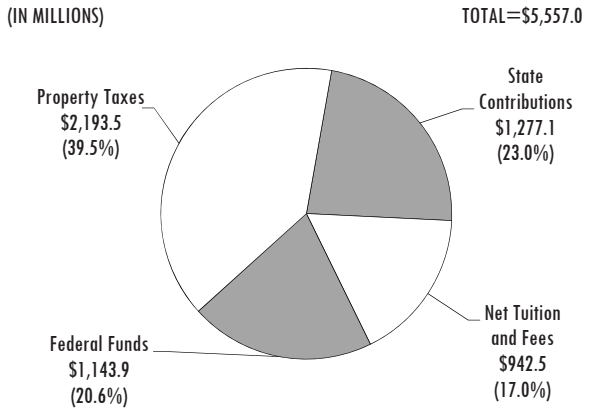
FIGURE 200 (CONTINUED)
PUBLIC COMMUNITY/JUNIOR COLLEGE GENERAL REVENUE FUND APPROPRIATIONS, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS) PUBLIC COMMUNITY OR JUNIOR COLLEGE	2018–19 BIENNIUM	2020–21 BIENNIUM	DIFFERENCE	PERCENTAGE CHANGE
Northeast Texas Community College	$9.5	$9.9	$0.5	5.0%
Odessa College	$16.7	$19.3	$2.5	15.2%
Panola College	$10.1	$9.7	($0.4)	(4.2%)
Paris Junior College	$15.6	$15.9	$0.3	1.6%
Ranger College	$7.8	$7.7	($0.1)	(0.9%)
San Jacinto College	$77.6	$84.2	$6.6	8.5%
South Plains College	$27.2	$26.8	($0.4)	(1.6%)
South Texas College	$80.5	$84.3	$3.9	4.8%
Southwest Texas Junior College	$14.9	$16.9	$2.0	13.3%
Tarrant County College	$110.7	$113.7	$3.0	2.7%
Temple College	$14.1	$14.0	($0.1)	(0.7%)
Texarkana College	$14.4	$15.0	$0.6	4.0%
Texas Southmost College	$10.5	$14.1	$3.6	34.6%
Trinity Valley Community College	$23.5	$23.9	$0.4	1.6%
Tyler Junior College	$33.5	$36.2	$2.6	7.8%
Vernon College	$11.2	$10.7	($0.5)	(4.6%)
Victoria College	$11.2	$11.1	($0.2)	(1.6%)
Weatherford College	$16.9	$18.1	$1.2	7.1%
Western Texas College	$7.8	$7.9	$0.1	1.2%
Wharton County Junior College	$18.7	$19.3	$0.5	2.9%
Total	**$1,807.6**	**$1,867.7**	**$60.1**	**3.3%**

SOURCE: Legislative Budget Board.

In addition to state appropriations, community colleges are supported by local tax revenue, federal funding, and tuition and fees. **Figure 201** shows the proportion of these revenue sources for fiscal year 2018.

FIGURE 201
COMMUNITY COLLEGES MAJOR ANNUAL OPERATING REVENUE SOURCES
FISCAL YEAR 2018



SOURCE: Texas Higher Education Coordinating Board.

PROGRAMS

Community colleges receive state funding through three major funding areas: (1) formula funding, (core operations, student success, and contact hours); (2) nonformula support funding; and (3) other funding.

FORMULA FUNDING – CORE OPERATIONS, STUDENT SUCCESS, CONTACT HOURS

Beginning in the 2014–15 biennium, the Legislature implemented a new outcomes-based formula funding model for the Instructional and Administrative formula that includes three funding components: core operations, student success, and contact hours. Each community college district

FIGURE 202
COMMUNITY COLLEGES STUDENT SUCCESS POINTS METRICS FOR INSTRUCTION AND ADMINISTRATION FUNDING IN THE OUTCOMES-BASED MODEL, 2020–21 BIENNIUM

METRIC	POINTS
Student successfully completes developmental education in mathematics.	1.00
Student successfully completes developmental education in reading.	0.50
Student successfully completes developmental education in writing.	0.50
Student completes first college-level mathematics course with a letter grade of C or better.	1.00
Student completes first college-level course designated as reading intensive with a grade of C or better.	0.50
Student completes first college-level course designated as writing intensive with a grade of C or better.	0.50
Student successfully completes first 15.0 semester credit hours at the institution.	1.00
Student successfully completes first 30.0 semester credit hours at the institution.	1.00
Student transfers to a general academic institution after successfully completing at least 15.0 semester credit hours at the community college, or a student in a structured co-enrollment program successfully completes at least 15.0 semester credit hours at the community college.	2.00
Student receives from the institution an associate's degree, bachelor's degree, or certificate recognized for this purpose by the Texas Higher Education Coordinating Board in a field other than a critical field, such as science, technology, engineering, and mathematics (STEM), or allied health.	2.00
Student receives from the institution an associate's degree, bachelor's degree, or certificate recognized for this purpose by the Texas Higher Education Coordinating Board in a critical field, including STEM fields or allied health.	2.25

SOURCE: Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article III, Public Community/Junior Colleges, Rider 19.

receives $1.4 million in General Revenue Funds for core operations for a total of $68.0 million to help cover basic operating costs regardless of the geographic location or institutional size. This core operations funding replaced the small institution supplement that previously was part of the formula funding. Student success point formula funding totals $228.3 million, an increase of $48.3 million from the 2018–19 biennium. Contact hour formula funding totals $1,533.7 million, an increase of $17.1 million from the 2018–19 biennium.

The total number of student success points is based on each community college district's points earned from a three-year average. The three years used for the 2020–21 biennium's student success component are fiscal years 2016, 2017, and 2018. The Eighty-sixth Legislature, 2019, made the following revisions to the success point model:

(1) the metric that awards points for each student that transfers to a general academic institution after successfully completing at least 15.0 semester credit hours at the institution was revised to include students in structured co-enrollment programs that make the same transfer;

(2) the metric that awards points for degrees and certificates in a critical field was revised to include nuclear and industrial radiologic technologies, physical science technologies, and heavy and industrial equipment maintenance technologies as critical fields; and

(3) a new rider states legislative intent that, beginning in the 2022–23, biennium the metric that awards points for student transfers to a general academic institution will be increased from 2.0 to 2.75, the metric that awards points for degrees or certificate in a field other than a critical field will be decreased from 2.0 to 1.2, and the metric that awards points for degrees or certificates in a critical field will be increased from 2.25 to 3.0.

Figure 202 shows the student success metrics and points earned for each student meeting the metric.

Figure 203 shows the total number of contact hours generated since the base academic year 2008–09. As shown, total base year contact hours have decreased by 9.8 percent since the base academic year 2012–13. **Figure 204** shows the change in enrollment at community colleges since fall 2008 in relation to the change in enrollment during the same period experienced by general academic institutions. Although contact hours at community colleges have decreased since academic year 2012–13, student enrollment has increased by

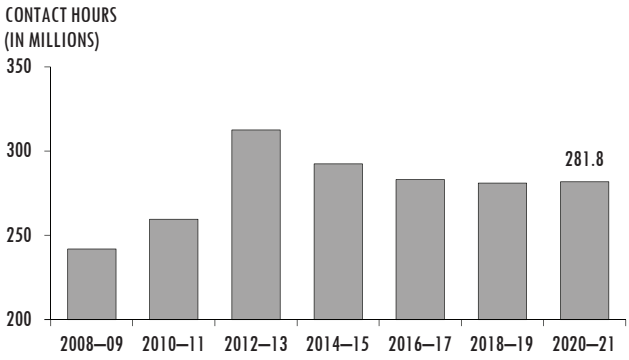
6.4 percent. Student enrollment at community colleges tends to be countercyclical to the direction of the economy: when the economy is in a downturn, student enrollment at community colleges typically increases; when the economy improves, student enrollment typically decreases.

NONFORMULA SUPPORT

In addition to formula funding, community colleges receive appropriations for nonformula support, which totals $32.4 million for the 2020–21 biennium, an increase of $5.3 million from the 2018–19 biennium. This increase is due to the following changes in nonformula support funding:

- $2.5 million was appropriated to Angelina College for the Texas Community College Consortium (TC3); this amount was appropriated to the Texas Higher Education Coordinating Board (THECB) for the same purpose during the 2018–19 biennium, and appropriations to THECB were decreased by this amount for the 2020–21 biennium. TC3 provides shared services for four community colleges in addition to Angelina College;
- $1.0 million was appropriated to Brazosport College for its Catalyst Program; and
- appropriations to Blinn College for the Star of the Republic Museum decreased by $0.7 million due to its transfer to the Texas Historical Commission.

FIGURE 203
COMMUNITY COLLEGES TOTAL CONTACT HOURS BASE ACADEMIC YEARS 2008–09 TO 2020–21



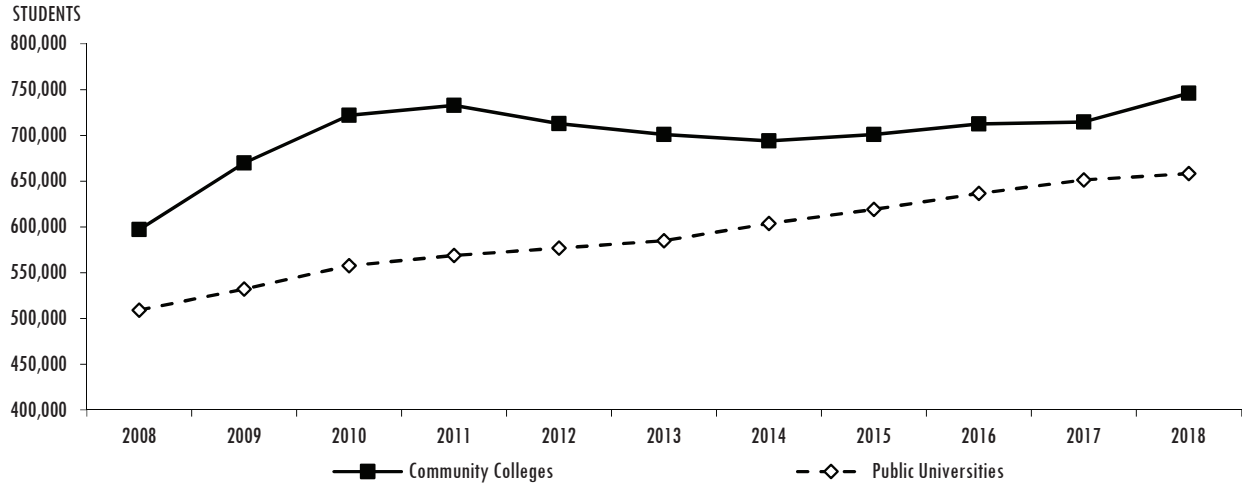
SOURCE: Texas Higher Education Coordinating Board.

OTHER FUNDING

Other funding to community colleges includes appropriations for bachelor of applied technology (BAT) programs. Appropriations for BAT programs offered at Brazosport College, Midland College, South Texas College, and Tyler Junior College total $3.2 million for the 2020–21 biennium, an increase of $0.5 million from the 2018–19 biennium. BAT programs are funded at the same General Revenue Funds Instruction and Operations rate used for the general academic institutions.

In addition, to ensure that no community college experienced a formula decrease of more than 5.0 percent from the 2018–19 biennium, $1.9 million was appropriated for hold-harmless funding.

FIGURE 204
PUBLIC INSTITUTIONS OF HIGHER EDUCATION STUDENT ENROLLMENT, FISCAL YEARS 2008 TO 2018



SOURCE: Texas Higher Education Coordinating Board.

SIGNIFICANT LEGISLATION

Senate Bill 25 – Requires community colleges to report transfer information. The legislation requires each community college to provide a report on courses, including dual credit courses, enrolled in by students who transferred to a general academic institution during the previous year. The legislation also authorizes community colleges and general academic institutions to enter into articulation agreements for certificate or degree programs for which transfer students receive transfer credit. Finally, the legislation requires each institution of higher education to develop at least one recommended course sequence for each certificate or degree program offered.

Senate Bill 1276 – Agreements with school districts for dual-credit courses. The legislation requires an agreement between a school district and an institution of higher education related to dual-credit course offerings to establish common advising strategies and identify tools to assist school counselors, students, and families in selecting courses.

House Bill 3650 –Costs in agreements with school districts for dual-credit courses. The legislation requires an agreement between a school district and an institution of higher education related to dual-credit course offerings to consider the use of free or low-cost open educational resources.

LAMAR STATE COLLEGES

PURPOSE: The three Lamar State Colleges are lower-division institutions of higher education within the Texas State University System. Lamar State College – Port Arthur and Lamar State College – Orange offer freshman and sophomore courses, and the primary focus of the Lamar Institute of Technology is to teach technical and vocational courses.

ESTABLISHED: 1995

AUTHORIZING STATUTE: The Texas Education Code, §§96.703 and 96.704

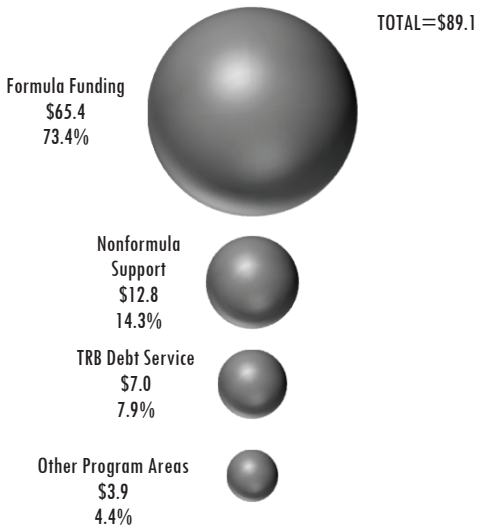
GOVERNANCE: Texas State University System—nine-member board of regents appointed by the Governor with the advice and consent of the Senate

FIGURE 205
LAMAR STATE COLLEGES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$54.3	$75.3	$21.1	38.8%
General Revenue–Dedicated Funds	$15.8	$13.7	($2.1)	(13.3%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$8.0	$0.0	($8.0)	(100.0%)
Total, All Methods of Finance	**$78.1**	**$89.1**	**$10.9**	**14.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	702.7
2021	702.7

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Formula funding increased by **$20.8 million** in All Funds and increases the contact hour rate for the Instruction and Administration Formula to $5.12 from $3.53 during the 2018–19 biennium.

Nonformula support increased by **$3.6 million** from the 2018–19 biennium.

During fiscal year 2018, **1,680 degrees or certificates were awarded** from the three Lamar State Colleges.

NOTE: TRB=Tuition Revenue Bond.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Lamar State Colleges receive appropriations providing state support, but unlike community colleges, they do not have local taxing authority. Funding for the Lamar State Colleges for the 2020–21 biennium includes an increase of $20.7 million in General Revenue Funds from formula funding and an increase of $0.4 million from statutory tuition. Additionally, the Lamar State Colleges receive an increase of $3.6 million in nonformula support compared to 2018–19 biennial special item funding.

PROGRAMS

The Lamar State Colleges include Lamar Institute of Technology, Lamar State College – Orange, and Lamar State College – Port Arthur. The three institutions carry out their responsibilities through four major program areas: (1) formula funding; (2) nonformula support funding; (3) other program areas; and (4) tuition revenue bond debt service. **Figure 206** shows the All Funds appropriation level for each of the Lamar State Colleges.

FORMULA FUNDING

The largest source of funding for the Lamar State Colleges is formula funding. The institutions are allocated funding from the Instruction and Administration (I&A) formula based on contact hours. The Eighty-sixth Legislature, 2019, provided I&A formula funding at a rate of $5.12 per contact hour for the 2020–21 biennium, which is an increase from the 2018–19 biennial rate of $3.53. Appropriations for the I&A formula total $41.9 million in General Revenue Funds across the three institutions. The I&A formula is augmented by $8.8 million from tuition and fee revenues.

In addition to I&A formula amounts, the Lamar State Colleges, like the Texas State Technical Colleges, are included in the general academic institutions' Infrastructure formula and receive a small institution supplement consistent with the methodology used for the general academic institutions. An exception is that the maximum amount received for the biennium for schools with a headcount of less than 5,000 students is $2.6 million. The Infrastructure formula is allocated based on predicted square feet, and the Eighty-sixth Legislature, 2019, provided funding to support a rate of $5.47 per predicted square foot, an increase from $5.41 during the 2018–19 biennium. Appropriations to the Lamar State Colleges from the Infrastructure formula total $14.6 million in All Funds for the 2020–21 biennium.

NONFORMULA SUPPORT

Nonformula support includes Institutional Enhancement and direct appropriations to institutions for projects that are identified specifically by the Legislature for support. Appropriations to the Lamar State Colleges for nonformula support funding total $12.8 million for the 2020–21 biennium. This amount is an increase of $3.6 million from 2018–19 biennial amounts.

Nonformula support items that are identified as startup funded before fiscal year 2010 and items that generate formula funding are decreased by 10.0 percent from 2018–19 biennial funding levels. Hold harmless funding of $2.6 million is maintained from the 2018–19 biennium, and it is included in nonformula support item strategies for the 2020–21 biennium.

OTHER PROGRAMS

Other program funding for the Lamar State Colleges includes funding for staff group insurance, and Texas Public Education Grants. Institutions are appropriated General Revenue–Dedicated Funds, which consist of other educational and general income, in staff group insurance appropriation amounts for staff whose salaries are not paid with General Revenue Funds. Pursuant to the Texas Education Code, Chapter 56, Subchapter C, and the Texas Education Code,

FIGURE 206
LAMAR STATE COLLEGES ALL FUNDS APPROPRIATIONS, 2018–19 AND 2020-21 BIENNIA

(IN MILLIONS)

INSTITUTION	2018–19 BIENNIUM	2020-21 BIENNIUM	DIFFERENCE	PERCENTAGE CHANGE
Lamar Institute of Technology	$24.5	$33.6	$9.1	37.1%
Lamar State College – Orange	$20.6	$25.0	$4.4	21.4%
Lamar State College – Port Arthur	$22.5	$30.5	$8.0	35.6%
Total	**$67.7**	**$89.1**	**$21.4**	**31.6%**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Section 54.051, institutions must set aside a portion of tuition revenue for Texas Public Education Grants. Fifteen percent of each resident student's tuition and 3.0 percent of each nonresident student's tuition are set aside for financial aid to students at the institution. Appropriations for other program funding at the Lamar State Colleges total $3.9 million for the 2020–21 biennium.

TUITION REVENUE BOND DEBT SERVICE

After tuition revenue bonds are authorized by the Legislature and approved by the Texas Bond Review Board, institutions of higher education can issue these bonds and make related debt service payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Appropriations for tuition revenue bond debt service for the Lamar State Colleges total $7.0 million for the 2020–21 biennium, a decrease of $0.6 million from the 2018–19 biennial amounts due to the institutions paying off debt in full or refinancing for lower interest rates.

TEXAS STATE TECHNICAL COLLEGES

PURPOSE: Two-year institutions of higher education that offer courses of study in technical–vocational education offering occupationally oriented programs with supporting academic course work, emphasizing technical and vocational areas for certificates or associate degrees.

ESTABLISHED: 1965–2015

AUTHORIZING STATUTE: The Texas Education Code, §135.01

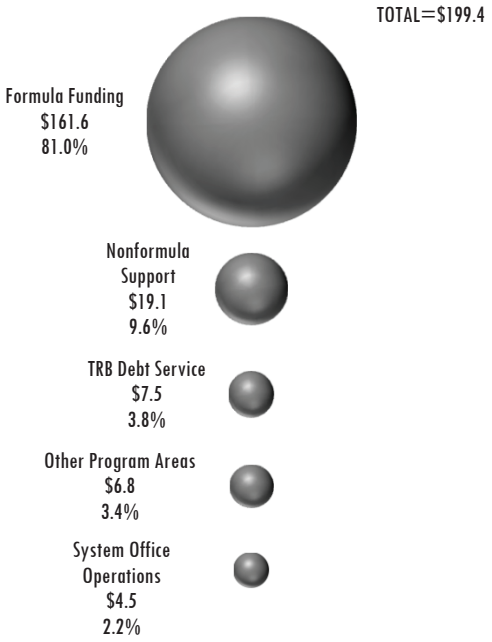
GOVERNANCE: Texas State Technical College System—nine-member board of regents appointed by the Governor with the advice and consent of the Senate

FIGURE 207
TEXAS STATE TECHNICAL COLLEGES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$168.8	$185.9	$17.1	10.2%
General Revenue–Dedicated Funds	$27.0	$13.5	($13.5)	(50.0%)
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	**$195.8**	**$199.4**	**$3.6**	**1.9%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	1,875.2
2021	1,875.2

INSTITUTION PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Instruction and Administration formula funding is based on 36.1 percent of the returned value to the state generated by the Texas State Technical Colleges, an increase of $38.3 million in General Revenue Funds from the 2018–19 biennium. The Eighty-sixth Legislature, 2019, increased the returned value formula rate 8.5 percent to 36.1 percent from 27.6 percent.

Infrastructure Formula funding increased by $3.8 million in All Funds from the 2018–19 biennium, increasing the rate per predicted square foot to $5.47 from $5.41 from the previous biennium.

During fiscal year 2018, **3,328 degrees or certificates were awarded** from the Texas State Technical Colleges.

NOTE: TRB=Tuition Revenue Bond.
SOURCE: Legislative Budget Board.

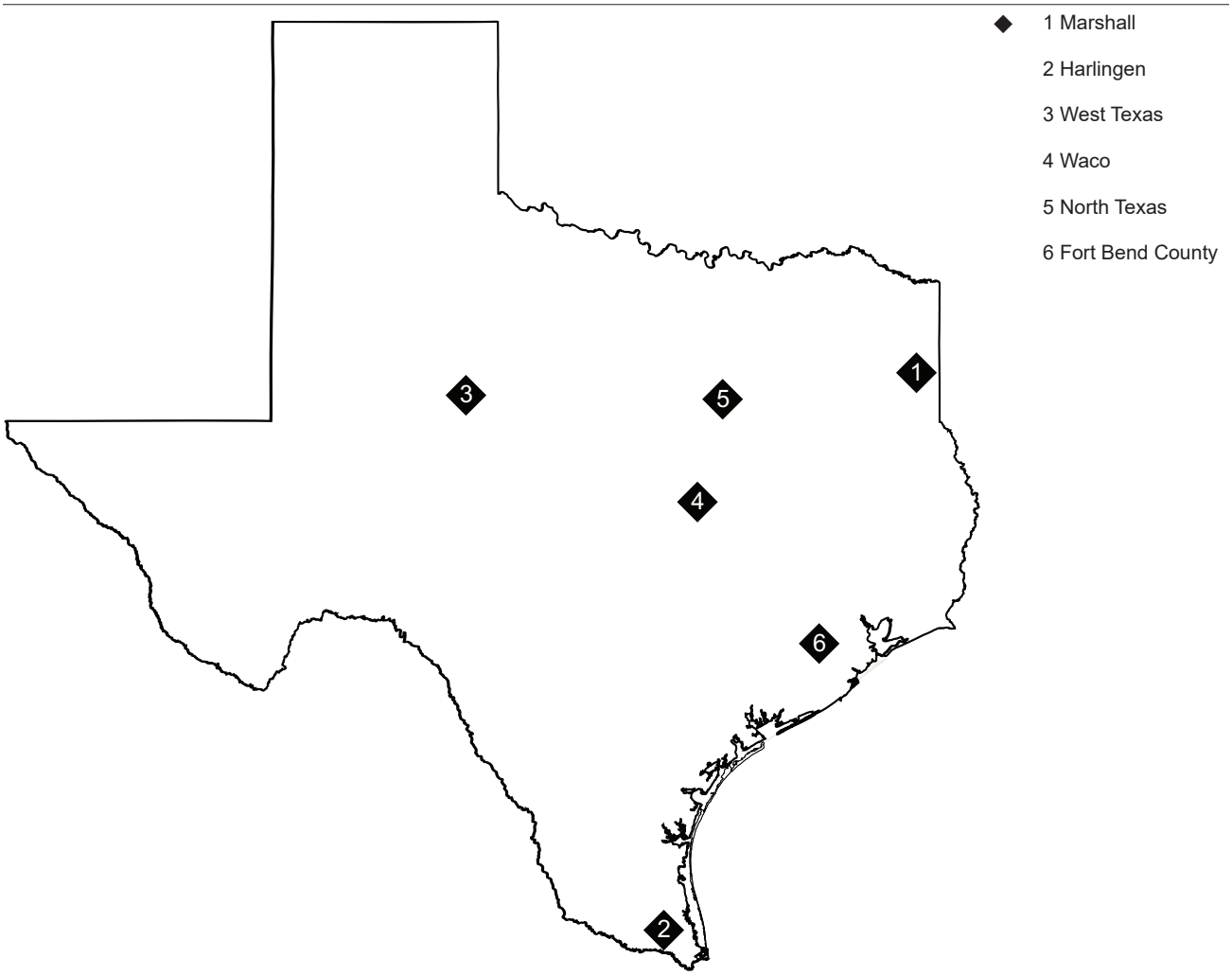
MAJOR FUNDING

Institutions within the Texas State Technical College System (TSTC) receive appropriations providing state support, but, unlike community colleges, they do not have local taxing authority. Appropriations for TSTCs for the 2020–21 biennium include a $42.1 million increase in formula funding, and an increase of approximately $0.4 million in nonformula support. Additionally, appropriations for TSTCs include a decrease of $40.9 million in statutory tuition. This decrease is due to changes in TSTC's tuition structure that began during fall 2016 that resulted in an increase of designated tuition and a decrease in statutory tuition collected. Senate Bill 500, Eighty-sixth Legislature, 2019, appropriated $29.6 million in General Revenue Funds of supplemental funds in fiscal year 2019 for the purpose of abatement and demolition of the Waco campus. Without this supplemental appropriation, the biennial change in appropriation of General Revenue Funds would represent an increase of approximately 21.0 percent from the 2018–19 biennium. TSTC System Administration is located in Waco with campuses in Harlingen, Marshall, Waco, West Texas, Ellis County, and Fort Bend County, shown in **Figure 208**.

PROGRAMS

TSTC System Administration and its component institutions carry out their responsibilities through five major program areas: (1) formula funding; (2) nonformula support funding; (3) other program areas; (4) system office operations; and (5) tuition revenue bond debt service.

FIGURE 208
TEXAS STATE TECHNICAL COLLEGES, FISCAL YEAR 2019



SOURCE: Legislative Budget Board.

FIGURE 209
TEXAS STATE TECHNICAL COLLEGES (TSTC) ALL FUNDS APPROPRIATIONS, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS)				
INSTITUTION	**2018–19 BIENNIUM**	**2020–21 BIENNIUM**	**DIFFERENCE**	**PERCENTAGE CHANGE**
TSTC System Administration	$7.7	$6.8	($0.9)	(11.7%)
TSTC – Harlingen	$52.6	$58.8	$6.2	11.8%
TSTC – West Texas	$27.6	$24.7	($2.9)	(10.5%)
TSTC – Marshall	$15.5	$13.5	($2.0)	(12.9%)
TSTC – Waco	$70.2	$75.2	$5.0	7.1%
TSTC – Fort Bend County	$11.5	$12.5	$1.0	8.7%
TSTC – North Texas	$7.7	$7.8	$0.1	1.3%
Total	**$192.8**	**$199.4**	**$6.6**	**3.4%**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

Figure 209 shows the All Funds appropriation level for each of the colleges and the system administration.

FORMULA FUNDING

TSTC's primary source of funding comes from two funding formulas. Before the 2014–15 biennium, the institutions received funding from the Instruction and Administration (I&A) formula based on contact hours similar to the Lamar State Colleges. The Eighty-third Legislature, Regular Session, 2013, modified the calculation of the I&A formula to base it on the returned value to the state generated by the TSTCs. The Eighty-sixth Legislature, 2019, continues providing formula support through the returned value methodology. The formula uses average student wages upon completion of nine semester credit hours or more at a TSTC institution compared to minimum wage to determine the additional estimated direct and indirect values that an individual generates for the state after attending a TSTC institution. For the 2020–21 biennium, the cohort of students that completed at least nine semester credit hours at TSTC during fiscal years 2012 and 2013 generated approximately $366.0 million in returned value to the state. TSTCs are appropriated 36.1 percent of this amount, or $132.2 million in General Revenue Funds, for I&A funding for the 2020–21 biennium. The Eighty-sixth Legislature, 2019, increased the returned value formula rate 8.5 percent to 36.1 percent from 27.6 percent during the 2018–19 biennium, resulting in an increase of $38.3 million in General Revenue Funds. I&A is augmented by $8.0 million in appropriated tuition and fee revenues.

In addition to I&A formula amounts, TSTCs and Lamar State Colleges are included in the general academic institutions' Infrastructure formula and receive the small institution supplement, consistent with the methodology used for the general academic institutions. An exception is that the maximum amount received for the biennium for schools with a headcount of less than 5,000 students is $1.3 million. The Infrastructure formula is based on predicted square feet, and the Eighty-sixth Legislature, 2019, provided a rate of $5.47 per predicted square foot. Appropriations to TSTCs from the Infrastructure formula total $20.6 million in All Funds for the 2020–21 biennium.

NONFORMULA SUPPORT

Nonformula support includes Institutional Enhancement and direct appropriations to institutions or the system office for projects that are identified specifically by the Legislature for support. Total appropriations to the TSTC system office and its component institutions for nonformula support funding totals $19.1 million in General Revenue Funds for the 2020–21 biennium.

Nonformula support items that are identified as startup funded before fiscal year 2010 and items that generate formula funding are decreased by 10.0 percent from 2018–19 biennial funding levels. Hold harmless funding of $1.8 million is maintained from the 2018–19 biennium, and it is included in nonformula support item strategies for the 2020–21 biennium.

OTHER PROGRAMS

Other program funding for TSTCs includes staff group insurance, workers' compensation insurance, and Texas Public Education Grants. Institutions receive General Revenue–Dedicated Funds, which consist of other educational and general income, in staff group insurance appropriation amounts for staff whose salaries are not paid with General Revenue Funds. Pursuant to the Texas Education Code, Chapter 56, Subchapter C, and the Texas Education Code, Section 54.051, institutions must set aside a portion of tuition revenue for Texas Public Education Grants. Fifteen percent of each resident student's tuition and 3.0 percent of each nonresident student's tuition are set aside for financial aid to students at the institution. Appropriations for other program funding total $3.9 million for the 2020–21 biennium.

SYSTEM OFFICE OPERATIONS

TSTC institutions are governed by the TSTC System Administration headquartered in Waco. A nine-member board of regents and the TSTC chancellor direct the system. The system office provides coordination and planning across the institutions and processing for financial and reporting requirement duties for all institutions within the TSTC System. Appropriations for system office operations for the 2020–21 biennium total $4.5 million in General Revenue Funds. The hold harmless funding amount of $0.5 million appropriated to the TSTC System Administration during the 2018–19 biennium was maintained, and it is included in the System Office Operations strategy for the 2020–21 biennium.

TUITION REVENUE BOND DEBT SERVICE

After tuition revenue bonds are authorized by the Legislature and approved by the Texas Bond Review Board, institutions can issue these bonds and make debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Appropriations for tuition revenue bond debt service for TSTC total $7.5 million for the 2020–21 biennium.

HIGHER EDUCATION FUNDS

PURPOSE: The Available University Fund and Higher Education Fund provide eligible higher education institutions funding support for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, and other permanent improvements.

The Support for Military and Veterans Exemptions provides public institutions of higher education financial assistance to offset the waived tuition and fee revenue from the federal Hazlewood Legacy Program.

The Available National Research University Fund provides a dedicated, independent, and equitable source of funding to enable emerging research universities in Texas to achieve national prominence as major research universities.

ESTABLISHED: Available University Fund (AUF) – 1876; Higher Education Fund (HEF) – 1984; Available National Research University Fund (ANRUF) – 2009; Support for Military Veterans Exemptions (MVE) – 2013

AUTHORIZING STATUTE: AUF – the Texas Constitution, Article VII, §18; HEF – the Texas Constitution, Article VII, §17; ANRUF – the Texas Constitution, Article VII, §20; MVE – the Texas Education Code, §54.3411

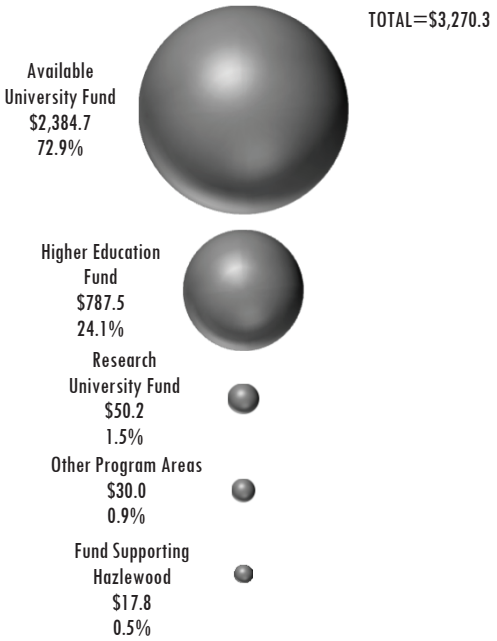
GOVERNANCE: The Texas Legislature governs these funds; eligible institutions' boards of regents oversee AUF-funded projects, HEF-funded projects, and ANRUF-funded activities; the Texas Treasury Safekeeping Trust Company administers the MVE

FIGURE 210
HIGHER EDUCATION FUNDS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$817.5	$817.5	$0.0	0.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$2,088.5	$2,452.8	$364.3	17.4%
Total, All Methods of Finance	**$2,906.0**	**$3,270.3**	**$364.3**	**12.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	0.0
2021	0.0

FUND PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SOURCE: Legislative Budget Board.

SIGNIFICANT DEVELOPMENTS

Beginning in fiscal year 2021, the annual HEF distribution will be reallocated to each eligible institution pursuant to Senate Bill 709, Eighty-sixth Legislature, 2019.

Beginning during fiscal year 2018, the University of Texas at Dallas became eligible to receive ANRUF distributions.

Annual appropriation amounts for HEF-eligible institutions of higher education are included in **the Texas Education Code, Chapter 62, Subchapter B**.

MAJOR FUNDING

- Funding for the Higher Education Fund (HEF), Available University Fund (AUF), Available National Research Fund (ANRUF), and the Support for Military and Veterans Exemptions for the 2020–21 biennium totals $3.3 billion in All Funds, which is an increase of $364.3 million from the 2018–19 biennium. Funding for the HEF for the 2020–21 biennium totals $787.5 million in General Revenue Funds, which is equal to 2018–19 biennial appropriations. However, Senate Bill 709, Eighty-sixth Legislature, 2019, reallocated the annual appropriation among the eligible institutions for fiscal years 2021 to 2025 based on recommendations from the Texas Higher Education Coordinating Board (THECB).

- Funding for the AUF for the 2020–21 biennium totals an estimated $2.4 billion in Other Funds, which is an increase of $359.9 million due to the anticipated growth in the value of the Permanent University Fund (PUF) as projected by the University of Texas Investment Company.

- Funding for the ANRUF for the 2020–21 biennium totals an estimated $50.2 million in Other Funds, which is an increase of $4.0 million due to anticipated growth of the ANRUF as projected by the Texas Treasury Safekeeping Trust Company (TTSTC).

- Funding for the Support for Military and Veterans Exemptions for the 2020–21 biennium totals an estimated $47.8 million in All Funds, which includes an increase of $0.5 million in Other Funds due to anticipated growth of the Permanent Fund Supporting Military Veterans Exemptions as projected by TTSTC.

HIGHER EDUCATION FUND

HEF was established by constitutional amendment as a counterpart to the PUF for Texas public institutions of higher education that are constitutionally ineligible to receive proceeds from the PUF.

The Texas Constitution requires the Legislature to review the HEF's formula allocation every 10 years, and the Legislature may, once every five years, adjust the amount and the allocation of the constitutional appropriation for the subsequent five years. An adjustment requires a two-thirds majority vote, and the reallocation may not impair any debt service obligation established by the issuance of HEF bonds or notes.

From fiscal years 1986 to 1995, the Legislature appropriated $100.0 million each year to the HEF for distribution to eligible institutions based on a formula allocation incorporating three elements: (1) space deficit, (2) facilities condition, and (3) institutional complexity. The Seventy-third Legislature, 1993, increased the formula allocation to $175.0 million each year starting in fiscal year 1996. The Seventy-sixth Legislature, 1999, adopted a new allocation for the $175.0 million distributed to universities as a result of THECB's recommendations.

The Seventy-ninth Legislature, Regular Session, 2005, maintained the $175.0 million annual appropriation level for fiscal years 2006 and 2007 and increased the annual appropriation level to $262.5 million starting in fiscal year 2008. The Legislature also reallocated the appropriations of General Revenue Funds starting in fiscal year 2006 based on THECB's recommendations.

The Eighty-first Legislature, Regular Session, 2009, maintained the $262.5 million annual HEF appropriation level for fiscal years 2010 and 2011. To ensure the equitable distribution of the HEF appropriation, the legislation corrected the distribution of fiscal years 2009 and 2010 HEF allocations by using revised formula calculations. Based on these revised calculations, the Legislature also factored in updated data elements to generate the annual HEF allocation for the five-year period starting in fiscal year 2011. The Legislature also authorized the University of North Texas at Dallas to participate in the HEF allocation upon the institution's operation as a general academic teaching institution.

The Eighty-fourth Legislature, 2015, maintained the $262.5 million annual HEF appropriation level for fiscal year 2016, and increased the annual allocation amount to $393.8 million for fiscal years 2017 to 2020. Beginning in fiscal year 2016, the University of North Texas at Dallas and Texas Tech University Health Sciences Center at El Paso were added for the HEF distribution, and the University of Texas – Pan American and the University of Texas at Brownsville were discontinued from the distribution.

Senate Bill 709, Eighty-sixth Legislature, 2019, reallocated the $393.8 million for fiscal years 2021 to 2025 among the eligible institutions based on THECB's recommendations. **Figure 211** shows each eligible institution's annual allocations for fiscal years 2011 to 2025.

FIGURE 211
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS, FISCAL YEARS 2011 TO 2025

(IN MILLIONS)

INSTITUTION (BY SYSTEM)	2011 TO 2015	2016	2017 TO 2020	2021 TO 2025
Lamar University	$8.3	$9.4	$14.1	$13.1
Lamar Institute of Technology	$2.3	$1.7	$2.6	$2.6
Lamar State College – Orange	$1.2	$1.1	$1.7	$1.5
Lamar State College – Port Arthur	$1.2	$1.4	$2.2	$2.2
Sul Ross State University	$1.6	$1.4	$2.1	$2.2
Sul Ross State University Rio Grande College	$0.4	$0.3	$0.4	$0.5
Sam Houston State University	$11.9	$11.6	$17.3	$18.2
Texas State University	$21.9	$24.8	$37.2	$37.6
Total, Texas State University System	**$49.0**	**$51.7**	**$77.6**	**$77.9**
Texas A&M University – Corpus Christi	$87.1	$7.4	$11.1	$11.5
Texas A&M International University	$3.8	$4.5	$6.7	$7.5
Texas A&M University – Kingsville	$5.0	$6.0	$9.0	$8.9
Texas A&M University – Commerce	$5.2	$7.2	$10.8	$11.1
Texas A&M University – Texarkana	$1.3	$1.2	$1.8	$2.1
West Texas A&M University	$4.7	$4.8	$7.2	$7.4
Total, Texas A&M University System	**$27.1**	**$31.1**	**$46.6**	**$48.4**
University of Houston	$35.9	$35.2	$52.8	$54.5
University of Houston – Clear Lake	$5.2	$5.3	$8.0	$7.7
University of Houston – Downtown	$7.4	$7.8	$11.8	$10.8
University of Houston – Victoria	$2.4	$2.9	$4.3	$3.5
Total, University of Houston System	**$50.9**	**$51.2**	**$76.8**	**$76.6**
The University of Texas – Pan American	$12.3	$0.0	$0.0	$0.0
The University of Texas at Brownsville	$5.1	$0.0	$0.0	$0.0
Total, the University of Texas System	**$17.4**	**$0.0**	**$0.0**	**$0.0**
Total, Texas State Technical College System	**$5.8**	**$5.8**	**$8.7**	**$8.7**
Midwestern State University	$3.6	$3.4	$5.1	$4.9
Stephen F. Austin State University	$8.4	$7.8	$11.6	$11.3
Texas Southern University	$8.9	$7.8	$11.7	$11.7
Texas Woman's University	$10.2	$9.9	$14.8	$14.6
Total, Independent Universities	**$31.0**	**$28.8**	**$43.2**	**$42.5**
Texas Tech University	$23.9	$32.8	$49.2	$49.9
Texas Tech University Health Sciences Center	$17.0	$15.6	$23.4	$21.7
Texas Tech University Health Sciences Center at El Paso	$0.0	$4.2	$6.2	$5.6
Angelo State University	$3.7	$3.5	$5.3	$6.8
Total, Texas Tech University System	**$44.7**	**$56.1**	**$84.2**	**$83.9**

FIGURE 211 (CONTINUED)
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS, FISCAL YEARS 2011 TO 2025

(IN MILLIONS)

INSTITUTION (BY SYSTEM)	2011 TO 2015	2016	2017 TO 2020	2021 TO 2025
University of North Texas	$27.8	$25.0	$37.6	$37.3
University of North Texas Health Sciences Center	$8.8	$11.4	$17.1	$15.1
University of North Texas at Dallas	$0.0	$1.4	$2.1	$3.4
Total, University of North Texas System	**$36.6**	**$37.8**	**$56.8**	**$55.8**
Total, All Eligible Institutions	**$262.5**	**$262.5**	**$393.8**	**$393.8**

NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

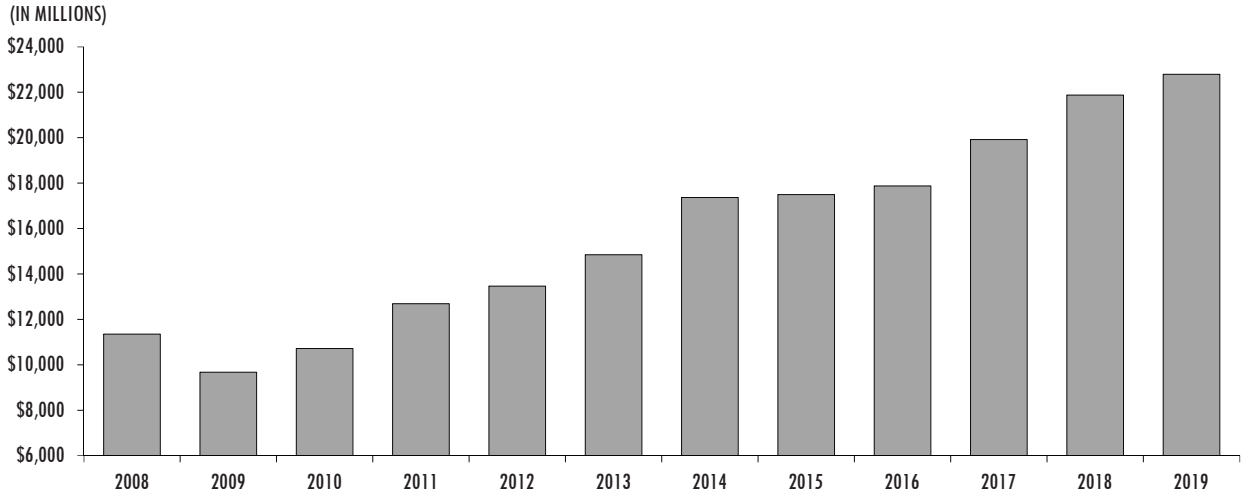
AVAILABLE UNIVERSITY FUND

The PUF is a public endowment contributing to the support of most institutions in the University of Texas (UT) System and the Texas A&M University (TAMU) System. The Texas Constitution established the PUF in 1876 by appropriating land grants previously given to UT plus 1.0 million acres. In 1883, the PUF received another land grant of an additional 1.0 million acres. The fund contains approximately 2.1 million acres located in 24 West Texas counties.

PUF's 2.1 million acres produce two lines of income: surface and mineral. The Texas Constitution requires all surface lease income to be deposited to the AUF. Mineral income and income from the sale of PUF lands remain in the PUF and are invested in equity, fixed-income, and derivative securities. Proposition 17, 1999, amended the Texas Constitution to authorize the UT Board of Regents to use a total return on investment assets from the PUF to be distributed to the AUF. Pursuant to the Texas Constitution, the distribution determination must provide the AUF with a stable annual income stream while maintaining the PUF's purchasing power. The estimated market value of the PUF corpus as of August 31, 2018, was $21.9 billion, representing growth of approximately 50.2 percent since fiscal year 2006. **Figure 212** shows the annual market value of the PUF corpus since fiscal year 2008.

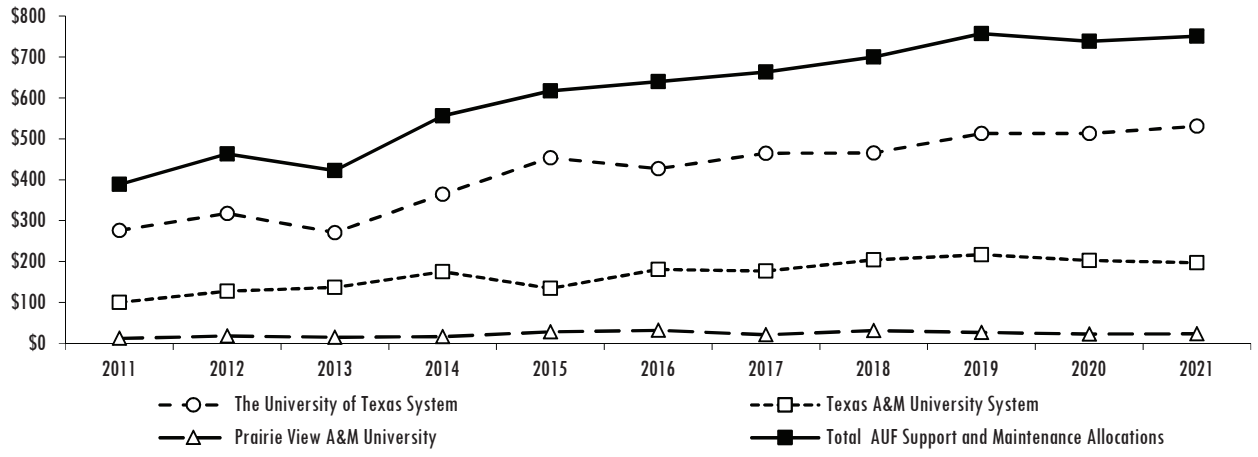
Surface and investment income is distributed from the PUF into the AUF for use by the TAMU and UT systems. The constitution designates two-thirds of the AUF for the UT System and one-third for the TAMU System. The first obligation of any income earned by the PUF is to pay the debt service (both principal and interest) on existing PUF bonds.

FIGURE 212
MARKET VALUE OF THE PERMANENT UNIVERSITY FUND, FISCAL YEARS 2008 TO 2019



SOURCE: University of Texas/Texas A&M Investment Management Company.

FIGURE 213
AVAILABLE UNIVERSITY FUND (AUF) ALLOCATIONS FOR EXCELLENCE, FISCAL YEARS 2011 TO 2021



NOTE: Amounts for fiscal years 2019 to 2021 are estimated.
SOURCES: Legislative Budget Board; The University of Texas System; Texas A&M University System.

The residual income, after debt service, is dedicated to the support and maintenance at UT at Austin, UT System administration, TAMU System administration, TAMU at College Station, and Prairie View A&M University. Support and maintenance includes special programs, such as library enhancement, specialized equipment purchases for science and engineering, student counseling services, graduate student fellowships, and scholarships. **Figure 213** shows that support and maintenance funding is estimated to total $750.8 million for fiscal year 2021.

The two systems' respective governing boards determine the allocation of PUF bond proceeds among their component institutions. The UT System is authorized to issue PUF bonds up to a total amount not to exceed 20.0 percent of the book value of the PUF; the TAMU System is authorized to issue up to 10.0 percent of the book value of the fund.

The Eighty-second Legislature, Regular Session, 2011, amended the composition of the governing board for the University of Texas/Texas A&M Investment Management Company (UTIMCO) to require two appointees representing the Texas A&M University System. UTIMCO is the firm that invests and manages the PUF and other endowments, most of which are not appropriated through the General Appropriations Act. The legislation also requires at least one of the TAMU appointees and all of the remaining appointees to have knowledge and expertise in investments.

The Eighty-fourth Legislature, General Appropriations Act (GAA), 2016–17 Biennium, established in riders new reporting and notification requirements regarding the uses of the AUF. A new annual report, due no later than December 1 each fiscal year, requires additional information on AUF support and maintenance allocations and expenditures for system office operations and initiatives by activity. Each activity must include information regarding purpose, authority, objects of expense, and full-time-equivalent positions, and list other funds outside of AUF used for each activity.

Beginning in fiscal year 2016, no AUF appropriations may be used for system initiatives without written notification to the Legislative Budget Board at least 30 days before the board of regents takes action on system initiatives. Additional notification-related details are explained by rider.

Another rider requirement established during the 2016–17 biennium requires that all AUF expenditures must be categorized by one of the following program categories: debt service, system office operations, system initiatives, or support of eligible component institutions.

The Eighty-sixth Legislature, GAA, 2020–21 Biennium, eliminated quarterly reporting requirements for System Office Operations and System Initiatives and the requirement that no AUF expenditures are used by the UT System to reimburse expenses of any unconfirmed members of the board of regents.

AVAILABLE NATIONAL RESEARCH FUND

The Texas Constitution was amended in 1995 to authorize the establishment and funding of the Permanent Higher Education Fund (PHEF), a corpus separate from the annual Higher Education Fund (HEF) allocation of General Revenue Funds. The PHEF was intended to become a permanent endowment to support non-Permanent University Fund-eligible institutions. The constitution required cessation of the annual HEF appropriation when the value of the PHEF corpus reached $2.0 billion; however, as of August 31, 2009, the estimated market value of the PHEF corpus was $515.9 million. The Eighty-first Legislature, Regular Session, 2009, established a new source of funding to enhance research capacity at certain universities and redirected the PHEF corpus for that purpose. The redirection of the PHEF corpus was authorized with the voter approval of Proposition 4 in 2009, which amended the Texas Constitution, Article VII, by establishing the National Research University Fund (NRUF). Proposition 4 transferred the balance of the PHEF to the credit of the NRUF as of January 1, 2010, and repealed the constitutional authorization for the PHEF.

The Texas Constitution, Article VII, authorizes the Legislature to appropriate some or all of the total return on all investment assets of the NRUF for the purposes of the fund, except for two caveats: (1) the Legislature may not increase distributions from the fund if the purchasing power of investment assets for any rolling 10-year period is not preserved; and (2) the amount appropriated from the proceeds of the NRUF corpus during any fiscal year must be capped at 7.0 percent of the investment assets' average net fair market value. Until the NRUF has been invested long enough to determine its purchasing power during a 10-year period, the Legislature is authorized to use other means of preserving the purchasing power of the fund.

The Eighty-second Legislature, Regular Session, 2011, established the specific eligibility and distribution criteria for Available National Research Fund (ANRUF) appropriations. To be eligible to receive ANRUF appropriations, an institution must meet two mandatory criteria and four of six optional criteria. Mandatory criteria include the following factors:

- the institution is designated as an emerging research university within the Texas Higher Education Coordinating Board's (THECB) Accountability System; and
- the institution reported at least $45.0 million in restricted research expenditures during each of the preceding two fiscal years.

Optional criteria for the ANRUF include the following factors:

- possession of an endowment fund valued at more than $400.0 million;
- awarding more than 200 doctor of philosophy degrees per year;
- having an entering freshman class of high academic achievement;
- recognition of the institution's research capability and scholarly attainment;
- possession of a high-quality faculty; and
- possession of high-quality graduate education programs.

THECB evaluates the mandatory and optional criteria to determine whether an institution is eligible to receive ANRUF appropriations. Before fiscal year 2018, Texas Tech University and University of Houston were the only emerging research universities in Texas eligible to receive ANRUF appropriations. During fiscal year 2018, the University of Texas at Dallas became eligible to receive ANRUF distributions. The University of Texas at Arlington (UT–Arlington) may be eligible for ANRUF funding beginning in fiscal year 2021 following receipt and verification of necessary UT–Arlington data by the THECB and an audit by the State Auditor's Office confirming the data.

SUPPORT FOR MILITARY AND VETERANS EXEMPTIONS

The Eighty-third Legislature, Regular Session, 2013, established the Permanent Fund Supporting Military Veterans Exemptions (MVE) to assist public institutions of higher education to offset the waived tuition and fee revenue from the federal Hazlewood Legacy Program (HLP). Although no initial funding was appropriated to the MVE by the Eighty-third Legislature, the MVE received a onetime donation of $248.0 million from the Texas Guaranteed Student Loan Corporation during September 2013. The Texas Treasury Safekeeping and Trust Company determines the amount available for distribution from MVE in accordance with policy adopted by the Texas Comptroller of Public Accounts.

In accordance with HLP, qualifying veterans may assign unused hours of their Hazlewood Act state tuition exemption to a dependent that meets eligibility requirements.

The following are requirements that a veteran must meet to qualify for the Hazlewood Act's education benefit of up to 150.0 hours of tuition exemption:

- at the time of entry into active duty in the U.S. Armed Forces, designated Texas as home of record; or entered the service in Texas; or was a Texas resident;
- received an honorable discharge or separation or a general discharge with honorable conditions as indicated on the veteran's Certificate of Release or Discharge from Active Duty;
- served at least 181.0 days of active duty service, excluding training;
- has no federal veteran's education benefits dedicated to the payment of tuition and fees, or has no such federal veterans education benefits that are equal to or exceed the value of Hazlewood Act benefits received during a given semester or other term;
- is not in default on a student loan made or guaranteed by the state of Texas;
- enrolled in classes for which the college receives tax support (i.e., a course that does not depend solely on student tuition and fees to cover its cost), unless the college's governing board has ruled to let veterans receive the benefit while enrolled in nonfunded courses;
- meets the grade point average (GPA) requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy and, as an undergraduate student, is not considered to have attempted an excessive amount of credit hours; and
- veterans that were granted their first Hazlewood Act exemptions beginning fall 2011 must reside in Texas during the semester or term for which the exemption is claimed. This requirement does not apply to a veteran that either received the exemption before academic year 2011–12, has reenlisted into active duty, or resides with a spouse that is on active duty.

The following are HLP requirements that a veteran's dependent must meet to have Hazlewood Act benefits transferred to that dependent:

- classified by the institution as a Texas resident;
- biological child, stepchild, adopted child, or claimed as a dependent during the current or previous tax year;
- age 25 or younger on the first day of the semester or term for which the exemption is claimed, unless granted an extension due to a qualifying illness or debilitating condition; and
- meets the GPA requirement of the institution's satisfactory academic progress policy in a degree or certificate program as determined by the institution's financial aid policy and, as an undergraduate student, is not considered to have attempted an excessive amount of credit hours.

HLP recipients will receive an exemption for the number of degree-certified hours reported by the institution for that term or semester. Maximum degree-certified hours awarded to the HLP recipient depend on the degree or certificate program in which the student is enrolled for that term or semester and must be consistent with the program length as defined within the school catalog as approved by the regional accreditation commission. If a veteran's dependent to whom hours have been delegated fails to use all of the assigned hours, a veteran may reassign the unused hours that are available to another dependent. Only one dependent can use HLP benefits at a time.

The Eighty-third Legislature, Regular Session, 2013, transferred the administrative responsibility for HLP from THECB to the Texas Veterans Commission.

TEXAS A&M UNIVERSITY SYSTEM AGENCIES

PURPOSE: Provide and conduct a variety of research, regulatory, workforce development, and emergency management programs. The focus of the system agencies' programs include agriculture, forestry, animal health, public safety, infrastructure, transportation, emergency management, and economic development.

ESTABLISHED: Texas A&M AgriLife Research – 1887; Texas A&M AgriLife Extension Service – 1915; Texas A&M Engineering Extension Service – 1948; Texas A&M Transportation Institute – 1950; Texas A&M Engineering Experiment Station – 1914; Texas A&M Forest Service – 1915; Texas A&M Veterinary Medical Diagnostic Laboratory – 1967; Texas Division of Emergency Management – 1951

AUTHORIZING STATUTE: The Texas Education Code, Chapter 88

GOVERNANCE: Texas A&M University System Board of Regents—nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 214
TEXAS A&M UNIVERSITY SYSTEM AGENCIES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$355.1	$401.3	$46.3	13.0%
General Revenue–Dedicated Funds	$53.3	$51.3	($2.0)	(3.8%)
Federal Funds	$222.3	$3,730.0	$3,507.7	1,577.9%
Other Funds	$451.7	$377.5	($74.2)	(16.4%)
Total, All Methods of Finance	**$1,082.4**	**$4,560.2**	**$3,477.8**	**321.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	4,650.8
2021	4,650.8

SIGNIFICANT DEVELOPMENTS

Appropriations include an increase of $3.5 billion in All Funds due to House Bill 2794 **transferring the Texas Division of Emergency Management** (TDEM) from the Department of Public Safety to the Texas A&M University System and establishing TDEM as an agency of higher education.

Appropriations include an increase of $6.8 million in General Revenue Funds and 30.0 full-time-equivalent positions at the Texas A&M AgriLife Extension Service for **Disaster Assessment and Recovery Teams**.

Appropriations include an increase of $3.2 million in General Revenue Funds at the Texas A&M Engineering Experiment Station for the **Nuclear Power Institute and the transfer of National Aeronautics and Space Administration outreach programs** from the University of Houston System.

Appropriations include an increase of $1.2 million in General Revenue Funds at the **Texas A&M Medical Diagnostic Laboratory to support the poultry laboratories in Center and Gonzales**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Texas A&M System agencies for the 2020–21 biennium includes the following changes:

- a $6.8 million increase in General Revenue Funds and 30.0 full-time-equivalent (FTE) positions at the Texas A&M AgriLife Extension Service for Disaster Assessment and Recovery Teams. Additionally, $2.0 million in General Revenue Funds is provided to support the Surplus Agricultural Products Grant Program Serving Low Income Students;
- a $1.7 million increase in General Revenue Funds at the Texas A&M Engineering Experiment Station (TEES) for the High School Cooperative Education Program with National Aeronautics and Space Administration (NASA) and Tech Outreach program transferring from the University of Houston System. Additionally, a $1.5 million increase is provided for the Nuclear Power Institute;
- a $1.2 million increase in General Revenue Funds at the Texas A&M Medical Diagnostic Laboratory to support the poultry laboratories in Center and Gonzales; and
- a $3.5 billion increase in All Funds and 332.2 FTE positions pursuant to House Bill 2794, Eighty-sixth Legislature, 2019, transferring the Texas Division of Emergency Management (TDEM) from the Department of Public Safety to the Texas A&M University (TAMU) System and establishing TDEM as an agency of higher education.

TEXAS A&M AGRILIFE RESEARCH

Texas A&M AgriLife Research (TAR) conducts research activities at 13 major research and extension centers throughout the state to address Texas' geographic diversity and corresponding plant and animal variety. The agency integrates its programs with the AgriLife Extension Service's through colocation of staff at research and extension centers, cooperative planning, joint appointments, and copublications.

TAR's goals are to promote agricultural competitiveness, environmental quality, agricultural product quality, and economic development. The agency conducts research on livestock, plants, crops, and processing techniques to ensure that Texas' agriculture system is competitive. It also focuses on conserving natural resources and research that addresses air, soil, and water quality.

TAR also administers two regulatory services. The Texas Apiary Inspection Service (TAIS) is charged with regulating the honeybee industry in the state. The service has a 2020–21 biennial operating budget of approximately $0.5 million, which is supported partially by fees. TAIS regulates honeybees to maintain a population of bees that benefits pollination needs and honey production. TAIS issues permits and certifications, conducts inspection operations, and limits honeybee migration through quarantine procedures. TAMU's Department of Entomology provides the testing services for TAIS.

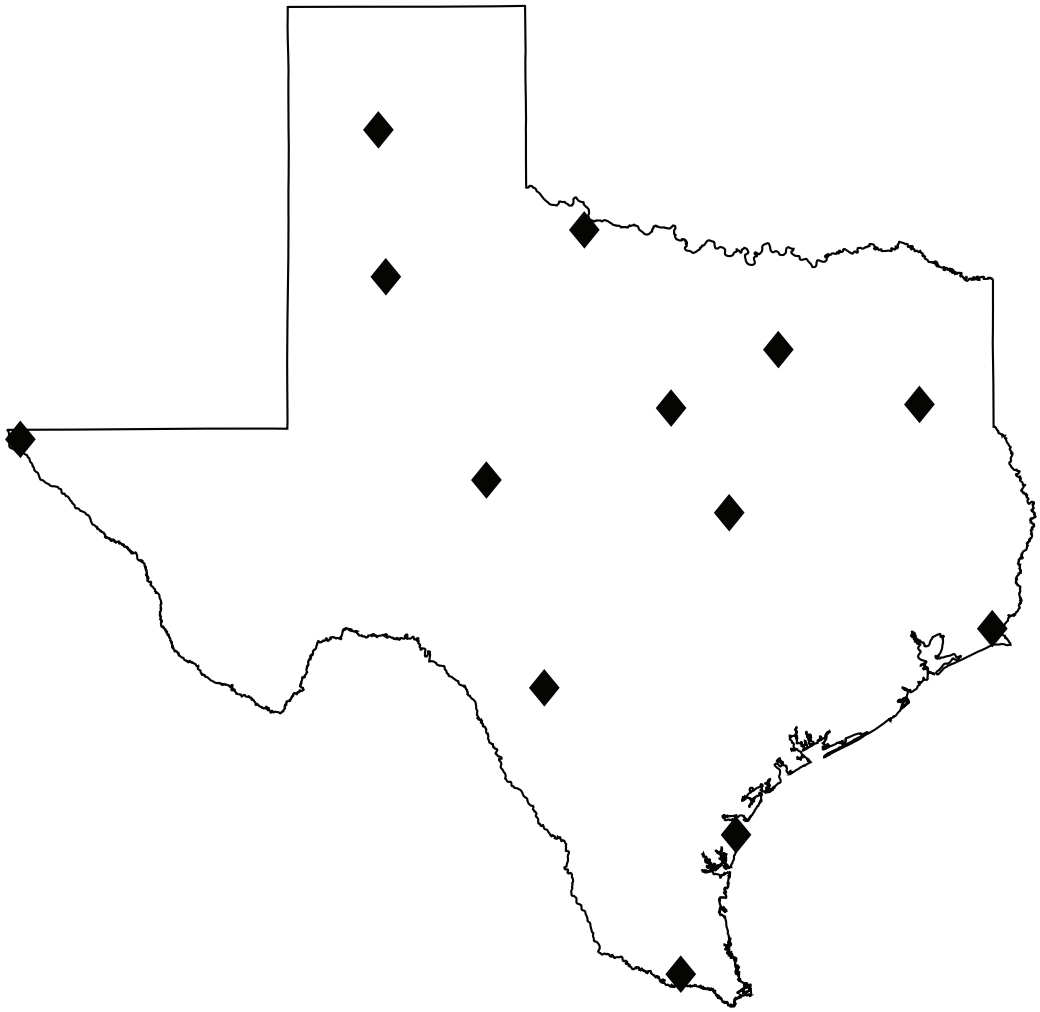
The second regulatory service TAR administers involves the Office of the Texas State Chemist (OTSC), and includes the Feed and Fertilizer Control Service (FFCS) and the Agriculture Analytical Service (AAS). FFCS regulates the distribution of approximately 21.0 million tons of feed and 2.6 million tons of fertilizer to ensure that the products conform to state commercial feed and fertilizer codes. FFCS licenses distributors of feed and registers all fertilizer distributors and manufacturers and distributors of ammonium nitrate materials. The FFCS operating budget is generated by fee revenue, including contracts with the U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture (USDA). OTSC supports 14 field investigators commissioned by the FDA. These investigators conduct facility audits, investigate animal deaths associated with feed, review product labels, and collect investigatory samples for AAS analysis. OTSC's 2020–21 biennial operating budget is approximately $9.5 million, which supports 51.1 FTE positions.

TEXAS A&M AGRILIFE EXTENSION SERVICE

The agency conveys scientific information and technology transfer programs to the public, developed through the TAMU System, USDA, and private and public research organizations. The extension service's programs address areas in agriculture and natural resources; youth, community, and leadership development; environmental quality; and food safety. The Texas 4-H program is one of the youth programs the agency administers, which prepares participants to learn leadership, citizenship, and life skills.

A statewide network of approximately 510 county extension agents, along with program specialists located in research and extension centers, delivers educational programs to all 254 Texas counties. District extension administrators,

FIGURE 215
TEXAS A&M AGRILIFE EXTENSION SERVICE DISTRICT EXTENSION ADMINISTRATORS, FISCAL YEAR 2018



SOURCE: Texas A&M University System.

which supervise personnel and programs, are located in 13 research and extension centers across the state (**Figure 215**). The extension service has more than 240 program specialists located on and off campus that support 13 academic departments on TAMU campuses. The program specialists provide direct program support for district and county activities. Salaries for county extension agents are paid from county, state, and federal sources. General Revenue Funds contribute approximately one-half the cost of agent salaries, counties provide approximately 35.0 percent, and the federal government provides the remaining portion. The extension service works in partnership with county courts across the state to provide educational resources to its clientele.

In response to damages caused by Hurricane Harvey, the Eighty-sixth Legislature, 2019, increased funding for the extension service by $6.8 million to support six regional Disaster Assessment and Recovery Teams made up of extension professionals with expertise in community resiliency planning, hazard mitigation education, emergency preparedness, and long-term recovery processes.

The Eighty-sixth Legislature, 2019, discontinued the northern bobwhite quail Interagency Contract with the Texas Parks and Wildlife Department.

TEXAS A&M ENGINEERING EXPERIMENT STATION

TEES has a partnership with TAMU and other institutions of higher education across Texas. The agency's headquarters

is located in College Station, and its partnerships include eight universities within the TAMU System, Angelo State University, Lamar University, Texas State University, Texas Woman's University, University of North Texas, Del Mar Community College, and New Mexico State University. TEES also provides support to the more than 50 community colleges statewide with its Community College Initiative.

The agency's goal is to conduct basic and applied research in engineering and related fields. TEES accomplishes this goal through engineering and technology-oriented research and educational collaborations. The agency provides programs for students in engineering research and education at the secondary, undergraduate, and graduate levels. TEES also forms collaborations among industries, communities, and academic institutions that position Texas to be competitive for federal grant funding and provides technical assistance for licensing and the commercialization of products. TEES research is focused on six strategic areas: energy systems and services, healthcare, information systems and sensors, materials and manufacturing, infrastructure, and national security safety. TEES also operates the Offshore Technology Research Center, Nuclear Science Center, Food Protein Research and Development Center, National Center for Therapeutics Manufacturing, Mary Kay O'Connor Process Safety Center, and National Corrosion Center.

TEES has partnerships with primary education schools, community colleges, universities, and industries to offer short courses, certificate programs, and distance education. TEES participates in education partnerships that enhance science, technology, engineering, and mathematics (STEM) education to increase the number of engineers and scientists in the state. TEES is working with four South Texas engineering programs (Texas A&M – Kingsville, Texas A&M – Corpus Christi, Texas A&M International University, and the University of Texas Rio Grande Valley) to form the South Texas Engineering Alliance and the South Texas–Coastal Bend STEM Coalition. The group focuses on student recruitment and work with STEM in-service teachers. The Energy System Laboratory within TEES assists in energy efficiency and renewable energy research, along with emissions reduction calculations for the Texas Emissions Reduction Plan, administered by the Texas Commission of Environmental Quality.

TEES also generates external research funds, the majority of which are contributed from federal sponsors, including the U.S. Department of Energy, National Science Foundation, U.S. Department of Defense, U.S. Department of Health and Human Services, National Institutes of Health, and NASA.

The Eighty-sixth Legislature, 2019, transferred a NASA cooperative education and technology outreach program for students to TEES from the University of Houston System. This program provides research and education partnerships with the goal of increasing the number of students pursuing STEM degrees and careers by providing interactive, online-learning experiences, and trips to NASA's Johnson Space Center.

Additionally, $50.0 million in General Revenue Funds has been appropriated to the Trusteed Programs Within the Office of the Governor to be transferred to TEES for the Army Futures Command. The purpose for the funding is to engage the state's public institutions of higher education with private-sector industries to establish and equip a proving ground site and to commercialize and manufacture critical emerging technologies for infrastructure networks, public safety, and national defense.

TEXAS A&M TRANSPORTATION INSTITUTE

Texas A&M Transportation Institute's (TTI) goals are to anticipate, identify, and solve transportation problems; disseminate the results of research to improve the overall transportation system; and enhance the quality of transportation education in Texas. The agency researches all transportation modes, including air, water, surface, rail, and pipeline. The agency also researches ways to develop effective and efficient multimodal transportation systems. TTI conducts more than 600 research projects with more than 200 sponsors annually. In addition to the agency's office in College Station and its research annex at the TAMU Riverside Campus in Brazos County, TTI maintains field offices in Arlington, Austin, Dallas, El Paso, Galveston, Houston, San Antonio, and Waco. The agency also has a testing center in Pecos. TTI conducts much of its research through its 10 state and national centers, which include the Center for Transportation Safety, the Transportation Economics Research Center, and the Center for Ports and Waterways (CPW). CPW addresses issues such as trade movements and trends, intermodal concerns, landside access, economic and environmental effects, international commerce, port development, and security. CPW provides maritime interests with research, development, technology transfer, and education programs.

TTI has a Center for International Intelligent Transportation Research located in El Paso, which seeks to improve mobility,

border-crossing efficiency, and security. TTI conducts full-scale crash tests of safety designs at the agency's Proving Grounds Research Facility, which tests roadside devices, crash cushions, and barrier systems. TTI also operates the state's full-scale evaluation facility for performance testing of erosion control materials used by the Texas Department of Transportation (TxDOT) and a drive-in Environmental and Emissions Research Facility capable of accommodating tractor-trailers and buses.

The majority of the agency's funding is provided through sponsored research grants and contracts with private and governmental entities. Approximately 40.7 percent of TTI's funding is contributed from Interagency Contracts, and TxDOT provides the majority of those contracts.

TEXAS A&M ENGINEERING EXTENSION SERVICE

The Texas A&M Engineering Extension Service (TEEX) provides public-sector and private-sector training, technology-transfer assistance, and emergency response. Public service programs fulfill mandated training requirements for certification in structural fire protection, emergency medical services, law enforcement, water, and wastewater treatment. Industrial-sector training includes programs in occupational safety, heavy equipment operation, power distribution, job safety, telecommunications, electronics, and workforce and economic development. During fiscal year 2018, TEEX provided more than 46,000.0 contact hours of technical assistance, and more than 1.7 million student contact hours of public-sector training.

TEEX maintains regional training centers in Galveston, Houston, Mesquite, and San Antonio. Galveston is home to the Center for Marine Training and Safety, which offers training for maritime, oil exploration, and drilling industries. The Houston office focuses on manufacturing assistance and business development. The Mesquite office is the site of the Occupational Safety and Health Administration's Southwest Education Center, which provides occupational, construction, and industrial safety training. The San Antonio office focuses on the needs of South Texas water, wastewater, electric power, safety, and other areas of infrastructure training and assistance.

Additionally, TEEX is the designated state fire training provider. The agency's Brayton Fire Training Field includes full-scale buildings, towers, tanks, industrial plant structures, and a ship superstructure that are used during liquid-fueled, live-fire training simulations. Adjacent to the fire field are TEEX's Emergency Operations Training Center, a simulation and computer-based technologies training facility, and Disaster City, a search and rescue training facility.

TEEX is the sponsoring agency for Texas Task Force 1 (TX–TF1), which functions as a federal Urban Search and Rescue team as part of the Federal Emergency Management Agency's national urban search and rescue system and as Texas' only statewide search and rescue team, directed by the Texas Division of Emergency Management. TX–TF1 includes more than 600 emergency response personnel from approximately 60 organizations and departments across the state. State and federal deployments of TX–TF1 have included emergency responder activities at the World Trade Center following the September 11, 2001, attacks; recovery efforts during the Columbia space shuttle disaster; and rescue missions after Hurricanes Ike, Katrina, Rita, and Harvey. TX–TF1 typically is reimbursed for costs associated with each deployment from the state and the federal governments following each response activation. The Eighty-fifth Legislature, Regular Session, 2017, appropriated an additional $2.0 million in General Revenue Funds for Texas Task Force 2's (TX–TF2) operational readiness. TX–TF2 is primarily a regional urban search and rescue response team for all hazardous disasters in the North Central Texas area. TX–TF2 provides coordinated efforts including necessary personnel and equipment to locate, extricate, rescue, and provide immediate medical treatment to victims trapped as a result of a natural or human-caused disaster; and provide assistance to first responders when their capabilities are exceeded.

TEEX also operates the National Emergency Response and Rescue Training Center, part of the National Domestic Preparedness Consortium, to provide homeland security training in incident management and unified command to elected officials and emergency response personnel, covering various areas including all-hazard events, terrorist acts, cybersecurity, and natural disasters.

Following Hurricane Harvey's landfall in Texas in August 2017, TEEX and the A&M AgriLife Extension Service provided assistance teams to local jurisdictions to assist with preparing applications and documentation necessary to receive recovery financial support from the federal government. TEEX also assisted in debris disposal following the disaster.

TEXAS A&M FOREST SERVICE

The Texas A&M Forest Service (TFS) delivers wildfire response and protection on 156.0 million acres across

Texas through its Texas Wildfire Protection Plan (TWPP). TWPP is an emergency response model emphasizing ongoing analysis, mitigation, prevention and preparation, followed by a coordinated response through TFS locations across the state. TWPP includes the Rural Volunteer Fire Department Assistance Program, which provides grants to local volunteer fire departments to help rural areas establish their own firefighting capabilities by sharing the cost of firefighting equipment and training. TWPP also includes the Texas Intrastate Fire Mutual Aid System program, which provides reimbursement grants to fire departments that are not eligible for grant assistance from the Rural Volunteer Fire Department Assistance Program.

Historically, the Texas Legislature appropriates funding as needed to TFS for wildfire costs incurred by the state. These supplemental appropriations are used as state matching funds to receive Federal Emergency Management Agency (FEMA) funds and to cover costs that are not paid for by FEMA reimbursements. FEMA typically reimburses Texas for eligible costs, whether as part of a presidential disaster declaration or through the Fire Management Assistance Grant Program, and the state reimburses any responding agencies that assisted in fighting the wildfires. Cost sharing between federal and state governments for fighting wildfires varies depending on the severity of a fire season and the resources deployed. For fiscal year 2019, TFS received a supplemental appropriation of $57.4 million from the Economic Stabilization Fund for the purpose of paying for, or reimbursing payments made for, costs incurred by TFS associated with responding to various weather-related emergencies. Of that amount, $2.5 million was appropriated to reimburse TFS for costs related to Hurricane Harvey damage.

As requested by the Texas Division of Emergency Management, TFS helps coordinate other response efforts for hurricanes, floods, tornadoes, and other disasters. In addition to response efforts, TFS conducts applied research in the field of forest insects and diseases and disseminates information to landowners. The agency dedicates time to reforestation efforts, urban forestry programs, resource development assistance, windbreak development, ecosystem services, and community assistance. TFS maintains statistics on annual forest growth, harvest trends, and forest industry production levels. The agency also operates a nursery and a seed orchard for the production of tree seedlings.

TEXAS A&M VETERINARY MEDICAL DIAGNOSTIC LABORATORY

The Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) performs veterinary diagnostic services, export testing, and disease surveillance. The agency also works to detect, report, and respond to potential disease outbreaks among Texas' animal populations, including foot and mouth disease and avian influenza. TVMDL conducts laboratory tests on specimens from live or deceased animals and their environments. In addition, the agency's four laboratories facilitate commerce of Texas livestock by providing tests required for international, intrastate, and interstate movement of animals. TVMDL also provides laboratory data necessary to identify disease outbreaks, including emerging, reemerging, and zoonotic diseases, and provides appropriate warnings to individuals and governmental agencies.

The agency works with many partners, including the Texas Animal Health Commission, the Texas Parks and Wildlife Department, the Texas Department of State Health Services, the National Center for Foreign Animal and Zoonotic Disease Defense, and the U.S. Department of Agriculture Veterinary Services. TVMDL is one of 12 core labs composing the National Animal Health Laboratory Network, a group of state and regional diagnostic laboratories. The two full-service labs in College Station and Amarillo perform diagnostic testing and disease surveillance services ranging from toxicology and necropsy to basic veterinary services. The two smaller laboratories in Center and Gonzales provide avian-specific testing and received a $2.0 million increase in funding for the 2020–21 biennium.

TEXAS DIVISION OF EMERGENCY MANAGEMENT

House Bill 2794, Eighty-sixth Legislature, 2019, transferred administration of the Texas Division of Emergency Management (TDEM) from the Department of Public Safety to the TAMU System and established the entity as an agency of higher education. This transfer was made in response to recommendations from the Office of the Governor's Commission to Rebuild Texas following Hurricane Harvey to unify certain emergency management functions within the state. Although the legislation transferred the administration of the agency to the TAMU System, the Governor is responsible for appointing the chief of TDEM.

TDEM manages the State Operations Center, which serves as the focal point for state weather and health warning

systems and is the control facility for emergency operations. During fiscal year 2019, TDEM coordinated the state response for 3,806 emergency incidents.

TDEM is the state's primary emergency response division and is charged with executing a statewide, comprehensive, all-hazard emergency management program. This program includes pre-disaster and post-disaster mitigation of known hazards; emergency planning, training, and other preparedness activity exercises; provisions for effective response to emergency situations; and recovery programs for major disasters. TDEM also is charged with providing assistance to local and state agencies to plan and implement emergency management programs.

TDEM's purpose is to enhance emergency preparedness at the state and local levels, effectively administer homeland security and emergency management grant programs, and ensure a prompt, effective response to and recovery from natural and human-made disasters. TDEM assists local jurisdictions in responding to major emergencies and disasters, including hurricanes, tornadoes, floods, wildfires, and hazardous material spills. TDEM maintains state emergency plans, reviews local emergency plans, and conducts emergency management training for local officials and for state and local emergency responders. It coordinates state disaster response operations with local governments, federal agencies, volunteer groups, and private-sector partners. TDEM administers millions of dollars in federal and state disaster recovery and hazard mitigation grants to local governments, school districts, and state agencies.

For the 2020–21 biennium, appropriations for TDEM total $3.5 billion in All Funds, including $30.8 million in General Revenue Funds. The majority of funding for TDEM consists of federal grants from the Federal Emergency Management Agency and the U.S. Department of Homeland Security, including Emergency Management Performance Grants, Public Assistance Grants, and Hazard Mitigation Grants. These Federal Funds pass through TDEM to individuals, cities, counties, school districts, state agencies, and other public entities for disaster response, recovery, and mitigation.

Senate Bill 6, Eighty-sixth Legislature, 2019, established a Disaster Recovery Loan program totaling $10.0 million in General Revenue Funds for the 2020–21 biennium, which is administered by TDEM to provide short-term loans for disaster recovery projects to eligible political subdivisions.

House Bill 6, Eighty-sixth Legislature, 2019, established a disaster recovery task force and provided $10.4 million in General Revenue Funds including 28.2 FTE positions for the 2020–21 biennium. The task force provides specialized assistance for communities and individuals to address financial issues related to available federal assistance programs and recovery and resiliency planning.

HIGHER EDUCATION EMPLOYEES GROUP INSURANCE

PURPOSE: Higher Education Employees Group Insurance encompasses appropriations of state funds to individual institutions within three systems that provide health benefits coverage to higher education employees: the University of Texas (UT) System, the Texas A&M University (TAMU) System, and the Employees Retirement System (ERS).

ESTABLISHED: Various

AUTHORIZING STATUTE: The Texas Insurance Code, Chapter 1601 (UT and TAMU systems) and Chapter 1551 (ERS institutions)

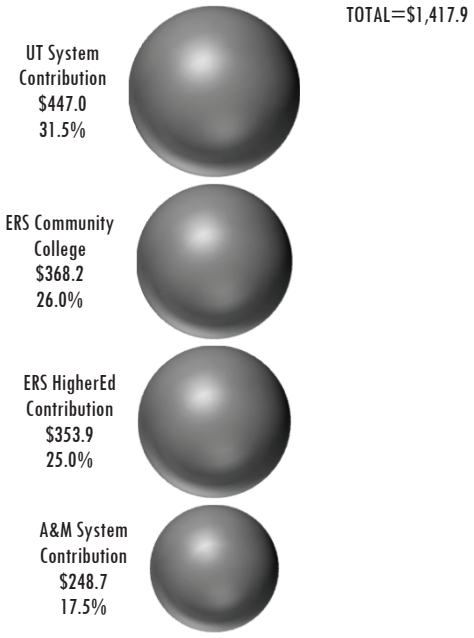
GOVERNANCE: ERS, UT System, and TAMU System

FIGURE 216
HIGHER EDUCATION EMPLOYEES GROUP INSURANCE BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,413.5	$1,417.9	$4.4	0.3%
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	**$1,413.5**	**$1,417.9**	**$5.6**	**0.4%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	N/A
2021	N/A

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

State institutions of higher education are funded at **79.4 percent** to **79.9 percent** of full ERS premium rates.

Community college districts are funded at **50.0 percent** of full ERS premium rates.

The **number of participants** (actives, retirees, and dependents) in the group insurance programs for the UT System, TAMU System, and ERS **totaled 467,000** for fiscal year 2019.

Due to decreases in enrollment, **20 community colleges** received an employee-level **hold harmless** through the benefits petition process.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for Higher Education Employees Group Insurance (HEGI) for the 2020–21 biennium total $1,417.9 million in General Revenue Funds, an increase of $4.4 million from the 2018–19 biennium. Appropriations for group health insurance are based on the number of eligible enrollees multiplied by premium contribution rates, which then are multiplied by annual rate increases. Contribution rates vary by insuring system and type of institution. Contributions for general state employees are funded at 100.0 percent of the Employee Retirement System (ERS) premium rates, whereas contributions for employees of state institutions of higher education are funded at 79.4 percent to 79.9 percent of full ERS premium rates, and contributions at local community college districts are funded at 50.0 percent of full ERS premium rates. HEGI premium contributions for the 2020–21 biennium maintain 2018–19 biennial levels.

For the 2020–21 biennium, an institution's allocation of General Revenue Funds is based on the number of employees at the institution enrolled in the health insurance program as of December 1, 2018. Funding is based on a sum-certain appropriation methodology in which state contributions to individual institutions are capped at the respective institution's line-item amount, and additional costs, if any, must be borne by individual institutions out of other appropriated or local funds. However, ERS and the University of Texas (UT) and Texas A&M University (TAMU) systems are authorized to transfer HEGI appropriations among institutions within their respective group insurance programs to address needs related to General Revenue Funds group insurance premiums.

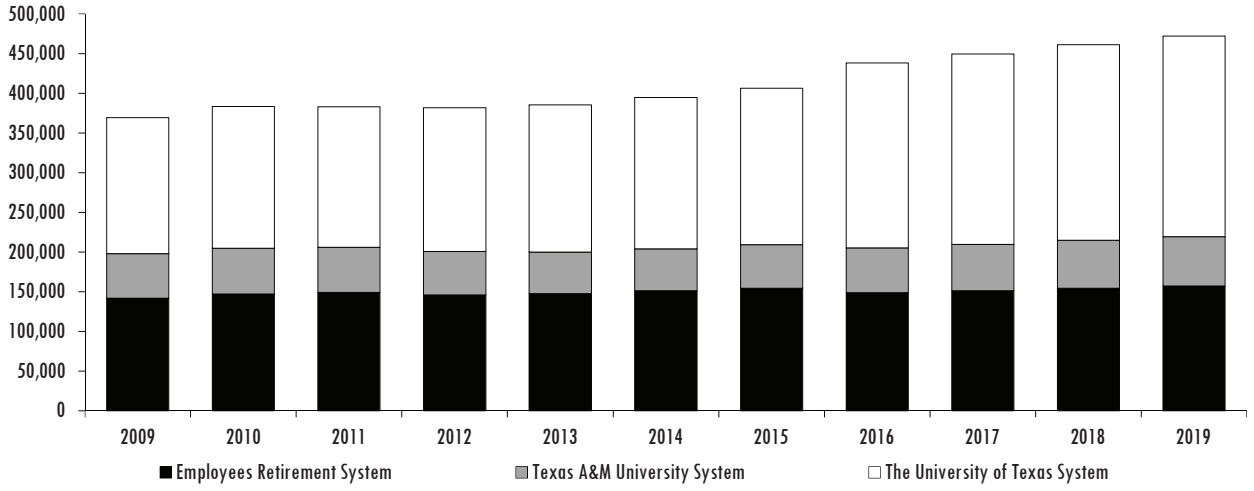
PROGRAMS

HEGI encompasses appropriations of state funds to individual institutions that participate in one of three systems providing health benefits coverage to higher education employees: UT System, TAMU System, and ERS. The ERS Group Benefits Program serves all institutions of higher education, except components of the UT System and TAMU System. **Figure 217** shows each system's participants (actives, retirees, and dependents) from fiscal years 2009 to 2019.

The insurance contribution policy for ERS-covered institutions is the same as for general state employees. For full-time employees, the state and the institution of higher education pay the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the UT and TAMU systems, the state and university systems also pay the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. Employees of the UT System and TAMU System receive benefits similar to those offered to general state employees by ERS.

For all institutions of higher education except public community colleges, appropriations for HEGI are intended to provide state contributions to individual institutions' costs

FIGURE 217
HIGHER EDUCATION EMPLOYEE HEALTH INSURANCE TOTAL PARTICIPATION, FISCAL YEARS 2009 TO 2019



NOTE: Amounts for fiscal years 2018 and 2019 are estimated.
SOURCES: Employees Retirement System; Texas A&M University System; the University of Texas System.

of health insurance premiums in a manner prescribed by proportional cost-sharing requirements. As such, institutions are required to pay all the health benefit costs for those employees whose salaries are paid from sources other than the General Revenue Fund.

Unlike other institutions of higher education, state contributions for group health insurance for community colleges are based on the costs associated with eligible employees (instructional or administrative) whose salaries may be fully paid from funds appropriated in the General Appropriations Act, regardless of whether such salaries are paid from appropriated funds. Contributions may not be adjusted in a proportion greater than the change in student enrollment, with the exception that a college experiencing a decrease in student enrollment may petition the Legislative Budget Board to maintain the number of eligible employees up to 98.0 percent of the previous biennium. **Figure 218** shows employee hold harmless levels corresponding to each range of enrollment decrease in contact hours. For example, a community college that experienced an 8.0 percent decrease in contact hours received a 95.0 percent employee level of hold harmless. Similarly, a community college that experienced a 4.0 percent decrease in contact hours received a 98.0 percent employee level of hold harmless.

FIGURE 218
COMMUNITY COLLEGE STEPPED EMPLOYEE HOLD HARMLESS LEVELS, AS OF FISCAL YEAR 2019

PERCENTAGE DECREASE IN CONTACT HOURS	HOLD HARMLESS LEVEL
2.0% to 5.0%	98.0%
5.0% to 10.0%	95.0%
10.0% to 15.0%	90.0%
More than 15.0%	85.0%

SOURCE: Legislative Budget Board.

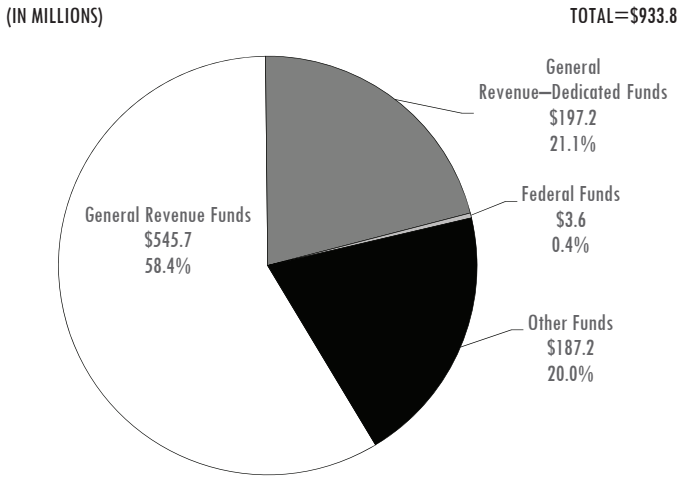
7. JUDICIARY

The Judiciary is the third branch of state government. Appropriations for the Judiciary support operation and administration of the state's court system, which includes the Supreme Court of Texas, the Court of Criminal Appeals, 14 Courts of Appeals, and 2,725 trial courts. Appropriations for the courts and six judicial branch agencies include funding for access to the courts for low-income Texans, judicial education, e-filing, fair defense for indigents, review of allegations of judicial misconduct or disability, publicly available legal resources, prosecutor pay and expenses, juror pay, and nonresident witness expenses.

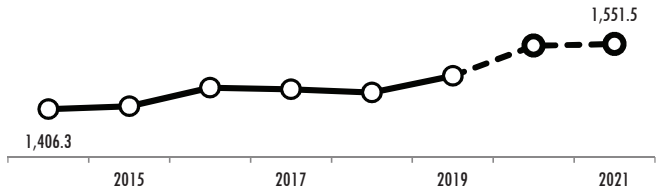
FIGURE 219
ARTICLE IV – JUDICIARY, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$491.7	$545.7	$54.0	11.0%
General Revenue–Dedicated Funds	$141.1	$197.2	$56.2	39.8%
Federal Funds	$4.0	$3.6	($0.4)	(10.7%)
Other Funds	$221.2	$187.2	($34.0)	(15.4%)
Total, All Methods of Finance	**$858.0**	**$933.8**	**$75.8**	**8.8%**

SHARE OF FUNDING BY METHOD OF FINANCE



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

House Bill 2384, Eighty-sixth Legislature, 2019, established a tiered pay structure for certain judges and professional prosecutors based on years of service. Appropriations for judicial salaries total $250.7 million, which includes an increase of **$30.0 million** to implement the bill's provisions.

Funding for **basic civil legal services** totals **$74.1 million, a decrease of 31.8 percent,** due to onetime civil penalties from the settlement between the State of Texas and the Volkswagen Group automotive manufacturing company that no longer are available. This amount includes $6.0 million, a 100.0 percent increase, to provide services to veterans and their families.

Judicial Education appropriations total **$27.4 million, an increase of 36.4 percent,** primarily due to increased revenue from a new $5 civil filing fee pursuant to **Senate Bill 42, Eighty-fifth Legislature, Regular Session, 2017**. The number of participants anticipated to receive training in judicial education courses is **27,876** for 2020 and **24,940** for 2021.

Senate Bill 891, Eighty-sixth Legislature, 2019, established **five new district courts during fiscal year 2020 and four during fiscal year 2021, and six new statutory county courts during fiscal year 2020 and two during fiscal year 2021**. Appropriations were increased by $3.5 million to implement the bill's provisions.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 220
ARTICLE IV – JUDICIARY APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$127.4	$93.7	($33.6)	(26.4%)
Court of Criminal Appeals	$37.4	$41.7	$4.3	11.5%
First Court of Appeals District, Houston	$9.4	$9.7	$0.2	2.6%
Second Court of Appeals District, Fort Worth	$7.3	$7.6	$0.3	4.3%
Third Court of Appeals District, Austin	$6.1	$6.3	$0.2	3.3%
Fourth Court of Appeals District, San Antonio	$7.3	$7.5	$0.2	2.7%
Fifth Court of Appeals District, Dallas	$13.0	$13.3	$0.3	2.3%
Sixth Court of Appeals District, Texarkana	$3.3	$3.5	$0.1	4.3%
Seventh Court of Appeals District, Amarillo	$4.1	$4.4	$0.2	5.1%
Eighth Court of Appeals District, El Paso	$3.4	$3.5	$0.1	3.3%
Ninth Court of Appeals District, Beaumont	$4.1	$4.4	$0.3	6.3%
Tenth Court of Appeals District, Waco	$3.4	$3.5	$0.0	1.1%
Eleventh Court of Appeals District, Eastland	$3.3	$3.4	$0.1	2.8%
Twelfth Court of Appeals District, Tyler	$3.3	$3.5	$0.2	5.5%
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	$6.1	$6.4	$0.3	4.5%
Fourteenth Court of Appeals District, Houston	$9.7	$9.9	$0.2	2.2%
Office of Court Administration, Texas Judicial Council	$155.3	$221.8	$66.4	42.8%
Office of Capital Writs	$2.7	$3.7	$1.0	38.7%
Office of the State Prosecuting Attorney	$0.9	$0.9	$0.1	7.0%
State Law Library	$2.1	$2.2	$0.2	9.3%
State Commission on Judicial Conduct	$2.3	$2.5	$0.2	10.6%
Judiciary Section, Comptroller's Department	$316.3	$346.4	$30.1	9.5%
Subtotal, Judiciary	**$728.1**	**$799.7**	**$71.6**	**9.8%**
Employee Benefits and Debt Service	$151.8	$156.0	$4.2	2.8%
Less Interagency Contracts	$21.9	$22.0	$0.1	0.3%
Total, All Functions	**$858.0**	**$933.8**	**$75.8**	**8.8%**

NOTES:
(1) May include 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.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Eighty-sixth Legislature, 2019, appropriated $933.8 million in All Funds for the Judiciary, an increase of $75.8 million, or 8.8 percent, from the 2018–19 biennium.

Appropriations for judicial salaries in the Supreme Court of Texas (SCOT), the Court of Criminal Appeals (CCA), the 14 appellate courts, the Office of Court Administration (OCA), the Office of the State Prosecuting Attorney (OSPA), and the Judiciary Section of the Comptroller's Department total $250.7 million, which includes an increase of $30.0 million for a judicial pay raise pursuant to House Bill 2384, Eighty-sixth Legislature, 2019.

APPELLATE COURT FUNDING

Appropriations for all of the appellate courts, including the SCOT, CCA, and the 14 appellate courts, total $222.1 million in All Funds, a decrease of $26.5 million, or 10.7 percent. The decrease primarily includes the following changes:

- the SCOT Basic Civil Legal Services Program provides grants to nonprofit organizations that provide free civil legal services to low-income Texans. Program funding totals $74.1 million in All Funds, a decrease of $34.6 million, or 31.8 percent. This amount includes: an increase of $20.6 million in General Revenue Funds, including $14.6 million to provide funding greater than 2016–17 biennial spending levels and $6.0 million to provide additional basic civil legal services to veterans and their families; a General Revenue–Dedicated Funds increase of $0.4 million to provide basic civil legal services to sexual assault victims at 2016–17 spending levels; and a $55.6 million decrease in Other Funds from the Judicial Fund due to onetime civil penalties awarded to the state during the 2018–19 biennium that are no longer available; and
- the CCA Judicial Education Program provides grants to entities that offer continuing legal education, technical assistance, and innocence training for judicial and court staff. Program funding totals $27.4 million in All Funds, which includes a net increase of $3.5 million, or 14.7 percent.

JUDICIAL BRANCH AGENCIES

Judicial branch agencies include the OCA, the Office of Capital and Forensic Writs, the OSPA, the State Law Library, the State Commission on Judicial Conduct, and the Judiciary Section of the Comptroller's Department. Appropriations for these agencies total $577.5 million in All Funds, an increase of $98.0 million, or 20.4 percent. This increase primarily includes the following changes:

- appropriations for the OCA increased by $66.4 million in All Funds, including the following amounts:
  - an increase of $29.7 million in All Funds to establish a Uniform Case Management System, which includes $17.8 million in General Revenue–Dedicated Funds and $11.8 million in General Revenue Funds to provide magistrates immediate access to critical information and expedite the timely reporting of court records for federal firearm background checks;
  - an increase of $28.0 million in All Funds to assist counties in establishing, developing, and maintaining cost-effective indigent defense services, including an increase of $35.0 million in General Revenue–Dedicated Funds for the Texas Indigent Defense Commission offsetting a decrease of $7.5 million in General Revenue Funds;
  - an increase of $3.4 million in General Revenue Funds to provide nine additional Child Protection Courts in areas with large caseloads to promote faster case resolution; and
- appropriations for the Judiciary Section of the Comptroller's Department in All Funds include the following amounts:
  - an increase of $3.3 million in General Revenue Funds to establish new district courts, statutory county courts, and professional prosecutors, pursuant to Senate Bill 891, Eighty-sixth Legislature, 2019;
  - a net increase of $2.9 million in All Funds, including an increase of $23.3 million in Jury Service Funds (an Other Fund) offsetting a decrease of $20.4 million in General Revenue Funds pursuant to Senate Bill 346, Eighty-sixth Legislature, 2019.

JUDICIAL COMPENSATION CHANGES

The compensation structure of certain judges and professional prosecutors was adjusted pursuant to the enactment of House Bill 2384 to the tiered pay structure based on years of service shown in **Figure 221**. The changes establish the minimum annual base salary for district judges at $140,000; reduced the years of service required to receive longevity pay; and increased the amount of longevity pay received. In addition, the basis for calculating a presiding judge's salary was changed and the salaries for certain family court associate judges, county prosecutors, professional prosecutors, and the State Prosecuting Attorney was linked to the state base salary of a district judge with comparable years of experience. The salary of district attorneys and criminal district attorneys was adjusted to a percentage of the state annual salary of a district judge with comparable years of experience.

FIGURE 221
JUDICIAL COMPENSATION TIERED PAY STRUCTURE

JUDGE/PROSECUTOR	COURT/JUDICIAL DISTRICT/ STATE AGENCY	STATE SALARY (0 TO 4 YEARS)	TIER 1 (4 TO 8 YEARS)	TIER 2 (MORE THAN 8 YEARS)
Chief Justice	Supreme Court	$170,500	$187,550	$204,600
Presiding Judge	Court of Criminal Appeals			
Justice	Supreme Court	$168,000	$184,800	$201,600
Judge	Court of Criminal Appeals			
Chief Justice	14 Courts of Appeals	$156,500	$172,150	$187,800
Justice	14 Courts of Appeals	$154,000	$169,400	$184,800
District Judge (1)	District Court	$140,000	$154,000	$168,000
Office of Court Administration Associate Judge	Child Protection Court Child Support Court	$126,000	N/A	N/A
State Prosecuting Attorney	Office of the State Prosecuting Attorney	$140,000	$154,000	$168,000
Professional Prosecutors	Judicial District	$140,000	$154,000	$168,000
District Attorneys	Judicial District	$112,000	$123,200	$134,400
County Prosecutors (2)	Constitutional County Court	$23,334 to $70,000	$25,667 to $77,000	$28,001 to 84,000

NOTES:
(1) The Texas Government Code, Section 659.012, entitles a district judge to a state base salary as set by the General Appropriations Act in an amount equal to at least $140,000. The Eighty-sixth Legislature, General Appropriations Act, 2020-21 Biennium, sets the amount at $140,000.
(2) The Texas Government Code, Section 46.0031, entitles a county prosecutor to a state supplemental salary equal to from one-sixth to one-half of the state base salary of a district judge with comparable years of service, dependent on the number of counties served by the county prosecutor. The maximum amount represents one county served.
SOURCE: Legislative Budget Board.

SUPREME COURT OF TEXAS

PURPOSE: The Supreme Court of Texas is the court of last resort in civil and juvenile matters. Other responsibilities include original jurisdiction to issue writs, final jurisdiction of the involuntary retirement or removal of judges, promulgating rules and other standards, and regulating the legal profession in Texas.

ESTABLISHED: 1845

AUTHORIZING STATUTE: The Texas Constitution, Article 5, §2

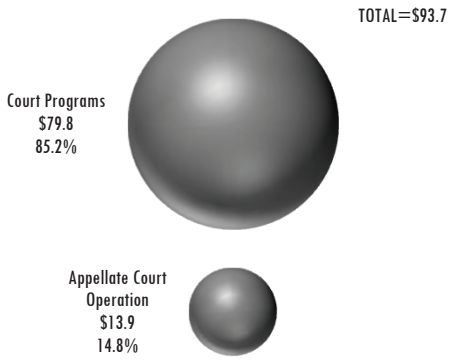
GOVERNANCE: One Chief Justice and eight justices elected to staggered six-year terms through statewide elections

FIGURE 222
SUPREME COURT OF TEXAS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$17.7	$39.6	$21.9	123.9%
General Revenue–Dedicated Funds	$9.6	$10.0	$0.4	4.2%
Federal Funds	$3.5	$3.5	$0.0	0.0%
Other Funds	$96.5	$40.6	($56.0)	(58.0%)
Total, All Methods of Finance	**$127.4**	**$93.7**	**($33.6)**	**(26.4%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	85.0
2021	85.0

COURT PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Basic Civil Legal Services appropriations **total $74.1 million All Funds, a decrease of $34.6 million,** to provide civil legal services to eligible recipients. The decrease is due primarily to onetime civil penalties from the settlement between the State of Texas and the Volkswagen Group no longer being available.

Basic Civil Legal Services appropriations include **$6.0 million in General Revenue Funds, an increase of $3.0 million from 2018–19 biennial spending levels,** to provide basic civil legal services for veterans and their families and **$10.0 million in General Revenue–Dedicated Funds, an increase of $0.4 million**, to provide civil legal services to victims of sexual assault at 2016–17 biennial spending levels.

Appropriations provide **$2.0 million in General Revenue Funds** for the **Judicial Commission on Mental Health** to develop and coordinate policy initiatives to improve the court's interaction with citizens with mental health needs.

Appropriations for court justice salaries total $3.6 million in All Funds, an increase of $0.5 million, or 15.3 percent, for increased compensation pursuant to **House Bill 2384, Eighty-sixth Legislature, 2019.**

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Supreme Court decreased by $33.6 million in All Funds compared to 2018–19 biennial spending levels. This amount includes changes of the following amounts:

- a decrease of $34.6 million in All Funds for Basic Civil Legal Services that includes the following amounts:
  - a $55.6 million decrease in Other Funds from Judicial Fund No. 573, which includes $33.3 million from onetime civil penalties from the settlement between the State of Texas and the Volkswagen Group automotive manufacturing company that no longer is available and $22.3 million from anticipated decreases in court costs and other revenues;
  - a $20.6 million increase in General Revenue Funds, which includes $3.0 million to increase legal services for veterans and their immediate families; and
  - a $0.4 million increase in General Revenue–Dedicated Funds from Account No. 5010, Sexual Assault Program (Account No. 5010), to return funding for the program to 2016–17 biennial spending levels;
- an increase of $0.5 million in General Revenue Funds for a pay raise for the Court's judges pursuant to House Bill 2384, Eighty-sixth Legislature, 2019; and
- an increase of $0.5 million in General Revenue Funds for the development of a training program, in coordination with the Court of Criminal Appeals, to educate and inform judges and their staffs regarding the availability of mental healthcare resources from the state.

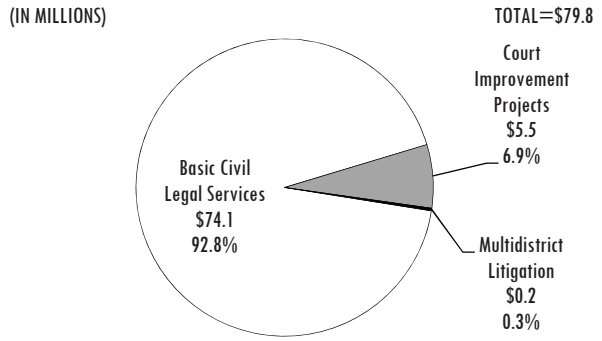
PROGRAMS

The Supreme Court carries out its responsibilities through two program areas: (1) Appellate Court Operations; and (2) Court Programs.

APPELLATE COURT OPERATIONS

The Appellate Court Operations program area includes funding for the court's primary function and other responsibilities. These responsibilities include: the promulgation and enforcement of rules of civil procedure and evidence; administrative oversight of the State Bar of Texas; the licensing and supervision of attorneys in Texas; the appointment of members of the Board of Law Examiners; the licensing of attorneys; the supervision of the Office of Court Administration; and the equalization of the 14 Courts of Appeals dockets.

FIGURE 223
SUPREME COURT OF TEXAS COURT PROGRAMS
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

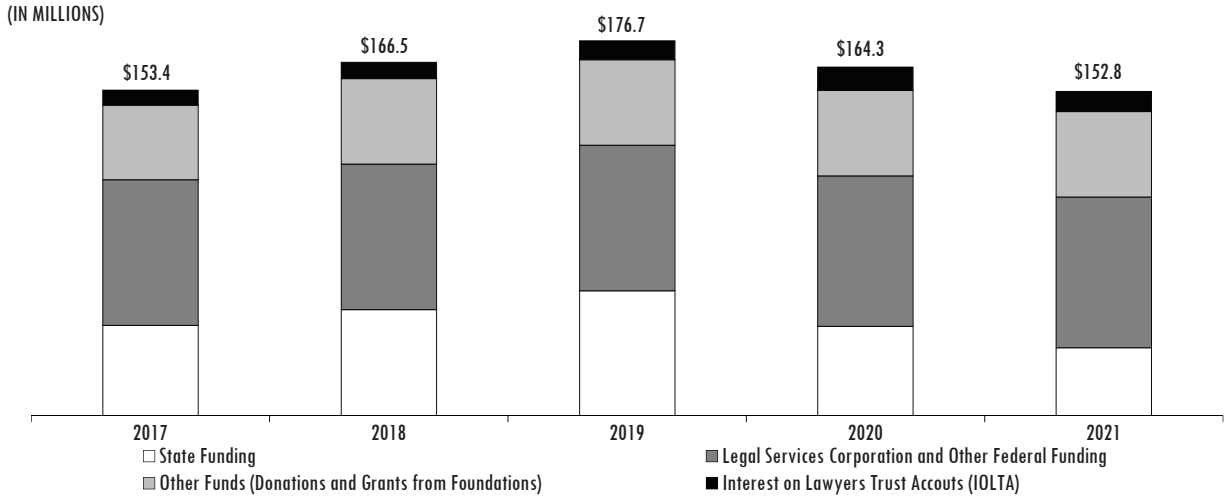
The court is appropriated $13.9 million in All Funds and 70.0 full-time-equivalent (FTE) positions for Appellate Court Operations. This amount is a $1.0 million increase in All Funds, due to an increase of $0.5 million in General Revenue Funds to provide for a judicial pay raise, pursuant to House Bill 2384, and a $0.5 million increase in General Revenue Funds to develop a training program to educate and inform judges and their staffs regarding the availability of mental healthcare resources.

COURT PROGRAMS

The Court Programs area provides funding for basic civil legal services for the indigent, court improvement projects, and multidistrict litigation costs, as shown in **Figure 223**.

Indigent civil legal services in Texas are provided through the Basic Civil Legal Services (BCLS) program, which is administered on behalf of the court by the Texas Access to Justice Foundation (TAJF). The BCLS program is funded from various sources within and outside of the General Appropriations Act, which include state funds, federal funding, donations or grants from foundations, and other funding sources such as Interest on Lawyers Trust Accounts. TAJF is a nonprofit organization that manages grants to legal aid organizations with these funding sources. Using all sources of funding, Texas legal aid organizations dispose of approximately 100,000 cases each fiscal year. For the 2020–21 biennium, TAJF estimates that funding will be made available to approximately 30 legal aid providers. State funds

FIGURE 224
BASIC CIVIL LEGAL SERVICES FUNDING SOURCES, FISCAL YEARS 2017 TO 2021



NOTES:
(1) Amounts shown for fiscal years 2017 and 2018 are actual; amounts shown for fiscal years 2019 to 2021 are estimated.
(2) State funding includes appropriations from General Revenue Funds, General Revenue–Dedicated Funds, and Other Funds (Judicial Fund No. 573 and Interagency Contracts).
(3) Interest on Lawyers Trust Accounts estimates for fiscal years 2020 and 2021 are based on anticipated rates established by the Federal Reserve.
SOURCES: Legislative Budget Board; Texas Access to Justice Foundation.

contribute 23.4 percent of total BCLS funding. **Figure 224** shows annual funding for Basic Civil Legal Services from all these sources of funding from fiscal years 2017 to 2021.

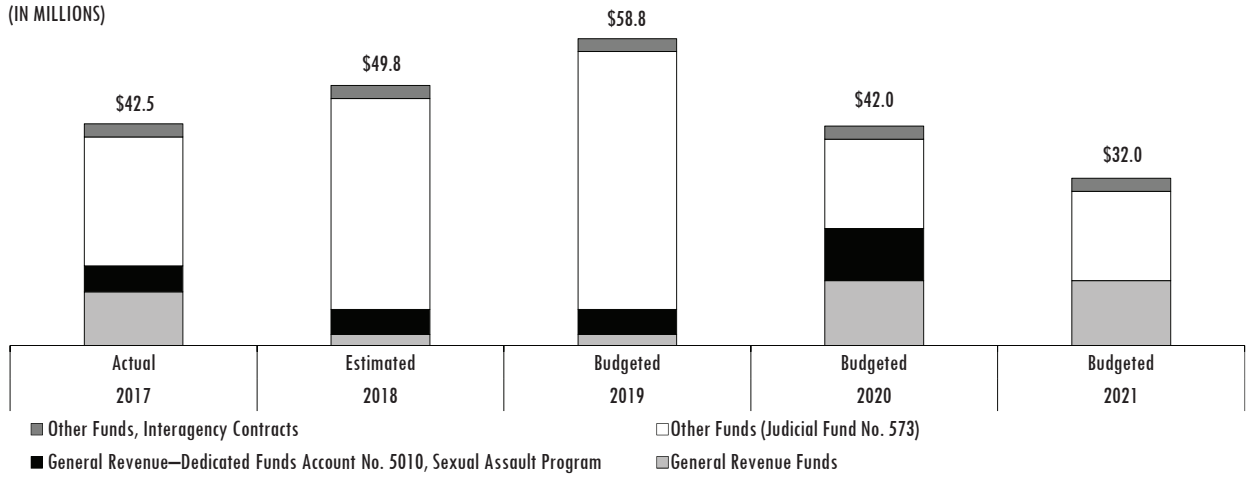
The court is appropriated $74.1 million in All Funds for the BCLS program, a decrease of $34.6 million or 31.8 percent, which include $34.3 million in Other Funds from Judicial Fund No. 573, $24.8 million in General Revenue Funds, $10.0 million in General Revenue–Dedicated Funds from Account No. 5010, and $5.0 million in Other Funds from Interagency Contracts. This amount includes $6.0 million in General Revenue Funds to provide basic civil legal services to veterans and their families, which is an increase of $3.0 million from 2018–19 biennial spending levels. **Figure 225** shows annual state funding by methods of finance from fiscal years 2017 to 2021. Increased appropriations include an additional $20.6 million in General Revenue Funds and $0.4 million from Account No. 5010 to return funding to 2016–17 biennial spending levels. These increases partially offset a decrease of $55.6 million in Other Funds from Judicial Fund No. 573, which includes $33.3 million in onetime civil penalties from the settlement between the State of Texas and the Volkswagen Group automotive manufacturing company that no longer is available and $22.3 million from anticipated decreases in court cost and other revenues.

The Court Improvement Projects program includes the Permanent Judicial Commission for Children, Youth, and Families, referred to as the Children's Commission. The Children's Commission supports the strengthening of courts for children, youth, and families in the child protection system through collaborative partnerships and is appropriated $3.5 million in Federal Funds and 9.8 FTE positions. This amount continues funding at 2018–19 biennial spending levels.

The Judicial Commission on Mental Health program develops and coordinates policy initiatives intended to improve the court's interaction with children, adults, and families that have mental health needs through a joint commission of the Supreme Court and the Court of Criminal Appeals. The program is appropriated $2.0 million in General Revenue Funds and 5.2 FTE positions.

For the 2020–21 biennium, the court's multidistrict litigation program is appropriated $0.2 million in General Revenue Funds for grants to trial courts and appellate courts for additional court staff and technology to handle multidistrict litigation cases, such as asbestosis-related and silicosis-related

FIGURE 225
BASIC CIVIL LEGAL SERVICES STATE FUNDING SOURCES, FISCAL YEARS 2017 TO 2021



NOTE: Amounts shown for fiscal year 2017 is actual; amounts shown for fiscal year 2018 is estimated; amounts shown for fiscal years 2019 to 2021 are budgeted.
SOURCE: Legislative Budget Board.

cases. This amount is an increase of $14,379 from 2018–19 biennial spending levels.

Total appropriations for the Court Programs for the 2020–21 biennium include $79.8 million in All Funds and 15.0 FTE positions.

COURT OF CRIMINAL APPEALS

PURPOSE: The court has statewide final appellate jurisdiction in criminal cases, exclusive jurisdiction in death penalty cases, and the authority to issue writs; promulgates rules of evidence and appellate procedures for criminal cases; and makes grants to training entities that provide judicial education.

ESTABLISHED: 1891

AUTHORIZING STATUTE: The Texas Constitution, Article V, §4

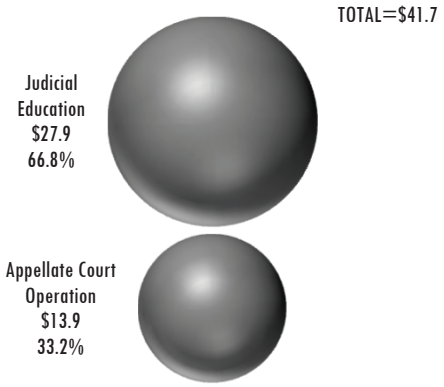
GOVERNANCE: One Presiding Judge and eight judges elected to staggered six-year terms through statewide elections

FIGURE 226
COURT OF CRIMINAL APPEALS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$12.8	$14.0	$1.2	9.1%
General Revenue–Dedicated Funds	$23.9	$27.0	$3.1	13.1%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.7	$0.7	$0.0	0.0%
Total, All Methods of Finance	**$37.4**	**$41.7**	**$4.3**	**11.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	71.0
2021	71.0

COURT PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Judicial Education appropriations total $27.9 million in All Funds, an increase of $4.0 million, to provide grant funding for organizations conducting continuing legal education training.

Increased civil filing fee revenue is expected to increase **Judicial Education appropriations by $3.1 million in General Revenue–Dedicated Funds**. Expenditures from these funds totaled $23.9 million during the 2018–19 biennium.

Judicial Education funding of $0.9 million in General Revenue Funds was added for mental health, including education and information to inform judges and court staff about mental healthcare resources ($0.5 million) and for continuing legal education on mental health issues and pretrial diversion ($0.4 million).

Appropriations for court justice salaries total $3.6 million in All Funds, an increase of $0.5 million, or 16.8 percent, for increased compensation pursuant to **House Bill 2384, Eighty-sixth Legislature, 2019**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Court of Criminal Appeals increased by $4.3 million in All Funds from 2018–19 biennial spending levels, an increase of 11.5 percent. This amount includes a General Revenue Funds net increase of $1.2 million for the following amounts:

- a $0.5 million increase for a pay raise for the Court's judges pursuant to House Bill 2384, Eighty-sixth Legislature, 2019;
- a $0.5 million increase to develop a training program, in coordination with the Supreme Court of Texas, to educate and inform judges and their staffs regarding mental healthcare resources available in the state;
- a $0.4 million increase to provide staff salary increases for 27.0 attorney positions, 23.0 clerk positions, and 10.0 executive assistant positions; and
- a $0.2 million decrease in onetime funding for the purchase and installation of equipment to record the Court's oral arguments and public meetings and make those recordings available on its website.

Appropriations of General Revenue–Dedicated Funds from Account No. 540, Judicial and Court Training Fund (Account No. 540), include an increase of $3.1 million primarily due to anticipated increases in civil filing fee revenue.

PROGRAMS

The Court of Criminal Appeals carries out its responsibilities through two program areas: (1) Appellate Court Operations; and (2) Judicial Education.

APPELLATE COURT OPERATIONS

The Appellate Court Operations program area includes funding for the court's primary function as the highest state appellate court for criminal cases, for promulgating related rules, and for granting writs of habeas corpus providing relief from final felony convictions. These functions include reviewing appeals submitted to the court for decisions made by lower courts on criminal cases and requests for further review among some of those appeals. The court produces a written opinion for each appeal it chooses to review.

The court is appropriated $13.9 million in All Funds, an increase of $0.3 million from 2018–19 biennial spending levels, or 2.2 percent, and 69.0 full-time-equivalent (FTE) positions for this program area. These appropriations include salary increases for court judges, attorneys, clerks, and executive assistants offset by decreases for onetime funding to purchase and install equipment to record the Court's proceedings.

JUDICIAL EDUCATION

The court administers a grant program to continue legal education and technical assistance for judges, court staff, prosecuting attorneys and their staff, criminal defense attorneys that regularly represent indigent defendants in criminal matters, and to provide innocence training. This function is funded mainly through the collection of court costs in criminal case convictions. Grant use is monitored and audited by Court of Criminal Appeals staff. **Figure 227** shows grant recipients for fiscal year 2020.

The Judicial Education program area is appropriated $27.9 million in All Funds and 2.0 FTE positions for the 2020–21 biennium. General Revenue–Dedicated Funds from Account No. 540 contribute 96.9 percent of the appropriations, and General Revenue Funds contribute the remaining 3.1 percent.

Appropriations include a net $4.0 million increase in All Funds from 2018–19 biennial spending levels. This amount includes $3.1 million from Account No. 540, due primarily to an anticipated increase in civil filing fee revenue to fund court grants to judicial education training entities that offer continuing legal education to judicial and court personnel, offsetting an anticipated decrease of court cost revenues.

General Revenue Funds appropriations total $0.9 million and include $0.4 million for the court to contract with statewide professional associations and other entities to provide continuing legal education, courses, and programs for judges and court staff regarding mental health issues and pretrial diversion. It also includes $0.5 million for the development of a new training program, in coordination with the Supreme Court of Texas, to educate and inform judges and their staffs regarding mental healthcare resources available in the state. Expenditure of these funds may be withheld by the Comptroller of Public Accounts if the Legislative Budget Board provides notification that the court's planned expenditure does not satisfy the requirements set in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article IX, Section 10.04, Statewide Behavioral Health Strategic Plan and Coordinated Expenditures. This section provides direction and for what purposes recipient courts and agencies may expend these appropriations.

FIGURE 227
FISCAL YEAR 2020 JUDICIAL EDUCATION GRANT RECIPIENTS, AS OF SEPTEMBER 2019

RECIPIENT	GRANT PURPOSE
Texas Center for the Judiciary	Training for judges and clerks serving in statutory county, district, and appellate courts
Texas Association of Counties	Training for judges and clerks serving in constitutional county courts, wherein the functions performed by the judge are at least 40.0% judicial functions
Texas Municipal Courts Education Center	Training for judges and clerks serving municipal courts. Of amounts provided, $413,000 is for the following purposes: • a grant to fund a part-time administrative assistant position to support expanding the center's judicial education services; • direct training costs for clinics for judges and court personnel regarding bail, fines, fees, requests for community service, jail commitments, and jail credit in cases involving indigents; and • development of a mentor program for new municipal court judges and webinars on legislative reform, bail, indigence, compliance, collections improvement programs, alternative sentencing, case flow management, and jail commitments.
Texas Justice Court Training Center	Training for justices of the peace, clerks, and constables serving justice of the peace courts. Of amounts provided, $262,000 is to fund 1.0 staff attorney position to support judicial education services and to provide training regarding indigent defendants and mental health.
Texas District and County Attorneys Association	Training for prosecutors, investigators, and other staff representing the government in district-level and county-level trial courts
Texas Criminal Defense Lawyers Association	Training for criminal defense attorneys that regularly represent indigent defendants in criminal matters
Center for American and International Law	Judge, prosecutor, and criminal defense attorney training
Texas District Court Alliance	District clerk and court staff training

SOURCE: Court of Criminal Appeals.

COURTS OF APPEALS

PURPOSE: Fourteen intermediate appellate courts have appellate jurisdiction in all criminal and civil cases other than those in which the death penalty has been assessed.

ESTABLISHED: 1876 through 1967

AUTHORIZING STATUTE: The Texas Government Code, Chapter 22, Subchapter C, and the Texas Constitution, Article 5, §6

GOVERNANCE: Each court of appeals has from two to eight justices and one chief justice elected to six-year terms

FIGURE 228
COURTS OF APPEALS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$77.8	$80.6	$2.8	3.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$6.1	$6.1	$0.0	0.2%
Total, All Methods of Finance	**$83.9**	**$86.7**	**$2.8**	**3.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	414.5
2021	414.5

COURT PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

Appropriations for the court justice salaries of the 14 Courts of Appeals total $27.8 million, **an increase of $2.9 million in General Revenue Funds** for increased compensation pursuant to **House Bill 2384, Eighty-sixth Legislature, 2019**.

Appropriations provide for **80 justices (14 chief justices and 66 justices) and other necessary staff (414.5 full-time-equivalent positions)** to carry out intermediate appellate court operations.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Total appropriations across all 14 Courts of Appeals increased by $2.8 million in All Funds, or 3.3 percent, compared to 2018–19 biennial spending levels. This amount primarily includes an increase in General Revenue Funds for a salary increase for court justices pursuant to House Bill 2384, Eighty-sixth Legislature, 2019, which establishes a tiered, tenure-based compensation structure for the chief justice and justice positions in all 14 Courts of Appeals districts.

PROGRAMS

The 14 Courts of Appeals exercise intermediate appellate jurisdiction in civil and criminal cases other than those in which the death penalty has been assessed. The courts carry out their responsibilities in separate districts across the state, with one court of appeals in each district, except the First and the Fourteenth courts of appeals, which are located in Houston, housed in the same building, and serve the same counties. The other courts are located in Fort Worth, Austin, San Antonio, Dallas, Texarkana, Amarillo, El Paso, Beaumont, Waco, Eastland, Corpus Christi and Edinburg, Tyler, and Houston. Eighty justices preside among the 14 courts of appeals; the number of justices at each court is set by statute and varies from three to 13.

Total appropriations for the 14 Courts of Appeals include $86.7 million in All Funds and 414.5 full-time-equivalent positions for the 2020–21 biennium.

OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL

PURPOSE: To provide resources and support to trial, appellate, and specialty courts, and to regulatory boards and policy-making bodies; and to provide information about the judicial branch to the legislative and executive branches, the judiciary, and the public.

ESTABLISHED: 1977

AUTHORIZING STATUTE: The Texas Government Code, Chapter 72

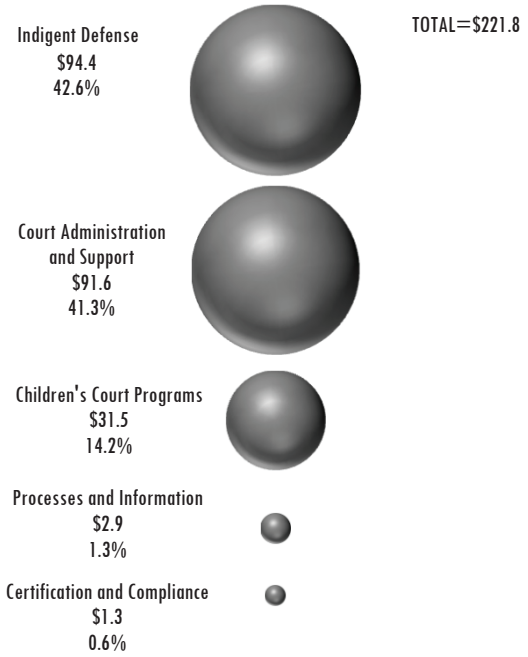
GOVERNANCE: Directed and supervised by the Supreme Court of Texas and the Chief Justice

FIGURE 229
OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$38.0	$53.9	$15.9	41.7%
General Revenue–Dedicated Funds	$103.7	$155.2	$51.5	49.7%
Federal Funds	$0.5	$0.0	($0.5)	(100.0%)
Other Funds	$13.1	$12.6	($0.4)	(3.3%)
Total, All Methods of Finance	**$155.3**	**$221.8**	**$66.4**	**42.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	286.6
2021	286.6

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Texas Indigent Defense Commission appropriations increased by **$28.0 million** due to **an increase of $35.5 million in** General Revenue–Dedicated Funds from Account No. 5073, Fair Defense, offsetting a **decrease of $7.5 million in** General Revenue Funds.

Appropriations provide **$29.7 million in All Funds,** to establish a **Uniform Case Management System** to provide magistrates immediate access to critical information and expedite the timely reporting of court records for federal firearm background checks.

Appropriations provide **$5.0 million in General Revenue Funds** for the **Guardianship Compliance Program** to assist courts and counties with reviewing and auditing guardianship filings for the elderly and incapacitated to prevent fraud and abuse.

Appropriations provide **$3.7 million in General Revenue Funds** for the establishment of **nine additional Child Protection Courts** in areas that OCA identifies to have large caseloads to promote faster case resolution.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Office of Court Administration, Texas Judicial Council (OCA), increased by $66.4 million, or 42.8 percent, in All Funds compared to 2018–19 biennial spending levels, primarily due to the following changes:

- an increase of $27.6 million in All Funds to establish a Uniform Case Management System, which includes $15.8 million in General Revenue–Dedicated Funds from Account No. 5157, Statewide Electronic Filing System (Account No. 5157), and $11.8 million in General Revenue Funds. An amount of $2.1 million from Account No. 5157 was repurposed and included to provide a total of $29.7 million for the system to provide magistrates immediate access to critical information and expedite the timely reporting of court records for federal firearm background checks;
- an increase of $28.0 million in All Funds to assist counties in establishing, developing, and maintaining cost-effective indigent defense services, including an increase of $35.5 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense (Account No. 5073), for the Texas Indigent Defense Commission, offsetting a decrease of $7.5 million in General Revenue Funds;
- an increase of $5.0 million in General Revenue Funds for a Guardianship Compliance Program to assist courts with reviewing and auditing guardianship filings for the elderly and incapacitated;
- an increase of $3.7 million in General Revenue Funds to provide nine additional Child Protection Courts in areas that have large caseloads to promote faster case resolution;
- an increase of $2.2 million in All Funds for a pay raise for associate judges of the Child Support Courts and Child Protection Courts pursuant to House Bill 2384, Eighty-sixth Legislature, 2019;
- an increase of $0.3 million in General Revenue Funds for lump-sum annual payments for associate judges of the Child Support Courts and Child Protection Courts that may be eligible to retire during the 2020–21 biennium; and
- an increase of $0.2 million in General Revenue–Dedicated Funds from Account No. 5173, Texas Forensic Science Commission (Account No. 5173), for the administration and operation of the Texas Forensic Science Commission.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) indigent defense, (2) court administration and support, (3) children's court programs, (4) processes and information, and (5) certification and compliance.

INDIGENT DEFENSE

The Texas Indigent Defense Commission (TIDC) is a 13-member standing committee of the Texas Judicial Council composed of eight ex officio members, including the Presiding Judge of the Court of Criminal Appeals and the Chief Justice of the Supreme Court of Texas, and five additional members appointed by the Governor. TIDC carries out its responsibilities in the indigent defense program area through six programs that provide financial and technical support to counties to develop and maintain quality, cost-effective indigent defense systems that meet the needs of local communities and the requirements of the constitution and state law.

FORMULA GRANTS

Through the Formula Grant program, TIDC distributes grants to counties to provide constitutionally-required indigent defense representation in compliance with the Fair Defense Act (Senate Bill 7, Seventy-seventh Legislature, 2001). Grant allocations consider factors such as county population and the county's portion of statewide expenditures for direct indigent defense during the previous year. Appropriations for the program total $49.7 million from Account No. 5073, an increase of $3.1 million, or 6.7 percent, from 2018–19 biennial spending levels. This amount includes an increase of $7.5 million from Account No. 5073 offsetting a decrease of $7.5 million in General Revenue Funds.

DISCRETIONARY GRANTS

TIDC provides discretionary grants to reimburse counties for actual extraordinary expenses of providing indigent defense services in a case or series of cases; programmatic funding to improve indigent defense services, such as case management software; funding to address the specific needs of individual counties, such as mental health defender programs; and funding to provide support from multiple counties to county indigent defense programs, such as the Regional Public Defender for Capital Cases. Appropriations

for the program total $31.2 million from Account No. 5073, an increase of $19.9 million, or 175.4 percent, from 2018–19 biennial spending levels.

COUNTY COST CONTAINMENT INITIATIVE

County Cost Containment Initiative program appropriations total $5.0 million from Account No. 5073 to distribute grants to counties that implement cost-containment initiatives to limit cost increases for local indigent defense, which continues 2018–19 biennial spending levels. TIDC is required to submit a report to the Legislature by December 2020 providing details regarding the effectiveness of various cost-containment measures implemented by counties and to propose additional measures to decrease county operating costs regarding indigent defense.

MENTAL HEALTH GRANTS

The Mental Health Grant program is a new program funded by the Eighty-sixth Legislature, 2019. Program appropriations total $5.0 million from Account No. 5073 to provide existing regional public defender offices with grants for pilot programs for the early identification and specialized representation of indigent defendants that have mental illnesses.

INNOCENCE PROJECTS

The Innocence Project program provides $0.6 million each fiscal year to six state law schools ($100,000 per school each fiscal year) as grants to authorize students to work with attorneys to review noncapital criminal case convictions, to research claims of actual innocence for wrongfully convicted individuals, and to identify reforms to improve criminal defense practices. The funding provides law students with opportunities to gain practical experience while furthering their education and serving the public interest. These law schools include Texas Tech University, the University of Houston, the University of Texas at Austin, Texas Southern University, the University of North Texas, and Texas A&M University. Appropriations for the program total $1.2 million from Account No. 5073, which continues 2018–19 biennial spending levels.

ADMINISTRATION

TIDC is appropriated $2.3 million from Account No. 5073 and 11.0 full-time-equivalent (FTE) positions for administration and operation expenses, which continues 2018–19 biennial spending levels.

Total appropriations for the indigent defense program area include $94.4 million from Account No. 5073, a net increase of $28.0 million, or 42.2 percent, from 2018–19 biennial spending levels, and 11.0 FTE positions. This amount includes an increase of $35.5 million from Account No. 5073, offsetting a decrease of $7.5 million in General Revenue Funds.

COURT ADMINISTRATION AND SUPPORT

OCA provides various services and support to Texas courts, state and federal agencies, the Legislature, and the public through 11 programs in the court administration and support program area.

STATEWIDE ELECTRONIC FILING SYSTEM

OCA manages a statewide electronic filing system through a contract with a third-party vendor that manages and operates eFileTexas, the state's electronic filing system manager, to support a Supreme Court electronic civil filing mandate. The existing contract is set to expire August 31, 2021. Appropriations for the program total $42.4 million from Account No. 5157, a decrease of $1.7 million, or 3.8 percent, from 2018–19 biennial spending levels, to meet remaining contract obligations and facilitate the procurement of a new vendor contract during the 2020–21 biennium.

UNIFORM CASE MANAGEMENT SYSTEM

OCA is responsible for establishing a Uniform Case Management System to provide magistrates immediate access to critical information and expedite the timely reporting of court records for federal firearm background checks. Access to the system will be focused primarily in counties with a population of 20,000 or less that may be unable to collect data from an automated system. Appropriations total $29.7 million in All Funds and 2.0 FTE positions. This amount includes $17.9 million from Account No. 5157 and $11.8 million in General Revenue Funds.

INDIRECT ADMINISTRATION

The program provides executive, legal, human resource, and information technology support to OCA's staff, courts, and other judicial branch agencies. Appropriations total $11.9 million in All Funds, including 56.2 FTE positions, which is an increase of $0.2 million from 2018–19 biennial spending levels.

GUARDIANSHIP COMPLIANCE PROGRAM

OCA assists courts with reviewing and auditing guardianship filings for the elderly and incapacitated to prevent fraud and abuse. OCA estimates that Texas has more than 51,250

active guardianships and $5.0 billion in assets under court and guardian control. Appropriations for the program total $5.0 million in General Revenue Funds, including 28.0 FTE positions, which is an increase of $4.3 million from 2018–19 biennial spending levels.

TEXAS FORENSIC SCIENCE COMMISSION

The Texas Forensic Science Commission (TFSC) is administratively attached to OCA. TFSC investigates allegations of professional negligence or professional misconduct that could affect the integrity of the results of a forensic analysis conducted by an accredited laboratory. Appropriations total $1.4 million in All Funds and 5.0 FTE positions. This amount includes $1.1 million in General Revenue Funds and $0.3 million from Account No. 5173, from fees collected from the issuance and renewal of forensic analyst licenses. This amount represents a $0.2 million increase, or 16.4 percent, from 2018–19 biennial spending levels.

PROTECTIVE ORDER REGISTRY

OCA is responsible for establishing and maintaining a central, computerized, and Internet-based registry for all protective orders filed and issued in Texas pursuant to Senate Bill 325, Eighty-sixth Legislature, 2019. Appropriations total $0.4 million from Account No. 5157.

COURT-ORDERED REPRESENTATION TRACKING SYSTEM

OCA is responsible for establishing a tracking system to accept all required information to facilitate the development of a statewide plan requiring courts and counties to report information on court-ordered representation for appointments made in suits affecting parent–child relationships, pursuant to Senate Bill 560, Eighty-sixth Legislature, 2019. Appropriations for the program total $0.3 million in General Revenue Funds.

LANGUAGE ACCESS

The program provides free, licensed, court interpreter services to courts in Spanish via speakerphone or videoconferencing to all courts at all levels. Appropriations for the program total $0.3 million in General Revenue Funds, including 2.0 FTE positions, which continues 2018–19 biennial spending levels.

COURT SECURITY AND EMERGENCY PREPAREDNESS

The program provides support to courts and counties in assessing and improving personal and courthouse security through court security consultation, emergency preparedness training, and the implementation of privacy protections for judges pursuant to Senate Bill 42, Eighty-fifth Legislature, Regular Session, 2017. The agency reported 383 court security incidents from 67 counties during fiscal year 2018. Appropriations total $0.2 million in General Revenue Funds, including 1.0 FTE position, which continues 2018–19 biennial spending levels.

COURT CONSULTING SERVICES

OCA provides technical assistance and training to courts on a range of court administration topics such as evaluating and implementing case management, administrative programs, and advising jury management. OCA anticipates providing 206 educational presentations to various external groups on topics in court administration during the 2020–21 biennium. Appropriations for the program total $0.1 million in All Funds, and 2.0 FTE positions. This amount represents a decrease of $0.1 million, or 49.9 percent, from 2018–19 biennial spending levels.

PUBLIC CITATIONS WEBSITE

OCA is responsible for establishing a public website for the inventorying of public citations and other legal notices statewide, enabling the public to easily publish, access, and search public information pursuant to Senate Bill 891, Eighty-sixth Legislature, 2019. Appropriations total $0.1 million in General Revenue Funds.

Court administration and support programs received a combined $91.6 million, including 96.2 FTE positions, which represents an increase of $31.3 million, or 51.8 percent, from 2018–19 biennial spending levels.

CHILDREN'S COURTS PROGRAMS

The children's courts program area includes the Child Protection Courts program, Child Support Courts program, and the Court Improvement Program Technology Project program, which fund the operation and maintenance of these courts and provide case management and videoconferencing support.

CHILD SUPPORT COURTS

OCA is authorized to employ associate judges, which are appointed by presiding judges of the administrative judicial regions, to hear child support enforcement cases within expedited timeframes set by federal requirements. The agency maintains 44 child support courts located across the state, staffed by 44 associate judges and approximately 43 court

coordinators. Appropriations for the program total $17.5 million in All Funds, including 87.3 FTE positions, which is an increase of $1.5 million, or 9.1 percent, from 2018–19 biennial spending levels. This amount includes $11.4 million through an Interagency Contract with the Office of the Attorney General to obtain Federal Funds pursuant to the U.S. Social Security Act, Title IV, Part D. These pass-through Federal Funds are used to pay associate judge salaries and program operating expenses.

CHILD PROTECTION COURTS

OCA's child protection courts reduce the time children spend in temporary foster care by expediting the judicial administration of child abuse, neglect, and adoption cases. Appropriations for the child protection courts program total $13.6 million in All Funds and 68.1 FTE positions, which is an increase of $4.4 million, or 47.0 percent, from 2018–19 biennial spending levels. This increase is due primarily to an increase of $3.7 million in General Revenue Funds and 18.0 FTE positions to establish nine additional child protection courts to handle continually growing caseloads in areas identified by the agency. The additional courts bring the total number of child protection courts to 33.

COURT IMPROVEMENT PROGRAM TECHNOLOGY PROJECT

OCA is responsible for providing case management and videoconferencing assistance to the child protection courts through the Court Improvement Program Technology Project program. Appropriations total $0.4 million in Other Funds through Interagency Contracts, which continues 2018–19 biennial spending levels.

In addition, the children's courts program area appropriations include $0.3 million in General Revenue Funds for annual lump-sum payments to employees who may be eligible to retire during the 2020–21 biennium, and $2.2 million in All Funds for increased compensation for the associate judge positions pursuant to House Bill 2384, Eighty-sixth Legislature, 2019.

Total appropriations for the children's courts program area include $31.5 million in All Funds, an increase of $5.8 million, or 22.8 percent, from 2018–19 biennial spending levels and 155.4 FTE positions.

PROCESSES AND INFORMATION

The processes and information program area provides services to support the collection, analysis, and publication of data from Texas courts at all levels through the Judicial Information program and the Texas Commission on Judicial Selection program.

JUDICIAL INFORMATION

OCA is responsible for collecting, maintaining, and analyzing information from Texas courts and producing statutorily required and ad hoc reports regarding the courts, court officials, and court procedures. Appropriations total $2.6 million in General Revenue Funds, including 13.0 FTE positions, which is an increase of $1.0 million, or 57.8 percent, from 2018–19 biennial spending levels. This amount includes $0.3 million for the onetime development of a weighted caseload study on the nature and complexity of cases heard by district and statutory county courts.

TEXAS JUDICIAL SELECTION COMMISSION

The Texas Judicial Selection Commission (TJSC) was established pursuant to House Bill 3040, Eighty-sixth Legislature, 2019. TJSC is responsible for researching and publishing an interim report regarding the method by which certain trial and appellate judges are selected. Appropriations for the commission total $0.3 million in General Revenue Funds, including 2.0 FTE positions. The commission will be abolished January 2, 2021, after the completion of its statutory mandate.

Total appropriations for the processes and information program area include $2.9 million in General Revenue Funds, including 15.0 FTE positions. This amount represents an increase of $1.2 million, or 74.9 percent, from 2018–19 biennial spending levels.

CERTIFICATION AND COMPLIANCE

OCA oversees the certification, registration, and licensing of court reporters, guardians, process servers, and licensed court interpreters through the Judicial Branch Certification Commission (JBCC) program in the certification and compliance program area. JBCC includes nine members appointed by the Supreme Court of Texas that serve staggered terms and are advised by four boards, one for each of the four types of certifications that JBCC oversees. OCA staff provide administrative support for JBCC.

Appropriations for the certification and compliance program area total $1.3 million in General Revenue Funds, including 9.0 FTE positions, an increase of $0.1 million, or 6.2 percent, from 2018–19 biennial spending levels.

SIGNIFICANT LEGISLATION

Senate Bill 325 – Protective Order Registry. This legislation requires the agency to establish and maintain a central, computerized, and Internet-based registry for protective orders filed and issued in Texas.

Senate Bill 560 – Court-Ordered Representation. This legislation requires the Texas Judicial Council to develop a statewide plan requiring courts and counties to report information on court-ordered representation for appointments made in suits affecting parent–child relationships filed by the government.

OFFICE OF CAPITAL AND FORENSIC WRITS

PURPOSE: To provide quality legal representation for indigent death row inmates in post-conviction writs of habeas corpus and related proceedings, and in forensic writs for noncapital cases.

ESTABLISHED: 2009

AUTHORIZING STATUTE: The Texas Government Code, Chapter 78

GOVERNANCE: The Court of Criminal Appeals appoints a director to supervise office operations based on recommendations from a committee composed of judges and attorneys appointed by the State Bar of Texas

FIGURE 230
OFFICE OF CAPITAL AND FORENSIC WRITS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$2.7	$3.7	$1.0	38.7%
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	**$2.7**	**$3.7**	**$1.0**	**38.7%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	20.5
2021	20.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

Appropriations increased by $0.5 million to add two attorneys to represent noncapital inmates when questionable forensic science contributed to a conviction. The agency anticipates accepting six noncapital cases for fiscal year 2020 and nine for fiscal year 2021.

Appropriations increased by $0.5 million for 1.0 additional attorney position and 1.0 mitigation specialist position and for additional travel, litigation, and equipment expenses.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to the Office of Capital and Forensic Writs (OCFW) for the 2020–21 biennium increased by $1.0 million in General Revenue–Dedicated Funds from Account No. 5073, Fair Defense (Account No. 5073), or 38.7 percent, from 2018–19 biennial spending levels. This amount includes the following increases:

- $0.5 million to add 2.0 full-time-equivalent (FTE) attorney positions to represent noncapital inmates where questionable forensic science contributed to the conviction; and
- $0.5 million to add 1.0 FTE attorney position and 1.0 FTE mitigation specialist position, and for additional attorney travel, litigation, and equipment expenses.

PROGRAMS

OCFW carries out its responsibilities to provide legal representation for indigent death row inmates in post-conviction habeas corpus proceedings through its administration program. A writ of habeas corpus provides new evidence that either may prove an inmate's innocence, mitigating circumstances, or a violation of an individual's constitutional rights during trial proceedings. OCFW develops these writs and files them in the original convicting court, which must address the writ. OCFW staff investigators work with the agency's staff attorneys to identify any potential new evidence that can be included within the appeal. The convicting trial court may grant OCFW an evidentiary hearing. This hearing provides OCFW the opportunity to present new information that the court may not have considered at the trial-court level. These proceedings, any answers or motions filed, exhibits introduced, and findings of fact and conclusions of law that are proposed by counsel and entered by the court are transmitted to the Court of Criminal Appeals for review. Appropriations for these purposes total $3.2 million from Account No. 5073 with 18.5 FTE positions. The amount includes $0.5 million to add 1.0 FTE attorney position and 1.0 FTE mitigation specialist position, and for attorney travel, litigation, and equipment expenses. The agency projects a caseload of nine habeas writ applications each fiscal year and that trial courts may grant 18 hearings for writ applications each fiscal year.

In addition, OCFW is authorized to represent noncapital inmates in cases where questionable forensic science contributed to the conviction where cases are referred to OCFW by the Texas Forensic Science Commission. Appropriations provide $0.5 million in General Revenue–Dedicated Funds from Account No. 5073 and 2.0 FTE attorney positions for this purpose. The agency anticipates that six new noncapital cases will be accepted for fiscal year 2020 and nine new cases for fiscal year 2021.

OFFICE OF THE STATE PROSECUTING ATTORNEY

PURPOSE: The Office of the State Prosecuting Attorney (OSPA) represents the state in all proceedings conducted by the Court of Criminal Appeals. The OSPA may also represent the state in any stage of a criminal case presented to a Court of Appeals if considered necessary for the interest of the state, and it may assist or be assisted by a district or county attorney in representing the state to a Court of Appeals.

ESTABLISHED: 1923

AUTHORIZING STATUTE: The Texas Government Code, Chapter 42

GOVERNANCE: Appointed by the Court of Criminal Appeals

FIGURE 231
OFFICE OF THE STATE PROSECUTING ATTORNEY BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.8	$0.9	$0.1	7.0%
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	6.5%
Total, All Methods of Finance	**$0.9**	**$0.9**	**$0.1**	**7.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	4.0
2021	4.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

OSPA anticipates that **17 petitions for discretionary review** will be granted by the Court of Criminal Appeals during each fiscal year of the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

All Funds appropriations for the Office of the State Prosecuting Attorney (OSPA) increased by $59,925, or 6.9 percent from 2018–19 biennial spending levels. This increase is due primarily to an increase of $48,746 in General Revenue Funds for salary increases for 2.0 full-time-equivalent assistant state prosecuting attorney positions and the agency's executive assistant position and $8,167 in General Revenue Funds for the state prosecuting attorney position pursuant to House Bill 2384, Eighty-sixth Legislature, 2019.

PROGRAMS

OSPA carries out its responsibilities by representing the state in all proceedings conducted by the Court of Criminal Appeals (CCA). The office also may represent the state in any stage of a criminal case presented to a state court of appeals if considered necessary for the state's interest. This representation can include the filing of petitions for discretionary review in CCA when the state seeks review of a decision of one of the 14 Courts of Appeals in a criminal case. This petition challenges a Court of Appeals decision, and CCA has discretion to grant or deny the appeal. If granted, CCA will order the state and defendant to file briefs and may grant oral argument. CCA then issues a written opinion that either affirms or reverses the lower court's opinion.

The agency also functions as the primary source of guidance and assistance for many local prosecutors. To that end, the state prosecuting attorney and assistant state prosecuting attorneys are required to remain updated regarding criminal law issues and to review opinions from Texas appellate courts that reverse criminal convictions or modify trial courts' judgments. The agency may submit petitions, briefs, and oral argument in cases considered to be of the greatest importance to the state's criminal jurisprudence. OSPA also can become involved in local and county cases as necessary to advance the state's interests.

STATE LAW LIBRARY

PURPOSE: Maintains a legal reference facility for use by the Supreme Court of Texas, the Court of Criminal Appeals, the Office of the Attorney General, other state agencies, and Texas residents.

ESTABLISHED: 1971

AUTHORIZING STATUTE: The Texas Government Code, Chapter 91

GOVERNANCE: Board composed of representatives for the Chief Justice of the Supreme Court, the Presiding Judge of the Court of Criminal Appeals, and the Attorney General

FIGURE 232
STATE LAW LIBRARY BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2.0	$2.2	$0.2	12.1%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.1	$0.0	($0.1)	(75.8%)
Total, All Methods of Finance	**$2.1**	**$2.2**	**$0.2**	**9.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	12.0
2021	12.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

Appropriations for **digital legal reference materials increased by $0.2 million in General Revenue Funds** to continue remote access at 2018–19 biennial service levels.

Appropriations for digital and print materials total $0.7 million, or 32.5 percent, of the agency's All Funds appropriations for the 2020–21 biennium**.** This amount includes $30,000 for the digitization of historical statutes.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Total appropriations for the State Law Library increased by $189,714 in All Funds, or 9.3 percent, from 2018–19 biennial spending levels. This amount includes General Revenue Funds increases of $170,000 to continue remote access to the library's digital legal reference materials at 2018–19 biennial service levels; $30,000 for the digitization of historical statutes from calendar years 1866 to 1878 and 1911 to 1916; and, $39,766 for staff salary increases for the assistant director position and 7.0 full-time-equivalent librarian positions. This amount also includes a decrease of $50,052 in Other Funds, due to fewer requests for duplication services for inmates and fewer requests from state agencies for document delivery and library services.

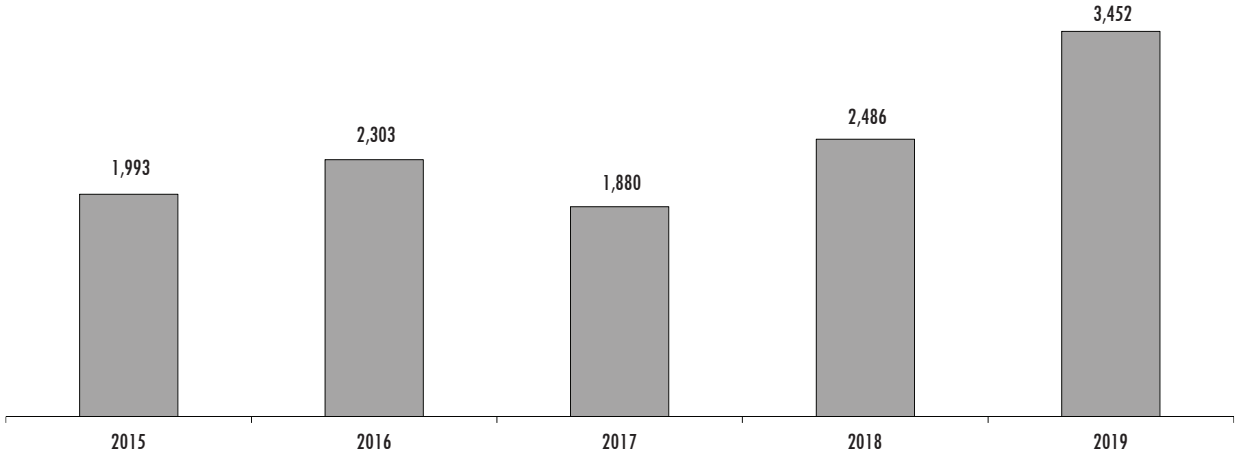
PROGRAMS

The State Law Library's administration program area includes the following responsibilities: (1) collection management; (2) maintaining the judicial collection; (3) providing reference services for library patrons; (4) providing reference services for incarcerated offenders within the Texas Department of Criminal Justice and their families; and (5) providing virtual legal resources to remote users.

The library acquires, organizes, and maintains all print and digital resources used by library staff and patrons. Library staff use these materials to conduct research and answer patrons' reference questions. This work includes the identification, selection, and purchase of titles. The library's collection includes more than 100,000 items of primary and secondary source material on Texas law, information on Texas legal history, federal primary source materials, major law reviews, treatises and monographs on general law, and selected federal publications. In addition, the library purchases, distributes, and maintains a judicial collection ordered and used for the judges and staff of the Court of Criminal Appeals and the Supreme Court of Texas. The library updates these collections and addresses any library-related issues that court staff may have.

Library staff also provides reference services, such as assisting library visitors to locate legal reference material and answering questions. In addition, library staff prepare topical guides regarding specific sections of the law, maintain and enhance the library's website, and provide training for library patrons to conduct legal research. The library also provides incarcerated offenders within the Texas Department of Criminal Justice and their families with reference and copy services for fees. This service includes providing copies of case files, answering basic legal reference questions, and providing copies of case law, law review articles, historical statutes, and other legal reference material. The library also provides legal reference material through a remote access service whereby users can access the library's online legal databases covering case law, statutes, and administrative regulations. **Figure 233** shows the number of new remote registrants that have accessed the library's digital resources from fiscal years 2015 to 2019.

FIGURE 233
NEW REMOTE REGISTRANTS ACCESSING STATE LAW LIBRARY DIGITAL RESOURCES
FISCAL YEARS 2015 TO 2019



SOURCE: State Law Library.

STATE COMMISSION ON JUDICIAL CONDUCT

PURPOSE: To investigate judicial misconduct or judicial incapacity and, if necessary, take appropriate action including discipline, education, censure, or the filing of formal procedures that could result in removal from office.

ESTABLISHED: 1965

AUTHORIZING STATUTE: The Texas Constitution, Article 5, §1-a; the Texas Government Code, Chapter 33

GOVERNANCE: 13-member commission appointed by the Supreme Court of Texas, State Bar of Texas, and the Governor

FIGURE 234
STATE COMMISSION ON JUDICIAL CONDUCT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2.3	$2.5	$0.2	10.6%
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	**$2.3**	**$2.5**	**$0.2**	**10.6%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	14.0
2021	14.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

The **State Commission on Judicial Conduct** anticipates that it will **dispose of 3,254 cases** alleging judicial misconduct or incapacity during the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to the State Commission on Judicial Conduct (SCJC) increased by $240,755 in General Revenue Funds, or 10.6 percent, from 2018–19 biennial spending levels. This increase provides $148,755 for staff salary-related adjustments including converting an investigator position to an attorney position ($87,200); a 2.8 percent cost-of-living increase for 4.0 full-time-equivalent attorney positions ($26,877); and a 3.0 percent increase for all other staff ($34,678). In addition, it provides $92,000 for travel and operating cost increases associated with attorney travel, eternal proceedings, expert consultations, and commission meetings.

PROGRAMS

The SCJC administration program enforces the Code of Judicial Conduct promulgated by the Supreme Court of Texas by considering allegations of judicial misconduct or incapacity from the public, which could lead to investigation by SCJC staff. After an investigation, SCJC can dismiss the complaint or issue an order of additional education, suspension, or private or public sanction; or the judge may resign in lieu of disciplinary action. The judge may appeal any of these decisions to a panel of three appellate judges, known as a special court of review, which will preside over a trial that is open to the public.

SCJC may initiate either informal or formal proceedings, the latter of which includes the filing of a formal charge against the judge. In the event of formal proceedings, all filings and proceedings in the case become public. After the notice of formal charges, a fact-finding hearing is conducted by either SCJC or a special master appointed by the Supreme Court.

After a public trial or formal hearing, the special master reports findings of fact to SCJC, which then votes for dismissal or public censure, or recommends removal or involuntary retirement to the Supreme Court. The judge that receives a public censure can appeal this decision to a special court of review, which may move for dismissal, affirm the SCJC's decision, or move for formal proceedings.

JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT

PURPOSE: The Judiciary Section of the Comptroller's Department (Texas Comptroller of Public Accounts) manages judicial branch expenditures required by statute, including compensation and payments to district judges, county-level judges, and local prosecutors, including the Special Prosecution Unit headquartered in Walker County. Special programs include reimbursements to counties for juror pay and certain witness expenses.

ESTABLISHED: 1835

AUTHORIZING STATUTE: Various chapters of the Texas Government Code and the Texas Code of Criminal Procedure

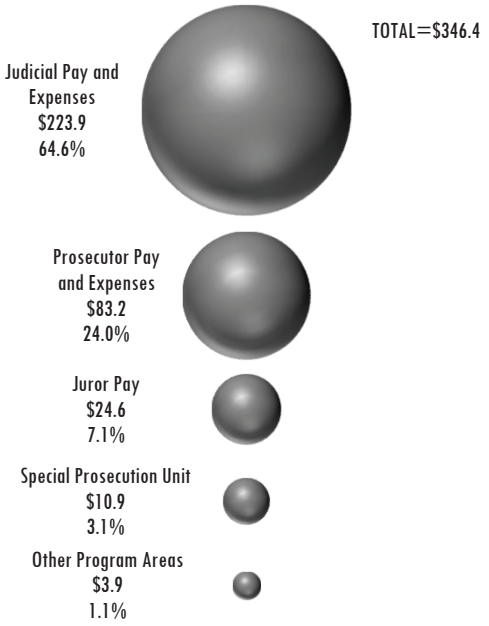
GOVERNANCE: Appropriations at the Comptroller of Public Accounts fund the direct costs of administering judicial branch payments

FIGURE 235
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$201.9	$209.5	$7.6	3.8%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$114.4	$136.9	$22.5	19.7%
Total, All Methods of Finance	**$316.3**	**$346.4**	**$30.1**	**9.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	640.0
2021	643.9

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include **$24.0 million in General Revenue Funds** to provide increased compensation for certain judges and professional prosecutors through a new tiered pay structure established by **House Bill 2384**, Eighty-sixth Legislature, 2019.

Nine new district courts, eight new statutory county courts, and two new professional prosecutor positions will be established and one district attorney position will be reclassified as a professional prosecutor during the 2020–21 biennium, pursuant to **Senate Bill 891**, Eighty-sixth Legislature, 2019, resulting in an appropriations increase of **$3.3 million in General Revenue Funds**.

Appropriations include **a net increase of $2.9 million in All Funds** due to a restructuring of state and local criminal court costs and revenues pursuant to **Senate Bill 346**, Eighty-sixth Legislature, 2019.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Judiciary Section, Comptroller's Department, increased by $30.1 million, or 9.5 percent, in All Funds compared to 2018–19 biennial spending levels due to the following changes:

- an increase of $24.0 million in General Revenue Funds to provide for changes in judicial compensation pursuant to House Bill 2384, Eighty-sixth Legislature, 2019;
- an increase of $4.6 million in General Revenue Funds to establish new courts, which includes $3.3 million to establish additional district courts, statutory county courts at law, and professional prosecutors, pursuant to Senate Bill 891, Eighty-sixth Legislature, 2019, and $1.3 million to biennialize costs for state and county courts established during the 2018–19 biennium;
- an increase of $0.4 million in General Revenue Funds for staffing costs at the Walker County Special Prosecution Unit, which includes a 2.5 percent salary increase for attorney and investigator positions, an additional prosecutor position, and for anticipated increases in Special Prosecution Unit benefits costs;
- a net increase of $0.8 million in General Revenue Funds to offset an anticipated shortfall of $0.8 million in Assistant Prosecutor Supplement Fund No. 303 (Other Funds) for longevity pay made to current eligible and anticipated assistant district attorneys. This amount includes offsetting a $0.5 million decrease for amounts appropriated during fiscal year 2019 to cover these same obligations pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019;
- a decrease of $1.3 million in General Revenue Funds to align state prosecutor state compensation equally with a district judge's state compensation by no longer providing funding to offset district attorney contribution costs to the Employees Retirement System previously authorized pursuant to House Bill 9, Eighty-fourth Legislature, 2015; and
- a decrease of $0.4 million in General Revenue Funds for the visiting judge program to cover onetime district court vacancies appropriated during fiscal year 2019 pursuant to Senate Bill 500 that are not continued.

PROGRAMS

The Judiciary Section receives appropriations for five program areas: (1) judicial pay and expenses; (2) prosecutor pay and expenses; (3) reimbursements to counties for juror pay; (4) pass-through grants to the Special Prosecution Unit, headquartered in Walker County; and (5) other program areas.

Appropriations for the Judiciary Section include $136.9 million in Other Funds, or 39.5 percent of total appropriations, which support most programs, shown in **Figure 236**. Revenue from the Judicial Fund No. 573 (Other Funds) of $102.2 million, composed mainly of criminal court costs and civil filing fees, provides a portion of the funding for district judge, statutory county judge, and prosecutor salaries and salary supplements.

JUDICIAL PAY AND EXPENSES

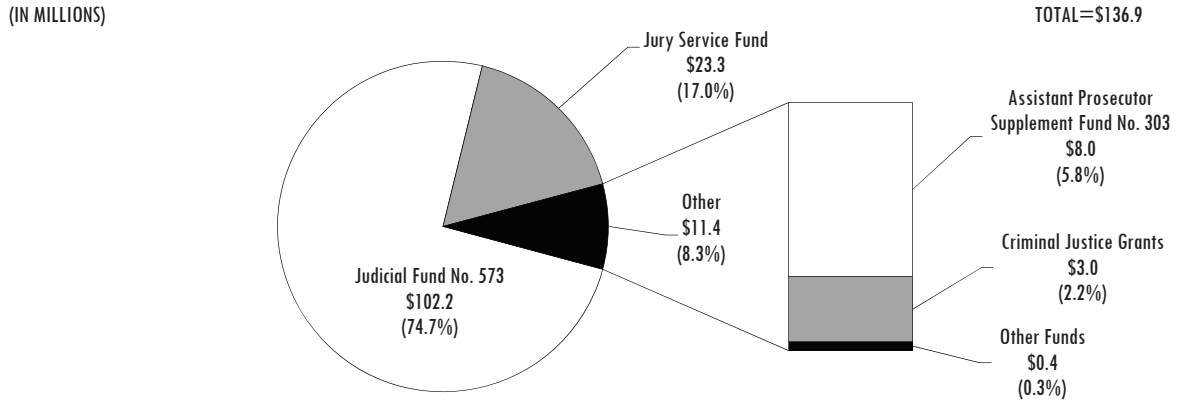
The responsibilities of the Judicial Pay and Expenses program area are carried out through 11 programs that provide salaries and payments to district and visiting judges and salary supplement payments to constitutional, statutory county, and statutory probate judges.

DISTRICT JUDGES

District courts serve as the primary trial courts in the state, handling civil and criminal cases. Funding for district court judges total $155.3 million in All Funds and reside within three programs. The District Judges Salaries program funding totals $154.3 million in All Funds, an increase of $20.2 million, or 15.0 percent, of which $17.4 million is pursuant to House Bill 2384, Eighty-sixth Legislature, 2019, which establishes the minimum annual base salary for a district judge and a tiered salary structure, which is shown in **Figure 221**. Additional increases include $1.8 million in General Revenue Funds with 9.9 full-time-equivalent (FTE) positions, pursuant to Senate Bill 891, Eighty-sixth Legislature, 2019, which establishes nine additional district courts during the 2020–21 biennium, and $1.0 million in General Revenue Funds to biennialize courts established during the 2018–19 biennium.

The District Judges: Travel program provides for the payment of the expenses of district judges while they are engaged in the performance of their duties in a county other than their county of residence. Funding totals $0.7 million in All Funds, which continues 2018–19 biennial expenditure levels. The Judicial Salary Per Diem program provides for the payment of per diem for active, retired, and former district

FIGURE 236
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT, OTHER FUNDS APPROPRIATIONS
2020–21 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Legislative Budget Board.

judges and statutory county court at law judges serving on assignment and for active and retired appellate justices when holding court outside of their district or county when assigned. Funding totals $0.3 million in All Funds, which also continues 2018–19 biennial expenditure levels.

COUNTY JUDGES

Funding for county-level judges is provided through three programs totaling $56.4 million in All Funds, which includes an increase of $1.3 million from 2018–19 biennial spending levels for court creation costs. County judges receive salary supplements through the Statutory County Judge Supplement, Statutory Probate Judge Supplement, and Constitutional County Judge Supplement programs. The state salary supplement for the judges of the 260 statutory county and statutory probate courts in operation as of September 1, 2019, is $84,000 through appropriations totaling $45.1 million in All Funds. Funding for the Statutory County Judge Supplement program totals $42.4 million in All Funds, including increased General Revenue Funds of $0.3 million to biennialize costs for three new statutory county courts established during the 2018–19 biennium and $1.0 million for the establishment of eight statutory county courts during the 2020–21 biennium pursuant to Senate Bill 891, Eighty-sixth Legislature, 2019. Funding for the Statutory Probate Judge Supplement totals $2.7 million in All Funds, which continues 2018–19 biennial expenditure levels. The state provides an annual salary supplement of $25,200 to a constitutional county judge if at least 40.0 percent of the functions that the judge performs are judicial functions through appropriations for the Constitutional County Judge Supplement program totaling $11.3 million in All Funds, which also continues 2018–19 biennial expenditure levels.

VISITING JUDGES

Funding for visiting judges is provided through two programs totaling $11.3 million in All Funds, which includes a $0.4 million decrease from 2018–19 biennial spending levels due to a onetime appropriation for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, to cover district court vacancies that are not continued into the 2020–21 biennium. The Visiting Judge – Appellate and Visiting Judge – Regions programs provide funding for the assignment of visiting judges at the trial and appellate court levels by the presiding judges of the administrative judicial regions. Visiting Judge – Appellate program appropriations total $0.7 million in All Funds. Visiting Judge – Regions program appropriations total $10.6 million in All Funds. Visiting judges serving in district and appellate courts are compensated at 100.0 percent of the salary of an active district judge or appellate justice. Beginning in the 2020–21 biennium, visiting judge funding for appellate justices can be used to reimburse one or more Courts of Appeals for the salary or fee paid to a staff attorney employed or contracted by the court to assist judges in their ordinary caseload.

OTHER JUDICIAL PAY AND EXPENSES

Funding for the three remaining programs that provide for judicial pay and expenses total $0.8 million in All Funds, which continues funding at the 2018–19 biennial spending levels. Multi District Litigation Judges Salary and Benefits program appropriations total $0.3 million in General Revenue Funds to provide for the payment of salaries, salary supplements and benefits for active and retired judges assigned to multidistrict courts. Appropriations for the 1st Multicounty Court at Law totals $0.3 million in Other Funds from the Judicial Fund No. 573 to provide payments to Fisher and Nolan counties. Finally, appropriations for the Local Administrative Judge Supplement program total $0.2 million in General Revenue Funds for the payment of state salary supplements to local administrative judges serving in counties with more than five district courts.

Appropriations for the Judicial Pay and Expenses program area total $223.9 million in All Funds, an increase of $21.1 million, or 10.4 percent, from 2018–19 spending levels, including 480.2 FTE positions.

PROSECUTOR PAY AND EXPENSES

The responsibilities of the Prosecutor Pay and Expenses program area are carried out through eight programs that fund salaries and salary supplements for positions linked to the state base salary of a district judge by statute: professional prosecutors, which include 158 district attorneys, criminal district attorneys, county attorneys prohibited from the private practice of law, and five prosecutors permitted to engage in private practice; and for salary supplements paid to 177 constitutional county attorneys.

PROFESSIONAL PROSECUTOR SALARIES

Funding for prosecutor salaries is provided through four programs totaling $43.6 million in All Funds, which includes an increase of $5.5 million, or 9.2 percent, from 2018–19 biennial expenditure levels, of which $5.1 million is pursuant to House Bill 2384, Eighty-sixth Legislature, 2019, and the remaining $0.4 million is for the establishment of two new professional prosecutor positions and reclassification of one district attorney position as a professional prosecutor during the 2020–21 biennium, pursuant to Senate Bill 891, Eighty-sixth Legislature, 2019.

The District Attorney: Salaries program provides salary payments to district attorneys permitted to engage in the private practice of law. Funding totals $1.6 million in All Funds, which includes an increase of $0.2 million pursuant to House Bill 2384. The Professional Prosecutors: Salaries program provides salary payments to district attorneys included in the Professional Prosecutors Act. Funding totals $48.9 million in All Funds, which is $5.3 million greater than 2018–19 biennial expenditure levels. House Bill 2384 includes both these position types within the new tiered salary structure, as shown in **Figure 221**.

The Felony Prosecutors: Salaries program provides salary payments to select criminal district attorneys and to two county attorneys that perform the duties of a district attorney. Funding totals $0.7 million in All Funds, which is $91,000 greater than 2018–19 biennial expenditure levels. The Prosecutors: Subchapter C program provides an apportionment of funds for prosecution in certain eligible counties where a district attorney is not receiving a state salary (Harris County). Funding totals $0.3 million in All Funds, which continues 2018–19 biennial expenditure levels.

FELONY PROSECUTOR TRAVEL AND OFFICE APPORTIONMENTS

The Felony Prosecutors: Travel program provides funding for prosecuting attorneys engaged in official duties in a county other than the prosecutor's county of residence for the payment of travel and other necessary expenses. Funding totals $0.4 million in All Funds, which continues 2018–19 biennial spending levels.

The Felony Prosecutors: Expenses program provides funding for the reimbursement of authorized expenses that a professional prosecutor incurs in the discharge of their official duties. This funding includes salaries of assistant district attorneys, investigators, and secretarial help, supplies, and expenses with amounts provided based on district population as established in the General Appropriations Act. The Eighty-sixth Legislature, 2019, provides $22,500 per office for felony prosecutors serving districts with populations of more than 50,000; $27,500 for felony prosecutors serving districts with populations of less than 50,000; and, $11,083 for the Harris County District Attorney. Funding totals $8.3 million in All Funds, which continues 2018–19 biennial spending levels.

COUNTY ATTORNEY SUPPLEMENTS

The County Attorney Supplement program provides funding for a salary supplement to constitutional county attorneys that do not have general felony jurisdiction and that are not state prosecutors, pursuant to the Texas Government Code,

Chapter 46, the Professional Prosecutors Act. County attorneys are authorized to receive a supplement based upon one-half the state base salary of a district judge divided by the number of counties within the jurisdiction of a state prosecutor serving the county, but in an amount not less than one-sixth of a district judge's state base salary. Funding totals $13.6 million in General Revenue Funds, an increase of $1.5 million in General Revenue Funds pursuant to House Bill 2384, Eighty-sixth Legislature, 2019, which incorporates this salary supplement into the tiered system based on county attorney years of service.

ASSISTANT STATE PROSECUTOR LONGEVITY PAY

The Assistant Prosecutor Longevity Pay program provides assistant state prosecutors with longevity pay of $20 per month for each year of lifetime service credit up to $5,000 annually. Funding totals $9.4 million in All Funds, which is similar to 2018–19 biennial spending levels; however, funding includes an increase of $0.8 million in General Revenue Funds to offset an anticipated shortfall of $0.8 million in Other Funds from Assistant State Prosecutor Fund No. 303 for longevity pay made to current eligible and anticipated assistant district attorneys. This increase exceeds the $0.5 million in General Revenue Funds appropriated for fiscal year 2019 to cover these same obligations pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019.

Appropriations for the Prosecutor Pay and Expenses program area total $83.2 million in All Funds including 163.0 FTE positions, an increase of $5.8 million, or a 7.5 percent increase from 2018–19 biennial spending levels, resulting from enactment of House Bill 2384, Eighty-sixth Legislature, 2019, offset by a decrease of $1.3 million in General Revenue Funds to align state prosecutor state compensation equally with a district judge's state compensation by no longer providing funding to offset district attorney contribution costs to the Employees Retirement System.

JUROR PAY

The Juror Pay program provides funding to meet legal requirements that counties pay jurors $40 or more per day after the first day of service, and the state reimburses counties for $34 of the amount. Funding for the Juror Pay program area total $24.6 million, an increase of $2.9 million in All Funds from 2018–19 biennial spending levels primarily pursuant to Senate Bill 346, Eighty-sixth Legislature, 2019, which restructured state and local court costs and changed the method of financing for Juror Pay program area appropriations from General Revenue Funds to a new Jury Service Fund (Other Funds). The state contribution toward juror pay is funded from revenues generated by a court cost charged upon conviction of any offense, other than pedestrian-related or parking-related offenses.

SPECIAL PROSECUTION UNIT

The responsibilities of the Special Prosecution Unit (SPU) program area are carried out through the SPU office headquartered in Walker County. SPU is staffed by Walker County employees and has three divisions: Criminal, Juvenile, and Civil. The Criminal Division prosecutes crimes committed within the Texas Department of Criminal Justice prison system. The Juvenile Division prosecutes criminal offenses or delinquent conduct committed within Texas Juvenile Justice Department facilities. The Civil Division assists local county prosecutors with the initiation of civil commitments of sexually violent predators. Funding for the SPU program area totals $10.9 million for the 2020–21 biennium, an increase of $401,906, or 5.4 percent, in General Revenue Funds from 2018–19 biennial spending levels. This increase is composed of the following amounts: $102,237 for a 2.5 percent increase for attorney and investigator positions, $251,494 for an additional prosecutor, and $48,175 for anticipated increases in SPU costs.

OTHER PROGRAM AREAS

This program area provides appropriations for the following five programs:

- $2.8 million for the Witness Expenses program, which provides for payment of county expenses for witnesses called in criminal proceedings that reside outside the county where the trial is held;
- $0.9 million for the National Center for State Courts program, which provides for payment of a membership assessment with the National Center for State Courts on behalf of the Texas Judiciary;
- $0.1 million for the Indigent Inmate Defense program, which provides reimbursement for payment of expenses incurred by counties for attorney compensation and expenses awarded when the court appoints an attorney for an inmate's legal defense;
- $50,000 for the Death Penalty Habeas Representation program, which provides compensation of court appointed counsel representing death row inmates in Habeas Corpus representation; and

- $10,000 for the Docket Equalization program, which provides funding to support the Supreme Court of Texas' transfer of cases from one court of appeals to another, including payment of travel expenses incurred by appellate justices and their staff that travel to hear cases transferred to them for disposition.

Appropriations for Other Program Areas total $3.8 million in All Funds, which continues funding at 2018–19 biennial spending levels.

SIGNIFICANT LEGISLATION

Senate Bill 346 – Changes in certain criminal court costs and other court-related costs, fines, and fees. The legislation restructures state criminal court costs by adding certain criminal court costs to the state consolidated court costs, repealing other court costs, and reclassifying several other court costs as fines.

Senate Bill 891 – Establishment of new district courts and county-level courts. The legislation establishes five additional district courts during fiscal year 2020 and four additional district courts during fiscal year 2021. These courts join 477 courts in operation effective September 1, 2019. The legislation also establishes two new professional prosecutor positions and reclassifies one district attorney position as a professional prosecutor during the 2020–21 biennium. The legislation also establishes six statutory county courts-at-law during fiscal year 2020 and an additional two county courts-at-law during fiscal year 2021.

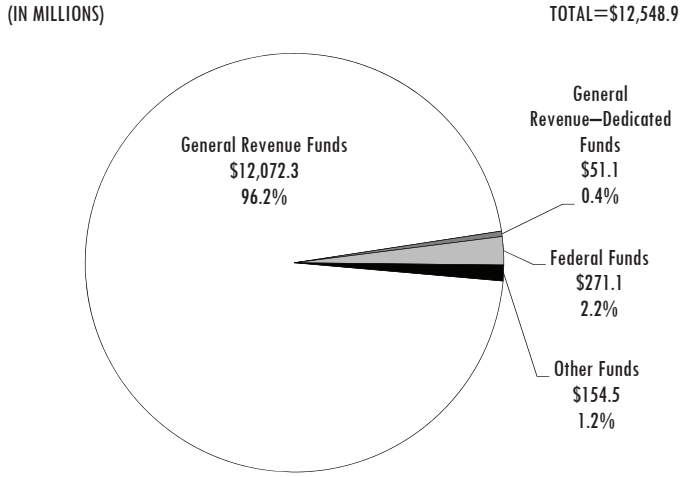
8. PUBLIC SAFETY AND CRIMINAL JUSTICE

Public safety and criminal justice agencies are funded in Article V of the General Appropriations Act and provide various services to ensure the safety and security of Texans. Those services include the adult and juvenile corrections systems (community supervision, incarceration, and parole services), law enforcement and highway patrol, the Texas military forces, and driver license processing. Additional services provided include county jail regulation, law enforcement officer training and licensing, alcoholic beverage industry oversight, and firefighter certification. Border security is coordinated among several Article V agencies and agencies in other articles of government. Public safety and criminal justice agencies are funded primarily with General Revenue Funds.

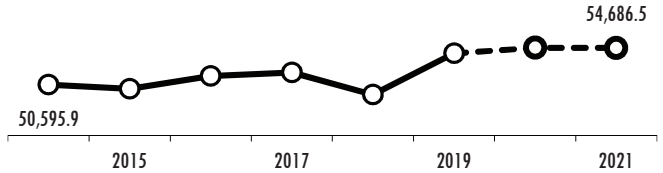
FIGURE 237
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$11,545.0	$12,072.3	$527.3	4.6%
General Revenue–Dedicated Funds	$42.0	$51.1	$9.1	21.7%
Federal Funds	$6,747.9	$271.1	($6,476.8)	(96.0%)
Other Funds	$519.7	$154.5	($365.2)	(70.3%)
Total, All Methods of Finance	**$18,854.5**	**$12,548.9**	**($6,305.6)**	**(33.4%)**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Appropriations for Driver License Services increased by $208.0 million, including a salary reclassification of customer service representatives, 762.0 additional full-time-equivalent positions to staff existing driver license offices, and two new driver license offices in Denton and Angleton.

Appropriations of **$94.7 million** are provided **for correctional and parole officer, case manager, and school personnel career ladder restructures and salary increases** to the Department of Criminal Justice ($85.7 million) and the Juvenile Justice Department ($9.0 million).

Funding for Human Trafficking prevention increased by $33.5 million for the prevention, investigation, and prosecution of human trafficking and antigang-related activities at the Department of Public Safety ($27.9 million) and the Alcoholic Beverage Commission ($5.6 million).

Funding for State Crime Laboratories increased by $52.0 million to decrease the backlog of untested forensic evidence and prioritize the testing of sexual assault kits.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 238
ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	ESTIMATED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Alcoholic Beverage Commission	$99.5	$112.9	$13.4	13.5%
Department of Criminal Justice	$6,969.0	$6,871.3	($97.7)	(1.4%)
Commission on Fire Protection	$3.9	$4.0	$0.0	0.2%
Commission on Jail Standards	$3.7	$2.9	($0.8)	(21.9%)
Juvenile Justice Department	$668.7	$656.9	($11.8)	(1.8%)
Commission on Law Enforcement	$7.9	$8.2	$0.3	3.2%
Military Department	$222.9	$207.6	($15.4)	(6.9%)
Department of Public Safety	$8,793.9	2,329.8	($6,464.0)	(73.5%)
Subtotal, Public Safety and Criminal Justice	**$16,769.5**	**$10,193.5**	**($6,576.0)**	**(39.2%)**
Employee Benefits and Debt Service	$2,402.4	$2,511.3	$108.8	4.5%
Less Interagency Contracts	$317.5	$155.9	($161.6)	(50.9%)
Total, All Functions	**$18,854.5**	**$12,548.9**	**($6,305.6)**	**(33.4%)**

NOTE: 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.

MAJOR FUNDING

The 2020–21 biennial funding levels of Public Safety and Criminal Justice agencies total $10.2 billion in All Funds, which is primarily General Revenue Funds and General Revenue–Dedicated Funds. This amount is a decrease of $6.6 billion, or 39.2 percent, compared to 2018–19 biennial funding levels.

CORRECTIONAL OFFICER PAY INCREASES

The Texas Department of Criminal Justice (TDCJ) was appropriated $84.1 million in General Revenue Funds for targeted salary increases and career ladder restructure for correctional officers, ranking correctional officers, correctional laundry and food service managers, and parole officers, to address correctional officer recruitment and retention. The Board of Pardons and Paroles was appropriated $1.6 million to restructure the career ladder for the agency's institutional parole officers and parole hearing officers.

The Eighty-sixth Legislature, 2019, appropriated $8.1 million in General Revenue Funds to the Juvenile Justice Department (TJJD) to provide salary increases to juvenile correctional officers and case managers and $0.9 million for school personnel salary increases.

DRIVER LICENSE SERVICES FUNDING AND STUDY

Appropriations for the Department of Public Safety's (DPS) Driver License Division total $486.3 million in All Funds and 2,955.8 full-time-equivalent (FTE) positions for the 2020–21 biennium, an increase of $208.0 million in All Funds, or 74.7 percent. This increase includes $141.5 million and 762.0 FTE positions to staff all available workstations at existing driver license offices; a $51.3 million increase to reclassify Customer Service Representatives as Permit Specialists; and $16.0 million for new driver license offices in Angleton and Denton. In addition, $1.0 million was appropriated for a study to determine the feasibility of transferring the Driver License Program to the Department of Motor Vehicles or establishing it as a separate agency.

ANTITRAFFICKING AND ANTIGANG ACTIVITIES

The Eighty-sixth Legislature, 2019, appropriated an additional $34.1 million in All Funds and 144.4 FTE positions for human trafficking and antigang purposes at DPS and the Texas Alcoholic Beverage Commission (TABC). Human trafficking squads will conduct minor sex trafficking investigations, and international and labor trafficking investigations, as part of DPS's Criminal Investigations Division and the Texas Rangers Division. TABC's Special Investigations Unit will conduct long-term investigations at

TABC-licensed premises. The appropriated funds for human trafficking and antigang functions can be found in DPS Strategies A.1.1, Organized Crime, and A.2.1, Intelligence, and TABC Strategy A.1.1, Enforcement.

CRIME LAB FUNDING

Appropriations for crime laboratory services at DPS total $129.0 million in All Funds; this amount is a biennial increase of $52.0 million, which includes a supplemental appropriation for fiscal year 2019 of $5.8 million to restore revenue loss due to the Governor's direction to not issue fees for forensic analysis, funded in Senate Bill 500, Eighty-sixth Legislature, 2019. Included in these amounts is $37.7 million to increase crime laboratory capacity, decrease the backlog of untested forensic evidence, and provide salary increases for existing analysts; $4.7 million for additional crime laboratory equipment; $5.3 million to implement legislation; and $4.0 million for other improvements.

EMERGENCY MANAGEMENT AND HURRICANE HARVEY RESPONSE

As of January 1, 2020, DPS expended $1,526.5 million in All Funds, primarily Federal Funds, for Hurricane Harvey and other disaster relief and recovery.

As of September 1, 2019, the Texas Division of Emergency Management was transferred to the Texas A&M University System as a stand-alone agency, pursuant to House Bill 2794, Eighty-sixth Legislature, 2019. As a result, $6.7 billion in All Funds were decreased from DPS's bill pattern, and Goal D, Emergency Management, was transferred to the General Appropriations Act, Article III.

SUPPLEMENTAL FUNDING

Senate Bill 500, Eighty-sixth Legislature, 2019, included supplemental appropriations in General Revenue Funds and Other Funds from the Economic Stabilization Fund (ESF) for Public Safety and Criminal Justice agencies for fiscal year 2019.

Supplemental appropriations of $220.0 million in General Revenue Funds and $142.8 million from the ESF were provided for the following purposes at TDCJ: (1) $190.0 million in General Revenue Funds for Correctional Managed Healthcare fiscal year 2019 expenditures; (2) $30.0 million in General Revenue Funds for correctional officer overtime; (3) $54.0 million from the ESF for the repair and rehabilitation of buildings and facilities; (4) $38.6 million from the ESF for transfers from TDCJ to address Hurricane Harvey recovery; (5) $26.0 million from the ESF for the installation of comprehensive video surveillance systems in TDCJ's maximum security units; and (6) $24.2 million from the ESF for the implementation of the Corrections Information Technology System Project.

Senate Bill 500 also includes $7.6 million from the ESF to replace all surveillance cameras at five TJJD facilities and $6.3 million from the ESF to replace a helicopter at DPS.

OTHER CHANGES

In addition, three agencies had significant funding differences from the 2018–19 biennium:

- the Texas Alcoholic Beverage Commission is funded at $112.9 million in All Funds. This amount is an increase of $13.4 million, primarily related to additional FTE positions for enforcement and information technology upgrades for licensing and public safety;
- the Commission on Jail Standards is funded at $2.9 million in All Funds, a net decrease of $0.8 million due to a $0.9 million decrease from the Prisoner Safety Fund and a $0.1 million increase for 1.0 additional FTE position and agencywide salary increases; and
- funding for the Texas Military Department totals $207.6 million in All Funds, which is a decrease of $15.4 million due primarily to the removal of onetime funding for Hurricane Harvey relief efforts, renovations, and deferred maintenance projects.

ALCOHOLIC BEVERAGE COMMISSION

PURPOSE: To deter violations of the Texas Alcoholic Beverage Code by inspecting licensed establishments within the alcoholic beverage industry, investigating complaints, regulating the personal importation of alcoholic beverages and cigarettes through the state's ports-of-entry locations with Mexico and the seaport at Galveston, and enforcing state law.

ESTABLISHED: 1970

AUTHORIZING STATUTE: The Texas Alcoholic Beverage Code, §5.01

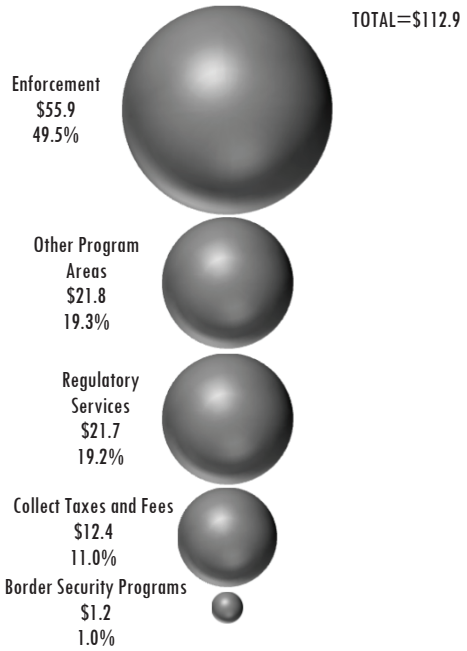
GOVERNANCE: Three-member commission appointed by the Governor, with the advice and consent of the Senate

FIGURE 239
ALCOHOLIC BEVERAGE COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$96.2	$111.7	$15.5	16.1%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$1.1	$1.0	($0.1)	(7.7%)
Other Funds	$2.2	$0.2	($2.0)	(90.5%)
Total, All Methods of Finance	**$99.5**	**$112.9**	**$13.4**	**13.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	671.0
2021	671.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations of $6.1 million and 29.0 full-time-equivalent (FTE) positions are provided for increased human trafficking enforcement in Texas Alcoholic Beverage Commission (TABC) licensed businesses, including 23.0 enforcement positions in the Special Investigations Unit.

TABC **issued 80,835 permits and licenses and conducted 2,085 audits** during fiscal year 2019.

TABC collected $233.6 million in taxes, $43.3 million in license fees, $27.4 million in license surcharges, and $11.7 million in other collections for a total of $316.0 million during fiscal year 2019. Collections also included $6.8 million in excise taxes at 30 ports of entry across Texas.

Appropriations include $9.8 million and 7.0 FTE positions for upgrades to the licensing and public safety information technology systems.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium total $112.9 million, representing an increase of $13.4 million in All Funds, or 13.5 percent from the 2018–19 biennial expenditure level, primarily as the result of the following initiatives:

- a $5.6 million increase and 29.0 full-time-equivalent (FTE) enforcement positions for human trafficking prevention;
- a $7.4 million increase and 5.0 FTE positions for Licensing and Tax Technology Replacement;
- a $2.5 million increase and 2.0 positions for Public Safety Technology Replacement;
- $0.3 million for salary increases for auditors and license permit specialists; and
- a $0.3 million decrease for a data center services cost adjustment.

PROGRAMS

The Texas Alcoholic Beverage Commission (TABC) carries out its responsibilities through four primary program areas: (1) enforcement, (2) border security, (3) regulatory services, and (4) collection of taxes and fees. The enforcement program area includes the criminal investigations program and the human trafficking – investigations program. The criminal investigations program is responsible for regulating the distribution of alcoholic beverages and investigating criminal activity in TABC-licensed businesses and includes the Enforcement Division, the Financial Crimes Unit (FCU), and the Special Investigations Unit (SIU). The Enforcement Division employs 218 commissioned law enforcement officers, primarily located in five regional offices and 25 area or outpost offices. Thirty-seven law enforcement officers are assigned to the border security program in the Texas–Mexico border region to assist in the deterrence of crimes in accordance with the border security initiative. The Enforcement Division inspects establishments engaged in the sale and distribution of alcoholic beverages to ensure that they are licensed properly and conform to the administrative and criminal law enforcement provisions of the Texas Alcoholic Beverage Code.

TABC established two specialized units within the criminal investigations program, FCU and SIU, during fiscal year 2013 to identify and investigate habitual patterns of at-risk behavior of individuals and entities at licensed locations and to identify and investigate financial crimes committed at licensed locations. FCU employs six commissioned peace officers that investigate financial crimes such as money laundering, tax fraud, and other organized financial crimes. One FCU agent is assigned to assist with anti-human trafficking efforts. SIU employs 38 commissioned peace officers and works with local, state, and federal law enforcement agencies to gather intelligence and conduct administrative and criminal investigations relating to narcotics operations, human trafficking, and other criminal activities.

Appropriations for the criminal investigations program total $49.8 million in All Funds for the 2020–21 biennium.

The Eighty-sixth Legislature, 2019, directed TABC to increase human trafficking-prevention operations and appropriated $6.1 million in All Funds and 29.0 FTE positions for the 2020–21 biennium. Twenty-three of the 29.0 human trafficking-investigation enforcement agents work in SIU to investigate and conduct undercover operations for offenses connected to human trafficking occurring at TABC-licensed locations.

Appropriations for the border security program area total $1.2 million in All Funds for the 2020–21 biennium. Of the 38 commissioned SIU peace officers, six are assigned to the border security program in the border region to assist in the deterrence of crimes in accordance with the border security initiative.

Appropriations for criminal investigations, human trafficking – investigations, and border security programs for the 2020–21 biennium total $57.1 million, primarily General Revenue Funds, and provide for 316.5 FTE positions, which represents a $3.9 million increase from 2018–19 expenditure levels.

The regulatory services program area includes the licensing, regulatory compliance, labeling, and education and prevention programs. The licensing program processes applications for all phases of the alcoholic beverage industry such as manufacturing, sales, purchases, transportation, storage, and distribution. The licensing program ensures that each applicant is qualified to hold the requested license or permit and complies with all applicable regulatory requirements. The regulatory compliance and education and prevention programs conduct other regulatory responsibilities at TABC. Through these programs, TABC develops training and educational materials for stakeholders and conducts inspections, audits, fee analyses, and other financial reviews to prevent fraud and to ensure compliance with the Texas

Alcoholic Beverage Code. The marketing practices and label approval program is responsible for overseeing the promotion, testing, and labeling of alcoholic beverages distributed for sale in Texas. Appropriations for the regulatory services program area total $21.8 million for the 2020–21 biennium, which includes a $0.3 million salary increase for auditors and license permit specialists.

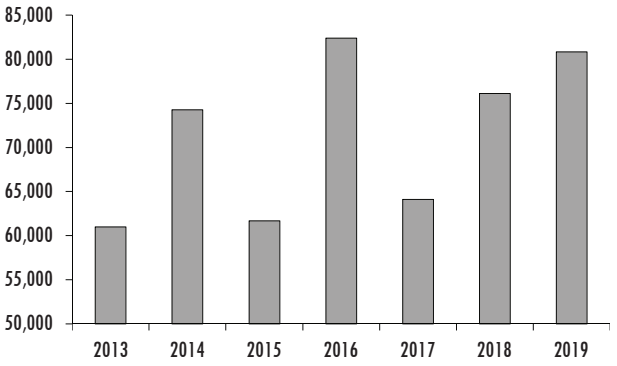
Figure 240 shows the actual performance for the number of alcoholic beverage licenses and permits issued from fiscal years 2013 to 2019. An increase in application volume and a concentrated effort to decrease the backlog of renewal applications from fiscal year 2018 resulted in a greater number of licenses and permits issued during fiscal year 2019.

The taxes and fees collection program area includes the excise tax administration program and the ports of entry program. The excise tax administration program oversees the review and processing of excise tax reports, excise tax payments, and other periodic reports required by law from licensees and permittees involved in the wholesale and manufacturing tiers of the alcoholic beverage industry. During fiscal year 2019, TABC collected $232.5 million in fees and taxes, most of which is deposited to the Treasury. Appropriations for the excise tax administration program total $1.3 million in All Funds for the 2020–21 biennium.

The ports of entry program is responsible for the collection of excise taxes of imported alcoholic beverages along the U.S.–Mexico border and at the Port of Galveston. As of September 1, 2019, 119.8 FTE tax compliance officer positions collected $6.8 million in taxes and administrative fees at 30 ports of entry. Appropriations for the ports of entry program total $11.1 million in All Funds.

In addition to these program areas, appropriations for the information resources program total $15.4 million in All Funds, which represents a 9.8 percent increase from the 2018–19 biennium. The Eighty-sixth Legislature, 2019, directed TABC to update outdated information technology systems used by enforcement agents, auditors and licensing agents. Appropriations include in $7.3 million in General Revenue Funds and 5.0 FTE positions for Licensing and Tax Technology Replacement and $2.5 million and 2.0 positions for Public Safety Technology Replacement.

FIGURE 240
ALCOHOLIC BEVERAGE LICENSES AND PERMITS ISSUED FISCAL YEARS 2013 TO 2019



SOURCE: Texas Alcoholic Beverage Commission.

SIGNIFICANT LEGISLATION

House Bill 1545 – Continuation and function of TABC. TABC's Sunset legislation continues the agency for 12 years until September 1, 2031, and amends the Texas Alcoholic Beverage Code. The legislation increases the size of the commission from three to five members, restructures the alcoholic beverage licensing and permit system, and decreases the number of licenses and permits from 75 to 36 by combining several types of licenses and permits and eliminating several permit types. The legislation eliminates the tax distinction between beer and ale. The legislation also requires TABC to adopt a risk-based approach when conducting investigations of licensed locations.

DEPARTMENT OF CRIMINAL JUSTICE

PURPOSE: To incarcerate offenders in state prisons, state jails, and private correctional facilities; to provide funding and certain oversight of community supervision; and to be responsible for the supervision of offenders released from prison on parole. The mission of the department is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime.

ESTABLISHED: 1989

AUTHORIZING STATUTE: The Texas Government Code, Chapter 493

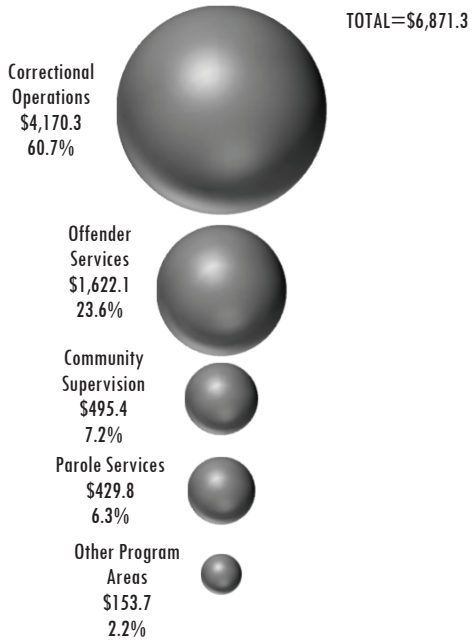
GOVERNANCE: Nine-member board appointed by the Governor with the advice and consent of the Senate

FIGURE 241
DEPARTMENT OF CRIMINAL JUSTICE BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$6,606.4	$6,701.7	$95.3	1.4%
General Revenue–Dedicated Funds	$5.3	$0.2	($5.1)	(95.6%)
Federal Funds	$20.5	$19.2	($1.3)	(6.4%)
Other Funds	$336.8	$150.2	($186.6)	(55.4%)
Total, All Methods of Finance	**$6,969.0**	**$6,871.3**	**($97.7)**	**(1.4%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	39,466.4
2021	39,459.4

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SOURCE: Legislative Budget Board.

SIGNIFICANT DEVELOPMENTS

Appropriations include **$85.7 million to restructure the parole and correctional officer career ladder to improve correctional officer retention.** As of August 31, 2019, 21,448 correctional officer positions were filled, or 83.3 percent of the full-time-equivalent position cap.

Correctional managed healthcare funding totals $1.3 billion in General Revenue Funds, and includes funding for medical equipment, sheltered housing beds, and occupational therapy services. Appropriations also include **$190.0 million for fiscal year 2019** healthcare expenditures.

Appropriations for the Texas Correctional Office on Offenders with Medical or Mental Impairments increased by $4.4 million for a dual-diagnosis residential treatment facility and the expansion of mental health jail diversion and caseloads in rural areas.

Appropriations for community supervision and parole decreased by $1.6 million to align with 2020–21 biennial population projections. Funding for diversion programs increased by **$4.0 million for pretrial diversion grants** to local community supervision and corrections departments.

MAJOR FUNDING

The 2020–21 biennial All Funds appropriation for the Department of Criminal Justice (TDCJ) is $6.9 billion in All Funds, a net decrease of $97.7 million from the 2018–19 biennial expenditure level. Significant funding changes in the 2020–21 biennium include the following:

- a $85.7 million increase to restructure the correctional, institutional parole, parole hearing, and parole supervision officers' career ladder and provide salary increases;
- a $8.4 million increase for 200 additional sheltered housing beds at the Stiles Unit;
- a $4.8 million increase to expand services in rural areas for the Texas Correctional Office on Offenders with Medical or Mental Impairments;
- a $4.0 million increase for pretrial diversion grants to local community supervision and corrections departments; and
- a $1.6 million decrease to align community supervision and parole funding with Legislative Budget Board population projections.

Included in the 2020–21 appropriation amount, funding for Correctional Managed Health Care (CMHC) totals $1.3 billion, which represents a net $21.1 million decrease in All Funds from 2018–19 biennial funding levels. The net decrease for 2020–21 biennial CMHC funding is primarily the result of a $190.0 million supplemental appropriation to fund CMHC fiscal year 2019 expenditures. Significant CMHC funding changes for the 2020–21 biennium include the following amounts:

- a $162.5 million increase for the provision of offender healthcare, medical capital equipment, and occupational therapy services for individuals in the developmental disabilities program;
- a $8.4 million increase for 200 additional sheltered housing beds at the Stiles Unit previously mentioned; and
- a $0.7 million increase to fund the extension of prescriptions to 30 days to incarcerated individuals upon release from TDCJ.

In addition to the supplemental CMHC appropriation, significant funding changes during the 2018–19 biennium include the following amounts:

- $54.0 million for the repair and rehabilitation of buildings and facilities;
- $38.6 million for transfers from TDCJ to address Hurricane Harvey recovery;
- $30.0 million for correctional officer overtime;
- $26.0 million for the installation of comprehensive video surveillance systems in TDCJ's maximum security units; and
- $24.2 million for the implementation of the Corrections Information Technology System Project.

PROGRAMS

TDCJ's statutory mission is to provide public safety, promote change in offender behavior, reintegrate offenders into society, and assist victims of crime. TDCJ carries out its responsibilities through five primary program areas: (1) correctional operations, (2) offender services, (3) community supervision, (4) parole services, and (5) other programs.

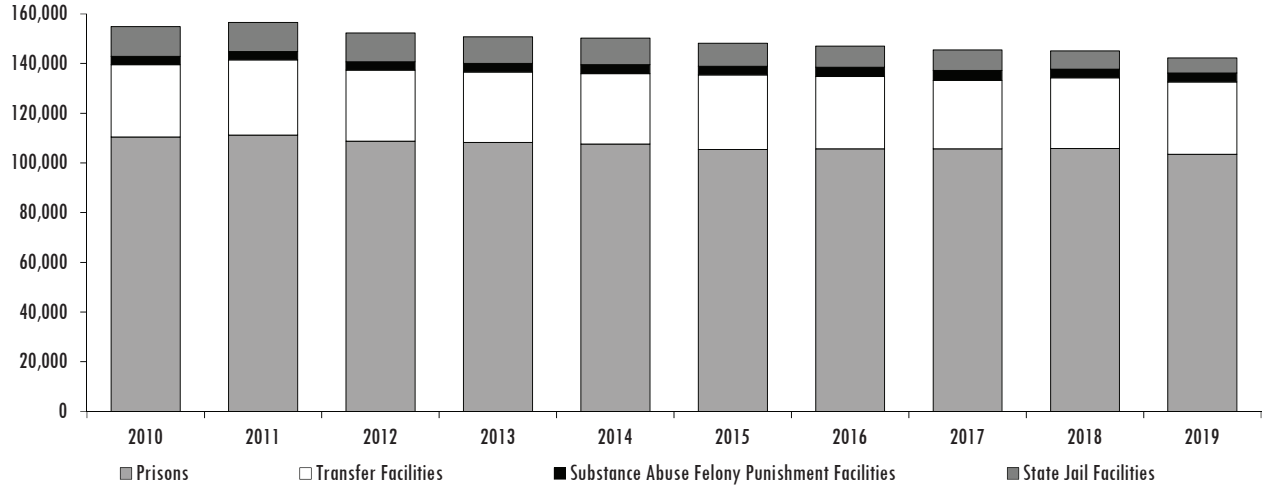
CORRECTIONAL OPERATIONS

Correctional operations include 13 programs that are responsible for managing and operating the state's correctional institutions. TDCJ's primary correctional operations programs for incarcerated individuals include correctional security, support, and training; agriculture operations; classification and records; commissary operations; contract prison and privately operated state jails; food and unit services; and Texas Correctional Industries (TCI).

TDCJ's correctional populations from fiscal years 2010 to 2019 are shown in **Figure 242**. The projected end-of-month yearly average of incarcerated individuals is 145,553 for fiscal year 2020 and 145,966 for fiscal year 2021. The incarcerated population in TDCJ correctional institutions decreased from fiscal years 2010 to 2019. The correctional institutions population is expected to remain stable from fiscal years 2020 to 2024. Incarcerated individuals are confined in 104 correctional units, including state jails, transfer facilities, and substance abuse facilities across the state.

Appropriations for the correctional operations program area for the 2020–21 biennium total $4.2 billion in All Funds for the purpose of confining and supervising adult felons incarcerated in TDCJ's correctional institutions. Included in the appropriations for prison operations is $197.2 million for continued contracts with seven contract prisons and three privately operated state jails. The contract prisons, located in

FIGURE 242
ACTUAL CORRECTIONAL INSTITUTIONS POPULATION, FISCAL YEARS 2010 TO 2019



NOTE: Population counts are as of August 31 of each fiscal year.
SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

Bridgeport, Cleveland, Diboll, Kyle, Lockhart, Overton, and Venus, typically incarcerate individuals that maintain a minimum custody status and that are within two years of parole eligibility. Privately operated state jails are located in Henderson, Jacksboro, and Raymondville.

TDCJ was appropriated $84.1 million for targeted salary increases and career ladder restructure for correctional officers, ranking correctional officers, correctional laundry and food service managers, and parole officers, to address correctional officer recruitment and retention. Appropriations also included $30.0 million in General Revenue Funds for correctional officer overtime expenditures for fiscal year 2019. TDCJ also received a supplemental appropriation for $38.6 million in Other Funds from the Economic Stabilization Fund (ESF) for transfers from TDCJ to address Hurricane Harvey recovery during the 2018–19 biennium. At the beginning of fiscal year 2019, 14 out of 22 maximum security facilities had comprehensive video surveillance systems installed. The Eighty-sixth Legislature, 2019, appropriated $26.0 million from the ESF for the installation of comprehensive video surveillance systems at the remaining eight maximum security facilities.

As part of the rehabilitative process, TCI provides training and work opportunities to prepare those incarcerated for employment. TCI operates 35 factories and plants at 28 prison units and produces goods and services for TDCJ's use and for sale. Sales were approximately $51.0 million during fiscal year 2019. The 2020–21 biennial appropriation for TCI is $149.7 million.

Agriculture Operations manages 116,000 acres in 47 counties in Texas. The division has operations at 17 prison units. Production ranges from 31 varieties of edible crops to a cattle herd of more than 15,000 head. The 2020–21 biennial appropriation for this purpose was $102.3 million.

OFFENDER SERVICES

Offender services consist of 28 programs that include CMHC, the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI), reentry transitional coordinators, vocational and academic programs, specialized treatment services, and behavioral health. For the 2020–21 biennium, $1.6 billion in All Funds is appropriated to TDCJ for rehabilitating adult felons incarcerated in correctional institutions.

The delivery of correctional healthcare services to incarcerated individuals within TDCJ facilities includes medical, dental, nursing, pharmacy, hospital, and mental health services. The direct delivery of correctional healthcare primarily involves two state entities: the University of Texas Medical Branch (UTMB) at Galveston and the Texas Tech University Health Sciences Center (TTUHSC). Both entities utilize a combination of university employees and outsourcing to provide correctional healthcare services. UTMB provides care for those incarcerated in the eastern and southern parts

of the state, where most facilities are located, and TTUHSC provides care for those in the western and northern regions of the state.

The total appropriation for CMHC for the 2020–21 biennium is $1.3 billion in All Funds, which is a decrease of $21.1 million from the 2018–19 biennium. The Eighty-sixth Legislature, 2019, appropriated $160.0 million to maintain healthcare services at 2018–19 biennial expenditure levels, $2.0 million for medical capital equipment, and $0.5 million for occupational therapy services for individuals in the developmental disabilities program. For the 2018–19 biennium, supplemental appropriations include $190.0 million to fund CMHC fiscal year 2019 expenditures.

During fiscal year 2018, TDCJ established 163 sheltered housing beds at the Jester III, Telford, and Carole Young Units. Appropriations for the 2020–21 biennium include $8.4 million to expand infirmary unit capacity through the addition of 200 sheltered housing beds at the Stiles Unit. Sheltered housing beds decrease the length of stay at UTMB by facilitating more timely patient discharges.

TCOOMMI provides collaboration among criminal justice, health and human services, and other affected organizations to provide continuity of care for individuals with special needs, which include the elderly and those with physical disabilities, terminal illness, mental illness, or intellectual disabilities. TCOOMMI contracts in select communities, targeting individuals on parole supervision and those on community supervision. Programs for individuals with special needs provide immediate access to services, thereby reducing the likelihood of parole or community supervision violations due to an inability to access services required by the courts or the parole board. TDCJ was appropriated $55.2 million in All Funds for the 2020–21 biennium to provide a comprehensive continuity-of-care system for individuals with special needs. This amount includes $4.8 million for the expansion of mental health jail diversion and treatment programs in rural areas.

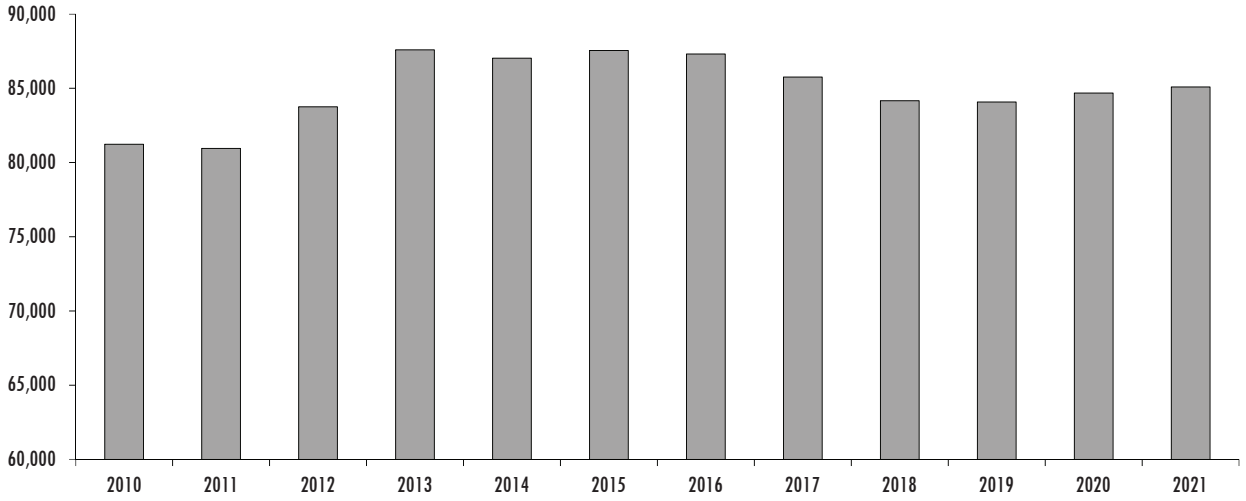
Appropriations for the 2020–21 biennium also include: $5.3 million for an academic and vocational pilot program for state jail felons; $2.0 million to expand vocational training programs; $7.7 million for 500 treatment slots for the In-Prison Driving While Intoxicated Recovery Program; and $1.0 million for reentry services pilot programs in Houston and Dallas.

House Bill 3130, Eighty-fifth Legislature, Regular Session, 2017, established the academic and vocational pilot program. The legislation authorized judges to place certain individuals convicted of a state jail felony on community supervision for a total of 270 days, with the condition that the individual submits to 90 days of confinement within a state jail facility and participates in a 180-day educational and vocational training program upon release.

After orientation, screening, and assessment, those received into TDCJ custody receive an individual treatment plan (ITP). The ITP outlines programs and services and prioritizes participation in the programs and services offered according to the individual's needs, program or service availability, and parole or discharge date. The following programs and services are offered: counseling, including substance abuse and sex offender treatment; adult basic education; special education; and vocational training, often in conjunction with TCI. One such treatment program is the In-Prison Therapeutic Community (IPTC) Program, which provides substance abuse treatment for eligible individuals that are within six months of parole release. Upon completion of the program, individuals are released on parole and must complete an aftercare phase of treatment. Aftercare treatment consists of residential care or intensive outpatient treatment for three months, followed by nine to 12 months of less-intensive outpatient counseling. The 2020–21 biennial appropriation for IPTC is $41.3 million in All Funds.

In addition to specialized services, certain individuals may be housed in facilities based on specific needs. These facilities include TDCJ's specialized correctional institutions, such as geriatric and medical units, developmentally disabled and psychiatric units, transfer facilities, prerelease, and substance abuse felony punishment facilities (SAFPF). SAFPFs are secure correctional facilities that use a therapeutic community approach to substance abuse treatment that combines individual and group counseling. Individuals may be sentenced to SAFPF as a condition of community supervision, or the Board of Pardons and Paroles may place an individual on parole into an SAFPF in lieu of revocation. The first phase of the SAFPF program takes place in a secure correctional facility and lasts six months (nine months for those with special needs). Upon completion of the incarceration portion of the SAFPF program, individuals are provided substance abuse aftercare in the community. The aftercare component includes up to three months of residential or intensive outpatient treatment, followed by outpatient counseling for up to 12 months. Correctional populations in SAFPFs are shown in **Figure 242**. The 2020–21 biennial appropriation for SAFPF is $100.0 million in All Funds.

FIGURE 243
ACTUAL AND PROJECTED ACTIVE PAROLE SUPERVISION POPULATION, FISCAL YEARS 2010 TO 2021



NOTES:
(1) Fiscal year population counts are an average of end-of-month counts.
(2) Counts shown for fiscal years 2010 to 2019 are actual counts; counts shown for fiscal years 2020 and 2021 are projected values.
SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

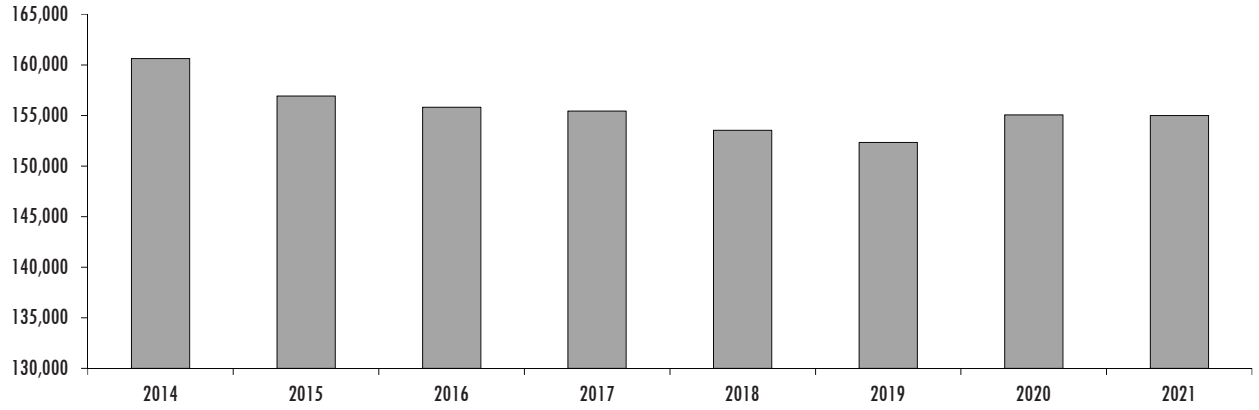
PAROLE SERVICES

Parole services consist of the Board of Pardons and Paroles (BPP), a constitutionally authorized and separate state entity that shares certain support functions with TDCJ; halfway house facilities; intermediate sanction facilities; parole release processing; and parole supervision. The parole services program area is responsible for providing basic supervision and rehabilitative services to those released from prison onto parole. Parole is the discretionary release of an incarcerated individual by a BPP decision to serve the remainder of an incarceration sentence on parole supervision within the community. TDCJ is appropriated $429.8 million in All Funds for the 2020–21 biennium for the parole services program area. Of this total, $238.4 million is designated to fund parole supervision, which includes a $1.6 million increase to fund parole at projected 2020–21 biennial levels. Approximately $114.6 million in All Funds is appropriated to provide adequate surveillance and control of individuals on parole residing in residential facilities, including halfway houses and intermediate sanction facilities. The projected averages for the daily active adult parole population are 84,690 for fiscal year 2020 and 85,091 for fiscal year 2021. During fiscal year 2019, the number of parole officers averaged 1,362 in 67 district parole offices statewide. At the close of fiscal year 2019, parole officers had supervised an average end-of month population of 84,082 individuals released to supervision. **Figure 243** shows actual active parole supervision populations at the end of each fiscal year since 2010 and projected active parole populations for fiscal years 2020 and 2021.

The parole review and release process includes identifying individuals eligible for parole. BPP reviews the case summary, which outlines criminal, social, medical, psychological, and institutional adjustment history, to make a decision and to determine conditions of parole. Cases are screened for multiple factors, including protests, victim information, disciplinary conduct, and board-imposed special conditions. If approved for parole, the individual is released on the parole eligibility date or the date that BPP specifies. If parole is denied, most individuals will be eligible to have their cases reviewed again in one year. Individuals convicted of certain offenses may have subsequent reviews set off for up to five years or in some situations 10 years, pursuant to the Texas Government Code, Section 508.149 (a). Local law enforcement is notified of the pending release.

BPP appropriations are included in TDCJ's budget structure in the General Appropriations Act. Appropriations for BPP for the 2020–21 biennium total $60.0 million in All Funds and 590.1 full-time-equivalent positions to support the board's operations and the parole selection and revocation processes. The 2020–21 biennial appropriation includes a $1.9 million increase from the 2018–19 biennium associated with a $1.6 million salary increase and

FIGURE 244
ACTUAL AND PROJECTED AVERAGES OF THE FELONY DIRECT COMMUNITY SUPERVISION POPULATION FISCAL YEARS 2014 TO 2021



NOTES:
(1) Fiscal year population counts are an average of end-of-month population counts.
(2) Counts shown for fiscal years 2014 to 2019 are actual counts; Counts shown for fiscal years 2020 and 2021 are projected values.
SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

career ladder restructure for institutional parole and parole hearing officers, a $0.5 million increase for the relocation of the Gatesville and Angleton Board Offices, and an agency-estimated $0.2 million decrease in the federal Criminal Justice Assistance Grant.

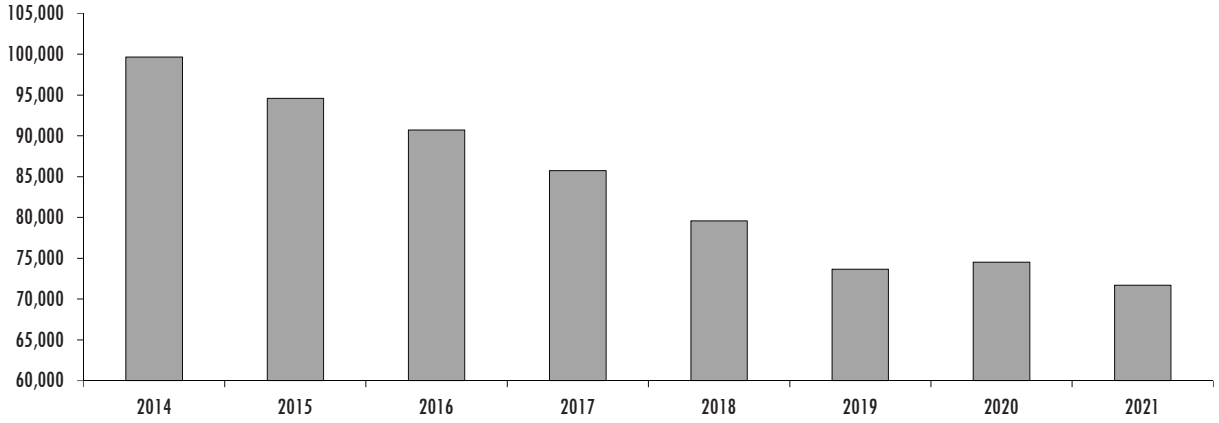
COMMUNITY SUPERVISION

Community supervision (adult probation) provides programs that support the goal of diverting individuals from traditional incarceration. Such programs include coordinated work with local community supervision and corrections departments (CSCD), distribution of grants, and specialized community-based diversion programs. TDCJ was appropriated $495.4 million in All Funds for the 2020–21 biennium to support community supervision and other community-based programs. Most of these funds will be distributed as state aid to local CSCDs, which are local entities established by district judges for supervising and rehabilitating individuals placed under supervision for committing felony and misdemeanor offenses. The 2020–21 biennial appropriations include a $3.3 million decrease to fund basic supervision at projected 2020–21 biennial levels, and a $4.0 million increase to fund pretrial diversion.

During fiscal year 2019, CSCDs employed an end-of-month average of 3,032 community supervision officers to directly supervise and provide services to an end-of-month average population of 152,325 individuals on felony direct community supervision. **Figure 244** shows the actual end-of-month yearly average of the felony direct community supervision population for fiscal years 2014 to 2019 and the projected population for fiscal years 2020 and 2021. The projected average number of felons on community supervision is 155,056 for fiscal year 2020 and 155,001 for fiscal year 2021. **Figure 245** shows the actual number of misdemeanor placements on community supervision for fiscal years 2014 to 2019 and the projected number of misdemeanor placements for fiscal years 2020 and 2021. Placements onto misdemeanor community supervision are expected to decrease from fiscal years 2020 to 2024. The actual number of misdemeanor placements during fiscal year 2019 was 73,671. The projected number of misdemeanor community supervision placements is 74,514 for fiscal year 2020 and 71,680 for fiscal year 2021. At the beginning of fiscal year 2020, 123 CSCDs served the state's 254 counties. TDCJ is appropriated $136.9 million for the basic supervision of individuals on community supervision during the 2020–21 biennium.

In addition to basic supervision funding, TDCJ was appropriated $242.5 million for the 2020–21 biennium to award discretionary grants to CSCDs, counties, municipalities, and nonprofit organizations. Discretionary grants enable the Community Justice Assistance Division (CJAD) to fund community corrections proposals developed at the local level. Such programs increase

FIGURE 245
ACTUAL AND PROJECTED MISDEMEANOR COMMUNITY SUPERVISION PLACEMENTS, FISCAL YEARS 2014 TO 2021



NOTES:
(1) Fiscal year population counts represent the sum of placements for each fiscal year.
(2) Counts shown for fiscal years 2014 to 2019 are actual counts; Counts shown for fiscal years 2020 and 2021 are projected values.
SOURCES: Legislative Budget Board; Texas Department of Criminal Justice.

diversions from traditional, more costly incarceration and improve the delivery of community supervision statewide. **Figure 246** shows the grant award categories funded for fiscal year 2019.

The agency was appropriated $86.4 million for the 2020–21 biennium to continue statutory formula funding for community-based correctional programs that encourage the development of alternatives to incarceration. To be eligible for formula funding, CSCDs must submit an acceptable local strategic plan to CJAD. This state aid provides local entities with increased resources for the control, management, and rehabilitation of those on community supervision, and it typically is used for the same types of programs shown in **Figure 246**.

FIGURE 246
COMMUNITY JUSTICE ASSISTANCE DIVISION DISCRETIONARY GRANT FUNDING, FISCAL YEAR 2019

PROGRAM TYPE	GRANT PROGRAMS	AMOUNT (IN MILLIONS)
Community corrections facilities	25	$61.8
Substance abuse treatment programs	49	$14.7
Caseload reduction grants	26	$11.3
Substance abuse treatment caseloads and aftercare caseloads	45	$6.0
Mental health initiative caseloads	39	$4.9
Sex offender caseloads	19	$3.8
High-risk/gang/youth/culturally specific caseloads	17	$1.5
Drug courts	17	$2.3
Battering intervention and prevention programs	27	$1.8
Intensive supervision/ surveillance caseloads	5	$0.6
Pretrial Diversion Programs	29	$2.5
Total	**298**	**$111.2**

SOURCE: Texas Department of Criminal Justice.

OTHER PROGRAMS

The other programs area includes agency and program administration and support, major repair of facilities, the Office of the Inspector General, information resources, and victim services. TDCJ is appropriated $153.7 million in All Funds for the 2020–21 biennium for these programs.

TDCJ operates more than 100 facilities that require regular maintenance and repairs. The Eighty-sixth Legislature, 2019, appropriated $54.0 million in Other Funds from the Economic Stabilization Fund for the repair and rehabilitation of buildings and correctional facilities as a supplemental appropriation for fiscal year 2019. TDCJ did not receive appropriated funds for this purpose for the 2020–21 biennium, which represents a total decrease of a $99.1 million in All Funds from the 2018–19 biennium.

For the 2020–21 biennium, the information technology program is appropriated $66.9 million in All Funds, a $13.8 million decrease in All Funds from the 2018–19 biennium. Appropriations include a $10.4 million increase for data center services, which was offset by a $24.2 million supplemental appropriation to update TDCJ's mainframe. The 40-year-old mainframe and aging offender management system requires extensive maintenance, lacks proper security protocol, and is incompatible with modern technologies. The Eighty-sixth Legislature, 2019, appropriated $24.2 million from the Economic Stabilization Fund to implement a modern Correction Information Technology System as a supplemental appropriation for fiscal year 2019.

TDCJ's appropriations for the Office of the Inspector General, victim services, central administration, and other support services for the 2020–21 biennium total $86.8 million in All Funds.

SIGNIFICANT LEGISLATION

House Bill 650 – Welfare of female inmates incarcerated within TDCJ. The legislation requires TDCJ to provide specific training for correctional officers and to adopt certain policies regarding the use of restraints on pregnant offenders. The legislation also directs TDCJ to conduct a study of the visitation policy regarding the relationship between offenders and their children.

House Bill 812 – Healthcare service fee paid by certain inmates. The legislation sets the fee for a visit with a healthcare provider at $13.55, with a maximum payment of $100 per fiscal year.

House Bill 918 – Provision of documents to discharged or released inmates to assist in obtaining employment. The legislation requires TDCJ to provide job training and work records to offenders being released or discharged from TDCJ. The legislation also requires TDCJ to determine if an offender has a birth certificate and Social Security card and to apply for the applicable documents if needed.

House Bill 1325 – Production and regulation of hemp. The legislation excludes hemp from the definitions of controlled substances and marihuana and includes other provisions related to the manufacturing, distribution, and sale of hemp and its products.

House Bill 1342 – Eligibility for an occupational license by an individual with a criminal conviction. The legislation limits the circumstances that would disqualify a person for an occupational license or have one denied, revoked, or suspended.

House Bill 2758 – Eligibility of individuals to receive community supervision. The legislation expands trafficking and prostitution-related offenses for which a defendant may be ineligible for community supervision.

House Bill 3227 – Availability and access to certain programs and services. The legislation would require TDCJ to increase female inmates' access to educational and vocational programs, substance abuse treatment, and life skills training. The legislation also requires TDCJ to increase the availability of peer support services.

House Bill 4754 – Study on the number of active releases on a parole officer's caseload. The legislation requires TDCJ to conduct a study on the average number of active parolees on a parole officer's caseload to ensure that parole supervision is funded adequately to employ a sufficient number of parole officers and ensure that they maintain appropriate caseloads.

Senate Bill 20 – Prevention, reporting, and prosecution of prostitution. The legislation expands trafficking and prostitution-related offenses and changes the eligibility of individuals to be placed on community supervision.

COMMISSION ON FIRE PROTECTION

PURPOSE: To develop professional standards and enforce statewide fire laws to assist local governments in ensuring that the lives and property of the public and fire service providers are protected adequately from fires and related hazards. The agency was formed by consolidating two agencies—the Commission on Fire Protection Personnel Standards and Education and the Fire Department Emergency Board—and one fire-related function from the Department of Insurance, Key Rate Section.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Government Code, §419.002

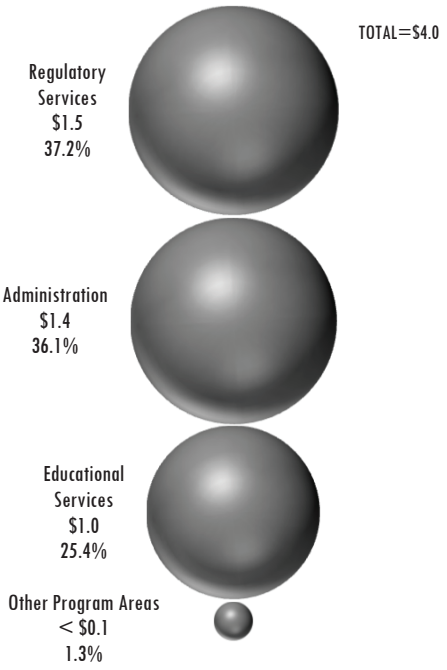
GOVERNANCE: Thirteen members appointed by the Governor, with six members being selected from lists provided by certain firefighter associations

FIGURE 247
COMMISSION ON FIRE PROTECTION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3.8	$3.8	$0.0	0.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.2	$0.2	$0.0	4.3%
Total, All Methods of Finance	**$3.9**	**$4.0**	**$0.0**	**0.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	31.0
2021	31.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The agency certified 35,945 fire service personnel during fiscal year 2019, for an increase of 6,599 from fiscal years 2010 to 2019, or 22.5 percent.

Required fee revenue collections (more than appropriated amounts) were maintained at $1.5 million for the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the 2020–21 biennium is limited to revenue collections and is contingent upon the agency collecting $1.5 million more than the amount appropriated through revenue generated by certification fees. Appropriations include a $7,500 General Revenue Funds increase primarily associated with estimated increases in revenue collections.

PROGRAMS

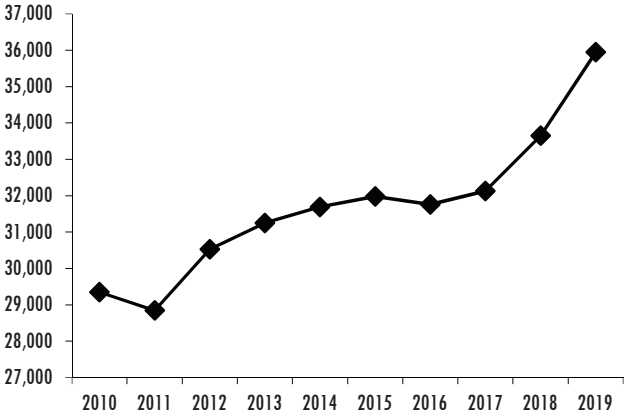
The Texas Commission on Fire Protection's (TCFP) mission is to protect the lives and property of Texans through the development and enforcement of recognized professional standards, including certification and regulation of fire service personnel, facilities, and equipment, in addition to conducting fire protection education and informational programs. This mission is accomplished primarily through two program areas: regulatory services and educational services.

The agency's regulatory services program area consists of the certification and compliance programs. The certification program provides certification of full-time and part-time paid fire service personnel and volunteers that have sought certification by the agency. This program also certifies fire service training facilities, including course approval, curriculum development, and administration of performance and written tests. **Figure 248** shows the annual number of fire service personnel receiving TCFP certification since 2010. The fiscal year 2011 decrease in the number of personnel certified is attributable primarily to a onetime change in the certification renewal dates for firefighters, from April and May to September and October.

The compliance program activities include inspection and investigation of regulated entities, including fire departments, local government entities providing fire protection, and institutions or facilities conducting training for fire protection personnel or recruits. Appropriations for the regulatory service program area total $1.4 million in General Revenue Funds and 20.0 full-time-equivalent (FTE) positions for the 2020–21 biennium.

The educational services program area includes the following programs: curriculum development, fire safety information and outreach, and testing. The testing program is the largest of these programs, and it serves to validate the training curriculum taught by fire training schools to ensure that the content of the training materials meets state, national, and international standards. Appropriations for the educational services program area total $1.0 million for the 2020–21 biennium and 2.0 FTE positions.

FIGURE 248
TEXAS COMMISSION ON FIRE PROTECTION FIRE PERSONNEL CERTIFIED, FISCAL YEARS 2010 TO 2019



SOURCE: Texas Commission on Fire Protection.

COMMISSION ON JAIL STANDARDS

PURPOSE: To establish and enforce minimum standards for the provision and operation of jails, and to provide consultation, training, and technical assistance to help local governments comply with those standards.

ESTABLISHED: 1975

AUTHORIZING STATUTE: The Texas Government Code, Chapter 511

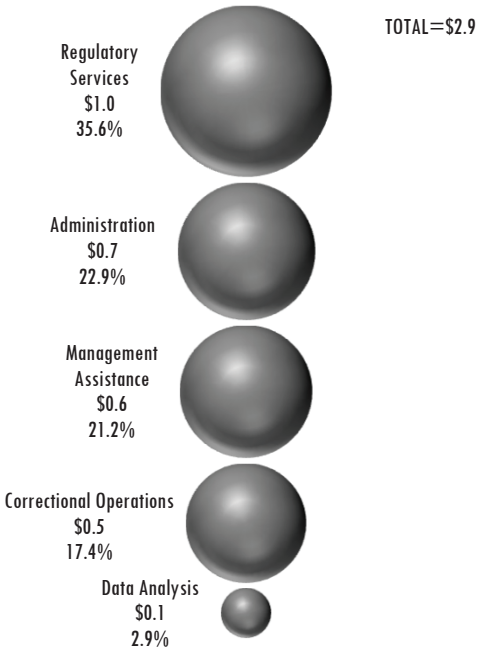
GOVERNANCE: Nine-member commission appointed by the Governor with the advice and consent of the Senate

FIGURE 249
COMMISSION ON JAIL STANDARDS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2.7	$2.9	$0.2	7.2%
General Revenue–Dedicated Funds	$1.0	$0.0	($1.0)	(100.0%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	0.0%
Total, All Methods of Finance	**$3.7**	**$2.9**	**($0.8)**	**(21.9%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	23.0
2021	23.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The agency conducted 241 annual inspections and 77 special inspections of local jails during fiscal year 2019; 45 jails failed an annual inspection, and 30 jails failed a special inspection. As of August 31, 2019, 226 jails were compliant with minimum jail standards.

During fiscal year 2019, the agency provided mental health training to 4,784 licensed county jailers in 125 counties. The average cost of the 8.0-hour course was $545.

As of August 31, 2019, the agency administered grants from the Prisoner Safety Fund to 60 counties. The agency will administer the fund until September 1, 2020 when minimum jail standards for mental health services and cell monitoring take effect.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The 2020–21 biennial General Revenue Funds and General Revenue–Dedicated Funds appropriations for the Texas Commission on Jail Standards (TCJS) total $2.9 million, representing a net decrease of $0.8 million from the 2018–19 biennial expenditure level. Significant funding changes include the following amounts:

- a $1.0 million decrease related to the conclusion of the prisoner safety grant program in local jails;
- a $0.1 million increase for 1.0 full-time-equivalent (FTE) position for a manager to oversee TCJS's expanded duties; and
- a $0.1 million increase for agencywide salary increases.

PROGRAMS

TCJS carries out its responsibilities through four primary program areas: (1) regulatory services, (2) management assistance, (3) data analysis, and (4) correctional operations.

TCJS is the regulatory agency responsible for performing annual inspections and enforcing minimum jail standards for all county jails and privately operated municipal jails in the state. TCJS is responsible for establishing effective jail standards by researching, developing, and disseminating minimum standards and technical assistance for jail construction, health and safety, records and classifications, and operations. The minimum standards for jail construction address requirements for facility maintenance, renovation, and new construction. The standards for jail operations include requirements for custody, care, and offender treatment; offender rehabilitation, education, and recreation programs; and the number of jail supervisory personnel, programs, and services to meet the needs of those incarcerated.

In accordance with state statute, TCJS is required to inspect and report on the conditions of each jail facility under its purview annually. This requirement ensures that all facilities comply with the Texas Administrative Code and Commission minimum standards and rules. Inspections include a full walk-through of the correctional facility and offender housing areas, and a review of jailer observation logs, meal plans, medical and recreation records, intake documents, mental health screening forms, and other documents related to facility operations and offender welfare. TCJS may conduct special inspections for facilities identified by the Commission as high-risk or not in compliance with minimum jail standards during a previous inspection. As of September 1, 2019, the 254 Texas counties contained 228 county-operated jails and 12 privately operated or combined facilities for a total of 240 facilities within TCJS' purview. During fiscal year 2019, TCJS conducted 241 annual inspections, resulting in 45 failed inspections, and conducted 77 special inspections, resulting in 30 failed inspections. As of August 31, 2019, 14 jails were noncompliant with minimum jail standards, as shown in **Figure 250**. Appropriations for the regulatory services program area total $1.0 million for the 2020–21 biennium.

State statute also requires TCJS to provide construction and management assistance to local jails. This assistance includes reviewing and commenting on plans for the construction, major modification, or renovation of county jails. TCJS works with local government officials to provide technical assistance for jail operations and offender management that address the needs of a certain facility. Consultations and technical assistance include developing plans for: (1) establishing an inmate classification system; (2) determining jail staffing patterns; (3) providing health services; (4) meeting sanitation needs; (5) developing inmate discipline and grievance procedures; (6) establishing recreation and exercise programs; (7) implementing education and rehabilitation programs; (8) responding to emergencies; and (9) determining a range of inmate privileges. The agency also provides training sessions in jail management for county staff. Appropriations for the management assistance program area total $0.5 million for the 2020–21 biennium.

FIGURE 250
TEXAS COMMISSION ON JAIL STANDARDS JAIL INSPECTIONS, FISCAL YEARS 2016 TO 2019

YEAR	ANNUAL INSPECTIONS	FAILED ANNUAL INSPECTIONS	SPECIAL INSPECTIONS	FAILED SPECIAL INSPECTIONS	NONCOMPLIANT JAILS AT END OF FISCAL YEAR
2016	242	33	75	28	10
2017	243	42	66	21	16
2018	239	33	61	23	20
2019	241	45	77	30	14

SOURCE: Texas Commission on Jail Standards.

FIGURE 251
COUNTY JAIL POPULATION AND CAPACITY AT THE BEGINNING OF EACH FISCAL YEAR
FISCAL YEARS 2015 TO 2020

	INMATES IN COUNTY FACILITIES				
YEAR	LOCAL POPULATION	CONTRACT POPULATION	TOTAL POPULATION	TOTAL JAIL CAPACITY	PERCENTAGE OF TOTAL CAPACITY
2015	60,104	8,909	69,013	95,309	72.4%
2016	58,218	7,595	69,013	93,738	70.2%
2017	57,924	7,814	67,738	93,335	72.6%
2018	59,125	6,883	66,008	93,537	70.6%
2019	58,670	8,127	66,797	96,050	69.5%
2020	61,180	8,587	69,769	96,589	72.2%

SOURCE: Texas Commission on Jail Standards.

TCJS also is required to collect and analyze monthly data on county jail populations and operational costs. The data is provided to state and local government agencies to assist in planning and predicting incarceration trends in the state. **Figure 251** shows the number of inmates in local facilities, including county jails and privately operated facilities, at the beginning of each fiscal year since 2015. The contract population consists of offenders housed in privately operated facilities and county jail inmates that are from outside the county's jurisdiction (e.g., state offenders, federal detainees). At the beginning of fiscal year 2020, a total of 69,769 inmates in facilities were within TCJS's purview, and overall, the facilities were operating at 72.2 percent of total jail capacity. Appropriations for the data analysis program area total $0.1 million for the 2020–21 biennium.

TCJS administers two statewide programs related to correctional operations, the mental health training program and the prisoner safety fund, which address mental health and safety in county correctional facilities. Senate Bill 1849, Eighty-fifth Legislature, Regular Session, 2017, also known as the Sandra Bland Act, established both programs. The legislation required TCJS to establish and administer the prisoner safety fund as a grant program for eligible county jails to make capital improvements related to mental telehealth services and install automated electronic sensors or cameras in offender housing areas by September 1, 2020.

TCJS may provide a grant to county jail facilities that have a capacity of 96.0 prisoners or fewer, which applies to 119 counties. As of September 1, 2019, 60 eligible county jails have received grant funding, with an average grant amount of $3,901. TCJS will continue to administer the prisoner safety fund until September 1, 2020, when all county jails are required to comply with minimum county jail standards for accessible mental health services and automated electronic sensors or cameras in jail cells. Appropriations include $0.1 million in General Revenue Funds for 1.0 FTE position for the continued administration of the grant program.

The legislation also amended the Texas Occupations Code to require that county jailers receive at least 8.0 hours of Texas Commission on Law Enforcement accredited mental health training. TCJS employs 3.0 FTE positions to provide the required training statewide. County jailers learn how to use the mental health intake screening form, de-escalate a situation wherein an individual is experiencing a mental health crisis, and recognize the signs of different mental illness. At the end of the 2018–19 biennium, TCJS provided 8.0 hours of mental health training to 4,784 licensed jailers in 125 counties.

SIGNIFICANT LEGISLATION

House Bill 1651 – Care of pregnant women confined in a county jail. The legislation requires TCJS to adopt rules related to the use of restraints on pregnant offenders. County jails must submit an annual report to TCJS on the use of restraint on pregnant offenders.

House Bill 2169 – Welfare of women confined in a county jail. The legislation requires TCJS to adopt rules related to the provision of feminine hygiene products to female offenders.

House Bill 3116 – Task force to study the detention and confinement of individuals that have intellectual and developmental disabilities. The legislation establishes a task force to conduct a study on the best practice standards for the detention of individuals that have intellectual and

developmental disabilities. The legislation requires TCJS to appoint members to the eight-person task force.

House Bill 3440 – Electronic submission of forms, data, and documents to TCJS. The legislation directs TCJS to establish a system for the electronic submission of certain documents. TCJS may collect a fee for forms, data, and documents that are submitted in a nonelectronic format.

House Bill 4559 – County jail health benefits coverage information for mental health service providers. The legislation requires TCJS to adopt procedures for local mental health authorities to collect insurance information when providing services to individuals confined in county jails.

Senate Bill 1700 – Discharge of a prisoner from county jails. The legislation amends the latest time an offender may be discharged from county jails, except in certain circumstances.

TEXAS JUVENILE JUSTICE DEPARTMENT

PURPOSE: To provide financial and professional assistance to local juvenile probation departments, to provide regulatory oversight of local probation departments, and to ensure public safety and the provision of effective programming and rehabilitative services to juveniles committed to the Texas Juvenile Justice Department state services and facilities.

ESTABLISHED: 2012

AUTHORIZING STATUTE: The Texas Human Resources Code, Title 12, Subtitle A

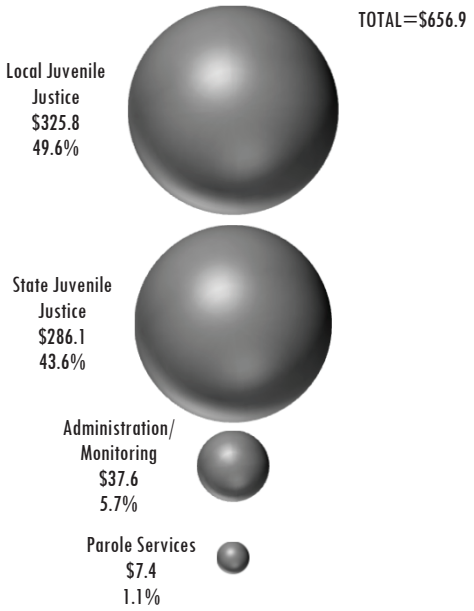
GOVERNANCE: Thirteen-member board appointed by the Governor with the advice and consent of the Senate

FIGURE 252
JUVENILE JUSTICE DEPARTMENT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$605.2	$613.4	$8.3	1.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$18.6	$18.2	($0.4)	(2.1%)
Other Funds	$44.9	$25.3	($19.6)	(43.7%)
Total, All Methods of Finance	**$668.7**	**$656.9**	**($11.8)**	**(1.8%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	2,704.3
2021	2,704.3

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SOURCE: Legislative Budget Board.

SIGNIFICANT DEVELOPMENTS

Appropriations include $5.0 million for critical health and safety repair projects and deferred maintenance at state facilities, and **$8.1 million to provide salary increases to juvenile correctional officers and case managers** for the 2020–21 biennium. Funding also includes **$3.2 million in General Revenue Funds to purchase body cameras for juvenile correctional officers**.

Local juvenile justice departments were appropriated $325.8 million, an increase of $5.3 million, including $1.8 million as the result of the juvenile probation supervision population stabilizing and $3.0 million in General Revenue Funds for additional regionalization services. The Regional Diversion Alternatives program was established by the Eighty-fourth Legislature, 2015, to place **245 youths per year in local programs or facilities to reduce commitments to state custody.**

The projected state juvenile justice average daily population is 1,209 for fiscal year 2020 and 1,268 for fiscal year 2021. State juvenile populations have decreased steadily during recent biennia, but Legislative Budget Board projections indicate a slight increase during the next five years.

MAJOR FUNDING

Appropriations for the 2020–21 biennium total $656.9 million in All Funds, which is a net decrease of $11.8 million compared to the 2018–19 biennial expenditure level. This change is primarily as the result of the following appropriation increases in General Revenue Funds:

- $3.2 million for the purchase and implementation of a full-body camera program for all juvenile correctional officers (JCO);
- $3.0 million to provide additional regionalization programs and services;
- $9.0 million for salary increases to JCOs, case managers, and school personnel; and
- $5.0 million for critical health and safety repair projects at Texas Juvenile Justice Department (TJJD) facilities.

These increases are offset primarily by the following decreases in appropriations:

- $12.1 million from the Economic Stabilization Fund for the elimination of onetime funding for critical health and safety repairs at TJJD facilities;
- $7.0 million in General Revenue Funds for the elimination of onetime funding for information technology infrastructure and cybersecurity improvements;
- $8.0 million in General Revenue Funds to align with juvenile population projections; and
- $7.6 million from the Economic Stabilization Fund to replace surveillance cameras funded as a supplemental appropriation for fiscal year 2019.

PROGRAMS

TJJD carries out its responsibilities through four major program areas: (1) local juvenile justice; (2) state juvenile justice; (3) parole services; and (4) administration and monitoring.

LOCAL JUVENILE JUSTICE

Local juvenile justice includes 13 programs that provide financial assistance to local juvenile probation departments. TJJD allocates grants to local probation departments to provide basic supervision and various treatment, residential, and outpatient services to juveniles. Appropriations for local juvenile justice total $325.8 million, and 20.7 full-time-equivalent (FTE) positions to support probation grant administration activities. Senate Bill 1630, Eighty-fourth Legislature, 2015, established Regional Diversion Alternatives. This legislation required the development of a regionalization plan among TJJD and juvenile probation departments organized into regions to divert certain youths from state commitment. The Regional Diversion Alternatives program became operational during fiscal year 2017, and the Eighty-fifth Legislature, Regular Session, 2017, provided an additional $7.9 million to biennialize appropriations for the program. The target for youths served by the program is 150 per year; during fiscal year 2019, a total of 266 juveniles were diverted from commitment to TJJD facilities through this program. The Eighty-sixth Legislature, 2019, appropriated $3.0 million in General Revenue Funds for additional regionalization services.

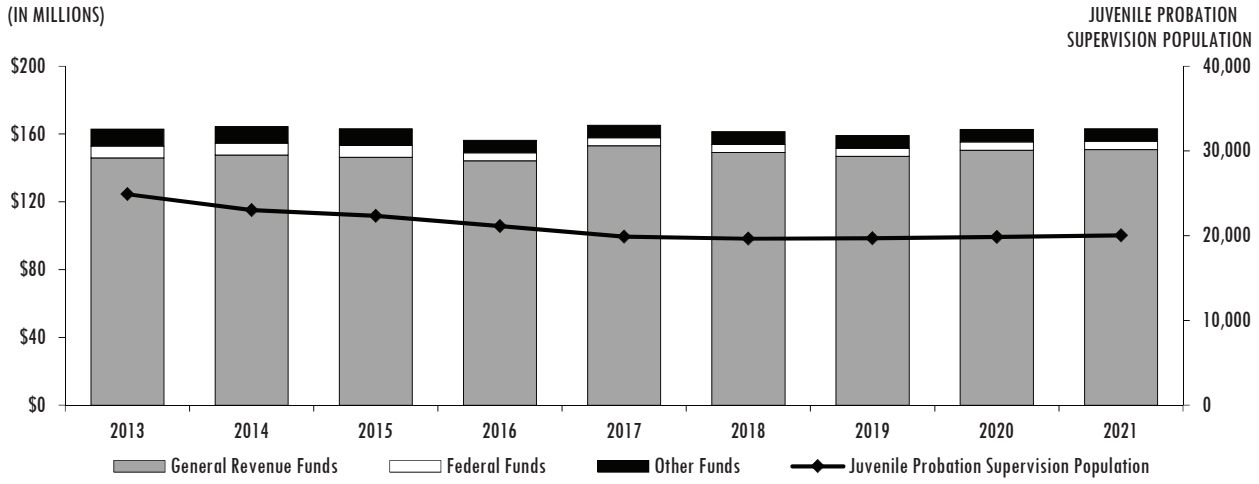
Basic probation supervision funding increased by $1.8 million as the result of the juvenile probation supervision population stabilizing and funding projections at the fiscal year 2018 actual cost per day.

Juveniles are referred to a juvenile probation department primarily by law enforcement, school districts, municipal courts, and justice courts. **Figure 253** shows expenditure levels of juvenile probation departments compared with the average daily population (ADP) of juveniles on probation supervision for fiscal years 2013 to 2019, and appropriations and projected supervision populations for fiscal years 2020 and 2021. The annual number of juveniles on probation supervision decreased steadily from fiscal years 2013 to 2017 but then stabilized during fiscal years 2018 and 2019. The juvenile probation supervision population is expected to remain stable during the 2020–21 biennium.

Juveniles are placed on one of three types of supervision authorized by the Texas Family Code, Chapters 53 and 54: adjudicated probation, deferred prosecution, and conditional pre-disposition. **Figure 254** shows the actual and projected ADP on basic supervision from fiscal years 2013 to 2021 and the type of supervision the juvenile received or is projected to receive.

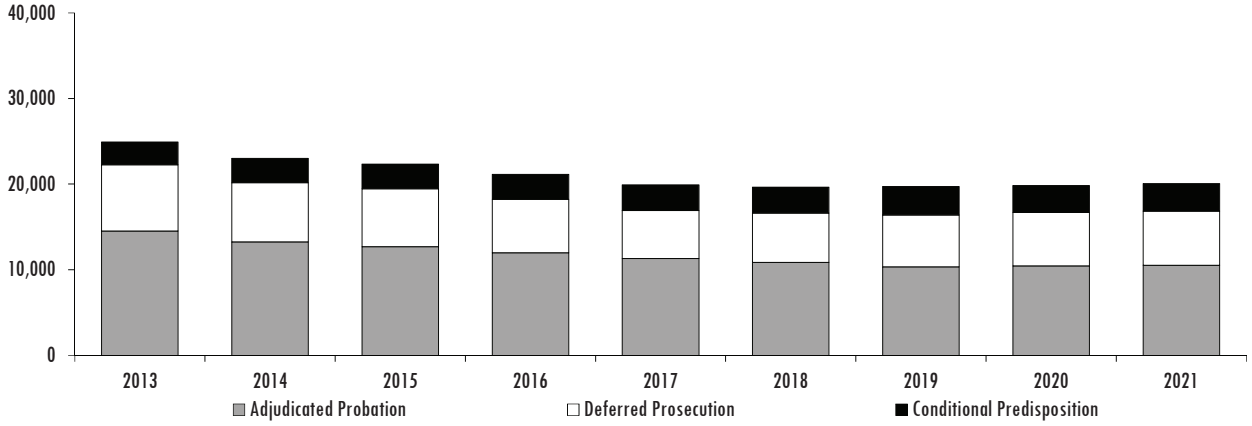
Appropriations for local pre-adjudication and post-adjudication facilities provide grants for the placement of juveniles in local secure and nonsecure residential facilities. Pre-adjudication facilities primarily house juveniles from the time the juvenile is taken into custody after the commission of an offense until the case is heard in juvenile court.

FIGURE 253
STATE ASSISTANCE TO LOCAL JUVENILE PROBATION DEPARTMENTS AND JUVENILE SUPERVISION, FISCAL YEARS 2013 TO 2021



NOTE: Fiscal years 2020 and 2021 supervision populations are projected.
SOURCES: Legislative Budget Board; Juvenile Justice Department.

FIGURE 254
JUVENILE JUSTICE DEPARTMENT AVERAGE DAILY POPULATION ON BASIC SUPERVISION, FISCAL YEARS 2013 TO 2021

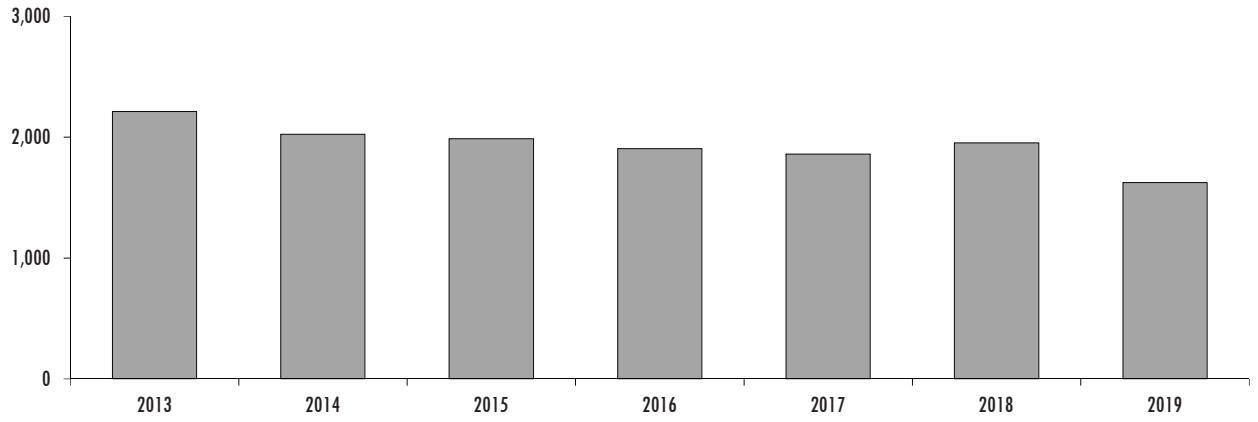


SOURCES: Legislative Budget Board; Juvenile Justice Department.

Residential post-adjudication facilities provide an alternative to incarceration in state facilities through placement in a locally operated secure or nonsecure facility for juveniles. Departments also contract for nonsecure placements in facilities licensed by the Department of Family and Protective Services. **Figure 255** shows the ADP of juveniles in residential post-adjudication placements for fiscal years 2013 to 2019. The ADP of juveniles in post-adjudication residential placement decreased each year during that period except during fiscal year 2018.

Juvenile Justice Alternative Education Programs (JJAEP) provide off-campus alternative education programs for students that are removed from the classroom for disciplinary reasons. Annual mandatory student attendance days in JJAEPs decreased during most years from school years 2009–10 to 2017–18, then increased 39.9 percent during school year 2018–19. According to TJJD, the increase in 2018-2019 is due to a large increase in expulsions for using vaporized tetrahydrocannabinol oil at school. The not-to-exceed rate for reimbursement for participating counties is

FIGURE 255
JUVENILE JUSTICE DEPARTMENT AVERAGE DAILY POPULATION OF JUVENILES IN RESIDENTIAL POST-ADJUDICATION PLACEMENT, FISCAL YEARS 2013 TO 2019



SOURCES: Legislative Budget Board; Juvenile Justice Department.

$96 per day for students that must be expelled pursuant to the Texas Education Code, Section 37.011(a).

TJJD provides training, certification, and technical assistance to local juvenile probation department staff across the state. The agency sets minimum standards for juvenile probation officers and juvenile supervision officers and requires 40.0 hours of continuing education annually. TJJD also provides technical assistance and training for compliance with the federal Prison Rape Elimination Act. Additionally, the Texas Family Code requires TJJD to conduct annual inspections of each of the state's public or private detention facilities and of secure and nonsecure juvenile post-adjudication facilities. TJJD projects monitoring 36 secure and seven nonsecure county post-adjudication facilities and 48 pre-adjudication or detention facilities during the 2020–21 biennium.

STATE JUVENILE JUSTICE

State juvenile justice facilities include 20 programs that provide education, treatment, and supervision for juveniles that are committed to TJJD state facilities as the result of a court order related to the commission of a felony crime. When juveniles are committed to state custody, three categories of facilities are available to TJJD: state-operated secure facilities, state-operated halfway houses, and contract residential placement facilities.

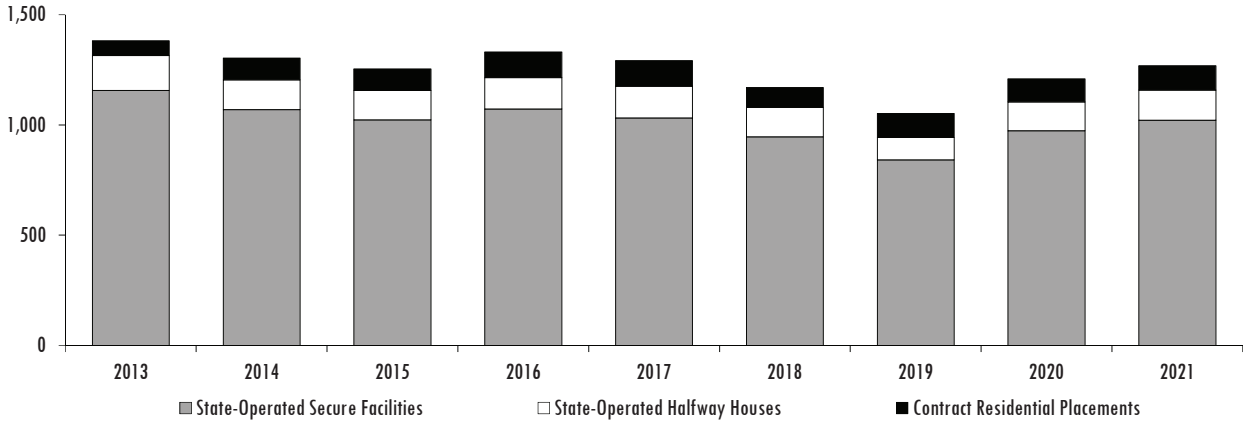
During the 2018–19 biennium, TJJD operated five secure correctional facilities. Services for juveniles within secure facilities include education and workforce programs, healthcare, mental healthcare, and rehabilitation treatment. TJJD emphasizes improved educational levels and achievement of a high school diploma or general equivalency diploma as critical to reduce recidivism. TJJD employs certified teachers for its academic and vocational programs. TJJD provides educational programs that target reading and math skills and also provides educational programs for juveniles that have special education needs. TJJD's workforce development programs offer juveniles opportunities in vocational skills development. The Eighty-sixth Legislature, 2019, appropriated $0.9 million in Other Funds through Interagency Contracts – Foundation School Fund for school personnel salary increases.

The projected average state juvenile justice daily population, which includes state-operated secure facilities, halfway houses, and contract residential placements, is 1,209 for fiscal year 2020 and 1,268 for fiscal year 2021. **Figure 256** shows the actual and projected ADP of juveniles in state custody for fiscal years 2013 to 2021.

In addition to secure facilities, at the beginning of fiscal year 2020, TJJD operated six halfway house programs in El Paso, Fort Worth, Harlingen, Brownwood, Roanoke, and San Antonio. Several of these programs provide specialized independent-living preparedness, aggression replacement training, and substance abuse treatment. Juveniles receive aftercare follow-up programs at all halfway houses.

All juveniles placed in TJJD custody take part in general rehabilitation treatment programs, but specialized treatment to address specific needs also is available. Specialized rehabilitation treatment includes treatment for capital

FIGURE 256
JUVENILE JUSTICE DEPARTMENT AVERAGE DAILY POPULATION OF JUVENILES IN STATE CUSTODY
FISCAL YEARS 2013 TO 2021



NOTE: Fiscal years 2020 and 2021 populations are projected.
SOURCES: Legislative Budget Board; Juvenile Justice Department.

offenders, violent offenders, sex offenders, those with chemical dependency, and those with severe mental health issues. Juvenile programming, healthcare, and educational needs are determined at intake during assessment and orientation. Assessment and orientation operations are performed at the Ron Jackson State Juvenile Correctional Complex in Brownwood. During the assessment and orientation process, staff conduct medical, educational, and psychological testing, assess youth for specialized treatment needs, recommend an initial facility assignment, and develop a comprehensive treatment plan including transitional services. TJJD contracts with the University of Texas Medical Branch (UTMB) at Galveston and private providers for medical and mental healthcare for juveniles in its custody.

Contract residential placement facilities provide specialized treatment for juveniles in less secure residential environments. These facilities include 24-hour residential treatment and services for females with infants, sex offenders, and juveniles with substance abuse issues. The number of contract residential placement beds utilized depends on the specialized needs presented by the juvenile population.

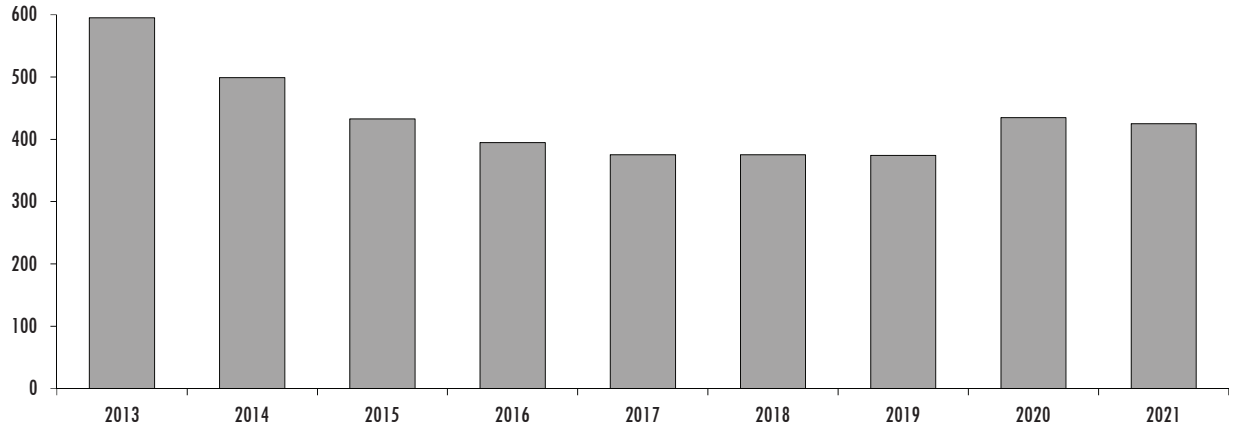
Juveniles can be received into TJJD under an indeterminate or a determinate sentence from the courts. Juveniles with an indeterminate sentence receive a length of stay that is administratively determined by TJJD with the assistance of the release review panel. TJJD also determines what types of services the juvenile will receive, what level of restriction they require, and when they will be released to parole supervision. Sentenced juveniles are given a specific sentence to TJJD by the juvenile court, pursuant to determinate-sentencing statutes. The determinate-sentence statutes provide that juveniles ages 10 to 16 may be sentenced to 40 years for a capital felony, first-degree, or aggravated controlled-substance felony; up to 20 years for a second-degree felony; and up to 10 years for a third-degree felony, pursuant to the Texas Family Code, Section 54.04.

Included in this program area are appropriations for state-operated juvenile justice programs and services totaling $267.4 million and 2,291.1 FTE positions. The program area also includes an additional $18.7 million and 137.5 FTE positions for three other programs: Office of the Inspector General (OIG), Health Care Oversight, and Construction and Repair of TJJD Facilities. Appropriations for the OIG total $11.0 million, and appropriations for Health Care Oversight total $2.0 million for the 2020–21 biennium. The Eighty-sixth Legislature, 2019, appropriated $8.1 million in General Revenue Funds to provide salary increases to juvenile correctional officers and case managers and $3.2 million in General Revenue Funds to purchase body cameras for JCOs.

PAROLE SERVICES

The parole services program area includes direct supervision and programs and services for juveniles released from residential programs. The agency employs parole officers and contracts with juvenile probation departments and a private contractor to provide a level of supervision determined in

FIGURE 257
JUVENILE JUSTICE DEPARTMENT AVERAGE DAILY POPULATION OF JUVENILES ON PAROLE SUPERVISION FISCAL YEARS 2013 TO 2021



NOTE: Fiscal years 2020 and 2021 populations are projected.
SOURCES: Legislative Budget Board; Juvenile Justice Department.

relation to the risk posed by the juvenile. A juvenile's parole may be revoked and the juvenile will be returned to a TJJD facility if they violate their conditions of parole. **Figure 257** shows the actual and projected ADP of juveniles on parole supervision for fiscal years 2013 to 2021. The projected increase in the juvenile parole population resulted in a General Revenue Funds increase of $0.1 million for the 2020–21 biennium, offset by agency realignment of funds. Parole services appropriations total $7.4 million and 58.0 FTE positions.

ADMINISTRATION AND MONITORING

Administration and monitoring includes the oversight and administrative functions of the agency. The Office of the Independent Ombudsman (OIO) is a separate state agency that investigates, evaluates, and secures the rights of juveniles in TJJD state facilities, county-operated facilities, and on TJJD parole. OIO provides families of juveniles within TJJD with various information, including a guide to grievance procedures, a family handbook, prevention information, and a parents' bill of rights. Appropriations for this agency are distributed through TJJD.

Appropriations for the OIO for the 2020–21 biennium increased by $0.1 million in General Revenue Funds for salary increases and additional travel expenses. Other appropriation changes within administration and monitoring include a $7.0 million decrease in onetime capital funding for information technical infrastructure refresh during the 2018–19 biennium. The Eighty-sixth Legislature, 2019, appropriated $7.6 million in Other Funds from the Economic Stabilization Fund for surveillance cameras as a supplemental appropriation for fiscal year 2019. Administration and monitoring appropriations total $37.6 million and 142.0 FTE positions. Included in these totals are appropriations of $1.9 million and 14.0 FTE positions for OIO.

SIGNIFICANT LEGISLATION

Senate Bill 1887 – Jurisdiction over certain child protection and juvenile matters involving juvenile offenders. The legislation amends current law by authorizing juvenile courts to transfer or refer parts of cases to children's courts for dually involved youth and authorizes children's courts to hear these cases.

Senate Bill 1702 – Office of the Independent Ombudsman. The legislation reinstates the language that expired January 1, 2019, to continue OIO's authority for continued inspection and oversight of post-adjudication and contract residential facilities where a juvenile might be housed.

House Bill 2229 – Report on Child Protective Services juveniles. The legislation requires TJJD to provide a biennial report to the Legislature regarding juveniles committed to TJJD that have been foster care. The report must include data regarding the age, gender, race or ethnicity, and committing conduct of juveniles and the number of juveniles entering the juvenile justice system for the first time.

House Bill 2737 – Judicial guidance. The legislation requires the Supreme Court of Texas to provide guidance and recommend best practices to judges that preside over child protective services or juvenile justice cases to establish greater uniformity in the following matters: the residential placement of juveniles with severe mental health issues; the release of juveniles from detention; the certification of juveniles to stand trial as adults; the use of restraints during court proceedings; and the commitment of juveniles to TJJD.

House Bill 3689 – Authority of the TJJD, Office of Inspector General. The legislation clarifies that the TJJD, Office of Inspector General (OIG), has the authority to investigate allegations of abuse and neglect in juvenile justice programs or facilities, and the authority to prevent and investigate crimes at TJJD facilities, including unauthorized entry into TJJD facilities, the introduction of contraband into facilities, escape from facilities, and organized crime in facilities. The legislation also authorizes TJJD to include hazardous-duty pay for individuals that are investigators, inspectors general, security officers, or apprehension specialists employed by the OIG.

Senate Bill 619 – TJJD Sunset legislation. The legislation sets the Sunset date for TJJD at September 1, 2023.

TEXAS COMMISSION ON LAW ENFORCEMENT

PURPOSE: To screen, develop, and monitor resources for continuing education for law enforcement officers, and set standards for behavior; and to develop, maintain, and enforce minimum qualifications for the selection, training, and certification of law enforcement personnel, county correctional officers, and telecommunicators.

ESTABLISHED: 1965

AUTHORIZING STATUTE: The Texas Occupations Code, §1701.051

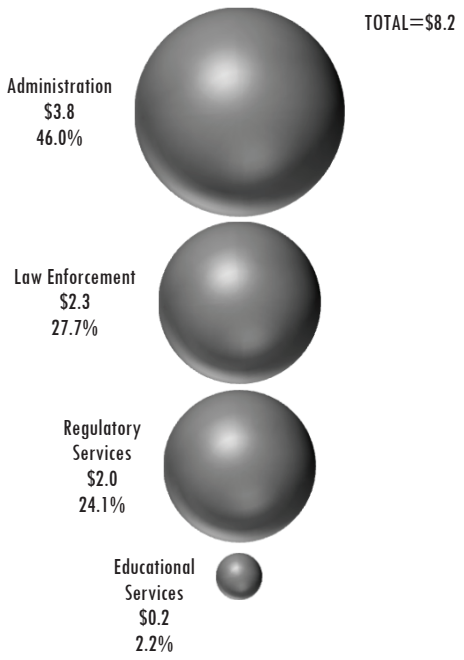
GOVERNANCE: Nine-member commission appointed by the Governor with advice and consent of the Senate; three must be chief administrators of law enforcement agencies; three must be individuals licensed by the commission; and three must be from the private sector

FIGURE 258
TEXAS COMMISSION ON LAW ENFORCEMENT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.3	$0.3	N/A
General Revenue–Dedicated Funds	$6.4	$6.5	$0.1	1.2%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$1.5	$1.4	($0.1)	(6.7%)
Total, All Methods of Finance	**$7.9**	**$8.2**	**$0.3**	**3.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	53.6
2021	53.6

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations of $2.3 million are provided for law enforcement, including the agency's enforcement, border security – investigations, and civil justice repository programs. A portion of this funding supports 2.0 investigator positions dedicated to liaising with the Department of Public Safety regarding border security efforts.

Appropriations for **regulatory services**, including the agency's licensing and standards development programs**, decreased by $0.4 million or 16.8 percent,** primarily as the result of onetime grants from the Office of the Governor provided during the 2018–19 biennium.

The agency is required statutorily to **collect incident-based data** annually pertaining to racial profiling from each of Texas' 2,721 law enforcement agencies. State funding for this data analysis function totals $0.1 million in All Funds for the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium total $8.2 million in All Funds, which is a net increase of $0.3 million. This amount is attributable to a $0.2 million increase in General Revenue–Dedicated Funds from Account No. 116, Law Enforcement Officer Standards and Education, and a $0.3 million increase in General Revenue Funds for salary increases to all nonexempt full-time employee (FTE) positions, offset by a decrease of $0.4 million in Other Funds from Interagency Contracts – Criminal Justice Grants as the result of onetime grants provided by the Office of the Governor during the 2018–19 biennium. The agency attributes an estimated increase of $0.3 in Appropriated Receipts to an anticipated increase in the number of certificates awarded and the number of training contractor and academy renewals.

PROGRAMS

The Texas Commission on Law Enforcement (TCOLE) licenses, regulates, and provides continuing education for more than 115,000 active law enforcement, corrections, and telecommunicator personnel that are employed by more than 2,710 state and local government agencies. The agency executes these functions primarily through four program areas: (1) law enforcement, (2) regulatory services, (3) educational services, and (4) administration.

The law enforcement program area serves to revoke, suspend, or cancel licenses, and to issue reprimands to licensees for violations of statutes or TCOLE rules. It includes the Enforcement, Border Security Investigations, and Civil Justice Repository programs. Inquiries are initiated when information emerges about actions by licensed personnel that may result in disciplinary action or investigation. This program area is appropriated $2.3 million in All Funds and 16.6 FTE positions for the 2020–21 biennium. A portion of this funding supports 2.0 investigator positions dedicated to liaising with the Department of Public Safety regarding border security efforts.

The regulatory services program area includes the licensing and standards development programs. The licensing program issues licenses to individuals, including peace officers, contract jailers, telecommunicators, and school marshals, and to law enforcement agencies that demonstrate required competencies through appropriate examinations and other qualification criteria.

Unlike peace officer standards and training commissions in most states, TCOLE does not operate a police academy. TCOLE licenses state and local governments to operate training academies with a curriculum that must conform to basic standards. Texas has 113 licensed law enforcement academies and 190 contractual training providers that offered approximately 1,151 law enforcement training courses during fiscal year 2019. One public institution of higher education offers an alternative program, which enables a student to complete peace officer academies while simultaneously earning an associate's degree. TCOLE maintains a statewide network of 66 facilities for administering licensing examinations. During fiscal year 2019, TCOLE administered 8,712 licensing exams and issued 15,379 new licenses.

During fiscal year 2018, TCOLE received $0.1 million in Interagency Contracts – Criminal Justice Grants through the Office of the Governor, Criminal Justice Division, to meet the Governor's priority of increasing the number of school marshals before school year 2018–19. The funding enabled the agency to conduct four classes with an average of 20 students. Before the first grant-funded course during fiscal year 2018, the state had 34 appointed school marshals. As of August 2019, the state had 206 appointed school marshals, and 15 marshals had been trained but not yet appointed or were enrolled in a licensing course. The Eighty-sixth Legislature, 2019, did not appropriate additional funding for the school marshal training for the 2020–21 biennium. The majority of the costs for future trainings will be assessed to the academies and contract vendors.

The standards development program establishes standards for enrollment in licensing courses for law enforcement officers, contract jailers, telecommunicators, school marshals, and law enforcement agencies. This program also oversees the development and delivery of law enforcement training and education in Texas. The regulatory services program area is appropriated $2.0 million in All Funds and 15.4 FTE positions for the 2020–21 biennium.

The educational services program area includes distance learning programs. The distance learning program operates and maintains TCOLE Online, previously known as the Peace Officers Standards Education Internet Training program. TCOLE Online enables peace officers to enroll in continuing education courses online. Beginning in fiscal year 2012, TCOLE Online has been funded by revenues collected by the agency from issuing intermediate, advanced, and master peace officer and jailer certifications.

This program is appropriated $0.2 million in All Funds for the 2020–21 biennium.

The administration program area includes the technical assistance and indirect administration programs. The technical assistance program provides technical assistance to licensees. The agency also conducts audits and investigations to enforce rules and standards and to verify licensees' qualifications.

The administration program supports agency functions and the other program areas through budgeting, payroll, and human resource services. The program area is appropriated $3.8 million in All Funds and 21.6 FTE positions for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 971 – Exemption of certain honorably retired peace officers from continuing education requirements. An officer is not subject to certain continuing education requirements for peace officers if the officer is an honorably retired commissioned officer of the Department of Public Safety and is a special Ranger or Texas Ranger, an honorably retired commissioned officer of the Parks and Wildlife Department and is a special game warden, or an honorably retired commissioned officer of the Texas Alcoholic Beverage Commission and is a special inspector or representative.

Senate Bill 1827 – Possession and emergency administration of an epinephrine auto-injector. The legislation authorizes law enforcement agencies and peace officers to administer epinephrine for the emergency treatment of anaphylaxis. TCOLE, in consultation with the Department of State Health Services, is required to approve a training course for the administration of an epinephrine auto-injector.

TEXAS MILITARY DEPARTMENT

PURPOSE: To provide administrative and financial resources for state activities conducted by the three branches of the Texas military forces: the Texas Army National Guard, the Texas Air National Guard, and the Texas State Guard.

ESTABLISHED: 1905

AUTHORIZING STATUTE: The Texas Government Code, Chapter 437

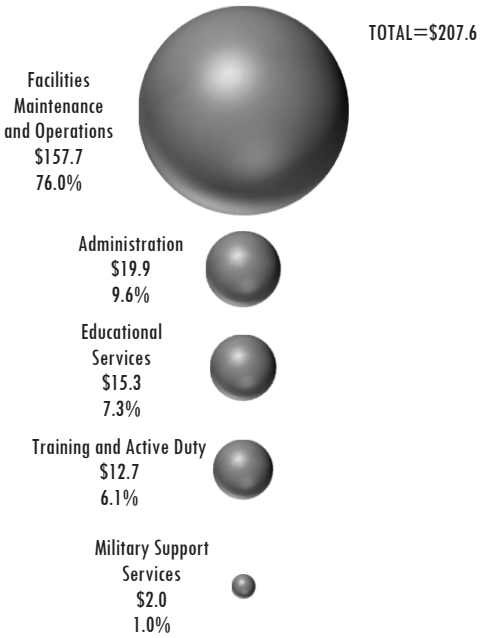
GOVERNANCE: Adjutant General, appointed by the Governor with the advice and consent of the Senate

FIGURE 259
TEXAS MILITARY DEPARTMENT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$30.4	$53.0	$22.6	74.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$146.0	$134.5	($11.5)	(7.9%)
Other Funds	$46.5	$20.1	($26.4)	(56.8%)
Total, All Methods of Finance	**$222.9**	**$207.6**	**($15.4)**	**(6.9%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	647.0
2021	648.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations of $15.3 million in General Revenue Funds are provided for deferred maintenance projects and State of Texas Army Revitalization readiness center renovations. This appropriation makes available **$20.5 million in matching Federal Funds**.

Appropriations include $5.8 million in General Revenue Funds for an additional 30.0 indirect administration support staff positions and 3.0 watch officer positions at the Joint Operations Center for the 2020–21 biennium.

Appropriations for the ChalleNGe Academy educational program in Eagle Lake total $9.7 million in All Funds for the 2020–21 biennium. The program is funded by a combination of state and federal funding. During fiscal year 2018, the agency was directed by the National Guard Bureau to close down the Sheffield campus, consolidating the two campuses to the Eagle Lake location.

Agency appropriations for State Training Missions include $2.0 in General Revenue Funds and 7.5 full-time-equivalent positions to recruit, train, and equip additional State Guard members associated with the Texas State Guard expansion.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium total $207.6 million in All Funds, which is a net decrease of $15.4 million compared to the 2018–19 biennial expenditure level, primarily as the result of the following increases:

- $2.0 million in General Revenue Funds and 7.5 full-time-equivalent positions for the expansion of the Texas State Guard and for recruitment and training;
- $5.8 million in General Revenue Funds for an additional 30.0 indirect administration support staff positions and 3.0 watch officer positions at the joint operations center;
- $10.0 million in General Revenue Funds and $10.5 million in federal matching funding for the State of Texas Armory Revitalization (STAR) Program;
- $5.3 million in General Revenue Funds and $5.5 million in federal matching funding for facilities management operations; and
- a $5.0 million increase in the Current Fund Balance to maintain the 2018–19 biennial appropriated estimate from the sale of property.

These increases are offset primarily by the following decreases in appropriations:

- $8.3 million in Governor's Emergency and Deficiency grants and $26.8 million in Federal Funds to eliminate onetime funding for the deployment of the Texas military forces for disaster relief missions during and after Hurricane Harvey made landfall in Texas during fiscal year 2018;
- $16.3 million in Other Funds from the Economic Stabilization Fund for onetime STAR Program renovations and deferred maintenance projects;
- $5.1 million in Other Funds from Interagency Contracts related to the National Guard surge deployment during the 2018–19 biennium and a $0.1 million agency-estimated decrease for the Border Star program;
- $1.0 million in Other Funds from Interagency Contracts – Foundation School Program Funds and $0.1 million in Federal Funds as the result of the consolidation of the two ChalleNGe Academy campuses; and
- $0.7 million in General Obligation Bond Proceeds fully expended during the 2018–19 biennium.

The Eighty-sixth Legislature, 2019, evaluated the Texas Military Department (TMD) through the Sunset review process. House Bill 1326, the agency's Sunset legislation, continues authorization of the agency for 12 years and includes requirements affecting TMD functions, including amending the executive director position's title to director of state administration. The legislation requires the director of state administration to assume responsibility for all administration within TMD, including complying with applicable state law and priorities and overseeing state employees. The agency's Adjutant General is required to adopt and implement a policy outlining the director of state administration's responsibilities.

PROGRAMS

TMD carries out its responsibilities through five major program areas: (1) training and active duty, (2) facilities maintenance and operations, (3) educational services, (4) military support services, and (5) administration.

TRAINING AND ACTIVE DUTY

This program area encompasses activities of the Texas military forces (TXMF): the Texas Army National Guard and the Texas Air National Guard (collectively, TXNG), and the Texas State Guard (TXSG). Approximately 23,602 service members are serving in the Texas military forces, making it the largest state military force in the U.S.

TXNG consists of 21,668 service members, and it has a dual mission. First, it may be ordered by the Governor to active duty in the state to provide trained and equipped military personnel to assist civil authorities in the protection of life and property and the preservation of law, order, and public safety. The second role is as a first-line reserve component of the U.S. Army and the U.S. Air Force, and it may be called into active federal service by the President to provide military personnel for war, national emergencies, or if national security requires augmentation of active forces. Members provide emergency response for law enforcement support, civil support, cold weather operations, and wildfire outbreaks as needed. TXNG members currently are supporting major federal operations in Europe, the Middle East, and Asia.

TXNG also has participated in border security missions in the state since fiscal year 2006, with missions primarily being funded federally until fiscal year 2014.

The Texas Department of Public Safety was appropriated $8.8 million in General Revenue Funds for a surge contingency in the 2018–19 biennium, $5.1 million of which was transferred to TMD for National Guard deployment at the Texas–Mexico border. The Eighty-sixth Legislature, Regular Session, 2019, did not appropriate funding for TXNG's continued border security involvement for the 2020–21 biennium.

The other component of the Texas military forces, TXSG, is an all-volunteer state defense force, subject to active duty when called by the Governor to serve Texas in time of emergency. **Figure 260** shows the actual and projected number of TXSG members for fiscal years 2016 to 2021. During fiscal year 2019, approximately 1,934 TXSG members were in military units typically placed with TXNG units. TMD estimates 29,870 TXSG and TXNG training days per year for the 2020–21 biennium.

The Eighty-sixth Legislature, 2019, appropriated $12.7 million in General Revenue Funds to TMD to ensure training and operational readiness of the Texas military forces for disaster relief, emergency missions, nonemergency homeland security, and humanitarian aid.

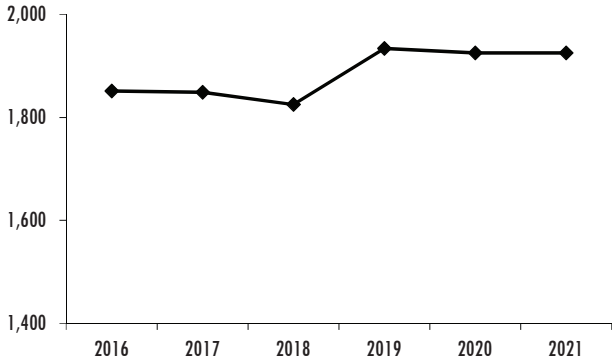
FACILITIES MAINTENANCE AND OPERATIONS

The facilities maintenance and operations program includes the utilities, repair, and maintenance of military facilities and equipment owned or licensed by the state that are located on state or federal property. For the 2020–21 biennium, the agency will maintain approximately 3,176 buildings, totaling more than 6.9 million square feet, across the state. Appropriations for the facilities maintenance program area total $157.7 million in All Funds for the 2020–21 biennium, which represents an $18.8 million increase from 2018–19 biennial expenditure levels.

Eight TMD readiness centers are located in Bastrop, Brownwood, San Antonio, Lubbock, Waco, Corpus Christi, New Braunfels, and Austin. The Eighty-sixth Legislature, 2019, appropriated $25.0 million in All Funds for the STAR Program to continue ongoing renovation of the readiness centers, including $10.0 million in General Revenue Funds and $15.0 million in Federal Funds.

The Eighty-sixth Legislature, 2019, appropriated an additional $10.9 million in All Funds, including $5.3 million in General Revenue Funds and $5.5 million in Federal Funds, for emergency maintenance at more than 100 other facilities throughout the state.

FIGURE 260
TEXAS STATE GUARD MEMBERS
FISCAL YEARS 2016 TO 2021



NOTE: Fiscal years 2020 and 2021 populations are projected.
SOURCES: Legislative Budget Board; Texas Military Department.

EDUCATIONAL SERVICES

The educational services program area primarily consists of the ChalleNGe Academy program, the STARBASE program, and the military tuition assistance program. The ChalleNGe Academy is a five-month residential cooperative program and yearlong mentoring program between Texas and the National Guard Bureau. The ChalleNGe Academy is a military-style training, education, and skills program serving a projected 230 youths per year. ChalleNGe targets youths, ages 16 to 18, that have dropped out of high school or are at risk of not completing high school with the goal of helping them earn diplomas, certificates of high school general equivalency, or additional high school credits. TMD previously operated two ChalleNGe Academy sites, in Sheffield and Eagle Lake. In June 2018, TMD was directed by the National Guard Bureau to close down the Sheffield campus and consolidated the two campuses to the Eagle Lake location. The ChalleNGe Academy is funded through a combination of Federal Funds and an Interagency Contract from the Foundation School Program. The total All Funds appropriation for the ChalleNGe Academy is $9.7 million in All Funds for the 2020–21 biennium.

STARBASE is a five-week, in-class, interactive, academic outreach program that aims to increase middle school youths' interest and knowledge in science, math, engineering, and technology fields. STARBASE is funded with Federal Funds from the National Guard Bureau, totaling $2.2 million for the 2020–21 biennium.

Texas military forces members use state military tuition assistance for tuition costs and mandatory fees associated with postsecondary education. The military tuition

assistance program is the only type of educational assistance available for certain Texas military forces members. The Eighty-sixth Legislature, 2019, appropriated $3.0 million in General Revenue Funds for tuition assistance for the 2020–21 biennium.

Appropriations for the educational services program area total $15.3 million in All Funds for the 2020–21 biennium.

MILITARY SUPPORT SERVICES

The military support services program area includes the mental health services program. The program provides counseling services to service members of the Texas Army National Guard, Texas Air National Guard, and Texas State Guard. The program previously provided counseling services for National Guard and State Guard members, families, and veterans. **Figure 261** shows the actual number of individuals served through TMD's mental health services for fiscal years 2014 to 2019. For the 2020–21 biennium, TMD estimates that approximately 4,000 TXMF service members per fiscal year will receive mental health sessions. This measure previously included group training and more recently is defined as individual sessions. Appropriations for the military support services program area total $2.0 million, including an increase of $0.1 million in General Revenue Funds for 1.0 additional sexual assault response coordinator position.

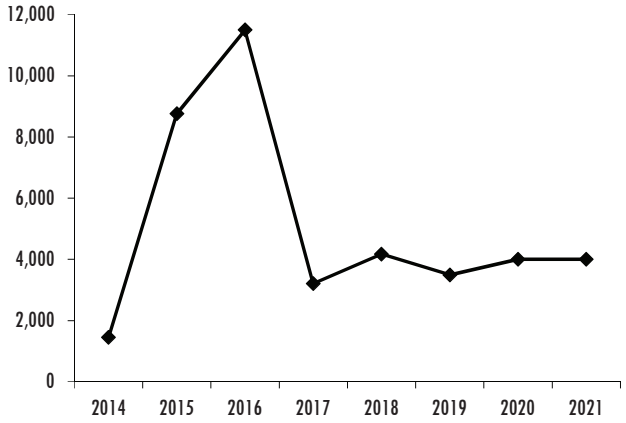
ADMINISTRATION

Administration programs include debt service on outstanding bonds, insurance, audit fees, and administrative fees to finance the state costs of armory construction and major maintenance and repair, and the central administration, finance, and human resource divisions of the agency.

TMD is appropriated 106.5 full-time-equivalent positions to provide these services for all state military employees and TXMF members. The Eighty-sixth Legislature, 2019, appropriated $5.8 million in General Revenue Funds for an additional 30.0 indirect administration support staff positions and 3.0 watch officer positions at the Joint Operations Center for the 2020–21 biennium.

Appropriations for the administration program for the 2020–21 biennium total $19.9 million, including an increase of $2.0 million for the Texas State Guard expansion.

FIGURE 261
TEXAS MILITARY DEPARTMENT CLIENTS RECEIVING MENTAL HEALTH SERVICES
FISCAL YEARS 2014 TO 2021



NOTE: Fiscal years 2020 and 2021 populations are projected.
SOURCES: Legislative Budget Board; Texas Military Department.

SIGNIFICANT LEGISLATION

Senate Bill 1200 – Military spouses engaging in a business or occupation in the state. The legislation amends the Texas Occupations Code to establish the conditions under which a military spouse may engage in business or an occupation in Texas for which a license is required without obtaining the applicable licensure.

House Bill 1326 – Continuing the Texas Military Department. TMD's Sunset legislation continues authorization of the agency for 12 years and includes requirements affecting the agency's functions. The legislation amends the executive director position's title to director of state administration, and requires the director of state administration to assume responsibility for all administration within TMD, including overseeing state employees and complying with applicable state law and priorities. The legislation also requires TMD's Adjutant General to adopt and implement a policy outlining the director of state administration's responsibilities.

DEPARTMENT OF PUBLIC SAFETY

PURPOSE: To enforce laws protecting and promoting public safety by the prevention and detection of crime; improve highway safety and public safety communications; and provide regulatory and licensing services.

ESTABLISHED: 1935

AUTHORIZING STATUTE: The Texas Government Code, §411.002

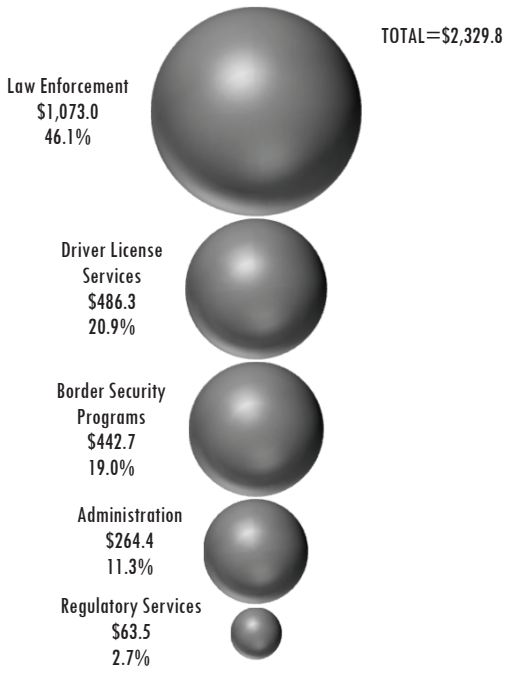
GOVERNANCE: Five-member board appointed by the Governor and confirmed by the Senate; members must have and maintain a secret security clearance granted by the U.S. government

FIGURE 262
DEPARTMENT OF PUBLIC SAFETY BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,849.1	$2,126.3	$277.2	15.0%
General Revenue–Dedicated Funds	$16.1	$31.8	$15.7	97.6%
Federal Funds	$6,523.9	$58.7	($6,465.3)	(99.1%)
Other Funds	$404.8	$113.0	($291.7)	(72.1%)
Total, All Methods of Finance	**$8,793.9**	**$2,329.8**	**($6,464.0)**	**(73.5%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	11,104.7
2021	11,095.7

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Driver License Services funding increased by $208.0 million. This increase provides for 762.0 full-time-equivalent (FTE) positions, reclassifying customer service representatives, new offices, and a study regarding the transfer of the program to another agency.

Funding for human trafficking and antigang activities increased by $27.9 million in General Revenue Funds and an additional 115.4 FTE positions. Human trafficking squads will conduct minor sex trafficking investigations and international and labor trafficking investigations as part of the agency's Criminal Investigations and Texas Rangers divisions.

The Department of Public Safety's **Crime Laboratory Services appropriations increased by $52.0 million,** which includes $37.7 million and 122.0 FTE positions to increase lab capacity and prioritize the testing of sexual assault kits.

Border security funding includes $442.7 million for Goal B, Secure Texas, and $250.6 million for salary and overtime funded in other agency goals. This amount includes $671.1 million for routine border security operations and a 50.0-hour workweek, $9.3 million to fund human trafficking and antigang activities, and $7.0 million to fund cameras and other equipment primarily relating to Operation Drawbridge.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the 2020–21 biennium include a decrease of $6,464.0 million, or 73.5 percent, in All Funds from the 2018–19 biennial expenditure level. Appropriation increases include the following amounts:

- $210.3 million in General Revenue Funds to decrease wait times and improve efficiency at driver license offices, including the construction of new driver license offices in Angleton and Denton;
- $57.7 million in All Funds for Department of Public Safety (DPS) crime laboratories to increase lab capacity and productivity and reduce the backlog of untested forensic analysis cases;
- $27.9 million in General Revenue Funds for human trafficking prevention and antigang activities;
- $10.0 million in General Revenue Funds to administer two trooper recruit schools;
- $7.5 million in General Revenue Funds for a public safety grant to the City of Houston for a helicopter with hoisting capability;
- $5.0 million in General Revenue Funds for the construction of a law enforcement center in Eagle Pass;
- $1.7 million in General Revenue Funds for the construction of the E.J. "Joe" King Law Enforcement Center in Brazoria County;
- $0.8 million in General Revenue Funds for the construction of a tactical training facility in Cameron County; and
- $0.3 million in General Revenue Funds for a grant to the Texas Transnational Intelligence Center for 4.0 additional full–time-equivalent (FTE) positions.

These increases are offset primarily by the following decreases in appropriations:

- $6,464.9 million in Federal Funds and $254.5 million in General Revenue Funds and General Revenue–Dedicated Funds to transfer the Texas Division of Emergency Management from DPS to a new bill pattern in Article III as a Texas A&M University System agency;
- $14.5 million in All Funds for onetime border security-related costs from the 2018–19 biennium;
- $7.0 million in General Revenue Funds for onetime information technology security, data loss prevention, and management;
- $4.4 million in General Revenue Funds with the repeal of the Driver Responsibility Program, pursuant to the Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article IX, Section 18.20, Contingency for House Bill 2048; and
- $1.0 million in General Revenue–Dedicated Funds from Account No. 501, Motorcycle Education, for the transfer of the motorcycle and off-highway vehicle operator training programs to the Texas Department of Licensing and Regulation, pursuant to the 2020–21 GAA, Article IX, Section 18.92, Contingency for Senate Bill 616.

DPS is organized into 15 major divisions: aircraft operations, criminal investigations, driver license, education, finance, general counsel, information technology, infrastructure operations, intelligence and counterterrorism, law enforcement support, media and communications office, regulatory services, Texas Highway Patrol, the Texas Rangers, and training and research.

HUMAN TRAFFICKING AND ANTIGANG ACTIVITIES

The Eighty-sixth Legislature, 2019, appropriated an additional $27.9 million in All Funds and 115.4 FTE positions for human trafficking ($12.0 million and 62.4 positions) and antigang ($15.8 million and 53.0 positions) task forces. Human trafficking squads will conduct minor sex trafficking investigations and international and labor trafficking investigations, as part of DPS's Criminal Investigations Division and the Texas Rangers Division. The appropriated funds for human trafficking and antigang task forces can be found in Strategies A.1.1, Organized Crime, and A.2.1, Intelligence.

EMERGENCY MANAGEMENT AND HURRICANE HARVEY RESPONSE

As of January 1, 2020, DPS expended $1,526.5 million in All Funds, primarily Federal Funds, for Hurricane Harvey and other disaster relief and recovery.

Senate Bill 500, Eighty-sixth Legislature, 2019, provided the following supplemental appropriations: $35.0 million for Strategy A.1.1, Organized Crime; $60.0 million for Strategy C.1.1, Traffic Enforcement; and $2.0 million for Strategy

F.1.3, Information Technology, from the Economic Stabilization Fund to DPS for agency operations expenses related to Hurricane Harvey and other disasters.

As of September 1, 2019, the Texas Division of Emergency Management (TDEM) was transferred to the Texas A&M University (TAMU) System as a standalone agency, pursuant to House Bill 2794, Eighty-sixth Legislature, 2019. As a result, $6.7 billion in All Funds were decreased from DPS' bill pattern, and Goal D, Emergency Management, was transferred to Article III.

FULL-TIME-EQUIVALENT POSITIONS

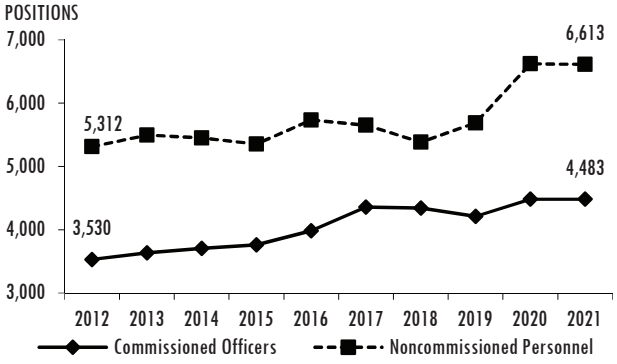
As shown in **Figure 263**, the total number of FTE positions employed by DPS increased by 25.5 percent, from 8,841.5 positions during fiscal year 2012 to 11,095.7 appropriated positions for fiscal year 2021. **Figure 263** also shows that, as part of the total positions, the number of commissioned peace officers increased from 3,530.0 FTE positions to 4,483.0 positions, or 27.0 percent, primarily attributable to increases in State Trooper presence along the Texas–Mexico border and new human trafficking and antigang task forces. During the same period, the number of noncommissioned staff increased from 5,311.5 FTE positions to 6,612.7 positions, or 24.5 percent, primarily attributed to increased staffing at driver license offices and DPS state crime labs. Not included in the projected number of FTE position totals for fiscal years 2020 and 2021 are 304.0 positions, which were transferred with TDEM to the TAMU System as a new agency.

DPS replenishes its cadre of active troopers by operating recruit schools at various times of the year. DPS trains qualified trooper applicants through a 27-week recruit school that graduates successful recruits as probationary troopers and an 11-week recruit school for current law enforcement officers. A probationary period is required for the troopers graduating from the 11-week recruit school; however, DPS is authorized to credit these troopers with up to 4.0 years of experience as a law enforcement officer as years of service for Schedule C salary purposes.

PROGRAMS

DPS accomplishes its mission of enforcing laws protecting and promoting public safety and providing for the prevention and detection of crime through five primary program areas: (1) law enforcement; (2) border security; (3) driver license; (4) regulatory services; and (5) administration.

FIGURE 263
DEPARTMENT OF PUBLIC SAFETY COMMISSIONED AND NONCOMMISSIONED STAFF, FISCAL YEARS 2012 TO 2021



NOTES:
(1) Positions shown for fiscal years 2012 to 2019 are actual full-time-equivalent (FTE) positions.
(2) Positions shown for fiscal years 2020 and 2021 are appropriated FTE positions.
SOURCES: Legislative Budget Board; Department of Public Safety.

LAW ENFORCEMENT

The law enforcement program area focuses on the agency's core mission to realize greater public safety outcomes by eliminating high-threat criminal organizations, enhancing highway security, providing forensic evidence analysis and access to criminal justice and emergency information, facilitating interoperable public safety communications, and conducting investigations that result in the incarceration of corrupt public officials and high-threat criminals. Appropriations for the law enforcement program area for the 2020–21 biennium total $1,072.0 million in All Funds. The primary functions of this program area are accomplished through the traffic enforcement, criminal investigations, intelligence, counterterrorism, joint crime information center, crime laboratory services, and crime records services programs.

TRAFFIC ENFORCEMENT

The largest program within the law enforcement program area is traffic enforcement, which includes the Texas Highway Patrol Division (THPD). THPD maintains public safety in Texas through the enforcement of traffic and criminal laws. It also has regulatory responsibilities in the areas of commercial vehicle and motor carrier regulations. THPD assists in disaster response activities and provides security and law enforcement for the Capitol and the Capitol Complex. Program-level funding for traffic enforcement totals $374.4 million in All Funds for the 2020–21 biennium; appropriations for THPD are included in several programs

and total $687.2 million for the 2020–21 biennium with an anticipated staffing level for fiscal year 2021 of 3,878.0 FTE positions, including commissioned officers and support staff.

CRIMINAL INVESTIGATIONS

The criminal investigation functions of the agency include the Texas Ranger and Criminal Investigations divisions. The Criminal Investigations Division (CID) is responsible for conducting criminal enterprise investigations targeting those organized criminal groups that constitute the greatest threats to Texas. CID includes programs focused on human and drug trafficking, gang activity, and other specialized investigations such as fraud, cargo theft, vehicle theft, and illegal gambling. CID works closely with local, state, and federal agencies to identify and arrest high-threat criminals such as sex offenders and other violent fugitives. Other CID responsibilities include enforcement duties related to sex offender registration compliance and the monitoring of civilly committed sex offenders. CID also provides polygraph services and technical investigative support within DPS and to other law enforcement agencies. Organizationally, CID is divided into three specialized sections: Organized Crime, Investigative Support, and Administration.

The Texas Ranger Division's (TRD) primary responsibilities include major crime investigation, and investigation of public corruption and criminal conduct by DPS employees. TRD specializes in and assists local police agencies with investigating felony offenses such as murder, sexual assault, and robbery. TRD also operates the Unsolved Crimes Investigation Program (UCIP) and the Public Integrity Unit (PIU). UCIP investigates murders, missing persons cases, or linked criminal transactions that are no longer active within other law enforcement agencies. PIU conducts public corruption investigations and includes fiscal and criminal analytical resources. During fiscal year 2019, criminal investigations by the Texas Rangers resulted in 1,091 arrests.

TRD also includes a Special Operations Group that has oversight of the agency's Special Weapons and Tactics Team, Regional Special Response Teams, Ranger Reconnaissance Team, Crisis Negotiations Unit, Explosive Ordnance Disposal Unit, Joint Operations Intelligence Centers, and the Border Security Operations Center.

INTELLIGENCE, COUNTERTERRORISM, AND THE TEXAS FUSION CENTER

The intelligence, counterterrorism, and Texas Fusion Center programs make up DPS's Intelligence and Counterterrorism Division (ICTD). This division serves as a statewide intelligence entity that leverages DPS's intelligence and fusion capabilities with those of other intelligence entities. ICTD gathers and disseminates criminal intelligence information related to terrorist activities to further homeland security initiatives. It also is responsible for the Texas Fusion Center, located in Austin, which works with federal, state, regional, and local law enforcement and serves as the state repository for homeland security information and incident reporting. The Texas Fusion Center provides intelligence support to law enforcement and public safety authorities, and consolidates information regarding suspicious activities that may represent threats to the public. Appropriations for the 2020–21 biennium for these three programs total $12.0 million in All Funds, with an anticipated fiscal year 2019 staffing level of 127.9 FTE positions. All three programs are found in Strategy A.2.1, Intelligence.

CRIME LABORATORY SERVICES

DPS provides forensic and analytical services to law enforcement agencies investigating crimes through a system of 14 crime laboratories in locations across Texas. The agency provides analysis of biological evidence or DNA evidence; seized drugs; toxicology, including alcohol and drug; trace evidence, such as hair, fibers, gunshot residue, and fire debris; and other forensic disciplines. Crime laboratory personnel also provide expert testimony regarding analysis of evidence and interpretation of technical data and findings.

Appropriations for the 2020–21 biennium for crime laboratory services total $129.0 million in All Funds with an anticipated fiscal year 2021 staffing level of 588.5 FTE positions. This amount is an increase of $52.0 million from the 2018–19 biennium, which includes a supplemental appropriation for fiscal year 2019 of $5.8 million to restore revenue loss due to the Governor's direction to not issue fees for forensic analysis, funded in Senate Bill 500, Eighty-sixth Legislature, 2019, and includes the following amounts:

- $37.7 million and 122.0 FTE positions to increase crime laboratory capacity and decrease the backlog of untested forensic evidence. This appropriation also includes salary increases for existing analysts;
- $4.7 million for additional crime laboratory equipment;
- $2.8 million to enact policy changes regarding the collection of DNA evidence from certain arrested

individuals, pursuant to House Bill 1399, Eighty-sixth Legislature, 2019;

- $2.5 million to enact policy changes regarding the storage and processing of forensic evidence within certain time frames, pursuant to House Bill 8, Eighty-sixth Legislature, 2019;
- $1.7 million to remodel the Garland crime lab to construct more workstations;
- $1.8 million for a partnership with Sam Houston State University to decrease backlogs and train new analysts; and
- $0.5 million to move the Arson Laboratory from the Texas Department of Insurance to DPS.

CRIME RECORDS SERVICE

DPS administers statewide information systems to provide criminal justice information to authorized users in a rapid and usable format. The Crime Records Service collects information regarding criminal history and fingerprinting records, sex offender identification, and crime statistics. The Crime Records Service relies significantly upon information sharing among local, state, and federal law enforcement agencies. During fiscal year 2019, the Crime Records Service processed more than 1.1 million fingerprint criminal history checks and 29.3 million criminal justice, public site, and secure site name searches.

BORDER SECURITY PROGRAMS

The border security programs include activities centering on Operation Secure Texas, which is the state's multiagency strategy responding to law enforcement threats in the border region.

Historically, the Legislature has made significant fiscal investments in state and local efforts to enhance a more secure border region. The Eighty-fifth Legislature, Regular Session, 2017, appropriated $800.0 million in state funds to nine state agencies for border security. Of the nine agencies that were appropriated funds for border security during the 2018–19 biennium, DPS was appropriated $694.3 million in All Funds, constituting 86.7 percent of the total appropriation.

The Eighty-sixth Legislature, 2019, appropriated $800.6 million in state funds to nine state agencies for border security. Of these nine agencies, DPS is appropriated $693.3 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2020–21 biennium. The other agencies appropriated funds for border security are the Office of the Governor ($53.5 million), Texas Parks and Wildlife Department ($29.0 million), Texas Alcoholic Beverage Commission ($6.9 million), Texas Department of Criminal Justice ($1.6 million), Texas Commission on Law Enforcement ($0.3 million), Office of the Attorney General ($2.6 million), Texas Soil and Water Conservation Board ($3.0 million), and the Department of Motor Vehicles ($10.4 million). All agencies receiving border security funding are required to report expenditure and performance data to the Legislative Budget Board twice each fiscal year pursuant to the 2020–21 GAA, Article IX, Section 7.11.

The Border Security program area represents the $442.7 million in All Funds appropriated to DPS, Goal B, Secure Texas. An additional $250.6 million in border security-related funds is appropriated to other goals, and appears in other program areas, primarily Law Enforcement, for trooper salaries and overtime. The total DPS border security funding of $693.3 million, across all goals and program areas, is allocated for the following items:

- $671.1 million for routine border security operations and other baseline border security-related activities, including a 50.0-hour work week for all DPS commissioned law enforcement officers; full biennial costs for 22 Texas Rangers, 500 troopers, and support staff, appropriated in the Eighty-fourth Legislature, 2015, and the Eighty-fifth Legislature, Regular Session, 2017; and several other border security-related initiatives;
- $9.3 million to fund human trafficking and antigang activities, included in the Human Trafficking and Antigang task forces;
- $7.0 million to fund cameras and other equipment primarily relating to Operation Drawbridge;
- $2.2 million to support the University of North Texas missing persons database;
- $1.3 million to establish and help operate the border automotive theft information center;
- $0.8 million to construct and operate a Tactical Training Facility in Cameron County;
- $0.7 million to provide training for the National Incident Based Reporting System;

- $0.5 million to provide 4.0 FTE positions to the Texas Transnational Intelligence Center; and
- $0.4 million to fund the Peñitas Law Enforcement Center maintenance costs.

DRIVER LICENSE SERVICES

The driver license services and driving and motor vehicle safety programs are the largest regulatory programs at DPS and are administered by the agency's Driver License Division (DLD). The division serves license-qualified drivers and removes privileges from unsafe drivers; provides accurate records and documents in a timely manner to eligible customers; and supports law enforcement and criminal justice partners. DLD ensures the competency of Texas drivers by testing new drivers and determining the eligibility of renewal applicants. It administered 4.8 million driver license examinations during fiscal year 2019. DLD also is responsible for issuing most of the state identification used for voter identification purposes.

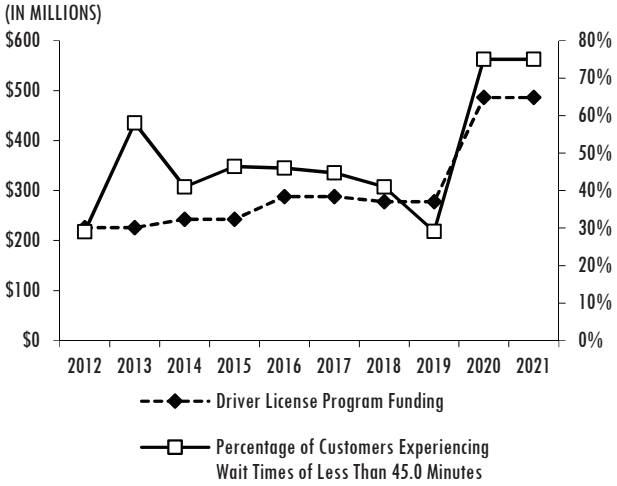
During fiscal year 2019, 29.1 percent of those applying for a driver license or identification card experienced wait times of less than 45.0 minutes. **Figure 264** shows a 10-year history of state appropriations for the Driver License Services program through fiscal year 2021 and percentage of customers experiencing wait times of less than 45.0 minutes.

The Eighty-fifth Legislature, Regular Session, 2017, restructured the agency's budget to establish a new goal (Goal F, Driver License Services and Driver Safety) in the agency's bill pattern to better identify, monitor, and control state appropriations for the driver license and driver safety functions. Additionally, the Legislature added a rider proscribing fund transfers from Goal F without prior authorization from the Legislative Budget Board. The Eighty-sixth Legislature, 2019, included Driver License Improvement Program appropriations in the Driver License Services strategy.

Appropriations for DLD total $486.3 million in All Funds and 2,955.8 FTE positions for the 2020–21 biennium, an increase of $208.0 million in All Funds, or 74.7 percent. This increase includes the following amounts, offset by a decrease for the repeal of the Driver Responsibility Program:

- $141.5 million and 762.0 FTE positions to staff all available workstations at existing driver license offices;
- $51.3 million increase to reclassify customer service representatives as permit specialists;

FIGURE 264
DEPARTMENT OF PUBLIC SAFETY DRIVER LICENSE IMPROVEMENT PROGRAM FUNDING AND AVERAGE WAIT TIMES, FISCAL YEARS 2012 TO 2021



NOTE: Amounts shown for fiscal years 2012 to 2019 are actual amounts; amounts shown for fiscal years 2020 and 2021 are appropriated amounts and performance targets.
SOURCES: Legislative Budget Board; Department of Public Safety.

- $16.0 million for new driver license offices in Angleton and Denton;
- $1.0 million for a study to determine the feasibility of transferring the Driver License Program to another agency; and
- $0.5 million for differential pay for rural driver license offices or other positions that are difficult to fill.

Pursuant to a Sunset Advisory Commission recommendation, $1.0 million was appropriated for a study to determine the feasibility of transferring DLD to either the Department of Licensing and Registration (TDLR) or the Department of Motor Vehicles (DMV). The deadline for submission of the study is September 1, 2020. If a study is not submitted by this deadline, DLD will transfer to DMV, effective September 1, 2021.

REGULATORY SERVICES

The regulatory services program area provides regulatory services to all external and internal customers, and improves responsiveness, customer focus, and modern business practices in the delivery of all services. Appropriations for the regulatory services program area total $63.5 million in All Funds for the 2020–21 biennium. The regulatory programs at DPS include regulatory service compliance,

regulatory service issuance, and safety education. Program area functions are administered by the Regulatory Services Division and carried out through several services including the Private Security Program, handgun licensing, the vehicle inspection program, and the Texas metals program.

PRIVATE SECURITY PROGRAM

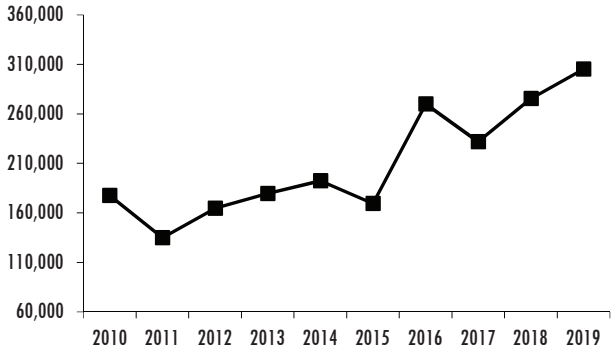
The Private Security Program (PSP) regulates the private security industry in Texas. State regulations for this industry include licensing private security companies and registering individuals employed by those companies. The once standalone Texas state agency that licensed and regulated private security was established during fiscal year 1969 as the Texas Board of Private Detectives and Private Investigators. During fiscal year 1998, that agency was renamed the Texas Commission on Private Security. The Seventy-eighth Legislature, Regular Session, 2003, abolished the Texas Commission on Private Security, and transferred its functions to DPS, which then established PSP. PSP is associated with the statutorily established Texas Private Security Board, which is a seven-member board appointed by the Governor. The Texas Private Security Board was established to hear appeals by applicants in accordance with the Texas Private Security Act. In addition, the board devises rules for the administration of the act.

Senate Bill 616, Eighty-sixth Legislature, 2019, reconstituted the PSP as an advisory committee. The legislation also clarifies that all regulatory authority for PSP exists with the Public Safety Commission and the DPS Executive Director. During fiscal year 2019, PSP issued 94,536 private security licenses and registrations.

HANDGUN LICENSING PROGRAM

DPS administers the Handgun Licensing Program as authorized by the Texas Government Code, Chapter 411, Subchapter H. DPS licenses individuals to carry handguns within Texas, evaluates the eligibility of applicants through criminal history background checks, and monitors those licensed to ensure their continued eligibility. DPS also trains and certifies instructors that teach the required courses to applicants. Senate Bill 16, Eighty-fifth Legislature, Regular Session, 2017, decreased the fee for the issuance of an original or renewed license to carry a handgun from $140 to $40. As shown in **Figure 265**, the number of licenses to carry handguns DPS issued annually has increased by 71.8 percent from fiscal years 2010 (177,621 licenses issued) to 2019 (305,121 licenses issued).

FIGURE 265
DEPARTMENT OF PUBLIC SAFETY ISSUANCE OF LICENSES TO CARRY A HANDGUN, FISCAL YEARS 2010 TO 2019



SOURCE: Department of Public Safety.

The DPS Vehicle Inspection Program (VIP) certifies vehicle inspectors and inspection stations, monitors and ensures compliance with inspection standards, and supervises vehicle emission programs intended to meet federal clean air requirements. VIP has the authority to deny certification of inspectors and stations and to suspend or revoke station and inspector certification. VIP also is responsible for the sale and fulfillment of orders for inspection certificates. During fiscal year 2019, 46,216 certified inspectors at 12,397 licensed inspection stations performed 24.4 million inspections.

Pursuant to the Texas Occupations Code, Chapter 1956, DPS is responsible for registering all metal recycling entities operating in Texas. Registered entities are required to collect certain identifying information from sellers of recycled material to aid law enforcement in tracking entities and individuals that are buying or selling stolen material. The information collected in DPS's Metals Registration Program database contains a record of all reported metals transactions across Texas. DPS has the authority to deny applications for certificates of registration to entities that do not meet the agency's criteria. During fiscal year 2019, DPS issued 387 metal registration certifications. DPS also has the authority to reprimand registrants and suspend or revoke certificates of registration for reasons set in state statute and for failure to comply with DPS rules.

ADMINISTRATION

The administration program area includes programs relating to direct or indirect administration at DPS. These programs include facilities management, financial management, fleet operations, headquarters administration, human capital management, information technology, regional administration, and training academy and development. Appropriations for the administration program area total $264.4 million in All Funds for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 8 – Lavinia Masters Act. The legislation removes the statute of limitations for sexual assault if the assault has not been subject to forensic DNA testing. The legislation requires the contents of certain sexual assault examination kits and other biological evidence to be retained for 40 years, or until the statute of limitations expires, whichever period is longer, and provides deadlines for completed analysis. The legislation also amends statute to establish a new Statewide Telehealth Center for Sexual Assault Forensic Medical Examination within the Office of the Attorney General.

Senate Bill 616 – Continuation and functions of DPS. The legislation continues DPS until fiscal year 2031, conditionally transfers the driver license program to the DMV, transfers the motorcycle training program to TDLR, abolishes the Texas Private Security Board, and standardizes the administration of certain regulatory programs.

House Bill 2048 – Repeal of Driver Responsibility Program. The legislation repeals the Driver Responsibility Program (DRP) and eliminates surcharges assessed on drivers convicted of certain driving offenses. The legislation forgives surcharges assessed on or before September 1, 2019, and reinstates any driver license suspended only because of a failure to pay a DRP surcharge.

House Bill 2794 – Transfer of TDEM to TAMU. The legislation transfers the administration of TDEM from DPS to the TAMU System on September 1, 2019. The legislation provides for the continuance of all DPS rules, policies, procedures, and decisions relating to the administration of TDEM and establishes that references in law or administrative rules to DPS regarding the administration of TDEM refer to the TAMU System.

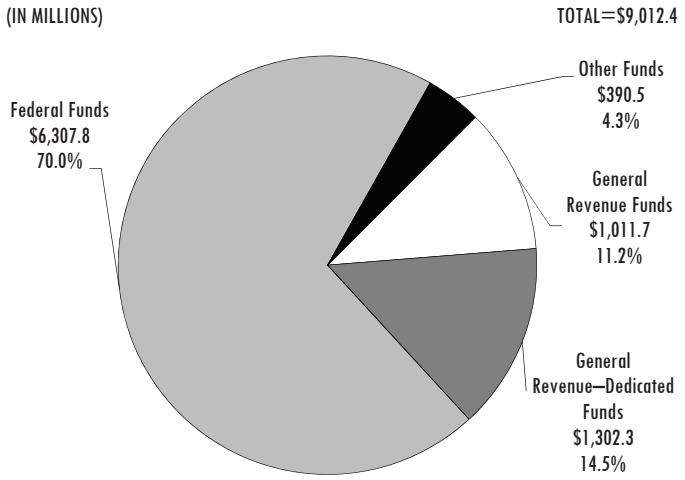
9. NATURAL RESOURCES

Natural Resource agencies play a major role in the state's economy and in maintaining a healthy environment for Texans. State agencies charged with the responsibility of influencing the management and development of these resources do so through scientific research, planning, education, preservation, regulation, remediation, and financial assistance. These activities are directed to the achievement of state goals such as clean air; clean water; safe management of waste; conservation and development of water through resource planning and financial assistance; safe production, fair pricing, and transportation of energy resources; supporting state and local parks and outdoor activities; development of agribusiness; administering child and special nutrition programs; managing state-owned lands and assets; and many others.

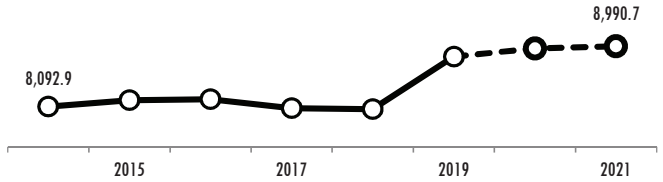
FIGURE 266
ARTICLE VI – NATURAL RESOURCES, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$910.7	$1,011.7	$101.0	11.1%
General Revenue–Dedicated Funds	$1,368.7	$1,302.3	($66.4)	(4.8%)
Federal Funds	$3,823.5	$6,307.8	$2,484.3	65.0%
Other Funds	$2,371.8	$390.5	($1,981.3)	(83.5%)
Total, All Methods of Finance	**$8,474.6**	**$9,012.4**	**$537.7**	**6.3%**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Disaster Recovery Programs at the General Land Office and Veterans' Land Board are appropriated $4.5 billion in All Funds, including a **$2.5 billion increase in Federal Funds** primarily related to **Hurricane Harvey**. Total funding includes **$3.7 billion** for housing projects and **$858.5 million** for infrastructure projects.

Water Development Board onetime **supplemental funding** for fiscal year 2019 resulted in **decreases of $793.0 million from the Economic Stabilization Fund** for flood infrastructure project funding and **$685.0 million from the Texas Infrastructure Resiliency Fund** for federal grant matching requirements for state flood plan and flood map preparations. These funds were provided to implement the provisions of **House Joint Resolution 4, Senate Bill 7, and Senate Bill 8**, Eighty-sixth Legislature, 2019.

State and local parks are appropriated a total of **$239.2 million**, a decrease of $9.4 million. This amount includes **$163.0 million** for the operation and improvement of **89 state parks**. **House Bill 1422**, Eighty-sixth Legislature, 2019, **transfers six historic sites** from the **Parks and Wildlife Department** to the **Texas Historical Commission**.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 267
ARTICLE VI – NATURAL RESOURCES APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$1,330.0	$1,393.9	$63.9	4.8%
Animal Health Commission	$32.4	$30.8	($1.6)	(4.9%)
Commission on Environmental Quality	$846.7	$770.7	($76.0)	(9.0%)
General Land Office and Veterans' Land Board	$2,641.6	$4,860.0	$2,218.4	84.0%
Low-level Radioactive Waste Disposal Compact Commission	$0.9	$1.2	$0.3	30.0%
Parks and Wildlife Department	$906.8	$795.3	($111.4)	(12.3%)
Railroad Commission	$256.1	$281.9	$25.8	10.1%
Soil and Water Conservation Board	$220.4	74.2	($146.2)	(66.3%)
Water Development Board	$1,847.3	$382.5	($1,464.8)	(79.3%)
Subtotal, Natural Resources	**$8,082.2**	**$8,590.5**	**$508.3**	**6.3%**
Employee Benefits and Debt Service	$426.0	$437.0	$11.0	2.6%
Less Interagency Contracts	$33.6	$15.1	($18.5)	(55.0%)
Total, All Functions	**$8,474.6**	**$9,012.4**	**$537.7**	**6.3%**

NOTES:
(1) May include 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.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Eighty-sixth Legislature, 2019, appropriated $8.6 billion in All Funds for Natural Resources agencies, which is an increase of $508.3 million, or 6.3 percent, from the 2018–19 biennium.

General Land Office funding increased by $2.2 billion in All Funds primarily due to the following changes:

- an increase of $2.5 billion in Federal Funds primarily for disaster recovery, including an additional $1.8 billion for short-term and community housing projects and $595.1 million for infrastructure projects;
- an increase of $98.5 million in All Funds for coastal construction projects, including $61.3 million in additional Other Funds from Appropriated Receipts for coastal erosion projects from the National Fish and Wildlife Foundation, the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act, and the Natural Resource Damage Assessment Trustee program, and a net $37.2 million in additional Federal Funds from the Gulf of Mexico Energy Security Act for large-scale coastal construction projects;
- a decrease of $227.7 million in All Funds related to onetime supplemental appropriations for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, which include the following amounts: (1) $200.0 million in Other Funds from the Economic Stabilization Fund (ESF) for federal grant matching requirements for studies and projects planned to be conducted by the U.S. Army Corps of Engineers; and (2) $23.6 million from the ESF to remove vessels and repair or replace structures or equipment damaged by Hurricane Harvey;
- a decrease of $69.6 million in All Funds for preserving, maintaining, and operating the Alamo facilities within the Alamo Complex, including $72.0 million in Other Funds from the ESF offset by an increase of $0.7 million from Appropriated Receipts and $1.7 million in General Revenue–Dedicated Funds. Alamo funding is continued with $18.2 million in All Funds for the 2020–21 biennium. In addition, $58.5 million from the ESF that was appropriated during

the 2018–19 biennium is expected to be carried forward and expended on construction projects through fiscal year 2023; and

- a decrease of $48.6 million in All Funds for emergency funds transferred from the Department of Criminal Justice and the Office of the Governor following Hurricane Harvey for housing recovery efforts.

The **Water Development Board**'s appropriations decreased by $1.5 billion primarily due to onetime supplemental appropriations for fiscal year 2019 pursuant to Senate Bill 500, which includes the following amounts:

- $793.0 million in Other Funds from the ESF for flood infrastructure project funding to implement the provisions of Senate Bill 7 and House Joint Resolution 4, Eighty-sixth Legislature, 2019; and
- $685.0 million in Other Funds from the Texas Infrastructure Resiliency Fund to provide matching funds for grants from the Federal Emergency Management Agency and funding to prepare the state flood plan and flood maps to implement the provisions of Senate Bill 7 and Senate Bill 8, Eighty-sixth Legislature, 2019.

The **Soil and Water Conservation Board**'s funding decrease of $146.2 million is due primarily to onetime funding of $150.0 million in Other Funds from the ESF provided for fiscal year 2019 pursuant to Senate Bill 500 for dam infrastructure projects.

Appropriations for the **Texas Parks and Wildlife Department** (TPWD) decreased by $111.4 million in All Funds. Significant issues include the following amounts:

- the Legislature appropriated $318.1 million, or 100.0 percent, of the Sporting Goods Sales Tax (SGST) estimated to be available for the agency for the biennium, including amounts for employee benefits and debt service payments. These appropriations of $251.5 million for agency operations and $66.7 million for employee benefits and debt service payments represent an increase of $40.6 million greater than 2018–19 biennial spending levels. Senate Joint Resolution 24, Eighty-sixth Legislature, 2019, which was approved by voters November 5, 2019, automatically appropriates 100.0 percent of the net revenue received each fiscal year from SGST to TPWD and the Texas Historical Commission beginning September 1, 2021;
- an increase of $16.7 million in General Revenue Funds from the Unclaimed Refunds of Motorboat Fuel Tax (URMFT), related to a method-of-finance swap with General Revenue Funds to maximize utilization of URMFT for increased law enforcement activities;
- an increase of $1.9 million in General Revenue Funds, including the following amounts: (1) $11.8 million for continued development of the Palo Pinto Mountains State Park; and (2) $12.5 million for local park grants. These increases are offset partially by the following decreases: (1) $3.2 million related to onetime law enforcement equipment purchases; and (2) $16.7 million related to the method-of-finance swap with URMFT; and
- a decrease of $74.7 million in Other Funds primarily due appropriations of $53.5 million in Other Funds from the ESF provided in Senate Bill 500 for fiscal year 2019 for onetime capital expenditures, which includes the following amounts: (1) $35.5 million for the operation and maintenance of the battleship *Texas* pursuant to Senate Bill 1511, Eighty-sixth Legislature, 2019; (2) $8.0 million for Hurricane Harvey-related expenses; (3) $5.0 million for renovation and repair of the Wyler Aerial Tramway at Franklin Mountains State Park; and (4) $5.0 million to purchase radios capable of statewide interoperability.

Texas Commission on Environmental Quality funding decreased by $76.0 million in All Funds primarily due to the following changes:

- a $90.0 million decrease in General Revenue–Dedicated Funds for onetime emergency funding transferred to the Texas Division of Emergency Management for debris removal associated with Hurricane Harvey recovery;
- a $9.4 million increase in General Revenue–Dedicated Funds for pollution mitigation efforts, including $5.5 million for air quality-planning activities to decrease ozone in near-nonattainment areas and to increase mobile air monitoring and $3.9 million for water and solid waste remediation, cleanups, and regulation activities; and
- a $4.0 million increase in General Revenue Funds for an interagency transfer to the University of Houston for projects that decrease emissions through

improvements in energy production efficiency using supercritical carbon dioxide.

The **Department of Agriculture**'s funding increase of $63.9 million in All Funds is due primarily to a $76.4 million Federal Funds increase. This increase includes $71.3 million for various child and adult nutrition programs and $4.8 million in Community Development Block Grant funding for community and economic development projects in rural areas and rural hospital grants, offset by a decrease of $7.9 million in All Funds due to the transfer of the motor fuel metering and quality program to the Department of Licensing and Regulation pursuant to Senate Bill 2119, Eighty-sixth Legislature, 2019.

The **Railroad Commission**'s funding increase of $25.8 million in All Funds is due primarily to a $26.9 million increase in General Revenue Funds to upgrade the agency's mainframe computer system. Funding maximizes all available General Revenue–Dedicated Funds accounts related to oil and gas regulation and cleanup.

TEXAS DEPARTMENT OF AGRICULTURE

PURPOSE: To partner with Texas farmers, ranchers, and agribusiness to expand markets while protecting public health; protect consumers by enforcing standards; fund child and adult nutrition programs; support research relating to Texas-produced food and fibers; and administer programs promoting rural health and community and economic development.

ESTABLISHED: 1907

AUTHORIZING STATUTE: The Texas Agriculture Code, Chapters 11 and 12

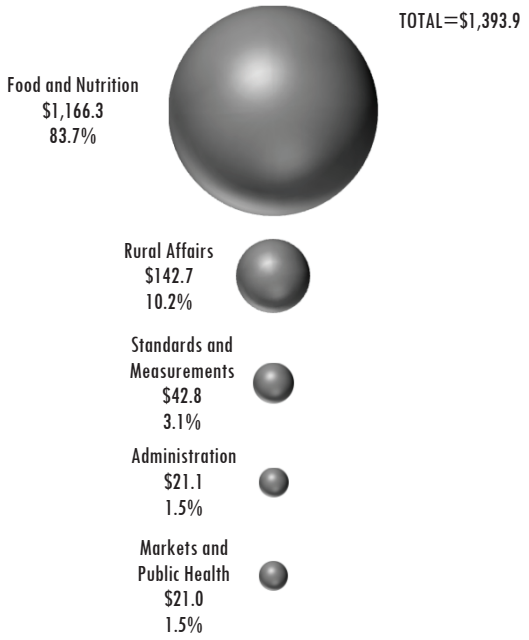
GOVERNANCE: Commissioner, statewide-elected official

FIGURE 268
TEXAS DEPARTMENT OF AGRICULTURE BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$105.9	$104.7	($1.3)	(1.2%)
General Revenue–Dedicated Funds	$4.6	$3.2	($1.4)	(31.3%)
Federal Funds	$1,203.9	$1,280.3	$76.4	6.3%
Other Funds	$15.6	$5.8	($9.8)	(62.8%)
Total, All Methods of Finance	**$1,330.0**	**$1,393.9**	**$63.9**	**4.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	700.2
2021	700.2

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Child and adult nutrition program funding increased by $71.3 million in Federal Funds for a total of **$1.2 billion** in funding**.** The program provides administration and funding for federal nutrition programs, including the National School Lunch and School Breakfast programs.

The Texans Feeding Texans – Home-Delivered Meal Grant Program was **increased by $2.0 million in General Revenue Funds.** The program's total funding of **$19.7 million** provides support to supplement and extend home-delivered meal programs for senior and disabled Texans.

General Revenue Funds are decreased by **$6.1 million** and 35.9 full-time-equivalent positions pursuant to **Senate Bill 2119, Eighty-sixth Legislature, 2019,** relating to the transfer of the regulation of motor fuel metering and quality to the Department of Licensing and Regulation.

General Revenue Funds of $1.3 million are provided to implement **House Bill 1325, Eighty-sixth Legislature, 2019,** relating to the production and regulation of hemp.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Texas Department of Agriculture (TDA) total $1.4 billion in All Funds, which is an increase of $63.9 million, or 4.8 percent, from 2018–19 biennial spending levels and includes the following major adjustments:

- a net increase of $76.4 million in Federal Funds, including an increase of $71.3 million in various child and adult nutrition programs and of $4.8 million in Community Development Block Grants used for community and economic development projects in rural areas and in grants for rural hospitals;
- a net decrease of $1.3 million in General Revenue Funds primarily due to the following changes:
  - an increase of $2.0 million for the Texans Feeding Texans – Home-Delivered Meal Grant Program;
  - an increase of $1.3 million and 9.2 full-time-equivalent (FTE) positions for implementation of House Bill 1325, Eighty-sixth Legislature, 2019, relating to the production and regulation of hemp;
  - an increase of $1.0 million for the Texans Feeding Texans – Surplus Agricultural Products Grant Program;
  - an increase of $1.0 million for a new capital budget project to begin the process of consolidating and modernizing legacy computer systems;
  - an increase of $0.5 million for the State Office of Rural Health to meet the full federal match;
  - an increase of $0.4 million to implement the Centralized Accounting and Payroll/Personnel System's Human Resources/Payroll module;
  - a decrease of $6.1 million and 35.9 FTE positions for implementation of Senate Bill 2119, Eighty-sixth Legislature, 2019, relating to the transfer of the regulation of motor fuel metering and motor fuel quality to the Department of Licensing and Regulation;
  - a decrease of $1.0 million due to various onetime revenue collections across multiple programs; and
  - a decrease of $0.2 million for vehicle replacements;
- a decrease of $1.4 million in General Revenue–Dedicated Funds from Account No. 5047, Permanent Fund for Rural Health Facility Capital Improvement, due to decreased interest earned on the tobacco settlement endowment; and
- a net decrease of $9.8 million in Other Funds, primarily from a decrease of $8.1 million from the Texas Economic Development Fund due to decreased available balances and a decrease of $2.5 million from Appropriated Receipts pursuant to Senate Bill 2119 offset by an increase of $0.8 million from the new Pesticide Disposal Fund, established pursuant to House Bill 191, Eighty-sixth Legislature, 2019, relating to the disposal of pesticides.

FIGURE 269
TEXAS DEPARTMENT OF AGRICULTURE COST RECOVERY PROGRAMS, 2020–21 BIENNIUM

PROGRAM AREA	APPROPRIATION
Standards and Measurements	
Agricultural Pesticide Regulation	$11,523,134
Plant Health	$10,654,635
Weights, Measures, and Metrology	$9,553,303
Structural Pest Control	$4,747,499
Hemp	$1,296,944
Egg Quality Regulation	$1,046,875
Grain Warehouse	$691,340
Organic Certification	$635,718
Prescribed Burn	$2,076
Markets and Public Health	
International and Domestic Trade	$2,632,568
Livestock Export Pens	$2,138,890
Handling and Marketing of Perishable Commodities	$30,864
Total for all programs	**$44,953,846**

SOURCE: Legislative Budget Board.

Figure 269 shows TDA's 12 cost-recovery programs. Apart from specific statutory or legislative authority, these programs are funded with fee-generated revenues, the use of which is limited to the program for which the revenues were collected. Appropriations for 2020–21 biennial cost-recovery programs total $45.0 million in General Revenue Funds. Revenue collections also are required to cover $7.9 million appropriated elsewhere in the General Appropriations Act for other direct and indirect costs, such as employee benefits. TDA is appropriated 700.2 FTE positions for each year of the 2020–21 biennium.

PROGRAMS

The agency has five major program areas: (1) food and nutrition; (2) rural affairs; (3) standards and measurements; (4) markets and public health; and (5) administration.

FOOD AND NUTRITION PROGRAMS

TDA carries out its responsibilities in the food and nutrition program area through five programs that provide funding and technical assistance statewide.

CHILD NUTRITION – COMMUNITY NUTRITION

This program provides state administration and funding for federal nutrition programs that provide meals or food packages to qualifying individuals through private nonprofit organizations, governmental agencies, for-profit organizations, residential childcare facilities, schools, and food banks. The following activities are included through the program:

- $915.8 million for the Child and Adult Care Food program, which reimburses childcare centers, day-care home providers, and adult day-care centers for part of the cost associated with serving approved meals and snacks to children and adults;
- $81.2 million for the Summer Food Service program, which provides meals to qualifying children during the summer months;
- $15.0 million for the Emergency Food Assistance program, which distributes commodities from the U.S. Department of Agriculture (USDA) to emergency food organizations such as food pantries, soup kitchens, and housing authorities;
- $6.0 million for the Commodity Supplement Food program, which provides food packages that local organizations distribute for home consumption;
- $1.6 million for the Farmers Market Nutrition program, which provides vouchers to participating farmers' market associations to certain qualified participants in the USDA's Women, Infants, and Children program; and
- $0.2 million for the Senior Farmers' Market Nutrition program, which provides vouchers for participating farmers' market associations to qualifying seniors.

Program funding totals $1.0 billion in All Funds, including 117.7 FTE positions, which represents an increase of $73.9 million, or 7.6 percent, from 2018–19 biennial spending levels. This increase is due primarily to an additional $74.5 million in Federal Funds provided through the Child and Adult Care Food program.

CHILD NUTRITION – SCHOOL NUTRITION

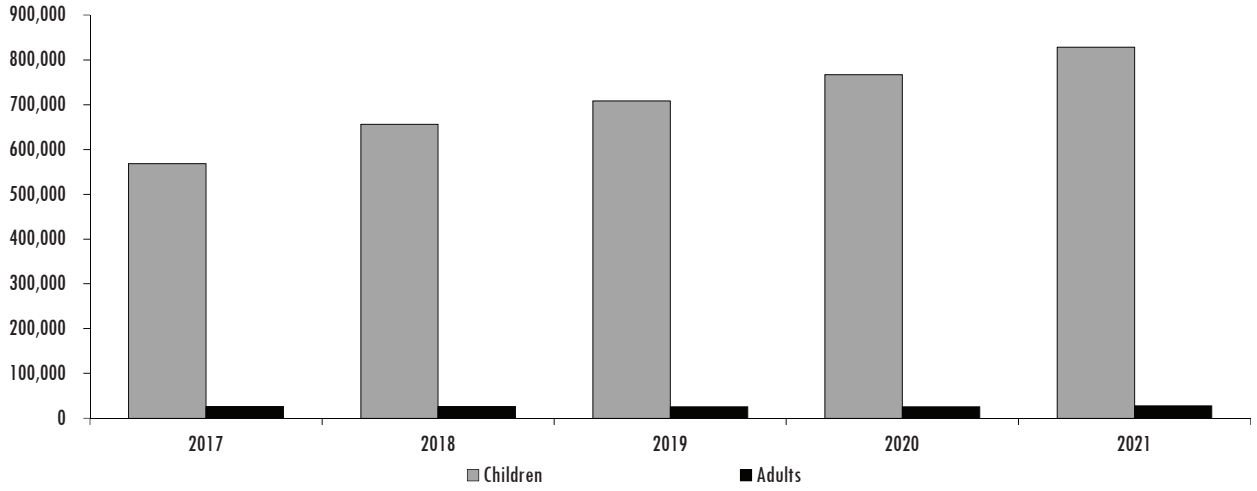
This program provides administration of federally assisted meal programs operated by school food authorities (SFA) in public, charter, and nonprofit private school and residential childcare institutions. SFAs receive USDA food commodities and cash reimbursement based on household eligibility and program guidelines. The following activities are included through the program:

- $20.8 million for the National School Lunch program, including the Seamless Summer Option, which serves free or reduced-price lunches to qualifying students in public and nonprofit private schools in Texas throughout the school year and during the summer for schools intending to extend the program throughout the year;
- $10.6 million for the School Breakfast program, which provides free or reduced-price breakfasts to qualifying students in public and nonprofit private schools in Texas throughout the school year;
- $21.4 million for the Fresh Fruit and Vegetable program, which serves students at certain preselected Texas elementary schools free fresh fruits and vegetables outside of regular meal times; and
- $40,000 for the Special Milk program, which makes milk available to qualifying children at schools, camps, and childcare centers that do not participate in a school meal program.

Program funding totals $94.2 million in All Funds, including 108.3 FTE positions, which is a decrease of $2.6 million, or 2.7 percent, from 2018–19 biennial spending levels. This decrease represents a net change across various Federal Funds.

Since fiscal year 2003, TDA has administered the child nutrition programs through an Interagency Contract with the Texas Education Agency (TEA), in which reimbursement payments for the programs are budgeted at TEA. Funding for the 2020–21 biennium includes $4.4 billion in Federal Funds and $29.2 million in General Revenue Funds.

FIGURE 270
AVERAGE DAILY NUMBER OF CHILDREN AND ADULTS SERVED MEALS THROUGH THE CHILD AND ADULT CARE FOOD PROGRAM, FISCAL YEARS 2017 TO 2021



NOTE: Amounts for fiscal years 2020 and 2021 are projected.
SOURCE: Texas Department of Agriculture.

TEXANS FEEDING TEXANS – HOME-DELIVERED MEAL GRANT PROGRAM

This program provides support to supplement and extend home-delivered meal programs for seniors and disabled Texans. Governmental and nonprofit agencies are eligible for this grant program. Program funding totals $19.7 million in General Revenue Funds, including 6.2 FTE positions, which is an increase of $2.0 million, or 11.0 percent, from 2018–19 biennial spending levels. TDA anticipates the additional funding will provide an additional 307,700 meals to eligible clients for the 2020–21 biennium.

TEXANS FEEDING TEXANS – SURPLUS AGRICULTURAL PRODUCTS GRANT PROGRAM

This program was established to provide surplus agricultural products to food banks and other charitable organizations that serve needy or low-income individuals. TDA awards grant funding to help offset the costs of harvesting, gleaning, and transporting Texas products to food banks. Program funding totals $10.2 million in General Revenue Funds, including 2.7 FTE positions, which represents an increase of $1.0 million, or 11.1 percent, from 2018–19 biennial spending levels. TDA anticipates the additional funding will enable it to distribute an additional 7.6 million pounds of produce during the 2020–21 biennium, expanding the number of clients served by approximately 540,000.

3 E'S (EDUCATION, EXERCISE, AND EATING RIGHT) NUTRITION EDUCATION

This program provides grants to public schools, childcare centers, and community organizations to increase awareness of the importance of good nutrition for children and to encourage children's health and well-being through education, exercise, and eating right. Program funding totals $0.9 million in General Revenue Funds, including 0.5 FTE positions, which is approximately the same as 2018–19 biennial spending levels.

Figure 270 shows the average number of children and adults served meals through the Child and Adult Care Food Program per day from fiscal years 2017 to 2019 and the anticipated amounts for fiscal years 2020 and 2021. The anticipated increase in meals for the 2020–21 biennium is due to anticipated growth in client eligibility and participation.

Food and nutrition programs received a combined $1.2 billion in All Funds, including 235.4 FTE positions, which makes up 83.7 percent of the agency's total appropriation. This amount represents an increase of $74.3 million, or 6.8 percent, from 2018–19 biennial spending levels due primarily to increased Federal Funds.

RURAL AFFAIRS

The rural affairs program area consists of two programs: (1) Rural Community and Economic Development and (2) Rural Health.

RURAL COMMUNITY AND ECONOMIC DEVELOPMENT

The majority of the funding for the agency's Rural Community and Economic Development program is from federal Community Development Block Grant (CDBG) funds distributed to the state by the U.S. Department of Housing and Urban Development (HUD). The agency provides grants through HUD for community and economic development projects in rural areas, principally for low-income to moderate-income populations. CDBG funds administered by TDA assist nonentitlement areas of the state, which consist of cities with populations of less than 50,000 and counties that have a nonmetropolitan population of less than 200,000 and are not eligible for direct CDBG funding from HUD.

Program appropriations total $133.9 million in All Funds, which provides for 41.9 FTE positions. This amount is a decrease of $3.3 million, or 2.4 percent, from 2018–19 biennial spending levels due to an $8.1 million decrease in funding from the Texas Economic Development Fund (TEDF) due to reduced available fund balances, offset by an increase of $4.8 million in Federal Funds. TEDF funds investments in small businesses, including loans to small businesses focused on rural Texas.

RURAL HEALTH

Through the Rural Health program in the State Office of Rural Health, TDA works to ensure access to and quality of healthcare services by administering programs and technical assistance to approximately 150 rural hospitals, which include the state's 85 critical access hospitals. The agency works to support the recruitment and retention of trained medical professionals to rural areas of the state through financial assistance for medical, dental, and allied health educations and through submission of expedited license requests to the Texas Medical Board for physicians. Additionally, the agency provides grants to rural health facilities for the acquisition, construction, or improvement of facilities, equipment, or real property used to provide health services.

Program appropriations total $8.9 million in All Funds, which provides for 10.0 FTE positions. This amount represents a decrease of $0.2 million, or 2.5 percent, from 2018–19 biennial spending levels.

Rural affairs programs received a combined $142.7 million in All Funds, including 51.9 FTE positions, which contributes 10.2 percent of the agency's total appropriation. This amount represents a decrease of $3.5 million, or 2.4 percent, from 2018–19 biennial spending levels.

STANDARDS AND MEASUREMENTS PROGRAMS

TDA is responsible for protecting consumers by regulating industries and services; establishing and enforcing standards; and increasing the likelihood that goods sold in Texas are measured, priced, and marketed properly through 12 programs in the standards and measurements program area.

AGRICULTURAL PESTICIDE REGULATION

TDA provides regulatory oversight of pesticide laws, certification of applicators, registration of pesticides, and protection and education of pesticide workers and handlers. The Agricultural Pesticide Regulation program investigates complaints and provides laboratory analysis of pesticide residue samples. The agency expects to investigate 225 pesticide complaints during each fiscal year of the 2020–21 biennium. Appropriations for the cost recovery program total $11.5 million in All Funds, which provides for 72.6 FTE positions. This amount represents an increase of $1.2 million, or 11.9 percent, from 2018–19 biennial spending levels. This increase is due primarily to an indirect cost reallocation from various other programs.

PLANT HEALTH

TDA regulates the licensing for nurseries and florists, provides phytosanitary inspection, ensures that consumers receive the quality and type of seed for which they pay, and makes available a quality source of seeds and vegetative propagating materials. The agency expects to analyze approximately 4,500 seed samples during each fiscal year of the 2020–21 biennium.

The agency enforces quarantine restrictions that prevent destructive pests and plant diseases that affect nursery and floral products from being shipped out of quarantined areas or into pest-free areas within the state. In addition, the agency prevents destructive pests and plant diseases from being shipped into the state by establishing road stations periodically at strategic points along the Texas border to stop shipments of pest-infested plants into the state. The agency expects to conduct 8,000 nursery and floral

establishment inspections during each fiscal year of the 2020–21 biennium. Appropriations for the cost recovery program total $10.7 million in All Funds, which includes 83.2 FTE positions. This amount represents a decrease of $0.6 million, or 4.9 percent, from 2018–19 biennial spending levels.

WEIGHTS, MEASURES, AND METROLOGY

Before fiscal year 2020, the Metrology program and the Weights and Measures program were separate programs. Beginning in fiscal year 2020, the programs were merged into one program to share revenues and costs. Through the Weights, Measures, and Metrology program, TDA ensures that weighing and measuring devices perform within acceptable tolerances and that packages are labeled properly before sale to bring equity to the marketplace to promote fair economic trade. TDA is the state agency responsible for certifying weights and measures standards for mass and volume that are supported by national and international standards. TDA inspects various devices ranging from bulk meters used at airports for fueling airplanes to scales at grocery stores. Liquefied petroleum gas meters used to fill small tanks for backyard grills and those used to fill storage tanks at businesses or homes also are inspected. In addition, packaging ranging from cereal boxes to packaged polyethylene sheeting is weighed or measured to determine whether the contents meet or exceed the quantity stated on the label. The agency also oversees that the prices displayed on the shelf for consumer products are the same prices consumers pay at the checkout counter.

Appropriations for the cost recovery program total $9.6 million in All Funds, which includes 57.2 FTE positions. This amount represents a decrease of $5.9 million, or 38.3 percent, from 2018–19 biennial spending levels. This decrease is attributable primarily pursuant to Senate Bill 2119, Eighty-sixth Legislature, 2019, which transferred the regulation of motor fuel metering and motor fuel quality from TDA to the Texas Department of Licensing and Regulation.

STRUCTURAL PEST CONTROL

TDA licenses and regulates pest management professionals that apply pesticides in and around structures. During each fiscal year of the 2020–21 biennium, the program anticipates issuing 8,000 new licenses, resolving 115 complaints, and performing 250 school district inspections. Appropriations for the cost recovery program total $4.7 million in General Revenue Funds, including 35.5 FTE positions. This amount represents an increase of $0.1 million, or 1.4 percent, from 2018–19 biennial spending levels.

PESTICIDE DATA

TDA manages the collection, analysis, data entry, and reporting of pesticide residues on agricultural commodities in the U.S. food supply, with an emphasis on commodities that are consumed in great amounts by infants and children. Appropriations total $1.4 million in Federal Funds, including 9.5 FTE positions, which is approximately the same as 2018–19 biennial spending levels.

HEMP

Pursuant to House Bill 1325, Eighty-sixth Legislature, 2019, TDA will begin a new program during the 2020–21 biennium to monitor and regulate the production of hemp in Texas and to certify hemp seeds. Appropriations for the cost recovery program total $1.3 million in General Revenue Funds, including 9.2 FTE positions.

EGG QUALITY REGULATION

TDA enforces standards of egg quality by licensing egg packers, wholesalers, and distributors. The agency has entered into a memorandum of understanding with the Department of State Health Services that specifies each agency's inspection responsibilities to avoid duplication of efforts at retail stores. Appropriations for the cost recovery program total $1.0 million in General Revenue Funds, including 7.5 FTE positions. This amount represents an increase of $0.1 million, or 10.6 percent, from 2018–19 biennial spending levels.

PESTICIDE DISPOSAL

Pursuant to House Bill 191, Eighty-sixth Legislature, 2019, TDA will begin a new program during the 2020–21 biennium to organize pesticide waste and pesticide container collection activities statewide. The agency will work in coordination with the Texas Commission on Environmental Quality and Texas A&M AgriLife Extension Service. Appropriations total $0.9 million in All Funds, including 1.0 FTE position.

GRAIN WAREHOUSE

TDA is responsible for protecting the producers or other depositors of grain stored in public grain warehouses. Inspectors monitor grain inventories, warehouse accounting practices, and risks associated with potential insolvency of public grain warehouses. Appropriations for the cost recovery program total $0.7 million in General Revenue Funds,

including 5.1 FTE positions. This amount represents a decrease of $0.3 million, or 27.4 percent, from 2018–19 biennial spending levels.

ORGANIC CERTIFICATION

TDA oversees the integrity of organic agriculture products that are produced and manufactured in Texas by providing certification services to Texas producers and agribusinesses. Appropriations for the cost recovery program total $0.6 million in All Funds, including 4.4 FTE positions. This amount represents a decrease of $0.2 million, or 22.2 percent, from 2018–19 biennial spending levels.

TEXAS COOPERATIVE INSPECTION

TDA conducts grading and standardization inspections of citrus, vegetables, tree nuts, and peanuts. Program appropriations total $0.3 million in Other Funds from Appropriated Receipts, including 1.0 FTE position, which represents an increase of $0.1 million, or 26.9 percent, from 2018–19 biennial spending levels.

PRESCRIBED BURN

TDA regulates certified and insured prescribed-burn managers that work to control vegetative fuels that can contribute to wildfires. Appropriations for the cost recovery program total $2,076 in General Revenue Funds, which continues 2018–19 biennial spending levels.

Standards and measurements programs received a combined $42.8 million in All Funds, including 286.2 FTE positions, which constitutes 3.1 percent of the agency's total appropriation. This amount represents a decrease of $5.7 million, or 11.8 percent, from 2018–19 biennial spending levels.

MARKETS AND PUBLIC HEALTH PROGRAMS

The markets and public health program area contains eight programs that enable Texas farmers, ranchers, and agribusiness to expand profitable markets for agricultural products while protecting public health and natural resources.

BOLL WEEVIL ERADICATION

TDA oversees the Texas Boll Weevil Eradication Foundation, which is responsible for administering the Boll Weevil Eradication program. TDA approves budgets, posts agendas, receives annual reports, conducts elections for board members, and provides general oversight of foundation activities. At the beginning of fiscal year 2020, approximately 22,804 cotton growers in three eradication zones, shown in **Figure 271**, participated in the program. Among the three zones, the West Texas Management Area has been declared eradicated, the East Texas Maintenance Area has achieved functionally eradicated status, and the Lower Rio Grande Valley Eradication Zone remains in quarantined status. Appropriations total $9.7 million in General Revenue Funds, including 1.1 FTE positions, which represents a decrease of $0.4 million, or 3.6 percent, from 2018–19 spending levels.

SPECIALTY CROP BLOCK GRANT

This program works to enhance the competitiveness of specialty crops in Texas, which are defined as fruits and vegetables, dried fruit, tree nuts, horticulture, and nursery crops. Program appropriations total $3.7 million in Federal Funds, including 2.1 FTE positions, which is a decrease of $0.3 million, or 7.4 percent, from 2018–19 biennial spending levels.

INTERNATIONAL AND DOMESTIC TRADE

TDA promotes Texas agriculture through the GO TEXAN program to showcase Texas-made and Texas-raised products. GO TEXAN is a broad-based marketing program to increase awareness of products, culture, and communities of Texas domestically, nationally, and internationally. Appropriations for the cost recovery program total $2.6 million in All Funds, including 3.9 FTE positions, which is a decrease of $0.1 million, or 4.2 percent, from 2018–19 biennial spending levels.

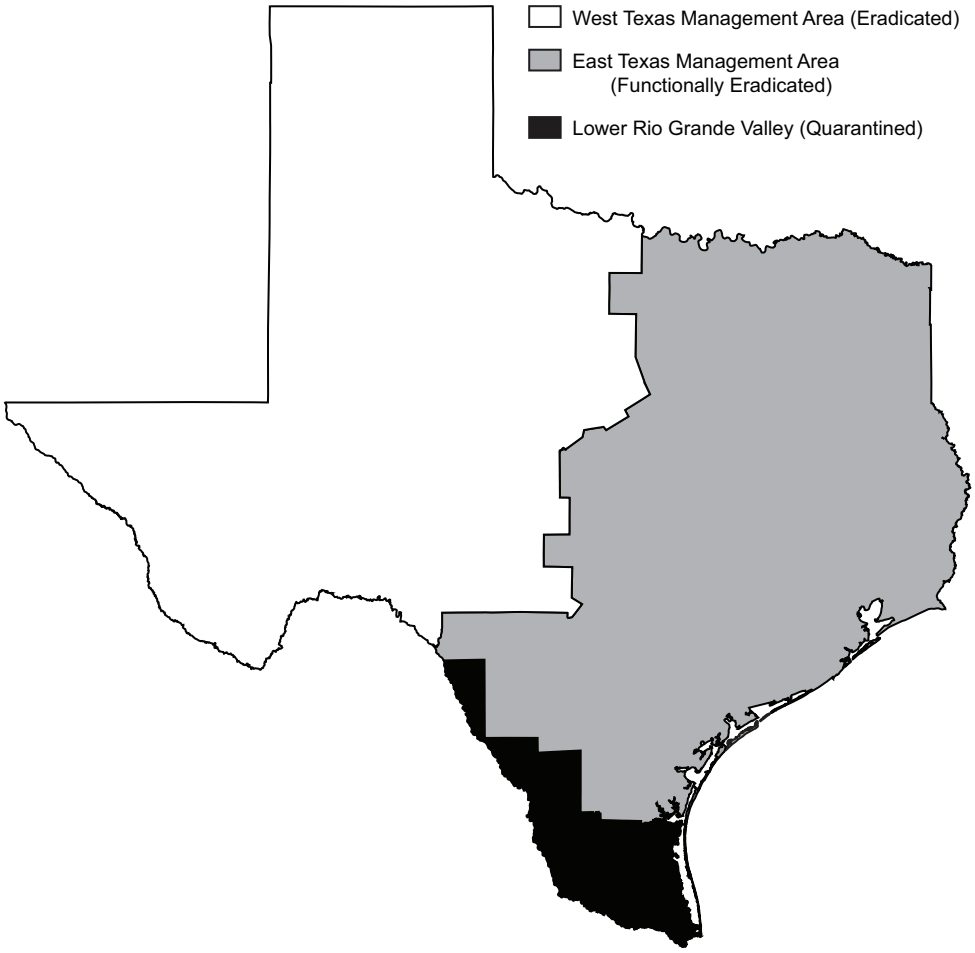
PRODUCE SAFETY

TDA, in conjunction with the U.S. Food and Drug Administration, works to implement the Food Safety Modernization Act, which shifts food safety regulations from a system focused on responding to contamination to one that focuses on prevention. Program appropriations total $2.2 million in Federal Funds, including 9.2 FTE positions, which is an increase of $0.1 million, or 6.6 percent, from 2018–19 biennial spending levels.

LIVESTOCK EXPORT PENS

TDA has three facilities along the Texas–Mexico border where Mexican officials inspect livestock and poultry to expedite a safe and efficient transfer from sellers throughout the U.S. and Canada to international buyers. A fourth facility is being constructed in Del Rio. A fifth facility, located in Houston at the George Bush Intercontinental Airport, is available by appointment for exports by air and sea only.

FIGURE 271
TEXAS BOLL WEEVIL ERADICATION STATUS, FISCAL YEAR 2020



SOURCE: Texas Department of Agriculture.

Animals exported through TDA livestock export pens during fiscal year 2019 included 62,820 head of livestock and 395,384 poultry. Of the 62,820 head exported, 191 livestock were exotic game. Appropriations for the cost recovery program total $2.1 million in General Revenue Funds, including 12.4 FTE positions, which is approximately the same as 2018–19 biennial spending levels.

Figures 272 and **273** show Texas' ranking among other states in the production of certain agricultural crops and livestock.

WINE MARKETING, RESEARCH, AND EDUCATION

TDA assists the Texas wine industry in promoting and marketing Texas wines and educating the public about the Texas wine industry. Program appropriations total $0.4 million in Other Funds, including 0.8 FTE positions, which is a decrease of $0.1 million, or 11.6 percent, from 2018–19 biennial spending levels.

COMMODITY BOARDS

TDA oversees 11 commodity boards in the state that collect producer assessments voluntarily for use in research, marketing, and education. Program appropriations total $0.1 million in General Revenue Funds, including 0.5 FTE positions, which is approximately the same as 2018–19 biennial spending levels.

HANDLING AND MARKETING OF PERISHABLE COMMODITIES

TDA ensures that producers of Texas-grown perishable commodities receive timely compensation for commodities

FIGURE 272
TEXAS CROP NATIONAL RANKINGS
CALENDAR YEAR 2018

RANKING	CROP	PRODUCTION (IN THOUSANDS)	UNITS
1	Upland cotton	6,850	Bales
1	All cotton	6,884	Bales
1	Sorghum for silage	1,040	Tons
1	All hay	8,374	Tons
2	Sorghum for grain	62,100	Bushels
2	American pima cotton	34	Bales
2	Watermelons	7,820	CWT (1)
3	Pecans	33,600	Pounds
3	All citrus	272	Tons
3	Sugarcane	1,425	Tons
4	Peanuts	478,500	Pounds
5	Rice (all lengths)	15,060	CWT (1)
7	Winter wheat	56,000	Bushels
9	Grapes	16,170 (2)	Tons
14	Corn for grain	189,000	Bushels

NOTES:
(1) CWT=hundredweight (unit of weight equal to 100 pounds).
(2) Grapes actual total is 16,170 tons. Total is not listed in thousands.
SOURCE: Texas Department of Agriculture.

FIGURE 273
TEXAS LIVESTOCK NATIONAL RANKINGS
CALENDAR YEAR 2018

RANKING	SPECIES OR CLASS
1	All Cattle
1	Beef Cows
1	Calf Crop
1	All Sheep
1	All Goats
1	Angora Goats
2	Cattle on Feed
3	Market Sheep and Lambs
5	Chickens – Layers
5	Milk Cows
6	Chicken – Broilers Raised
14	All Hogs

SOURCE: Texas Department of Agriculture.

they sell. Producers and sellers are authorized to recover a portion of their damages from the Produce Recovery Fund, a special account funded with a portion of the license fees paid. Appropriations for the cost recovery program total $30,864 in General Revenue Funds, including 0.2 FTE positions, which is approximately the same as 2018–19 biennial spending levels.

Appropriations for the markets and public health program area total $21.0 million in All Funds, including 30.2 FTE positions, which constitutes 1.5 percent of the agency's total appropriation. This amount represents a decrease of $0.8 million, or 3.6 percent, from 2018–19 biennial spending levels.

ADMINISTRATION

The Indirect Administration program provides administrative support for TDA operations. These operations include executive management, internal audit, legal, human resources, accounting, budget, purchasing, facilities, fleet services, communications, external affairs, revenue collection, and information technology infrastructure support. Funding totals $21.1 million in All Funds, including 97.0 FTE positions, which represents a decrease of $0.4 million, or 1.7 percent, from 2018–19 biennial spending levels.

SIGNIFICANT LEGISLATION

Senate Bill 2119 – Motor fuel metering and motor fuel quality regulation transfer. The legislation transfers from TDA to the Texas Department of Licensing and Regulation responsibilities regarding the inspection, registration, and complaint process for fuel-metering devices and regulations regarding the sale, delivery, quality, and testing of motor fuel. As a result of the legislation, TDA's FTE positions are decreased by 35.9 positions each fiscal year.

House Bill 1325 – Regulation of hemp. The legislation requires TDA to develop a state plan to monitor and regulate the production of hemp in Texas and to submit the plan to the U.S. Department of Agriculture. It requires TDA to establish the program as cost recovery, setting and collecting fees in amounts that are necessary to cover the costs of administering and enforcing the state hemp program. The legislation establishes the State Hemp Production Account in the General Revenue Fund to be administered by TDA. As a result of the legislation, TDA's FTE positions are increased by 9.2 positions each fiscal year.

House Bill 191 – Pesticide disposal. The legislation establishes the Pesticide Disposal Fund in the state Treasury outside of General Revenue Funds. TDA is required to use the fund to administer pesticide waste and container collection activities, working in collaboration with the Texas Commission on Environmental Quality and Texas A&M AgriLife Extension Service. The fund consists of transfers of pesticide registration fees up to $0.4 million annually. As a result of the legislation, TDA's FTE positions are increased by 1.0 position each fiscal year.

TEXAS ANIMAL HEALTH COMMISSION

PURPOSE: To protect and enhance the health of Texas animal populations by preventing, controlling, and eliminating animal diseases; monitoring and diagnosing animal illnesses; responding to emergency situations involving animals; and promoting productivity and marketability while minimizing risks to human health.

ESTABLISHED: 1949

AUTHORIZING STATUTE: The Texas Agriculture Code, §161.021

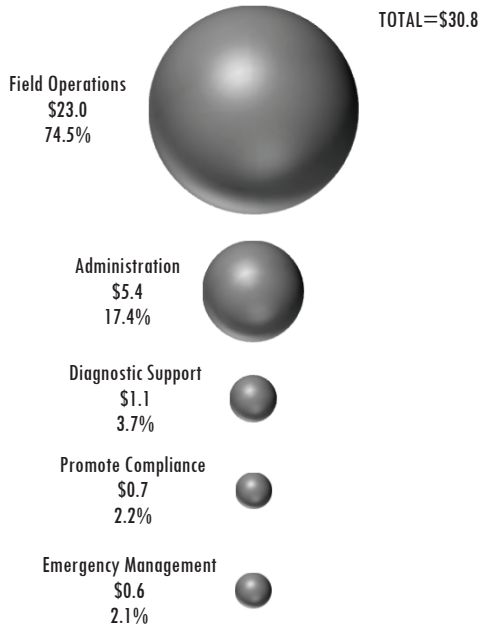
GOVERNANCE: 13 members appointed by the Governor with the advice and consent of the Senate

FIGURE 274
TEXAS ANIMAL HEALTH COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$28.3	$27.5	($0.8)	(3.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$4.0	$3.3	($0.7)	(18.1%)
Other Funds	$0.0	$0.0	($0.0)	(100.0%)
Total, All Methods of Finance	**$32.4**	**$30.8**	**($1.6)**	**(4.9%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	220.2
2021	220.2

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations for the cattle health program total **$11.9 million**, a decrease of **$0.4 million** from the 2018–19 biennial spending level.

Appropriations for **cattle fever tick prevention, control, and eradication activities** total **$8.0 million**, a decrease of **$1.2 million** from the 2018–19 biennial spending level related to onetime purchases.

Approximately **64.3 percent** of the agency's **staff hours** are anticipated to be dedicated to addressing **cattle health issues during fiscal year 2020.**

The number of **livestock inspections** conducted by agency staff is projected to be 150,000 during each fiscal year of the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to the Texas Animal Health Commission (TAHC) total $30.8 million for the 2020–21 biennium, a decrease of $1.6 million, or 4.9 percent, from 2018–19 biennial spending levels. This decrease is due primarily to removal of $1.2 million in General Revenue Funds for onetime cattle fever tick control activities and $0.7 million in Federal Funds related to Hurricane Harvey ($0.3 million) and other plant and animal disease control efforts ($0.4 million). This decrease was offset partially by an increase of $0.4 million in General Revenue Funds provided for increased livestock inspector salaries.

PROGRAMS

TAHC carries out its responsibilities of enhancing the health of Texas animal populations and facilitating productivity and marketability while minimizing risks to human health through five program areas: (1) field operations; (2) administration; (3) diagnostic support; (4) promoting compliance; and (5) emergency management.

FIELD OPERATIONS

The field operations program area constitutes the primary workload of TAHC, including various methods to prevent, monitor, diagnose, control, and eradicate diseases within livestock herds and flocks. The program area includes field offices, which serve as bases of operations for inspectors and other agency personnel who perform their duties at auction sites, ranches, and other remote locations. Within this program area, the agency performs the following duties:

- conducts inspections at concentration points such as livestock auctions and slaughterhouses;
- inspects, tests, and quarantines infected herds and flocks;
- inspects livestock shipments;
- issues movement permits and monitors livestock movements;
- maintains databases containing animal, herd, and premises information;
- serves as a resource regarding disease and management problems for the livestock and poultry industries;
- registers certain poultry sellers, distributors, and transporters; and
- depopulates certain infected herds and flocks when necessary.

TAHC allocates a portion of its field operations budget toward specific species, diseases, or parasites. **Figure 275** shows the biennial funding amounts specified for certain programs within the field operations program area to represent anticipated spending by species.

The agency assesses fees that cover the costs of certain inspections. These fees support field operations programs such as Cervid Health and Avian Health, but do not provide for salaries. **Figure 276** shows fees that TAHC assesses, actual revenue collections for the 2018–19 biennium, and agency-estimated collections for the 2020–21 biennium. The agency is appropriated $1.0 million for the 2020–21 biennium from these fee-generated General Revenue Funds, which is equal to the amount of revenue the agency was estimated to generate in the Texas Comptroller of Public Accounts' 2020–21 Biennial Revenue Estimate (BRE). Any revenue collected that is greater than the BRE amount is appropriated to TAHC.

TAHC staff estimates it will spend almost two-thirds of all staff hours addressing cattle health issues during fiscal year 2020. The most recent U.S. Department of Agriculture (USDA) National Agricultural Statistics Service, 2017 Census of Agriculture, ranked Texas first in the country in overall production of livestock and poultry and specifically cattle and calves. The total market value of Texas livestock, poultry, and their products sold during calendar year 2017 totaled $18.0 billion. Of this amount, $12.3 billion, or 68.2 percent, was from cattle and calves, $3.0 billion, or 16.6 percent, was from poultry and eggs, and $2.2 billion, or 12.0 percent, was from milk from cows. **Figure 277** shows the distribution of TAHC staff hours by species estimated for fiscal year 2020.

Two programs with appropriations totaling $8.6 million in All Funds that are included in the field operations program area and are not designated for specific species programs include Field Operations Administration and Animal Disease Traceability.

The Field Operations Administration program is appropriated $6.8 million in General Revenue Funds, a decrease of $1.5 million, or 17.7 percent, from 2018–19 biennial spending levels. The program includes regional offices that serve as localized bases of operations for field staff that provide TAHC services to livestock and poultry producers across the state. TAHC has six regional offices located in Amarillo, Beeville,

FIGURE 275
FIELD OPERATIONS PROGRAMS AND FUNDING BY SPECIES, 2020–21 BIENNIUM

PROGRAM	DESCRIPTION	APPROPRIATIONS
Cattle Health	Rapidly detect and survey for foreign and emerging disease trends and threats affecting cattle. Respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; advise regarding management of disease trends, potential threats, and mitigation strategies.	$11,937,441
Equine Health	Rapidly detect and survey for foreign and emerging disease trends and threats affecting equines. Respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; advise regarding management of disease trends, potential threats, and mitigation strategies.	$678,460
Swine Health	Rapidly detect and survey for foreign and emerging disease trends and threats affecting swine. Respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; advise regarding management of disease trends, potential threats, and mitigation strategies.	$577,153
Avian Health	Monitor for and respond to outbreaks of infectious diseases through surveillance, testing, diagnosis, promotion of biosecurity, and identification of poultry populations at greatest risk of infection. Develop disease control and eradication plans. Manage poultry registration program.	$463,849
Cervid Health	To further chronic wasting disease surveillance in farmed deer and in elk; to decrease the risk of the introduction of chronic wasting disease; and to provide early disease detection.	$444,339
Sheep/Goat Health	Rapidly detect and survey for foreign and emerging disease trends and threats affecting sheep and goats. Respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; advise regarding management of disease trends, potential threats, and mitigation strategies.	$227,818
Total		**$14,329,060**

SOURCE: Legislative Budget Board.

FIGURE 276
TEXAS ANIMAL HEALTH COMMISSION FEES
2018–19 AND 2020–21 BIENNIA

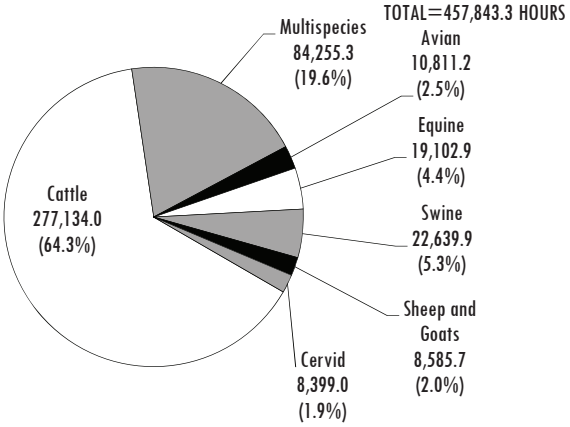
FEE	ACTUAL 2018–19	ESTIMATED 2020–21
Health Certificate	$1,037,980	$924,000
Chronic Wasting Disease Inspection	$20,725	$16,000
Fowl Registration Fees	$107,160	$100,000
Total Collected	**$1,165,865**	**$1,040,000**

SOURCE: Texas Animal Health Commission.

Laredo, Stephenville, Sulphur Springs, and Rockdale. The decrease in funding is due primarily to regional office consolidation from eight to six offices.

Through the Animal Disease Traceability program, TAHC traces animal disease outbreaks by assisting producers and dealers to register their premises with the agency and properly identify all animals held on those premises for more than

FIGURE 277
TEXAS ANIMAL HEALTH COMMISSION STAFF HOURS PROJECTED BY SPECIES
FISCAL YEAR 2020



NOTE: Totals may not sum due to rounding.
SOURCE: Texas Animal Health Commission.

seven days. Appropriations of $1.8 million in All Funds represent a decrease of $0.1 million, or 4.6 percent, from 2018–19 biennial spending levels for the program related to allocation of certain information technology costs to the information resources program.

Appropriations for the field operations program area total $23.0 million in All Funds, a decrease of $1.9 million, or 7.6 percent, and provide for 167.7 full-time-equivalent (FTE) positions, which make up 76.2 percent of the agency's total positions.

ADMINISTRATION

Administration includes the Central Administration, Information Resources, and Other Support Services programs. These programs provide for the agency's general administrative functions, including commissioners, executive administration, information technology resources, and other support services based in the Austin office. Appropriations for the Central Administration program total $2.5 million, an increase of $0.2 million, or 9.0 percent, and provides 15.0 FTE positions. Appropriations for the Information Resources program total $2.2 million, an increase of $0.3 million, or 19.8 percent, and provides 12.0 FTE positions. Appropriations for the Other Support Services program total $0.5 million, maintaining funding at 2018–19 biennial spending levels, and provide 4.0 FTE positions.

Appropriations for the administration program areas total $5.4 million in General Revenue Funds, an increase of $0.6 million, or 12.3 percent, from 2018–19 biennial spending levels, and support 31.0 FTE positions. The increase is due primarily to the reallocation of appropriations from field operations to information resources.

DIAGNOSTIC SUPPORT

The diagnostic support program area includes the Diagnostic Administration program, which includes the laboratory and epidemiology functions within TAHC. The program includes the State–Federal Laboratory in Austin. The laboratory performs diagnostic testing of samples submitted by field staff and other veterinarians. The lab also supports cooperative programs with USDA. Some tests that TAHC requires can be performed by the Texas A&M Veterinary Medical Diagnostic Laboratory. To further control of cattle tuberculosis disease, TAHC provides regional laboratory services for gamma interferon testing of samples to test for tuberculosis. Additionally, the program provides epidemiology services to assist in interpreting tests and diagnoses, develop disease control and eradication plans, and advise regarding management of potential threats and mitigation strategies. Appropriations for the Diagnostic Administration program total $1.1 million, effectively continuing 2018–19 biennial spending levels, and support 14.5 FTE positions.

PROMOTE COMPLIANCE

The promote compliance program area includes the agency's Legal and Compliance program, which provides public information and education for producers related to animal health regulations and statutes, legal counsel, and enforcement of intrastate and interstate regulations. The agency promotes voluntary compliance through education. When compliance is not forthcoming, TAHC's attorneys and investigators become involved. Appropriations for this program area total $0.7 million in General Revenue Funds, effectively continuing 2018–19 biennial spending levels, and support 4.0 FTE positions.

EMERGENCY MANAGEMENT

Appropriations for the emergency management program area total $0.6 million in General Revenue Funds, a decrease of $0.2 million, or 22.6 percent, from 2018–19 biennial spending levels, and support 3.0 FTE positions. The decrease in funding is due to onetime costs during the 2018–19 biennium related to natural disasters. The Emergency Management program assists in planning, coordination, transportation, sheltering, and care of animals in natural disasters or disease events. TAHC serves as the lead state agency for animal health issues during disasters, is a first responder for foreign and emergency diseases, and supports industry biosecurity and response planning for catastrophic disease situations.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

PURPOSE: To strive to protect the state's human and natural resources consistent with sustainable economic development through environmental assessment, planning, permitting, and monitoring, and through pollution prevention and remediation activities.

ESTABLISHED: 1993

AUTHORIZING STATUTE: The Texas Government Code, the Texas Health and Safety Code, the Texas Local Government Code, the Texas Natural Resources Code, the Texas Occupations Code, the Texas Tax Code, and the Texas Water Code

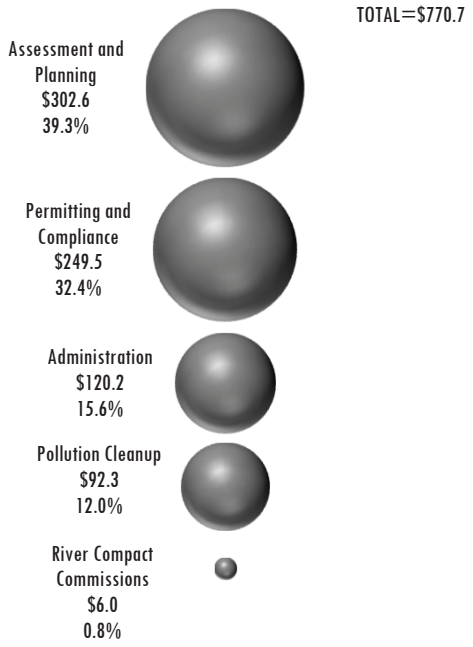
GOVERNANCE: Three-member, full-time commission appointed by the Governor with the advice and consent of the Senate

FIGURE 278
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$36.7	$42.3	$5.6	15.4%
General Revenue–Dedicated Funds	$714.2	$639.8	($74.4)	(10.4%)
Federal Funds	$75.7	$72.8	($2.9)	(3.8%)
Other Funds	$20.1	$15.8	($4.3)	(21.5%)
Total, All Methods of Finance	**$846.7**	**$770.7**	**($76.0)**	**(9.0%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	2,829.3
2021	2,829.3

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Texas Emissions Reduction Plan (TERP) funding of $154.7 million continues 2018–19 biennial appropriated levels, primarily for grants to replace diesel engines and to purchase or lease other equipment to improve air quality.

House Bill 3745, Eighty-sixth Legislature, 2019, extends TERP funding sources until the U.S. Environmental Protection Agency designates all Texas areas as in attainment or unclassifiable. Fees, transfers, and surcharge deposits continue in accordance with current law until **September 1, 2021,** when they will be deposited in **a new TERP Fund** outside the Treasury **for the Texas Commission on Environmental Quality to spend without appropriation**.

Appropriations include an estimated **$1.3 million and 10.0 full-time-equivalent positions** from expedited air permit review surcharges **to process expedited air permit applications**. All revenues collected can be spent for this purpose.

Appropriations provide **$5.5 million in General Revenue Funds** for ongoing litigation between New Mexico and Texas **regarding water apportions** from the Rio Grande. Texas has spent **$14.2 million** in litigation costs since fiscal year 2013.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Texas Commission on Environmental Quality (TCEQ) total $770.7 million in All Funds, a decrease of $76.0 million, or 9.0 percent, from 2018–19 biennial spending levels. Significant funding changes compared to the 2018–19 biennium include the following changes:

- a net $5.6 million increase in General Revenue Funds due primarily to the following changes:
  - an increase of $4.0 million for the transfer from TCEQ to the University of Houston to support projects that reduce emissions through improvements in energy production efficiency using supercritical carbon dioxide;
  - a net increase of $0.9 million that includes an increase of $2.3 million for Rio Grande Compact Commission litigation expenses offset by a decrease of $1.4 million for funds appropriated for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019; and
  - an increase of $0.7 million for Data Center Services;
- a net $74.4 million decrease in General Revenue–Dedicated Funds due primarily to the following changes:
  - a $90.0 million decrease for a onetime emergency transfer to the Texas Division of Emergency Management for debris removal associated with Hurricane Harvey recovery efforts; and
  - an increase of $5.5 million for local air pollution grants to reduce ozone in near-nonattainment areas and funding for the upgrade of two vans and the replacement of another for mobile air monitoring;
- an increase of $4.2 million to implement multiple legislative provisions, including: (1) $0.3 million pursuant to Senate Bill 649, Eighty-sixth Legislature, 2019, to establish a contract to produce a plan for stimulating the use of recyclable materials as feedstock in manufacturing; (2) $0.8 million pursuant to Senate Bill 711, Eighty-sixth Legislature, 2019, to modify vehicle emissions analyzer software to align safety inspection sequences to items of inspection; (3) $2.2 million pursuant to House Bill 723, Eighty-sixth Legislature, 2019, to develop updated water availability models for certain river basins; and (4) $0.9 million pursuant to House Bill 2771, Eighty-sixth Legislature, 2019, to issue permits for the discharge of waste into water from certain activities relating to oil, natural gas, and geothermal development subsequent to U.S. Environmental Protection Agency approval of the transfer of these responsibilities from the Railroad Commission;
- an increase of $3.9 million for water and solid waste remediation, cleanups, and regulation, including: (1) $2.0 million for remediation of the Donna Reservoir and Canal System Federal Superfund Site; (2) $1.0 million to offset anticipated decreases in Federal Funds related to the federal Resource Conservation and Recovery Act; and (3) $0.9 million for routine, comprehensive investigations of active municipal solid waste landfills;
- an increase of $3.2 million for the implementation of the Centralized Accounting and Payroll/Personnel System, the Data Center Consolidation Project, and for the replacement of vehicles and boats that have exceeded their life cycles;
- a $3.1 million decrease in Other Funds from Appropriated Receipts due to anticipated decreases in the amount of recovered costs from Superfund cleanups and disasters; and
- a $2.9 million decrease in Federal Funds primarily due to decreased available grant funding related to underground storage, water quality and management planning, performance partnerships, surveys, studies, research, investigations, demonstrations, and special purpose activities relating to the federal Clean Air Act.

TCEQ fulfills its responsibilities through five major program areas: (1) assessment and planning; (2) permitting and compliance; (3) administration; (4) pollution cleanup; and (5) River Compact Commissions.

ASSESSMENT AND PLANNING

The assessment and planning program area functions to reduce toxic releases in the state and guide the state's regulatory framework. The agency performs assessment and planning in air, water, waste, and radioactive materials management. It also provides the oversight of the safe drinking program. Assessment and planning functions

account for $302.7 million, or 39.3 percent, of the agency's All Funds appropriations, and support 603.5 full-time-equivalent (FTE) positions. This amount represents an increase of $5.2 million, or 1.8 percent, from 2018–19 biennial spending levels.

AIR QUALITY

TCEQ assesses the effect of air emissions and develops solutions for regional air quality problems. The air quality subarea includes the following programs: (1) Air Monitoring; (2) Air Quality Planning; (3) Automobile Emissions Inspections, also known as the Vehicle Emissions Inspection and Maintenance Program (VEIMP); and (4) Texas Emissions Reduction Plan (TERP).

The Air Monitoring program has established an extensive statewide monitoring network that includes from 240 to 260 air-monitoring sites, depending on the time of year and other factors. The program collects air samples and analyzes data to determine pollutant levels in air throughout the state. Many of the monitoring sites have multiple sampling instruments. The Texas network has approximately 1,200 individual samplers, half of which are controlled predominantly by TCEQ. Like the number of sites, the number of sampling instruments changes occasionally as interest in different parameters fluctuates. These stations contain specialized instrumentation that continuously measures air pollutant levels and meteorological conditions. The data from these stations are transmitted to the agency's headquarters in Austin and published on the agency's website. Periodically, TCEQ uses air-sampling aircraft to monitor air quality and air emissions to supplement the data gathered by the ground-based monitoring network. Appropriations for the Air Monitoring program total $45.7 million in All Funds, a net decrease of $0.4 million, 1.0 percent, from 2018–19 biennial spending levels. The decrease is due primarily to a decrease of $0.9 million in Federal Funds for expiring grants and a decrease of $0.1 million in Other Funds from Appropriated Receipts related to onetime reimbursements for disaster recovery in the city of West during the 2018–19 biennium offset by a $0.6 million increase in General Revenue–Dedicated Funds from Account No. 5094, Operating Permit Fees, for the purchase of vans to perform mobile air monitoring.

Through the Air Quality Planning program, the agency develops the State Implementation Plan (SIP) and associated regulatory actions to help ensure that all areas of Texas either are complying with or will be in compliance with National Ambient Air Quality Standards (NAAQS). The agency updates an inventory of all emissions, including point, area, and mobile air pollution sources for submittal to the U.S. Environmental Protection Agency (EPA) every third calendar year. In addition, the point source inventory is updated every year and submitted to the EPA. These inventories assist in development of the SIP for all areas in the state that EPA designates as nonattainment areas for NAAQS. To bring such areas into compliance with federal standards, the agency develops control strategies through the SIP, such as vehicle emissions and inspection testing, point source emissions limitations, including emissions cap and trade programs, and idling restrictions for heavy-duty vehicle engines. TCEQ uses computer models to test the effectiveness of various pollution-control strategies when determining what control measures would be effective and appropriate for an area. After the control measures are implemented, progress in air quality is measured by reduced levels of air pollution at the monitors.

EPA finalized a federal, eight-hour standard of 70 parts per billion on October 1, 2015, and from November 6, 2017, through July 25, 2018, published final designations for all areas in Texas in accordance with the 2015 NAAQS. These final designations assigned nonattainment designations for the nine-county Dallas–Fort Worth area, the six-county Houston–Galveston–Brazoria area, and Bexar County within the San Antonio area. All three areas were classified as marginal nonattainment.

Appropriations for the Air Quality Planning program total $38.8 million in All Funds, an increase of $9.7 million, or 33.5 percent, from 2018–19 biennial spending levels, primarily due to the following changes:

- an increase of $4.5 million in General Revenue–Dedicated Funds from Account No. 151, Clean Air (Account No. 151), for local air pollution grants to reduce ozone in near-nonattainment areas including Waco, El Paso, Beaumont, Austin, Corpus Christi, Granbury, Killeen–Temple, Longview–Marshall–Taylor, Victoria, and counties that are adjacent to Bexar county in the San Antonio area;
- an increase of $4.0 million in General Revenue Funds for an interagency transfer to the University of Houston for projects that reduce emissions through improvements in energy production efficiency using supercritical carbon dioxide;

FIGURE 279
EIGHT-HOUR OZONE LEVELS IN SELECTED TEXAS AREAS
CALENDAR YEARS 2010 TO 2018

(IN PARTS PER BILLION)

REGION	2010–12	2011–13	2012–14	2013–15	2014–16	2015–17	2016–18
Dallas–Fort Worth	87	87	81	83	80	79	76
Houston–Galveston	88	87	80	80	79	81	78
Beaumont–Port Arthur	80	75	70	68	68	67	67
San Antonio	80	81	80	78	73	74	72
El Paso	72	72	72	71	71	71	73
Austin	74	73	69	68	66	69	68
Tyler–Longview	79	77	71	68	66	65	65
Victoria	69	67	63	64	65	65	N/A
Waco	72	74	69	67	63	N/A	N/A
Corpus Christi	72	70	66	65	64	62	61
Hood County	77	77	76	73	69	67	66

NOTE: Amounts exceeding the calendar year 2015 ozone standard of 70 parts per billion are shaded, which is based on the three-year average of the annual, fourth-highest, daily maximum, eight-hour ozone, exceeds the eight-hour ozone standard established in October 2015. A standard of 75 parts per billion existed since calendar year 2008, and, before that, a standard of 85 parts per billion was in effect since calendar year 1997. Parts per billion data are based on data from regulatory monitors only.
SOURCE: Texas Commission on Environmental Quality.

- an increase of $0.8 million in General Revenue–Dedicated Funds from Account No. 151 pursuant to Senate Bill 711, Eighty-sixth Legislature, 2019, to modify emissions analyzer software to align safety inspection sequences to the items of inspection;
- an increase of $1.0 million in General Revenue–Dedicated Funds for the upgrade of two vans and the replacement of another for mobile air monitoring;
- an increase of $0.2 million in General Revenue–Dedicated Funds for the replacement of one electron scanning microscope.
- a decrease of $0.1 million in Federal Funds related to expiring grants.

Figure 279 shows the air quality measured in nonattainment and near-nonattainment areas during calendar years 2010 to 2018, showing a steady decrease in the design values during this period. Design values provide a metric of a location's air-quality status relative to the NAAQS level.

The agency also assists the Texas Department of Public Safety in implementing VEIMP through the Automobile Emission Inspections program. Tailpipe emissions inspections are required pursuant to the federal Clean Air Act based on the severity of each city's nonattainment status level. In addition, any area can participate in VEIMP voluntarily. VEIMP is implemented in 17 Texas counties: Brazoria, Collin, Dallas, Denton, El Paso, Ellis, Fort Bend, Harris, Galveston, Johnson, Kaufman, Montgomery, Parker, Rockwall, Tarrant, Travis, and Williamson; Travis and Williamson counties participate voluntarily. Appropriations for the Automobile Emission Inspections program total $4.0 million in All Funds, continuing funding at 2018–19 biennial spending amounts.

The TERP program implements multiple grant programs targeting nonattainment areas and other areas in the state to promote reduced emissions from on-road vehicles, nonroad heavy-duty equipment, locomotives, marine vessels, and stationary engines. The program is funded through the General Revenue–Dedicated Funds Account No. 5071, TERP; revenues and transfers into this account are shown in **Figure 280**. The majority of the revenue supporting the TERP program comes from a portion of the certificate of title fee ($20 in nonattainment areas, $15 in all other areas) that is deposited to the Texas Mobility Fund; the TERP account is reimbursed with an equal transfer from the State Highway Fund. Other sources of revenue to TERP include: the Limited Sales and Use Tax, which is a fee on the sale or lease of diesel equipment; the Motor Vehicles Sales and Use Tax, which is a fee on the sale and use of on-road diesel vehicles; the Commercial Motor Vehicle Registration Fee, which is a 10.0 percent surcharge on the registration of a commercial vehicle;

FIGURE 280
TEXAS EMISSIONS REDUCTION PLAN (TERP) REVENUE SOURCES, 2020–21 BIENNIUM

SOURCE	DESCRIPTION	AMOUNT (IN MILLIONS)	PERCENTAGE	STATUTE
Certificate of Title Fee	A portion of the fee ($20 if the applicant resides in a nonattainment area or affected county or $15 if the applicant resides in any other county) is charged to applicants for a motor vehicle certificate of title and deposited to the Texas Mobility Fund. An equivalent amount is transferred from the State Highway Fund to TERP each year.	$303.2	58.2%	The Texas Transportation Code, §501.138
Limited Sales and Use Tax	A surcharge of 1.5 percent is imposed on the retail sale, lease, rental, storage, use, or other consumption of certain new or used off-road, heavy-duty diesel equipment.	$140.7	27.0%	The Texas Tax Code, §151.0515
Motor Vehicle Sales and Use Tax	A surcharge of 2.5 percent is imposed on the retail sale, lease, or use of every on-road diesel motor vehicle of model year 1996 or earlier; for vehicles of model year 1997 or later, the surcharge is 1.0 percent.	$36.8	7.1%	The Texas Tax Code, §152.0215
Commercial Motor Vehicle Registration Fee	A surcharge of 10.0 percent of the registration fee is imposed on the registration of certain truck-tractors or commercial motor vehicles.	$27.8	5.3%	The Texas Transportation Code, §502.358
Commercial Motor Vehicle Inspection Fee	An inspection fee of $10 is required for commercial motor vehicles.	$12.7	2.4%	The Texas Transportation Code, §548.5055
Other Funding Sources	Two other funding sources are deposited to TERP: • a motor vehicle sales and use tax on seller-financed sales of motor vehicles; and • judgment and settlement collections, which are authorized to be deposited to TERP.	$0.1	0.0%	The Texas Tax Code, §152.047
Total		**$521.30**		

NOTE: Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts Biennial Revenue Estimate 2020–21.

and the Commercial Motor Vehicle Inspection Fee, which is a $10 fee on inspections of commercial vehicles.

House Bill 3745, Eighty-sixth Legislature, 2019, extends the sources of funding for the TERP program beyond August 31, 2019, until each active or revoked ozone NAAQS area in Texas has been designated by the EPA as being in attainment or nonclassifiable. The deposit of fees and surcharges to the credit of the TERP account and transfers from the State Highway Fund deposited to the credit of TERP are continued until September 1, 2021. After this date, the legislation establishes the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund held outside of the Treasury by the Comptroller of Public Accounts and administered by TCEQ. This fund would consist of revenues from fees and surcharges previously deposited to the TERP account, including transfers from the State Highway Fund. The legislation authorizes TCEQ to expend money in the TERP Fund without legislative appropriation and directs TCEQ to deposit any remaining unencumbered balances to the TERP account at the end of each biennium. The legislation also increases the administrative allocation funded from both the TERP account and the TERP Fund from $8.0 million to $16.0 million each fiscal year.

Although total appropriations of $154.7 million from the TERP account continue 2018–19 biennial spending levels, TERP program appropriations total $142.7 million, a decrease of $5.9 million from the 2018–19 biennium. This change is due primarily to a reallocation of $5.9 million in TERP funding along with 34.0 FTE positions from the TERP program to the Central Administration program to represent these positions' indirect administration responsibilities more accurately. Total funding continues 2018–19 biennial spending levels and includes a new program, the Governmental Alternative Fuel Fleet program, which provides grants to state agencies and local governments

FIGURE 281
ESTIMATED ALLOCATIONS OF TEXAS EMISSIONS REDUCTION PLAN APPROPRIATIONS, 2018–19 AND 2020–21 BIENNIA
(IN MILLIONS)

PROGRAM	DESCRIPTION	2018–19	2020–21
Emissions Reductions Incentive Grants	Grants to reduce emissions of nitrogen oxides (NOx) from mobile sources in nonattainment areas and affected counties.	$72.3	$60.4
Texas Emissions Reduction Plan (TERP) Administration	Funding to support TERP administrative and outreach activities.	$16.0	$16.0
Natural Gas Vehicle Grant Program	Grants to replace older medium-duty and heavy-duty vehicles with natural gas vehicles.	$15.5	$15.5
Seaport and Rail Yard Areas Emissions Reduction Program	Grants to replace drayage trucks used to transport a load to, from, or in a seaport or rail yard located in nonattainment areas.	$9.3	9.3
Clean Fleet Program	Grants to replace fleet diesel vehicles with vehicles powered by alternative fuel or hybrid vehicles.	$7.7	$7.7
Light Duty Motor Vehicle Incentive Grant Program	Grants to buy or lease vehicles powered by compressed natural gas or liquefied petroleum gas and electric-drive vehicles powered by battery or a hydrogen fuel cell.	$7.7	$7.7
Clean School Bus Program	Grants to install retrofit systems on school buses to reduce emissions of particulate matter from diesel exhaust.	$6.2	$6.2
Alternative Fueling Facilities Program	Grants for facilities to provide alternative fuel located in the following geographic areas: • nonattainment areas; • the area between Houston, Dallas–Fort Worth, and San Antonio; and • the area between Laredo, San Antonio, and Corpus Christi.	$6.0	$12.0
Regional Air Monitoring Program	Grants to establish and operate additional air-quality monitors in North Texas.	$6.0	$6.0
New Technology Implementation Grants	Grants to provide funding for advanced clean-energy projects; new technology projects that reduce emissions of regulated pollutants from point sources, including oil and gas production operations; and electricity storage projects related to renewable energy.	$4.6	$4.6
Governmental Alternative Fuel Fleet Program	Grants to state agencies and local governments to fund the replacement or upgrade of their vehicle fleets to alternative fuels.	$0	$6.0
Research	Grants for research conducted by a nonprofit or institute of higher education on air quality.	$1.5	$1.5
Cargo Movement Studies/Pilot Programs	Studies or pilot programs for incentives for port authorities located in nonattainment areas or affected counties to encourage cargo movement that reduces NOx and particulate-matter emissions.	$1.0	$1.0
Health Effects Study	Grants for research related to air quality and exposure to certain compounds and pollutants.	$0.4	$0.4
Energy Systems Laboratory Contract	Funding for the Energy Systems Laboratory of the Texas A&M Engineering Experiment Station for administrative costs associated with evaluating energy-efficiency programs established in accordance with TERP.	$0.4	$0.4
Total		**$154.7**	**$154.7**

NOTE: Totals may not sum due to rounding.
SOURCES: Eighty-fifth Legislature, General Appropriations Act (GAA), 2018–19 Biennium; Eighty-sixth Legislature, GAA, 2020–21 Biennium.

to fund the replacement or upgrade of their vehicle fleets to alternative fuels. In addition, funding of $6.0 million for regional air monitoring from the TERP account included in the Air Monitoring program also continues 2018–19 biennial spending levels. **Figure 281** shows the estimated allocations of TERP appropriations for the 2018–19 and 2020–21 biennia.

Appropriations for the air quality subarea total $231.2 million in All Funds for the 2020–21 biennium and support

381.0 FTE positions. This amount represents an increase of $3.4 million from 2018–19 biennial spending levels.

WATER QUALITY

TCEQ protects the state's water quality by monitoring and evaluating water quality in lakes, streams, and groundwater and by establishing water-quality standards to protect aquatic life, human health, drinking water, and recreation. TCEQ develops and coordinates water quality-improvement strategies with other state agencies and local stakeholders. The water quality subarea includes the following programs: (1) Water Assessment and Planning; (2) Water Quality Assessment and Planning – Total Maximum Daily Load (TMDL); (3) Clean Rivers Program; (4) Groundwater Protection and Management; (5) Protection and Restoration of Bays and Estuaries; (6) Water Quality Assessment and Planning – Nonpoint Source Program; (7) Dam Safety; and (8) Water Quality Standards.

The Water Assessment and Planning program assesses water quality and coordinates monitoring for surface water in Texas. The agency has 41 continuous water quality-monitoring sites established as of June 2018. As with the air-quality sites, data from the continuous water quality-monitoring sites is transmitted to the agency's headquarters and is shown on the agency's website. TCEQ expects to complete 125 surface water assessments and 108 groundwater assessments during the 2020–21 biennium. The Water Assessment and Planning program is appropriated $26.6 million in All Funds, a net increase of $1.8 million, or 7.4 percent, from 2018–19 biennial spending levels. This increase is due primarily to an increase of $2.2 million in General Revenue–Dedicated Funds from Account No. 153, Water Resource Management (Account No. 153), pursuant to House Bill 723, Eighty-sixth Legislature, 2019, for the development of updated water availability models for certain river basins offset by a decrease of $0.3 million in Other Funds from Interagency Contracts for a onetime grant from the Office of the Governor for Deepwater Horizon used to administer the federal Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act grant.

TCEQ is also responsible for developing plans to restore polluted bodies of water to acceptable surface water-quality standards by developing total maximum daily loads through its TMDL program. TMDLs establish the maximum level of a pollutant that a body of water can assimilate and still meet water-quality standards. The Texas State Soil and Water Conservation Board (TSSWCB) and other state agencies, such as the Texas Parks and Wildlife Department and institutions of higher education, assist TCEQ in TMDL development. TCEQ is responsible for overall TMDL development, and stakeholders are responsible for developing an implementation plan with steps to improve water quality. For example, TSSWCB's responsibilities focus on TMDLs specifically affected by agricultural and silvicultural (forestry) practices. The TMDL program is appropriated $4.9 million in All Funds, continuing funding at 2018–19 biennial spending amounts.

The Clean Rivers Program implements a statewide framework to use 15 regional partners, including river authorities and others, to collect water quality data and to provide a public forum for managing water quality in each Texas river basin. The Clean Rivers Program receives $9.0 million in All Funds, continuing funding at 2018–19 biennial spending levels.

The Groundwater Protection and Management program supports and coordinates Texas' efforts to protect groundwater by designating priority groundwater management areas and implementing oversight and implementation of groundwater district plans. These activities are coordinated through the Texas Groundwater Protection Committee, administered by TCEQ. The program is appropriated $0.9 million in All Funds, effectively continuing funding at 2018–19 biennial spending levels.

The Water Quality Assessment and Planning – Nonpoint Source program provides funds to protect and restore water quality affected by nonpoint source pollution, updates the State Water Quality Management Plan, and carries out planning activities. TSSWCB is the lead agency for agricultural and silvicultural nonpoint source pollution abatement; TCEQ focuses on all other nonpoint source pollution, such as land runoff, precipitation, and atmospheric deposition, and updates the State Water Quality Management Plan. The program is appropriated $7.7 million in All Funds, a decrease of $0.1 million, or 1.4 percent, from 2018–19 biennial spending levels. This decrease is due primarily to an anticipated decrease of $0.1 million in Federal Funds used to implement nonpoint source management program plans.

The Protection and Restoration of Bays and Estuaries program implements federally approved conservation management plans developed to protect and restore the health and productivity of Galveston and Coastal Bend bays and estuaries, while supporting continued economic growth and public use. Implementation is achieved with local

partnerships and stakeholder involvement. The Protection and Restoration of Bays and Estuaries program is appropriated $3.6 million in All Funds, effectively continuing funding at 2018–19 biennial spending levels.

The Dam Safety program monitors and regulates private and public dams, inspects dams that pose a high or significant hazard, and provides recommendations and reports to responsible parties. The program ensures that these facilities are constructed, maintained, repaired, and removed safely. TCEQ also maintains the Texas Dam Inventory, a database with information regarding dam ownership, hazard classification, and location. TSSWCB and the Texas Water Development Board also have programs that offer funding options to assist with dam construction, maintenance, repair, and rehabilitation. Appropriations for the Dam Safety Program total $4.7 million in All Funds, continuing funding at 2018–19 biennial spending levels.

The Water Quality Standards program provides funding for the development and coordination of the Texas Surface Water Quality Standards, which sets the targets for water-quality management efforts in Texas. This responsibility includes establishing the uses and criteria for the streams, rivers, reservoirs, and estuaries of Texas. Appropriations for the Water Quality Standards program total $1.4 million in All Funds, a decrease of $0.1 million in Federal Funds.

Appropriations for the water quality subarea total $58.8 million in All Funds for the 2018–19 biennium and provide for 209.9 FTE positions. This amount represents an increase of $1.6 million, or 2.8 percent, from 2018–19 biennial spending levels.

WASTE DISPOSAL

TCEQ monitors the generation, treatment, and storage of solid waste; tracks the capacity of waste-disposal facilities; and provides technical assistance to municipal solid waste planning regions for the development and implementation of waste-reduction plans through the following waste disposal subarea programs: (1) Waste Assessment and Planning; and (2) Municipal Solid Waste Disposal Grant.

The Waste Assessment and Planning program assesses municipal solid waste disposal capacity, identifies waste-management trends, and assesses future waste-management needs across the state. Appropriations for the program total $1.7 million in All Funds, an increase of $0.2 million from 2018–19 biennial spending levels, due primarily to $0.3 million in General Revenue–Dedicated Funds from Account No. 549, Waste Management, provided pursuant to Senate Bill 649, Eighty-sixth Legislature, 2019, which requires TCEQ to produce a plan to stimulate the use of recyclable materials as feedstock in manufacturing in cooperation with the Texas Economic Development and Tourism Office.

As a part of the Municipal Solid Waste Disposal Grant program, TCEQ's waste permits division collects and analyzes facility capacity data, provides technical assistance to the regulated community, and provides financial assistance to local and regional solid waste projects through four councils of government (COG). Each COG maintains a regional solid waste-management plan and also may maintain local solid waste-management plans. Each biennium, the COGs prepare a regional funding plan to identify funding priorities in their regions and their solid waste-management needs. The Municipal Solid Waste Grants program provides funding to the COGs for these priorities. The program was appropriated $11.0 million in All Funds appropriations, continuing 2018–19 biennial spending levels.

Appropriations for the waste disposal subarea total $12.7 million in All Funds for the 2020–21 biennium, a net $0.2 million decrease from 2018–19 biennial spending levels, and provide for 6.8 FTE positions.

PERMITTING AND COMPLIANCE

Through the permitting and compliance program area, TCEQ regulates discharges to air and water and the disposal of solid and hazardous waste. The agency plans and conducts assessments and inspections to reduce toxic releases for air, water, and waste, and conducts occupational licensing, compliance, pollution prevention, recycling, and enforcement duties. Appropriations for the permitting and compliance program area total $249.5 million, or 32.4 percent of the agency's All Funds appropriations, and support 1,564.7 FTE positions. This amount represents a decrease of $3.0 million, or 1.2 percent, from 2018–19 biennial spending amounts.

AIR QUALITY PERMITTING

Air quality permitting subarea programs are responsible for issuing permits to facilities that release pollutants into the air. TCEQ regulates air quality through three programs: (1) Air Permitting – Title V, Operating Permits; (2) Air Permitting – New Source Review; and (3) Air Pollution Control Equipment.

The Air Permitting – Title V, Operating Permits, program oversees facility compliance with Title V of the federal Clean Air Act amendments of 1990 by assessing and issuing permits

to operate major sources and certain minor sources of air pollution. Title V requires all major sites to apply for an operating permit that codifies and consolidates all applicable regulations at that site into one permit. TCEQ expects to issue approximately 1,600 permits during the 2020–21 biennium. Appropriations for the Air Permitting – Title V, Operating Permits, program total $16.5 million in All Funds, continuing 2018–19 biennial spending levels.

The Air Permitting – New Source Review program is responsible for ensuring that new or expanding air-pollution-emitting facilities use the best available control technology to control and reduce emissions, and that emissions do not have adverse health effects on surrounding areas. TCEQ expects to review 19,000 permits, amendments, renewals, standard permits, and permit-by-rule registrations during the 2020–21 biennium. Appropriations for the Air Permitting – New Source Review program total $14.8 million in All Funds, a decrease of $0.3 million from 2018–19 biennial spending levels due primarily to expiration of a federal Environmental Information Exchange Network grant. In addition, TCEQ is appropriated all fee revenue collected and deposited to General Revenue–Dedicated Funds Account No. 151, Clean Air, and 10.0 additional FTE positions during the 2020–21 biennium from surcharges for the processing of expedited permit applications.

The Air Pollution Control Equipment program reviews applications for entities seeking a property tax exemption for pollution control equipment. If TCEQ determines that property qualifies as pollution control property, a positive use determination is sent to the applicant and the appropriate local property tax appraisal authority for a final determination. The program is funded through application fees deposited to the General Revenue Fund; appropriations for the program total $0.5 million, an amount equal to 2018–19 biennial expenditures.

Appropriations for the air quality permitting subarea total $32.0 million in All Funds for the 2020–21 biennium, a decrease of $0.3 million from 2018–19 biennial spending levels, and provide for 220.6 FTE positions.

WATER RESOURCE PERMITTING

TCEQ has three water resource permitting subarea programs: (1) Water Resource Permitting; (2) Watermaster Administration; and (3) Edwards Aquifer Protection. These programs are charged with reviewing permits and other authorizations relating to the quality and uses of the state's water. TCEQ ensures that streams, lakes, bays, and estuaries meet federal and state water-quality standards by issuing permits regulating wastewater and storm water discharges. The agency anticipates reviewing approximately 24,635 water-quality permit applications during the 2020–21 biennium.

The Water Resource Permitting program processes permits to divert, use, or store surface water, and permits to discharge wastewater and storm water. The wastewater and storm water permitting activities include permits for storm water runoff from construction sites, industrial facilities, and certain storm sewers, and permits for wastewater discharge into state water through the Texas Pollutant Discharge Elimination System permits and Texas Land Application permits. To administer surface water rights, TCEQ evaluates water availability, conservation and drought contingency plans, and the environmental effects of the diversion of state water. TCEQ anticipates reviewing 1,190 water rights permits during the 2020–21 biennium. Appropriations for the program total $24.8 million in All Funds, a net increase of $0.8 million in General Revenue–Dedicated Funds from Account No. 153 from 2018–19 biennial spending levels. This increase is due primarily to an increase of $0.9 million in funding from Account No. 153 with authority for 9.0 FTE positions to implement the provisions of House Bill 2771, Eighty-sixth Legislature, 2019. This legislation authorizes TCEQ to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent into water resulting from certain oil and gas activities. The legislation transfers these responsibilities from the Railroad Commission to TCEQ upon TCEQ's receiving delegation of National Pollutant Discharge Elimination System permit authority by the EPA.

The Watermaster Administration program oversees four Watermaster programs in the state: Brazos, Concho River, Rio Grande, and South Texas. These programs are concerned specifically with the allocation and use of surface water within each respective Watermaster area. Watermasters ensure compliance with water rights in their designated service areas, which is necessary especially during times of drought conditions and diminished stream flows. Appropriations for the program total $4.3 million in All Funds, continuing 2018–19 biennial spending levels.

The Edwards Aquifer is a groundwater system in Central-South Texas. The Edwards Aquifer program reviews applications and construction plans submitted to the agency for construction projects in the recharge, transition,

or contributing zones of the aquifer. Approved plans also are monitored, and fees are charged to applicants to cover the cost of the program. Appropriations for the program total $2.6 million in All Funds, effectively continuing funding at 2018–19 biennial spending levels.

Appropriations for the water quality permitting subarea total $31.7 million for the 2020–21 biennium, a net increase of $0.8 million from 2018–19 biennial spending levels, and provide for 198.1 FTE positions.

WASTE MANAGEMENT AND PERMITTING

TCEQ regulates all industries engaged in the generation, treatment, storage, and disposal of hazardous, industrial, and municipal waste. Permit issuance provides a mechanism for ensuring that waste management protects human health and the environment. Waste management and permitting subarea programs include: (1) Municipal Solid Waste; (2) Permitting Registration and Support; and (3) Underground Injection Control.

The Municipal Solid Waste program oversees the management and disposal of municipal solid waste sites across the state. It is a permitting program that regulates industries engaged in the generation, treatment, storage, and disposal of municipal solid waste. Program appropriations total $8.1 million in All Funds, and are supported by fees imposed on industrial solid or hazardous waste generation owners or operators of permitted facilities and other fees related to waste management. This amount continues funding at 2018–19 biennial spending levels.

The Permitting Registration and Support program processes registrations and provides information and customer service for the following TCEQ registration activity areas: industrial and hazardous waste; medical waste; enclosed containers; used oil recycling; sludge transporters; and television manufacturing recycling registration. Appropriations for the program total $3.2 million in All Funds, continuing 2018–19 biennial spending levels.

The objective of the Underground Injection Control (UIC) program is to protect underground sources of drinking water (USDW) through permitting of underground injection of fluids through the permitting of classes I, III, IV, and V injection wells. Regulation of wells used for underground injection must maintain the quality of fresh water to an extent consistent with public health and welfare and the operation of existing industries. Through permit issuance, the UIC program regulates site location, construction, operation, maintenance, monitoring, and closure of the following classes of injection wells:

- Class I, which is used to inject hazardous and nonhazardous wastes into deep, isolated rock formations underneath USDWs;
- Class III, which is used to inject fluids to dissolve and extract minerals (e.g., uranium, sulfur, and sodium sulfate); and
- Class V, which typically includes shallow wells used to inject nonhazardous fluids to clean up groundwater contamination.

The Railroad Commission regulates Class II wells, which are used exclusively to inject fluids associated with oil and gas production, and Class VI wells, used to inject carbon dioxide into underground subsurface rock formations for long-term storage or geologic sequestration. Class IV wells are shallow wells used to inject hazardous or radioactive wastes into or above a geologic formation that contains a USDW; these wells typically are banned by state and federal law, but they may be used in certain environmental cleanup operations in accordance with EPA and TCEQ rules. Appropriations for the UIC program total $1.4 million in All Funds, effectively continuing 2018–19 biennial spending levels.

Appropriations for the waste management and permitting subarea total $12.7 million in All Funds for the 2020–21 biennium and provide for 86.1 FTE positions, which continues 2018–19 biennial spending levels.

OCCUPATIONAL LICENSING

The Occupational Licensing program issues permits and registrations for the following occupations: backflow prevention assembly testers; customer service inspectors; landscape irrigators; irrigation technicians and irrigation inspectors; corrective action specialists and project managers for leaking petroleum storage tanks; municipal solid waste facility supervisors; onsite sewage facility installers; designated representatives, apprentices, maintenance providers, maintenance technicians, and site evaluators; public water system operators and operations companies; wastewater operators and operations companies; water treatment specialists; underground storage tank contractors and onsite supervisors; and training providers for visible emissions evaluators. The program develops and holds training sessions, develops and administers proficiency examinations, approves basic and continuing education training, issues occupational licenses, and monitors licenses. Appropriations for the

Occupational Licensing program total $2.6 million in All Funds for the 2020–21 biennium and provide for 22.1 FTE positions. This amount continues funding at 2018–19 biennial spending levels.

RADIOACTIVE MATERIALS AND WASTE MANAGEMENT

The agency has two radioactive materials management subarea programs: (1) Radioactive Materials; and (2) Low Level Radioactive Waste.

The Radioactive Materials program licenses, permits, and regulates source material recovery (uranium mining), commercial radioactive waste processing and storage, by-product material disposal, disposal of naturally occurring radioactive waste materials that are not related to oil and gas production, and Classes I and III UIC wells. Additionally, the program is responsible for oversight of the reclamation of historic radioactive materials, burial sites, and other sites contaminated with radioactive material, including former uranium recovery sites. Program appropriations total $6.1 million in All Funds, a decrease of $0.6 million from 2018–19 biennial spending levels. This appropriation includes $3.0 million in General Revenue–Dedicated Funds from Account No. 5158, Environmental Radiation and Perpetual Care, for cleanup of two former uranium recovery sites. TCEQ is provided authority to spend additional funding based on revenues into this account deposited during the 2020–21 biennium. Within this appropriation, $0.8 million is identified for the Lamprecht radioactive material mitigation project, and $2.2 million is designated for the Zamzow radioactive material mitigation project.

The Low Level Radioactive Waste program performs technical reviews, issues licenses, and monitors compliance for the low-level radioactive waste disposal site in Andrews County. During fiscal year 2009, TCEQ issued a license to Waste Control Specialists, LLC (WCS), a private waste management company, for the operation of the low-level radioactive waste disposal facility. The facility has two components, the Compact Waste Disposal Facility (CWF) and the Federal Waste Disposal Facility (FWF). The CWF accepts commercial low-level radioactive waste from the Texas Compact generators of Texas and Vermont and nonparty generators located outside those states. The FWF accepts low-level radioactive waste that is the responsibility of the federal government, and is required to be transferred to the U.S. Department of Energy upon decommissioning.

Pursuant to Texas statute, Texas owns the land and the CWF facilities, and WCS serves as the operator of the site. The facility became operational in April 2012 and since has collected approximately $44.4 million in fee revenues that has been remitted to the state from facility operations. Appropriations for the program total $3.0 million in All Funds, continuing 2018–19 biennial spending levels.

Appropriations for the Radioactive Materials and Waste Management subarea total $9.1 million in All Funds for the 2020–21 biennium, a decrease of $0.6 million, and provide for 30.6 FTE positions.

SAFE DRINKING WATER OVERSIGHT

Safe drinking water oversight subarea programs protect public health and the environment by ensuring the delivery of safe drinking water, providing regulation, and promoting regional water strategies. Safe Drinking Water Oversight subarea programs include Drinking Water Quality and Standards (DWQS) and Utility Regulation/District Applications.

The DWQS program implements the federal State Drinking Water Act through enacting protection measures to ensure safe drinking water for Texans served by public drinking water systems. It conducts sampling from public water systems to ensure safe drinking water. By definition, a public drinking water system serves at least 15 connections or at least 25 individuals for a minimum of 60 days per year. Approximately 7,000 public water systems serve more than 27.3 million Texas residents. During the 2020–21 biennium, TCEQ expects to collect and analyze 116,039 water samples to monitor the safety and integrity of the state's public drinking water supply. The agency also provides free onsite financial, managerial, and technical assistance to utilities and public water systems to achieve compliance with agency rules. Appropriations for the program total $31.2 million in All Funds, a decrease of $0.5 million, or 1.4 percent, from 2018–19 biennial spending levels. This decrease is due primarily to changes in benefits rates for the Drinking Water State Revolving Fund and reallocation of funding to other programs.

The Utility Regulation/District Applications program supervises, inspects, responds to complaints, and investigates regulated utility districts, which provide water, sewage, and other utility-related services. Appropriations for the program total $3.7 million in All Funds, an increase of $0.2 million, or 5.4 percent, from 2018–19 biennial spending levels. This increase is due to redirection of General Revenue Funds and General Revenue–Dedicated Funds from Account No. 153 within the agency's budget from the DWQS program to the

Utility Regulation/District Applications program and minor adjustments within the agency's budget.

Appropriations for the Safe Drinking Water Oversight subarea total $34.9 million in All Funds for the 2020–21 biennium, a decrease of $0.3 million, and support 120.3 FTE positions.

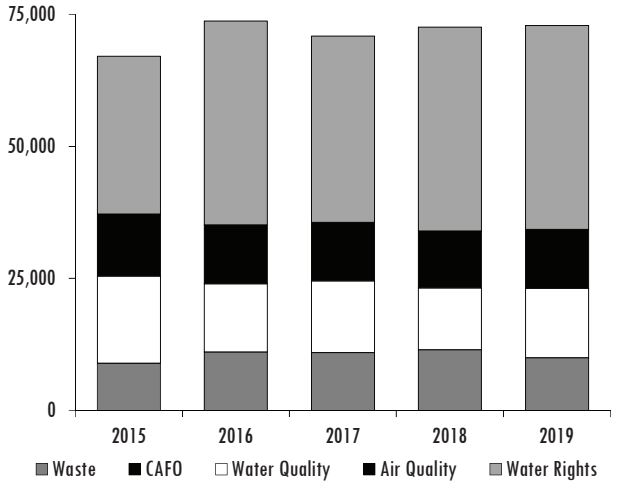
FIELD INSPECTIONS AND COMPLAINT RESPONSE

TCEQ conducts field investigations and responds to complaints from the public through its Field Inspections and Complaint Response program. The agency maintains 16 regional offices, three satellite offices, and laboratories in Houston and Austin to monitor and assess air and water quality, investigate facilities, respond to complaints, promote voluntary compliance through education and technical assistance, and respond to emergencies such as accidental releases of chemicals into the environment. The agency anticipates that regional staff will perform 145,842 investigations during the 2020–21 biennium. **Figure 282** shows the number and types of investigations that TCEQ performed from fiscal years 2015 to 2019.

Appropriations for the Field Inspections and Complaint Response program total $95.0 million in All Funds, a net decrease of $2.2 million, or 2.3 percent, from 2018–19 biennial spending levels. This decrease is due primarily to the following changes:

- an increase of $0.9 million in General Revenue–Dedicated Funds from Account No. 549, Waste Management (Account No. 549), with 8.0 FTE positions for routine comprehensive investigations of active municipal solid waste landfills;
- an increase of $0.6 million in General Revenue–Dedicated Funds from Account No. 549 to cover an anticipated decrease in Federal Funds related to the federal Resource Conservation and Recovery Act (RCRA);
- a decrease of $2.0 million in General Revenue–Dedicated Funds from Account No. 655, Petroleum Storage Tank Remediation, reallocated to the Central Administration program with 11.0 FTE positions to represent the indirect administration responsibilities of these positions more accurately;
- a decrease of $1.1 million in Federal Funds due to both onetime reimbursements associated with Hurricane Harvey recovery and anticipated decreases in Federal Funds related to RCRA; and

FIGURE 282
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FIELD INVESTIGATIONS BY TYPE
FISCAL YEARS 2015 TO 2019



NOTE: CAFO=Concentrated Animal Feeding Operation.
SOURCES: Legislative Budget Board; Texas Commission on Environmental Quality.

- a decrease of $0.5 million in Other Funds from Appropriated Receipts due to onetime reimbursements for disaster recovery in the city of West.

ENFORCEMENT AND COMPLIANCE

The agency's enforcement and compliance subarea includes the following programs: (1) Enforcement; (2) Tier II Chemical Reporting; and (3) Environmental Laboratory Accreditation. These programs serve to respond to complaints, coordinate multimedia inspections, and prosecute violators.

The Enforcement program determines penalties, tracks compliance with orders, and monitors the progress of supplemental environmental projects that are sponsored or undertaken by violators seeking to defer or mitigate their fines through TCEQ-approved environmental projects. TCEQ has several enforcement activities offering specific assistance to certain regulated communities that have special needs. Federal and state laws require TCEQ to provide compliance assistance to small businesses; the agency also offers this service to small local governments. The service is confidential, except in the case of an imminent threat to the environment. Appropriations for the Enforcement program total $22.5 million in All Funds, a decrease of $0.4 million in All Funds due primarily to a decrease in General Revenue–Dedicated Funds from Account No. 655, Petroleum Storage

Tank Remediation (Account No. 655), along with 11.0 FTE positions that were reallocated to the Central Administration program to represent indirect administration responsibilities more accurately.

The Tier II Chemical Reporting program maintains the state repository for the federally required hazardous chemical inventory reports called Texas Tier II Reports, pursuant to the federal Emergency Planning and Community Right-to-Know Act. The program maintains electronic files that contain facility and owner–operator identification information, and detailed data regarding hazardous chemicals stored at reporting facilities within the state. Emergency response personnel, such as firefighters and healthcare providers, can use this data to protect workers and the community during an emergency. The program promotes compliance with federal and state laws and supports local communities' right-to-know planning and education. Appropriations for the program total $2.4 million in All Funds, which continues 2018–19 biennial spending levels.

The Environmental Laboratory Accreditation program inspects and credits environmental laboratories across the state. Fees associated with application review and inspections fund the program's appropriations. Appropriations total $1.5 million in General Revenue–Dedicated Funds from Account No. 5065, Environmental Testing Lab Accreditation, which continues funding at 2018–19 biennial spending levels.

Appropriations for the enforcement and compliance program subarea total $26.3 million for the 2020–21 biennium, a decrease of $0.4 million, and support 192.1 FTE positions.

POLLUTION PREVENTION AND RECYCLING

The agency's functions for pollution prevention, recycling, and education include two subarea programs: (1) Pollution Prevention and Recycling, and (2) Seminars for the Regulated Community.

The Pollution Prevention and Recycling program consists of mandatory, voluntary, and educational programs promoting recycling, pollution prevention through a combination of technical assistance performance-based regulation and public education. The program includes the following major pollution prevention efforts: (1) the Texas Administrative Code, Title 30, Chapter 335, Subchapter Q, the Waste Reduction Policy Act; (2) the hazardous household waste collection program; (3) the Resource Exchange Network for Eliminating Waste program; (4) the Don't Mess With Texas Waters program; and (5) the Take Care of Texas program. In addition, several state statutes require TCEQ to implement programs that encourage recycling. Several of these programs include: (1) the Computer Equipment Recycling program; (2) the Television Recycling program; (3) the Recycling Market Development Implementation program; and (4) technical assistance to the public regarding the understanding of recycling regulations and the establishment of a recycling business. Appropriations for the Pollution Prevention and Recycling program total $3.6 million in All Funds, continuing 2018–19 biennial spending amounts.

The Seminars for Regulated Community program administers cost-recovery compliance assistance workshops, seminars, and conferences for entities that TCEQ regulates. Appropriations for the program total $1.9 million in All Funds, continuing 2018–19 biennial spending levels.

Appropriations for the pollution prevention and recycling program subarea total $5.5 million in All Funds and support 17.2 FTE positions, continuing 2018–19 biennium spending levels.

POLLUTION CLEANUP

The pollution cleanup program area protects public health and the environment by identifying, assessing, and prioritizing contaminated sites for cleanup and remediation. Pollution cleanup appropriations account for $92.3 million, or 12.1 percent, of the agency's All Funds appropriations, and support 234.0 FTE positions. This amount represents a decrease of $93.1 million, or 50.2 percent, from 2018–19 biennial spending levels. This decrease is related primarily to onetime emergency funding of $90.0 million in General Revenue–Dedicated Funds from Account No. 5000, Solid Waste Disposal, transferred to the Texas Division of Emergency Management for debris removal associated with Hurricane Harvey recovery.

PETROLEUM STORAGE TANK CLEANUP

The subarea to address petroleum storage tank cleanup consists of the following programs: (1) Petroleum Storage Tank (PST); and (2) Petroleum Storage Tank Administration and Regulatory.

The PST program identifies leaking PST sites and ensures that soil and groundwater contamination is remediated according to state and federal health and safety standards. The program oversees the cleanup of leaks from storage tanks conducted by the responsible parties and the state. Approximately 400 PST sites are expected to be cleaned up during the 2020–21 biennium. The PST program is

appropriated $24.8 million in All Funds, a decrease of approximately $2.0 million in General Revenue–Dedicated Funds from Account No. 655 to account for a decrease in the number of state-funded sites that require cleanup.

The Petroleum Storage Tank Administration and Regulatory (PSTAR) program processes registrations for underground and above-ground storage tanks; provides delivery certification for self-certified underground tanks; offers technical assistance to tank owners and operators; interprets and reviews requests for variance from rule requirements; and maintains a registry for PSTs. As of November 2019, approximately 49,000 underground storage tanks and 23,900 above-ground storage tanks are registered at more than 31,400 active facilities in Texas. The PSTAR program is appropriated $7.8 million in All Funds, a decrease of $2.3 million, or 22.5 percent, from 2018–19 biennial spending levels due to a reallocation of indirect administration funding of a similar amount along with 11.0 FTE positions to the Central Administration program.

Appropriations for the PST cleanup subarea total $32.6 million in All Funds, a decrease of $4.3 million from 2018–19 spending levels, and support 66.3 FTE positions.

HAZARDOUS MATERIALS CLEANUP

The agency administers four programs in its subarea regarding hazardous materials cleanup: (1) Superfund Assessment and Cleanup; (2) Voluntary Cleanup and Other Remediation; (3) Dry Cleaning Assessment and Remediation; and (4) Industrial Hazardous Waste.

The Superfund Assessment and Cleanup program consists of state and federal efforts to investigate and evaluate the release or threatened release of hazardous substances, identify responsible parties, and remediate federal and state Superfund sites. The federal Superfund program identifies and ranks the most serious hazardous waste sites on the federal National Priorities List (NPL). Texas has 55 NPL sites. Sites that are not eligible for the NPL may be included on TCEQ's State Superfund Registry. Texas has 42 sites proposed for listing or listed on this registry. TCEQ expects to complete remedial actions at four state and federal sites during the 2020–21 biennium. The Superfund Assessment and Cleanup program is appropriated $33.3 million in All Funds, which represents a decrease of $1.1 million, or 3.3 percent, from 2018–19 biennial spending levels. The decrease is due primarily to a net decrease of $3.1 million in Other Funds from Appropriated Receipts, including anticipated decreases in the amount of recovered costs from Superfund cleanups and disasters partially offset by a $2.0 million increase in General Revenue–Dedicated Funds from Account No. 550, Hazardous and Solid Waste Remediation Fee (Account No. 550), for remediation of the Donna Reservoir and Canal System Federal Superfund Site.

The Voluntary Cleanup and Other Remediation program provides a process through which sites can be cleaned up voluntarily in a timely manner while ensuring protection of human health and the environment. The program provides administrative, technical, and legal incentives to participants for investigation, cleanup, and redevelopment. It also provides a certificate to innocent owners and operators if property is contaminated from a source that is not located on the property, and they did not cause the contamination. TCEQ approves voluntary cleanup agreements submitted by program applicants, oversees cleanup actions, and certifies cleanup completion; 1,763 sites have been completed by October 2019. Certification by the agency releases future landowners and lenders from liability caused by past contamination. TCEQ anticipates issuing 122 certificates of completion through the program during the 2020–21 biennium. Appropriations for the Voluntary Cleanup and Other Remediation program total $9.9 million in All Funds, an increase of $2.1 million in General Revenue–Dedicated Funds from Account No. 550.

The Dry Cleaner Assessment and Cleanup program was established to regulate and pay for state-conducted soil and groundwater cleanups of solvent releases at dry cleaner sites. The program consists of dry cleaner facility registration requirements, fees, performance standards, distributor registration, revenue disbursements, and a prioritization list of dry cleaner release sites that are being assessed or remediated through the program. Sites that meet TCEQ regulatory standards are placed on a closure list. As of September 1, 2019, 86 sites have been remediated, and of the 228 sites on the prioritization list, 117 are on active status. The Dry Cleaner Assessment and Cleanup program is appropriated $7.2 million in All Funds, continuing 2018–19 biennial spending levels.

The Industrial Hazardous Waste program is a permitting program for governing the management and disposal of industrial and hazardous waste sites across the state. The program regulates industries engaged in the generation, treatment, storage, and disposal of hazardous and industrial waste and performs several functions, including the corrective action program, the federal Resource Conservation Recovery Act (RCRA)/Non-RCRA Industrial Corrective Action

Program, the Natural Resource Trustee Program, and the federal Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act. The RCRA/Non-RCRA Industrial Corrective Action Program oversees soil and groundwater cleanup activities at industrial and hazardous waste facilities to ensure that the cleanups protect human health and the environment. Most facilities have multiple sites that need remediation. Cleanup is considered complete when the cleanup goals of all closure or remediation projects at industrial solid waste and municipal hazardous waste facilities have been achieved. As of November 2019, the agency reports that 985 active sites are involved in the Industrial Corrective Action Program.

The Natural Resource Trustee Program works cooperatively with responsible parties and other state and federal natural resource agencies to restore natural resources that have been affected by oil spills and releases of hazardous materials. As of the end of fiscal year 2019, the program has negotiated final natural resource restoration settlements at 55 sites, and has four final settlements pending. The program continues to be involved in assessment and restoration projects associated with the BP Deepwater Horizon oil spill in April 2010.

Appropriations for the Industrial Hazardous Waste program total $9.3 million in All Funds, an increase of approximately $0.3 million, or 3.1 percent, from 2018–19 biennial spending levels. This increase is due primarily to a decrease of $0.3 million in Federal Funds (RCRA funds) from 2018–19 biennial levels offset by an increase of $0.6 million in General Revenue–Dedicated Funds from Account No. 549 provided to cover the $0.3 million anticipated decrease and additional decreases that are expected during the 2020–21 biennium.

Appropriations for the hazardous materials cleanup subarea total $59.7 million in All Funds, an increase of $1.2 million from 2018–19 spending levels, and support 164.1 FTE positions.

RIVER COMPACT COMMISSIONS

The river compact commissions' program area includes the river compacts program of five signatory interstate compacts that apportion river and stream waters flowing through Texas and other states. These compacts are the Canadian River Compact, the Pecos River Compact, the Red River Compact, the Rio Grande Compact, and the Sabine River Compact.

The shared mission of the Texas River Compact Commissions is to ensure that Texas residents receive their share of river waters as allocated by the various compact agreements. Each river compact is administered by its own commission, which includes representatives of each signatory state and one presidential appointee. Of the seven Texas River Compact Commissioners, the Governor appoints six, and the executive director of TCEQ serves in an ex officio capacity in accordance with statutory provisions. Commissioners engage in activities to protect Texas' water interests and to ensure that Texas receives its share of water from the various compacts. Those activities include the following protective actions: (1) negotiating with signatory states to resolve disputes regarding compact interpretation; (2) investigating and monitoring water resource data collection; (3) conducting surveys to determine the effect of upstream water diversions on water deliveries; (4) working with state, federal, and local entities to address environmental and endangered species issues involving interstate waters; and (5) implementing programs to increase the quantity and improve the quality of water available to Texas.

Appropriations for the river compact commissions' program area total $6.0 million in All Funds and provide for 7.0 FTE positions. This amount is an increase of $1.0 million, or 18.9 percent, from 2018–19 biennial spending levels. This increase is due primarily to 2018–19 biennial expenditures, including $1.4 million in onetime General Revenue Funds provided pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, for ongoing litigation expenses of the Rio Grande Compact Commission associated with a water rights dispute with the state of New Mexico. Funding for Rio Grande Compact litigation expenses during the 2020–21 biennium total $5.5 million in General Revenue Funds, which is similar to 2018–19 biennial spending levels. Texas filed the initial motion with the U.S. Supreme Court during calendar year 2013; the Supreme Court ruled that the United States may pursue the compact's claims in March 2018; a trial date is anticipated for March or April 2021. As of September 1, 2019, Texas has spent $14.2 million in litigation costs on this case since fiscal year 2013.

ADMINISTRATION

TCEQ's administration program area operates divisions that support the agency's four other program areas indirectly. The three programs in the administration program area are (1) Central Administration; (2) Information Resources; and (3) Other Support Services. Central administration includes the Office of General Counsel, Alternative Dispute Resolution, Office of Administrative Services, Office of the Chief Clerk, Internal Audit, Office of Public Assistance, and Office of Public Interest Counsel. Appropriations for the

administration program area totals $120.2 million, or 15.6 percent, of the agency's All Funds appropriations and support 475.0 FTE positions. This amount represents an increase of $13.8 million, or 13.0 percent, from 2018–19 biennial spending levels that primarily includes the following changes:

(1) an increase of $10.5 million in General Revenue–Dedicated Funds and 55.0 FTE positions reallocated to the Central Administration program from multiple programs to represent these position's indirect administration responsibilities more accurately;

(2) an increase of $2.0 million in General Revenue Funds and General Revenue–Dedicated Funds for the Data Center Consolidation project; and

(3) an increase of $1.4 million in General Revenue–Dedicated Funds with authority for 7.5 FTE positions for implementation of the Centralized Accounting and Payroll/Personnel System.

SIGNIFICANT LEGISLATION

House Bill 723 – Updated water availability models for certain river basins. The legislation requires TCEQ to develop updated water availability models for the Brazos, Neches, Red River, and Rio Grande river basins.

House Bill 2771 – Permits for the discharge of waste into water from certain activities relating to oil, natural gas, and geothermal development. The legislation authorizes TCEQ to issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent into water resulting from certain oil and gas activities. The legislation transfers these responsibilities from the Railroad Commission to TCEQ upon TCEQ's receiving delegation of National Pollutant Discharge Elimination System permit authority by the EPA.

House Bill 3745 – Texas Emissions Reduction Plan fund and account. The legislation extends the sources of funding for the TERP program beyond August 31, 2019, until each active or revoked ozone NAAQS area in Texas has been designated by the EPA as being in attainment or nonclassifiable. The deposit of fees and surcharges to the credit of General Revenue–Dedicated Funds Account No. 5071, TERP, and transfers from the State Highway Fund deposited to the credit of the TERP account are continued until September 1, 2021. After this date, the legislation establishes the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund held outside of the Treasury by the Comptroller of Public Accounts and administered by TCEQ. This fund would consist of revenues from fees and surcharges previously deposited to the TERP account, including transfers from the State Highway Fund. The legislation authorizes money in the TERP Fund to be expended without legislative appropriation and directs TCEQ to deposit any remaining unencumbered balances to the TERP account at the end of each biennium. The legislation also increases the administrative allocation funded from both the TERP account and the TERP Fund from $8.0 million to $16.0 million each fiscal year.

Senate Bill 649 – Promotion of the use of recyclable materials as feedstock for processing and manufacturing. The legislation requires TCEQ to contract with a public, private, or nonprofit organization to produce a plan to stimulate the use of recyclable materials as feedstock in manufacturing.

Senate Bill 711 – Safety recall information to be included in a vehicle inspection report. The legislation requires TCEQ to modify emissions analyzer software to align the safety inspection sequence to the items of inspection.

GENERAL LAND OFFICE AND VETERANS' LAND BOARD

PURPOSE: The agency manages oil and gas leases on state lands; investments of the Permanent School Fund; appraisals of state-owned property; coastal erosion grants; archives of historical land records; and the Alamo Complex. The Texas General Land Office (GLO) is the lead agency for oil spill prevention and response, and disburses disaster-related grants for rebuilding housing and infrastructure. The Veterans' Land Board (VLB) administers land and housing loans and long-term care, and manages cemeteries for Texas veterans.

ESTABLISHED: 1837 (GLO); 1946 (VLB)

AUTHORIZING STATUTE: The Texas Constitution, Articles III, IV, and XIV; the Texas Natural Resources Code

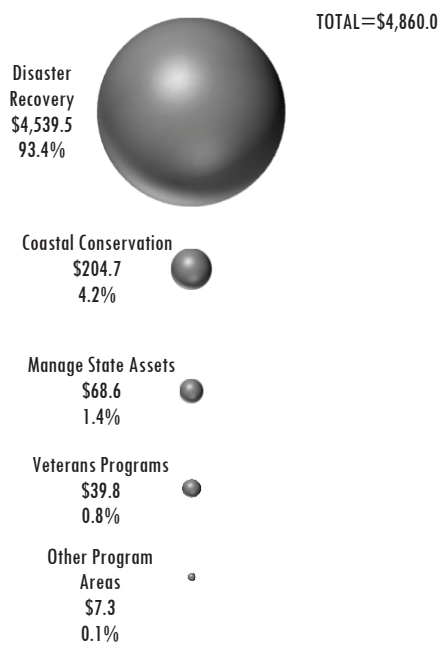
GOVERNANCE: Commissioner, statewide elected official

FIGURE 283
GENERAL LAND OFFICE AND VETERAN'S LAND BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$66.9	$27.1	($39.8)	(59.5%)
General Revenue–Dedicated Funds	$32.4	$32.6	$0.2	0.7%
Federal Funds	$2,110.8	$4,622.1	$2,511.2	119.0%
Other Funds	$431.5	$178.3	($253.3)	(58.7%)
Total, All Methods of Finance	**$2,641.6**	**$4,860.0**	**$2,218.4**	**84.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	732.0
2021	732.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Disaster recovery funding totals **$4.5 billion in All Funds**, including an **increase** of **$2.5 billion in Federal Funds** related primarily to **Hurricane Harvey** recovery. Total funding includes $3.7 billion for housing projects and $858.5 million for infrastructure projects.

The Alamo is funded with $18.2 million for the preservation and maintenance of the Alamo and Alamo Complex. In addition, **$58.5 million in unexpended Other Funds from the Economic Stabilization Fund** that were appropriated during the 2018–19 biennium will be spent during the 2020–21 biennium **to continue implementation of the Alamo Master Plan.**

Coastal erosion projects received increased funding of $61.3 million in Other Funds from Appropriated Receipts from the National Fish and Wildlife Foundation, the federal RESTORE Act, and the Natural Resource Damage Assessment Trustee program.

Large-scale coastal construction projects received a net increase in Federal Funds totaling $37.2 million from the Gulf of Mexico Energy Security Act.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

All Funds appropriations to the General Land Office (GLO) for the 2020–21 biennium increased by $2.2 billion from 2018–19 biennial spending levels. Major funding adjustments include the following changes:

- an increase of $2.5 billion in Federal Funds primarily for disaster recovery due to an increase of $1.8 billion for short-term housing and community housing projects and an increase of $595.1 million for infrastructure projects;
- an increase of $61.3 million in Other Funds from Appropriated Receipts for coastal erosion projects from the National Fish and Wildlife Foundation, the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States (RESTORE) Act, and the Natural Resource Damage Assessment Trustee program;
- a net increase of $37.2 million in Federal Funds from the Gulf of Mexico Energy Security Act to be used for large-scale coastal construction projects offset by decreased funding from the closure of the federal Coastal Management Program; and
- a net increase of $4.6 million in Other Funds from the Texas Veterans Land Program Administration Fund, resulting primarily from a new capital budget project, offset by a net decrease of $227.7 million in All Funds related to the following onetime supplemental appropriations for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019:
    - a decrease of $200.0 million in Other Funds from the Economic Stabilization Fund for onetime matching funds for grants to meet federal requirements for studies and projects planned to be conducted by the U.S. Army Corps of Engineers;
    - a decrease of $23.6 million in Other Funds from the Economic Stabilization Fund to remove vessels and repair or replace structures or equipment damaged by Hurricane Harvey;
    - a decrease of $2.1 million in Other Funds from the Economic Stabilization Fund for contingency funding for full-time-equivalent (FTE) positions assigned to Federal Emergency Management Agency (FEMA) short-term disaster housing; and
    - a decrease of $2.0 million in General Revenue–Dedicated Funds from Account No. 27, Coastal Protection, for the removal of vessels abandoned as a result of Hurricane Harvey;
- a net decrease of $69.6 million in All Funds for the Alamo, primarily due to onetime funding of $72.0 million in Other Funds from the Economic Stabilization Fund for the Alamo Master Plan;
- a decrease of $48.6 million in All Funds for emergency funds transferred following Hurricane Harvey; and
- a net decrease of $9.2 million in Other Funds from the Permanent School Fund (PSF) resulting primarily from a decrease of $15.3 million related to FEMA reimbursements for onetime disaster costs offset by an increase for three new capital budget projects.

In addition to appropriated amounts, the Veterans' Land Board (VLB) administers $900.0 million in investments outside of the state Treasury that are used for the following purposes: (1) to originate low-interest housing and land loans to eligible Texas veterans; and (2) to fund the construction and ongoing maintenance of cemeteries and long-term skilled nursing facilities for eligible Texas veterans.

PROGRAMS

Agency activities are carried out in five major program areas: (1) disaster recovery; (2) managing state assets; (3) coastal conservation; (4) veterans' programs; and (5) other program areas.

DISASTER RECOVERY

GLO is the state's lead agency for administering disaster recovery funding using Community Development Block Grants (CDBG) from the U.S. Department of Housing and Urban Development. The disaster recovery program includes multiple housing activities to assist households recovering from natural disasters, such as Hurricane Ike, which made landfall in September 2008; the 2011 Central Texas wildfires; flooding during calendar years 2015 and 2016; and Hurricane Harvey in August 2017. Housing activities include single-family home repair, reconstruction, new construction, demolition, acquisition, and code enforcement. GLO also manages a multifamily affordable housing rental repair or reconstruction program. As of August 31, 2019, CDBG grants have repaired or reconstructed more than 18,671 single and multifamily homes.

Nonhousing activities include infrastructure projects, repairs, public facilities from roads to seawalls, drainage, energy generators, equipment acquisition and installation, and economic development. Firms specializing in design engineering, grant administration, and environmental services provide the local services. The agency estimates managing more than 292 current infrastructure projects.

Appropriations for the disaster recovery program area total $4.5 billion in All Funds, or 93.4 percent of total agency appropriations, including 182.0 FTE positions. This amount is an increase of $2.4 billion, or 115.6 percent, from 2018–19 biennial spending levels.

MANAGE STATE ASSETS

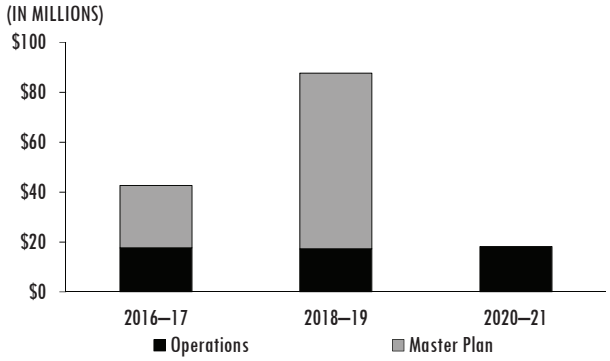
The program area to manage state assets includes seven programs that provide funding to enhance the value of state assets and the revenues they generate through management, acquisition, and investments of agency and state-owned land, minerals, and other assets. The programs in this area include subarea activities related to the following tasks: (1) maintenance and oversight of the Alamo and facilities in the Alamo Complex program; (2) state-owned land value enhancement and revenue generation; and (3) the sale and purchase of real property, including sales and purchases to enhance the values of the PSF.

ALAMO COMPLEX

GLO was placed in charge of operations and maintenance of the Alamo Complex effective September 1, 2011. Through the Alamo Complex program, GLO has established an agreement with a nonprofit endowment for the management, operation, and financial support of the Alamo and surrounding facilities. Revenues from the operation of the Alamo, grants, donations, and investment income are deposited into the General Revenue–Dedicated Funds Account No. 5152, Alamo Complex (Account No. 5152). GLO is authorized to use the account for expenses related to the Alamo.

Appropriations for the Alamo Complex program total $18.2 million in All Funds for the 2020–21 biennium, including 8.3 FTE positions. This amount is a decrease of $69.6 million, or 79.3 percent, from 2018–19 biennial spending levels for preservation, maintenance, and operation and for implementation of the Alamo Master Plan. This decrease is due primarily to a onetime appropriation of $72.0 million in Other Funds from the Economic Stabilization Fund for the Alamo Master Plan, offset by an increase of $1.7 million in General Revenue–Dedicated Funds from Account No. 5152 and an increase of $0.7 million in Other Funds from Appropriated Receipts. As of September 1, 2019, GLO retained $58.5 million in unexpended Other Funds from the Economic Stabilization Fund to continue implementation of the Alamo Master Plan. The agency established a contract and began making payments for this purpose during the 2018–19 biennium and will spend the remaining amount throughout the 2020–21 biennium. Although spending will continue for the plan through fiscal year 2021, the expenditures are represented for the biennium in which the contract was established. Expenditures for the Alamo operations and Master Plan are shown in **Figure 284**.

FIGURE 284
APPROPRIATIONS AND EXPENDITURES FOR THE ALAMO 2016–17 TO 2020–21 BIENNIA



SOURCE: General Land Office and Veterans' Land Board.

STATE-OWNED LAND VALUE ENHANCEMENT AND REVENUE GENERATION

Four programs contribute to this objective: (1) Energy Resources and Electric Marketing, (2) Asset/Energy/Coastal/Uplands Inspections, (3) Defense and Prosecution of Mineral Lease Claims/Cases, and (4) Commercial Leasing of State-owned Land. Combined, these programs are appropriated $27.2 million in All Funds for the 2020–21 biennium, or 0.6 percent of total agency appropriations.

The Energy Resources and Electric Marketing program issues geophysical permits and prospect permits for mineral exploration, evaluates state lands for mineral potential and value, and reviews applications to combine multiple oil and gas leases together for permitting and drilling purposes. Contained within the program is the State Energy Marketing Program (SEMP), which sells natural gas from selected mineral leases to provide utility savings to public customers, with revenues deposited into the PSF. Revenues that SEMP deposits into the PSF totaled $129.6 million during the

2018–19 biennium. House Bill 2263, Eighty-sixth Legislature, 2019, prohibits GLO from entering into electricity contracts with new customers and from extending contracts with any existing electricity customers beyond January 1, 2024. After that date, GLO no longer will be authorized to sell electricity, except for contracts that predate the law and have an existing contract term beyond that date. Appropriations for the Energy Resources and Electric Marketing program total $11.0 million in All Funds, including 48.2 FTE positions for fiscal year 2020 and 48.1 FTE positions for fiscal year 2021. This amount is an increase of $0.5 million, or 5.2 percent, compared to 2018–19 biennial spending levels.

The Asset/Energy/Coastal/Uplands Inspections program manages activities involving the use of state-owned coastal and upland property. Upland property is defined as land located at an elevation higher than the mean high-tide line. This program is responsible for inspecting and monitoring state oil, gas, and hard mineral leases throughout the state. Program staff issue surface leases and conduct field assessments of proposed and existing coastal projects. Appropriations for the program total $8.1 million in All Funds, including 46.9 FTE positions for fiscal year 2020 and 46.7 FTE positions for fiscal year 2021. This amount is a decrease of $1.1 million, or 12.1 percent, from 2018–19 biennial spending levels.

The Defense and Prosecution of Mineral Lease Claims/Cases program prosecutes claims for deficiencies in payments of mineral royalties and other revenue owed to the PSF for oil, gas, and hard-mineral leases. Resources also are allocated for the prosecution of cases defending the title to PSF lands and mineral or royalty interests against claims filed by third parties. Appropriations for the program total $6.9 million in All Funds, including 25.0 FTE positions. This amount is a decrease of $1.0 million, or 12.2 percent, compared to 2018–19 biennial spending levels.

The Commercial Leasing of State-owned Land program issues permits, easements, and leases on all state-owned lands, including submerged lands in bays and within tidewater limits of coastal lakes, bayous, inlets, streams, estuaries, rivers, and creeks. The program analyzes revenue prospects of uses and coordinates assessment of environmental effects. In accordance with this program, uplands are leased for agricultural purposes, grazing, hunting, recreational use, and oil and gas platform sites. Coastal leases include grants of interest to the Texas Parks and Wildlife Department (TPWD) or an eligible city or county for public recreational purposes; to TPWD for estuarine preserves; to any nonprofit, tax-exempt environmental organization approved by the School Land Board for managing a wildlife refuge; or to any scientific or educational organization or institution for conducting scientific research. Before a land-use contract is issued, GLO evaluates the proposal for consistency with state leasing policy and determines compensation due to the state. Revenue that the agency collects from uplands leases is deposited into the PSF; this revenue totaled $10.6 million during fiscal year 2019. Revenue that the agency collects from coastal leases, also deposited to the PSF, was $3.5 million during fiscal year 2019. Application fees that the agency collects for these leases are deposited to the credit of the General Revenue Fund. For the 2020–21 biennium, the agency expects revenues of approximately $4.3 million per fiscal year from uplands leases and $5.2 million per fiscal year from coastal leases. Program appropriations total $1.1 million in All Funds for the 2020–21 biennium, including 3.0 FTE positions. This amount is an increase of $0.4 million, or 68.1 percent, compared to 2018–19 biennial spending levels.

SALE AND PURCHASE OF REAL PROPERTY

Two programs constitute this subarea: (1) PSF Asset Management and (2) State-owned Property Appraisals. Combined, these programs were appropriated $23.3 million in All Funds, or 0.5 percent of total agency appropriations.

Through the PSF Asset Management program, GLO manages state PSF lands and mineral rights properties totaling 13.2 million acres. These properties include beaches, bays, estuaries, and other submerged lands out to 10.3 miles in the Gulf of Mexico; institutional acreage; grazing lands in West Texas; and timberlands in East Texas. In managing those properties, GLO leases drilling rights for oil and gas production on state lands, producing revenue and royalties. These proceeds are deposited to an escrow account tied to the PSF called the Real Estate Special Fund Account (RESFA) and may be used for the acquisition of real property interests on behalf of the PSF. As of August 31, 2019, RESFA investments totaled $4.2 billion, and the fund's cash balance was $4.5 billion. House Bill 4388, Eighty-sixth Legislature, 2019, established a new account within the PSF called the PSF Liquid Account, and funds must be released from RESFA by the School Land Board to the PSF Liquid Account quarterly unless certain conditions exist. The legislation authorizes the State Board of Education to invest funds from the PSF Liquid Account.

The agency also conducts field audits to review oil, gas, and hard-mineral royalties on state leases to identify unpaid and underpaid royalties and penalties. **Figure 285** shows the number of royalty audits completed from fiscal years 2012 to 2019, the corresponding unpaid royalties detected, and amounts recovered by GLO staff.

The PSF Asset Management program acquires real property for value appreciation and revenue for the PSF. The program identifies targets for acquisition and disposition of investment property and provides management of the PSF investment portfolio and PSF property. The program oversees conservation and reclamation projects, permanent improvements on PSF land, and the purchase of easements. Proceeds from the sale of PSF lands are deposited to RESFA. Revenue from PSF land sales may be used to acquire additional real property interests for PSF.

GLO provides administrative support to the School Land Board (SLB), which is responsible for the management and development of all real property owned by PSF and the management of the PSF investment portfolio. SLB is composed of the GLO Commissioner and two public representatives. It uses funds generated from the sale of PSF land and proceeds from mineral leases on PSF land for the acquisition of additional real property and mineral interests on behalf of the fund.

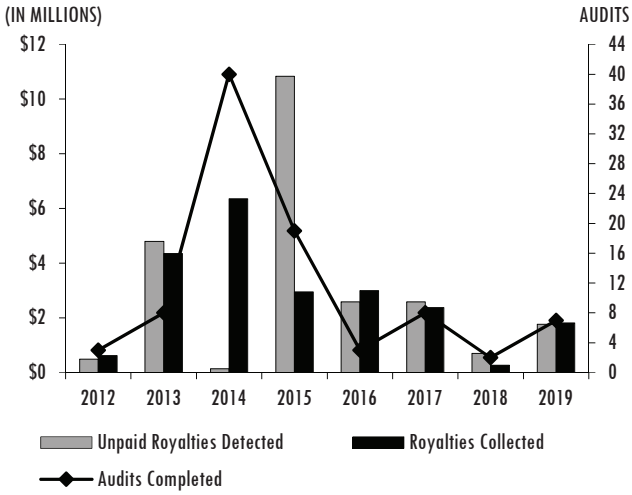
During the 2018–19 biennium, GLO sold 67 real estate assets totaling 1,405 acres with total sales of $21.1 million. As of August 31, 2019, the year-end market value of 15 assets in the internally managed real estate investment portfolio was $247.3 million. GLO also transferred $490.0 million to the State Board of Education for investment in the PSF during the 2018–19 biennium and anticipates transferring $55.0 million during the 2020–21 biennium. GLO transferred $300.0 million to the Available School Fund during the 2018–19 biennium and anticipates transferring $600.0 million during the 2020–21 biennium.

Figure 286 shows GLO contributions to the PSF for equity investment, excluding the revenue generated by upland, coastal, and miscellaneous leases and the revenue remaining in the agency's RESFA for fiscal years 2012 to 2019.

The primary focus of the SLB and the GLO Investment Advisory Committee is diversification of assets by investment in real estate funds rather than the actual acquisition of real property to be held by the PSF. As a result, during the past several biennia, SLB has approved the acquisition of relatively few specific tracts of land. Pursuant to statute, SLB is authorized to deposit funds directly to the Available School Fund (ASF). **Figure 287** shows how revenue is deposited to the PSF.

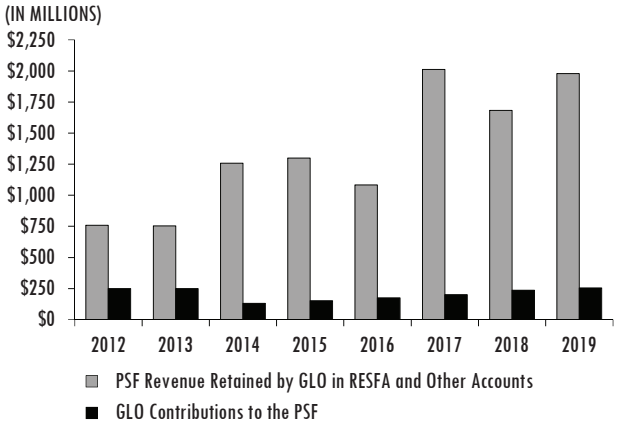
The PSF distribution to the ASF is governed by the Texas Constitution, Article VII, Section 5(a), and the Texas Education Code, Section 43.002. On November 5, 2019,

FIGURE 285
PERMANENT SCHOOL FUND ROYALTY REVENUE AUDITS
FISCAL YEARS 2012 TO 2019



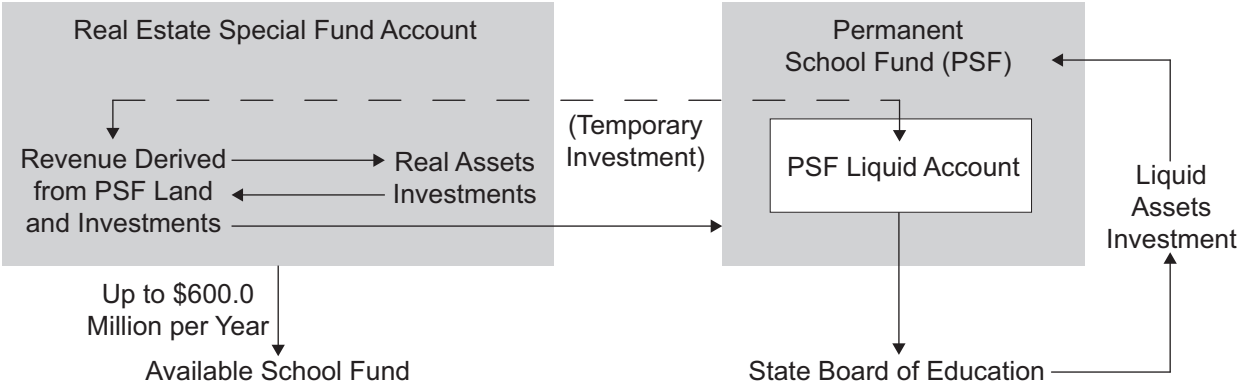
SOURCE: General Land Office and Veterans' Land Board.

FIGURE 286
PERMANENT SCHOOL FUND CONTRIBUTIONS AND REAL ESTATE SPECIAL FUND ACCOUNT RECEIPTS
FISCAL YEARS 2012 TO 2019



NOTES:
(1) PSF=Permanent School Fund; GLO=General Land Office; RESFA=Real Estate Special Fund Account.
(2) General Land Office Escrow Account amounts include mineral lease royalty revenues.
(3) During fiscal year 2012 and 2019, GLO made a $300.0 million direct contribution to the Available School Fund.
SOURCE: General Land Office and Veterans' Land Board.

FIGURE 287
PERMANENT SCHOOL FUND REVENUE PROCESS
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Texas voters approved a constitutional amendment proposed with House Joint Resolution 151, Eighty-sixth Legislature, 2019, which amended the Texas Constitution, Article VII, Section 5(g), to authorize the State Board of Education, in addition to GLO, to distribute revenue from PSF land or properties to the ASF in an amount not to exceed $600.0 million per year. Previously, only GLO had authority to determine distributions, and the maximum amount authorized per year was $300.0 million.

Appropriations for the PSF Asset Management program total $19.3 million in All Funds for the 2020–21 biennium, including 67.6 FTE positions. This amount is a decrease of $13.0 million, or 40.1 percent, from 2018–19 biennial spending levels. This decrease is related primarily to FEMA reimbursements for onetime disaster costs following Hurricane Harvey.

The State-owned Property Appraisals program provides property values to the Asset Management program and SLB to facilitate informed decisions regarding the PSF portfolio. GLO also is required statutorily to appraise all state-owned properties of the largest agencies. GLO maintains an inventory of real property owned by state agencies and determines the properties' market value. The program is appropriated $3.9 million in All Funds, including 27.5 FTE positions. This amount is a decrease of $0.4 million, or 12.2 percent, from 2018–19 biennial spending levels.

The manage state assets program area appropriations total $68.6 million in All Funds for the 2020–21 biennium, representing 1.4 percent of the agency's total appropriation. This amount represents a decrease of $83.2 million, or 54.8 percent, from 2018–19 biennial spending levels.

COASTAL CONSERVATION

GLO is the lead agency for coastal management in Texas and is charged with developing a long-term strategy for the protection and enhancement of the coastal environment and economy. The agency is responsible for 367.0 miles of Texas coastline and 3,300.0 miles of bay shoreline. The coastal conservation program area includes six programs in two subareas: (1) protect and maintain Texas coastal resources and (2) prevent and respond to oil spills.

PROTECT AND MAINTAIN TEXAS COASTAL RESOURCES

Three programs constitute this subarea: (1) Coastal Management, (2) Coastal Erosion Response Projects, and (3) Adopt-A-Beach.

The Coastal Management program (CMP) administers federal management grants for coastal zones and an erosion program, engages in education and outreach, and participates in coastal planning and policy making. The Land Commissioner, in consultation with representatives from seven state agencies and four public appointees, has rule-making and grant-making authority for CMP. CMP awards approximately 90.0 percent of the available Federal Funds as grants to universities, nonprofit organizations, and coastal communities. GLO retains approximately 10.0 percent of CMP funds for program administration. Appropriations total $92.5 million in All Funds for the 2020–21 biennium, including 33.9 FTE positions for fiscal year 2020 and 34.0 FTE positions for fiscal year 2021. This

amount is a decrease of $192.1 million, or 67.5 percent, from 2018–19 biennial spending levels. This decrease is related primarily to $223.6 million in Other Funds from the Economic Stabilization Fund appropriated in Senate Bill 500, Eighty-sixth Legislature, 2019, partially offset by a Federal Funds increase of $37.2 million for large-scale coastal construction projects.

The Coastal Erosion Response Projects program provides funding for beach nourishment, dune restoration, shoreline protection, marsh restoration, structure and debris removal, and studies on shoreline change. Funding for the Coastal Erosion Response Projects program totals $91.9 million in All Funds, including 13.7 FTE positions for fiscal year 2020 and 13.6 FTE positions for fiscal year 2021. This amount is an increase of $59.4 million, or 182.4 percent, from 2018–19 biennial spending levels. This increase is due primarily to an increase in Other Funds from Appropriated Receipts for coastal erosion projects from the National Fish and Wildlife Foundation, the federal RESTORE Act, and the Natural Resource Damage Assessment Trustee program.

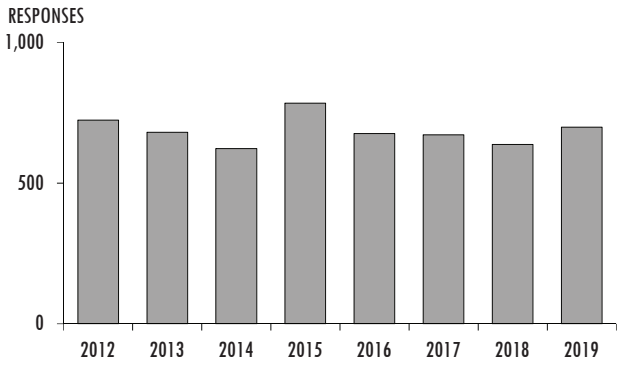
The Adopt-A-Beach program is an all-volunteer effort dedicated to preserving and protecting beaches by keeping them clean and safe. Since the first cleanup, more than 540,000 volunteers have helped remove more than 9,700.0 tons of trash from Texas beaches. Appropriations total $0.5 million, including 2.0 FTE positions. This amount is approximately the same level of funding as during the 2018–19 biennium.

PREVENT AND RESPOND TO OIL SPILLS

GLO is the lead state agency responsible for preventing and responding to oil spills in coastal waters. The agency monitors the integrity of oil transport through Texas coastal waters to respond quickly and efficiently to oil spills. Three programs constitute this subarea: (1) Oil Spill Prevention, (2) Oil Spill Response, and (3) Oil Spill Research and Development.

The Oil Spill Prevention program involves patrolling on land and water for discharges and monitoring the loading and offloading of petroleum products at refineries. The program also includes an education component to instruct vessel operators regarding environmental damage caused by small chronic spills and to provide prevention measures. Appropriations total $9.3 million in General Revenue–Dedicated Funds from Account No. 27, Coastal Protection (Account No. 27), including 58.1 FTE positions for fiscal year 2020 and 58.2 FTE positions for fiscal year 2021, which is an increase of $0.7 million, or 7.9 percent, from 2018–19 biennial spending levels. Account No. 27 receives revenues from a $0.013 fee per barrel on crude oil loaded or unloaded in Texas ports by vessel. Fee collections are suspended when the unencumbered account balance reaches $20.0 million and resume when the balance reaches less than $10.0 million.

FIGURE 288
OIL SPILL RESPONSES IN TEXAS COASTAL WATERS
FISCAL YEARS 2012 TO 2019



SOURCE: General Land Office and Veterans' Land Board.

The Oil Spill Response program consists of five regional offices that respond to oil spills and provide audits, inspections, and harbor patrols by boat and vehicle. **Figure 288** shows GLO oil spill responses for fiscal years 2012 to 2019. Additionally, the program oversees implementation of restoration projects associated with the BP Deepwater Horizon oil spill during calendar year 2010. Appropriations total $8.3 million in All Funds, including 18.5 FTE positions, which is a decrease of $4.7 million, or 36.2 percent, from 2018–19 biennial spending levels. This decrease is related primarily to supplemental appropriations pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, to remove vessels abandoned as a result of Hurricane Harvey.

The Oil Spill Research and Development program conducts oil spill-related research relating to dispersants, shoreline cleaners, bioremediations studies, and high-frequency radar. Appropriations total $2.3 million in General Revenue–Dedicated Funds from Account No. 27 and include no FTE positions because all services are contracted. This amount is approximately the same level of funding as during the 2018–19 biennium.

The coastal conservation program area was appropriated $204.7 million in All Funds, representing 4.2 percent of the agency's total appropriation. This amount represents a decrease of $136.8 million, or 40.1 percent, from 2018–19

biennial spending levels, primarily related to supplemental funding provided in Senate Bill 500.

VETERANS' PROGRAMS

The Veterans' Land Board (VLB), with two public members and the Land Commissioner as chair and administrator, was established by the Legislature during fiscal year 1946. VLB administers and markets three major benefit programs for Texas veterans: (1) low-interest loans for the purchase of land, homes, and home improvements; (2) cemetery operations; and (3) oversight of the operation of long-term, skilled nursing homes. Qualified Texas veterans may participate in all three programs. In addition to these three programs, GLO has program funds to construct cemeteries and to market the benefit programs and provide customer service to veterans using the benefit programs.

VLB MARKETING AND CUSTOMER SERVICE

The Veterans' Land Board Marketing and Customer Service program maintains the VLB website and manages multiple veteran, lender, and real estate agency databases to provide support for direct-mail marketing, social media, television, radio, and Internet advertising. The program is appropriated $13.0 million in All Funds, which provides for 12.0 FTE positions to respond to inquiries regarding benefits and services offered by VLB and the U.S. Department of Veterans Affairs (VA). This amount represents an increase of $1.5 million, or 12.9 percent, from 2018–19 biennial spending levels.

VETERANS' LAND AND HOUSING – LOAN OPERATIONS

The Veterans' Land and Housing – Loan Operations program receives, processes, originates, and closes land, housing, and home improvement loan applications for veterans. It also mediates and resolves customer complaints, processes housing and home improvement loan releases of liens and foreclosure documents. In addition, the program conducts forfeited land sealed bid lease sale.

The program is a self-supporting program that provides low-interest, fixed-rate 30.0-year loans of up to $150,000 to Texas veterans for the purchase of land. Since its inception in 1949, and as of August 2019, the program has made more than 131,897 land loans to Texas veterans. Two other loan programs aid veterans in purchasing and improving their homes. The Veterans' Housing Assistance Program enables an eligible veteran to borrow up to $484,350 to buy a home. Since it began in fiscal year 1983, this program has made more than 97,704 home loans, as of August 2019. The Veterans' Home Improvement Program enables an eligible veteran to borrow up to $50,000 for home improvements. Since fiscal year 1986, the program has provided more than 6,280 home improvement loans, as of August 2019.

FIGURE 289
VETERANS' LAND BOARD LOAN ACTIVITY
FISCAL YEARS 2012 TO 2019

	LOANS		
YEAR	LAND	HOUSING	HOME IMPROVEMENT
2012	550	1,494	200
2013	798	1,963	252
2014	929	2,030	230
2015	1,193	1,527	342
2016	1,247	2,933	391
2017	1,260	396	401
2018	1,124	2,074	264
2019	890	2,848	254

SOURCE: General Land Office and Veterans' Land Board.

Figure 289 shows the loan activity for fiscal years 2012 to 2019. The agency's programs are financed with fees and constitutionally authorized General Obligation Bond Proceeds (Other Funds) that are repaid by the veterans participating in the programs. This program is appropriated $15.3 million in All Funds, including 74.4 FTE positions for fiscal year 2020 and 74.3 FTE positions for fiscal year 2021. This amount represents an increase of $7.4 million, or 94.3 percent, from 2018–19 biennial spending levels. This increase is due primarily to a new capital budget program to implement the Centralized Accounting and Payroll/Personnel System and the agency's decision to allocate additional funding from the Veterans' Land Program Administration Fund to focus on the program.

STATE VETERANS' HOMES

The State Veterans' Homes programs oversees operation of long-term, skilled-care, nursing homes at the following nine sites: Houston, Big Spring, Bonham, El Paso, Floresville, McAllen, Temple, Amarillo, and Tyler. The program is available for qualified veterans and their spouses and for certain parents of deceased veterans. Daily operations of the veterans' homes are the responsibility of contract operators. In addition to its program-management responsibilities, VLB provides each veterans' home with full-time staff that are responsible for ensuring that the contract operators are complying with the terms of the management agreement and delivering quality care. These staff also assist with marketing

activities such as distributing information to the community and assisting potential residents and their families with admission application forms.

The program is a partnership among the VA, VLB, and private-sector healthcare providers. It has significant administrative participation from the Texas Veterans Commission, Veterans County Service Officers, and veterans' organizations in the communities in which the homes are located. The homes provide skilled nursing care; specialized services such as physical, speech, and occupational therapies; and various recreational and educational activities. Operating costs for the skilled nursing homes are financed by the participating veterans' Social Security benefits, a VA per-diem subsidy, Medicare and Medicaid payments, disability entitlements, private insurance, and personal income.

Program appropriations total $8.7 million, including 40.4 FTE positions for fiscal year 2020 and 40.8 FTE positions for fiscal year 2021, which represents an increase of $0.3 million, or 3.9 percent, from 2018–19 biennial spending levels.

CEMETERY OPERATIONS

VLB has authorization to operate up to seven state veterans' cemeteries through the Cemetery Operations program. These cemeteries are designed, constructed, and equipped through grants from the VA. After cemetery construction is completed, VLB owns and operates the cemetery and funds most of the cost of operations. These cemeteries serve veterans, their spouses, and their dependents that are not served already by one of the four national cemeteries in Texas. VLB operates four veterans' cemeteries in Abilene, Corpus Christi, Killeen, and Mission. Funding for the operation of the state veterans' cemeteries is provided from the assets of the VLB loan programs, as permitted by the Texas Constitution. Appropriations for the Cemetery Operations program total $2.8 million in All Funds, including 9.5 FTE positions, which is a decrease of $5.1 million, or 64.4 percent, from 2018–19 biennial spending levels. This decrease is due primarily to updated allocation of indirect administrative costs.

Appropriations for the veterans' programs area total $39.8 million in All Funds, which represents an increase of $4.1 million, or 11.5 percent, from 2018–19 biennial spending levels.

OTHER PROGRAM AREAS

The other program areas include the Archives and Records program and the Surveying and Tide Gauge program.

GLO serves as the custodian of original land grant records, maps, and other records of historic significance to Texas through activities in its Archives and Records program. In addition to preserving historic records, the program digitizes records for public use and assists the public with genealogical, land title, historical, and mineral rights research. Program appropriations total $4.8 million in All Funds, including 43.0 FTE positions for fiscal year 2020 and 42.9 FTE positions for fiscal year 2021, which represents an increase of $0.3 million, or 7.0 percent, from 2018–19 biennial spending levels.

Through its activities in the Surveying and Tide Gauge program, GLO defines boundaries of PSF properties and uses tide gauges to document beach erosion and maintain coastal boundaries, including boundaries of state-owned submerged land. Program appropriations total $2.4 million in All Funds, including 18.0 FTE positions, which is approximately the same as 2018–19 biennial spending levels.

Appropriations for other program areas total $7.3 million in All Funds, which represents an increase of $0.4 million, or 5.3 percent, from 2018–19 biennial spending levels.

SIGNIFICANT LEGISLATION

House Joint Resolution 151 – Distributions to the Available School Fund. The resolution, approved by voters on November 5, 2019, amends the Texas Constitution to authorize discretionary distributions by both the General Land Office and the State Board of Education in amounts of up $600.0 million to the Available School Fund from revenue derived during each fiscal year from Permanent School Fund land or properties.

House Bill 4388 – Permanent School Fund Liquid Account. The legislation establishes the Permanent School Fund (PSF) Liquid Account as an account in the PSF, and requires the School Land Board to release funds quarterly to the PSF Liquid Account from the Real Estate Special Fund unless the funds are being used for their designated purpose or are required for anticipated cash management needs within 90 days.

House Bill 2263 – Sale of Electric Power. The legislation removes GLO's authority to sell electricity generated from royalties taken in kind from land owned by the Permanent School Fund. It authorizes GLO to continue providing electricity for contracts entered into before the legislation, but does not authorize existing contracts to be extended beyond January 1, 2024.

TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION

PURPOSE: To ensure that the compact between Texas and Vermont to manage low-level radioactive waste generated within the two states is upheld by cooperating to protect the health, safety, and welfare of their residents and the environment; and by providing for and encouraging the economic management and disposal of low-level radioactive waste.

ESTABLISHED: 1998

AUTHORIZING STATUTE: The Texas Health and Safety Code, Chapter 403

GOVERNANCE: Compact Commission—six members from Texas, two members from Vermont, each appointed by their respective governors

FIGURE 290
TEXAS LOW-LEVEL RADIOACTIVE WASTE DISPOSAL COMPACT COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.9	$1.2	$0.3	30.8%
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	**$0.9**	**$1.2**	**$0.3**	**30.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	0.0
2021	0.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)

SIGNIFICANT DEVELOPMENTS

Approximately **$52.0 million in fees** have been remitted to the state for **waste disposed** by Texas Compact generators and nonparty generators **since April 2012**.

The agency expects that, by the end of fiscal year 2021, **91.0 percent of the volumetric capacity** and **85.0 percent of the activity capacity** in the compact waste disposal facility will **remain available**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Low-level Radioactive Waste Disposal Compact Commission (LLRWDCC) is appropriated $577,164 each fiscal year of the 2020–21 biennium in General Revenue–Dedicated Funds, Account No. 5151, Texas Low-Level Radioactive Waste Disposal Compact Commission (Account No. 5151), which continues funding at 2018–19 biennial appropriated levels.

PROGRAMS

LLRWDCC is an interstate compact approved by the Texas Legislature in fiscal year 1993 and subsequently ratified by the U.S. Congress during calendar year 1998. In accordance with the terms of the compact, Texas is to be the host state for a disposal site for compact participants, which include Texas and Vermont.

LLRWDCC carries out its responsibilities of ensuring the terms of the agreement's language are followed by administratively supporting the functions of the commission. These terms include making estimates for the quantity of waste generated within the compact member states for disposal during a period ending in fiscal year 2045, and then assuring that the annual volume limits and the proportional disposal volume limits stated in the agreement are met. As a part of its function, the agency is authorized to grant permission to in-compact generators to export waste to disposal sites outside the compact and to enter into agreements that would enable out-of-compact generators to dispose of waste in the Texas compact for management or disposal in accordance with prescribed parameters.

The agreement requires that each party state provides financial support for the commission's activities before the date of facility operation. Funding for commission operations comes from Account No. 5151, which consists of revenue from a surcharge on facility disposal fees specifically assessed to cover the compact's administrative costs. Proportional contributions from the State of Vermont to cover commission costs are expected to continue. The commission is not authorized to employ full-time-equivalent positions, and it uses contractors to perform necessary administrative duties.

PARKS AND WILDLIFE DEPARTMENT

PURPOSE: Manage and conserve the natural and cultural resources of Texas and provide hunting, fishing, and outdoor recreational opportunities; enforce hunting and fishing laws; and safely operate state parks, historic sites, natural areas, and wildlife management areas.

ESTABLISHED: 1963

AUTHORIZING STATUTE: The Texas Parks and Wildlife Code, §11.011

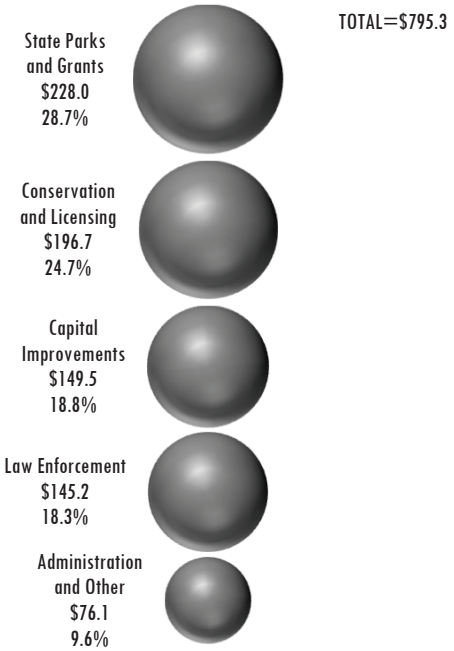
GOVERNANCE: Texas Parks and Wildlife Commission – nine members appointed by the Governor with the advice and consent of the Senate

FIGURE 291
PARKS AND WILDLIFE DEPARTMENT BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$261.2	$326.1	$64.9	24.9%
General Revenue–Dedicated Funds	$307.3	$310.1	$2.8	0.9%
Federal Funds	$235.6	$131.1	($104.5)	(44.4%)
Other Funds	$102.7	$28.0	($74.7)	(72.7%)
Total, All Methods of Finance	**$906.8**	**$795.3**	**($111.4)**	**(12.3%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	3,162.3
2021	3,169.2

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

State Parks operations funding totals $138.1 million, an increase of $5.6 million. Grant funding includes $37.1 million for **local parks** and $17.7 million for boating access and other recreational opportunities.

Sporting Goods Sales Tax (SGST) appropriations total **$318.1 million**, or **100.0 percent** of the SGST estimated to be available for the Parks and Wildlife Department (TWPD) for the 2020–21 biennium. This amount exceeds 2018–19 biennial spending levels by **$40.6 million**.

Capital Improvements funding totals $139.2 million, or a 20.8 percent increase from 2018–19 biennial spending. This amount includes $91.3 million from SGST appropriations and $12.5 million in General Revenue Funds for development of the Palo Pinto State Park.

Contingent on **Senate Bill 1511**, Eighty-sixth Legislature, 2019, **$39.5 million in All Funds** is appropriated **to maintain, repair, and operate the battleship *Texas***. Additionally, TPWD is required to enter into a memorandum of understanding with a nonprofit foundation for the operation and maintenance of the vessel.

SOURCE: Legislative Budget Board.

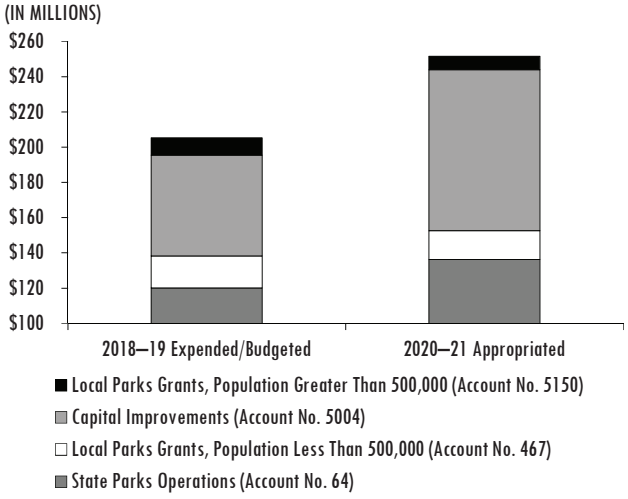
MAJOR FUNDING

Appropriations to the Texas Parks and Wildlife Department (TPWD) for the 2020–21 biennium decreased by $111.4 million, or 12.3 percent, in All Funds from the 2018–19 biennial spending level and provide for 3,162.3 full-time-equivalent (FTE) positions for fiscal year 2020 and 3,169.2 positions for fiscal year 2021. The decrease primarily includes $104.5 million in Federal Funds due to the agency spending down allotment balances during fiscal year 2018 and $74.7 million in Other Funds. The Federal Funds decrease does not represent an overall decrease in Federal Funds available to the agency. The agency receives funding from various federal sources for wildlife and fisheries conservation and management, developing outdoor recreation opportunities, law enforcement, and outreach and education efforts. These decreases are offset partially by increases of $64.9 million in General Revenue Funds and $2.8 million in General Revenue–Dedicated Funds. The increases in General Revenue Funds include an overall increase of $46.2 million in Sporting Goods Sales Tax (SGST) appropriations. In addition, a portion of the estimated decreases of $104.5 million in Federal Funds and of $11.2 million in Other Funds from Appropriated Receipts may change as the agency receives additional federal grants, unanticipated donations, or other new funding during the 2020–21 biennium.

General Revenue Funds and General Revenue–Dedicated Funds appropriated to the agency increased by $67.8 million from the 2018–19 biennial spending level, including the following significant issues:

- SGST funds appropriated directly to TPWD total $251.5 million, an increase of $46.2 million;
- an increase of $16.7 million from the Unclaimed Refunds of Motorboat Fuel Tax (URMFT), related to a method-of-finance swap with General Revenue Funds to maximize utilization of URMFT for increased law enforcement activities;
- an increase of $1.9 million in General Revenue Funds representing $11.8 million for continued development of the Palo Pinto Mountains State Park, $12.5 million for local park grants, and $2.4 million for deployment of the Centralized Accounting, Payroll/Personnel System. These increases are offset partially by decreases of $3.2 million related to onetime law enforcement equipment purchases, $16.7 million related to the method-of-finance swap with URMFT, and $4.4 million representing the agency's remaining debt service on revenue bonds;
- an increase of $8.5 million in General Revenue–Dedicated Funds from Account No. 9, Game, Fish, and Water Safety, related to wildlife management deferred maintenance and law enforcement equipment;
- an increase $2.4 million in General Revenue–Dedicated Funds from Account No. 64, State Parks, related to state park operations and construction administration; and
- a decrease of $8.0 million in General Revenue–Dedicated Funds from Account No. 544, Lifetime License Endowment, related to revenue and balances in the account being insufficient to support 2018–19 biennial appropriation levels.

FIGURE 292
TOTAL SPORTING GOODS SALES TAX TRANSFERS BY GENERAL REVENUE–DEDICATED ACCOUNT 2018–19 AND 2020–21 BIENNIA



SOURCES: Legislative Budget Board; Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.

General Revenue Funds and General Revenue–Dedicated Funds include SGST transfers to four General Revenue–Dedicated Funds accounts: Account No. 64, State Parks; Account No. 467, Texas Recreation and Parks; Account No. 5150, Large County and Municipality Recreation and Parks; Account No. 5004, Texas Parks and Wildlife Conservation and Capital (see **Figure 292**). SGST is not a separate tax, but it is an estimated amount of state tax revenue collected from

FIGURE 293
SPORTING GOODS SALES TAX (SGST) FUNDING, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS) PURPOSE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE
Texas Parks and Wildlife Department	$205.2	$251.5	$46.2
Texas Historical Commission	$18.0	$23.9	$5.9
Employee Benefits and Debt Service	$72.4	$66.7	($5.7)
Total	**$295.6**	**$342.1**	**$46.5**

NOTES:
(1) Employee benefits and debt service are estimated in appropriated amounts for the 2020–21 biennium.
(2) Totals and differences may not sum due to rounding.
SOURCES: Legislative Budget Board; Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Parks and Wildlife Department, Rider 15, Informational Listing – Allocation of SGST.

the sale, storage, or use of sporting goods that TPWD is eligible statutorily to receive.

For the 2020–21 biennium, the Legislature appropriated $342.1 million, 100.0 percent of SGST estimated to be available, including $66.7 million for employee benefits and debt service payments. Since the 2008–09 biennium, the Comptroller of Public Accounts has estimated the amount of SGST that will be available. In accordance with current law (see Significant Legislation, House Bill 1422, Eighty-sixth Legislature, 2019), 93.0 percent of this amount is available to be appropriated to TPWD, and the remaining 7.0 percent is available to be appropriated to the Texas Historical Commission (THC). As during previous biennia, any unappropriated SGST revenue remains in the General Revenue Fund, where it initially is deposited. **Figure 293** shows 2018–19 biennial amounts of SGST funding compared to 2020–21 biennial appropriations. In addition, the voter approval on November 5, 2019, of the constitutional amendment proposed in Senate Joint Resolution 24, Eighty-sixth Legislature, 2019, will result in SGST revenue being appropriated automatically to TPWD and THC beginning September 1, 2021.

Appropriations of General Revenue–Dedicated Funds increased by $2.9 million from 2020–21 biennial spending levels, primarily related to increases of $8.5 million from General Revenue–Dedicated Account No. 9, Game, Fish, and Water Safety (Account No. 9), for wildlife management deferred maintenance and law enforcement equipment and $2.4 million from General Revenue–Dedicated Account No. 64, State Parks (Account No. 64), for state park operations and construction administration. These increase are offset primarily by a decrease of $8.0 million in General Revenue–Dedicated Funds from Account No. 544, Lifetime License Endowment (Account No. 544), related to revenue and balances in the account being insufficient to continue 2018–19 appropriation levels.

Federal Funds for TPWD decreased by $104.5 million, or 44.4 percent, from the 2018–19 biennial spending level, based upon agency estimates. The decrease is related primarily to the agency's expenditure of federal grant allotments from previous years during fiscal year 2018. According to the agency, TPWD typically has three years to expend federal grants for authorized expenses (e.g., wildlife restoration, local park grants, etc.). These amounts could change depending on how the agency expends federal grant allotments from previous fiscal years or if additional funding becomes available to the agency during the 2020–21 biennium. The agency typically provides an estimate for Federal Funds known to be available when submitting its appropriation request. This estimate consistently results in higher amounts of Federal Funds received during a biennium than initially anticipated and appropriated.

The 2020–21 biennial appropriation maintains federal funding from the Wildlife Restoration Program, Sport Fish Restoration Program, Cooperative Endangered Species Conservation Fund, Port Security Grant Program, and Outdoor Recreation-Acquisition, Development, and Planning Grant at 75.0 percent to 90.0 percent of the 2018–19 biennial level.

Other Funds for the agency decreased by $74.7 million, or 72.7 percent. The decreases include $53.5 million from the Economic Stabilization Fund (ESF) provided pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, for fiscal year 2019 for onetime capital expenditures, $11.2 million from Appropriated Receipts primarily for anticipated fluctuations in donations, $2.5 million from bond proceeds, $7.3 million

from Interagency Contracts primarily related to agency projections of road construction contract costs with the Texas Department of Transportation (TxDOT), and $0.1 million from the License Plate Trust Fund. The onetime ESF capital funding includes $35.5 million for the operation and maintenance of the battleship *Texas*, pursuant to Senate Bill 1511, Eighty-sixth Legislature, 2019; $8.0 million for Hurricane Harvey-related expenses; $5.0 million for renovation and repair of the Wyler Aerial Tramway at Franklin Mountains State Park; and $5.0 million to purchase radios capable of statewide interoperability. The appropriated amounts of General Obligation Bond Proceeds include estimates for the unexpended and unobligated balances approved for projects at the agency.

Like Federal Funds, the appropriated amounts from Appropriated Receipts represent existing agreements and could increase as the agency receives reimbursements, donations and gifts, and other revenues that are not part of the revenue streams for General Revenue–Dedicated Funds accounts.

PROGRAMS

TPWD fulfills its mission of conserving natural and cultural resources of the state and providing hunting, fishing, and outdoor recreation opportunities through five program areas: (1) state parks and grants; (2) capital improvements; (3) conservation and licensing; (4) law enforcement; and (5) administration and other programs.

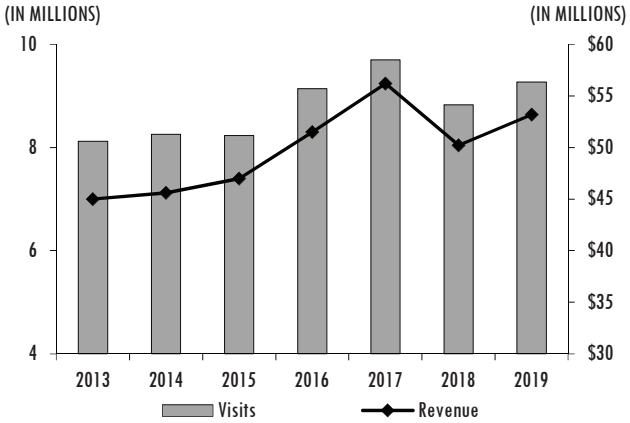
STATE PARKS AND GRANTS

The state parks and grants program area includes six programs that provide two main functions: (1) operation and support of state parks, and (2) providing grants to local parks and for boating access and other recreation opportunities.

STATE PARK OPERATIONS

The State Parks Operations program operates and maintains state parks, state historic sites, and state natural areas. The agency manages 89 state parks, state historic sites, and state natural areas, and 84 of these facilities that are open to the public. Visitation to these facilities totaled 9.3 million during fiscal year 2019. **Figure 294** shows total visits, including paid and those not subject to fees, and total revenue collected from state park users. Growth in revenue typically has outpaced growth in visitation since fiscal year 2013 due to increased sales of prepaid park passes and concessions, including swimming pool and golf course access. Revenue from entrance fees is deposited in General

FIGURE 294
STATE PARK REVENUE AND VISITS
FISCAL YEARS 2013 TO 2019



SOURCE: Parks and Wildlife Department.

Revenue–Dedicated Funds Account No. 64 and is used to fund partially state park operations and capital improvements. Funding for the State Park Operations program totals $138.1 million in All Funds, an increase of $5.6 million, or 4.3 percent, and provides 1,075.8 FTE positions for fiscal year 2020 and 1,081.2 positions for fiscal year 2021. The increase is due primarily to an additional $8.5 million in SGST appropriations partially offset by the removal of $2.1 million in Other Funds from Appropriated Receipts and $0.8 million in Federal Funds to represent the collections projected by the agency.

The State Parks Visitor Services program provides interpretive services to explain the meaning and significance of natural and cultural resources at parks, historic sites, and natural areas; and certain administrative functions. Interpretive services include guided tours and camping workshops. Administrative functions include operating the reservation center, managing concessions and concessionaires, sales, managing exhibit shops, and community outreach. Funding for this program totals $11.6 million in All Funds, an increase of $2.0 million, or 20.8 percent, and provides 58.9 FTE positions.

The Parks Minor Repair program provides for routine and preventive maintenance of facilities at state parks. These maintenance projects are intended to keep state parks functioning in a clean, safe manner and reduce the need for major repairs. Appropriations for the program total $10.0 million in All Funds, a decrease of $0.1 million, or 1.2 percent, and provide 14.0 FTE positions.

The Parks Support program provides management of the function and programs in the State Parks Division, including direct support for state park operations, visitor services, and public safety. These functions include management of natural and cultural resources, interpretive services, management of exhibits, management of state parks law enforcement officers, and management of business activities such as visitor reservations and entrance fee collection. Funding for the program totals $11.4 million in All Funds, a decrease of $0.3 million, or 2.2 percent, and provides 75.0 FTE positions.

The Texas Farm and Ranchlands program was transferred from the General Land Office to TPWD by the Eighty-fourth Legislature, 2015. It provides pass-through grants for qualified easement holders to acquire conservation easements for long-term protection of privately owned working lands that have high values for water, fish, wildlife and agriculture production and that are at risk for development. Funding for the program totals $2.0 million in General Revenue Funds and 1.0 FTE position, which continues 2018–19 biennial spending levels.

LOCAL PARK, BOATING, AND RECREATION GRANTS

Within the Recreation Grants Assistance program, TPWD provides grants to local units of government and other entities to further outdoor recreation opportunities and enjoyment of natural and cultural resources managed by local governments or private organizations. The agency primarily provides 50.0 percent matching grants to local governments and other entities, or direct assistance grants to provide the requisite matching funds to qualify for grants from the federal government or other sources. Although most projects are selected through competition, projects specified by the Legislature include $12.0 million in General Revenue Funds for grants to several local units of government for construction, renovation, and development of local park facilities. Program funding totals $54.8 million in All Funds, of which $37.1 million is for local parks grants and $17.7 million is for boating access and other grants and provides 20.0 FTE positions. The total represents a decrease of $17.6 million, or 24.3 percent, primarily due to a decrease in Federal Funds to represent agency collection projections.

Funding for the state parks and grants program area totals $227.9 million in All Funds, a decrease of $10.3 million, or 4.3 percent from the 2018–19 biennial spending level, and provides 1,244.7 FTE positions for fiscal year 2020 and 1,250.1 positions for fiscal year 2021.

CAPITAL IMPROVEMENTS

The capital improvements program area includes three programs related to capital construction and maintenance, debt service, and land acquisition.

The Capital Construction and Project Delivery program carries out capital improvements and major repairs to facilities and sites throughout the agency. The program includes architectural design, engineering design, project management, a memorandum of understanding agreement between TPWD and TxDOT, and other related activities. The agency is responsible for maintaining and developing more than 144 different locations throughout the state. Program funding totals $144.4 million in All Funds, a decrease of $18.5 million, or 11.4 percent, and provides 91.0 FTE positions. The decrease is due primarily to the decrease of $48.0 million in onetime funding from the Economic Stabilization Fund provided for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019; $13.1 million in Federal Funds; $6.4 million in Other Funds from Interagency Contracts with TxDOT; $3.5 million in General Revenue–Dedicated Funds from Account No. 544 due to decreased account revenue and balances; and $2.4 million in Other Funds from General Obligation Bond Proceeds; partially offset with increases of $34.0 million from SGST in General Revenue–Dedicated Funds from Account No. 5004, Texas Parks and Wildlife Conservation and Capital, related to capital projects and deferred maintenance at facilities and sites; $12.0 million in General Revenue Funds; $5.8 million in Other Funds from anticipated Appropriated Receipts; and $3.8 million in General Revenue–Dedicated Funds from Account No. 64.

The Debt Service program manages debt-service requirements related to revenue bonds issued for infrastructure improvements and maintenance. Appropriations for General Obligation bond debt service for TPWD are provided in the Texas Public Finance Authority (TPFA) budget. Debt service funding totals $0.7 million in General Revenue Funds, a decrease of $4.4 million, or 86.0 percent, as a result of adjustments made to scheduled payments as directed by TPFA.

The Land Conversation program carries out capital budget authority for acquisition of land and other real property. Funding for the program totals $4.4 million in All Funds, a decrease of $5.1 million, or 53.8 percent, predominately resulting from a decrease of $4.5 million in Federal Funds and $0.1 million in Other Funds from Appropriated Receipts

that are not anticipated to be available for the 2020–21 biennium, and provides 5.0 FTE positions.

The capital improvements program area's funding totals $149.5 million for the 2020–21 biennium, a decrease of $28.0 million, or 15.8 percent, and provides 96.0 FTE positions during each fiscal year of the 2020–21 biennium.

CONSERVATION AND LICENSING

The conservation and licensing program area includes the 12 programs associated with the agency's Wildlife Division, including protection and management of game and nongame animal species, freshwater and saltwater aquatic life habitats, and hunting and fishing activities. The program area also includes functions related to the sale of hunting and fishing licenses and boat registration.

GAME AND WILDLIFE CONSERVATION

The Wildlife Conservation program provides for the regulation and management of game species, nongame species, and protection of endangered, threatened, and rare species. The program is responsible for the management and operation of wildlife management areas established to perform research on wildlife populations and habitat, provide education on resource management, and provide outdoor recreation opportunities to the public. Texas has 48 wildlife management areas representing most ecological regions of the state. The program also conducts wildlife and harvest surveys, facilitates collaboration with universities to conduct research, issues permits to take and hold captive wildlife, develops wetlands and other habitats, and assesses the effects of human activities on wildlife. Program appropriations total $70.8 million in All Funds, a decrease of $41.8 million, or 37.1 percent, primarily related to decreases of $41.4 million in Federal Funds and $1.4 million in Other Funds from Appropriated Receipts to represent agency-projected collections, and partially offset by an increase of $1.6 million in General Revenue–Dedicated Funds from Account No. 9. Appropriations provide for 219.0 FTE positions.

The Technical Guidance program provides assistance and information to private landowners and the public regarding programs such as the Private Lands and Public Hunting program and the Managed Lands Deer Program (MLDP). The Private Lands and Public Hunting program supports landowners engaging in voluntary habitat conservation practices through a written wildlife management plan. The MLDP supports sound management and stewardship of native wildlife and wildlife habitats on private lands. Landowners enrolled in either the MLDP Harvest Option or Conservation Option are able to take advantage of extended season lengths and liberalized harvest opportunities. Additionally, the Technical Guidance program provides certain cost-share assistance, primarily utilizing federal funding, through the Landowner Incentive Program. According to the agency, more than 8,000 landowners operating almost 32.0 million acres in the state have received these services from TPWD. Appropriations for the Technical Guidance program total $19.8 million in All Funds, an increase of $9.9 million, or 99.4 percent, primarily related to increases of $2.6 million in General Revenue–Dedicated Funds from Account No. 9, representing legislative authorization for the agency to charge a fee for participation in MLDP pursuant to Senate Bill 733, Eighty-sixth Legislature, 2019, and $7.2 million in Federal Funds that the agency projects to be available, and provide 64.0 FTE positions.

The Hunting and Wildlife Recreation program is responsible for enhancing hunting and other recreation opportunities. The program manages public hunting permits to enable walk-in hunting on TPWD-owned and TPWD-leased land, public hunting drawings for limited numbers of supervised or guided hunting opportunities on certain state-owned land or state-leased private property, youth hunting programs, and wildlife and paddling trails. Funding for the program totals $4.7 million in All Funds, a decrease of $1.0 million, or 18.5 percent, and provides 14.0 FTE positions.

AQUATIC CONSERVATION

The Artificial Reef program oversees the development and maintenance of artificial reefs off the Texas coast and evaluates the use of artificial reefs by marine species and humans. The program repurposes structures such as boats, oil rig platforms, deconstructed bridges, and other items to assemble the reefs. Funding for the program totals $0.8 million, a decrease of $8.7 million, or 91.3 percent, and provides 4.0 FTE positions. The program is funded by Other Funds from Appropriated Receipts, and the decrease is attributable to collections projected to be available for the 2020–21 biennium. In addition, House Bill 2065, Eighty-sixth Legislature, 2019, authorizes the Legislature to appropriate General Revenue Funds to pay for salaries and benefits for the FTE positions implementing the State Artificial Reef Plan.

The Coastal Fisheries Resource Management program provides oversight and support to the Coastal Fisheries

Division. The program includes three field offices that monitor and assess marine life populations and environmental conditions. Funding for the program totals $18.4 million in All Funds, a decrease of $0.2 million, or 1.1 percent, and provides 94.5 FTE positions.

The Coastal Fisheries Science and Policy Resources program is another program related to coastal fisheries management. It includes research and assessment programs, such as species population health, investigation of pollution and fish-kill incidents, implementation of habitat restoration projects, and management of invasive plant and animal species. Funding for this program totals $9.3 million in All Funds, a decrease of $2.8 million, or 22.9 percent, and provides 65.0 FTE positions.

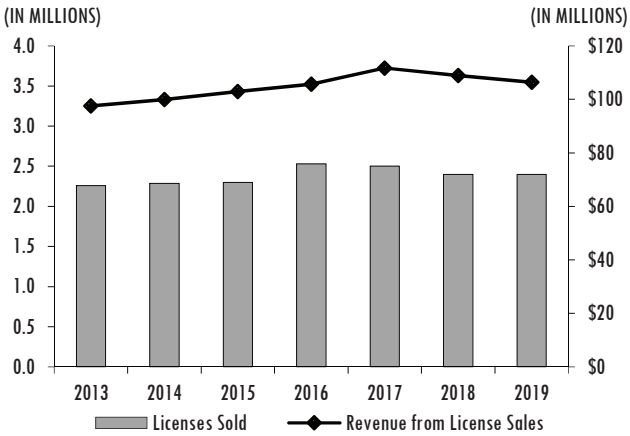
The Coastal Hatcheries Operations program stocks fish in coastal waters for recreational fishing. Three saltwater hatcheries raise and release juvenile red drum and spotted speckled trout, in addition to conducting research on fish genetics, marine habitats, and the effects of stocking on wild populations. Funding for Coastal Hatcheries Operations totals $7.2 million in All Funds, a decrease of $0.2 million, and provides 41.0 FTE positions.

The Freshwater Fisheries Conservation program provides management and oversight of the Inland Fisheries Division. This division conducts surveys of fish populations, habitats, and anglers to determine status and needs of the state's freshwater fisheries resources. Appropriations for the program total $16.1 million in All Funds, a decrease of $8.5 million, or 34.6 percent, primarily related to a decrease of $8.4 million in Federal Funds to represent agency-projected collections, and provide 93.1 FTE positions.

Another program affiliated with the Inland Fisheries Division is the Inland Habitat Conservation program. The program develops and implements conservation plans for 185 species of freshwater fishes, conducts fish habitat restoration projects, consults with other agencies regarding regulatory actions affecting fish habitats, and improves river access for anglers and paddlers. Other functions include pollution response and restoration, stream-flow studies, implementation of species recovery plans, and permitting for the sale of marl, sand, gravel, and shells taken from Texas bodies of water. Appropriations for Inland Habitat Conservation total $8.1 million in All Funds, an increase of $2.4 million, or 41.2 percent, and provide 24.2 FTE positions.

The Aquatic Vegetation and Invasive Species Management program manages aquatic vegetation to maintain boat lanes and general access to outdoor recreational activities in freshwater bodies across the state. This program also manages efforts to contain aquatic invasive species such as giant salvinia, hydrilla, and zebra mussels. Funding for this program totals $7.5 million in All Funds, an increase of $0.6 million, or 9.8 percent, and 9.7 FTE positions, maintaining 2016–17 biennial spending levels.

FIGURE 295
HUNTING AND FISHING LICENSE SALES
FISCAL YEARS 2013 TO 2019



SOURCE: Parks and Wildlife Department.

The Inland Hatcheries Operations program provides stocked fish for freshwater fisheries. The program operates five hatcheries, producing various species of sportfish, conducting aquaculture research, and performing public outreach and education. Funding for the Inland Hatcheries Operations program totals $14.1 million in All Funds, a decrease of $0.4 million, or 3.3 percent, and provides 76.0 FTE positions.

LICENSING AND REGISTRATION

The License and Boat Revenue program oversees the sale of recreational and commercial hunting and fishing licenses and boat registration and titling. Hunting and fishing licenses can be purchased in person at a licensing agent or TPWD office, with a mail-in application, by telephone, or online. Boat registration and titling can be conducted in person at TPWD's 29 law enforcement offices, including TPWD headquarters, and participating county tax assessor–collectors or with a mail-in application; registration renewals only can be completed online. **Figure 295** shows actual hunting and fishing license sales and revenue from fiscal years 2013 to 2019. Revenue from license sales and titling is deposited in the General Revenue–Dedicated Funds Account No. 9 and is used for various conservation and law enforcement purposes.

The use of collected revenues is limited depending on the specific revenue source; for example, revenue from the migratory game bird stamp, a federally required licensing tool, can be appropriated only for purposes related to management and research of migratory game birds and their habitats. Appropriations for this program total $19.6 million in All Funds, a decrease of $0.3 million, or 1.3 percent, and provide 31.0 FTE positions.

Appropriations for the conservation and licensing program area total $196.7 million in All Funds, a decrease of $51.0 million, or 20.6 percent, and provide 735.5 FTE positions during each fiscal year of the 2020–21 biennium.

LAW ENFORCEMENT

The program area for law enforcement includes four programs that provide for the operation, training, and support of game wardens throughout the state, including those dedicated to the border region for border security efforts. The program area includes state parks peace officers in the State Parks – Law Enforcement – Public Safety program.

Enforcement programs enforce the state's game, fish, and water safety laws through public education, crime prevention, and apprehension of offenders. TPWD maintains 29 law enforcement offices throughout the state that support 549.0 FTE positions for game wardens. These offices provide services to the public such as sale of licenses, boat registration and titling, and education. In addition to general law enforcement and enforcement of laws, the program provides activities related to disaster response and homeland security. For the 2020–21 biennium, 90 game wardens will be assigned to conduct law enforcement activities in border counties, including those sharing a land border with Mexico and counties on the Gulf Coast, and an additional 49 game wardens will be dedicated to the area for enhanced border security activities. Appropriations for enforcement programs total $120.9 million in All Funds, a decrease of $18.7 million, or 13.4 percent, and provide 595.0 FTE positions. The decrease is due primarily to removal of $4.0 million in General Revenue Funds provided to replace a 65.0-foot offshore vessel, $4.0 million in onetime General Revenue–Dedicated Funds from Account No. 544 related to certain capital improvements, $3.3 million in Federal Funds to represent agency-projected collections, and $5.0 million in onetime Other Funds from the Economic Stabilization Fund related to law enforcement equipment provided for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019.

The Game Warden Training program administers and operates the Texas Game Warden Training Center to train new game warden cadets and prepare them for the peace officer licensing exam. Beginning in fiscal year 2015, new parks peace officers also began training through this program. The training center offers continuing education training to game wardens and training to outside law enforcement entities. Appropriations for the program total $5.5 million in All Funds, an increase of $1.7 million, or 43.4 percent, primarily resulting from the allocation of $1.6 million from General Revenue–Dedicated Account No. 9 to this program and a decrease of $0.1 million in Federal Funds related to boating safety projects, and provides 32.0 FTE positions.

The State Park – Law Enforcement – Public Safety program provides law enforcement and public safety services to state parks. This program includes Park Police Officers dedicated to law enforcement full-time, but it does not include commissioned Park Superintendents and Managerial staff for whom law enforcement activities are only one component of their duties. Park Police Officers are distinct from the game wardens in the law enforcement program area, although they also are trained at the Game Warden Academy. Appropriations for the program total $13.2 million in All Funds, an increase of $0.9 million, or 7.3 percent, and provides 102.2 FTE positions for fiscal year 2020 and 103.2 positions for fiscal year 2021.

The Law Enforcement Support program provides management of the Law Enforcement Division, including administrative functions such as budgeting, coordination, and implementation of policies and procedures, and oversight. Major oversight areas include wildlife enforcement, fisheries enforcement, and marine safety enforcement. Funding for the program totals $5.6 million in All Funds, an increase of $0.4 million, or 7.5 percent, and provides 27.0 FTE positions.

Funding for the law enforcement program area for the 2020–21 biennium totals $145.2 million in All Funds, a decrease of $15.8 million, or 9.8 percent, and provides 756.2 FTE positions for fiscal year 2020 and 7567.2 positions for fiscal year 2021.

ADMINISTRATION AND OTHER PROGRAMS

The administration and other programs area includes three programs related to the Administrative Resources, Communications, Human Resources, Information Technology (IT), and Legal divisions, and the noncapital functions of the Infrastructure Division. This program area

provides statewide administrative support to TPWD and mass communication to the public or targeted constituencies.

The IT, Accounting Control, and Agency Services program provides the agency's primary administration and management. The executive office coordinates activities related to the Parks and Wildlife Commission and outside entities, such as the Legislature and the Texas Parks and Wildlife Foundation. The program implements information technology solutions to support the agency's functions, including customer service applications. Other functions performed by the program include financial and accounting services, human resources, legal services, warehouse management, purchasing and contracting, management of the Historically Underutilized Businesses program, headquarters complex facility management, risk management, and agencywide records management. Appropriations for the program total $57.2 million in All Funds, an increase of $4.4 million, or 8.3 percent, and provide 259.9 FTE positions for fiscal year 2020 and 260.4 positions for fiscal year 2021. The program funding includes $2.4 million in General Revenue Funds to implement the Comptroller of Public Accounts' Centralized Accounting and Payroll/Personnel System.

The Communication Products and Services program includes production and publication of TPWD media, including *Texas Parks and Wildlife Magazine*, the *Texas Parks and Wildlife* television program, the *Passport to Texas* radio program, video news reports, news releases, marketing, web development, social media, and creative and interactive services. Appropriations for the program total $11.1 million in All Funds, a decrease of $0.7 million, or 6.6 percent, and provide 44.0 FTE positions.

The Outreach and Education program provides education to hunters, boaters, and other water users to be safe, knowledgeable, and responsible while pursuing outdoor recreation activities and to the development of new outdoor recreation enthusiasts. The program includes the Hunter Education and Boater Education programs required of all participants of a certain age to hunt or boat legally in the state. Other functions include outdoor skills workshops, outreach events, and programs that utilize trained volunteers to provide education regarding conservation and outdoor recreation. Appropriations for the program total $7.7 million in All Funds, a decrease of $9.9 million, or 56.0 percent, and provide 26.0 FTE positions. The decrease includes a $9.8 million decrease in Federal Funds and no funding from Appropriated Receipts for the 2020–21 biennium.

Appropriations for administration and other programs area total $76.1 million in All Funds, a decrease of $6.3 million, or 7.6 percent, and provide 329.9 FTE positions for fiscal year 2020 and 330.4 positions for fiscal year 2021.

SIGNIFICANT LEGISLATION

House Bill 1300 – Cultivated oyster mariculture. The legislation authorizes the Parks and Wildlife Commission to implement a cultivated oyster mariculture program in Texas coastal waters. Revenues collected from certain fees and penalties related to the program are deposited to the credit of General Revenue–Dedicated Funds Account No. 9. Of these revenues, 20.0 percent are required to be available for appropriation to TPWD to clean up illegal or abandoned cultivated oyster mariculture equipment and related debris in public waters.

House Bill 1422 – Transfers to the Texas Historical Commission (THC) and SGST allocation. The legislation continues THC through August 31, 2031, and transfers six historic sites from TPWD to THC. The legislation also amends the maximum allocations of SGST revenue to TPWD and THC from 94.0 percent and 6.0 percent, respectively, to 93.0 percent and 7.0 percent. The legislation also authorizes agencies, with curatorial collections and an officially adopted deaccession policy, to sell deaccessioned items through the State Surplus Property program administered by the Texas Facilities Commission. Proceeds from the sale of deaccessioned items are to be deposited to the new General Revenue–Dedicated Funds Account No. 5179, Historic Property Proceeds, and are authorized to be appropriated to affected agencies for the care and preservation of qualifying curatorial collections.

House Bill 2038 – Marl, sand, gravel, shell, mudshell, and disturbing oyster beds or fishing waters. The legislation increases penalties for offenses related to disturbing or taking marl, sand, gravel, shell, or mudshell or disturbing oyster beds or fishing waters. The amounts collected from the increased penalties are available for appropriation to TPWD.

House Bill 2065 – Artificial reef program. The legislation authorizes the Legislature to appropriate money from the General Revenue Fund for salaries and benefits of state employees implementing the state artificial reef plan.

House Bill 2218 – Menhaden boat licenses. The legislation establishes a Class C menhaden boat license. The amounts collected from the boat license fees are available for appropriation to TPWD.

Senate Joint Resolution 24 – SGST appropriation and allocation. The legislation provides an amendment to the Texas Constitution to appropriate automatically the net revenue received each fiscal year from SGST to TPWD and THC. The amendment, approved by voters on November 5, 2019, will take effect September 1, 2021, and will apply only to state tax revenue collected on or after that date. The amendment prohibits the appropriated SGST from being available for certification by the Comptroller of Public Accounts (CPA). The amendment authorizes the Legislature, by a two-thirds vote in each chamber, to direct CPA to decrease the amount that otherwise would be appropriated to the TPWD and THC by 50.0 percent.

Senate Bill 733 – Managed Lands Deer Program (MLDP). The legislation authorizes the Parks and Wildlife Commission to establish and collect a fee for participation in the MLDP. Revenues collected from the fee are deposited to the credit of General Revenue–Dedicated Funds Account. No. 9. The amounts anticipated to be collected from the landowners participating in MLDP are appropriated to TPWD.

Senate Bill 1511 – The battleship *Texas*. The legislation directs TPWD to enter into a memorandum of understanding with a nonprofit foundation for the operation and maintenance of the battleship *Texas*. The nonprofit foundation is required to consult with the executive director of THC, the state historic preservation officer, regarding repairs and preservation of the vessel.

RAILROAD COMMISSION OF TEXAS

PURPOSE: To regulate the state's oil and natural gas industries, with responsibilities for permitting, monitoring, and inspecting facilities. The agency works to ensure the safe production and transportation of the state's energy resources, while protecting public health and the environment. The agency also works to ensure fair pricing through its oversight of gas utilities rates.

ESTABLISHED: 1891

AUTHORIZING STATUTE: The Texas Constitution, Articles X and XVI; the Texas Natural Resources Code

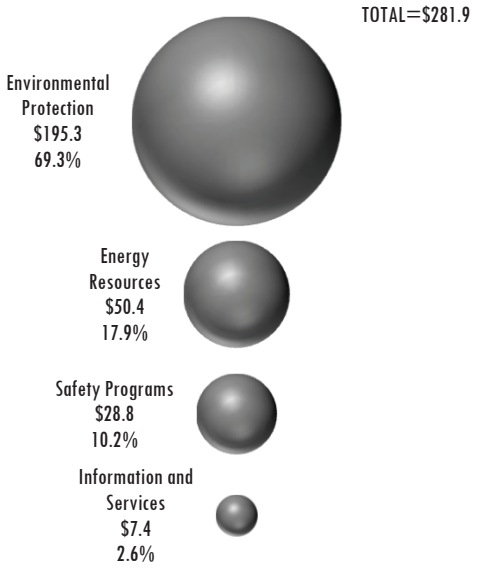
GOVERNANCE: Three statewide-elected officials

FIGURE 296
RAILROAD COMMISSION OF TEXAS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$61.1	$107.8	$46.7	76.5%
General Revenue–Dedicated Funds	$135.1	$155.1	$19.9	14.8%
Federal Funds	$16.9	$14.4	($2.5)	(14.6%)
Other Funds	$43.0	$4.6	($38.4)	(89.4%)
Total, All Methods of Finance	**$256.1**	**$281.9**	**$25.8**	**10.1%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	870.6
2021	870.6

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations provide **$155.1 million** in General Revenue–Dedicated Funds from Account No. 5155, Oil and Gas Regulation and Cleanup, or **all estimated revenue and balances from the account**.

Appropriations include **$39.1 million in General Revenue Funds** for oil and gas **well plugging and remediation.**

Appropriations total $23.4 million in All Funds for **pipeline safety and inspections, and provide 73.0 inspector full-time-equivalent (FTE) positions,** to ensure that all regulated systems are inspected every five years.

Appropriations include $26.9 million in General Revenue Funds and 24.0 FTE positions to upgrade the agency's mainframe computer system.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to the Railroad Commission (RRC) for the 2020–21 biennium increase by $25.8 million, or 10.1 percent, in All Funds from the 2018–19 biennial spending level and provide for 870.6 full-time-equivalent (FTE) positions for each fiscal year of the 2020–21 biennium. The increase is due to an additional $46.7 million in General Revenue Funds from the gas utility pipeline tax for upgrades to the agency's mainframe computer system, oil and gas well plugging and site remediation activities, and an additional 10.0 FTE positions for pipeline safety inspectors; and $19.9 million in General Revenue–Dedicated Funds from Account No. 5155, Oil and Gas Regulation and Cleanup (Account No. 5155), for operational stability and represent a method-of-finance swap to provide all estimated revenue and balances from Account No. 5155. The increases are offset partially by decreases of $38.2 million in Other Funds from the Economic Stabilization Fund (ESF) for oil and gas well plugging and site remediation, and $2.5 million in Federal Funds and $0.2 million in Other Funds from Appropriated Receipts based upon agency estimates.

General Revenue–Dedicated Funds appropriations include funding only from Account No. 5155, which is used to pay costs related to regulating and monitoring the oil and gas industry, plugging abandoned wells, and cleaning up oil and gas sites. Revenue deposited to this account primarily includes production-related fees paid by the oil and gas industry. Two such fees deposited to the credit of the account are: (1) a pumping fee of five-eighths of $0.01 per barrel produced; and (2) a surcharge that can be no more than 185.0 percent of the original pumping fee. Although agency appropriations include all amounts estimated to be available, any fees deposited to Account No. 5155 in excess of the amounts indicated in the Comptroller of Public Accounts' Biennial Revenue Estimate, also are appropriated to the agency.

General Revenue Funds from the gas utility pipeline tax and General Revenue–Dedicated Funds appropriated to the agency increased by $66.7 million, or 34.0 percent, from the 2018–19 biennial spending level primarily due to the following changes:

- an increase of $26.9 million in General Revenue Funds to provide for upgrades to the agency's mainframe computer system and 24.0 FTE positions;
- a net increase of $19.8 million in General Revenue Funds for oil and gas well plugging and site remediation and to continue a stable base of funding for the oil and gas regulation and cleanup programs. This amount includes an additional $39.1 million for oil and gas well plugging and$1.2 million to provide additional pipeline safety inspectors (10.0 FTE positions) offset by a decrease of $20.5 million provided during the 2018–19 biennium for operational stability funding; and
- an increase of $19.9 million in General Revenue–Dedicated Funds from Account No. 5155, representing all estimated available balances and revenue for the account for a method-of-finance swap and to continue a stable base of funding for oil and gas regulation and cleanup programs.

Federal Funds for the RRC decreased by $2.5 million, or 14.6 percent, from the 2018–19 biennial spending level primarily based upon agency estimates related to federal grants for pipeline safety and mine reclamation programs. These amounts could change if additional funding becomes available to the agency during the 2020–21 biennium.

Other Funds for the agency decreased by $38.4 million, or 89.4 percent. The decrease is due primarily to removal of $38.2 million from the Economic Stabilization Fund for oil and gas well plugging and remediation provided during the 2018–19 biennium. Additionally, appropriations represent a decrease of $0.2 million in Other Funds from Appropriated Receipts based upon agency estimates. Like Federal Funds, the appropriated amounts for Appropriated Receipts represent estimates and could increase during the 2020–21 biennium.

PROGRAMS

The RRC regulates the state's oil and natural gas industries with activities organized in four major program areas: (1) environmental protection; (2) energy resources; (3) safety programs; and (4) information and services.

ENVIRONMENTAL PROTECTION

Appropriations for the environmental protection program area are used to ensure that Texas' fossil fuel energy production, storage, and delivery occurs in a manner that minimizes harmful effects on the state's environment and preserves natural resources. The agency accomplishes this goal through monitoring and inspections and through remediation, reclamation, and plugging of oil and gas wells. The agency also works to

ensure that natural gas utility rates promote a safe and efficient supply of natural gas. RRC addresses these responsibilities through the following activities:

- promulgating rules for regulated industries;
- registering organizations;
- maintaining financial assurance of operators;
- requiring and maintaining certain filings by operators;
- granting permits and licenses;
- monitoring performance and inspecting facilities;
- maintaining records and maps;
- reviewing variance requests;
- investigating complaints and responding to emergencies; and
- plugging abandoned or orphaned oil and gas wells and cleaning up associated facilities and pollution sites.

The Oil and Gas Monitoring and Inspections program includes nine district offices across the state charged with overseeing oil and gas operations and enforcing environmental and safety rules. Field inspectors visited 133,187 oil and gas wells and other related facilities during fiscal year 2019 to enforce agency environmental and safety rules. Producers filed 108,521 permit applications during fiscal year 2019. Appropriations for the 2020–21 biennium total $67.9 million in All Funds, an increase of $10.3 million, or 17.8 percent, and provide for 289.9 FTE positions. The agency expects to inspect 189,367 facilities and process more than 110,000 permits during each fiscal year of the 2020–21 biennium. The agency is provided 12.0 additional oil and gas compliance inspector FTE positions for the 2020–21 biennium to ensure that inspections are conducted of all onshore wells every five years and of offshore and bay wells every two years.

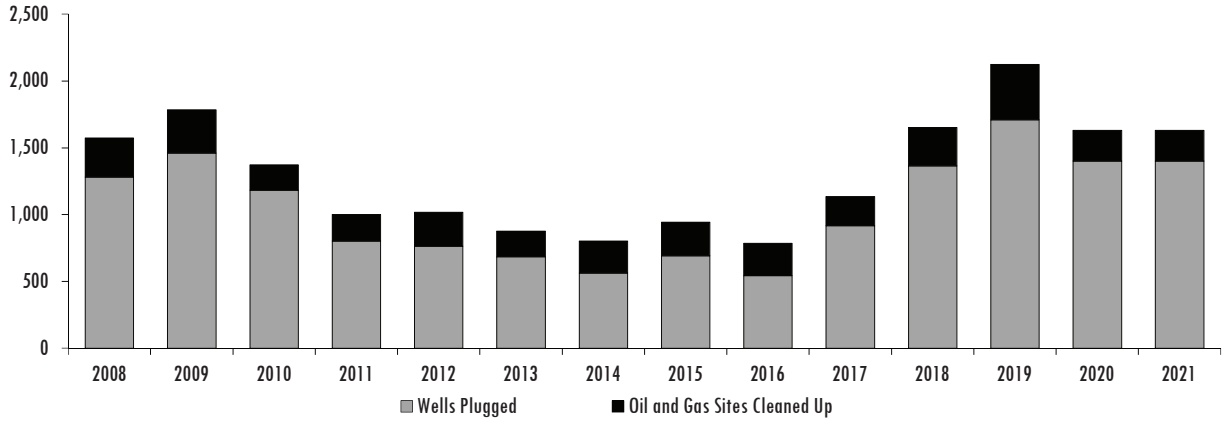
The Oil and Gas Well Plugging program plugs abandoned oil and gas wells that cause or threaten to cause pollution where a responsible operator either does not exist or fails to take the action necessary to prevent pollution. As of October 2019, the agency has plugged 39,869 abandoned wells with the use of state funds and identified a backlog of approximately 6,444 unplugged and orphaned wells. If an operator abandons its well or wells, RRC initiates enforcement actions to sever all of the operator's leases, including collection actions on the operator's financial security. Many operators remain out of compliance with agency enforcement actions, and those cases are referred to the Office of the Attorney General for further enforcement action, resulting in RRC's plugging of the operator's abandoned wells. The agency uses a priority rating system to determine which wells should be plugged first. The rating system includes four categories and 26 rated factors of human health, safety, environment, and wildlife to determine which wells pose the greatest risk to public safety and the environment. Program appropriations for the 2020–21 biennium total $81.3 million in All Funds, which represents a decrease of $7.4 million, or 8.4 percent, and provide for 120.2 FTE positions. This amount includes $39.1 million in General Revenue Funds offsetting a decrease of $38.2 million in Other Funds from the ESF for well plugging.

The Oil and Gas Site Remediation program utilizes state funds to coordinate with district offices for the cleanup of pollution at abandoned oil and gas sites. These site cleanups can range from simple tank-battery cleanups requiring less than one day to complete to more complex cleanups requiring several years to properly evaluate, design, procure, and ultimately complete. During the 2018–19 biennium, the agency has completed 643 cleanup activities. Appropriations for the program total $24.4 million in All Funds, an increase of $9.4 million, or 62.4 percent, and provide for 20.3 FTE positions.

Figure 297 shows the number of wells plugged and the number of polluted oil and gas sites cleaned up using state funds from fiscal years 2008 to 2019, with projected performance for the 2020-21 biennium. The number of wells plugged began to decrease from fiscal years 2011 to 2016 due to RRC's ongoing focus on several longer-term and complex cleanup and assessment activities and prioritizing plugging offshore wells, which, at an average cost of $1.0 million per well, is more costly than plugging land wells. The volume of wells and sites that the agency addressed increased during fiscal year 2017, and the agency plugged 1,710 wells and cleaned 415 sites during fiscal year 2019. The agency projects that 1,400 wells will be plugged during each fiscal year of the 2020–21 biennium.

The Operator Cleanup Assistance program oversees cleanups performed by the regulated community, which primarily consists of responsible party operators. Program biennial appropriations total $3.0 million in All Funds, an increase $0.9 million, or 43.8 percent, which provides for 7.5 FTE positions.

FIGURE 297
WELLS PLUGGED AND OIL AND GAS SITES CLEANED UP USING STATE FUNDS
FISCAL YEARS 2008 TO 2021



NOTE: Amounts for fiscal years 2020 and 2021 are estimated.
SOURCE: Railroad Commission.

The Brownfields Response Program encourages redevelopment of abandoned oil and gas sites by providing technical and financial support for remediation and redevelopment efforts to governmental entities and other participants as long as they did not cause or contribute to the contamination. Funding for the program totals $0.4 million in All Funds for the 2020–21 biennium, or 16.6 percent, which is similar to 2018–19 biennial spending levels, and provides for 2.0 FTE positions.

Through the Surface Mining and Reclamation program, the agency regulates surface mining of coal and lignite, mining of iron ore, uranium exploration, and the reclamation of abandoned mine lands. The program's purpose is to reclaim and restore land and water resources and to protect the public from the adverse effects of mining practices in the state. Reclamation of abandoned surface mines typically consists of earthwork burial or treatment of unsuitable spoil, typically acidic or radioactive spoil; installation of erosion-control and water-control structures; and revegetation. Dangerous abandoned underground mine openings typically are closed by backfilling, capping with concrete or metal grating, or metal gating. The agency oversees contractors hired to perform these services. Funding for the program totals $6.6 million in All Funds, a decrease of $0.8 million, or 10.3 percent, and includes 8.4 FTE positions.

Other mining programs include the Coal/Uranium Mining Applications and Permits program and the Coal Mining Inspection and Enforcement program. The Coal/Uranium Mining Applications and Permits program is appropriated $2.8 million in All Funds, a decrease of $0.1 million, or 3.7 percent, and provides for 22.6 FTE positions to process applications and permits. The Coal Mining Inspection and Enforcement Program is appropriated $4.0 million in All Funds, a decrease of $0.2 million, or 5.1 percent, and provides for 22.6 positions to conduct unannounced inspections of permitted sites and to assess penalties for violations.

Appropriations for the Gas Utility Market Oversight program total $1.9 million in All Funds, which is similar to 2018–19 spending levels, and provide 13.0 FTE positions for the regulation of gas utilities. The Gas Utility Audit program funds audits of utilities to ensure that the proper gas utility tax is paid and monitors rates charged to customers for natural gas and services. Program appropriations total $2.7 million in All Funds, which is similar to 2018–19 biennial spending levels, and provide for 14.1 positions.

Funding for the environmental protection program area totals $195.3 million in All Funds, an increase of $12.0 million, or 6.6 percent, from 2018–19 biennial funding levels, and provides for 520.5 FTE positions during each fiscal year of the 2020–21 biennium.

ENERGY RESOURCES

Appropriations for this program area support the development, management, and use of Texas oil and gas energy resources, protecting correlative rights (legal rights protecting property of a portion of a gas or oil reservoir from

excessive or wasteful withdrawal), and equal and fair energy access to all entities.

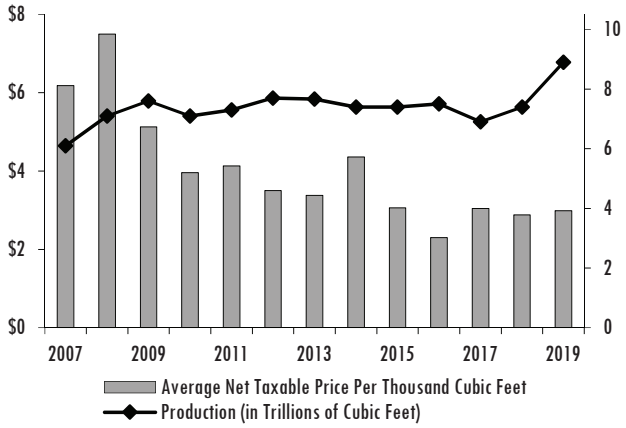
The Administrative Compliance program appropriations total $23.0 million in All Funds, an increase of $5.2 million, or 28.9 percent, and support 88.1 FTE positions and agency activities, which include registering energy producers and monitoring well production and completions. RRC provides drilling permits and assigns production limits on oil and gas wells and performs audits to ensure that production remains within those limits. The program also provides geographic information system (GIS) and well-mapping services to track and maintain data related to wells, pipelines, and other oil and gas infrastructure. GIS data is used extensively for planning, tracking, enforcement, and environmental assessment activities and is crucial information during a disaster.

Texas had 173,371 oil wells and 86,879 gas wells in production as of November 2019. Production allowables, which are amounts that producers are permitted to extract from wells during a given year, are assigned according to factors such as tested well capability, reservoir mechanics, market demand for production, and past production. **Figures 298** and **299** show gas and oil production and the average taxable price for each from fiscal years 2007 to 2019. The average net taxable price per barrel of oil decreased from $60.58 during fiscal year 2018 to $59.62 during fiscal year 2019 due to global commodity prices and production.

Technical Permitting program activities include the issuance of drilling permits based on established spacing and density rules and in a manner to protect the public from surface storage of disposal of drilling waste by-product. Permitting programs include drilling application processing, management of wastes and protection of the public from surface storage or disposal, disposal and enhancement recovery wells, and underground hydrocarbon storage and brine mining. The number of drilling permit applications increased from 14,491 during fiscal year 2017 to 16,301 during fiscal year 2019. Program appropriations total $22.1 million in All Funds, an increase of $5.0 million, or 29.1 percent, and include 69.7 FTE positions.

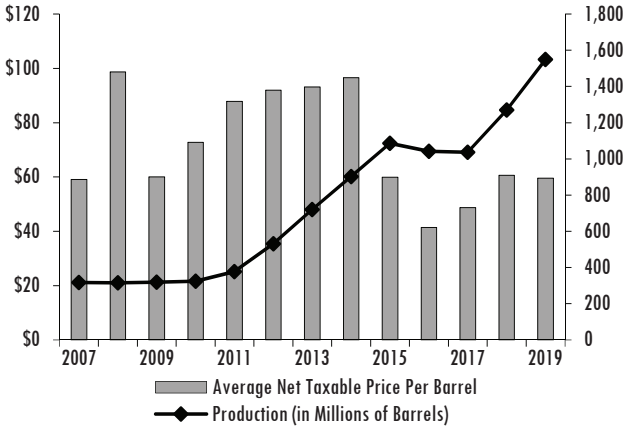
The Groundwater Advisory Unit Program is appropriated $2.8 million in All Funds, an increase of $0.7 million, or 32.3 percent, which provides for 10.7 FTE positions to review geological data to determine the presence and depth of usable-quality water to specify depths from which such resources must be protected from oil and gas operations.

FIGURE 298
TEXAS GAS PRODUCTION, FISCAL YEARS 2007 TO 2019



SOURCE: Comptroller of Public Accounts.

FIGURE 299
TEXAS OIL PRODUCTION, FISCAL YEARS 2007 TO 2019

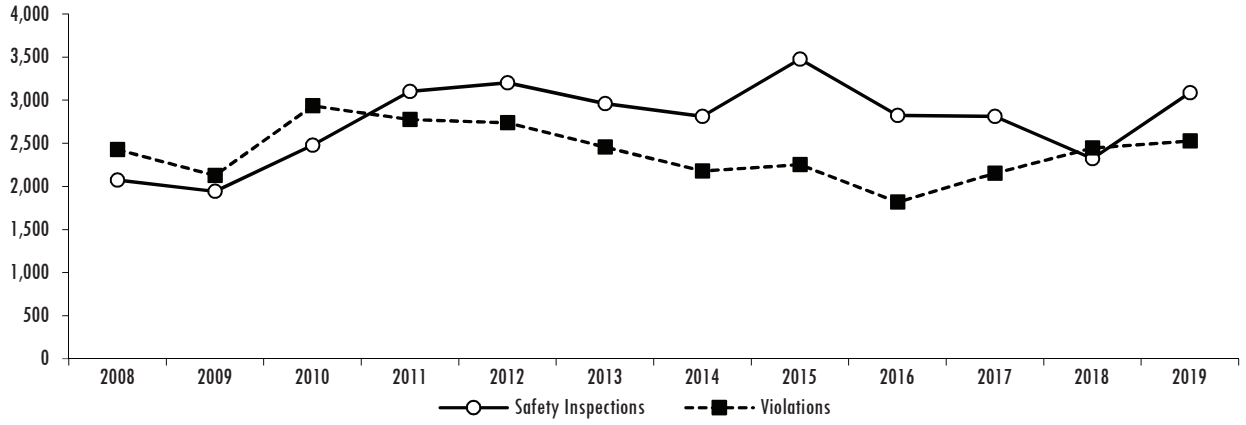


SOURCE: Comptroller of Public Accounts.

The Alternative Fuels Training program provides education, qualifications, and recertification to individuals that handle liquefied petroleum gas (LPG) to ensure safety and compliance with existing law and regulations. Program appropriations total $2.4 million in Other Funds from Appropriated Receipts, an increase of $0.6 million, or 34.8 percent, and include 9.0 FTE positions.

Funding for the energy resources program area totals $50.4 million in All Funds, an increase of $11.6 million, or 29.8 percent, from 2018–19 biennial funding levels and provides 177.5 FTE positions during each fiscal year of the 2020–21 biennium.

FIGURE 300
RAILROAD COMMISSION PIPELINE SAFETY INSPECTIONS AND VIOLATIONS
FISCAL YEARS 2008 TO 2019



SOURCE: Railroad Commission.

SAFETY PROGRAMS

Appropriations to the safety programs area: support the advancement of safety related to pipeline operations and in the delivery and use of petroleum products through training, monitoring, and enforcement activities; and promote, educate, and enforce regulations for underground damage prevention.

The Pipeline Safety/Inspections program enforces pipeline operators' compliance with federal and state laws and regulates the safety of intrastate natural gas pipelines, hazardous liquid pipelines, and carbon dioxide pipelines in Texas. The agency issues licenses and permits, conducts field inspections and accident investigations, and responds to emergencies.

The agency is certified by the U.S. Department of Transportation for the enforcement of federal pipeline safety regulations for intrastate pipeline facilities, pursuant to the federal Pipeline Safety Act. **Figure 300** shows the number of safety inspections the agency has performed and the number of violations found through those inspections from fiscal years 2008 to 2019.

Appropriations for the program total $23.4 million in All Funds, which is similar to 2018–19 biennial spending levels, including 114.6 FTE positions. Appropriations include $1.2 million in General Revenue Funds to provide 10.0 additional pipeline inspector FTE positions for the 2020–21 biennium to ensure that inspections are conducted of all regulated systems every five years.

The Underground Damage Prevention program focuses on compliance and enforcement activities related to the movement of earth near pipelines and provides educational presentations to affected stakeholders statewide to prevent pipeline damage. Program appropriations total $2.0 million in All Funds, a decrease of $0.4 million, or 15.4 percent, and include 8.7 FTE positions.

The Alternative Fuels Licensing and Regulation program licenses and registers individuals and entities engaged in the LPG, compressed natural gas (CNG), and liquefied natural gas (LNG) industries, including cargo tank motor vehicles. Additionally, the program regulates LPG, CNG, and LNG by promulgating safety rules, conducting inspections, and engaging in enforcement actions. The program is appropriated $3.5 million in All Funds for the 2020–21 biennium, an increase of $0.3 million, or 8.8 percent, and is provided 24.5 FTE positions.

The safety programs area is appropriated $28.8 million in All Funds, which is similar to 2018–19 biennial spending levels, and is provided 147.8 FTE positions.

INFORMATION AND SERVICES

The information and services program area works to maximize electronic government transactions and minimize paper transactions by developing technological enhancements that promote efficient regulatory programs and preserve and increase public access to information through its Public Information and Services program. The program is appropriated $7.4 million in All Funds, an increase of $2.2

million, or 42.9 percent, and is provided 24.8 FTE positions. Program activities include providing the public access to oil and gas records.

SIGNIFICANT LEGISLATION

House Bill 864 – Pipeline incident reporting. The legislation requires distribution gas pipeline facility operators to report certain information to RRC regarding pipeline incidents. The agency is required to retain records of the incident perpetually.

House Bill 866 – Installation, removal, and replacement of gas pipelines. The legislation amends the Texas Utilities Code to direct RRC to establish rules for the installation, removal, and replacement of certain gas pipelines by distribution gas pipeline facility operators.

House Bill 2675 – General Revenue–Dedicated Funds Account No. 5155, Oil and Gas Regulation and Cleanup, balance stabilization. The legislation repeals requirements regarding the cessation of the collection of oil-field cleanup regulatory fees on oil and gas operators if the balance of Account No. 5155 exceeds $30.0 million. RRC has never certified that the balance of the account has reached $30.0 million.

House Bill 2771 – National Pollution Discharge Elimination System (NPDES) transfer. The legislation authorizes the Texas Commission on Environmental Quality to assume the responsibility for administering the NPDES and issue permits for the discharge of produced water, hydrostatic test water, and gas plant effluent resulting from certain oil and gas activities with approval from the U.S. Environmental Protection Agency (EPA). RRC performed these duties during the 2018–19 biennium. Although the legislation makes the transfer effective September 1, 2019, the transfer of authority may not occur until a later date after the EPA issues its approval.

Senate Bill 1587 – Reclamation of certain abandoned mines. The legislation amends the Texas Government Code to provide RRC with purchasing functions related to abandoned mines.

STATE SOIL AND WATER CONSERVATION BOARD

PURPOSE: To work in conjunction with local soil and water conservation districts to encourage wise and productive use of natural resources, including soil conservation projects, flood-control dam construction and maintenance, management and abatement of agricultural and silvicultural (forestry) nonpoint source water pollution, and water supply enhancement.

ESTABLISHED: 1939

AUTHORIZING STATUTE: The Texas Agriculture Code, §201.001

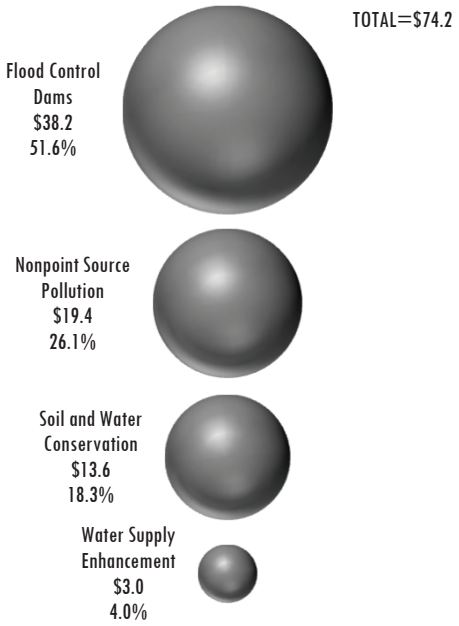
GOVERNANCE: Five elected members and two members appointed by the Governor

FIGURE 301
STATE SOIL AND WATER CONSERVATION BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$44.4	$43.6	($0.8)	(1.9%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$25.5	$30.6	$5.1	20.1%
Other Funds	$150.5	$0.0	($150.5)	(100.0%)
Total, All Methods of Finance	**$220.4**	**$74.2**	**($146.2)**	**(66.4%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	74.1
2021	74.1

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding **for rehabilitation and repair efforts of flood control dams** totals **$38.2 million** and provides for an estimated 14 flood-control dam maintenance and construction grants.

The agency anticipates fully initiating **88 flood-control dam projects** during the 2020–21 biennium that were funded through **$150.0 million** provided during fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019.

Federal Funds providing for nonpoint source implementation grants, wildlife restoration grants, range land restoration projects, and carrizo cane eradication increased by **$5.1 million**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Texas State Soil and Water Conservation Board (TSSWCB) total $74.2 million in All Funds for the 2020–21 biennium, a decrease of $146.2 million, or 66.4 percent, from 2018–19 biennial spending levels. This decrease is due primarily to 2018–19 biennial expenditures, including $150.0 million in onetime Other Funds from the Economic Stabilization Fund appropriated during fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, for flood control dam maintenance and construction that are not continued into the 2020–21 biennium.

General Revenue Funds total $43.6 million, a net decrease of $0.9 million from 2018–19 biennial spending levels, due to a decrease of $2.5 million for elimination of the Water Supply Enhancement Program offset by an increase of $1.6 million for the Flood Control Dam Grants program and Water Quality Management Plans program.

Federal Funds total $30.6 million, a net $5.1 million increase in Federal Funds from 2018–19 biennial spending levels, due to a $5.5 million increase in Watershed Rehabilitation Program funding for flood-control dam projects offset by a decrease of $0.4 million in Federal Funds due to onetime grant funding for the Pollution Abatement Program.

In addition, Other Funds from Interagency Contracts decreased by $0.5 million from 2018–19 biennial spending levels due to onetime funding from a Criminal Justice Grant for carrizo cane eradication provided through the Criminal Justice Division within the Office of the Governor.

PROGRAMS

The agency carries out its responsibilities through four program areas: (1) Soil and Water Conservation; (2) Flood Control Dams; (3) Nonpoint Source Pollution; and (4) Water Supply Enhancement.

SOIL AND WATER CONSERVATION

The Soil and Water Conservation program area consists of seven programs that provide assistance to local districts and the public. The agency provides the 216 local soil and water conservation districts (SWCD) across the state with financial, technical, and program-management assistance for the development of district soil and water conservation programs.

GRANT PROGRAMS

Three programs provide grants to SWCDs. These include: (1) the Conservation Assistance Grants program; (2) the Soil and Water Conservation District Operations program; and (3) the Conservation Implementation Assistance Grants program. Appropriations for these programs total $8.3 million in All Funds, which is similar to 2018–19 biennial spending levels.

The Conservation Assistance Grants program provides matching grants for daily operating expenses of SWCDs dollar for dollar. Locally raised funds typically are in the form of grants from the federal government or private entities because SWCDs do not have taxing authority. Funding totals $2.3 million in General Revenue Funds, which continues 2018–19 biennial spending levels.

The Soil and Water Conservation District Operations program provides financial support to SWCD offices, which typically are co-located with U.S. Department of Agriculture Natural Resource Conservation Service offices. Funding totals $0.8 million in General Revenue Funds, which is similar to 2018–19 biennial spending levels.

The Conservation Implementation Assistance Grants program provides SWCDs with funds to employ experts for various projects and to provide technical planning assistance regarding natural resource conservation to owners and operators of agricultural and other lands. Funding totals $5.2 million in All Funds, which is similar to 2018–19 biennial spending levels.

FIELD REPRESENTATIVE SUPPORT

The Field Representatives program provides support to field representatives that serve as liaisons to communicate and coordinate with SWCDs. Funding totals $2.5 million in All Funds, which continues 2018–19 biennial spending levels.

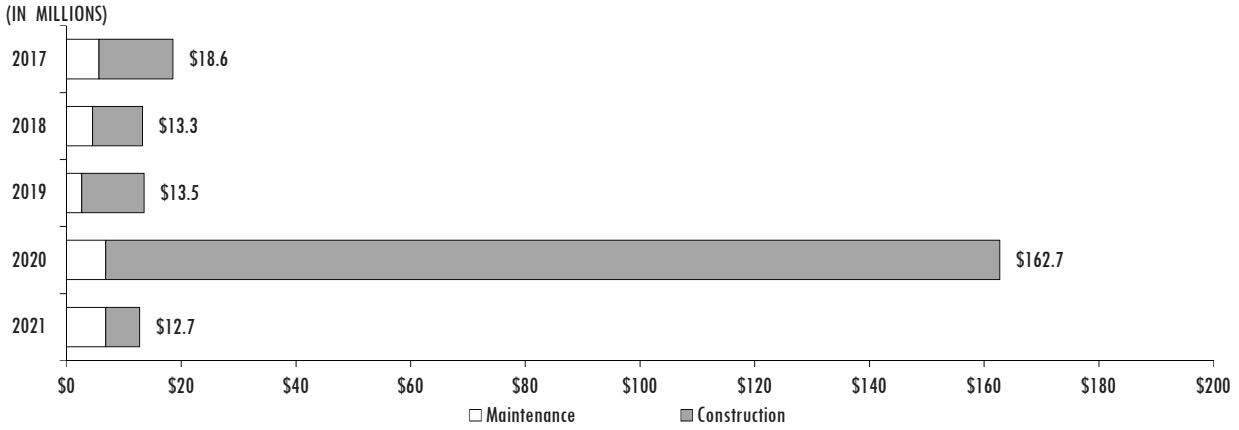
PUBLIC EDUCATION AND INFORMATION

The Soil and Water Conservation Public Education and Information Program provides coordination of informative and educational programs related to the agency and its programs, services, operations, and resources. Funding totals $0.4 million in All Funds which is similar to 2018–19 biennial spending levels.

ADMINISTRATIVE FUNCTIONS

The Soil and Water Conservation District Mileage and Per Diem Reimbursement program and Indirect Administration programs include funding for the agency's administrative functions within the Soil and Water Conservation program area. Appropriations for these

FIGURE 302
FLOOD-CONTROL DAM FUNDING MAINTENANCE AND CONSTRUCTION
FISCAL YEARS 2017 TO 2021



NOTE: Amounts shown for fiscal years 2015 to 2018 are expended; amounts shown for fiscal years 2019 to 2021 are appropriated.
SOURCE: Legislative Budget Board.

programs total $2.4 million in All Funds, which is similar to 2018–19 biennial spending levels.

The Soil and Water Conservation District Mileage and Per Diem Reimbursement program provides funds to reimburse SWCD directors for travel expenses they incur while performing their duties. Funding totals $0.9 million in General Revenue Funds, which continues 2018–19 biennial spending levels.

The Indirect Administration program provides funding for the governing board, executive director, human resources, budgeting and accounting, and other administrative functions. Funding totals $1.5 million in General Revenue Funds, which is similar to 2018–19 biennial spending levels.

The Soil and Water Conservation program area is appropriated $13.6 million in All Funds, which provides similar funding to 2018–19 biennial spending levels, and funds 13.5 staff full-time-equivalent (FTE) positions.

FLOOD CONTROL DAMS

The Flood Control Dam program area includes the Flood Control Dam Grants program, which assists local districts in the operation and maintenance of flood control dams.

TSSWCB uses appropriations to enter into cost-share agreements with local soil and water conservation districts for flood-control dam maintenance and structural repair projects. Out of 2,041 flood-control dams across the state, 194 require structural repairs, and many others require maintenance. For flood-control dam structural repair projects, the state covers 95.0 percent of the cost, and the remainder is funded from local, federal, or private funds. For maintenance projects, the state pays 90.0 percent of the cost, and the remaining funds are paid from local, federal, or private funds.

Flood Control Dam Grants program funding totals $38.2 million in All Funds for the 2020–21 biennium and provides for 5.5 FTE positions. This amount represents a $143.6 million decrease, or 79.0 percent, compared to 2018–19 biennial spending amounts. The decrease is due primarily to 2018–19 biennial expenditures, including $150.0 million in onetime Other Funds from the Economic Stabilization Fund appropriated for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, for flood control dam maintenance and construction. As of October 2019, the agency anticipates that 88 flood-control dam projects will receive funding for repair or rehabilitation from Senate Bill 500 appropriated funds that will be obligated for fiscal year 2019 and paid for through fiscal year 2025.

Figure 302 shows expended amounts for flood-control dam maintenance and construction from fiscal years 2017 to 2018 and appropriated amounts for fiscal years 2019 to 2021. Maintenance costs include structural repairs, such as major repairs to damaged dams, and rehabilitation, such as improvements to increase hazard or size classification of flood control dams across the state. These dams typically are earthen structures that were built on private property during the 1950s with the assistance of the federal government to

help prevent flooding. Construction costs include all costs involving the development of new flood control dams.

NONPOINT SOURCE POLLUTION

The Nonpoint Source Pollution program area provides for the abatement of nonpoint source pollution caused by agricultural and silvicultural (forestry-related) uses of the state's soil and water resources through three programs. This program area consists of three programs: (1) the Nonpoint Source Grants program; (2) the Water Quality Management Plan program; and (3) the Poultry Water Quality Management Plan program. Nonpoint source pollution affects water bodies where contaminants from agricultural or urban runoff flow into rivers or watersheds. TSSWCB administers all programs for abating nonpoint source pollution in the state and represents the state before the federal government in all matters related to agricultural and silvicultural nonpoint source pollution.

The Nonpoint Source Grants program funds projects directed toward controlling and abating nonpoint source pollution. The agency implements these projects through a statewide management plan intended to control nonpoint source pollution and develop pollution-abatement plans for designated agricultural areas. As part of the development of individual water quality management plans, TSSWCB identifies areas with the potential for water quality problems resulting from agriculture and silviculture uses. Funding totals $11.1 million in All Funds for the 2020–21 biennium, which continues 2018–19 biennial spending levels.

The Water Quality Management Plan program provides incentives to agricultural producers and other rural landowners to participate in voluntary nonpoint source pollution mitigation practices. Funding totals $7.4 million in All Funds for the 2020–21 biennium, an increase of $0.4 million, or 5.6 percent, from 2018–19 biennial spending levels.

The Poultry Water Quality Management Plan program administers water quality management plans for poultry producers in the state. All poultry farms are required by law to have a water quality management plan certified by TSSWCB. Funding totals $0.8 million in General Revenue Funds, which continues 2018–19 biennial spending levels.

Appropriations for the Nonpoint Source Pollution program area total $19.4 million in All Funds and provide for 41.6 FTE positions for the 2020–21 biennium. This amount represents an increase of $0.4 million, or 2.0 percent, compared to 2018–19 biennial spending levels.

WATER SUPPLY ENHANCEMENT

The Water Supply Enhancement program area is intended to protect and enhance the state's water supply, increase water conservation, and enhance water yields through the Rio Grande Carrizo Cane Eradication program. The program addresses non-native, invasive carrizo cane strands that occupy the banks and flood plains of the Rio Grande, with the intent of improving law enforcement efforts along the international border and improving access to riverbanks. Appropriations for the program total $3.0 million in All Funds for the 2020–21 biennium, a decrease of $0.5 million, or 14.0 percent, in Other Funds from Interagency Contracts from 2018–19 biennial spending levels due to onetime funding from a Criminal Justice Division Grant from the Office of the Governor.

This program area previously also included the Water Supply Enhancement (Brush Control) program, which was discontinued following the veto of $2.5 million in General Revenue Funds appropriated for fiscal year 2019. This program provided funding to implement brush control measures to increase water yields within specific watersheds of the state. The $2.5 million expended from the program during fiscal year 2018 for program services, was reallocated in approximately $0.8 million increments to the Flood Control Dam, Water Quality Management Plan, and Carrizo Cane Eradication programs.

TEXAS WATER DEVELOPMENT BOARD

PURPOSE: To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas.

ESTABLISHED: 1957

AUTHORIZING STATUTE: The Texas Constitution, Article III, §§49, 50; the Texas Water Code, Chapters 6, 11, 15–17, 35–36; the Texas Government Code, Chapter 742

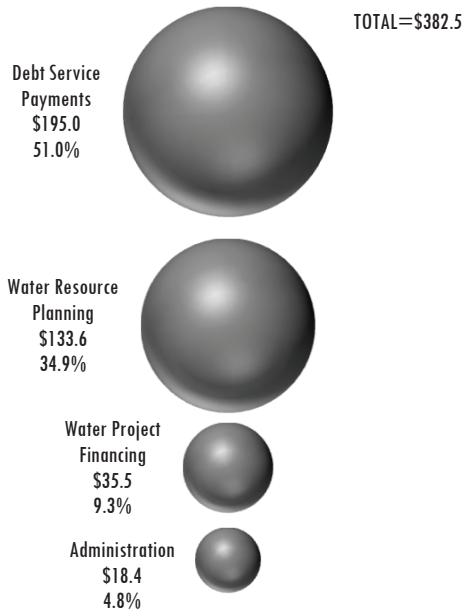
GOVERNANCE: Three-member, full-time board appointed by the Governor with the advice and consent of the Senate

FIGURE 303
TEXAS WATER DEVELOPMENT BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$130.0	$134.7	$4.7	3.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$96.2	$95.3	($0.9)	(0.9%)
Other Funds	$1,621.1	$152.5	($1,468.6)	(90.6%)
Total, All Methods of Finance	**$1,847.3**	**$382.5**	**($1,464.8)**	**(79.3%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	370.1
2021	395.1

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Senate Bill 500, Eighty-sixth Legislature, 2019, appropriated from the Economic Stabilization Fund a total of **$685.0 million** to the **Texas Infrastructure Resiliency Fund** for Federal Emergency Management Agency projects and flood planning and **$793.0 million** to the **Flood Infrastructure Fund** for flood projects.

Appropriations for **nonself-supporting General Obligation water bond debt service** include **$60.4 million** for **Economically Distressed Areas** bonds and **$134.6 million** for **water infrastructure** bonds.

State Water Implementation Fund for Texas (SWIFT) funds totaling $46.0 million were committed to one new project for fiscal year 2019. Through fiscal year 2019, SWIFT has committed more than **$8.2 billion for water and wastewater projects** across Texas.

Approved water projects are supported by $644.1 million available outside the appropriations process: Water Development Fund II, $115.3 million; State Water Implementation Revenue Fund for Texas, $6.7 million; Clean Water State Revolving Fund, $305.0 million; and the Drinking Water State Revolving Fund, $217.1 million.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Water Development Board (TWDB) for the 2020–21 biennium totals $382.5 million in All Funds, which is a decrease of $1.5 billion, or 79.3 percent, from 2018–19 biennial spending levels. This decrease is related primarily to the following changes:

- a decrease of $793.0 million in Other Funds from the Economic Stabilization Fund due to onetime flood infrastructure project funding pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, and to implement Senate Bill 7, Eighty-sixth Legislature, 2019, and House Joint Resolution 4, Eighty-sixth Legislature, 2019;
- a net decrease of $677.7 million in the Texas Infrastructure Resiliency Fund resulting from the following changes:
  - a decrease of $638.0 million in onetime matching funds for grants from the Federal Emergency Management Agency (FEMA), pursuant to Senate Bill 500 to implement Senate Bill 7; and
  - a decrease of $47.0 million in onetime funding for preparation of the state flood plan and flood maps pursuant to Senate Bill 500 to implement Senate Bill 7 and Senate Bill 8, Eighty-sixth Legislature, 2019, offset by an increase of $7.3 million for flood preparedness and safety activities; and
- a net decrease of $5.7 million in All Funds for bond and loan programs including the following changes:
  - a decrease of $4.5 million in All Funds for the Economically Distressed Areas Program for debt service and bond payments that no longer are needed on previously issued bonds, which includes an increase of $11.4 million in General Revenue Funds offset by decreases of $15.7 million in Other Funds from Appropriated Receipts and $0.2 million from the Economically Distressed Areas Bond Payment; and
  - a decrease of $1.2 million in All Funds for Water Infrastructure Fund (WIF) program bonds, due to a greater portion of outstanding debt becoming self-supporting. This amount includes a decrease of $14.7 million in General Revenue Funds, partially offset by an increase of $13.5 million from WIF, offset by an increase of $7.3 million in General Revenue Funds including: an increase of $3.0 million to update groundwater availability modeling and accelerate the mapping and characterization of brackish aquifers; an increase of $3.0 million for strategic mapping, in which the agency develops geographic data resources and products for use by state agencies, businesses, and the public; an increase of $1.1 million and 3.0 full-time-equivalent (FTE) positions to conduct studies and prepare reports on aquifer storage and recovery projects as directed by House Bill 721, Eighty-sixth Legislature, 2019; and an increase of $0.2 million and 1.0 FTE position relating to the development of brackish groundwater pursuant to House Bill 722, Eighty-sixth Legislature, 2019.

Funding available to TWDB that is outside the appropriations process totals $644.1 million in Other Funds from General Obligation (GO) Bond and Revenue Bond Proceeds, loan repayments, Federal Funds, and interest income, including: $115.3 million from the Water Development Fund II (DFund II); $6.7 million from the State Water Implementation Revenue Fund for Texas; $305.0 million from the Clean Water State Revolving Fund; and $217.1 million from the Drinking Water State Revolving Fund.

PROGRAMS

TWDB has four program areas: (1) water resource planning, (2) water project financing, (3) debt service payments, and (4) administration.

WATER RESOURCES PLANNING

The Water Resources Planning program area includes 15 programs intended for planning for the state's water resource needs. TWDB develops and periodically updates a State Water Plan (SWP) that assesses the state's water needs for a 50-year period. This plan is revised every five years and developed by 16 designated regional planning groups in conjunction with TWDB. The SWP provides an overview of the state's current and prospective water use and identifies water supplies and estimated facility needs and costs. The plan also describes water problems and opportunities, outlines significant environmental concerns and water issues, and offers policy and funding recommendations to the Legislature. The process of drafting a water plan initially was formulated after what is referred to as the Drought of Record, which occurred during the 1950s.

TWDB adopted the 2017 SWP on May 19, 2016. In the 2017 iteration of the SWP, regional planning groups recommended implementing approximately 5,500 water management strategies and approximately 2,500 specific water-management strategy projects to increase the water supply. If implemented, these projects are anticipated to provide 8.5 million acre-feet in additional water supplies by calendar year 2070. An acre-foot is the volume of water needed to cover an area of one acre to a depth of one foot, or the equivalent of the average annual water use by two families. Approximately 45.0 percent of the strategies are related to surface water resources, including new reservoirs; 30.0 percent is related to reducing the need for additional water, including conservation and drought management; 14.0 percent is related to reuse; 10.0 percent is related to groundwater resources; and 1.0 percent is related to seawater desalination. The capital costs of these projects are estimated to be $63.0 billion through calendar year 2070. TWDB anticipates that local government will fund $32.0 billion, wholesale water providers will fund $27.5 billion, and private industry will fund the remaining $3.5 billion.

The agency has four subareas within the Water Resources Planning program area: (1) data collection and dissemination; (2) water planning; (3) providing technical assistance for conservation; and (4) administering state and federal flood programs. The Water Resources Planning program area appropriations total $133.6 million in All Funds for the 2020–21 biennium, or a decrease of $827.3 million (86.1 percent) from 2018–19 biennial spending levels, primarily due to onetime funding provided for fiscal year 2019 pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019. These appropriations represent 34.9 percent of the agency's total appropriations.

DATA COLLECTION AND DISSEMINATION

The planning process at TWDB is supported by ongoing collection of basic data. Data collection determines the location, quantity, and quality of surface water and groundwater resources across the state. TWDB conducts localized and regional groundwater studies and prepares reports on these studies for use by individuals, municipalities, industry, and other state agencies involved in developing and managing groundwater resources. Within the data collection and dissemination subarea are the following programs: (1) Bays and Estuaries; (2) Groundwater Monitoring; (3) Hydrosurvey; (4) Instream Flows; and (5) Strategic Mapping.

The Bays and Estuaries program is responsible for collecting, analyzing, and disseminating physical and chemical water-quality data, which monitors the effects of freshwater inflows upon bays and estuaries; developing hydrologic and hydrodynamic models; and providing administrative and technical assistance to the environmental flows process. Program funding totals $2.0 million in All Funds, including 6.0 FTE positions, which continues 2018–19 biennial spending levels.

The Groundwater Monitoring program measures water levels and water quality in wells across the state. This information is used for water planning, groundwater management, drought monitoring, and the development of groundwater resources by individual landowners, water providers, and industry. Program funding totals $1.7 million in All Funds, including 11.0 FTE positions, which continues 2018–19 biennial spending levels.

The Hydrosurvey program measures how quickly the state's reservoirs are filling up with sediment. The information is used to revise volume estimates that help the state understand how much water is available for use. Program funding totals $0.9 million in All Funds, including 5.1 FTE positions. This amount represents a decrease of $0.3 million, or 26.9 percent, from 2018–19 biennial spending levels.

The Instream Flows program collects data on stream flows and lake levels. This information is used to monitor water supplies during drought, observe and plan for floods, evaluate water supplies, and help implement the water plan. Program funding totals $3.3 million in All Funds, including 5.0 FTE positions. This amount represents a decrease of $0.1 million, or 2.6 percent, from 2018–19 biennial spending levels.

The Strategic Mapping program develops geographic data resources and provides data products online for government, commercial business, and the public. The program administers the state's High-priority Imagery and Data Sets contract for the Texas Council on Competitive Government. Program funding totals $7.5 million in All Funds, including 18.5 FTE positions. This amount represents an increase of $2.7 million, or 54.8 percent, from 2018–19 biennial spending levels.

Appropriations for the data collection and dissemination subarea programs total $15.3 million in All Funds, or 4.0 percent of total agency appropriations. This amount is an increase of $2.2 million, or 16.9 percent, from 2018–19 biennial spending levels.

WATER PLANNING

The water planning subarea includes the following programs: (1) Groundwater Availability Modeling; (2) Regional Water and Wastewater Facility Planning Grants; (3) Regional Water Planning; (4) Innovative Water Technologies; and (5) Groundwater Technical Assistance.

The Groundwater Availability Modeling program develops, operates, and maintains numerical groundwater flow models to provide unbiased information regarding how much groundwater is available for use for a desired condition. These models are used for water planning, groundwater management, and evaluating the use of aquifers. Program funding totals $5.7 million in All Funds, including 19.0 FTE positions. This amount represents an increase of $2.1 million, or 59.4 percent, from 2018–19 biennial spending levels, mainly due to increased funding for groundwater availability models and the mapping of brackish aquifers.

Through the Regional Water and Wastewater Facility Planning Grants program, the agency provides grants for the following tasks: (1) conducting feasibility studies that examine regional alternatives to meet communities' water and wastewater facility needs; (2) evaluating flooding risks on a watershed basis; (3) determining structural and nonstructural solutions to flooding problems; and (4) developing alternatives to mitigate flood risks. Program funding totals $5.7 million in All Funds, which continues 2018–19 biennial spending levels. This program has no FTE positions.

The Regional Water Planning program provides financial, administrative, and technical support for the five-year development cycle of the 16 regional water plans, including guiding development of those regional water plans. The program also provides funding and contract management, development of population and demand projections, and socioeconomic and planning data analysis. Program funding totals $4.8 million in All Funds, including 37.7 FTE positions. This amount represents a decrease of $0.5 million, or 9.2 percent, from 2018–19 biennial spending levels.

The Innovative Water Technologies program provides research, information, and technical assistance regarding the use of nontraditional water supplies such as desalination, reuse, aquifer storage and recovery, and rainwater harvesting. Program funding totals $3.7 million in All Funds, including 9.0 FTE positions. This amount represents an increase of $2.0 million, or 114.7 percent, from 2018–19 biennial spending levels, mainly due to increased funding for the study of aquifers and brackish groundwater.

The Groundwater Technical Assistance program provides technical assistance to residents, water providers, industries, groundwater conservation districts, and regional water-planning groups regarding the state's groundwater resources. Program funding totals $1.1 million in All Funds, including 7.6 FTE positions. This amount is approximately the same as 2018–19 biennial spending levels.

Appropriations for the agency's Water Planning subarea programs total $21.1 million, or 5.5 percent of the agency's All Funds appropriations. This amount represents an increase of $3.6 million, or 20.5 percent, compared to 2018–19 biennial spending levels. This amount includes an increase of $2.0 million for the study of aquifers and brackish groundwater and $3.0 million to update groundwater availability models and to accelerate the mapping and characterization of brackish aquifers.

WATER CONSERVATION AND EDUCATION ASSISTANCE

The Water Conservation Education and Assistance program focuses on increasing water conservation through public outreach programs, education materials, technical assistance, and funding. TWDB staff reviews financial assistance applications for water conservation plans and the status and content of water loss audits. Appropriations for this program total $5.4 million, or 1.4 percent of the agency's All Funds appropriations, which represents an increase of $1.1 million, or 26.4 percent, compared to 2018–19 biennial spending levels, due to increased funding for grants. This program contains 12.7 FTE positions.

STATE AND FEDERAL FLOOD PROGRAMS

The State and Federal Flood Programs administration subarea includes the following four programs: (1) National Flood Insurance Program (NFIP) Flood Mitigation Assistance and Severe Repetitive Loss Grant Program; (2) State Flood Planning, Information, and Response; (3) Floodplain Mapping; and (4) NFIP Community Assistance and Training.

The Eightieth Legislature, 2007, named TWDB as the agency responsible for coordinating NFIP within the state. The NFIP state coordinator serves as the liaison between the federal component of the program and local communities. The primary duty of the state coordinator is to provide guidance and education to communities to assist in meeting federal eligibility requirements for entrance into NFIP and

to assist the communities with maintaining their NFIP participation status.

The NFIP Flood Mitigation Assistance and Severe Repetitive Loss Grant program provides grants of up to several million dollars in federal funding each year to communities for flood-hazard mitigation planning and to address the long-term risk of flood damage to certain structures insured through NFIP. Program funding totals $79.4 million in All Funds, including 12.8 FTE positions. This amount represents a decrease of $0.1 million, or 0.1 percent, from 2018–19 biennial spending levels.

The State Flood Planning, Information, and Response program provides information to forecasters, responders, and the public to assist in making decisions related to flood preparation, response, and recovery. The program also installs a network of stream gages to enhance flood notification systems and provides funds to state and local entities for floodplain management. The program was established during the 2016–17 biennium after the Governor made a onetime transfer of $6.8 million in December 2015 to provide emergency funding following the fatal flooding in Wimberley in May 2015. Program funding totals $9.0 million in All Funds, including 25.3 FTE positions for fiscal year 2020 and 45.3 FTE positions for fiscal year 2021. This amount represents a decrease of $833.6 million, or 98.9 percent, from 2018–19 biennial spending levels. This decrease is due to supplemental funding pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, for fiscal year 2019 of $44.0 million to implement Senate Bill 7, Eighty-sixth Legislature, 2019, and Senate Bill 8, Eighty-sixth Legislature, 2019, and $790.8 million to implement Senate Bill 7. Senate Bill 7 provided for an increase of 9.0 FTE positions for fiscal year 2020 and 15.0 positions for fiscal year 2021; and Senate Bill 8 provided for an increase of 22.0 positions for fiscal year 2020 and 36.0 positions for fiscal year 2021. Those funds and the increase in FTE positions will be used for developing the state flood plan and flood maps and for flood infrastructure projects. The agency has unexpended balance authority to expend these funds into fiscal years 2020 and 2021.

The Floodplain Mapping program develops data and mapping products to strengthen the digital flood insurance rate maps that serve as the official reference for determinations of floodplain elevations. The program provides access to federal funding for local communities via the statewide Cooperating Technical Partner agreement with FEMA. Program funding totals $2.8 million in All Funds, including 5.4 FTE positions. This amount represents a decrease of $0.7 million, or 19.9 percent, from 2018–19 biennial spending levels.

The NFIP Community Assistance and Training program provides administration and mitigation grants for the NFIP. The program also provides technical assistance and education to communities regarding federal floodplain management regulations. Program funding totals $0.7 million in All Funds. This amount represents an increase of $0.1 million, or 18.2 percent, from 2018–19 biennial spending levels. This program has no FTE positions.

Appropriations for the State and Federal Flood Programs administration subarea total $91.9 million in All Funds, or 24.0 percent of the agency's appropriations. This amount represents a decrease of $834.2 million, or 90.1 percent, from 2018–19 biennial spending levels. This change is due primarily to onetime funding appropriated in Senate Bill 500.

WATER PROJECT FINANCING

Through the water project financing program area, TWDB provides financial assistance for building or expanding water and wastewater infrastructure throughout the state, and the agency administers various grant and loan programs. The water project financing program areas include the following programs: (1) State Financial Assistance; (2) Clean Water State Revolving Fund (CWSRF) Administration; (3) Drinking Water State Revolving Fund (DWSRF) Administration; (4) Economically Distressed Areas Program; and (5) Special Appropriations Act Projects. In addition, $638.0 million from the Texas Infrastructure Resiliency Fund provided pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, for fiscal year 2019 to implement Senate Bill 7, Eighty-sixth Legislature, 2019, through this program area for the purposes of matching FEMA grants was not continued for the 2020–21 biennium. The agency has unexpended balance authority to expend these funds into fiscal years 2020 and 2021.

STATE FINANCIAL ASSISTANCE

The State Financial Assistance program administers loans and grants for water, wastewater, and flood control projects with funding outside the General Appropriations Act from the Water Development Fund, Rural Water Assistance Fund, Water Infrastructure Fund (WIF), State Participation Program (SPP), Agricultural Water Conservation, and the Groundwater District Loan Assistance Fund.

FIGURE 304
ESTIMATED OUTSTANDING DEBT AND DEBT SERVICE REQUIREMENTS FOR SELF-SUPPORTING BONDS AS OF AUGUST 31, 2019

(IN MILLIONS) FUND	ESTIMATED OUTSTANDING DEBT	ESTIMATED DEBT SERVICE REQUIREMENTS
Water Development Fund II (DFund II)	$1,167.1	$231.8
State Participation Program	$99.7	$14.6
Water Infrastructure Fund	$217.7	$64.7
State Water Implementation Revenue Fund for Texas	$3,188.1	$416.0
Clean Water State Revolving Fund	$222.0	$38.1
Drinking Water State Revolving Fund	$59.1	$11.7
Total	**$4,953.8**	**$776.8**

NOTE: Totals may not sum due to rounding.
SOURCE: Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.

Since calendar year 1957, Texas voters have approved constitutional amendments authorizing TWDB to issue approximately $10.7 billion in bonds to augment the Water Development Fund and DFund II. Of that amount, onetime issuance authority was provided for $4.7 billion in bonds, all of which have been issued, and the authority is extinguished. Additionally, TWDB has authority to issue bonds for DFund II in amounts such that the aggregate principal amount of outstanding bonds issued does not exceed $6.0 billion, and through the end of fiscal year 2019, approximately $54.0 million is outstanding in accordance with that authority. Proceeds from the bonds provide financial assistance to Texas communities in the form of direct loans and state match of Federal Funds. The fund provides loans and grants for the following actions:

- the acquisition, improvement, or construction of water-related projects, such as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, water treatment plants, and wastewater collection and treatment projects;
- the purchase of water rights; and
- flood control projects.

Before voters approved a constitutional amendment during calendar year 1997 that established the fund, TWDB issued bonds out of Water Development Fund I. After the passage of the amendment, all funds in Fund I were transferred to Fund II. **Figure 304** shows the estimated outstanding debt and debt service requirements as of August 31, 2019, for TWDB's self-supporting bonds.

The State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT) were established during fiscal year 2013 to provide affordable, ongoing state financial assistance for water and wastewater projects in the SWP. Funding in SWIFT is used to implement the SWP. SWIRFT funding provides leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and extended loan terms. Communities benefit from low-interest loans, extended repayment terms, deferral of loan repayments, and incremental repurchase terms. SWIRFT was capitalized with $2.0 billion from the Economic Stabilization Fund, which subsequently was transferred to SWIFT during fiscal year 2014. Through fiscal year 2019, SWIFT has committed more than $8.2 billion for projects across Texas. For the 2019 funding cycle, $46.0 million has been committed for one project, the Upper Trinity Regional Water District for Lake Ralph Hall.

Financing available through SPP enables TWDB to assume temporary ownership of eligible projects and recover principal, interest, and issuance costs on a deferred timetable (i.e., until a sufficient rate base develops in the project area to enable local participants to purchase the state's interest). For new water supply projects, TWDB may fund up to 80.0 percent of project costs through SPP.

WIF provides reduced-interest loan rates and deferral of annual principal and interest payments for SWP projects funded through WIF. WIF finances project needs and preconstruction environmental and engineering studies. Water providers surveyed during the planning process for the 2017 SWP reported an anticipated need of $36.2 billion in

state financial assistance to implement strategies in their regions. As of August 31, 2019, SPP cumulative commitments total $225.4 million.

State Water Plan projects are implemented primarily through three agency loan programs administered by the State Financial Assistance Program: (1) SWIFT/SWIRFT, (2) SPP; and (3) WIF Program. **Figure 305** shows details about the three programs.

The State Financial Assistance Program also operates the Rural Water Assistance Fund (RWAF), which is funded from GO Bond Proceeds (Other Funds) using the state Private Activity Bond cap. Private Activity Bonds are a financing tool that provides private-sector investment in public projects with the benefits of interest rates lower than conventional taxable financing, lower delivered cost of service, and a readily available money supply. RWAF is intended to assist small rural utilities to obtain low-cost financing for water and wastewater projects through private-sector investments.

Appropriations for State Financial Assistance total $25.4 million, or 6.7 percent of agency appropriations, including 43.2 FTE positions. This amount represents an increase of $10.2 million, or 66.8 percent, compared to 2018–19 biennial spending levels. This increase is due primarily to the inclusion of funds from the Rural Water Assistance Fund being for the first time in the agency's bill pattern in the General Appropriations Act. Total appropriations for state and federal financial assistance programs do not include the loans, grants, and other forms of financial assistance made through DFund II, CWSRF, and DWSRF.

CLEAN WATER STATE REVOLVING FUND

CWSRF is capitalized with Federal Funds and proceeds from revenue bonds and GO bonds (Other Funds). It provides subsidized loans and loan forgiveness for wastewater, reuse, and storm water infrastructure projects that address compliance issues consistent with the requirements of the federal Clean Water Act. Loan forgiveness up to 70.0 percent is available on a limited basis to disadvantaged communities, and up to 15.0 percent is available for projects whose green component costs total at least 30.0 percent of the project's total cost. Since CWSRF's inception during fiscal year 1988, TWDB has received $2.3 billion in federal capitalization grants (i.e., Federal Funds for construction projects). State matching funds, leveraged with GO Bond Proceeds (Other Funds), have made approximately $8.6 billion available for loans. As of September 2019, TWDB has made 2,079 commitments totaling $10.5 billion in loans and grants to entities to improve wastewater treatment facilities across the state. Appropriations to administer CWSRF total $4.8 million in All Funds, or 1.3 percent of the agency's budget, including 32.2 FTE positions. This amount is approximately the same as 2018–19 biennial spending levels.

DRINKING WATER STATE REVOLVING FUND

DWSRF also is capitalized with Federal Funds and proceeds from revenue bonds and GO bonds (Other Funds), and it is authorized pursuant to the federal Safe Drinking Water Act. Initiated during fiscal year 1996, DWSRF includes federal capitalization grants matched with TWDB-issued GO bonds and loan repayments deposited back into the fund. The fund provides reduced-interest-rate loans to ensure compliance with the national primary drinking water standards. In addition, loan forgiveness is available for disadvantaged communities (up to 70.0 percent), for green project costs (up to 15.0 percent), and for very small systems (up to 100.0 percent of project costs up to a total of $300,000). Since DWSRF's inception, the agency has been awarded capitalization grants totaling $1.4 billion. As of September 2019, TWDB has made 594 loan commitments totaling $2.8 billion for projects that will assist entities through DWSRF. Appropriations to administer DWSRF total $4.5 million in All Funds, or 1.2 percent of total agency appropriations, including 30.8 FTE positions. This amount is approximately the same as 2018–19 biennial spending levels.

ECONOMICALLY DISTRESSED AREAS PROGRAM

The Economically Distressed Areas Program (EDAP) provides financial assistance for the supply of water and wastewater services to economically distressed areas where water or wastewater facilities are inadequate to meet minimum state standards. With voter approval of three constitutional amendments during calendar years 1989, 1991, and 2007, TWDB was authorized to issue $500.0 million in GO bonds to provide affordable water and wastewater services in these areas. As of September 2019, applications currently being reviewed are anticipated to result in the full allocation of the remaining funding capacity. Senate Joint Resolution 79, Eighty-sixth Legislature, 2019, approved by voters November 5, 2019, provides for additional General Obligation bond authority for EDAP in amounts such that the aggregate principal amount of outstanding bonds issued does not exceed $200.0 million at any time.

FIGURE 305
WATER DEVELOPMENT BOARD LOAN PROGRAMS, FISCAL YEAR 2019

PROGRAM	TYPE	ELIGIBLE USES	METHOD OF FINANCE
State Water Implementation Fund for Texas/State Water Implementation Revenue Fund for Texas	Revenue bonds. The majority of the debt service is funded by obligation repayments, with a portion being repaid by transfers from an initial $2.0 billion transfer from the Economic Stabilization Fund during fiscal year 2014	Eligible projects are recommended water management strategies in the adopted regional water plans and will be included in the State Water Plan and have an associated capital cost. Alternative water management strategies are not eligible unless the regional and statewide plans are amended to include them as recommended strategies	Subsidized obligations, some with deferrals; temporary state ownership via a purchase contract with interest-deferred repurchase payments back to the state
Water Infrastructure Fund	Self-supporting/nonself-supporting General Obligation (GO) bonds: the majority of the debt service is funded by loan repayments; three of the outstanding issuances are self-supporting	Planning, design, and construction of water supply, wastewater, and flood control projects, which are strategies in the State Water Plan	Subsidized loans, some with deferrals; utilized since fiscal year 2008 for projects implementing State Water Plan strategies
State Participation Program	Self-supporting GO bonds	Regional development of projects including reservoirs and storm water retention basins for water supply, flood protection and groundwater recharge; facilities for the transmission and treatment of water; and treatment works; includes funding of State Water Plan projects	Temporary state ownership via a purchase contract with interest-deferred repurchase payments back to the state
Clean Water State Revolving Fund	Direct-loan program offering low-interest loans and loan forgiveness	Planning, design, acquisition, and construction of: wastewater treatment, recycling, and reuse facilities; nonpotable reuse; wastewater collection systems, storm water control, nonpoint source pollution control projects, estuary management projects	Loans subsidized with program funding and Federal Funds and program requires a 20.0 percent state match
Drinking Water State Revolving Fund	Direct-loan program offering low-interest loans and loan forgiveness	Planning, design, acquisition, and construction to: correct water system deficiencies, upgrade or replace water systems, consolidate systems, purchase capacity, purchase other systems, implement green projects, implement source water protection projects, refinance	Loans subsidized with program funding and Federal Funds and program requires a 20.0 percent state match
Development Fund	Direct-loan program offering low-interest loans	Water supply, wastewater, and flood control for water treatment plants, storage reservoirs, wells, sewer treatment plants, storm water retention basins, and flood management plans	Water Development Board (TWDB) sells Water Financial Assistance GO bonds, which are used to fund loans
Rural Water Assistance Fund	Direct-loan program offering low-interest loans	Water and water-quality enhancements that may include planning, design, and construction for wells, service lines storage reservoirs, treatment plants, wastewater collection and treatment, collections systems, and nonpoint pollution abatement	TWDB may sell taxable bonds to obtain proceeds that can be used for loans
Agricultural Water Conservation Fund	Direct-loan program offering low-interest loans and grants	Conservation programs (e.g., research or demonstration project, technology transfer) and projects (e.g., improve efficiency of water delivery on existing irrigation systems, installation of devices to indicate the amount of water withdrawn for irrigation purposes)	Available balances within the Agricultural Water Conservation Fund

SOURCE: Texas Water Development Board.

From fiscal years 1993 to 1999, the federal government provided $300.0 million through the federal Colonia Wastewater Treatment Assistance Program (CWTAP) to complement the state's EDAP. As of August 31, 2019, TWDB has directed $839.3 million in funding through EDAP and CWTAP funding and utilized an additional $248.7 million from other TWDB programs to provide water and wastewater improvements for the benefit of approximately 398,308 residents in economically distressed areas.

The Economically Distressed Areas Program is appropriated $0.8 million in All Funds, or 0.2 percent of total agency appropriations, for the administration of EDAP-related programs, including 5.5 FTE positions. This amount is approximately the same as 2018–19 biennial spending levels. EDAP assistance amounts from GO Bond Proceeds (Other Funds) and Federal Funds are not included in this total because these amounts are not part of TWDB's administrative appropriation.

SPECIAL APPROPRIATION ACT PROJECT GRANTS

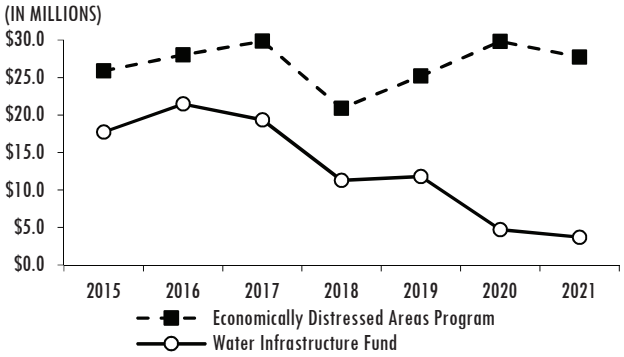
The federal Special Appropriations Act Project (SAAP) grants provide funding for water and wastewater projects. The U.S. Environmental Protection Agency distributes financial assistance funds directly to the recipients, and TWDB manages construction and oversees programs. TWDB receives 3.0 percent of the project's total costs to monitor construction and provide construction and administration assistance for Texas projects. Appropriations for SAAP total $34,280, including 0.3 FTE position. This amount is approximately the same as 2018–19 biennial spending levels.

Appropriations for the Water Project Financing program area total $35.5 million in All Funds, 9.3 percent of the agency's appropriations. This amount represents a decrease of $627.9 million, or 94.7 percent, compared to 2018–19 biennial spending levels primarily due to a onetime appropriation for matching FEMA funds provided by Senate Bill 500, Eighty-sixth Legislature, 2019.

DEBT SERVICE PAYMENTS

The debt service payments program area includes EDAP Debt Service and WIF Debt Service. Much of the state funding that the agency provides to local governments for water and wastewater projects is financed through bonds. The issuance of bonds requires debt service to repay the principal and interest on the bonds. Debt service for most programs within DFund II, CWSRF, and DWSRF is recovered fully through loan repayments. However, debt service for bonds issued through EDAP and WIF is not recovered in this way. The debt service for these bonds, referred to as nonself-supporting GO bonds, is not recovered entirely through loan repayments and requires General Revenue Funds to cover debt service requirements fully. For EDAP, loan repayments are insufficient to cover debt service because the majority of assistance is provided through grants and below-market-rate loans. Appropriations for EDAP Debt Service total $60.4 million, which includes $57.5 million in General Revenue Funds and $2.8 million in Other Funds from the Economically Distressed Areas Bond Payment Account and Appropriated Receipts. Total appropriations represent a decrease of $4.5 million, or 6.9 percent, from 2018–19 biennial spending levels due to a decrease in outstanding debt. This program contains no FTE positions.

FIGURE 306
GENERAL REVENUE FUNDS DEBT SERVICE PAYMENTS
FISCAL YEARS 2015 TO 2021



SOURCE: Legislative Budget Board.

Loan repayments made within WIF are subsidized and may be deferred up to 10.0 years and, therefore, require appropriations of General Revenue Funds to meet debt service requirements during the first years of the project. Appropriations total $134.6 million in All Funds for WIF debt service, which includes $8.4 million in General Revenue Funds and $126.3 million from the Water Infrastructure Fund (Other Funds). This amount represents an All Funds decrease of $1.2 million, or 0.9 percent, compared to 2018–19 biennial spending levels. The decrease is attributable mainly to decreased debt service requirements for bonds that have become self-supporting. This program contains no FTE positions.

Figure 306 shows expected debt service needs from General Revenue Funds for each of the programs from fiscal years 2015 to 2021.

ADMINISTRATION

The agency's administration program area consists of the indirect administration program, which is appropriated $18.4 million, including 83.0 FTE positions for fiscal year 2020 and 88.0 FTE positions for fiscal year 2021, to support the agency's three program areas. The 5.0 additional FTE positions for fiscal year 2021 are for implementation of the state's Centralized Accounting and Payroll/Personnel System. This amount represents a decrease of $3.9 million, or 17.6 percent, from 2018–19 biennial spending levels. This decrease is attributable primarily to an appropriation of $5.3 million for administration of matching FEMA funds pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019.

SIGNIFICANT LEGISLATION

House Bill 721 – Studies of Aquifer Storage and Aquifer Projects. The legislation requires TWDB to conduct studies of aquifer storage projects, aquifer recovery projects, and aquifer recharge projects and to report on the results of those studies to regional water planning groups and interested stakeholders. The legislation also requires TWDB to conduct a statewide study and prepare a report regarding the suitability of various aquifers for use in aquifer storage and recovery projects.

House Bill 722 – Development of Brackish Groundwater. The legislation requires TWDB to review, comment, and make recommendations regarding permits to withdraw brackish groundwater in certain areas. The legislation also requires TWDB to report the effects of brackish groundwater production at the request of groundwater conservation districts and to review annual brackish groundwater production reports from groundwater conservation districts.

Senate Joint Resolution 79 – EDAP Debt Service. The legislation, approved by voters in November 2019, amended the Texas Constitution, Article III, to authorize TWDB to issue additional General Obligation bonds for the EDAP account of the DFund II in amounts such that the aggregate principal amount of the bonds issued that are outstanding at any time does not exceed $200.0 million.

Senate Bill 7 and House Joint Resolution 4 – Flood Planning, Mitigation, and Infrastructure Projects. The legislation amends the Texas Constitution and the Texas Water Code to establish two new accounts, the Flood Infrastructure Fund and the Texas Infrastructure Resiliency Fund, and authorizes TWDB to issue revenue bonds for both accounts. Both accounts will be used to fund various flood mitigation and infrastructure projects.

Senate Bill 8 – State and Regional Flood Planning. The legislation requires TWDB to prepare and adopt a comprehensive state flood plan before September 1, 2024, and every five years thereafter. The plan must include an evaluation of the condition and adequacy of flood control infrastructure regionally, a ranked statewide list of ongoing and proposed flood control and mitigation projects and strategies, an analysis of flood control projects included in previous state flood plans, an analysis of development in the 100.0-year floodplain, and legislative recommendations to facilitate flood control planning and project construction.

Senate Bill 563 – Reporting of Federal Funds for Flood Research, Planning, and Mitigation Projects. The legislation requires all state agencies and universities that receive federal funding for flood research, planning, or mitigation projects to report quarterly to TWDB regarding the total funds received, the amounts expended to date, and the eligibility requirements for receiving the funds. TWDB will make this information publicly accessible online.

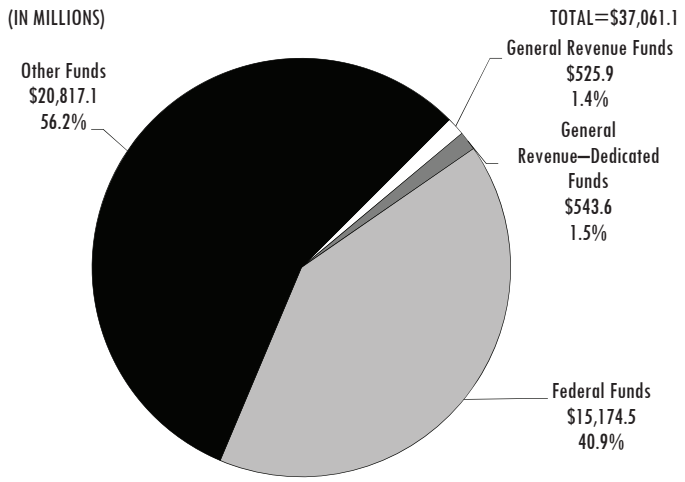
10. BUSINESS AND ECONOMIC DEVELOPMENT

The five business and economic development state agencies provide services supporting the Texas economy through transportation, business and workforce development, lottery and bingo operations, and community infrastructure. These agencies include the Department of Housing and Community Affairs, the Texas Lottery Commission, the Department of Motor Vehicles, the Texas Department of Transportation, and the Texas Workforce Commission.

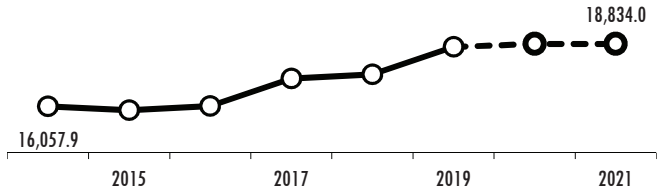
FIGURE 307
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$496.6	$525.9	$29.3	5.9%
General Revenue–Dedicated Funds	$571.9	$543.6	($28.3)	(4.9%)
Federal Funds	$14,715.6	$15,174.5	$458.9	3.1%
Other Funds	$20,946.3	$20,817.1	($129.2)	(0.6%)
Total, All Methods of Finance	**$36,730.4**	**$37,061.1**	**$330.7**	**0.9%**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

Appropriations for the **Texas Department of Transportation** include an estimated **$5.0 billion** from sales tax transfers to the State Highway Fund (Other Funds) pursuant to **Proposition 7, 2015**. Appropriations also include an estimated **$3.9 billion** from oil and natural gas tax-related transfers to the State Highway Fund, pursuant to **Proposition 1, 2014**.

Texas Workforce Commission is appropriated **an increase of $84.6 million** in the federal Child Care and Development Block Grant to provide additional subsidized child care services for low-income families.

Texas Department of Housing and Community Affairs appropriations include a **$3.0 million increase in General Revenue Funds** for the youth homelessness prevention program.

The Eighty-sixth Legislature, 2019, passed legislation resulting in **a method-of-finance swap for the Lottery Commission's bingo operations** from General Revenue–Dedicated Funds to General Revenue Funds and a net decrease of $14.5 million in bingo prize fees.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 308
ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS)

FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$554.4	$576.8	$22.4	4.0%
Texas Lottery Commission	$535.3	$526.4	($8.9)	(1.7%)
Department of Motor Vehicles	$328.9	$310.8	($18.2)	(5.5%)
Department of Transportation	$30,974.8	$31,123.3	$148.5	0.5%
Texas Workforce Commission	$3,611.5	$3,794.4	$182.9	5.1%
Reimbursements to the Unemployment Compensation Benefit Account	$37.8	$37.8	$0.0	0.0%
Subtotal, Business and Economic Development	**$36,042.7**	**$36,369.3**	**$326.7**	**0.9%**
Retirement and Group Insurance	$753.1	$785.4	$32.3	4.3%
Social Security and Benefits Replacement Pay	$151.6	$151.9	$0.3	0.2%
Bond Debt Service Payments	$26.6	$21.3	($5.3)	(19.7%)
Lease Payments	$0.6	0.0	($0.6)	(100.0%)
Subtotal, Employee Benefits and Debt Service	**$931.9**	**$958.7**	**$26.8**	**2.9%**
Less Interagency Contracts	$244.2	$266.9	$22.8	9.3%
Total, All Functions	**$36,730.4**	**$37,061.1**	**$330.7**	**0.9%**

NOTE: 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.

MAJOR FUNDING

All Funds for the Business and Economic Development agencies total $37.1 billion for the 2020–21 biennium, an increase of $330.7 million, or 0.9 percent, from the 2018–19 biennium. General Revenue Funds total $525.9 million, an increase of $29.3 million, or 5.9 percent, from the 2018–19 biennium.

Funding for the Texas Department of Transportation (TxDOT) for the 2020–21 biennium includes $31.1 billion in All Funds, an increase of $148.5 million from the 2018–19 biennium. Funding includes: an estimated $5.0 billion from anticipated state sales tax deposits to the State Highway Fund (SHF), pursuant to Proposition 7, 2015 (an increase of $0.1 billion); an estimated $3.9 billion from oil and natural gas tax-related deposits to the SHF, pursuant to Proposition 1, 2014 (an increase of $0.6 billion); and all SHF available from traditional transportation tax and fee revenue sources, estimated to be $9.3 billion for the 2020–21 biennium, an increase of $0.7 billion. These increases are offset by a decrease of $1.3 billion in Other Funds from bond proceeds. Senate Bill 500, Eighty-sixth Legislature, 2019, includes $125.0 million in supplemental appropriations from the Economic Stabilization Fund to provide grants to counties through the Transportation Infrastructure Fund.

Funding of $326.0 million in Revenue Bond Proceeds is provided for the construction and equipping of the Austin Campus Consolidation project for the relocation and consolidation of TxDOT facilities and operations in the Austin area.

The Eighty-sixth Legislature, Regular Session, 2019, evaluated the Department of Motor Vehicles (DMV) through the Sunset review process and continued authorization of the agency for 12 years. Funding for DMV includes a net decrease of $18.2 million in All Funds, which includes decreases of $13.2 million in General Revenue Funds and $6.3 million in Other Funds from the Texas Department of Motor Vehicles Fund and the SHF primarily related to onetime appropriations for information technology projects and deferred maintenance of buildings and facilities.

Funding for the Texas Workforce Commission includes a net increase in All Funds of $182.9 million due primarily to changes in federal grants, including an increase of $84.6 million in the federal Child Care and Development Block

Grant for additional childcare services provided to low-income families and an increase of $58.5 million in Federal Funds to replace various unemployment insurance and workforce services information technology systems. Appropriations also include an increase of $6.0 million in General Revenue Funds for the Jobs and Education for Texans (JET) grant program for equipment purchases or upgrades for 29 additional career and technical education programs and an increase of $1.3 million in General Revenue Funds for the Apprenticeship grant program to train an additional 1,035 apprentices in the 2020–21 biennium.

Funding for the Texas Lottery Commission includes a net decrease in All Funds of $8.9 million. This decrease is due primarily to a decrease of $15.0 million for mass media advertising contracts with external vendors. Additionally, appropriations include an increase of $0.7 million for partial restoration of previously vetoed funding provided to retailers as a bonus for the sale of prize-winning tickets, an increase of $1.8 million for construction of the agency's new headquarters facility, and an increase of $0.3 million for ongoing information technology costs. Appropriations also include an increase of $18.3 million in General Revenue–Dedicated Funds related to an anticipated increase in gross lottery ticket sales. House Bill 914, Eighty-sixth Legislature, 2019, makes changes related to the sale of bingo cards and to the allocation of bingo prize fees. Bingo prize fees are to be deposited to the General Revenue Fund rather than to a General Revenue–Dedicated Account. Bingo prize fees will be allocated to eligible counties and municipalities by the charitable organizations, rather than by the Lottery Commission, as of January 1, 2020.

Funding for the Department of Housing and Community Affairs (TDHCA) includes an increase of $26.4 million in All Funds, including a $3.0 million increase in General Revenue Funds for the Homeless Housing and Services Program to serve homeless youth, a $24.1 million increase in Federal Funds primarily for the HOME Investment Partnerships Program and the Housing Trust Fund, and a $0.7 million decrease in projected Appropriated Receipts (Other Funds). House Bill 2564, Eighty-sixth Legislature, 2019, adds homeless youth and homeless young adults to the required data analysis in TDHCA's State Low Income Housing Plan and changes the enabling statute for the Texas Interagency Council for the Homeless.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PURPOSE: Texas Department of Housing and Community Affairs (TDHCA) administers affordable housing, housing-related and community service programs; regulates the state's manufactured housing industry; ensures program compliance with federal and state requirements; and provides educational materials or technical assistance for housing and community services.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Government Code, §2306.001

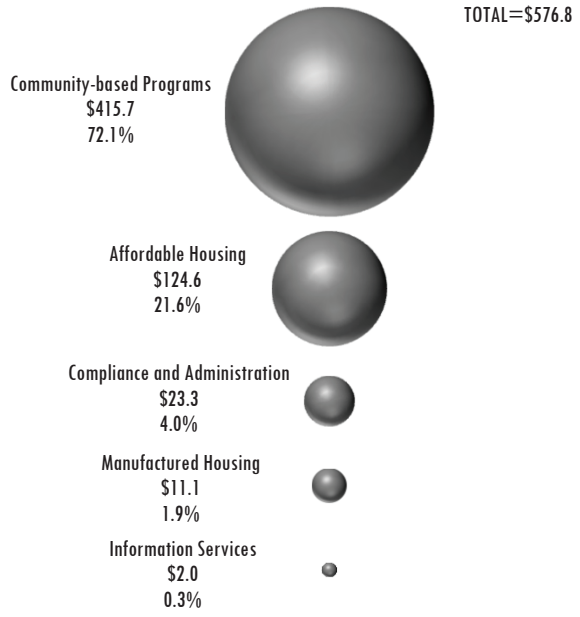
GOVERNANCE: TDHCA Governing Board—seven public members appointed by the Governor with advice and consent of the Senate

FIGURE 309
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$24.4	$27.3	$3.0	12.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$484.5	$508.6	$24.1	5.0%
Other Funds	$45.5	$40.8	($4.7)	(10.4%)
Total, All Methods of Finance	**$554.4**	**$576.8**	**$22.4**	**4.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	313.0
2021	313.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Supplemental appropriations for fiscal year 2019 include **$4.0 million from the Economic Stabilization Fund for affordable rental housing in areas of natural disaster**.

Appropriations include a **$24.1 million increase in Federal Funds** for greater planned expenditures of **National Housing Trust Fund and HOME Investment Partnerships Program funding**.

Appropriations include a **$3.0 million increase in General Revenue Funds** for the **youth homelessness prevention program**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations for the Texas Department of Housing and Community Affairs (TDHCA) for the 2020–21 biennium include a net increase of $22.4 million in All Funds. This increase is due to an increase of $24.1 million in Federal Funds and $3.0 million in General Revenue Funds, offset by a decrease of $4.7 million in Other Funds. The increase in Federal Funds is due primarily to increased planned expenditures of National Housing Trust Fund and HOME Investment Partnerships Program funding. The increase in General Revenue Funds is for the youth homelessness prevention program. The decrease in Other Funds includes a $0.7 million decrease in projected Appropriated Receipts and Interagency Contracts combined with the effect of $4.0 million in supplemental funding provided via Senate Bill 500, Eighty-sixth Legislature, 2019, for fiscal year 2019. This supplemental funding is provided for affordable rental housing in areas most affected by natural disaster. Although the funds are appropriated during fiscal year 2019, TDHCA anticipates expending the funds across a three-year period. Federal Funds contribute $508.6 million, or 88.2 percent, of the agency's total appropriation for the 2020–21 biennium.

TDHCA also holds certain funds outside the state Treasury that are not included in the General Appropriations Act. TDHCA issues mortgage revenue bonds for single-family and multifamily projects. The majority of these bonds are federally authorized, tax-exempt, private-activity bonds. The proceeds of these bonds are for financing low-interest loans to income-eligible, first-time home buyers and to developers of affordable rental housing. Funds and obligations associated with TDHCA's bond indentures contribute the majority of funds that TDHCA maintains in the Texas Treasury Safekeeping Trust Company. TDHCA pays bond investors as it receives loan repayments from homeowners and developers (see the Affordable Housing Program Area section).

PROGRAMS

TDHCA's responsibilities are carried out through five main program areas: (1) community-based programs; (2) affordable housing; (3) compliance and administration; (4) manufactured housing; and (5) information services.

COMMUNITY-BASED PROGRAMS

Community-based programs at TDHCA consist of five programs to improve the living conditions of the poor and homeless and to reduce the cost of home energy for very low-income households. These programs include: (1) Comprehensive Energy Assistance Program; (2) Weatherization Assistance Program; (3) Community Services Block Grant; (4) Emergency Solutions Grant Program; and (5) Homeless Housing and Services Program. Federal programs administered by the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, the U.S. Department of Energy, and General Revenue Funds are the primary sources of funding for these programs. Community-based programs are the largest-funded program area at TDHCA, and appropriations total $415.7 million in All Funds, or 73.0 percent, of the agency's appropriations.

The Comprehensive Energy Assistance Program assists low-income households in meeting immediate energy needs and educates consumers on how to control energy costs. The program is administered through subrecipients across the state, providing services for Texas' 254 counties. TDHCA is appropriated $253.8 million in Federal Funds for the Comprehensive Energy Assistance Program for the 2020–21 biennium. Additionally, TDHCA administers grants to local organizations across the state for the Weatherization Assistance Program. The program provides energy-related assistance through installation of weatherization materials and education to very low-income persons and families. The programs help reduce families' energy-related costs and target consumers that are most vulnerable to extreme weather conditions, such as the elderly, people with disabilities, and families with small children. The Weatherization Assistance Program is appropriated $62.9 million in Federal Funds for the 2020–21 biennium.

TDHCA administers the federal Community Services Block Grant Program and the Emergency Solutions Grant Program (ESG) to provide emergency and permanent shelter, utilities, nutrition, clothing, medical, and other services for the elderly, the needy, homeless persons, and persons with disabilities. These programs help communities to improve living conditions for poor and homeless individuals and to transition families out of poverty. These programs also provide assistance to individuals affected by natural disasters. Funds are disbursed through community action agencies, continuum of care, nonprofit organizations, and local governments, and are available statewide. TDHCA is appropriated $68.6 million in Federal Funds for the Community Services Block Grant Program and $17.6 million in Federal Funds for the ESG Program for the 2020–21 biennium.

The Homeless Housing and Services Program (HHSP) supports homeless initiatives in the state's nine largest cities.

The initiatives may include construction and development of housing for homeless individuals, rehabilitation of structures targeted to serve homeless persons, or provisions to provide direct services and case management to homeless persons. The Legislature provided $3.0 million in funding for a new initiative to provide services to homeless youth age 24 and younger. The Homeless Housing and Services Program is appropriated a total of $12.9 million in General Revenue Funds for the 2020–21 biennium.

Not included in appropriations are donations to the Ending Homelessness Fund, which is maintained in the Texas Treasury Safekeeping Trust and administered in conjunction with ESG and HHSP.

AFFORDABLE HOUSING

TDHCA operates the following 12 programs related to affordable housing: (1) HOME Investment Partnerships Program; (2) Tax Credit Assistance Program (TCAP) Repayment Fund Program; (3) Section 8 Housing Choice Voucher; (4) Texas Housing Trust Fund – Amy Young Barrier Removal; (5) Texas Housing Trust Fund – Bootstrap Program; (6) National Housing Trust Fund; (7) Federal Housing Tax Credit; (8) Neighborhood Stabilization Program; (9) Home and Community-Based Services – Adult Mental Health Program; (10) Section 811 Project Rental Assistance Program; (11) My First Texas Home, Mortgage Credit Certificate, and My Choice Texas Home programs; and (12) Multifamily Mortgage Revenue Bond Program. Most housing activities are made available through federally funded or federally authorized programs that provide affordable housing to extremely low-income, very low-income, low-income, and moderate-income families. **Figure 310** shows household incomes for a family of four at each income classification by metropolitan area. **Figure 311** shows, by multifamily and single-family designation, the number of households or units funded by program for fiscal

FIGURE 310
TARGETED HOUSEHOLDS BY AREA MEDIAN FAMILY INCOME, FISCAL YEAR 2019

AREA	AREA MEDIAN FAMILY INCOME (AMFI)	EXTREMELY LOW INCOME (≤30.0% AMFI)	VERY LOW INCOME (≤50.0% AMFI)	VERY LOW INCOME (≤60.0% AMFI)	LOW INCOME (≤80.0% AMFI)
State of Texas Median Income, Family of Four	$71,200	$21,350	$35,600	$42,720	$56,950
Sample Metropolitan Statistical Areas (MSA)					
Austin–San Marcos MSA (Bastrop, Caldwell, Hays, Travis, and Williamson counties)	$95,000	$28,400	$47,300	$56,760	$75,500
Dallas MSA (Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman, and Rockwall counties)	$83,100	$24,950	$41,550	$49,860	$66,500
El Paso MSA (El Paso County)	$50,300	$17,600	$29,350	$35,220	$46,950
Houston MSA (Chambers, Fort Bend, Liberty, Harris, Montgomery, and Waller counties)	$76,300	$22,900	$38,150	$45,780	$61,050
San Antonio MSA (Bexar, Comal, Guadalupe, and Wilson counties)	$71,000	$21,300	$35,500	$42,600	$56,800
State of Texas Median for Non-MSA Counties	$58,700	$17,600	$29,350	$35,220	$46,950

NOTES:
(1) Applicable maximum income limits are calculated by U.S. Department of Housing and Urban Development (HUD) based on Area Median Family Income and other factors.
(2) State median income is provided for comparative purposes and is not utilized for any program administered by the Texas Department of Housing and Community Affairs (TDHCA). HUD does not calculate 60.0 percent limits for the statewide median income; data shown represents a straight calculation.
(3) MSA income limits shown are based on applicable federal Housing Tax Credit Program and HOME Investment Partnerships Program income limits for a family of four people. Some properties and contracts may target other income categories, such as 40.0 percent or less, as TDHCA provides incentives for assistance to lower-income households. Some programs, such as the My First Texas Home, may serve moderate-income households. The Very Low Income category is defined as up to 50.0 percent AMI federally but up to 60.0 percent AMI pursuant to TDHCA's enabling legislation. Data shown utilizes the state definition.
(4) For communities such as El Paso, with a median income lower than the statewide non-MSA income, the statewide non-MSA maximum income limits apply when determining eligibility.
SOURCE: Texas Department of Housing and Community Affairs.

FIGURE 311
MULTIFAMILY AND SINGLE-FAMILY HOUSEHOLDS OR UNITS BY PROGRAM, FISCAL YEARS 2019 TO 2021

	2019			2020			2021		
PROGRAM	MULTIFAMILY	SINGLE FAMILY	TOTAL	MULTIFAMILY	SINGLE FAMILY	TOTAL	MULTIFAMILY	SINGLE FAMILY	TOTAL
Housing Trust Fund	0	249	249	0	136	136	0	140	140
HOME Program	133	889	1,022	180	888	1,068	200	934	1,134
Low-income Housing Tax Credit Program	9,509	0	9,509	13,457	0	13,457	10,409	0	10,409
Mortgage Revenue Bond	762	9,599	10,361	1,452	8,308	9,760	1,455	8,266	9,721
Multifamily Direct Loan Program (Excludes HOME Program)	103	0	103	100	0	100	150	0	150
Section 8 Program	1,119	0	1,119	906	0	906	906	0	906
Section 811 Program	294	0	294	312	0	312	400	0	400
Total	**11,920**	**10,737**	**22,657**	**16,407**	**9,332**	**25,739**	**13,520**	**9,340**	**22,860**

NOTES:
(1) All amounts are estimates.
(2) Data for multifamily programs shows units completed or to be completed during the fiscal year. Some units receive funding from multiple programs and may be counted more than once; including all multifamily units financed through the Mortgage Revenue Bond Program.
(3) Mortgage Revenue Bond Program includes the single-family My First Texas Home, Mortgage Credit Certificate, and My Choice Texas Home programs and the Multifamily Mortgage Revenue Bond program.
(4) Units shown for Multifamily Direct Loan Program (Excludes HOME) are funded through Tax Credit Assistance Program Repayment Funds, the National Housing Trust Fund, or the Neighborhood Stabilization Program. Multifamily Direct loans funded through HOME are shown as HOME multifamily units.
SOURCE: Texas Department of Housing and Community Affairs.

year 2019 and the number of units anticipated for fiscal years 2020 and 2021.

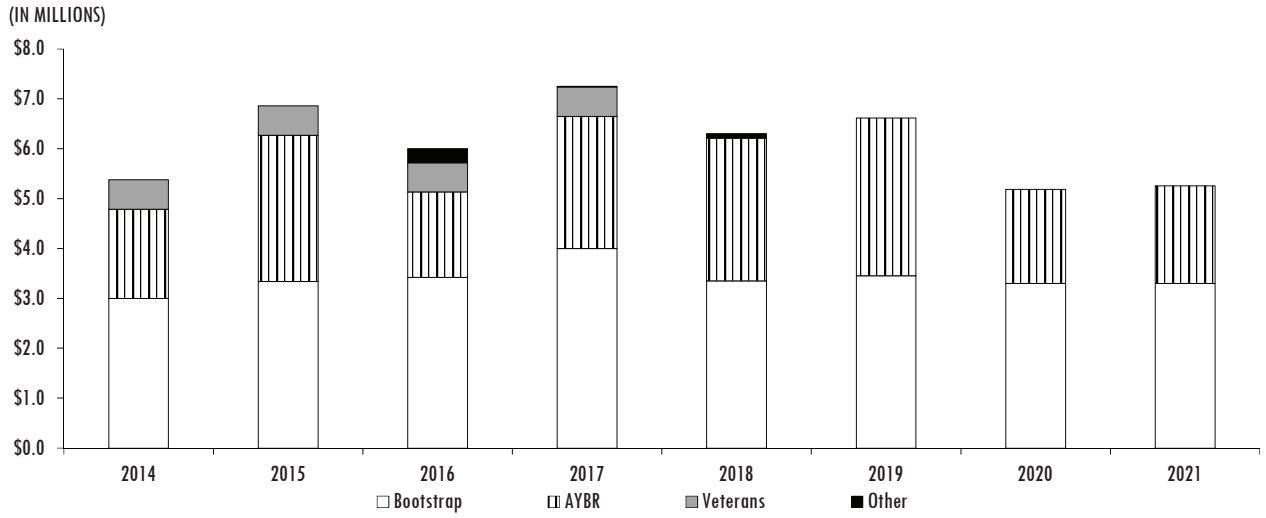
The federal HOME Investment Partnerships (HOME) Program provides grants or loans for the construction of single-family and multifamily housing units by public and private sector partnerships. HOME awards also finance home buyer, home repair, and tenant-based rental assistance, and can be used to help eligible communities affected by natural disasters. Pursuant to statute, 95.0 percent of TDHCA's HOME funds are available only to areas of the state that are mostly rural and that do not receive HOME funds directly from the federal government. The remaining 5.0 percent of the funds are reserved for Texas residents with disabilities. TDHCA is appropriated $59.3 million in Federal Funds for the 2020–21 biennium for the HOME Program.

The TCAP Repayment Fund program is funded through repayments on loans previously provided to developers of multifamily rental properties. The loan repayments are repurposed to provide loans to developers of affordable, multifamily rental properties across the state. TDHCA is appropriated $10.0 million in Federal Funds for the 2020–21 biennium for the TCAP Repayment Fund program.

The Section 8 Housing Choice Voucher Program is a federal program in which qualified tenants typically pay 30.0 percent of their adjusted income for rent, and the federal government pays the balance in an amount not to exceed fair market value. The program provides rental payments directly to residence owners on behalf of extremely low-income, very low-income, and low-income families and individuals, including the elderly and individuals with disabilities. The majority of Section 8 vouchers in the state are administered through local public housing authorities. TDHCA's Section 8 Program serves a limited number of rural or suburban communities that do not have local public housing authorities. The Section 8 Housing Choice Voucher Program is appropriated $14.5 million in Federal Funds for the 2020–21 biennium.

The Housing Trust Fund (HTF) programs are the agency's only state-funded housing programs. Except for administrative funding, all appropriations provided for the program are transferred each fiscal year to the Housing Trust Fund located outside the state Treasury. TDHCA applies a minimum of $3.0 million each year to support the legislatively mandated Texas Bootstrap Loan Program, a self-help loan program that targets economically distressed

FIGURE 312
HOUSING TRUST FUND EXPENDITURES, FISCAL YEARS 2014 TO 2021



NOTES:
(1) Amounts shown for fiscal years 2020 and 2021 are estimated.
(2) AYBR=Amy Young Barrier Removal program.
(3) The Other category includes: Gap Financing Federal Disaster Funds, Foreclosure Prevention, Single Family Development, Rural Housing/ Grow Home Pilot, Homeownership SuperNOFA, Multifamily Rental Development, Capacity Building Grant, Affordable Housing Match Program, Homebuyers Assistance, Rural Housing Expansion Program Contract for Deed Conversion Assistance Pilot, and Homeless and Housing Services Program.
(4) Beginning fiscal year 2018, all funding for the Veterans Housing Assistance Program is appropriated directly at the Texas Veterans Commission (TVC). Historically, the Texas Department of Housing and Community Affairs transferred funds to TVC for administration of the program.
SOURCE: Texas Department of Housing and Community Affairs.

communities. The majority of the remaining funds are used for the Amy Young Barrier Removal program, a program that provides onetime grants to individuals with disabilities that need modifications in their homes to increase accessibility or eliminate hazardous conditions. **Figure 312** shows a history of spending for programs within the Housing Trust Fund from fiscal years 2014 to 2021. TDHCA is appropriated $10.4 million in General Revenue Funds for the HTF programs for the 2020–21 biennium.

The National Housing Trust Fund program provides funding to nonprofit and for-profit entities for the construction or rehabilitation of affordable multifamily rental developments serving extremely low-income households. Funding for these entities is provided in the form of low-interest, repayable loans. The National Housing Trust Fund is appropriated $18.5 million in Federal Funds for the 2020–21 biennium.

The federal Housing Tax Credit (HTC) Program is the primary means of financing rental housing to low-income Texans. The program encourages private investment in exchange for tax credits and other incentives. In return for the tax credits, owners must set aside a minimum of 20.0 percent to 40.0 percent of units for use by extremely low-income and very low-income tenants; however, most owners set aside 100.0 percent of units for qualified low-income families. Two types of tax credits apply: competitive and noncompetitive. The HTC program is open to nonprofit and for-profit developers and is available statewide. Appropriations for the HTC program reflect only the administrative costs of this program and total $4.2 million in Other Funds for the 2020–21 biennium.

The Neighborhood Stabilization Program is funded through repayments from loans issued to communities to acquire and redevelop foreclosed properties. Repayments are used to support previously funded land-bank activities and provide loans to developers of affordable, multifamily rental properties across the state. The Neighborhood Stabilization program is appropriated $2.5 million in Federal Funds for the 2020–21 biennium.

TDHCA administers the Home and Community-Based Services Adult Mental Health program through an

Interagency Contract in collaboration with the Health and Human Services Commission (HHSC), to provide home and community-based services to adults with serious mental illness. The program provides rental assistance to enable individuals to live in the community. This program is appropriated $0.8 million in Other Funds for the 2020–21 biennium.

TDHCA administers the Section 811 Project Rental Assistance program, which provides project-based rental assistance to select state housing finance agencies for project-based rental operating assistance for individuals with disabilities. TDHCA operates the Section 811 Project Rental Assistance program in partnership with HHSC. TDHCA was awarded $12.0 million in federal grants for the program during fiscal year 2017. The agency anticipates administering these funds through fiscal year 2021 and is appropriated $0.4 million in Federal Funds for administration costs for the 2020–21 biennium.

TDHCA administers the My First Texas Home, Mortgage Credit Certificate (MCC), and My Choice Texas Home programs, which are operated primarily with funding from the issuance of single-family mortgage revenue bonds (SFMRB) and other mortgage brokerage models administered outside of the state Treasury. Appropriations for these programs represent the administrative costs of the programs. The My First Texas Home and My Choice Texas Home programs offer competitive interest rates on home loans and provide down payment assistance for eligible participants. The MCC program offers homeowners a tax credit for a portion of their mortgage interest paid per year. These programs are appropriated $3.1 million in Other Funds for the 2020–21 biennium.

The Multifamily Mortgage Revenue Bond program is operated primarily with funding through the issuance of multifamily mortgage revenue bonds (MFMRB) administered outside of the state Treasury. Appropriations for the MFMRB program represent the administrative costs of this program. The MFMRB program issues taxable and tax-exempt mortgage revenue bonds to developers and uses the bond proceeds to finance the construction, acquisition, or rehabilitation of affordable rental properties. The MFMRB program is appropriated $0.9 million in Other Funds for the 2020–21 biennium.

The bond proceeds from these single-family and multifamily mortgage revenue bonds are held by trustees outside the state Treasury and are not included in the General Appropriations Act. At the end of fiscal year 2019, TDHCA had approximately $852.5 million in SFMRBs outstanding and $851.3 million in MFMRBs outstanding. TDHCA also has $22.0 million in single-family issuer notes and $86.5 million in multifamily issuer notes outstanding. Issuer notes are loan agreements between TDHCA and a bank. The agency estimates that it will issue $670.0 million in SFMRBs and $280.0 million in MFMRBs during the 2020–21 biennium. Factors such as the bond and housing markets will determine the amount of bonds actually issued each year. TDHCA also estimates that it will utilize $400.0 million in private activity bond authority each year of the biennium to issue MCCs. In addition, TDHCA expects to facilitate access to an estimated $1.0 billion per year in privately financed, market-rate mortgage loans utilizing down payment assistance funded through its single-family bond indentures.

COMPLIANCE AND ADMINISTRATION

The compliance and administration program area includes four programs: (1) Central Administration; (2) Compliance and Monitoring; (3) Information Resource Technologies; and (4) Operations and Support Services.

Central Administration, Information Resource Technologies, and Operations and Support Services provide agencywide services and monitoring of contract, grant, and housing requirements. These programs also assist with TDHCA's human resources, software development, and financial administration. These three programs are appropriated $16.6 million in All Funds for the 2020–21 biennium.

The Compliance and Monitoring program ensures that TDHCA-supported rental developments adhere to commitments made at the time of funding, including serving low-income households, charging restricted rents, and maintaining the physical condition of the properties. To ensure compliance, TDHCA conducts onsite monitoring visits to review documentation and physically inspect the properties. TDHCA also monitors to ensure that promised benefits in accordance with contracts established with subrecipients, such as home repair and energy assistance, are being delivered to target populations and that federal and state requirements are being met. Additionally, through this program and in cooperation with the Manufactured Housing Division, TDHCA inspects and licenses private and public migrant labor housing to ensure that the housing meets minimum safety standards. The Compliance and Monitoring program is appropriated $6.6 million in All Funds for the 2020–21 biennium.

MANUFACTURED HOUSING

TDHCA's Manufactured Housing Division, which is governed by a separate board and executive director, is funded primarily through Appropriated Receipts (Other Funds) associated with title, inspection, and licensing fees to support the manufactured housing industry. Three programs are included in Manufactured Housing: (1) Inspections; (2) Licensing; and (3) Enforcement. The funding is provided for the purpose of providing statements of ownership and registration service; conducting inspections of manufactured homes; protecting the public and consumers; and providing processing of occupational licenses, registrations, or permit fees. The Manufactured Housing Division also provides inspection oversight as a State Administrative Agency for the U.S. Department of Housing and Urban Development. The Manufactured Housing Division appropriations include $3.9 million in All Funds for the inspection program; $3.8 million in All Funds for the licensing program; and $3.4 million in All Funds for the enforcement program for the 2020–21 biennium.

INFORMATION SERVICES

TDHCA has three programs to provide information and technical assistance for extremely low-income, very low-income, and low-income households. These programs include the following areas: (1) Housing Resource Center; (2) Office of Colonia Initiatives and Colonia Self Help Centers; and (3) Housing and Health Services Coordination Council.

The agency provides information through the legislatively mandated Housing Resource Center, which serves as a statewide clearinghouse of information about housing and community services programs. The housing center provides information and technical assistance regarding the state's housing needs, community services, and affordable housing programs to consumers, developers, researchers, and the public. The housing center is also responsible for developing legislatively required planning documents such as the State Low-Income Housing Plan. The Housing Resource Center program is appropriated $1.3 million in Other Funds for the 2020–21 biennium.

Through the Office of Colonia Initiatives, colonia residents and communities along the Texas–Mexico border receive technical assistance, education, and self-help programs through TDHCA field offices and Colonia Self-Help Centers. The Office of Colonia Initiatives and Colonia Self-Help Centers program is appropriated $0.6 million in Other Funds for the 2020–21 biennium. The Housing and Health Services Coordination Council coordinates and increases state efforts to offer service-enriched housing for persons with disabilities or older Texans. The Housing and Health Services Coordination Council is appropriated $0.2 million in General Revenue Funds for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 1973 – Application for low-income housing tax credit program. The legislation changed how local support or opposition from a state representative is scored for the purposes of an application for competitive housing tax credits. It would enable state representatives to opt out of opining on an application and, in those instances, the opportunity to weigh in would be increased for affected local governments.

Senate Bill 493 – Allocation of low-income housing tax credits to developments within proximate geographic areas. The legislation provides a waiver of a 2.0-mile concentration rule for tax credit applications in Harris County as that area of the state works to rebuild after Hurricane Harvey.

Senate Bill 1474 – Private activity bond funding. The legislation substantially changes the state's private activity bond program which is a main funding engine for affordable housing in Texas amongst other activities. The omnibus bill modernized many aspects of the program, which is anticipated to help develop additional affordable housing opportunities.

House Bill 2564 – Addressing the needs of homeless youth. The legislation adds homeless youth and homeless young adults to the required data analysis in TDHCA's State Low-Income Housing Plan and changes the enabling statute for the Texas Interagency Council for the Homeless.

TEXAS LOTTERY COMMISSION

PURPOSE: Generate revenue for the state through the management and sale of entertaining lottery products and provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo.

ESTABLISHED: 1993

AUTHORIZING STATUTE: The Texas Government Code, §467.002

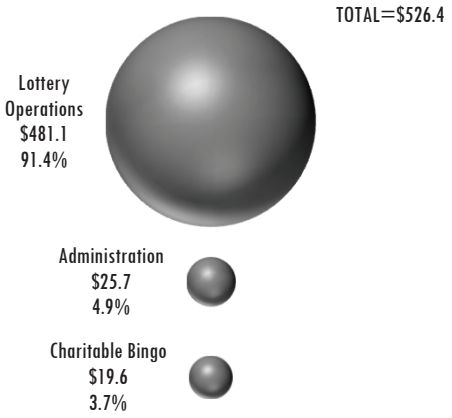
GOVERNANCE: Texas Lottery Commission—five members appointed by the Governor with the advice and consent of the Senate

FIGURE 313
TEXAS LOTTERY COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$19.6	$19.6	N/A
General Revenue–Dedicated Funds	$535.3	$506.8	($28.5)	(5.3%)
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	**$535.3**	**$526.4**	**($8.9)**	**(1.7%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	323.5
2021	323.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The Eighty-sixth Legislature, 2019, passed legislation resulting in **a method-of-finance swap for the agency's bingo operations** from General Revenue–Dedicated Funds to General Revenue Funds and a net decrease of $14.5 million in bingo prize fees.

Appropriations include an **increase of $1.8 million for construction of the agency's specialized building space** in the planned new headquarters.

Appropriations include an **increase of $18.3 million related to an anticipated increase in lottery ticket sales**, which fund the lottery operator contract and retailer commissions.

Appropriations include a **decrease of $15.0 million for lottery mass media advertising** services.

SOURCE: Legislative Budget Board.

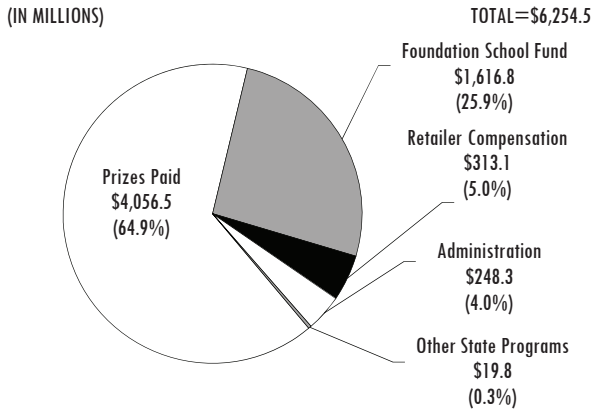
MAJOR FUNDING

Appropriations for the Texas Lottery Commission (TLC) for the 2020–21 biennium include a net decrease of $8.9 million in General Revenue Funds and General Revenue–Dedicated Funds (Account No. 5025, State Lottery) for the agency's lottery operations. This decrease is due primarily to a decrease of $15.0 million for mass media advertising contracts with external vendors. Additionally, appropriations include an increase of $0.7 million for partial restoration of previously vetoed funding provided to retailers as a bonus for the sale of prize-winning tickets, an increase of $1.8 million for construction of the agency's new headquarters facility, and an increase of $0.3 million for ongoing information technology costs. Appropriations also include an increase of $18.3 million in General Revenue–Dedicated Funds related to an anticipated increase in gross lottery ticket sales. This increase is appropriated to the Texas Lottery Commission to fund the lottery operator contract and retailer commissions, which are based on a percentage of gross lottery ticket sales. The Comptroller of Public Accounts estimates in the 2020–21 Biennial Revenue Estimate that lottery sales will be $5.9 billion for fiscal year 2020 and $6.0 billion for fiscal year 2021.

Proceeds from the sale of lottery tickets are the source of revenue used to pay for all costs of operation for the Texas Lottery, including the payment of lottery prizes, retailer commissions, and other costs for operation and administration of the lottery. The Texas Government Code, Chapter 466, known as the State Lottery Act, limits the amount of these funds that may be expended for retailer commissions and agency administration to 12.0 percent of gross ticket revenues. The State Lottery Act establishes a minimum retailer commission of 5.0 percent of gross ticket sales, which leaves a maximum of 7.0 percent of gross sales that may be expended for agency administration. In practice, total appropriations for agency administration have been approximately 4.3 percent. The agency is appropriated an additional 0.5 percent of gross ticket sales each year to pay sales performance retailer commissions. The agency transfers any unexpended administrative funds to the state to fund public education.

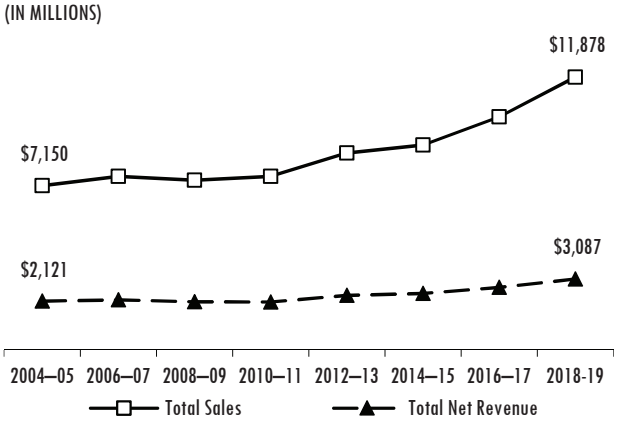
Since fiscal year 2016, TLC transferred more than $1.3 billion to the state each year after deductions for prizes and administrative costs. **Figure 314** shows the distribution of lottery proceeds in fiscal year 2019, and **Figure 315** shows gross lottery sales and revenue to the state for fiscal years 2004 to 2019.

FIGURE 314
WHERE TEXAS LOTTERY PROCEEDS GO
FISCAL YEAR 2019



NOTES:
(1) Other State Programs category includes transfers to the General Revenue–Dedicated Accounts for Veterans' Assistance, Texas Veterans Commission; and State Owned Multicategorical Teaching Hospital, Health and Human Services Commission.
(2) Transfers to the Foundation School Fund and Other State Programs include $75.1 million in unclaimed prizes from fiscal year 2019 lottery sales.
(3) Amounts determined on an accrual basis. Amounts may not sum due to rounding.
(4) Amounts are estimated.
SOURCE: Texas Lottery Commission.

FIGURE 315
TEXAS LOTTERY SALES AND NET REVENUE
2004–05 TO 2018–19 BIENNIA



NOTES:
(1) Amounts are calculated on an accrual accounting basis.
(2) Amounts shown for the 2018–19 biennium are actual amounts.
(3) Total Revenue includes revenue to the Foundation School Fund, and the General Revenue–Dedicated Accounts for Fund for Veterans' Assistance and the State Owned Multicategorical Teaching Hospital.
SOURCE: Texas Lottery Commission.

Legislation by the Eighty-sixth Legislature, Regular Session, 2019, resulted in a method-of-finance swap from General Revenue–Dedicated Funds to General Revenue Funds for the agency's charitable bingo operations for the 2020–21 biennium. Appropriations also include an overall decrease of $14.5 million in funding for bingo prize fees, because the agency will no longer receive and transfer prize fees due to local jurisdictions as of January 1, 2020. This function will be carried out by licensed charitable bingo organizations with either payment to local jurisdictions or retention of the funds by organizations for charitable purposes.

PROGRAMS

TLC's responsibilities are carried out through three main program areas: (1) Texas lottery operations; (2) charitable bingo; and (3) administration.

TEXAS LOTTERY OPERATIONS

TLC is tasked with operating the state's lottery system so that it is self-supporting, produces revenue, and is free of criminal activity. The agency's lottery-related activities are completed primarily through the following six programs: the lottery operator contract; marketing and promotions; retailer commissions, bonuses, and incentives; advertising services contracts; operations; and security.

The lottery operator contract is the largest component of Texas lottery operations. The operator manages all aspects of contract vendor services for scratch ticket and online gaming, including managing all game terminals and hardware, providing field sales and business development staff, warehousing scratch tickets, ordering and distributing lottery products, and providing retailer technical support. The operator contract is based on a percentage of gross lottery ticket sales, and TLC is appropriated $254.4 million for the operator contract for the 2020–21 biennium for this purpose.

Through the operator contract, TLC offers scratch-ticket lottery games benefiting the Texas Veterans Commission's Fund for Veterans' Assistance (Other Funds). TLC began offering the scratch-ticket games in November 2009. Ticket sales have generated $120.5 million for the Texas Veterans Commission since its inception. **Figure 316** shows net proceeds from these ticket sales from fiscal years 2014 to 2019.

TLC's marketing and promotion program provides for the development of lottery products and games, promotes the lottery, and recruits business retailers and vendors to sell lottery tickets. This program also contracts for the production of scratch tickets, which accounts for approximately 78.0 percent of all ticket sales. TLC is appropriated $89.4 million for this program during the 2020–21 biennium.

FIGURE 316
TEXAS VETERANS COMMISSION LOTTERY REVENUE FISCAL YEARS 2014 TO 2019

YEAR	NET PROCEEDS (IN MILLIONS)
2014	$11.5
2015	$13.1
2016	$14.7
2017	$16.2
2018	$18.1
2019	$19.4

NOTES:
(1) Includes General Revenue–Dedicated Account transfers of unclaimed prize money from to the Fund for Veterans' Assistance (Other Funds).
(2) Amounts determined on an accrual basis.
SOURCE: Texas Lottery Commission.

TLC's retailer bonus and incentive program manages activities that maximize revenue to the state by providing lottery sales agents with incentives and bonuses. The State Lottery Act establishes a minimum retailer commission of 5.0 percent of gross ticket sales; these funds are not included in TLC appropriations. Appropriations for TLC include an additional 0.5 percent of gross ticket sales annually to pay commissions to retailers for sales performance. TLC receives funding to provide additional compensation to retailers in the form of bonuses for selling high-tier prizes. TLC is appropriated $59.3 million for retailer performance commissions and $4.0 million for retailer bonuses for the 2020–21 biennium.

TLC's advertising services are contracted through external vendors and include the planning, development, and implementation of lottery advertising through radio, television, Internet, experiential, and print media. TLC is appropriated $35.5 million for this purpose for the 2020–21 biennium. **Figure 317** shows TLC's biennial advertising expenditures from 1998–99 to 2018–19.

TLC's lottery operations program provides operations management, technical, administrative, and customer service support to all office locations, players, and retailers. This management and support includes the issuance of licenses to qualified lottery retailers and the enforcement of applicable

state laws and agency rules. Texas will license an estimated 18,000 retailer business locations each fiscal year of the 2020–21 biennium. TLC is appropriated $22.3 million for this purpose for the biennium. The agency operates a security program to ensure the quality and integrity of the lottery drawings system and the physical security of operating sites. To enforce the State Lottery Act, the agency investigates possible criminal and regulatory violations relating to lottery games. TLC is appropriated $16.2 million for this purpose for the 2020–21 biennium.

CHARITABLE BINGO

TLC operates the following five programs relating to charitable bingo: bingo prize fee allocations (until January 1, 2020); auditing; licensing services; accounting services; and education and training. TLC estimates that charitable organizations will receive approximately $33.0 million each fiscal year from bingo events for the 2020–21 biennium. **Figure 318** shows charitable distributions for fiscal years 2013 to 2018.

TLC's largest program for bingo-related activities includes the allocation of bingo prize fees to counties and municipalities, pursuant to the Texas Occupations Code. TLC collects a 5.0 percent fee on all bingo prizes greater than $5 and allocates a portion of this amount to counties and municipalities that have elected to impose the fee. House Bill 914, Eighty-sixth Legislature, 2019, authorizes the charitable bingo organizations to allocate the funding starting January 1, 2020.

TLC's bingo auditing program ensures licensee compliance with applicable state laws and agency rules through inspections, reviews, audits, and complaint investigations. The agency estimates that 160 complaints will be completed each fiscal year of the 2020–21 biennium. TLC is appropriated $2.9 million for the bingo auditing program for the 2020–21 biennium.

TLC's licensing program includes the review of license applications and worker registrations to determine the eligibility of applicants to receive a license. The agency estimates that more than 10,000 licenses will be issued to individuals and organizations each fiscal year of the 2020–21 biennium. The accounting services program assists licensees with filing reports and managing their financial data, and administers the allocation of bingo prize fees to counties and municipalities. The education and training program manages the education and development of all licensed organizations that conduct charitable bingo activities. TLC is appropriated $1.3 million for the bingo licensing program, $0.6 million for the accounting services program, and $0.2 million for education and training programs for the 2020–21 biennium.

FIGURE 317
TEXAS LOTTERY ADVERTISING EXPENDITURES
1998–99 TO 2018–19 BIENNIA

NOTE: Amounts for the 2018-19 biennium are estimated.
SOURCE: Texas Lottery Commission.

FIGURE 318
TEXAS BINGO SALES AND DISTRIBUTIONS TO CHARITABLE ORGANIZATIONS
FISCAL YEARS 2013 TO 2018

	(IN MILLIONS)	
YEAR	TOTAL SALES	CHARITABLE DISTRIBUTIONS
2013	$719.6	$26.6
2014	$739.7	$25.8
2015	$756.8	$28.5
2016	$761.5	$30.2
2017	$776.6	$31.3
2018	$812.4	$33.6

SOURCE: Texas Lottery Commission.

ADMINISTRATION

The final program area, administration, provides administrative and information technology support to the major programs administered by the agency. TLC is appropriated $25.7 million for this purpose for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 914 – Regulation of bingo games. The legislation makes changes related to the sale of bingo cards and to the allocation of bingo prize fees. Bingo prize fees are

to be deposited to the General Revenue Fund rather than a General Revenue–Dedicated Account. Bingo prize fees will be allocated to eligible counties and municipalities by the charitable organizations, rather than by the Lottery Commission, as of January 1, 2020.

DEPARTMENT OF MOTOR VEHICLES

PURPOSE: Provide vehicle title and registration services, motor carrier registration and permitting, motor vehicle dealer licensing and regulation, and other motor vehicle regulatory and enforcement services.

ESTABLISHED: 2009

AUTHORIZING STATUTE: The Texas Transportation Code, §1001.002

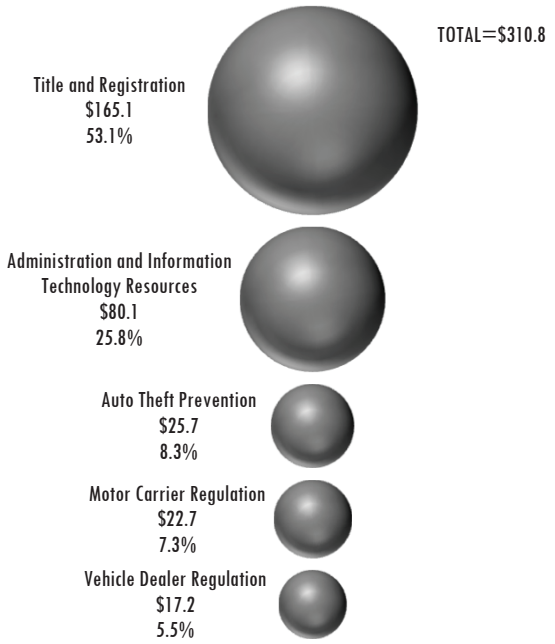
GOVERNANCE: Department of Motor Vehicles Board—nine members appointed by the Governor with advice and consent of the Senate

FIGURE 319
DEPARTMENT OF MOTOR VEHICLES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$38.9	$25.7	($13.2)	(34.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$1.5	$1.5	$0.0	0.0%
Other Funds	$288.5	$283.6	($4.9)	(1.7%)
Total, All Methods of Finance	**$328.9**	**$310.8**	**($18.2)**	**(5.5%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	802.0
2021	802.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Senate Bill 604, Eighty-sixth Legislature, 2019, **continues the Department of Motor Vehicles for 12 years** through fiscal year 2031 and changes the name of the Automobile Burglary and Theft Prevention Authority to the **Motor Vehicle Crime Prevention Authority**.

Appropriations for the 2020–21 biennium include **$4.6 million in Other Funds and an additional 12.0 full-time-equivalent positions for information technology infrastructure improvements and staff support** for information technology systems and applications.

Appropriations for the 2020–21 biennium include **$0.9 million in Other Funds and an additional 9.0 full-time-equivalent positions for consumer relations and customer service.**

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Department of Motor Vehicles (DMV) for the 2020–21 biennium represents a net decrease of $18.2 million from the 2018–19 biennium, including the following major funding changes:

- decreases of $13.3 million in General Revenue Funds and $7.0 million in Other Funds related to onetime costs for information technology automation projects;
- a decrease of $7.3 million in Other Funds for facilities deferred maintenance, repair, and security system projects;
- an increase of $4.6 million in Other Funds for information technology infrastructure improvements and support, including an increase of 12.0 full-time-equivalent (FTE) positions for systems and application support;
- an increase of $1.9 million in Other Funds for increases in the agency's share of certain costs under the Statewide Cost Allocation Plan; and
- an increase of $1.5 million in Other Funds for consumer protection and enforcement systems enhancements and an additional 9.0 FTE positions for consumer relations and customer service.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) vehicle titling and registration; (2) administration and information resource technology support; (3) automobile burglary and theft prevention; (4) motor carrier regulation; and (5) vehicle dealer regulation.

The agency's largest program area is vehicle titles and registration. The agency works in support of and in partnership with 254 tax assessor-collectors and their agents to administer motor vehicle titles and title fraud investigations, register vehicles, distribute license plates and registration insignia stickers, distribute parking placards for persons with disabilities, and collect the related fees. This program includes the maintenance and enhancement of an automated vehicle registration and titling system used by the agency and the tax-assessor collectors in each county to account for the titling and registration of vehicles, collection of related fees and taxes, and to provide access for law enforcement to vehicle ownership information. Additionally, this program area includes a compliance and investigations division to identify, investigate, and prevent motor vehicle related fraud. The agency projects that approximately 8.3 million titles will be issued in each fiscal year, and a total of 25.9 million vehicles will be registered in Texas by the end of the 2020–21 biennium. Appropriations for vehicle titling and registration total $165.1 million in Other Funds for the 2020–21 biennium.

The agency's administration and information technology (IT) program area provides central administration, information resources, and other services to support the daily operations of all other DMV programs and the governing board of the DMV. The agency's central administration functions include executive administration, finance and accounting services, human resources, and legal support. The agency's information resources program provides support for the maintenance and enhancement of IT systems and equipment and management of IT projects throughout the agency. Other support services include agency facilities management, motor vehicle fleet, records retention, and mail operations. Appropriations for administration and IT support total $80.1 million in Other Funds for the 2020–21 biennium, including $53.0 million for information resources support and IT project management.

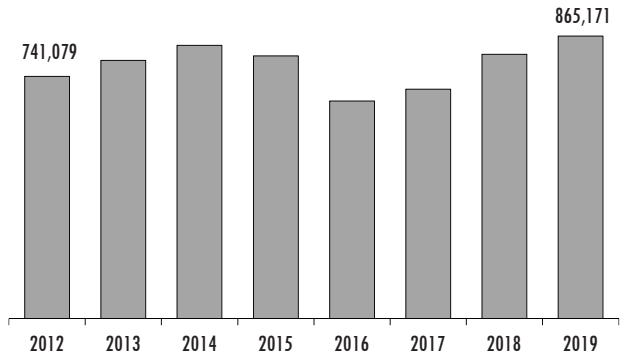
The Motor Vehicle Crime Prevention Authority (MVCPA) is composed of a seven-member board of directors, independent of the governing board of the DMV, appointed by the Governor with the advice and consent of the Senate. The MVCPA coordinates efforts within a network of law enforcement and judicial agencies, the insurance industry, and residents to reduce motor vehicle burglary and theft and fraud-related motor vehicle crimes through grants that fund motor vehicle crime reduction initiatives. Appropriations for MVCPA program grants and administration total $25.7 million in General Revenue Funds for the 2020–21 biennium.

The agency's motor carrier regulation program provides for motor carrier registration services, oversize/overweight vehicle permitting, and enforcement. Motor carriers operating equipment with a gross vehicle weight exceeding 26,000 pounds, passenger bus operators, and household goods carriers operating in Texas are required to obtain a motor carrier registration with DMV. Additionally, DMV is responsible for the permitting, regulation, and routing of oversize and overweight vehicles on the state's highways to ensure the safety of the traveling public and protect the integrity of highways and bridges. **Figure 320** shows the number of oversize/overweight permits issued from fiscal years 2012 to 2019. DMV reported issuing 865,171

permits during fiscal year 2019, which represents an increase of 30.0 percent from 665,575 permits issued in fiscal year 2016. The change in the number of permits issued closely correlates with economic factors, including public and private infrastructure investment, manufacturing, and energy exploration and development. Appropriations for the motor carrier regulation program total $22.7 million in All Funds for the 2020–21 biennium.

The agency's motor vehicle dealer regulation program provides for the licensing and regulation of motor vehicle dealers, manufacturers, salvage vehicle dealers, and a variety of other entities engaged in the motor vehicle sales and distribution industry. The agency is also responsible for enforcing the state's motor vehicle Lemon Law, which was established to assist consumers who have purchased or leased new vehicles with substantial defects in obtaining repair, replacement, or repurchase of those vehicles. Appropriations for motor vehicle dealer regulation total $17.2 million in Other Funds for the 2020–21 biennium.

FIGURE 320
OVERSIZE/OVERWEIGHT PERMITS ISSUED
FISCAL YEARS 2012 TO 2019



SOURCE: Department of Motor Vehicles.

SIGNIFICANT LEGISLATION

Senate Bill 604 – Continuing the DMV. The legislation, DMV's Sunset bill, continues the agency for 12 years until September 1, 2031, and enacts various Sunset Advisory Commission recommendations and other provisions relating to the motor vehicle dealer and salvage dealer licensing; vehicle titling and registration, including fraud prevention; issuance of digital license plates, and a study on imposing fees on alternatively fueled vehicles.

The legislation eliminates the motor vehicle representative license, salvage agent license, and eliminates separate endorsements for a salvage vehicle dealer license to establish a single salvage license. The legislation authorizes the DMV board, by rule, to set the term for a salvage license and requires the board to prorate the applicable license fee if the term of a license is set for a period other than one year. The legislation also eliminates the requirement for motor vehicle dealers to receive written approval from DMV to participate in a new motor vehicle show or exhibition.

The legislation specifies that DMV has the sole authority to determine access to the agency's automated registration and titling system (RTS) and requires the agency to work with county tax assessor-collectors to develop and adopt rules that establish clear criteria for the suspension or denial of access to the RTS for suspected fraud, waste, or abuse by an employee or third-party service deputy under contract with a county tax assessor-collector. The legislation requires DMV to implement a mandatory training program to be completed by all persons performing registration and titling services, that provides information on the agency's RTS and identification of fraudulent activity related to vehicle registration and titling. The legislation authorizes DMV and county tax assessor-collectors to audit, perform a compliance review of, or investigate any person providing or performing registration and titling services. In addition, the legislation requires counties to follow certain state contracting practices when outsourcing registration and titling services to a full-service deputy and to rebid existing outsourcing contracts using these contracting practices not later than March 31, 2020.

The legislation changes the name of the Automobile Burglary and Theft Prevention Authority to the Motor Vehicle Crime Prevention Authority and expands the scope of the authority to include prevention of fraud-related motor vehicle crime.

The legislation requires the DMV board to adopt rules to allow a registered vehicle to be equipped with a digital license plate in lieu of a physical license plate placed at the rear of the vehicle, applicable only to a vehicle that is part of a commercial fleet, is owned or operated by a governmental entity, or is not a passenger vehicle. The legislation authorizes DMV to contract with third-party digital license plate providers to issue digital license plates and specifies the powers and duties of a provider under contract with DMV. The legislation authorizes DMV, by rule, to set a fee to cover any administrative costs for issuing digital license plates that exceed the administrative costs for issuing physical license plates.

The legislation requires DMV to organize a study on: (1) the impact of the alternatively fueled vehicle industry on Texas; (2) options available to the state for collecting fees from owners of alternatively fueled vehicles to replace the loss of revenue from motor fuel taxes; and (3) the feasibility and desirability of establishing a fee for alternatively fueled vehicles. The study is to be conducted by DMV, the Public Utility Commission, the Texas Department of Transportation, the Department of Public Safety, and the Texas Commission on Environmental Quality. The legislation requires DMV, not later than December 1, 2020, to submit to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of the legislature a written report that includes a summary of the results of the study and any legislative recommendations based on the study.

Senate Bill 616 – Continuing the Department of Public Safety; conditional transfer of Driver Licensing Program to DMV. The legislation, the Department of Public Safety's (DPS) Sunset bill, requires DPS to contract with an independent third party to conduct a feasibility study to examine and make recommendations on the management and operating structure of the driver license program and the opportunities and challenges of transferring the program to DMV. The legislation requires the contractor to submit a report on the study to the legislature, the Governor, the Sunset Advisory Commission, DPS, and DMV no later than September 1, 2020. If the report is not submitted by that date, then the legislation would transfer the driver license program from DPS to DMV effective September 1, 2021 (fiscal year 2022).

House Bill 2048 – Repeal of the Driver Responsibility Program; increasing MVCPA Motor Vehicle Insurer Fee. The legislation repeals the Driver Responsibility Program (DRP) and eliminates the state surcharges assessed on drivers convicted of certain driving offenses. The legislation increases certain state fines and fees to replace revenue from DRP surcharges, including the fee that motor vehicle insurers pay to the MVCPA. Effective on September 1, 2019 (fiscal year 2020) the legislation increases the MVCPA fee from $2.00 to $4.00 per motor vehicle year of insurance for insurance policies delivered, issued, or renewed by an insurer. In addition, the legislation changes the disposition of MVCPA fee collections by requiring (1) 20.0 percent to be appropriated for MVCPA purposes; (2) 20.0 percent to be deposited to the General Revenue Fund to be used for criminal justice purposes; and (3) 60.0 percent to be deposited to the General Revenue–Dedicated Account No. 5111, Designated Trauma Facility and Emergency Medical Services Account, to fund designated trauma facilities, county and regional emergency medical services (EMS), and trauma care systems that provide trauma care and EMS to victims of accidents resulting from traffic offenses. Prior to enactment of the legislation, state law specified that 50 percent of the former $2.00 MVCPA fee may be appropriated for MVCPA purposes and all fee revenue was deposited to the General Revenue Fund.

House Bill 2620 – Movement of oversize/overweight vehicles and enforcement of vehicle size and weight limitations. The legislation authorizes DMV to deny an application for an oversize/overweight permit to a motor carrier that has been placed out of service by the Federal Motor Carrier Safety Administration or that the Department of Public Safety has determined has an unsatisfactory safety rating or multiple violations of commercial motor vehicle safety standards. The legislation authorizes DMV to require a person operating under a permit issued by DMV to use escort flag vehicles and escort flaggers if required (1) by the Texas Department of Transportation or (2) for the safe movement of an oversize/overweight vehicle and its load. The legislation authorizes DMV to issue a permit for the operation of a vehicle or combination of vehicles used to transport equipment that is used to load timber on a vehicle in certain timber-producing counties. Additionally, the legislation specifies that 10.0 percent of a permit fee collected for any oversize/overweight permit authorized by the Legislature on or after September 1, 2019, is to be deposited to the Texas Department of Motor Vehicles Fund unless another provision expressly requires a different amount of a fee collected to be deposited to that fund.

TEXAS DEPARTMENT OF TRANSPORTATION

PURPOSE: Provide for planning, coordination, acquisition, construction, preservation, and operation of the state's transportation systems and services.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Transportation Code, Chapter 201

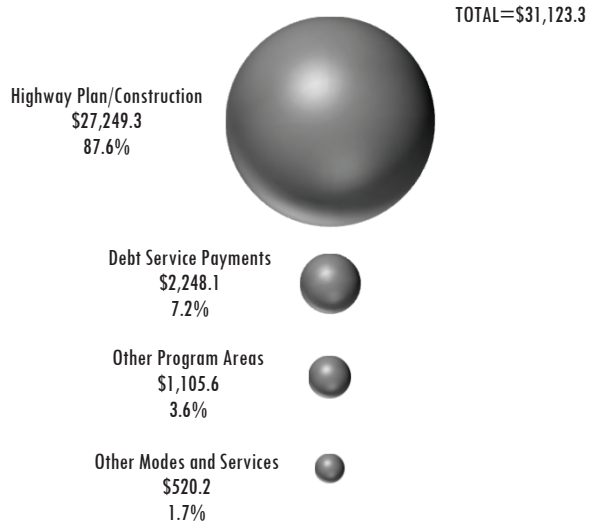
GOVERNANCE: Texas Transportation Commission—five members appointed by the Governor with advice and consent of the Senate

FIGURE 321
TEXAS DEPARTMENT OF TRANSPORTATION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/ BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3.9	$19.6	$15.7	405.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$11,046.5	$11,315.3	$268.8	2.4%
Other Funds	$19,924.5	$19,788.4	($136.0)	(0.7%)
Total, All Methods of Finance	**$30,974.8**	**$31,123.3**	**$148.5**	**0.5%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	12,527.0
2021	12,527.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include an estimated **$5.0 billion** from sales tax transfers to the State Highway Fund (Other Funds) pursuant to **Proposition 7, 2015**.

Appropriations include an estimated **$3.9 billion** from oil and natural gas tax-related transfers to the State Highway Fund pursuant to **Proposition 1, 2014**.

Funding includes an **increase of 313.5 full-time-equivalent positions** to support increased **highway project planning and contracting** activity.

Appropriations include **$326.0 million in Other Funds from revenue bond proceeds**, to be issued by the Texas Public Finance Authority, to finance construction of the agency's **Austin Campus Consolidation** project.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Department of Transportation (TxDOT) for the 2020–21 biennium includes $19.8 billion in Other Funds (63.6 percent of total funding), including $3.9 billion from oil and natural gas tax-related transfers (Proposition 1, 2014) to the State Highway Fund (SHF), $5.0 billion from state sales tax deposits to the SHF (Proposition 7, 2015), and all SHF available from traditional transportation tax and fee revenue sources for the 2020–21 biennium (estimated to be $9.3 billion). **Figure 322** shows agency appropriations by funding source for the 2020–21 biennium.

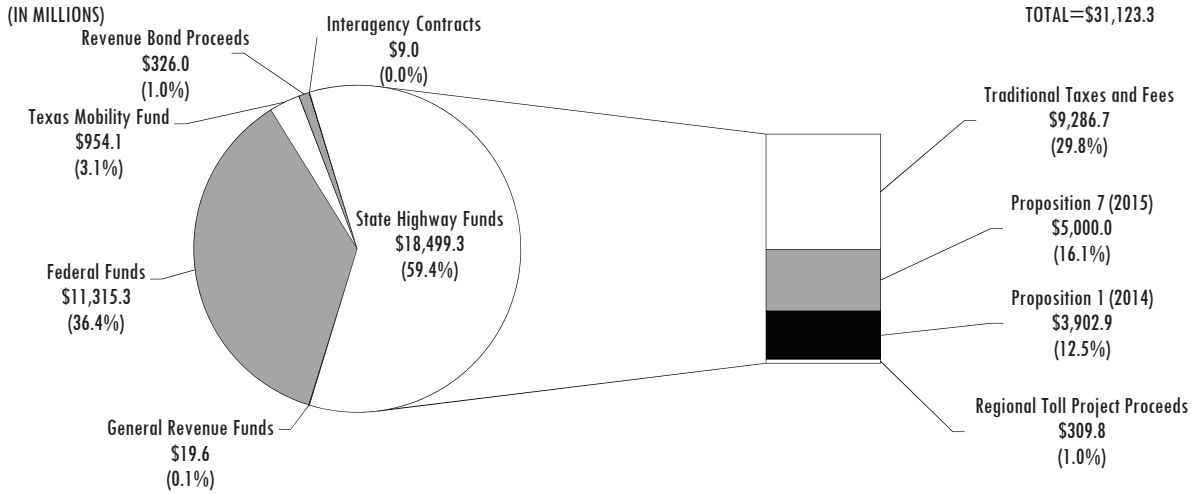
Funding of $27.2 billion in All Funds is provided for highway planning and design, right-of-way acquisition, construction, and maintenance and preservation, including:

- $10.9 billion in Federal Funds;
- $7.5 billion from the SHF (Other Funds) from traditional transportation tax and fee revenue sources;
- $4.4 billion from state sales tax deposits to the SHF (Proposition 7, 2015);
- $3.9 billion from oil and natural gas tax-related transfers to the SHF (Proposition 1, 2014);
- $0.3 billion from the SHF from regional toll project proceeds; and
- $0.2 billion from the Texas Mobility Fund (Other Funds).

The Texas Constitution requires the Comptroller of Public Accounts (CPA), beginning in fiscal year 2018, to deposit to the SHF $2.5 billion of the net revenue derived from the state sales and use tax that exceeds the first $28.0 billion collected in each fiscal year, and, beginning in fiscal year 2020, deposit to the SHF 35.0 percent of the net revenue derived from state motor vehicle sales and rental taxes that exceed the first $5.0 billion collected in each fiscal year (Proposition 7, 2015). Based on the CPA's January 2019 Biennial Revenue Estimate (BRE), appropriations to TxDOT include $5.0 billion from sales tax deposits to the SHF anticipated to occur during the 2020–21 biennium ($2.5 billion in each fiscal year). The CPA's January 2019 BRE does not project the net revenue collections from motor vehicle sales and rental taxes will exceed $5.0 billion in either fiscal year of the 2020–21 biennium; therefore, no allocations of that revenue are anticipated to be deposited to the SHF or available for appropriations in the 2020–21 biennium. Funding from Proposition 7, 2015, proceeds for the 2020–21 biennium provides $4.4 billion for development and delivery of nontolled highway projects and $0.6 billion for debt service payments on Proposition 12 (2007) General Obligation (GO) bonds.

The Texas Constitution requires the CPA in each fiscal year to transfer from the General Revenue Fund to the Economic Stabilization Fund (ESF) and the SHF 75.0 percent of the amounts by which tax collections from oil production and natural gas production in the previous fiscal year exceed the

FIGURE 322
DEPARTMENT OF TRANSPORTATION FUNDING SOURCES, 2020–21 BIENNIUM



NOTE: State Highway Funds and Texas Mobility Funds are estimated and exclude Federal Funds deposited to the credit of these funds.
SOURCE: Legislative Budget Board.

amounts collected in fiscal year 1987. The constitution requires one-half of that amount to be allocated to the ESF and one-half to the SHF (Proposition 1, 2014), provided that oil and natural gas tax collections are sufficient and the fund balance of the ESF is greater than the sufficient balance amount established by the Legislature for the current fiscal biennium. Funding provides $3.9 billion from Proposition 1, 2014, oil and natural gas tax-related revenue transfers to the SHF for development and delivery of nontolled highway projects, including an estimated $2.9 billion from anticipated transfers to the SHF during the 2020–21 biennium, based on the CPA's January 2019 Biennial Revenue Estimate, and an estimated $1.0 billion in balances from prior years' transfers to the SHF.

Funding from the General Revenue Fund includes an increase of $15.7 million from the 2018–19 biennium, including $15.0 million for the 2020–21 biennium for airport expansion projects at the McKinney National Airport, $0.5 million to develop border inspection facilities on the state owned South Orient Railroad at Presidio, and $0.2 million for installing signage at certain transportation hubs regarding services and assistance available to victims of human trafficking.

The agency is provided $326.0 million in Other Funds from Revenue Bond Proceeds, to be issued by the Texas Public Finance Authority on behalf of TxDOT, for the construction of the Austin Campus Consolidation project for the relocation and consolidation of TxDOT facilities and operations in the Austin area. Additionally, the agency is provided $131.5 million in SHF and capital budget authority for construction, deferred maintenance, and acquisition of land for projects included in the agency's facilities master plan.

The agency is provided $152.9 million in SHF and capital budget authority for information technology projects for transportation project portfolio and workflow management, enterprise information management, cybersecurity initiatives, and other major information systems and modernization projects.

Funding includes an allocation of $125.0 million from any available source of revenue appropriated to TxDOT for the 2020–21 biennium to provide Transportation Infrastructure Fund grants to counties for transportation infrastructure projects located in areas of the state affected by increased oil and gas production. In addition, the agency received a supplemental appropriation of $125.0 million from the Economic Stabilization Fund for fiscal year 2019 to provide Transportation Infrastructure Fund (TIF) grants.

Funding includes $40.0 million from the Texas Mobility Fund for the 2020–21 biennium for public roadway projects to improve connectivity to Texas ports.

Funding includes an increase of 313.5 full-time-equivalent (FTE) positions from the fiscal year 2019 position cap to provide additional staff to support the increased highway planning and contracting activity associated with increases in transportation revenue sources and project funding.

PROGRAMS

The agency carries out its responsibilities through four program areas: (1) highway planning and construction; (2) other transportation modes and services; (3) other program areas, including administrative and information resources support, traffic safety, government flight services, travel and tourism, and outdoor advertising regulation; and (4) debt service payments.

HIGHWAY PLANNING AND CONSTRUCTION

The agency's largest program area is highway planning and construction. Major functions in this program area include transportation system planning and design, acquisition of rights-of-way, highway construction and preservation, routine system maintenance, and programs that provide state financial participation in the costs of developing tolled and nontolled roadway projects.

The agency's transportation planning and design function includes long-range road forecasting, preliminary road and bridge design, construction and environmental engineering, research and development, and other activities that contribute to the management and expansion of the state's transportation system. This function includes planning, design, management, and research activities carried out by agency staff and professional services performed by private contractors. Appropriations for transportation system planning and design total $2.0 billion for the 2020–21 biennium. Funding for the 2020–21 biennium includes $1.0 billion in All Funds and 4,697.0 FTE positions for work performed by TxDOT staff, and $1.0 billion in All Funds for contracted planning and design services.

The agency's right-of-way acquisition function includes the acquisition of rights-of-way and other real property interests for transportation projects, adjustment of utility facilities affected by transportation construction projects, and

relocation assistance to displaced property owners and tenants of business and residential properties. Appropriations for right-of-way acquisition total $1.7 billion in All Funds for the 2020–21 biennium.

The agency's highway construction and preservation function supports contracts for the construction and reconstruction of roads, bridges, and other facilities on the state highway system, and work associated with highway preventive maintenance and rehabilitation. The agency contracts with private firms for all highway and bridge construction projects. Funding for highway construction and preservation provides for payments to contractors for actual construction work performed. Appropriations for highway construction and preservation total $11.1 billion in All Funds for the 2020–21 biennium. The agency estimates awarding 1,692 new highway construction contracts during the 2020–21 biennium.

The agency's routine transportation system maintenance function provides routine and preventive maintenance of roadway surfaces, bridges, highway markings, and traffic signal systems. Other routine maintenance activities include roadside mowing, litter removal, rest area maintenance, emergency repairs, and ferry facilities maintenance. Routine transportation system maintenance is the agency's largest function in terms of the number of employees involved; it includes work performed by agency staff and contractors. Appropriations for routine transportation system maintenance total $3.3 billion in Other Funds for the 2020–21 biennium (including $1.9 billion for contracted routine maintenance and $1.5 billion for activities to be performed by TxDOT personnel) and provides for 6,046.0 FTE positions.

Appropriations for highway planning and construction for the 2020–21 biennium include $3.9 billion in Other Funds from oil and natural gas tax-related transfers to the SHF, pursuant to Proposition 1, 2014. These appropriations include $1.0 billion for payments on ongoing projects from Proposition 1 balances remaining from previous fiscal years and $2.9 billion from estimated Proposition 1 deposits to the SHF for the 2020–21 biennium for new projects. The Texas constitution specifies that these funds may be used only for constructing, maintaining, and acquiring rights-of-way for nontolled public roadways.

Appropriations for highway planning and construction include an estimated $4.4 billion in Other Funds from state sales tax deposits to the SHF for the 2020–21 biennium, pursuant to Proposition 7, 2015. The Texas constitution specifies that these funds may be used to construct, maintain, and acquire rights-of-way for nontolled public roadways or to repay principal and interest on Proposition 12 (2007) GO bonds.

Appropriations for highway planning and construction also include $0.7 billion in All Funds for the 2020–21 biennium for programs that provide: (1) pass-through financing to reimburse local governments for their participation in the development of state highway improvement projects; (2) state participation in the costs of local toll projects; and (3) loans to local governments to finance eligible highway projects through the federally authorized State Infrastructure Bank.

OTHER TRANSPORTATION MODES AND SERVICES

The agency is also responsible for other transportation modes and services, including public transportation, aviation, ferry operations, rail, and maritime transportation.

The agency's public transportation program promotes public transportation projects by distributing state and federal grants and assisting small urban and rural transportation providers, communities, nonprofit organizations, and political subdivisions in the development and delivery of public transportation services. The agency distributes federal and state grants to 36 rural transit districts (serving areas of populations of less than 50,000), 22 small urban transit districts (serving areas of populations from 50,000 to 199,999) and, 10 large urban transit districts (serving areas of 200,000 or more in population) to provide funding for transit operating expenses and capital projects such as transit vehicle replacement. Appropriations for public transportation total $205.6 million in All Funds for the 2020–21 biennium.

The agency's aviation services program provides state and federal financial and technical assistance to Texas communities for airport development, maintenance, and capital improvement. The agency also acts as the agent of the state and each political subdivision in applying for, receiving, and disbursing federal aviation funds for the state's general aviation, reliever, and nonprimary commercial service airports. The agency anticipates approving 60 grants for airport capital improvements in each fiscal year of the 2020–21 biennium. Appropriations for aviation services total $183.4 million in All Funds for the 2020–21 biennium.

The agency operates two toll-free ferry systems that connect Port Aransas to Aransas Pass and Galveston Island to the

Bolivar Peninsula. The ferry services transport vehicles and passengers across these routes 24 hours a day, seven days a week. Appropriations for ferry operations total $108.5 million in Other Funds for the 2020–21 biennium.

The agency's rail transportation program oversees state rail planning, research, and contracts for rail facility improvements; manages the state-owned South Orient Railroad, which extends west 391.0 miles from Coleman County to the Texas–Mexico Border at Presidio; and conducts rail safety inspections to ensure compliance with state and federal regulations. Appropriations for rail transportation total $20.9 million in All Funds for the 2020–21 biennium.

The agency's maritime program administers the state's responsibility as the nonfederal sponsor of the portion of the Gulf Intracoastal Waterway that extends 406.0 miles from the Sabine River to the Brownsville Ship Channel along the Texas coast. The agency provides support for navigation along the waterway by determining methods to dredge the waterway to maintain its depth and acquiring sites to dispose of dredged material. Appropriations for supporting the Gulf Intracoastal Waterway total $1.9 million in Other Funds for the 2020–21 biennium.

OTHER PROGRAM AREAS

Other programs and activities carried out by the agency include promoting traffic safety, providing travel and tourism information, providing government flight transportation services and maintenance for state-owned aircraft, regulating outdoor advertising, and providing administrative and information resources support for all agency programs.

The agency's traffic safety program coordinates efforts and activities to reduce the number and severity of traffic crashes, injuries, and fatalities. The program provides state and federal grant funding to state agencies, local jurisdictions, and private nonprofit organizations for projects focusing on vehicle occupant protection, selective traffic enforcement, impaired driving, and other roadway safety education and awareness efforts. The agency is also responsible for collecting and maintaining motor vehicle traffic crash information submitted by law enforcement agencies across the state. Appropriations for traffic safety total $122.7 million in All Funds for the 2020–21 biennium.

The agency administers travel information programs that support and promote tourism in the state and travel on Texas roadways. The agency operates 12 travel information centers across the state that provide roadway, travel, and tourism information to the media and the public. In addition, the agency publishes the monthly *Texas Highways* magazine, an official state travel map, and other travel guides. The agency's travel information program also provides highway condition information to the public online and through a toll-free telephone service. Appropriations for travel information total $39.5 million in All Funds for the 2020–21 biennium.

The agency's flight services program serves as a point of coordination for state officials and agencies for the use and maintenance of state-owned aircraft. The agency maintains and operates a fleet of aircraft to provide air travel services to state officials, employees, or sponsored contractors traveling on official state business. Additionally, the agency provides maintenance services, fuel, hangar space, and other services to support the maintenance and operation of state-owned aircraft. Appropriations for flight services total $9.0 million in Other Funds for the 2020–21 biennium.

The agency's outdoor advertising regulation program regulates the display of off-premise outdoor advertising signs located within 660.0 feet of the right-of-way of certain highways in urban areas or visible from the main traveled way of highways located outside of urban areas. The agency is required by federal and state law to control outdoor advertising along regulated highways. Before installing or maintaining a sign or billboard, an individual or company must obtain an outdoor advertising license and a sign permit from TxDOT. Appropriations for outdoor advertising regulation total $3.1 million in Other Funds for the 2020–21 biennium.

Other program areas include central administration, information resources, and other services to support the daily operations of all other TxDOT programs and the Texas Transportation Commission (TTC). The agency's central administration functions include executive administration, finance and accounting services, planning and policy development, government and public affairs, human resources, and legal support. The agency's information resources program provides for the planning, management, and operation of information technology systems and equipment. Other support services include purchasing and contract services, property management, vehicle fleet maintenance, document and records management, printing services, and internal mail operations. Appropriations for administrative and information resource support services total $931.3 million in Other Funds for the 2020–21 biennium, including $326.0 million for constructing and

equipping buildings and facilities for the agency's Austin campus consolidation project.

DEBT SERVICE

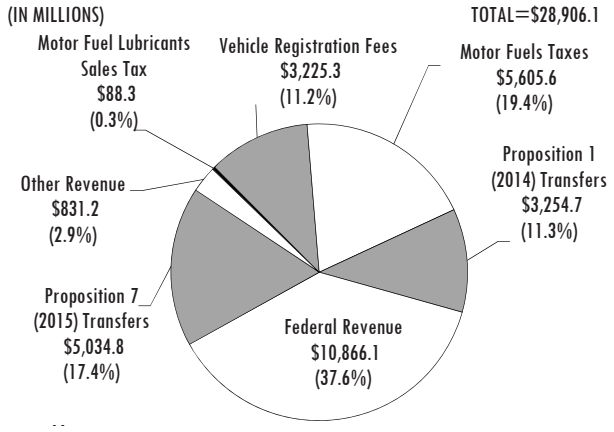
The agency's debt service program area provides funding for debt service payments and other financing costs associated with bond obligations, short-term borrowing, and other credit agreements issued by the TTC. With TTC's authority, the agency administers three major bond programs secured by and payable from funds in the state Treasury, including Texas Mobility Fund bonds, SHF Revenue bonds (Proposition 14, 2003), and Highway Improvement GO bonds (Proposition 12, 2007). The agency is also authorized to enter into agreements for short-term borrowing to facilitate cash management operations and address fluctuations in the cash balance of the SHF. Appropriations for debt service payments and associated financing costs total $2.2 billion in All Funds for the 2020–21 biennium.

PRIMARY FUNDING SOURCES

STATE HIGHWAY FUND

The SHF is the agency's primary source of appropriations and operating funds for most of the agency's programs. Appropriations from the SHF, excluding federal revenue and bond proceeds deposited to the fund, total $18.5 billion for the 2020–21 biennium (59.4 percent of total appropriations) based on the Comptroller of Public Accounts' January 2019 Biennial Revenue Estimate and estimated beginning SHF balances for the 2020–21 biennium. The SHF is not established or dedicated by the Texas constitution, but certain revenue sources deposited to the fund are dedicated by the constitution for acquiring rights-of-way; constructing, maintaining, and policing public roadways; and for the administration of laws pertaining to the supervision of traffic and safety on public roadways. Money in the fund that the constitution does not require to be spent on public roadways may be used for any function performed by TxDOT. Revenues in the SHF that are dedicated by the constitution for public roadway purposes include motor fuels taxes, vehicle registration fees, general sales taxes, sales taxes on motor fuel lubricants, oil and natural gas tax-related transfers to the fund, and federal reimbursement receipts for highway expenditures. Other statutory fees deposited to the fund that are not dedicated by the constitution include special vehicle permit fees and other fees associated with administrative and regulatory functions carried out by TxDOT and other agencies. **Figure 323** shows the estimated revenue to the SHF by revenue source for the 2020–21 biennium based on the Comptroller of Public Accounts' Certification Revenue Estimate.

FIGURE 323
STATE HIGHWAY FUND REVENUE SOURCES
2020–21 BIENNIUM



NOTES:
(1) Amounts are estimated.
(2) Proposition 1 (2014) represents estimated oil and natural gas tax-related transfers to the State Highway Fund (SHF).
(3) Proposition 7 (2015) represents estimated sales tax transfers to the SHF.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

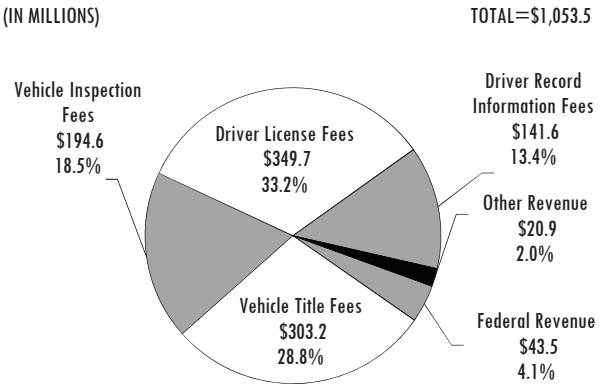
TEXAS MOBILITY FUND

The Texas Mobility Fund (TMF) is established by the constitution as a revolving fund to provide financing for construction, reconstruction, acquisition, and expansion of state highways, and state participation in the costs of publicly owned toll roads and other public transportation projects. The constitution authorizes the Legislature to dedicate to the fund any taxes or other revenues that are not otherwise dedicated to the SHF. Additionally, the constitution authorizes the Legislature to authorize TTC, by general law, to issue bonds and enter into other credit agreements secured by and payable from a pledge of money in the fund. With the passage of legislation by the Eighty-fourth Legislature, 2015, TTC is prohibited from issuing new TMF bond obligations as of January 1, 2015. Revenues dedicated to the fund include driver license fees, driver record information fees, motor vehicle inspection fees, certificate of title fees, and various other revenues related to transportation. **Figure 324** shows the estimated revenue to the TMF by revenue source for the 2020–21 biennium.

FEDERAL FUNDS

Federal Funds account for 36.4 percent of the agency's total appropriations for the 2020–21 biennium. Of these funds, $10.9 billion, or 96.1 percent of Federal Funds, are for highway planning and construction. The remaining Federal Funds appropriations consist of funding for public transportation, general aviation, traffic safety programs, rail transportation studies and capital improvements, and debt service subsidies for bonds issued in accordance with the Build America Bonds program. Federal aid for transportation is typically distributed to states in the form of reimbursements of state expenditures for eligible projects. As work is completed and payments are made, the state is reimbursed in accordance with the federal–state participation matching ratios established for the federal program categories, typically 80.0 percent federal match for federal aid highway projects.

FIGURE 324
TEXAS MOBILITY FUND REVENUE SOURCES
2020–21 BIENNIUM



NOTE: Amounts are estimated.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

BOND PROGRAMS

The Texas constitution and state law authorize TTC to administer bond programs. The agency administers three such major bond programs, which are used as a method of financing for transportation projects: (1) TMF bonds; (2) SHF Revenue (Proposition 14, 2003) bonds; and (3) Highway Improvement GO (Proposition 12, 2007) bonds.

TMF bonds are secured by revenue deposited to the TMF and also backed by the full faith and credit of the state. Proposition 14 bonds are secured by and payable from revenue in the SHF. Proposition 12 bonds are GO bonds backed by the full faith and credit of the state and payable from General Revenue Funds.

TTC is authorized to issue debt obligations in aggregate amounts not to exceed $6.0 billion for Proposition 14 bonds and $5.0 billion for Proposition 12 bonds. The issuance of TMF bonds is not limited to a specific aggregate cap but is limited by statutory debt service coverage requirements based on the Comptroller of Public Accounts' certified estimate of revenue dedicated to the fund. As of the end of the 2016–17 biennium, TTC has issued all authorized debt for each of the three bond programs. No bond proceeds from these three programs are included in the agency's appropriations for the 2020–21 biennium.

Figure 325 shows each bond program, including the amounts of debt authorized and issued, outstanding principal, and total principal and interest repayments remaining as of September 1, 2019.

SIGNIFICANT LEGISLATION

Senate Bill 69 – Allocations of Money for Transfer to the State Highway Fund and Economic Stabilization Fund. The legislation abolishes the legislative select committee

FIGURE 325
DEPARTMENT OF TRANSPORTATION BOND PROGRAM SUMMARY, AS OF SEPTEMBER 1, 2019

(IN MILLIONS)

PROGRAM	YEAR AUTHORIZED	TOTAL AUTHORIZED AND ISSUED	PRINCIPAL OUTSTANDING	REMAINING REPAYMENTS (3)
Texas Mobility Fund	2001	$7,390.6	$5,943.1	$9,670.0
Proposition 14	2003	$6,000.0	$3,976.8	$5,200.0
Proposition 12 (2)	2009	$5,000.0	$3,747.1	$6,032.0

NOTES:
(1) Amounts represent total debt authorized and issued, outstanding principal, and repayments remaining as of September 1, 2019.
(2) The Proposition 12 constitutional amendment was approved by voters in 2007. However, the Legislature did not pass enabling legislation authorizing the issuance of Proposition 12 bonds until 2009.
(3) Remaining repayment amounts include repayments of outstanding principal plus estimated interest payments on fixed-rate and variable-rate debt through fiscal year 2046.
SOURCES: Legislative Budget Board; Department of Transportation.

charged with determining a sufficient balance for the Economic Stabilization Fund (ESF) and establishes provisions for the Comptroller of Public Accounts (CPA) to determine the allocations of oil and gas production tax-related revenue for transfer to the SHF (Proposition 1, 2014) and the ESF in accordance with the Texas Constitution, Article 3, Section 49-g(c-2). The legislation requires the CPA, beginning in fiscal year 2022, to determine and adopt for the state fiscal biennium an amount equal to seven percent of the certified General Revenue–Related appropriations made for that fiscal biennium to serve as a threshold for adjusting allocations of money for transfer to the ESF and SHF. The legislation requires the CPA to determine whether the sum of the balance of the ESF on the preceding August 31, and any projected transfers to the ESF is less than the threshold adopted for that biennium. If the sum of the balance and transfers to the ESF is less than the threshold amount, then the CPA would be required to reduce the allocation to the SHF and increase the allocation to the ESF until the threshold amount is achieved or the total amount of the allocation described in the Texas Constitution, Article 3, Section 49-g(c), is allocated to the ESF, whichever occurs first. The legislation extends the statutory expiration date for the allocation of oil and gas production tax-related revenue transfers to the SHF from December 31, 2024, to December 31, 2034 (fiscal year 2035). Additionally, the legislation authorizes the CPA to invest up to three-quarters of the ESF balance, in a manner that a prudent investor exercising reasonable care, skill, and caution would invest, provided that at all times at least one-quarter of the ESF balance must be invested in a manner that ensures the liquidity of that amount.

House Bill 1079 – Study of the Ports-to-Plains Corridor, including Feasibility of Certain Improvements to Interstate Highway 27. The legislation requires TxDOT to conduct a comprehensive study of the Ports-to-Plains Corridor that evaluates the feasibility of, and the costs and logistical matters associated with, certain improvements and segments that would extend Interstate Highway 27 from its southern terminus to the port of entry located at Laredo and from its northern terminus to the Oklahoma and New Mexico state borders. The legislation requires TxDOT to establish an advisory committee composed of certain local government officials to assist the agency in conducting the study and establish volunteer segment committees for each geographic segment along the corridor. Each segment committee will be required to submit to the advisory committee a report that includes examinations of certain aspects of commerce and freight movement along the corridor, determination and prioritization of improvements and expansion of the corridor, and examination of project costs and potential funding sources. The legislation requires TxDOT, not later than January 1, 2021, to submit a report on the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and the presiding officer of each standing committee of the legislature with jurisdiction over transportation matters.

House Bill 4280 – Distribution of Grant Money from the Transportation Infrastructure Fund. The legislation amends the statutory formula for determining the distribution of TIF grants to counties in a fiscal year by decreasing the proportion of the formula based on the ratio of weight tolerance permits issued for a county during the preceding fiscal year from 20.0 percent to 10.0 percent and establishing proportions of 45.0 percent for the ratio of horizontal well completions and 15.0 percent for the ratio of vertical well completions in a county during the preceding fiscal year, as determined by the Railroad Commission. Other factors relating to the ratios of oil and gas production taxes collected and volume of oil and gas waste injected in a county will remain at 20.0 percent and 10.0 percent, respectively. The legislation establishes competitive bidding requirements for counties entering into road construction or maintenance contracts funded by a TIF grant and requires a TIF grant to be spent not later than the fifth anniversary of the grant award date.

Senate Bill 282 – Allocation of Money Associated with Delays of Transportation Projects. The legislation requires TxDOT to establish a system to determine the amount liquidated damages and road user costs associated with delayed transportation project contracts that are assessed by the agency in each TxDOT district in the previous fiscal year and allocate to each district an amount of money equal to the amount determined for the district to be used for transportation projects located in the respective district. If a project that was the subject of liquidated damages is located in more than one TxDOT district, the legislation authorizes the agency to reasonably allocate the amount of liquidated damages among the districts in which the project is located.

Senate Bill 1091 – Vehicles Eligible for Veteran Toll Discount Programs. The legislation authorizes a toll project entity that establishes a program to provide free or discounted use of the entity's toll projects to qualified veterans, including TxDOT and certain local toll project entities, to limit to no more than two the number of electronic toll transponders

issued to a participant in the program. The legislation requires a toll project entity that adopts such a limit to allow a participant to be issued one extra transponder on a demonstration of hardship by the participant, as determined by the toll project entity.

Senate Bill 357 – Outdoor Advertising Signs Regulated by TxDOT. The legislation establishes a maximum outdoor advertising sign height of 60 feet, excluding a cutout that extends above the rectangular border of the sign, and authorizes a sign existing on and erected before March 1, 2017, to have a maximum height of 85 feet for signs regulated by TxDOT. The legislation establishes provisions for permit violations that apply only to a person who has permits for 100 or more signs. The legislation specifies that if a sign for which an applicable person has a permit violates the height restrictions, the Texas Transportation Commission (TTC) may, after notice and opportunity for a hearing before the TTC, deny an application for a sign permit by the person on or after the date of the violation.

House Bill 799 – Liability for Damage Caused by Vehicles Exceeding Maximum Height Limitations. The legislation specifies that the owner of a vehicle is strictly liable for any damage to a bridge, underpass, or similar structure that is caused by the height of the vehicle. Exceptions to the imposed strict liability are provided if at the time the damage was caused (1) the vehicle was stolen; (2) the vertical clearance of the structure was less than that posted on the structure; (3) the vehicle was being operated under the immediate direction of law enforcement; or (4) the vehicle was being operated in compliance with a permit issued by the Department of Motor Vehicles or a political subdivision of Texas authorizing the movement of the vehicle. The legislation establishes a Class C misdemeanor offense for operating or attempting to operate a vehicle over or on a bridge or through an underpass unless the vehicle height is less than the vertical clearance of the structure as shown by TxDOT records. The legislation provides that, if shown on the trial of the offense that the person was not in compliance with all applicable license and permit requirements for operation of the vehicle at the time of the offense, the offense is a Class B misdemeanor punishable by a fine not to exceed $500; confinement in county jail for a maximum term not to exceed 30 days; or both the fine and confinement.

House Bill 3745 – Texas Emissions Reduction Plan (TERP) Fund and Account; SHF Transfers to TERP. The legislation extends certain sources of funding for the TERP, which were set to expire on August 31, 2019 (fiscal year 2019), including the transfer of non-constitutionally dedicated money in the SHF to the TERP Fund in amounts equal to the amount of vehicle certificate of title fees deposited to the Texas Mobility Fund. The legislation establishes the expiration date for the transfer of money from the SHF to the TERP Fund to be the last day of the fiscal biennium during which the Texas Commission on Environmental Quality (TCEQ) publishes notice in the Texas Register that the U.S. Environmental Protection Agency (EPA) has designated as either in attainment or unclassifiable or the EPA has approved a redesignation substitute making a finding of attainment for each area of Texas that had been designated as a nonattainment area for national ambient air quality standards. Effective September 1, 2021 (fiscal year 2022), the legislation establishes the TERP Fund as a trust fund outside the state Treasury to be held by the CPA and administered by TCEQ as trustee.

TEXAS WORKFORCE COMMISSION

PURPOSE: Support an effective workforce system that provides economic opportunity for employers, individuals, and communities, and administer the state Child Care and Unemployment Insurance programs.

ESTABLISHED: 1995

AUTHORIZING STATUTE: The Texas Labor Code, §301.001

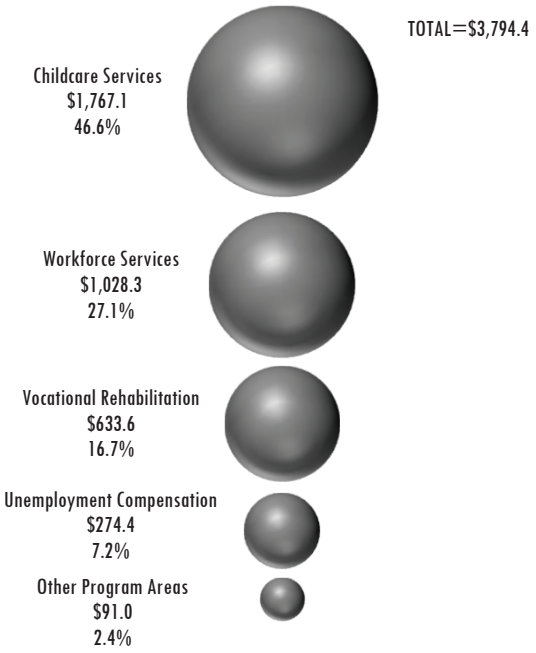
GOVERNANCE: Texas Workforce Commission—three members appointed by the Governor with advice and consent of the Senate

FIGURE 326
TEXAS WORKFORCE COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$382.2	$390.4	$8.3	2.2%
General Revenue–Dedicated Funds	$12.5	$12.5	$0.0	0.0%
Federal Funds	$2,997.5	$3,158.3	$160.8	5.4%
Other Funds	$219.3	$233.2	$13.8	6.3%
Total, All Methods of Finance	**$3,611.5**	**$3,794.4**	**$182.9**	**5.1%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	4,868.5
2021	4,868.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Texas Workforce Commission is appropriated **an increase of $84.6 million** in the federal **Child Care and Development Block Grant** to provide additional subsidized childcare services for low-income families.

Appropriations also include **a net increase of $23.9 million** in **Federal Funds related to changes in all other federal grants**. Overall, Federal Funds contribute 83.2 percent of the agency's total appropriation.

Funding includes **an increase of $60.0 million** in All Funds to **replace multiple stand-alone systems with integrated systems** for the unemployment insurance and workforce services programs.

Appropriations include **an increase of $6.0 million** in General Revenue Funds **for the Jobs and Education for Texans program**. The program provides grants for start-up costs of equipment purchases or upgrades for career and technical education programs.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Funding for the Texas Workforce Commission (TWC) includes a net increase of $182.9 million from the 2018–19 biennial funding levels. The increase in funding is related primarily to changes in federal grants totaling $160.8 million. This amount includes an increase of $84.6 million in the federal Child Care and Development Block Grant (CCDBG). The federal Consolidated Appropriations Act of 2018 increased the CCDBG appropriation. Texas received approximately $521.3 million for fiscal year 2018, an increase of approximately $228.5 million from fiscal year 2017. It is assumed that the increased level of childcare funding will continue for the 2020–21 biennium. Other significant changes in federal grants include an increase of $40.0 million in the federal Unemployment Insurance grant to replace the unemployment insurance system used to process claims and store appeals information and an increase of $18.5 million in various federal grants to replace multiple stand-alone systems into an integrated system for workforce services and case management activities. Overall, Federal Funds account for $3,158.3 million, or 83.2 percent, of the agency's total appropriation. **Figure 327** shows the agency's appropriations of Federal Funds by program.

Funding also includes an increase of $15.3 million in Interagency Contracts to fund the Department of Family and Protective Services childcare services for foster care and protective service populations, $6.0 million in General Revenue Funds for the Jobs and Education for Texans (JET) grant program, and $1.3 million in General Revenue Funds for the Apprenticeship grant program. The JET program provides grants to public community and technical colleges and independent school districts (ISD) with start-up costs of equipment purchases or upgrades for career and technical education programs. The funding will provide equipment to approximately 17 additional ISDs and 12 additional institutions and train approximately 6,537 additional participants in high-demand occupations for the 2020–21 biennium.

The agency's functions occur at the statewide level and at 28 designated local Workforce Development Boards (LWDB) that deliver workforce and support services at the local level. Approximately 55.3 percent of TWC All Funds appropriations are in the form of block grant allocations to the LWDBs for the 2020–21 biennium.

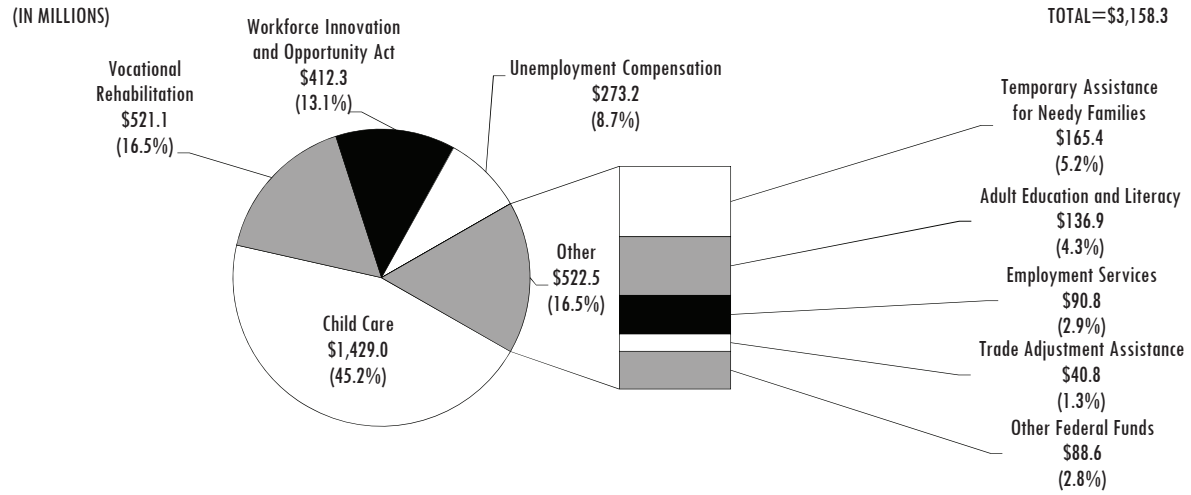
PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) workforce services; (2) childcare services; (3) vocational rehabilitation; (4) unemployment compensation; and (5) other program areas.

WORKFORCE SERVICES

The workforce services program area at TWC consists of 11 programs that support the workforce system

FIGURE 327
TEXAS WORKFORCE COMMISSION FEDERAL FUNDS BY PROGRAM, 2020–21 BIENNIUM



NOTE: Excluded are federal funds from Supplemental Nutrition Assistance Program Employment and Training, which are represented as Other Funds in the Texas Workforce Commission (TWC) bill pattern due to an Interagency Contract between TWC and the Health and Human Services Commission required by federal regulations.
SOURCE: Legislative Budget Board.

FIGURE 328
TEXAS WORKFORCE COMMISSION WORKFORCE SERVICES PROGRAMS, 2020–21 BIENNIUM

PROGRAM	APPROPRIATION (IN MILLIONS)	PERCENTAGE OF APPROPRIATION FEDERALLY FUNDED
Workforce Innovation and Opportunity Act	$412.4	100.0%
TANF Choices	$188.0	88.0%
SNAP Employment and Training (2)	$35.6	75.0%
Employment Services	$102.9	88.0%
Trade Adjustment Assistance	$40.9	100.0%
Adult Education and Literacy	$160.7	85.0%
Skills Development	$45.2	0.0%
TANF Self-Sufficiency	$5.0	100.0%
Jobs and Education for Texans	$16.0	0.0%
Apprenticeship	$12.7	39.0%
Senior Community Service Employment	$8.9	99.0%
Total	**$1,028.3**	**87.0%**

NOTES:
(1) TANF=Temporary Assistance for Needy Families; SNAP=Supplemental Nutrition Assistance Program.
(2) SNAP Employment and Training is a federally funded program; however, the program's funding is represented as Other Funds in the Texas Workforce Commission (TWC) bill pattern due to an Interagency Contract between TWC and the Health and Human Services Commission required by federal regulations.
SOURCE: Legislative Budget Board.

established to offer employers, individuals, and communities the opportunity to achieve and sustain economic independence. These programs include: (1) Workforce Innovation and Opportunity Act (WIOA); (2) Temporary Assistance for Needy Families (TANF) Choices; (3) Supplemental Nutrition Assistance Program (SNAP) employment and training; (4) employment services; (5) trade adjustment assistance; (6) adult education and literacy; (7) skills development; (8) TANF self-sufficiency; (9) Jobs and Education for Texans (JET); (10) apprenticeship; and (11) senior community service employment program. Appropriations for workforce services total $1,028.3 million in All Funds for the 2020–21 biennium.

Of the workforce services programs, funding for WIOA, TANF Choices, SNAP employment and training, employment services, and trade adjustment assistance programs are provided as allocations to the LWDBs that administer the programs. The remaining six programs, including adult education and literacy, skills development, TANF self-sufficiency, JET, apprenticeship, and senior community service employment program, are administered at the state level. **Figure 328** shows biennial appropriations by program. **Figure 329** shows select performance measures related to these programs.

The goal of the WIOA program is to improve the quality of the adult workforce, decrease welfare dependency, reemploy dislocated workers, enhance economic productivity and competitiveness, and to assist eligible youth in acquiring skills, training, and support needed to successfully transition to careers and productive adulthood. TWC allocates WIOA funds to LWDBs to contract for training services, workforce services, and maintenance of the Workforce Solutions offices. TWC estimates that approximately 31,000 adults will participate in the WIOA program each year.

LWDBs also provide job readiness and job training services through the TANF Choices and SNAP employment and training programs. TANF Choices assists applicants, recipients, and former recipients of TANF cash assistance in transitioning from welfare to work through participation in work-related activities and is expected to serve approximately 27,000 participants each year. SNAP employment and training assists SNAP recipients in working toward becoming self-sufficient and is expected to serve approximately 32,500 participants each year.

The employment services program provides a variety of employment-related services to the public, including job search assistance, job referral, and reemployment services for unemployment benefit claimants. Although job search and recruitment assistance services are provided physically

FIGURE 329
TEXAS WORKFORCE COMMISSION SELECTED PERFORMANCE MEASURES, FISCAL YEARS 2015 TO 2021

MEASURE	2015	2016	2017	2018	2019	2020	2021
Entered Employment Rate	69.3%	70.5%	69.5%	69.9%	69.0%	69.0%	70.0%
Employment Retention Rate	84.7%	84.2%	84.0%	84.3%	84.0%	84.0%	84.0%
Percentage of Unemployment Insurance Claimants Paid Timely	97.7%	96.8%	95.3%	96.6%	96.0%	96.0%	96.0%
Average Number of Children Served per Day, At-risk and Transitional Services	93,900	94,262	83,952	88,613	111,695	106,238	97,990
Average Number of Children Served per Day, Temporary Assistance for Needy Families Choices and Other Mandatory Services	6,394	6,214	14,059	19,221	20,396	20,709	20,973

NOTE: Fiscal years 2020 and 2021 are estimated.
SOURCE: Legislative Budget Board.

through the state's network of LWDBs, approximately 610 agency employees administer these services. This program also assists Texans in securing permanent employment through partnerships between community-based organizations and employers. In addition, employment services funding is provided to develop programs for women entering careers in Texas manufacturing and technology.

Pursuant to the federal Trade Adjustment Assistance Act, TWC provides funding to the LWDBs to provide training, case management, job search, and related service to qualified laid-off workers that are included in trade positions certified by the U.S. Department of Labor through the trade adjustment assistance program.

At the state level, the adult education and literacy program assists adults in becoming literate and obtaining the knowledge and skills necessary for employment and self-sufficiency. The program provides English language, reading, writing, and math instruction to help adults succeed in the workforce, earn a high school equivalency, or enter college or career training. The agency anticipates serving approximately 85,000 students each year.

Both the skills development and TANF self-sufficiency programs respond to the workforce needs of Texas employers and industries by providing grants to community colleges and technical schools to fund customized training programs tailored to new or existing jobs with local employers. The TANF self-sufficiency program requires all participating trainees to be current or potential TANF recipients. TANF trainees obtain industry-recognized certificates and credentials that lead to permanent, full-time employment. The JET program provides grant funds to public community and technical colleges and independent school districts with start-up costs of equipment purchases or upgrades for career and technical education programs.

The apprenticeship program prepares individuals for occupations in skilled trades and crafts by combining paid on-the-job training with the supervision of experienced journey workers, with related classroom instruction that typically lasts three to five years. The program will serve an anticipated 7,400 students each year. The senior community service employment program funds public or community service jobs for economically disadvantaged citizens age 55 or older to enhance individual economic self-sufficiency.

CHILDCARE SERVICES

The second program area provides childcare services to eligible recipients. These childcare services enhance education and job training services provided to public assistance recipients and low-income individuals with children by enabling the participants to remain employed or to complete education and skills training. In addition to providing childcare, the agency supports childcare providers participating in early childhood school readiness models and professional development programs for early childhood education professionals.

TWC allocates a portion of total childcare appropriations to each LWDB along with a performance target for the number of children served. In turn, the LWDBs use these parameters to work with local childcare service providers to reimburse services rendered at a rate not to exceed a maximum reimbursement rate set by the LWDB. In addition, the Department of Family and Protective Services (DFPS) reimburses TWC for childcare services provided to children that are determined eligible for protective services by DFPS.

The childcare services are funded primarily at the federal level. The federal Consolidated Appropriations Act of 2018 increased the federal Child Care and Development Block Grant appropriation. Texas received approximately $521.3 million during fiscal year 2018, an increase of approximately $228.5 million from fiscal year 2017. The General Appropriations Act, Eighty-sixth Legislature, 2020–21 Biennium, assumes the increased level of childcare funding will continue. In addition, the increased funding will be used for a statewide 2.0 percent increase in the reimbursement rates to providers and federally required quality improvement activities.

This program is the largest single program funded at TWC, and appropriations total $1,767.1 million, or 46.6 percent of the agency's funding in All Funds, for the 2020–21 biennium.

VOCATIONAL REHABILITATION

The vocational rehabilitation program primarily consists of three programs, including: (1) vocational rehabilitation; (2) Business Enterprises of Texas (BET); and (3) BET Trust Fund. These programs transferred to TWC during fiscal year 2017 from the Department of Assistive and Rehabilitative Services.

The vocational rehabilitation program is the largest of these programs and appropriations total $628.3 million in All Funds for the 2020–21 biennium. The program assists disabled Texans in achieving employment through individualized services and job placement assistance services. The agency anticipates serving approximately 76,000 customers each year. The BET program develops and maintains business management opportunities for legally blind persons in food-service operations and vending facilities located on public and private properties. The BET Trust Fund program establishes and maintains a retirement and benefit plan for licensed managers within the BET program. The BET program is appropriated $4.5 million in All Funds, and the BET Trust Fund is appropriated $0.8 million in General Revenue–Dedicated Funds for the 2020–21 biennium.

UNEMPLOYMENT COMPENSATION

The agency also administers the state's Unemployment Compensation program, which collects payroll taxes from the state's employers and provides monetary assistance to persons unemployed through no fault of their own. The program promotes economic stability by preserving buying power in communities experiencing an economic downturn and includes an appellate component through which a claimant or employer may appeal a determination of benefit rights. TWC is responsible for measuring the propriety of benefits paid, for recovering benefits that have been overpaid, and for initiating criminal or civil legal actions when fraud is detected. The unemployment compensation program is appropriated $274.4 million in All Funds for the 2020–21 biennium.

Employer taxes are collected in the Unemployment Compensation Trust Fund, from which workers' benefits are paid. Like other employers, state agencies reimburse the Unemployment Compensation Trust Fund for benefits paid to former employees who become unemployed. TWC credits the fund for this activity through the Reimbursements to the Unemployment Compensation Benefit Account. Although appropriations to the Reimbursements to the Unemployment Compensation Benefit Account reside in a separate bill pattern, the account is managed by TWC and its purpose is to provide unemployment benefits to those former employees from state agencies, hospitals, and universities.

OTHER PROGRAM AREAS

Other program areas consist of seven additional programs within the agency. These programs can be broken down by functions that promote accountability and enforcement within the agency's workforce system and programs that provide agency administrative support. Programs related to accountability and enforcement include: (1) labor law; (2) career schools and colleges; (3) civil rights; (4) foreign labor certification; (5) labor market and career information; and (6) work opportunity tax credit. The indirect administration program includes: (1) central administration; (2) information resources; and (3) other support services. Appropriations to other program areas total $91.0 million in All Funds for the 2020–21 biennium.

The labor law program is appropriated $8.1 million in General Revenue–Dedicated Funds to enforce the Texas Pay Day Law, to assist workers in obtaining payment of wages due, and the Texas Child Labor Law, to protect children from exploitation in the workplace. The agency is also appropriated $2.5 million in fee-generated General Revenue Funds to license and regulate career schools and colleges that offer vocational or continuing education. To enforce the Texas Commission on Human Rights Act and the Texas Fair Housing Act, the civil rights program at TWC is appropriated $5.1 million in All Funds to investigate complaints, review

policies and procedures of state agencies and institutions of higher education, report statistics, and conduct training.

The foreign labor certification program is appropriated $1.3 million in Federal Funds to review and process temporary employment certification forms, the labor market and career information program is appropriated $7.0 million in All Funds to develop and report labor market information, and the work opportunity tax credit program is appropriated $1.6 million in Federal Funds to help provide federal tax credit to employers who hire individuals from specified target populations.

The indirect administration program, including central administration, information technology, and support services, is appropriated $65.4 million in All Funds for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 1483 – Establishes a pilot program for assisting certain recipients of public benefits to gain permanent self-sufficiency. The legislation authorizes a pilot program to test extending Temporary Assistance for Needy Families cash assistance payments and Supplemental Nutrition Assistance Program benefits, decreasing the benefits using a slow-reduction scale, and providing TWC extended workforce services to one-third of participating families.

House Bill 3 – Relating to public school finance and public education. The legislation establishes a subsidy administered by TWC for high school equivalency exams for individuals age 22 or older. The Texas Education Agency is required to enter into a memorandum of understanding with TWC to transfer funds for this purpose.

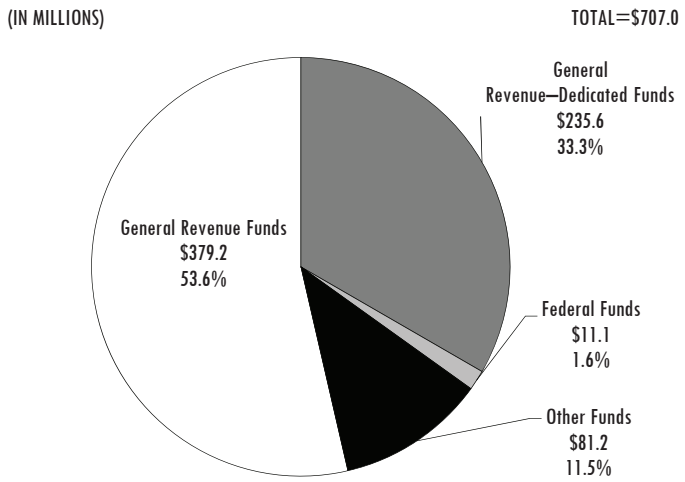
11. REGULATORY

Regulatory agencies are the state agencies charged with the regulation of a wide range of industries and occupations in the state. Regulated industries include insurance, workers' compensation, health-related occupations, nonhealth-related occupations, telecommunications, electric utilities, securities, and pari-mutuel racing. The appropriations and indirect costs for 19 of the regulatory agencies are supported by fees generated from the industries and occupations they regulate. These agencies are subject to a special provision expressing legislative requirements that fee-generated revenues cover the cost of agency appropriations and the other direct and indirect costs appropriated elsewhere in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium.

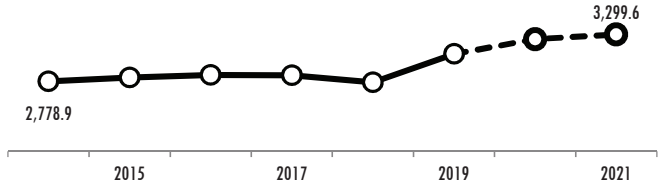
FIGURE 330
ARTICLE VIII – REGULATORY, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$351.4	$379.2	$27.7	7.9%
General Revenue–Dedicated Funds	$236.1	$235.6	($0.5)	(0.2%)
Federal Funds	$12.6	$11.1	($1.6)	(12.4%)
Other Funds	$77.6	$81.2	$3.6	4.6%
Total, All Methods of Finance	**$677.8**	**$707.0**	**$29.3**	**4.3%**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

The **Board of Pharmacy** received an increase of **$6.1 million in supplemental appropriations** during fiscal year 2019 for the **Prescription Monitoring Program** pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019.

Funding includes **$42.8 million in contingency funds for the establishment of the Health Insurance Risk Pool** upon federal law action.

House Bill 1501, Eighty-sixth Legislature, 2019, **abolished the Board of Examiners of Psychologists**, established a new agency, the **Texas Behavioral Health Executive Council**, and transferred the regulation of psychology, marriage and family therapy, counseling, and social work to the new agency.

The Texas Department of Licensing and Regulation is appropriated **$11.3 million and 68.0 full-time-equivalent positions** for the transfer of the regulation of the motor fuel quality and motor fuel metering program from the Texas Department of Agriculture.

NOTES:
(1) Excludes Interagency Contracts.
(2) Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018, budgeted positions for fiscal year 2019, and appropriated positions for fiscal years 2020 and 2021.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 331
ARTICLE VIII – REGULATORY APPROPRIATIONS BY AGENCY, ALL FUNDS

(IN MILLIONS) FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$25.3	$24.1	($1.2)	(4.7%)
Texas Behavioral Health Executive Council (2)	$0.0	$4.6	$4.6	N/A
Board of Chiropractic Examiners	$1.7	$1.8	$0.1	5.3%
Texas State Board of Dental Examiners	$8.7	$9.3	$0.5	6.2%
Funeral Service Commission	$1.7	$1.7	$0.0	2.9%
Board of Professional Geoscientists	$1.1	$1.2	$0.0	4.2%
Health Professions Council	$2.2	$2.3	$0.1	4.4%
Office of Injured Employee Counsel	$17.5	$17.5	$0.0	0.0%
Department of Insurance	$269.5	$271.6	$2.1	0.8%
Office of Public Insurance Counsel	$2.1	$2.1	$0.0	0.0%
Board of Professional Land Surveying (4)	$1.0	$0.5	($0.5)	(50.0%)
Department of Licensing and Regulation	$71.2	$87.4	$16.2	22.8%
Texas Medical Board	$27.5	$29.3	$1.8	6.6%
Texas Board of Nursing	$25.5	$26.4	$0.9	3.4%
Optometry Board	$1.0	$1.0	$0.0	1.9%
Board of Pharmacy (3)	$24.8	$21.0	($3.8)	(15.2%)
Executive Council of Physical Therapy and Occupational Therapy Examiners	$2.9	$2.8	($0.1)	(3.0%)
Board of Plumbing Examiners	$5.3	$5.8	$0.5	10.0%
Board of Examiners of Psychologists (2)	$1.9	$1.0	($0.9)	(47.2%)
Texas Racing Commission	$13.3	$14.6	$1.4	10.2%
Texas State Securities Board	$13.7	$15.5	$1.8	13.0%
Public Utility Commission	$32.6	$34.8	$2.2	6.7%
Office of Public Utility Counsel	$4.3	$4.3	$0.0	0.0%
Board of Veterinary Medical Examiners	$2.8	$2.8	($0.0)	(1.7%)
Subtotal, Regulatory	**$557.7**	**$583.5**	**$25.8**	**4.6%**
Retirement and Group Insurance	$106.3	$110.1	$3.8	3.5%
Social Security and Benefits Replacement Pay	$25.8	$25.9	$0.1	0.3%
Lease Payments	$0.3	$0.0	($0.3)	(95.3%)
Subtotal, Employee Benefits and Debt Service	**$132.4**	**$135.9**	**$3.5**	**2.7%**
Less Interagency Contracts	**$12.3**	**$12.4**	$0.1	1.1%
Total, All Functions	**$677.8**	**$707.0**	**$29.3**	**4.3%**

NOTES:
(1) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.
(2) Incorporates the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article IX, §18.11, pursuant to House Bill 1501, Eighty-sixth Legislature, 2019, relating to the establishment of the Texas Behavioral Health Executive Council and to the continuation and transfer of the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to the Texas Behavioral Health Executive Council, resulting in a decrease of $854,700 for fiscal year 2021 for the Board of Examiners of Psychologists and increases of $885,008 for fiscal year 2020 and of $3,729,917 for fiscal year 2021 for the Behavioral Health Executive Council.
(3) Incorporates funding pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019, resulting in an increase of $6,099,312 during fiscal year 2019 for the Board of Pharmacy. The agency is authorized to spend this appropriation until June 6, 2021.
(4) Incorporates a funding decrease for fiscal year 2021 pursuant to House Bill 1523, Eighty-sixth Legislature, 2019, resulting in the transfer of the regulation of land surveyors to the newly established Board of Professional Engineers and Land Surveyors, a self-directed, semi-independent state agency outside of the state Treasury, and the abolishment of the Board of Professional Land Surveying.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

All Funds for the Regulatory agencies total $707.0 million for the 2020–21 biennium, an increase of $29.3 million, or 4.3 percent from the 2018–19 biennium. The increase in funding is due primarily to legislation transferring programs from other agencies to the Texas Department of Licensing and Regulation (TDLR), funding for Phase I development and implementation of a new licensing system at TDLR, and the establishment of a Human Trafficking Team at TDLR. The regulatory agencies regulate a variety of industries, including health-related occupations, nonhealth-related occupations, securities, and pari-mutuel racing. The appropriations and indirect costs for the majority of these regulatory agencies are supported by fees generated from the industries and occupations they regulate.

Nineteen of the regulatory agencies are subject to a legislative requirement that fee-generated revenues cover the cost of agency appropriations and other direct and indirect costs appropriated elsewhere in the General Appropriations Act. Seventeen of these agencies generate revenue in excess of these direct and indirect amounts from the regulated occupations and industries. Revenue generated that is greater than the cost of agency appropriations and other direct and indirect costs is deposited to the state Treasury for use in funding other programs across the state. Based on information and revenue estimates submitted by the agencies in the 2020–21 Legislative Appropriations Request and estimates from the Comptroller of Public Accounts' 2020–21 Biennial Revenue Estimate, it is estimated that the regulatory agencies will generate approximately $75.2 million in revenue greater than appropriated amounts for the 2020–21 biennium.

The Sunset Advisory Commission reviewed several Article VIII agencies, including the Texas Funeral Service Commission, Board of Professional Geoscientists, Board of Professional Land Surveying, Texas Medical Board, State Board of Plumbing Examiners, State Board of Examiners of Psychologists, and the State Securities Board. The regulation of land surveyors is transferred to the Texas Board of Professional Engineers and Land Surveyors, a new self-directed, semi-independent state agency established by House Bill 1501, Eighty-sixth Legislature, 2019. The regulation of psychologists is transferred to the newly established Behavioral Health Executive Council, effective September 1, 2020. The Eighty-sixth Legislature, 2019, failed to pass Senate Bill 621, relating to the transfer of the regulation of plumbing to the Texas Department of Licensing and Regulation, the Sunset bill for the State Board of Plumbing Examiners (TSBPE). The Governor's issuance of Executive Order No. GA-06 relating to necessary assistance from qualified plumbers with disaster recovery and preparedness resulted in the continuation of the TSBPE through May 31, 2021. The Board of Professional Geoscientists is continued until September 1, 2025. The Texas Medical Board, Funeral Service Commission, and State Securities Board each were continued for 12 years.

Funding for the Texas Department of Insurance includes a net increase of $2.1 million in All Funds from 2018–19 biennial funding levels. This amount includes an increase of $4.4 million in General Revenue Funds to continue the agency's State Regulatory Response Rider, which authorizes the agency to respond to unexpected changes in the insurance market, including emergencies and natural and human-caused disasters. In addition, funding includes an increase of $3.8 million in All Funds for Department of Information Resources Data Center Services and an increase of $0.2 million in General Revenue Funds to fund 2.0 full-time-equivalent positions for the processing of alternative continuing education requirements for certain insurance adjusters, pursuant to Senate Bill 1584, Eighty-sixth Legislature, 2019.

Funding for the Public Utility Commission includes a net increase of $2.2 million in All Funds for the water and wastewater rate program, staffing for increased enforcement activities, the increased cost of the agency's hearings with the State Office of Administrative Hearings, financial and managerial assistance for smaller and rural utilities, salary increases to address turnover, and utility cybersecurity oversight.

Funding for the Texas Department of Licensing and Regulation includes an increase of $3.9 million in General Revenue Funds for the agency's requests, including $2.7 million related to a new licensing system and $1.5 million for a new Human Trafficking Team in the agency's Inspections and Enforcement divisions. Also included are an additional 12.0 full-time-equivalent (FTE) positions for the Human Trafficking Team and an additional 5.0 FTE positions to provide critical information technology (IT) support during implementation of the new licensing system. The agency also received increased funding and FTE positions due to legislation transferring programs from other state agencies.

Funding for the Board of Pharmacy includes an increase of $1.5 million in General Revenue Funds for vehicle replacement, salary increases, 6.0 additional FTE positions,

services and subscriptions, IT projects, and costs related to the Health Professions Council. Funding includes $5.2 million in All Funds for ongoing operation of the Prescription Monitoring Program (PMP). Senate Bill 500, Eighty-sixth Legislature, 2019, includes $6.1 million in General Revenue Funds for upgrades (statewide integration) to the PMP.

Funding for the State Office of Administrative Hearings includes a net decrease of $1.2 million in All Funds primarily for onetime expenses from the 2018–19 biennium for the agency's case management system. The agency's 2020–21 biennial hourly billing rate for Interagency Contracts in Rider 7, Billing Rate for Workload, is increased to $150.

SIGNIFICANT LEGISLATION

House Bill 1501 – Establishes the Texas Behavioral Health Executive Council and continues and transfers the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to the Texas Behavioral Health Executive Council. The Sunset legislation for the Board of Examiners of Psychologists, the Texas Board of Marriage and Family Therapists, the Texas Board of Examiners of Professional Counselors, and the Texas State Board of Social Worker Examiners abolished the Board of Examiners of Psychologists and the three other boards that were attached administratively to the Health and Human Services Commission. The legislation established the Texas Behavioral Health Executive Council, transferred the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to the new agency, and continues the new agency until September 1, 2029.

House Bill 2463 – Deposit of funds to the horse industry escrow account. The legislation allocates up to $50.0 million per biennium to the horse industry escrow account from taxable expenditures related to horse ownership, riding, and boarding. These expenditures may include the sale, storage, or use of horse feed, horse supplements, horse tack, horse bedding, and grooming supplies. Horse racetrack associations and state horse breed registries may apply for receipt of account funds, which may be used for any event that furthers the horse industry. However, no more than 70.0 percent of the deposits may be allocated to horse racetrack associations for use as purses.

Senate Bill 64 – Cybersecurity monitoring of electric utilities. The legislation requires Public Utility Commission (PUC) to develop a program to coordinate cybersecurity monitoring of electric utilities, municipally owned utilities, electric cooperatives, and transmission distributions utilities. The legislation also requires the Electric Reliability Council of Texas to conduct internal cybersecurity risk assessments and training and to report annually to PUC regarding compliance with cybersecurity laws.

Senate Bill 616 – Transfer of the motorcycle and off-highway vehicle operator training program to TDLR. Sunset legislation for the Department of Public Safety included the transfer of the motorcycle and off-highway vehicle operator training program to TDLR effective September 1, 2020.

Senate Bill 700 – Changes to the water rate-making program. The legislation makes significant changes to the water rate-making program by: (1) separating the B Classification of utilities into two groups; (2) authorizing PUC to streamline rate making through a system improvement charge; (3) extending temporary rates for troubled systems; and (4) increasing the cost-of-living adjustment for the smallest class of utilities. The legislation makes other changes to public notice of new rates and clarifies the respective emergency authorities of the Texas Commission on Environmental Quality and PUC.

Senate Bill 1264 – Consumer protections against certain medical and healthcare billing by certain out-of-network providers. The legislation prohibits balance billing for certain health insurance plans, modifies the existing mandatory mediation process for out-of-network billing for facility providers, and establishes a new arbitration process for out-of-network providers that are not facilities.

Senate Bill 2119 – Transfer of the regulation of motor fuel metering and motor fuel quality program from the Department of Agriculture to TDLR. The legislation relates to the transfer of the regulation of motor fuel metering and motor fuel quality program from the Department of Agriculture to TDLR. The transfer must be completed no later than September 1, 2020.

STATE OFFICE OF ADMINISTRATIVE HEARINGS

PURPOSE: Conduct fair, objective, prompt, and efficient administrative hearings and alternative dispute resolution proceedings for contested cases at agencies that do not employ an administrative law judge to arbitrate such disputes.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Government Code, §2003.021

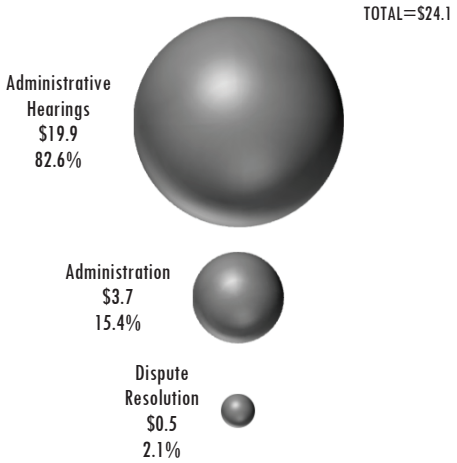
GOVERNANCE: Chief Administrative Law Judge—appointed by the Governor with advice and consent of the Senate

FIGURE 332
STATE OFFICE OF ADMINISTRATIVE HEARINGS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$15.6	$14.3	($1.3)	(8.3%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$9.7	$9.8	$0.1	1.0%
Total, All Methods of Finance	**$25.3**	**$24.1**	**($1.2)**	**(4.7%)**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	123.0
2021	123.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include **a decrease of $1.3 million in General Revenue Funds** for onetime expenditures for the agency's case management system from the 2018–19 biennium.

The State Office of Administrative Hearings will charge agencies **an hourly rate of $150 for costs associated with administrative hearings.**

The agency anticipates to dispose of approximately **25,000 administrative license revocation cases each fiscal year** from the Department of Public Safety.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The State Office of Administrative Hearings (SOAH) is appropriated primarily General Revenue Funds and Interagency Contracts (Other Funds) for the 2020–21 biennium. The General Revenue Funds appropriated to the agency are intended to provide services to certain agencies that do not receive appropriations for paying SOAH for costs related to the administrative hearings. These agencies are identified in the agency's bill pattern in the General Appropriations Act (GAA). This funding covers agencies that cross various functions and several articles in the GAA, including the following sample of agencies: Employees Retirement System of Texas, Teacher Retirement System of Texas, Alcoholic Beverage Commission, Department of Agriculture, Department of Transportation, and Texas Medical Board.

Interagency Contract funding consists of amounts paid to SOAH from other agencies for work relating to administrative hearings at the agency and is provided either hourly or as a lump sum. SOAH's Interagency Contract funding is estimated so that the agency's appropriation authority automatically adjusts whenever it receives an amount other than the funding level projected in the GAA. Agencies that enter into Interagency Contracts for work completed by SOAH also cross various functions in the state and include the following sample: Comptroller of Public Accounts, Department of Family and Protective Services, Texas Juvenile Justice Department, Texas Commission on Environmental Quality, and Texas Department of Motor Vehicles.

Overall appropriations at SOAH include a net decrease of 4.7 percent, or $1.2 million, from the 2018–19 biennial spending level primarily for onetime expenditures for the agency's integrated case management system. The agency's 2020–21 biennial hourly billing rate for Interagency Contracts increased to $150 from $128 during the 2018–19 biennium.

PROGRAMS

SOAH fulfills its responsibility through three main program areas: (1) conducting administrative hearings; (2) conducting alternative dispute resolution (ADR) cases; and (3) administration. **Figure 333** shows certain agency performance measures from fiscal years 2017 to 2021 related to the agency's key functions.

Conducting administrative hearings and preparing proposals for decisions and final orders are SOAH's primary functions. The agency provides an independent forum for the resolution of contested cases arising from the enforcement of state regulations. Additionally, SOAH conducts Administrative License Revocation (ALR) hearings by collaborating with the Department of Public Safety, which refers cases to SOAH relating to the suspension of driver licenses for operating a motor vehicle while under the influence of alcohol or drugs. It is estimated that SOAH will dispose of 25,000 ALR cases during each fiscal year of the 2020–21 biennium. SOAH is appropriated $19.9 million and 101.0 full-time-equivalent (FTE) positions for conducting administrative hearings.

SOAH's ADR function includes conducting mediated settlement conferences, arbitrations, and other alternative dispute resolution proceedings. An administrative law judge may refer cases to ADR or serve as an impartial third party for negotiated rule making. It is estimated that SOAH will receive 110 requested or referred ADR cases during each fiscal year of the 2020–21 biennium. SOAH is appropriated $0.5 million and 2.0 FTE positions for this purpose.

The final program area, administration, provides administrative support, including accounting, budgeting, billing, information resources, human resources, payroll, and

FIGURE 333
STATE OFFICE OF ADMINISTRATIVE HEARINGS PERFORMANCE MEASURES, FISCAL YEARS 2017 TO 2021

MEASURE	2017	2018	2019	2020	2021
Total Agencies Served	54	57	55	50	50
Total Cases Received (2)	27,228	34,169	34,037	31,200	31,200
Total General Docket Cases Disposed	6,079	5,404	35,233	5,900	5,900
Total Administrative License Revocation Cases Disposed	23,201	20,531	29,877	25,000	25,000
Total Alternative Dispute Resolution Cases Requested or Referred	238	364	2,679	110	110

NOTES:
(1) Amounts for fiscal years 2020 and 2021 are estimated.
(2) The Total Cases Received data excludes alternative dispute resolution cases.
SOURCE: State Office of Administrative Hearings.

training for administering the agency's major programs. SOAH is appropriated $3.7 million and 20.0 FTE positions for this purpose.

SIGNIFICANT LEGISLATION

Senate Bill 1794 – Calculation of costs for interagency contracts between SOAH and certain state agencies. The legislation removes certain statutory provisions related to the billing of SOAH costs for hearings for the Texas Commission on Environmental Quality, Public Utility Commission of Texas, and the Texas Comptroller of Public Accounts.

Senate Bill 1264 – Consumer protections against certain medical and health care billing by certain out-of-network providers. The legislation removes SOAH from certain balance billing mediation processes.

OFFICE OF INJURED EMPLOYEE COUNSEL

PURPOSE: Assist, educate, and advocate on behalf of the injured employees of Texas. By statute, the Office of Injured Employee Counsel (OIEC) is administratively attached to the Texas Department of Insurance, Division of Workers' Compensation.

ESTABLISHED: 2005

AUTHORIZING STATUTE: The Texas Labor Code, §404.002

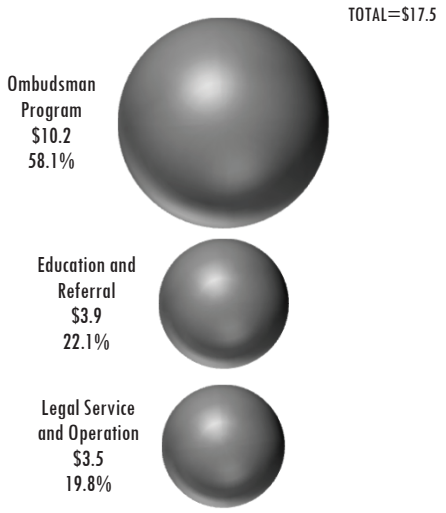
GOVERNANCE: Public Counsel—appointed by the Governor with advice and consent of the Senate

FIGURE 334
OFFICE OF INJURED EMPLOYEE COUNSEL BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$17.5	$17.5	$0.0	0.0%
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	**$17.5**	**$17.5**	**$0.0**	**0.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	175.0
2021	175.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The agency anticipates participating in **13,000 benefit review conferences, 5,200 contested case hearings, and 2,000 appeals** to assist injured employees during the 2020–21 biennium.

Administrative attachment appropriations at the Texas Department of Insurance include funding to cover **rent increases of approximately $0.1 million** at the shared workers' compensation field offices with OIEC.

SOURCE: Legislative Budget Board.

MAJOR FUNDING AND PROGRAMS

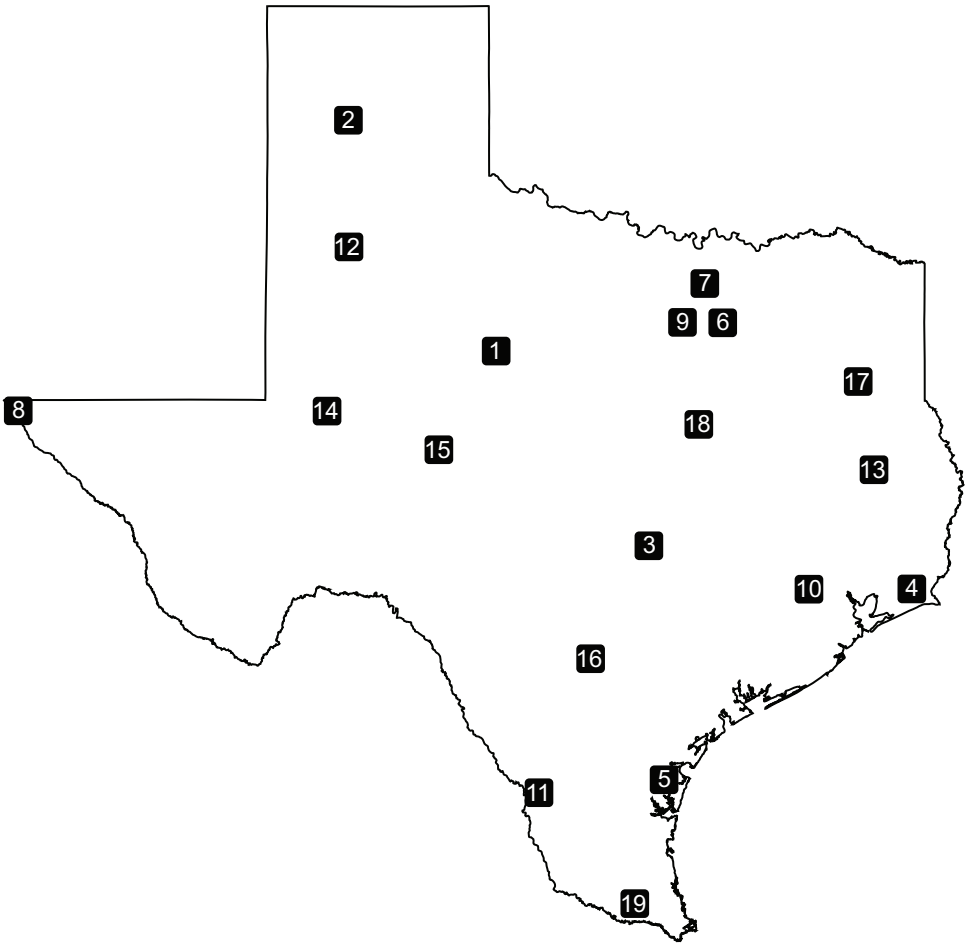
The Office of Injured Employee Counsel (OIEC) carries out its responsibilities through three major program areas: (1) the Ombudsman Program; (2) education and referral; and (3) legal services and operations.

The Ombudsman Program assists injured employees with disputes related to workers' compensation claims. Ombudsmen assist injured employees at benefit review conferences, contested case hearings, and appeals, and conduct preparation appointments with injured employees before these proceedings. The Ombudsman Program also assists in helping injured employees resolve disputes through early intervention and case development. Ombudsmen are based in the agency's central office and in 20 field offices located in 19 cities around the state, as shown in **Figure 335**. OIEC is appropriated $10.2 million and 103.0 full-time-equivalent (FTE) positions for this purpose.

The agency further assists injured employees and the public through education and referral activities, such as providing the state rights and responsibilities notice to injured employees. This document contains an overview of injured employees' rights and their responsibilities within the Texas workers' compensation system, and the document includes OIEC contact information. The agency also refers injured employees to programs, services, and licensing boards. OIEC is appropriated $3.9 million and 49.0 FTE positions for this purpose.

The final program area includes the agency's legal services and administrative and information technology support for the agency. Legal services represents injured employee interests as a class by participating in the legislative process, the Texas Department of Insurance (TDI) rule-making process, and training ombudsmen on workers' compensation law, dispute resolution, and

FIGURE 335
OFFICE OF INJURED EMPLOYEE COUNSEL FIELD OFFICES, 2019



FIELD OFFICE LOCATIONS	
1	Abilene
2	Amarillo
3	Austin
4	Beaumont
5	Corpus Christi
6	Dallas
7	Denton
8	El Paso
9	Fort Worth
10	Houston (2 locations)
11	Laredo
12	Lubbock
13	Lufkin
14	Midland
15	San Angelo
16	San Antonio
17	Tyler
18	Waco
19	Weslaco

SOURCE: Office of Injured Employee Counsel.

hearing skills. OIEC is appropriated $3.5 million and 23.0 FTE positions for this purpose.

Pursuant to the Texas Labor Code, OIEC is attached administratively to TDI, which provides administrative assistance and services, personnel services, and computer equipment and support. Approximately $1.8 million of TDI's appropriations for the 2020–21 biennium are allocated for OIEC's administrative costs, including rental space, equipment, postage, and supplies. The agency may not exceed expenditures of this amount by more than 10.0 percent without prior written approval from the Legislative Budget Board. Additionally, OIEC receives direct funding from the General Revenue–Dedicated Account No. 36, TDI Operating Fund, and appropriations for the agency remain constant from the 2018–19 biennial spending levels.

TEXAS DEPARTMENT OF INSURANCE

PURPOSE: Protect insurance consumers in Texas by regulating the insurance industry and promoting a stable and competitive market. The Texas Department of Insurance focuses on access to affordable insurance, promoting insurer financial strength, reducing losses due to fire, and regulating the workers' compensation system.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Insurance Code, §31.002

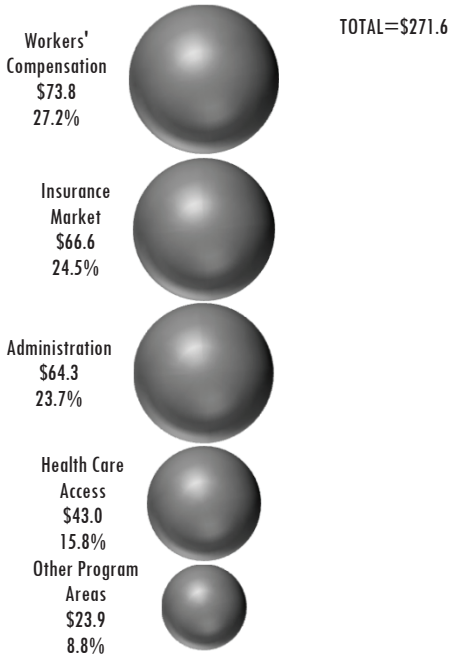
GOVERNANCE: Commissioner of Insurance—appointed by the Governor with advice and consent of the Senate

FIGURE 336
TEXAS DEPARTMENT OF INSURANCE BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$81.3	$86.6	$5.3	6.5%
General Revenue–Dedicated Funds	$126.9	$128.6	$1.8	1.4%
Federal Funds	$6.2	$4.5	($1.8)	(28.6%)
Other Funds	$55.1	$51.9	($3.1)	(5.7%)
Total, All Methods of Finance	**$269.5**	**$271.6**	**$2.1**	**0.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	1,350.2
2021	1,351.7

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding includes **$42.8 million in contingency funds for the establishment of the Health Insurance Risk Pool** upon federal law action.

The agency is appropriated **$4.4 million in contingency funds** to respond in the event of **a significant change in the insurance regulatory environment.**

Appropriations include **an increase of $3.8 million in All Funds for Data Center Services.**

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Texas Department of Insurance (TDI) is required by statute to adjust taxes and fees to generate revenue equivalent to its General Revenue Funds and General Revenue–Dedicated Funds appropriations and to the appropriations made to the Office of Injured Employee Counsel (OIEC) and certain programs in six other agencies. Methods of finance subject to this requirement include the Insurance Companies Maintenance Tax and Insurance Department Fees deposited in the General Revenue Fund and the General Revenue–Dedicated Account No. 36, Texas Department of Insurance Operating Fund. **Figure 337** shows the taxable premiums and maintenance tax rates by line of insurance or entity for calendar year 2018. **Figure 338** shows a comparison of tax rates by health maintenance organization type for fiscal year 2018.

Funding for TDI includes a net increase of $2.1 million in All Funds from 2018–19 biennial funding levels. This amount includes an increase of $4.4 million in General Revenue Funds to continue the agency's State Regulatory Response Rider, which authorizes the agency to respond to unexpected changes in the insurance market, including emergencies and natural and human caused disasters. In addition, funding includes an increase of $3.8 million in All Funds for Department of Information Resources Data Center Services and an increase of $0.2 million in General Revenue Funds to fund 2.0 full-time-equivalent positions for the processing of alternative continuing education requirements for certain insurance adjusters, pursuant to Senate Bill 1584, Eighty-sixth Legislature, 2019 (see the Significant Legislation section).

The increases are offset by a decrease of $3.9 million in Other Funds through Appropriated Receipts for the Three-Share Premium Assistance program, which enables TDI to award small grants to programs that help provide and subsidize low-cost small business health insurance plans. Authority to fund grant awards with available fines collected from regulated entities is increased to $2.3 million each fiscal year for the agency. Funding includes a $1.8 million decrease in Federal Funds for the elimination of a federal Affordable Care Act Health Insurance Premium Review Grant that is not expected during the 2020–21 biennium. Appropriations also include a decrease of $0.8 million in General Revenue Funds for onetime expenses for the state regulatory response to Hurricane Harvey during fiscal year 2018 and a decrease of $0.5 million in General Revenue–Dedicated Funds for the transfer of the arson lab to the Department of Public Safety.

FIGURE 337
TAXABLE INSURANCE PREMIUMS AND TAX RATES
CALENDAR YEAR 2018

COVERAGE OR ENTITY	GROSS PREMIUMS (IN MILLIONS)	TAX RATES
Fire and allied lines	$15,840.8	0.303%
Casualty and fidelity	$7,493.5	0.053%
Motor vehicle	$26,630.6	0.049%
Life, accident, and health	$49,967.0	0.040%
Prepaid legal	$4.5	0.010%
Title	$2,166.5	0.078%
Third-party administrators	$2,847.1	0.008%
Workers' compensation	$2,954.3	2.0%

SOURCE: Texas Department of Insurance.

FIGURE 338
HEALTH MAINTENANCE ORGANIZATION (HMO)
ENROLLEES AND TAX RATES
CALENDAR YEAR 2018

COVERAGE OR ENTITY	ENROLLEES	TAX RATES
HMO – Multiservice	4,825,786	$0.72
HMO – Single Service	884,398	$0.24

SOURCE: Texas Department of Insurance.

Senate Bill 1940, Eighty-sixth Legislature, 2019, continued the administration of a temporary health insurance risk pool until August 31, 2021 (see the Significant Legislation section). TDI is appropriated $41.0 million in Other Funds from the Healthy Texas Small Employer Premium Stabilization Fund to provide access to quality healthcare for Texas residents and to conduct public education and outreach. The agency is appropriated $1.8 million in General Revenue–Dedicated Funds to administer the health insurance risk pool. The funds are contingent on federal law and may not be spent unless the Commissioner of Insurance files a finding of fact with the Office of the Governor and the Legislative Budget Board.

PROGRAMS

The agency carries out its responsibilities through five major program areas: (1) workers' compensation; (2) oversight for the Texas insurance market; (3) healthcare access; (4) other program areas, including the State Fire Marshal's Office, the TexasSure Program, and the state regulatory response rider; and (5) administration.

FIGURE 339
INSURANCE LICENSES ISSUED, FISCAL YEARS 2017 TO 2021

LICENSE OR CERTIFICATION	2017	2018	2019	2020	2021
Licensed Agents	503,522	524,655	546,894	567,767	590,874
Regulated Companies and Carriers	1,929	1,945	1,965	2,003	2,042

NOTE: Amounts shown for fiscal years 2019, 2020, and 2021 are estimated.
SOURCE: Texas Department of Insurance.

WORKERS' COMPENSATION

The Division of Workers' Compensation (DWC) at TDI is overseen by the Commissioner of Workers' Compensation. The Commissioner is appointed by the Governor, with the advice and consent of the Senate, to serve a two-year term that expires February 1 of each odd-numbered year. The Commissioner has executive authority of DWC functions, including rule-making authority.

DWC promotes safe and healthy workplaces in Texas and ensures the appropriate delivery of workers' compensation benefits through its 21 field offices, which provide claims services, customer services, and dispute resolution services. DWC certifies and regulates self-insured employers, monitors compliance and takes necessary enforcement action, and resolves indemnity and medical disputes. DWC offers appropriate incentives, education, consultation, and inspections related to worker safety. In addition, DWC administers the Subsequent Injury Fund (SIF), established in 1947. SIF collects death benefit payments from insurance carriers when no beneficiary is eligible; these funds are used for several purposes, including lifetime income benefits and the overpayment of claims. TDI is appropriated $60.3 million for workers' compensation and $13.5 million for SIF for the 2020–21 biennium.

INSURANCE MARKET OVERSIGHT

To provide oversight of the Texas insurance market, TDI administers three programs: regulatory policy, compliance, and financial solvency. Together, these activities directly support promoting competition, increasing access to affordable insurance products within a fair market, investigating and resolving complaints, and preventing insurer fraud. TDI is appropriated a total of $66.6 million for insurance market oversight for the 2020–21 biennium.

The regulatory policy program oversees life, accident, health, property, and casualty products in the insurance market and related coverage offered by insurance companies. TDI also regulates rates for the sale of automobile and residential insurance. Activities to promote competition include providing comparative rate and price information to consumers and insurers, licensing insurance agents, certifying companies to conduct insurance business in Texas, and reviewing and approving the forms used by insurance companies to contract with policyholders. **Figure 339** shows insurance licensing and certification data for fiscal years 2017 to 2021. To increase the availability of insurance, TDI identifies underserved markets for automobile and homeowners insurance and encourages insurers to offer policies in these markets. TDI is appropriated $22.0 million for this purpose for the 2020–21 biennium.

To ensure insurance compliance, TDI investigates consumer complaints, reviews insurance advertisements, initiates enforcement actions to stop unlawful trade practices, investigates allegations of insurer fraud, and refers fraud cases to the Office of the Attorney General, the local district attorneys, or other appropriate agencies or law enforcement authorities for prosecution. The agency estimates resolving 270 investigations of suspected criminal activity related to insurance fraud each fiscal year. TDI is appropriated $26.0 million to enforce compliance in Texas for the 2020–21 biennium.

The financial solvency program enforces solvency standards for insurance companies and related entities through an entity's life cycle, including initial formation and licensure, subsequent surveillance activities, and implementation of regulatory interventions as needed. The agency analyzes the financial condition of insurers operating in Texas and provides safety education programs, inspects insurance loss programs offered to policyholders, and assures compliance with filed property schedules and windstorm construction codes. When the conservation of assets is not sufficient to rehabilitate a financially weak insurance company facing insolvency, TDI may seek a court order to place the insurer into receivership administered by a special deputy receiver. TDI is appropriated $18.6 million for this purpose for the 2020–21 biennium.

HEALTHCARE ACCESS

The healthcare access program area consists of two programs, including: (1) the health insurance risk pool; and (2) the three-share premium assistance program. Pursuant to Senate Bill 1940, Eighty-sixth Legislature, 2019, the agency may establish a temporary health insurance risk pool to assist Texas residents in accessing quality healthcare contingent upon federal law. The health insurance risk pool will provide health insurance coverage, provide funding to insurers for lower enrollee premium rates, or provide a reinsurance program for insurers in exchange for lower enrollee premium rates. The agency also may use pool funds to administer the program and develop and implement public education, outreach, and facilitated enrollment strategies. TDI is appropriated $42.8 million in All Funds for this purpose for the 2020–21 biennium.

TDI is appropriated $0.1 million to oversee the awarding of grants for the research, planning, development, and continuation of the three-share premium assistance program in Texas to improve access to private healthcare coverage for the uninsured. Grants are funded through fines collected from regulated entities up to $2.3 million each fiscal year appropriated through the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VIII, TDI, Rider 13, Three-Share Premium Assistance Programs.

OTHER PROGRAM AREAS

Other programs at TDI include funding for the State Fire Marshal's Office, the TexasSure program, and the state regulatory response rider. To support the agency's efforts to reduce the loss of life and property caused by fire, the State Fire Marshal's Office develops and promotes methods of preventing and reducing fire losses through fire investigations, building inspections, code enforcement, licensing and regulation of fire service industries, and the development and promotion of fire prevention programs. The State Fire Marshal's Office estimates initiating 600 investigations each fiscal year. Additionally, the State Fire Marshal's Office oversees requirements for cigarette manufacturers to certify that their cigarettes meet performance standards and are fire-standard compliant, and that packaging contains markings with this certification. The agency is appropriated $9.4 million in All Funds for this purpose for the 2020–21 biennium.

The TexasSure Program supports the operation and maintenance of the TexasSure Motor Vehicle Financial Responsibility Verification Program. TexasSure is the state's vehicle insurance verification system that enables law enforcement and county tax officials to confirm whether owners of motor vehicles in Texas have established financial responsibility through required personal auto liability insurance coverage. The TexasSure vehicle insurance verification database is a joint project of TDI, the Department of Motor Vehicles, the Department of Public Safety, and the Department of Information Resources. TDI is appropriated $10.1 million for this purpose for the 2020–21 biennium.

TDI's appropriations include funding contingent upon the agency needing additional resources due to a significant change in the insurance regulatory environment, demands for federal healthcare reform implementation, a weather-related disaster, a public health crisis, a fire that has been declared as a disaster situation, and nonweather-related disasters. The agency is appropriated $4.4 million in General Revenue Funds for contingency funding in the event that a state regulatory response is needed during the 2020–21 biennium.

ADMINISTRATION

The final program area, administration, includes administrative support to TDI and OIEC. This support includes central administration, information resources, employee ombudsman, and other support services. TDI is appropriated $64.3 million in All Funds for this purpose for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

Senate Bill 1940 – Establishment of a temporary health insurance risk pool. The legislation continues the establishment of a health insurance risk pool contingent on changes in federal law to provide a temporary mechanism for maximizing federal funding to assist Texas residents in obtaining access to quality healthcare. The legislation authorizes the Commissioner of Insurance to use pool funds to provide health insurance coverage, provide funding to insurers for lower enrollee premium rates, or provide a reinsurance program for insurers in exchange for lower enrollee premium rates. Funds also may be used to develop and implement public education, outreach, and facilitated enrollment strategies. The mechanism established by the legislation expires at the end of the 2020–21 biennium.

Senate Bill 1584 – Satisfaction of continuing education requirements for certain insurance adjusters. The legislation requires TDI to accept certain claims certifications as satisfaction of any continuing education requirements for insurance adjusters.

Senate Bill 1264 – Consumer protections against certain medical and healthcare billing by certain out-of-network providers. The legislation prohibits balance billing for certain health insurance plans, modifies the existing mandatory mediation process for out-of-network billing for facility providers, and establishes a new arbitration process for out-of-network providers that are not facilities.

OFFICE OF PUBLIC INSURANCE COUNSEL

PURPOSE: Represents the interests of insurance consumers in Texas in regulatory matters involving automobile, residential property, and title insurance, and participates in rule-making proceedings for life and health insurance.

ESTABLISHED: 1991

AUTHORIZING STATUTE: The Texas Insurance Code, §501.002

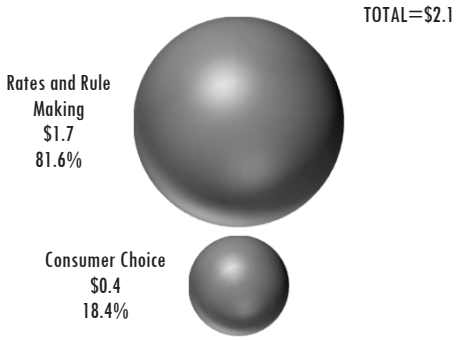
GOVERNANCE: Public Counsel—appointed by the Governor with advice and consent of the Senate

FIGURE 340
OFFICE OF PUBLIC INSURANCE COUNSEL BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1.7	$1.7	$0.0	0.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.4	$0.4	$0.0	0.0%
Total, All Methods of Finance	**$2.1**	**$2.1**	**$0.0**	**0.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	13.0
2021	13.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations **remained constant** from the 2018–19 biennial spending level.

The agency anticipates participating in **40 rate filings and completing 4,000 public presentations or communications** to enhance consumer choice during the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Texas Insurance Code provides funding for the Office of Public Insurance Counsel (OPIC) through annual assessments of $0.057 on each property, casualty, title (owner and mortgage), life, health, and accident insurance policy (individual or group) in force at the end of the calendar year. The Comptroller of Public Accounts (CPA) is statutorily required to collect these assessments annually from insurers, and these amounts are deposited into the General Revenue Fund. The Legislature requires these assessments to cover the agency's appropriations and other direct and indirect costs appropriated in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium. Assessments collected that are greater than OPIC's appropriations are available for distribution from the General Revenue Fund. Based on CPA's 2020–21 Biennial Revenue Estimate, the assessments are estimated to generate approximately $2.8 million in revenue in addition to OPIC's direct and indirect appropriations.

Additionally, OPIC receives $0.4 million through an Interagency Contract (Other Funds) with the Texas Department of Insurance (TDI) to provide consumers with insurance information to make informed decisions. Appropriations for OPIC remained constant from the 2018–19 biennial spending level.

PROGRAMS

The agency carries out its responsibilities through two major program areas: (1) participating in rate hearings and rule making; and (2) increasing consumer choice.

OPIC participates as a party in TDI hearings involving insurance rates, rules, and policy forms; in judicial proceedings; and in other proceedings in which OPIC determines that insurance consumers need representation. OPIC's role in filings and proceedings is to present expert testimony, actuarial analysis, and other supporting evidence to advocate the position most favorable to consumers as a class. The agency expects to participate in approximately 40 rate filings and 40 rule-making proceedings during the 2020–21 biennium. In addition, OPIC may recommend legislation with the intention of positively affecting consumer interests. This program area is appropriated $1.7 million and 11.0 full-time-equivalent (FTE) positions for the 2020–21 biennium.

OPIC's efforts to increase consumer choice entail providing information to enhance consumers' awareness of their rights and responsibilities and educating them on the operation of Texas insurance markets. OPIC staff make public presentations; deliver speeches; participate in panel discussions; prepare a consumer list of rights for each personal line of insurance regulated by the state; and produce health maintenance organization reports that are available to the public on the agency's website. This program area is appropriated $0.4 million in Other Funds and 2.0 FTE positions for the 2020–21 biennium.

DEPARTMENT OF LICENSING AND REGULATION

PURPOSE: Serve as an umbrella occupational regulatory agency for the licensing, certification, and enforcement of regulatory statutes involving diverse businesses, industries, general trades, and occupations.

ESTABLISHED: 1989

AUTHORIZING STATUTE: The Texas Occupations Code, §51.051

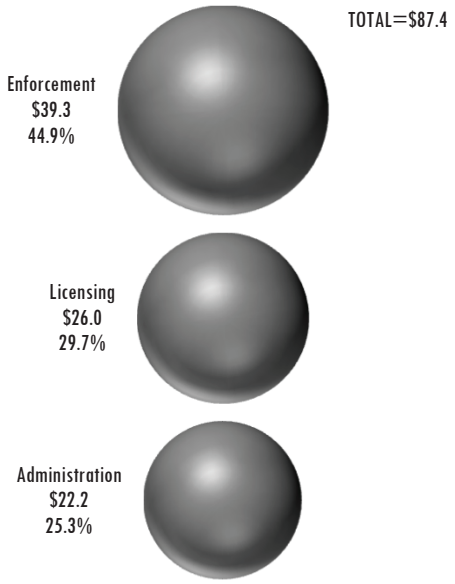
GOVERNANCE: Texas Commission of Licensing and Regulation—seven members appointed by the Governor with advice and consent of the Senate

FIGURE 341
DEPARTMENT OF LICENSING AND REGULATION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$60.5	$75.7	$15.2	25.0%
General Revenue–Dedicated Funds	$0.2	$1.2	$1.1	683.4%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$10.5	$10.5	$0.0	0.0%
Total, All Methods of Finance	**$71.2**	**$87.4**	**$16.2**	**22.8%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	555.2
2021	564.2

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding includes an increase of **$2.7 million and 5.0 full-time-equivalent (FTE) positions** for the development and implementation of Phase I of a new licensing system and for additional staff support for the project and database transition.

Funding includes an increase of **$1.5 million and 12.0 FTE positions** to establish a specialized Human Trafficking Team to target establishments that are at high risk for human trafficking.

The agency is appropriated **$11.3 million and 68.0 FTE positions** for the regulation of motor fuel quality and motor fuel metering, a program transferred from the Texas Department of Agriculture.

The agency is appropriated **$1.1 million in General Revenue Dedicated Funds and 9.0 FTE positions** to transfer the motorcycle and off-highway vehicle training program from the Texas Department of Public Safety.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Texas Department of Licensing and Regulation (TDLR) administers and enforces state laws relating to various industries and occupations, including the following: air conditioning and refrigeration contractors; architectural barriers; athletic trainers; auctioneers; barbers; behavior analysts; boiler inspections; code enforcement officers; combative sports; cosmetologists; dietitians; driver education and safety; dyslexia therapists and practitioners; electricians; elevators, escalators, and related equipment; hearing instrument fitters and dispensers; industrialized housing and buildings; laser hair removal; dog and cat breeders; massage therapy; midwives; mold assessors and remediators; offender education programs; orthotists and prosthetists; podiatry; polygraph examiners; professional employer organizations; property tax consultants and tax professionals; sanitarians; service contract providers; speech-language pathologists and audiologists; tow trucks, operators and vehicle storage facilities; transportation network companies; used automotive parts recyclers; water-well drillers and pump installers; and weather modification businesses.

Funding for TDLR includes an increase of $16.2 million in All Funds for the biennium and increases of 85.0 full-time-equivalent (FTE) positions for fiscal year 2020 and 94.0 FTE positions for fiscal year 2021. Significant funding increases are due primarily to legislation transferring programs from other agencies to TDLR (see the Significant Legislation section), funding for Phase I development and implementation of a new licensing system, and the establishment of a Human Trafficking Team.

Legislation transferring programs to TDLR from other state agencies includes Senate Bill 2119, Eighty-sixth Legislature, 2019, relating to the transfer of the regulation of motor fuel metering and motor fuel quality from the Department of Agriculture to TDLR. Appropriations to TDLR include an increase of $11.3 million in General Revenue Funds and 68.0 FTE positions to implement this program transfer. Additionally, appropriations include an increase of $1.1 million in General Revenue–Dedicated Funds and 9.0 FTE positions for fiscal year 2021 to implement Senate Bill 616, Eighty-sixth Legislature, 2019, relating to, among other things, the transfer of the motorcycle and off-highway vehicle operator training programs to TDLR.

The Eighty-sixth Legislature, 2019, also provided funding for exceptional item requests from the agency. Appropriations to TDLR include an increase of $2.0 million in General Revenue Funds to implement Phase I development of a new licensing system that will combine the nine separate systems currently in use for licensing and registrations. The Eighty-sixth Legislature also appropriated TDLR $0.7 million in General Revenue Funds and 5.0 FTE positions to respond to unplanned issues arising during the development of the new licensing system. Additionally, the Eighty-sixth Legislature appropriated $1.5 million in General Revenue Funds and 12.0 FTE positions to form a specialized Human Trafficking Team and to increase inspections of establishments that have a high risk of human trafficking.

PROGRAMS

TDLR enforces occupational code and practice standards for certain professions through three major program areas: (1) licensing; (2) enforcement; and (3) administration. **Figure 342** shows key performance measures related to the agency's licensing and enforcement programs and FTE positions from fiscal years 2017 to 2021.

TDLR ensures that licensees meet qualifications and practice standards for regulated professions. Licensing activities include verifying credentials of applicants and facilities, updating licensee databases, and ensuring that licensees adhere to continuing education requirements and ethical standards. The agency estimates that it will issue approximately 1.0 million licenses, certifications, and registrations to individuals and businesses during each fiscal year of the 2020–21 biennium. Appropriations for the licensing program at TDLR total $26.0 million in All Funds for the 2020–21 biennium.

Enforcement activities at TDLR include routine inspections of facilities, investigating consumer complaints about a licensee or quality of service, and suspending or revoking licenses of violators of the agency's standards. The agency also reviews building plans to verify compliance with applicable laws, rules, accessibility standards, building codes, and safety codes. During the 2020–21 biennium, the agency will also begin enforcement activities related to motor fuel quality and metering, and will have a specialized team targeting establishments at high risk for human trafficking. As part of its enforcement function, TDLR performed more than 143,000 routine inspections and completed approximately 9,800 complaint investigations during fiscal year 2018. It is anticipated that TDLR will conduct approximately 301,000 routine inspections and resolve approximately 22,700 complaints during the 2020–21 biennium. Appropriations for the enforcement program at TDLR total $39.3 million in All Funds for the 2020–21 biennium.

FIGURE 342
TEXAS DEPARTMENT OF LICENSING AND REGULATION SELECT PERFORMANCE MEASURES
FISCAL YEARS 2017 TO 2021

MEASURES	2017	2018 (1)	2019	2020	2021
Licenses Held by Individuals	529,035	604,598	613,911	611,213	619,333
Licenses Held by Businesses	209,477	219,189	218,622	425,967	429,875
Complaints Closed (2)	12,405	9,833	10,113	11,188	11,565
Full-time-equivalent Positions (3)	429.4	444.4	459.9	555.2	564.2

NOTES:
(1) Implementation of legislation for program transfers made by the Eighty-fourth Legislature, 2015, and the Eighty-fifth Legislature, Regular and First Called Sessions, 2017, resulted in an increase in the number of licensees beginning in fiscal year 2018, with higher targets set for fiscal years 2020 and 2021 due to program transfers by the Eighty-sixth Legislature, 2019.
(2) Beginning in late fiscal year 2017, the Texas Department of Licensing and Regulation changed policy to focus enforcement activity on violations that involve consumer harm or a threat to public safety, limiting the number of violations subject to enforcement action and a subsequent decrease in the number of complaints closed.
(3) Full-time-equivalent (FTE) positions shown for fiscal years 2017, 2018, and 2019 show actual positions filled. Amounts shown for fiscal years 2020 and 2021 show FTE position caps appropriated by the Legislature.
SOURCE: Texas Department of Licensing and Regulation.

The final program area, administration, provides administrative and information technology support for the enforcement and licensing programs administered by the agency. Additionally, TDLR develops and distributes information about agency licensing and complaint processes and operates a toll-free telephone line to inform licensees and consumers about the agency and its operations. TDLR is appropriated $22.2 million in All Funds for this purpose.

SIGNIFICANT LEGISLATION

Senate Bill 616 – Transfer of the motorcycle and off-highway vehicle operator training program to TDLR. Sunset legislation for the Department of Public Safety included the transfer of the motorcycle and off-highway vehicle operator training program to TDLR effective September 1, 2020.

Senate Bill 2119 – Transfer of the regulation of motor fuel metering and motor fuel quality program from the Department of Agriculture to TDLR. The legislation relating to the transfer of the regulation of motor fuel metering and motor fuel quality program from the Department of Agriculture to TDLR. The transfer must be completed no later than September 1, 2020.

RACING COMMISSION

PURPOSE: Enforce the Texas Racing Act and its rules to ensure the safety, integrity, and fairness of Texas pari-mutuel racing.

ESTABLISHED: 1988

AUTHORIZING STATUTE: The Texas Racing Act, the Texas Occupations Code, Title 13, Subtitle A-1

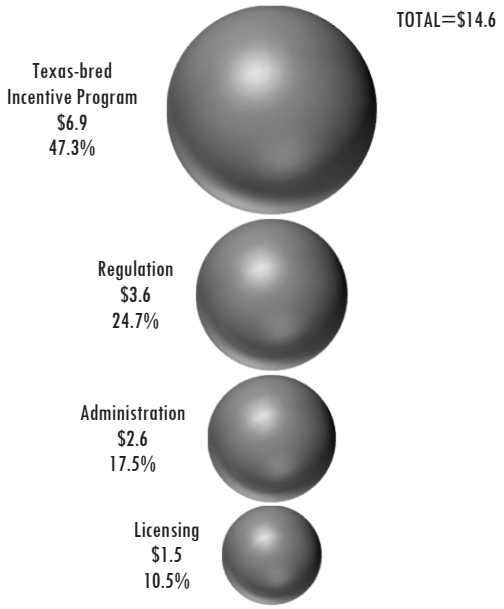
GOVERNANCE: Texas Racing Commission—seven members appointed by the Governor with advice and consent of the Senate, and two ex officio voting members set in statute

FIGURE 343
RACING COMMISSION BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$13.3	$7.7	($5.6)	(42.0%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$6.9	$6.9	N/A
Total, All Methods of Finance	**$13.3**	**$14.6**	**$1.4**	**10.2%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	44.5
2021	44.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include **$1.3 million** and **5.2 full-time-equivalent positions** for the Racing Commission contingent on the opening or reopening of a **new horse racetrack** and **increases in the number of live race days** during the 2020–21 biennium.

The Racing Commission anticipates that **pari-mutuel wagering revenue will total $560.0 million** for the 2020–21 biennium.

House Bill 3366 establishes the **Texas-bred Incentive Fund** as an escrow account in the state Treasury; therefore, revenues that previously were General Revenue–Dedicated Funds are considered Other Funds for the 2020–21 biennium.

House Bill 1995 allocates certain **simulcast pari-mutuel tax revenue** to the agency for administration of the Racing Act.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

The Racing Commission is funded by General Revenue–Dedicated Funds generated primarily by fees assessed on racetracks and occupational licensees. The agency's fee-generated revenue is required to cover the cost of the agency's appropriations and other direct and indirect costs appropriated in the General Appropriations Act. In addition, the agency is appropriated Texas-bred Incentive Program Funds (Other Funds) to pass through to the recognized breed registries and racetracks for support of the racing industry and racing events, including purses and breeder awards. The Eighty-sixth Legislature, 2019, provided contingency appropriations for an additional $1.3 million to the Racing Commission for the 2020–21 biennium and 5.2 full-time-equivalent positions for each fiscal year contingent upon the opening or reopening of a new horse racetrack and increases in the number of live race days to the horse race date calendar or greyhound race date calendar during each fiscal year. The agency must collect additional revenue from racetracks to receive these appropriations. The increase in contingent appropriations is offset by a decrease of $0.2 million from the 2018–19 biennial spending level to remove onetime funding for an efficiency review. The Legislature added $0.2 million in additional General Revenue–Dedicated Funds for veterinarian services at live race meets, staff hours and travel for an investigator, and a records management officer.

PROGRAMS

Texas has four horse racetracks and two greyhound racetracks that conduct live racing. The oversight of the industry and implementation of the Racing Commission's responsibilities are carried out through four major program areas: (1) the Texas-bred Incentive Program; (2) regulation; (3) licensing; and (4) administration. **Figure 344** shows select performance measures related to these program areas across active Texas racetracks from fiscal years 2015 to 2021.

The Texas-bred Incentive Program for horses provides an incentive award distributed as a purse supplement paid from the pari-mutuel wagering pools to breeders and owners of Texas-bred horses that place first, second, or third in any race. The program for greyhounds distributes its purse supplements to owners of the first four accredited greyhounds crossing the finish line in any race. The program encourages agriculture and the horse-breeding and greyhound-breeding industries. Appropriations for these incentives total $6.9 million in Other Funds, generated primarily by breakage and fees on live and simulcast wagering pool funds.

The regulation program area incorporates oversight of racing and wagering. The agency regulates greyhound racing and horse racing at racetracks in Texas, including supervising racing conduct and providing health testing and drug testing for horses and greyhounds. Wagering regulation includes investigations into illegal wagering, completion of compliance audits at racetracks, and increasing the testing and pass rates for the computer system, called a totalisator, which tallies and calculates the pari-mutuel wagers. Appropriations for these functions total $3.6 million in General Revenue–Dedicated Funds, generated primarily by fees.

Racetrack and occupational licensing involves licensing racetracks and their participants, renewing existing racetrack and occupational licenses, and reviewing active and inactive racetrack licenses. Occupational licenses are required for all racetrack employees that can affect pari-mutuel racing.

FIGURE 344
TEXAS RACING COMMISSION SELECTED PERFORMANCE MEASURES, FISCAL YEARS 2015 TO 2021

MEASURE	2015	2016	2017	2018	2019	2020	2021
Racetrack Inspections	106	54	50	42	6	12	12
Texas-bred Awards for Horses	6,893	7,123	6,940	5,901	4,568	5,800	5,800
Texas-bred Awards for Greyhounds	2,168	856	1,561	1,245	1,505	1,100	1,100
New Occupational Licenses Issued	2,151	1,918	1,895	1,856	1,583	1,800	1,800
Pari-mutuel Handle (in millions)	$301.60	$306.30	$288.24	$287.30	$275.60	$282.00	$278.00
Take to State Treasury from Pari-mutuel Wagering on Live and Simulcast Races (in millions)	$3.00	$2.90	$2.80	$2.78	$2.68	$2.70	$2.60
Occupational Licensees Suspended or Revoked	117	110	161	179	114	154	154
Investigations Completed	139	124	136	169	91	240	240

NOTE: Amounts shown for fiscal years 2020 and 2021 are estimated. Racetrack Inspections were redefined begining during fiscal year 2019 to count several inspections conducted at the racetrack as one inspection.
SOURCE: Texas Racing Commission.

Licensing appropriations total $1.5 million in General Revenue–Dedicated Funds, generated primarily by fees.

Administration includes the indirect administrative functions that support the agency. This program area is appropriated $2.6 million in General Revenue–Dedicated Funds, generated primarily by fees, for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 1995 – Distribution of simulcast pari-mutuel pools. The legislation allocates funds that previously were set aside for the state to the Racing Commission for administration of the Racing Act.

House Bill 2463 – Deposit of funds to the horse industry escrow account. The legislation allocates up to $50.0 million per biennium to the horse industry escrow account from taxable expenditures related to horse ownership; riding; and boarding, which may include the sale, storage or use of horse feed, horse supplements, horse tack, horse bedding, and grooming supplies. Horse racetrack associations and state horse breed registries may apply for receipt of account funds, which may be used for any event that furthers the horse industry. However, no more than 70.0 percent of the deposits may be allocated to horse racetrack associations for use as purses.

House Bill 3366 – Pari-mutuel wagering funds to benefit the Texas-bred Incentive Program. The legislation establishes the Texas-bred Incentive Fund as an account in the state Treasury. Previously existing set-asides for the Texas-bred Incentive Program will be deposited to the new fund and made available for the same or similar purposes.

STATE SECURITIES BOARD

PURPOSE: Protect Texas investors by ensuring a free and competitive securities market for Texas, increasing investor confidence, and encouraging the formation of capital and the development of new jobs.

ESTABLISHED: 1957

AUTHORIZING STATUTE: Vernon's Civil Statutes, the Texas Securities Act, Article 581-2

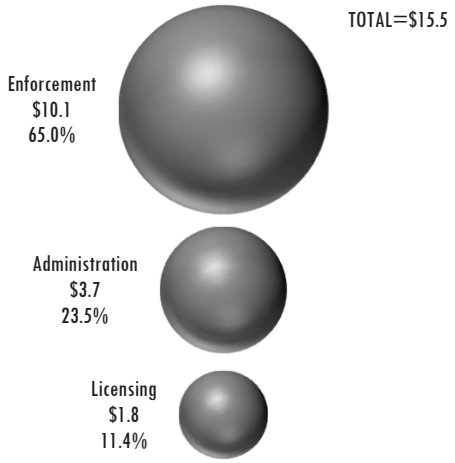
GOVERNANCE: State Securities Board—five members appointed by the Governor with advice and consent of the Senate

FIGURE 345
STATE SECURITIES BOARD BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$13.7	$15.5	$1.8	13.0%
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)	(100.0%)
Total, All Methods of Finance	**$13.7**	**$15.5**	**$1.8**	**13.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	97.0
2021	97.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Funding includes an increase of $1.8 million for merit-based salary increases, to address workload related to cryptocurrency fraud schemes and protecting vulnerable adults from financial exploitation, for a subscription for cybersecurity services, and for a cloud storage system.

Revenue deposited to the state Treasury related to securities and dealer–agent applications for the 2020–21 biennium is estimated to be **$245.2 million**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING AND PROGRAMS

The agency's work is carried out in three major program areas: (1) enforcement; (2) licensing; and (3) administration.

Enforcement involves the investigation of suspected violations of the Texas Securities Act and, if appropriate, initiation of administrative proceedings or referral of matters for criminal prosecution or civil action. Agency staff collect and summarize evidence for cases adjudicated by State Office of Administrative Hearings administrative law judges and cases referred to the Office of the Attorney General in civil injunction actions. The agency also verifies compliance with the Texas Securities Act through periodic inspections of registered dealers and investment advisors. The enforcement program area is appropriated $10.1 million in General Revenue Funds and 63.7 full-time-equivalent (FTE) positions for the 2020–21 biennium.

The agency's licensing responsibilities include registering securities and dealers. For securities registration, the agency reviews all applications for securities for sale in Texas to ensure investor access to full and fair disclosure of all relevant investment information. The agency ensures that offering terms are in compliance with the Texas Securities Act and Securities Board rules. For dealer registration, all securities dealers, their sales agents, and investment advisers in Texas must be registered with the Securities Board, unless federal law preempts them or the Texas Securities Act exempts them from registering. The agency examines these applications and maintains an ongoing review process by examining amendments and registrants' renewal submissions. **Figure 346** shows the number of securities applications and securities agents, dealers, advisers, and adviser representatives that the agency registered from fiscal years 2016 to 2019 and estimates to register for fiscal years 2020 and 2021, and the agency's projection of revenues deposited to the state Treasury from securities and dealer or agent applications during the same period. The total appropriation to the licensing program area is $1.8 million in General Revenue Funds and 14.0 FTE positions for the 2020–21 biennium.

The final program area, administration, provides administrative and information technology support to the major programs administered by the agency. The State Securities Board is appropriated $3.7 million in General Revenue Funds and 19.3 FTE positions for this purpose for the 2020–21 biennium.

Appropriations to the agency increased by 113.0 percent, or $1.8 million in General Revenue Funds from 2018–19 biennial spending levels due to the Eighty-sixth Legislature, 2019, appropriating funding for some of the agency's exceptional item requests. The Legislature appropriated $0.4 million in General Revenue Funds for merit-based salary increases to bring 76.0 FTE positions to the median salary of their job classes, and $0.5 million in General Revenue Funds to address increased workload due to the emergence of illegal cryptocurrency fraud schemes and the implementation of House Bill 3921, Eighty-fifth Legislature, Regular Session, 2017, related to the protection of vulnerable adults from financial exploitation. The Eighty-sixth Legislature also appropriated $0.3 million in General Revenue Funds for the agency to subscribe to the Department of Information Resources' Managed Security Services for cybersecurity and to transition to a cloud storage system. Additionally, the Legislature appropriated $0.3 million in General Revenue Funds to authorize the agency to recover lapsed funds from fiscal year 2018 that occurred as a result of the Governor's hiring freeze during fiscal year 2017 and the challenges the Securities Board has to fill vacancies when competing with private finance corporations and federal government agencies that perform similar regulatory work.

FIGURE 346
STATE SECURITIES BOARD SELECTED PERFORMANCE MEASURES, FISCAL YEARS 2016 TO 2021

YEAR	APPLICATIONS	TREASURY SECURITIES REVENUE (IN MILLIONS)	REGISTERED DEALERS AND AGENTS	TREASURY DEALER REVENUES (IN MILLIONS)
2016	62,265	$129.8	417,681	$8.2
2017	64,230	$149.2	446,272	$8.3
2018	63,336	$148.1	469,523	$8.0
2019	64,754	$154.4	496,979	$8.9
2020	52,200	$114.6	342,000	$8.0
2021	52,200	$114.6	342,000	$8.0

NOTE: Amounts for fiscal years 2020 and 2021 are estimated.
SOURCE: State Securities Board.

SIGNIFICANT LEGISLATION

House Bill 1535 – Continuing the State Securities Board. The Sunset Advisory Commission reviewed the agency during the 2018–19 biennium. The legislation continues the agency until September 1, 2031.

PUBLIC UTILITY COMMISSION OF TEXAS

PURPOSE: Protect customers, foster competition, and promote high-quality utility infrastructure in the state's electric, telecommunication, and water and wastewater utility industries.

ESTABLISHED: 1975

AUTHORIZING STATUTE: The Texas Utilities Code, §12.001

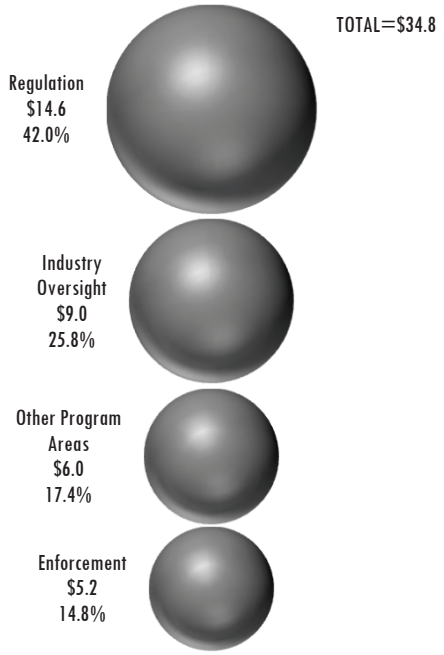
GOVERNANCE: Utility Commission—three members appointed by the Governor with the advice and consent of the Senate

FIGURE 347
PUBLIC UTILITY COMMISSION OF TEXAS BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$26.6	$27.6	$1.1	4.1%
General Revenue–Dedicated Funds	$5.1	$6.2	$1.1	21.4%
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	**$32.6**	**$34.8**	**$2.2**	**6.7%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	209.0
2021	209.0

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations for the Water and Wastewater Program include a $1.1 million increase in General Revenue–Dedicated Funds for increased enforcement activities, water/wastewater hearings, and assistance to utilities.

Appropriations include **a $0.9 million increase** in General Revenue Funds to **address high turnover** in 80.0 full-time-equivalent positions.

Appropriations include **a $0.3 million increase** in General Revenue Funds for **utility security oversight**.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations to the Public Utility Commission (PUC) for the 2020–21 biennium include an All Funds increase of $2.2 million from 2018–19 biennial spending levels. The increase is for the water and wastewater rate program, to include staffing for increased enforcement activities, the increased cost of the agency's hearings with the State Office of Administrative Hearings, and financial and managerial assistance for smaller and rural utilities; salary increases to address turnover for 80.0 positions; and utility cybersecurity oversight.

PROGRAMS

The agency regulates the state's electric, telecommunication, and water and wastewater utility industries through four major program areas: regulation; industry oversight; enforcement; and other program areas.

The regulation program oversees rates and services in the electric, telecommunication, and water and wastewater services utility industries. Regulation is the only program that crosses all three of the utility industries that the agency oversees. The program focuses primarily on providing rate regulation services to ensure that customers receive just and reasonable rates for their utilities. Of the total $14.6 million in appropriations to this program area, $7.4 million in General Revenue Funds is appropriated for electric utilities, $6.4 million in General Revenue–Dedicated Funds is appropriated for water and wastewater utilities, and $0.8 million in All Funds is appropriated for telecommunication utilities.

Industry oversight promotes awareness about changes and standards in the electric and telecommunication industries. The program encompasses electric and telecommunication utilities, and the majority of the resources are dedicated to oversight of the competitive electric market. Within the electric market, oversight consists of wholesale competition and retail competition for all customers of investor-owned utilities in the Electric Reliability Council of Texas (ERCOT), whose boundaries contain approximately 90.0 percent of the state's electric load, as shown in **Figure 348**. **Figure 349** shows the 20 most populous cities in Texas and the availability of retail competition in those cities. Overall, electric market oversight is allocated $8.1 million in General Revenue Funds of the total $9.0 million in All Funds appropriated to this program area, and the remaining $0.9 million in All Funds is dedicated to telecommunication market oversight

The enforcement program area oversees the investigation and resolution of potential noncompliance with the Texas Utilities Code among electric and telecommunication utilities. This area includes the agency's work related to audit and review, investigations, and notice of violations and administrative penalties. The program is appropriated a total of $5.2 million in All Funds for the 2020–21 biennium.

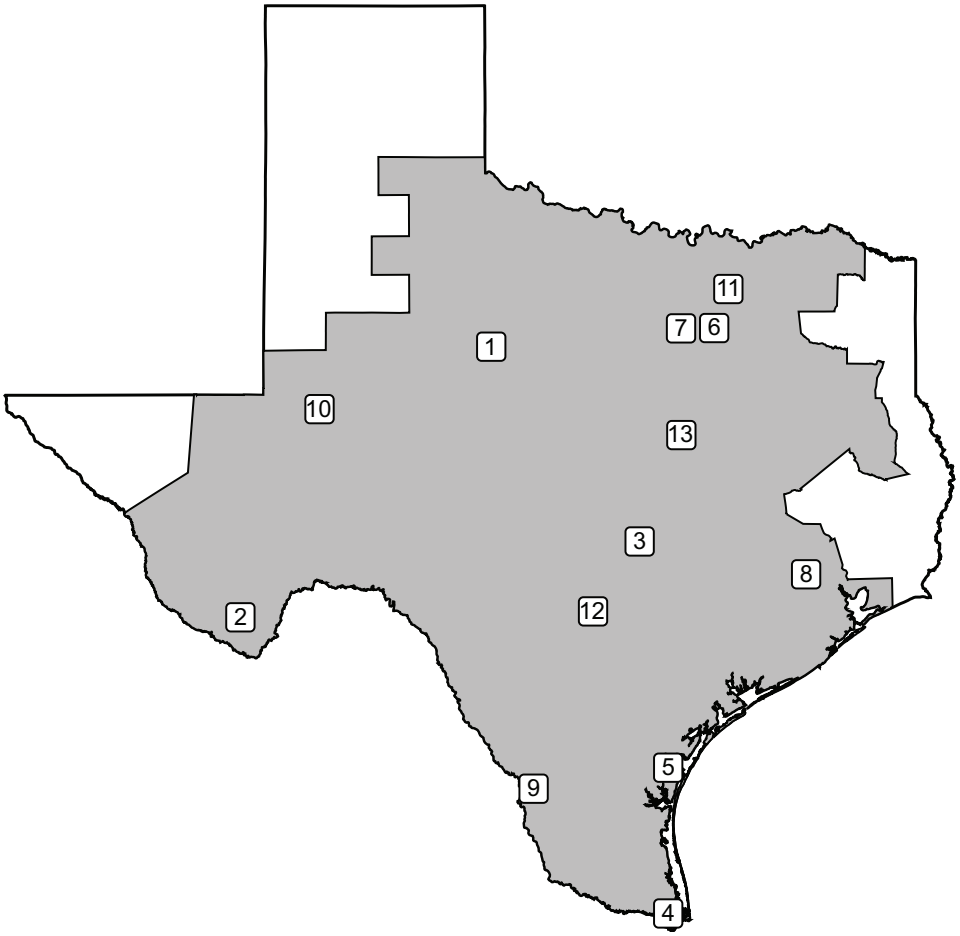
Other program areas include electric and telecommunication industry awareness, customer dispute resolution, and agency administration programs. Within other program areas, $2.1 million in All Funds is appropriated to promote consumer understanding of electric and telecommunication markets through the industry awareness program; $1.9 million in All Funds is appropriated to assist customers in resolving disputes with electric and telecommunication utilities through the consumer dispute resolution program; and $2.0 million in All Funds is appropriated to help support the agency's administrative functions.

SIGNIFICANT LEGISLATION

Senate Bill 64 – Cybersecurity monitoring of electric utilities. The legislation requires PUC to develop a program to coordinate cybersecurity monitoring of electric utilities, municipally owned utilities, electric cooperatives, and transmission distributions utilities. The legislation also requires ERCOT to conduct internal cybersecurity risk assessments and training and to report annually to PUC regarding compliance with cybersecurity laws.

Senate Bill 700 – Changes to the water rate-making program. The legislation makes significant changes to the water rate-making program by: (1) separating the B Classification of utilities into two groups; (2) authorizing PUC to streamline rate making through a system improvement charge; (3) extending temporary rates for troubled systems; and (4) increasing the cost-of-living adjustment for the smallest class of utilities. The legislation makes other changes to public notice of new rates and clarifies the respective emergency authorities of the Texas Commission on Environmental Quality and PUC.

FIGURE 348
ELECTRIC RELIABILITY COUNCIL OF TEXAS BOUNDARIES, FISCAL YEAR 2019



SELECTED CITIES SERVED BY ERCOT	
1	Abilene
2	Alpine
3	Austin
4	Brownsville
5	Corpus Christi
6	Dallas
7	Fort Worth
8	Houston
9	Laredo
10	Midland–Odessa
11	Plano
12	San Antonio
13	Waco

SOURCE: Electric Reliability Council of Texas (ERCOT).

FIGURE 349
AVAILABILITY OF RESIDENTIAL ELECTRIC CHOICE IN MOST POPULOUS TEXAS CITIES, AS OF SEPTEMBER 1, 2019

CITY	POPULATION	COMPETITION	CITY	POPULATION	COMPETITION
Houston	2,325,502	Yes	Lubbock	255,885	No
San Antonio	1,532,233	No	Irving	242,242	Yes
Dallas	1,345,074	Yes	Garland	242,507	Yes
Austin	964,254	No	Amarillo	199,924	No
Fort Worth	895,008	Yes	Grand Prairie	194,614	Yes
El Paso	682,669	No	Brownsville	183,392	No
Arlington	398,112	Yes	McKinney	191,645	Yes
Corpus Christi	326,554	Yes	Frisco	188,170	Yes
Plano	288,061	Yes	Pasadena	153,185	Yes
Laredo	261,639	Yes	Killeen	149,103	Yes

NOTE: Populations shown are based on U.S. Census Bureau 2018 estimates.
SOURCE: Public Utility Commission of Texas.

OFFICE OF PUBLIC UTILITY COUNSEL

PURPOSE: Ensure the availability of utility services at fair and reasonable rates by providing representation for Texas residential and small-business utility consumers in proceedings conducted by the Public Utility Commission, the Federal Energy Regulatory Commission, the Federal Communications Commission, and state and federal courts.

ESTABLISHED: 1983

AUTHORIZING STATUTE: The Texas Utilities Code, §13.001, and the Texas Water Code, §13.017

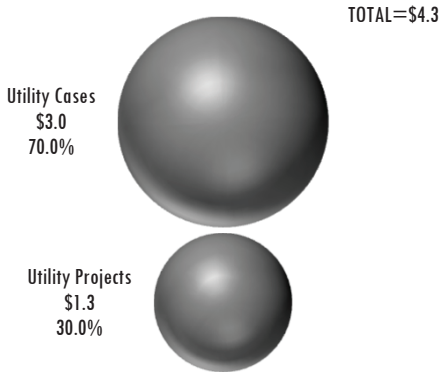
GOVERNANCE: Public Counsel—appointed by the Governor with the advice and consent of the Senate

FIGURE 350
OFFICE OF PUBLIC UTILITY COUNSEL BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3.3	$3.3	$0.0	0.0%
General Revenue–Dedicated Funds	$1.0	$1.0	$0.0	0.0%
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	**$4.3**	**$4.3**	**$0.0**	**0.0%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	20.5
2021	20.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations for the 2020–21 biennium remain constant with the 2018–19 biennial spending level.

The Office of Public Utility Counsel anticipates completing **30 cases** and **26 projects** during the 2020–21 biennium.

SOURCE: Legislative Budget Board.

MAJOR FUNDING AND PROGRAMS

The responsibility of the Office of Public Utility Counsel (OPUC) is to represent residential and small-business utility customers. This responsibility is carried out in two main program areas: (1) utility cases; and (2) utility projects. The agency represents customers of electric, telecommunication, and water and wastewater service utilities.

Participation in utility cases consists of providing representation for consumers in major utility cases for judicial proceedings, lawsuits, and other litigation. The agency completed 30 cases during fiscal year 2019 and anticipates completing 30 cases during each fiscal year of the 2020–21 biennium. This program area is appropriated $3.0 million in General Revenue Funds and General Revenue–Dedicated Funds and 16.5 full-time-equivalent (FTE) positions.

Participation in projects consists of the agency's nonlegal representation work in rule-making proceedings. These proceedings include those in which utility regulators adopt rules or regulations for competitive issues, consumer safeguards, rate making, and new or advanced technologies and services. The agency completed 26 projects during fiscal year 2019 and anticipates completing 26 projects during each fiscal year of the 2020–21 biennium. This program area is appropriated $1.3 million in General Revenue Funds and General Revenue–Dedicated Funds and 4.0 FTE positions. Appropriations for OPUC are the same as the 2018–19 biennial spending level.

HEALTH-RELATED LICENSING AGENCIES

PURPOSE: Health-related licensing boards and commissions regulate certain occupations and industries within the state of Texas. Agencies ensure licensee qualifications and standards are met and that quality of care is maintained through licensing and enforcement programs.

ESTABLISHED: Varies; 1907–2019

AUTHORIZING STATUTE: Varies; the Texas Occupations Code, Chapters 101, 152, 201, 252, 301, 351, 452, 501, 507, 552, 651, 801

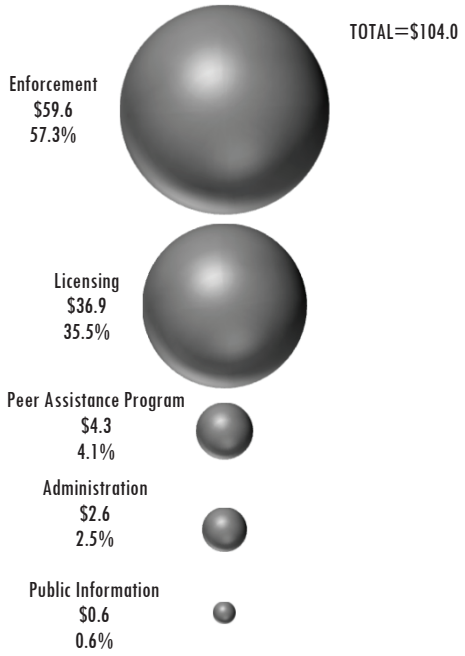
GOVERNANCE: Varies; typically appointed by the Governor with advice and consent of the Senate

FIGURE 351
HEALTH-RELATED LICENSING AGENCIES BY METHOD OF FINANCE

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19 (IN MILLIONS)	APPROPRIATED 2020–21 (IN MILLIONS)	BIENNIAL CHANGE (IN MILLIONS)	PERCENTAGE CHANGE
General Revenue Funds	$80.4	$84.8	$4.4	5.5%
General Revenue–Dedicated Funds	$7.1	$6.2	($0.9)	(13.0%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$13.1	$13.0	($0.2)	(1.2%)
Total, All Methods of Finance	**$100.7**	**$104.0**	**$3.3**	**3.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	607.2
2021	656.2

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

The Texas Medical Board, Funeral Service Commission, and Board of Examiners of Psychologists **were reviewed through the Sunset process,** and **the Texas Medical Board and Funeral Service Commission were continued for 12 years**.

House Bill 1501, Eighty-sixth Legislature, 2019, **abolished the Board of Examiners of Psychologists**; established a new agency, the Texas Behavioral Health Executive Council; and transferred the regulation of psychology, marriage and family therapy, counseling, and social work to the new agency.

The Board of Pharmacy received an increase of $6.1 million in supplemental appropriations for fiscal year 2019 for the Prescription Monitoring Program pursuant to Senate Bill 500, Eighty-sixth Legislature, 2019. The Board of Pharmacy is authorized to spend the supplemental appropriation for two calendar years following the bill's enactment.

Four health-related licensing agencies received **an increase of $0.3 million** in General Revenue Funds for the **Peer Assistance program,** which assists practitioners with mental health diagnoses and substance abuse.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Health-related licensing agencies include the following 11 agencies: the Behavioral Health Executive Council, the Board of Chiropractic Examiners, the Texas State Board of Dental Examiners, the Funeral Service Commission, the Texas Medical Board, the Texas Board of Nursing, the Optometry Board, the Board of Pharmacy, the Executive Council of Physical Therapy and Occupational Therapy Examiners, the Board of Examiners of Psychologists, and the Board of Veterinary Medical Examiners. Additionally, funding for the Health Professions Council (HPC), which coordinates regulatory efforts with the 11 health-related licensing agencies and four nonhealth-related licensing agencies, is included in this section.

The 11 health-related licensing agencies are subject to a legislative requirement that fee-generated revenues cover the cost of agency appropriations and other direct and indirect costs appropriated elsewhere in the General Appropriations Act. These agencies generate revenue from the regulated occupations and industries in addition to these direct and indirect amounts, and the excess revenue is deposited to the state Treasury for use in funding other programs across the state.

All Funds appropriations for these agencies for the 2020–21 biennium increased by $3.2 million and 75.5 full-time-equivalent (FTE) positions. The salary authority for exempt positions increased for each health-related regulatory agency without additional funding appropriated with the exception of the Texas Board of Nursing, which was appropriated $42,030 in General Revenue Funds for this purpose. Other significant funding changes include an increase of $2.0 million in General Revenue Funds for staff salary increases at six agencies, including the Board of Chiropractic Examiners, the Texas State Board of Dental Examiners, the Funeral Service Commission, the Texas Board of Nursing, the Optometry Board, and the Board of Pharmacy. Three health-related agencies received funding for increased costs with the Health Professions Council, and appropriations were increased for several agencies for information technology projects.

The Eighty-sixth Legislature, 2019, evaluated the Board of Examiners of Psychologists (BEP) through the Sunset review process. House Bill 1501, Eighty-sixth Legislature, 2019, established the Behavioral Health Executive Council (BHEC) effective September 1, 2019. The legislation continued BEP and three boards administratively attached to the Health and Human Services Commission (HHSC), including the Texas Board of Marriage and Family Therapists, the Texas Board of Examiners of Professional Counselors, and the Texas State Board of Social Worker Examiners for fiscal year 2020. The legislation abolished BEP and the three boards at HHSC for fiscal year 2021 and transferred the regulation of psychology, marriage and family therapy, social work, and counseling to BHEC effective September 1, 2020.

BHEC is appropriated funding for fiscal year 2020 for start-up costs of $0.9 million in General Revenue Funds and 0.5 FTE position to hire an executive director for half of the fiscal year. For fiscal year 2021, BEP and the three boards at HHSC are abolished, and funding for the regulation of psychology, marriage and family therapy, social work, and counseling is included at BHEC for fiscal year 2021 in addition to an additional $1.0 million in General Revenue Funds appropriated to BHEC for fiscal year 2021. BHEC is appropriated 64.0 FTE positions for fiscal year 2021, which includes 14.5 positions transferring from BEP, 45.5 positions transferring from HHSC, and 4.0 positions appropriated to BHEC.

Aside from the Board of Examiners of Psychologists, the Eighty-sixth Legislature, 2019, evaluated the Texas Medical Board and Funeral Service Commission through the Sunset review process and continued both agencies for 12 years.

PROGRAMS

Health-related licensing agencies enforce occupational code and practice standards for certain professions through five major program areas: (1) enforcement; (2) licensing; (3) peer assistance programs; (4) administration; and (5) public information. **Figure 352** shows certain agency performance measures, FTE positions, and funding from fiscal years 2017 to 2021 for each of the health-related licensing agencies.

Enforcement activities include routine inspections of facilities, investigating patient complaints about a licensee or quality of care, and suspending or revoking licenses of violators of the agency's practices standards. Appropriations for enforcement programs at the health-related licensing agencies total $59.6 million for the 2020–21 biennium.

Health-related licensing agencies ensure licensee qualifications and practice standards for the regulated professions. Licensing activities include verifying credentials of applicants and facilities, updating licensee databases, and ensuring that continuing education requirements and ethical standards are met. Appropriations for licensing

FIGURE 352
HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING, FISCAL YEARS 2017 TO 2021

AGENCY	2017 EXPENDED	2018 ESTIMATED	2019 BUDGETED	2020 APPROPRIATED	2021 APPROPRIATED
Behavioral Health Executive Council (2)					
Licenses Issued (Individuals)	N/A	N/A	N/A	N/A	9,400
Complaints Resolved	N/A	N/A	N/A	N/A	130
All Funds Total	N/A	N/A	N/A	$885,008	$3,745,905
Full-time-equivalent (FTE) Positions	N/A	N/A	N/A	0.5	64.0
Board of Chiropractic Examiners					
Licenses Issued (Individual)	6,678	6,914	3,416	6,450	6,450
Licenses Issued (Facilities)	4,615	N/A	N/A	N/A	N/A
Complaints Resolved	517	189	206	350	350
All Funds Total	$870,681	$843,951	$843,950	$888,982	$888,983
FTE Positions	12.2	10.0	12.0	13.0	13.0
Texas State Board of Dental Examiners					
Licenses Issued (Individual)	83,276	80,831	74,979	77,925	77,925
Licenses Issued (Facilities)	808	823	802	850	850
Complaints Resolved	892	1,011	1,080	1,000	1,000
All Funds Total	$4,254,716	$4,266,984	$4,465,049	$4,700,008	$4,569,985
FTE Positions	50.8	49.3	57.0	59.0	59.0
Funeral Service Commission					
Licenses Issued (Individual)	2,650	2,701	2,844	2,630	2,630
Licenses Issued (Facilities)	1,598	1,426	1,740	830	830
Complaints Resolved	146	130	123	100	100
All Funds Total	$826,185	$834,366	$834,367	$858,366	$858,367
FTE Positions	11.1	10.4	11.0	12.0	12.0
Texas Medical Board (1)					
Licenses Issued (Individuals)	120,424	123,161	128,750	119,278	119,514
Licenses Issued (Facilities)	2,725	1,628	1,525	1,200	1,200
Complaints Resolved	1,644	1,655	1,771	1,948	1,948
All Funds Total	$13,955,391	$13,854,082	$13,655,324	$14,470,080	$14,583,695
FTE Positions	193.1	188.0	208.5	217.5	217.5
Texas Board of Nursing					
Licenses Issued (Individuals)	221,121	224,375	231,506	228,500	234,500
Complaints Resolved	16,227	13,501	13,360	16,000	16,000
All Funds Total	$11,407,576	$12,731,958	$12,793,009	$13,194,249	$13,194,252
FTE Positions	111.0	111.9	124.7	125.7	125.7
Optometry Board					
Licenses Issued (Individuals)	4,708	4,785	4,895	4,449	4,449
Complaints Resolved	116	134	141	140	140
All Funds Total	$476,055	$501,642	$495,995	$508,267	$508,268
FTE Positions	6.7	6.3	7.0	7.0	7.0

FIGURE 352 (CONTINUED)
HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING, FISCAL YEARS 2017 TO 2021

AGENCY	2017 EXPENDED	2018 ESTIMATED	2019 BUDGETED	2020 APPROPRIATED	2021 APPROPRIATED
Board of Pharmacy (1)(3)					
Licenses Issued (Individual)	102,941	103,564	120,119	104,070	104,775
Licenses Issued (Facilities)	8,084	8,170	8,210	8,250	8,250
Complaints Resolved	5,897	6,487	5,694	5,420	5,420
All Funds Total	$8,628,894	$9,437,047	$15,340,192	$10,500,683	$10,501,248
FTE Positions	92.0	92.5	98.0	110.0	110.0
Executive Council of Physical Therapy and Occupational Therapy Examiners					
Licenses Issued (Individuals)	16,383	21,015	22,600	20,050	20,200
Complaints Resolved	677	637	674	720	755
All Funds Total	$1,434,351	$1,425,218	$1,506,680	$1,422,473	$1,422,475
FTE Positions	19.5	19.9	20.0	20.0	20.0
Board of Examiners of Psychologists (2)					
Licenses Issued (Individuals)	9,489	9,849	10,111	9,400	N/A
Complaints Resolved	167	83	127	130	N/A
All Funds Total	$896,436	$893,459	$952,212	$942,113	N/A
FTE Positions	13.0	13.0	13.5	13.5	N/A
Board of Veterinary Medical Examiners					
Licenses Issued (Individuals)	9,855	9,672	10,770	10,900	10,900
Complaints Resolved	375	208	213	430	430
All Funds Total	$1,074,540	$1,309,269	$1,306,816	$1,443,792	$1,439,791
FTE Positions	16.6	16.4	22.0	21.0	21.0

NOTES:
(1) Licenses Issued is the sum of new and renewal numbers for licenses and registrations that are reported as key performance measures and included in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium. The data for Licenses Issued (Individual) shown for the Texas Medical Board, Board of Nursing, and Board of Pharmacy and Licenses Issued (Facilities) for the Texas Medical Board include license types issued that are not captured in key performance measures.
(2) Data show changes pursuant to House Bill 1501, Eighty-sixth Legislature, 2019, for the Board of Examiners of Psychologists and Behavioral Health Executive Council. Performance measures shown for the Behavioral Health Executive Council include targets related only to the regulation of psychology.
(3) Senate Bill 500, Eighty-sixth Legislature, 2019, provided a supplemental appropriation of $6.1 million in General Revenue Funds for fiscal year 2019 to the Board of Pharmacy. Supplemental funding is appropriated during fiscal year 2019, and the Board of Pharmacy is authorized to spend the appropriations for two annual years following the enactment of Senate Bill 500 on June 6, 2019.
SOURCES: Legislative Budget Board; Board of Chiropractic Examiners; Texas State Board of Dental Examiners; Funeral Service Commission; Texas Medical Board; Texas Board of Nursing; Optometry Board; Board of Pharmacy; Executive Council of Physical Therapy and Occupational Therapy Examiners; Board of Podiatric Medical Examiners; Board of Examiners of Psychologists; Board of Veterinary Medical Examiners.

programs at health-related licensing agencies total $36.9 million for the 2020–21 biennium.

The Board of Pharmacy manages the Prescription Monitoring Program (PMP), which collects and monitors prescription data for controlled substances for prescribers, pharmacies, and patients through an online database. All pharmacists and prescribers, with the exception of veterinarians, are required to check patient history in the PMP database before prescribing or dispensing certain controlled substances beginning March 1, 2020. Six health-related licensing agencies and one nonhealth-related agency, including the Texas Medical Board, the Optometry Board, the Texas State Board of Dental Examiners, the Texas Board of Nursing, the Board of Veterinary Medical Examiners, the Texas Department of Licensing and Regulation, and the Board of Pharmacy contribute to the funding of the PMP. Appropriations for the PMP total 14.0 FTE positions and $5.2 million in General Revenue Funds for the 2020–21 biennium. Senate Bill 500, Eighty-sixth Legislature, 2019,

the supplemental appropriations bill, increased funding to the Board of Pharmacy for the PMP by $6.1 million in General Revenue Funds for fiscal year 2019. Supplemental funding is appropriated during fiscal year 2019, and the Board of Pharmacy is authorized to spend the appropriations for two calendar years following the enactment of Senate Bill 500 on June 6, 2019.

Certain health-related licensing agencies participate in peer assistance programs for licensees with impairments, such as chemical abuse or dependency and certain mental health diagnoses, to receive treatment and monitoring before returning to work. Agencies that participate in the peer assistance programs include the following: the Texas Board of Nursing, Board of Pharmacy, Optometry Board, Texas State Board of Dental Examiners, and Board of Veterinary Medical Examiners. The Texas Medical Board operates the Texas Physician Health program, which is similar in function to other health-related agencies' peer assistance programs but is attached administratively to the Texas Medical Board. Appropriations for peer assistance programs total $4.3 million for the 2020–21 biennium. These appropriations are subject to a provision in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, requiring state agencies with behavioral health appropriations to participate in the Statewide Behavioral Health Coordinating Council, which was established to coordinate the expenditure of funds for behavioral health programs across the state.

HPC provides shared support for participating agencies, including information technology support, accounting, and training. Appropriations for HPC shared support services total $2.6 million for the 2020–21 biennium and are funded through Interagency Contracts with the participating health-related and nonhealth-related licensing agencies.

The Texas Medical Board also oversees the public education program, which assists in establishing continuing education standards and educating the public regarding medical malpractice. Appropriations for the public education program total $0.6 million for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 1501 – Establishes the Texas Behavioral Health Executive Council and continues and transfers the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to the Texas Behavioral Health Executive Council. The Sunset legislation for the Board of Examiners of Psychologists, the Texas Board of Marriage and Family Therapists, the Texas Board of Examiners of Professional Counselors, and the Texas State Board of Social Worker Examiners abolished the Board of Examiners of Psychologists and the three other boards that were attached administratively to the Health and Human Services Commission. The legislation established the Texas Behavioral Health Executive Council, transferred the regulation of psychologists, marriage and family therapists, professional counselors, and social workers to the new agency, and continues the new agency until September 1, 2029.

House Bill 1504 – Continuation and functions of the Texas Medical Board. The Texas Medical Board's Sunset legislation continues the agency until September 1, 2031. The legislation requires acupuncturist and surgical assistant applicants for licensure to submit information for a fingerprint criminal background check. The legislation requires the agency to establish an expedited licensure process for certain applicants and establishes a new certificate type for Radiology Assistants. The legislation requires the Texas Physician Health Program to enter into and adopt a memorandum of understanding with the Texas Medical Board.

House Bill 1540 – Continuation and functions of the Funeral Service Commission. The Funeral Service Commission's Sunset legislation continues the agency until September 1, 2031. The legislation discontinues regulation of nonperpetual-care cemeteries and requires the agency to adopt a staggered licensure renewal process.

OTHER REGULATORY AGENCIES

PURPOSE: Other regulatory agencies consist of the Board of Professional Geoscientists, the Board of Professional Land Surveying, and the Board of Plumbing Examiners, which oversee the regulation of certain occupations within Texas. Agencies ensure licensee qualifications and standards are maintained through licensing and enforcement programs.

ESTABLISHED: Geoscientists – 2001, Land Surveying – 1979, Plumbing – 1947

AUTHORIZING STATUTE: The Texas Occupations Code, §§1002.001, 1071.001, and 1301.001

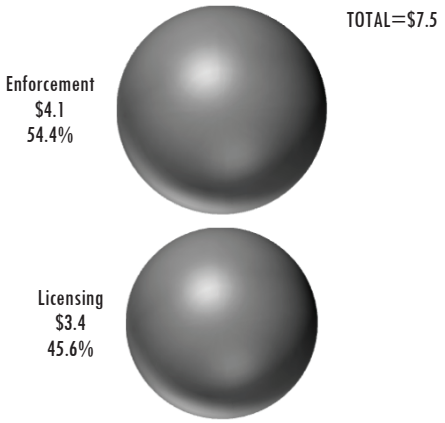
GOVERNANCE: Nine-member boards, typically appointed by the Governor with advice and consent of the Senate

FIGURE 353
OTHER REGULATORY AGENCIES BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$7.3	$7.4	$0.1	1.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.1	$0.1	($0.0)	(13.7%)
Total, All Methods of Finance	**$7.4**	**$7.5**	**$0.1**	**1.3%**

APPROPRIATED FULL-TIME-EQUIVALENT POSITIONS	
2020	51.5
2021	45.5

AGENCY PROGRAM AREAS BY APPROPRIATION (IN MILLIONS)



SIGNIFICANT DEVELOPMENTS

Appropriations include an increase of **$47,751 and 1.0 full-time-equivalent (FTE) position** at the Board of Professional Geoscientists.

The Board of Professional Land Surveying receives an appropriation for fiscal year 2020. The agency will merge with the Board of Professional Engineering in fiscal year 2021 to form the **Board of Professional Engineers and Land Surveyors, a new self-directed, semi-independent state agency** with funding outside the state Treasury.

Funding at the Board of Plumbing Examiners includes an increase of **$0.5 million and 7.0 FTE positions** for an accountant, two customer service representatives, the establishment of the agency's new Consumer Education and Public Awareness program, and certain information technology enhancements.

SOURCE: Legislative Budget Board.

MAJOR FUNDING

Other regulatory agencies include the Board of Professional Geoscientists, the Board of Professional Land Surveying, and the Board of Plumbing Examiners. These three agencies participate in shared services through the Health Professions Council. All Funds appropriations for these agencies for the 2020–21 biennium increased by $0.1 million and 2.0 full-time-equivalent (FTE) positions.

The Sunset Advisory Commission reviewed these three agencies during the 2018–19 biennium. House Bill 1311, Eighty-sixth Legislature, 2019, relating to the continuation and functions of the Texas Board of Professional Geoscientists (TBPG), continued the agency until September 1, 2025. Appropriations for TBPG increased by $47,751 in All Funds and 1.0 FTE position.

House Bill 1523, Eighty-sixth Legislature, 2019, established the Texas Board of Professional Engineers and Land Surveyors (TBPELS), a new self-directed, semi-independent (SDSI) state agency, and transferred the regulation of land surveyors to the new agency. The Board of Professional Land Surveying is appropriated funding and FTE positions only for fiscal year 2020. Appropriations for the Board of Professional Land Surveying include a decrease of $0.5 million in All Funds and 6.0 FTE positions. TBPELS will be an SDSI agency required to set fees in an amount to cover the costs of regulation and will not be appropriated any state funds.

The Eighty-sixth Legislature failed to pass Senate Bill 621, relating to the transfer of the regulation of plumbing to the Texas Department of Licensing and Regulation, the Sunset bill for the State Board of Plumbing Examiners (TSBPE). The Governor's issuance of Executive Order No. GA-06, relating to necessary assistance from qualified plumbers with disaster recovery and preparedness, resulted in the continuation of the TSBPE through May 31, 2021. Appropriations for TSBPE include an increase of $0.5 million in All Funds and 7.0 FTE positions. This amount includes an increase of $0.3 million for 1.0 accountant and 2.0 customer service positions and the establishment of the agency's new Consumer Education and Public Awareness program, with a corresponding new strategy, which includes an increase of $0.3 million in All Funds and 3.0 FTE positions.

These three regulatory agencies are subject to a legislative requirement that fee-generated revenues cover the cost of agency appropriations and other direct and indirect costs appropriated in the General Appropriations Act. These agencies generate revenue from the regulated occupations and industries in addition to direct and indirect appropriations, and the excess revenue is deposited to the state Treasury for use in funding other programs across the state. Beginning in fiscal year 2021, as a result of the abolishment of the Board of Professional Land Surveying, professional fees from land surveyors will no longer be collected and deposited into the state Treasury.

PROGRAMS

These three regulatory agencies enforce occupational code and practice standards for certain professions through two major program areas: licensing and enforcement. **Figure 354** shows total appropriations and FTE positions for each agency and certain performance measures related to the agency's licensing and enforcement programs.

Licensing activities include verifying credentials of applicants and facilities, updating licensee databases, and ensuring that continuing education requirements and ethical standards are met. Appropriations for licensing programs at these three regulatory agencies total $3.7 million in All Funds for the 2020–21 biennium.

Enforcement activities include routine inspections of facilities, investigating consumer complaints about licensees or quality of services, and suspending or revoking licenses for violations of the agency's standards. Appropriations for enforcement programs at these agencies total $3.5 million in All Funds for the 2020–21 biennium.

SIGNIFICANT LEGISLATION

House Bill 1311 – Continuing the Texas Board of Professional Geoscientists. The Sunset legislation continued the agency until September 1, 2025.

House Bill 1523 – Sunset legislation relating to the transfer of the regulation of land surveyors to the Texas Board of Professional Engineers and Land Surveyors, resulted in the abolishment of the Board of Professional Land Surveying. The legislation merged the Board of Professional Land Surveying with the Board of Professional Engineers, and established the new Board of Professional Engineers and Land Surveyors, which maintains a self-directed, semi-independent status outside of the state Treasury.

FIGURE 354
OTHER REGULATORY AGENCIES PERFORMANCE AND FUNDING, FISCAL YEARS 2017 TO 2021

AGENCY	2017 EXPENDED	2018 ESTIMATED	2019 BUDGETED	2020 APPROPRIATED	2021 APPROPRIATED
Board of Professional Geoscientists					
Number of Licensees	4,029	3,844	3,614	4,200	4,200
Complaints Resolved	77	61	22	40	40
All Funds Total	$569,021	$574,212	$569,310	$595,636	$595,637
Full-time-equivalent Positions	6.3	5.8	6.5	7.5	7.5
Board of Professional Land Surveying					
Number of Licensees (1)	2,850	2,840	2,774	3,056	N/A
Complaints Resolved	26	64	122	25	N/A
All Funds Total	$439,185	$480,992	$480,607	$480,608	$0
Full-time-equivalent Positions	5.1	5.3	6.0	6.0	0.0
Board of Plumbing Examiners					
Number of Licensees (1)	57,765	57,040	56,499	59,500	60,500
Complaints Resolved	1,031	889	1,041	1,000	1,020
All Funds Total	$2,611,634	$2,673,034	$2,640,078	$2,931,840	$2,914,356
Full-time-equivalent Positions	29.9	25.4	31.0	38.0	38.0

NOTE: (1) The number of licensees is a sum of these agencies' key performance measures for new and renewal licenses.
SOURCES: Legislative Budget Board; Board of Professional Geoscientists; Board of Professional Land Surveying; Board of Plumbing Examiners.

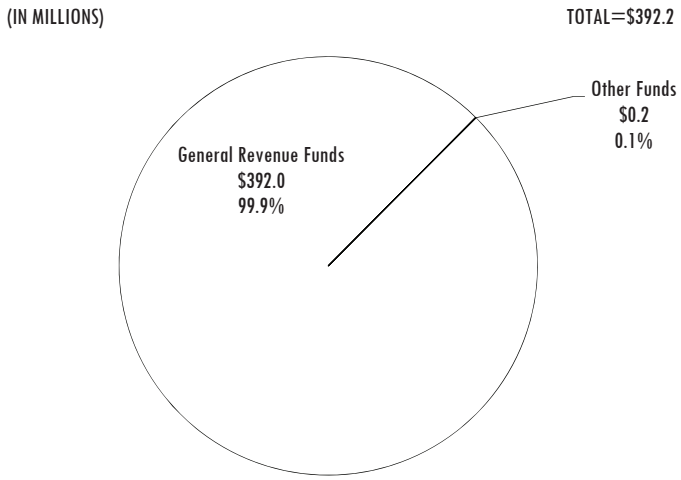
12. LEGISLATURE

All powers of the state's legislative branch are vested in the Texas Senate and the Texas House of Representatives. The Legislature convenes biennially in Austin for a 140-day regular session, beginning on the second Tuesday in January of each odd-numbered year, to conduct a regular order of business outlined in the state constitution. Appropriations support the operations of these entities and six other legislative entities, which include the Legislative Budget Board, Legislative Council, Sunset Advisory Commission, Commission on Uniform State Laws, State Auditor's Office, and the Legislative Reference Library.

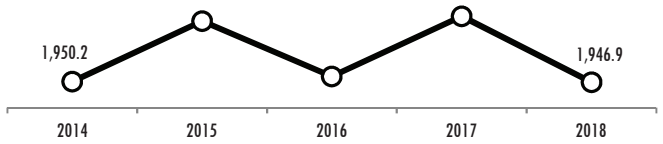
FIGURE 355
ARTICLE X – LEGISLATURE, BY METHOD OF FINANCE

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$392.7	$392.0	($0.7)	(0.2%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.1	$0.2	$0.1	133.0%
Total, All Methods of Finance	**$392.8**	**$392.2**	**($0.6)**	**(0.2%)**

SHARE OF FUNDING BY METHOD OF FINANCE (IN MILLIONS)



FULL-TIME-EQUIVALENT POSITIONS



SIGNIFICANT DEVELOPMENTS

The Legislature passed 1,429 of 7,324 filed **bills** and **10 of 217 joint resolutions (JR)** during the Eighty-sixth Legislature, 2019. In addition, **125 of 254 concurrent resolutions** and **3,017 of 3,082 resolutions were passed.** The Legislative Council drafted **11,564 bills and JRs** requested by the Legislature.

The Legislative Budget Board (LBB) completed **8,523 Fiscal Notes and 718 Impact Statements,** and produced **36 Performance Reviews**. In addition, the LBB conducted **five School Performance Reviews** containing almost **250 recommendations**.

The **Sunset Advisory Commission's** enacted recommendations are expected to have a negative fiscal impact to the state of **$4.6 million** for the 2020–21 biennium. In addition, **the agency** will conduct **21 reviews** during the interim.

The State Auditor's Office Audit and Review Team **completed 52 audits of and other projects** related to state agencies, higher education institutions, and other entities **during fiscal year 2019.**

NOTES: Excludes Interagency Contracts. Full-time-equivalent positions show actual positions for fiscal years 2014 to 2018.
SOURCES: Legislative Budget Board; State Auditor's Office.

FIGURE 356
ARTICLE X – LEGISLATURE, ALL FUNDS

(IN MILLIONS) FUNCTION	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$67.9	$69.9	$2.0	2.9%
House of Representatives	$88.4	$90.4	$2.0	2.2%
Legislative Budget Board	$23.4	$27.4	$3.9	16.7%
Legislative Council	$81.2	$87.2	$6.0	7.4%
Commission on Uniform State Laws	$0.3	$0.3	$0.0	0.0%
Sunset Advisory Commission	$0.0	$4.5	$4.5	N/A
State Auditor's Office	$44.9	$25.6	($19.3)	(43.0%)
Legislative Reference Library	$3.1	$3.1	$0.0	0.1%
Subtotal, Legislature	**$309.3**	**$308.3**	**($1.0)**	**(0.3%)**
Retirement and Group Insurance	$73.5	$76.0	$2.6	3.5%
Social Security and Benefits Replacement Pay	$17.1	$17.2	$0.1	0.5%
Lease Payments	$3.7	$0.0	($3.7)	(100.0%)
Subtotal, Employee Benefits and Debt Service	**$94.3**	**$93.2**	**($1.1)**	**(1.1%)**
Less Interagency Contracts	$10.8	$9.4	($1.4)	(13.4%)
Total, All Functions	**$392.8**	**$392.2**	**($0.6)**	**(0.2%)**

NOTES:
(1) Excludes Interagency Contracts.
(2) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, totals may not sum due to rounding.
(3) Amounts shown represent only direct appropriations. Appropriation transfers authorized by rider from the House of Representatives and the Senate to the Legislative Budget Board are represented in appropriations to the House and the Senate.
SOURCE: Legislative Budget Board.

MAJOR FUNDING

Appropriations made to the Legislature total $392.2 million in All Funds for the 2020–21 biennium, a decrease of $0.6 million, or 0.2 percent, from the 2018–19 biennial spending level. These appropriations primarily include the following changes:

- a decrease of $19.3 million in General Revenue Funds for the State Auditor's Office, potentially offset by the availability of up to $18.0 million in unexpended balances that are accessible without approval of the agency's governing board;
- an increase of $6.0 million in General Revenue Funds for the Legislative Council for redistricting and Capitol Complex telecommunications upgrades;
- an increase of $4.5 million in General Revenue Funds for the Sunset Advisory Commission, replacing the previous funding method of transfers from the House of Representatives and the Senate with a direct appropriation;
- an increase of $3.9 million in General Revenue Funds for the Legislative Budget Board, replacing the previous funding method of transfers from the House and the Senate with a direct appropriation for fiscal year 2020;
- an increase of $4.0 million, $2.0 million each, in General Revenue Funds for the House and the Senate; and
- a decrease of $3.7 million in General Revenue Funds for lease payments.

SENATE

The Senate consists of 31 senators elected to staggered four-year terms of office. Its primary duties include legislating all Texas laws and resolutions, approving the state budget, submitting all constitutional amendments to Texas voters, confirming most gubernatorial appointees, and electing a President pro tempore from its members. This person performs the duties of the Lieutenant Governor in his or her absence or incapacitation at the beginning and ending of each legislative session. The Lieutenant Governor, the presiding officer (President) of the Senate, is elected statewide and serves a four-year term. The Secretary of the Senate, elected by Senate members, is the chief executive administrator and is in charge of central Senate operations. Appropriations for the 2020–21 biennium to fund Senate operations total $69.9 million in General Revenue Funds, an increase of $2.0 million, or 2.9 percent, from the 2018–19 biennial spending level.

The Lieutenant Governor appoints all committee chairs and members of Senate standing and select committees, and refers bills to the committees. Approximately 19 standing, select, interim, and joint committees study selected topics, or charges, assigned by the Lieutenant Governor between legislative sessions and receive bills for hearing and referral back to the full Senate for consideration during the session. **Figure 357** shows the number of bills and resolutions filed, passed, and vetoed during the Eighty-sixth Legislature, 2019. The Senate passed 463 bills and joint resolutions, or 17.6 percent of the 2,629 bills and joint resolutions filed by the Senate. These amounts exclude 862 resolutions, which were passed in honor or acknowledgement of individuals and entities. Fifteen bills originating in the Senate were vetoed by the Governor.

HOUSE OF REPRESENTATIVES

The House of Representatives consists of 150 representatives elected during even-numbered years to two-year terms of office. At the beginning of each regular legislative session, the House elects the Speaker of the House from its members to serve as the presiding officer. Primary duties of the House of Representatives include legislating all Texas laws and resolutions, submitting all constitutional amendments for voter approval, and approving the state budget. In addition, all legislation that increases state taxation must originate in the House. Appropriations for 2020–21 biennium for the operations of the House of Representatives total $90.4 million in General Revenue Funds, an increase of $2.0 million, or 2.2 percent, from the 2018–19 biennial spending level.

The Speaker appoints all chairs and members of House standing and select committees and refers all bills to the committees for consideration. House committees, including 38 standing, select, and joint committees, study selected topics, or charges, assigned by the Speaker between legislative sessions and receive bills for hearing and referral back to the full House for consideration during the legislative session. **Figure 357** shows the number of bills and resolutions filed, passed, and vetoed during the Eighty-sixth Legislature, 2019. The House passed 976 bills and joint resolutions, or 19.9 percent of the 4,912 bills and joint resolutions filed by the House. These amounts exclude 2,155 resolutions, which are passed in honor or acknowledgement of individuals and entities. Among bills originating in the House, 41 bills were vetoed by the Governor.

FIGURE 357
LEGISLATION FILED, PASSED, AND VETOED FOR THE LEGISLATIVE SESSIONS, FISCAL YEARS 2015 TO 2019

	84TH LEGISLATURE			85TH LEGISLATURE			86TH LEGISLATURE			CHANGE FROM 85TH TO 86TH LEGISLATURES		
CHAMBER	FILED	PASSED	VETOED	FILED	PASSED	VETOED	FILED	PASSED	VETOED	FILED	PASSED	VETOED
Senate												
Bills	2,069	504	9	2,420	517	15	2,559	460	15	139	(57)	0
Concurrent Resolutions	52	32	0	65	29	0	68	23	0	3	(6)	0
Joint Resolutions	67	5	0	68	6	0	70	3	0	2	(3)	0
Resolutions	1,074	1,072	0	1,124	1,122	0	865	862	0	(259)	(260)	0
Senate Total	**3,262**	**1,613**	**9**	**3,677**	**1,674**	**15**	**3,562**	**1,608**	**15**	**(115)**	**(326)**	**0**
House												
Bills	4,207	819	34	4,719	706	36	4,765	969	41	46	263	5
Concurrent Resolutions	122	68	1	159	70	0	186	102	2	27	32	2
Joint Resolutions	133	2	0	153	3	0	147	7	0	(6)	4	0
Resolutions	3,632	3,581	0	3,209	3,175	0	2,707	2,155	0	(992)	(1,020)	0
House Total	**8,094**	**4,470**	**35**	**8,240**	**3,954**	**36**	**8,307**	**4,253**	**43**	**925**	**721**	**7**
Senate and House												
Bills	6,276	1,323	43	7,139	1,223	51	7,324	1,429	56	185	206	5
Concurrent Resolutions	174	100	1	224	99	0	254	125	2	30	26	2
Joint Resolutions	200	7	0	221	9	0	217	10	0	(4)	1	0
Resolutions	4,706	4,653	0	4,333	4,297	0	3,082	3,017	0	(1,251)	(1,280)	0
Total	**11,356**	**6,083**	**44**	**11,917**	**5,628**	**51**	**10,877**	**4,581**	**58**	**(1,040)**	**(1,047)**	**7**

SOURCE: Legislative Reference Library.

LEGISLATIVE BUDGET BOARD

The Legislative Budget Board (LBB) is a permanent joint committee made up of 10 members including the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the House Committee on Appropriations, the chair of the House Committee on Ways and Means, the chair of the Senate Finance Committee, three members of the Senate appointed by the Lieutenant Governor, and two members of the House of Representatives appointed by the Speaker. The board is assisted by the LBB Director and staff.

The agency serves the analysis and fiscal policy needs of the Texas Legislature through a range of responsibilities required in general law, directed by the General Appropriations Act, and designated by the Board and its staff. LBB also provides a range of services and informative documents to serve and keep the Legislature informed about significant budget and performance developments among state agencies.

Funding for LBB for the 2020–21 biennium is provided through a direct appropriation of $27.4 million in General Revenue Funds. Additionally, General Revenue Funds appropriated to the Senate and House of Representatives are authorized by rider to be transferred to a special operating account for fiscal year 2021. Appropriated transfers for the 2020–21 biennium total $3.9 million, for a total biennial budget of $31.2 million.

AGENCY RESPONSIBILITIES

Significant statutory responsibilities for LBB established in various sections of the Texas Government Code include the following duties:

- the adoption of a constitutional spending limit;
- preparing a General Appropriations Bill draft;
- preparing a budget estimates document;
- preparing fiscal notes and impact statements;
- reporting findings from performance and efficiency reviews;
- guiding, reviewing, and finalizing agency strategic plans; and
- taking necessary budget execution actions.

ADOPTION OF A CONSTITUTIONAL SPENDING LIMIT

At the beginning of a legislative session, LBB must determine the amount of appropriations that can be made from state tax revenue not dedicated by the constitution that is within the limit established by the estimated rate of growth of the state's economy. The Texas Government Code, Chapter 316, requires that the rate of growth of appropriations for a biennium from state tax revenue not dedicated by the constitution may not exceed the estimated growth of the state's economy. Before adopting the limit on the rate of growth of appropriations, referred to as the spending limit, LBB must determine the estimated rate of growth of the state's economy for the current biennium to the next biennium through a calculation method approved by law. It also must determine the level of appropriations for the current biennium from state tax revenues not dedicated by the constitution. The Legislature can override the adopted spending limit, but only through a majority vote of both chambers adopting a concurrent resolution authorizing that the spending limit be exceeded.

BUDGET EXECUTION AUTHORITY

The Texas Government Code, Chapter 317, provides LBB with budget execution authority, which authorizes state expenditure decisions to be altered when a full Legislature is not convened. This process begins when the Governor or the LBB proposes that funds appropriated to an agency should be prohibited from expenditure, transferred from one agency to another, or retained by an agency to be used for a purpose other than originally intended. A budget execution order takes effect only if both the Governor and LBB concur.

GENERAL APPROPRIATIONS BILL DRAFT AND LEGISLATIVE BUDGET ESTIMATES

The LBB Director provides copies of the board's recommended General Appropriations Bill (GAB) draft and Legislative Budget Estimates (LBE) to all members of the Legislature and the Governor at the beginning of each regular legislative session and during special sessions as required. For the Eighty-sixth Legislature, 2019, one LBE provides both historical expenditures and proposed appropriations for each state agency and institution of higher education, and another represents all agency programs. The GAB draft and LBE are products of both a strategic planning process and a review process that includes a public hearing on each agency's budget request and an LBB staff analysis of each agency's expenditures, performance results, and budget drivers such as population changes within entitlement programs and

FIGURE 358
LEGISLATION REQUIRING A FISCAL NOTE COMPARED TO FISCAL NOTES AND COMPLETED IMPACT STATEMENTS EIGHTY-FOURTH TO EIGHTY-SIXTH LEGISLATIVE SESSIONS

	LEGISLATURE			CHANGE	
CATEGORY	84TH 2015	85TH 2017	86TH 2019	85TH TO 86TH	85TH TO 86TH PERCENTAGE
Filed Legislation Requiring a Fiscal Note	6,456	7,230	7,537	307	4.3%
Fiscal Notes (FN)	7,811	7,916	8,523	607	7.7%
Completed Impact Statements (CIS)	613	776	718	(58)	(7.5%)
FN and CIS Totals	**8,424**	**8,692**	**9,241**	**549**	**6.3%**

NOTE: Includes all Regular and Called sessions.
SOURCES: Legislative Budget Board; Legislative Reference Library.

other metrics. LBB staff perform multiple projections and analytical modeling to support this development. As part of this process, LBB staff each interim perform a Strategic Fiscal Review (SFR) on a selected cohort of state agencies. These SFRs provide an exacting, deep review of agency authority, mission, programs, and activities.

When the GAB is enacted, it is referred to as the General Appropriations Act (GAA). The GAA allocates each agency's appropriations by goals and strategies and establishes key performance targets for each strategy. Agencies are required to report actual performance data each quarter so that LBB staff can monitor progress toward achieving established performance targets. LBB also provides additional program detail for items of appropriation in the GAA on its website that includes specific programs funded, the source of the funding, and related statutory authority.

FISCAL NOTES AND IMPACT STATEMENTS

Fiscal notes are written estimates that identify probable costs, savings, revenue gains, or revenue losses of each bill or resolution that is proposed by the Legislature across five or more years. These estimates serve as a tool to help legislators better understand how a bill might affect the state budget, individual agencies, taxpayers, and in some instances, local governments. A new fiscal note is prepared for each version of a bill, unless no changes are made from one version to the next. A fiscal note representing the most recent version of the bill must remain with the bill or resolution throughout the legislative process, including the point at which it is submitted to the Governor. During the Eighty-sixth Legislature, 2019, LBB staff completed 8,523 fiscal notes.

In addition to fiscal notes, LBB staff prepare impact statements that provide the Legislature with additional analysis and information about certain bills being considered for passage. LBB provides eight types of impact statements: (1) criminal justice policy impact statements; (2) equalized education funding impact statements; (3) tax equity notes; (4) actuarial impact statements; (5) open-government impact statements; (6) water development policy impact statements; (7) higher education impact statements; and (8) dynamic economic impact statements.

Figure 358 shows the number of fiscal notes and impact statements that LBB completed during the Eighty-fourth to Eighty-sixth Legislatures.

PERFORMANCE AUDITS AND EVALUATIONS

LBB is statutorily required to establish a system of performance audits and evaluations intended to provide a comprehensive and continuing review of the programs and operations of each state institution, department, agency, or commission. In addition, it is authorized to conduct performance reviews and evaluations of state agencies, river authorities, public junior colleges, and general academic teaching institutions. The findings from these reviews and related policy analyses provide information and options for statutory and budgetary changes. For the Eighty-sixth Legislature, 2019, 36 performance reviews and evaluations were produced, 26 of which included options for statutory or budgetary changes.

LBB also is authorized to conduct performance reviews and evaluations of school districts. These comprehensive and targeted reviews of school districts' educational, financial, and operational services and programs result in reports that identify accomplishments, findings, and recommendations based upon the analysis of data and onsite study of the district's operations. The recommendations from the reviews may be implemented locally by the school district board members, administrators, and the community. From June

2017 to October 2019, the School Performance Review team conducted two state agency reviews and issued 76 recommendations for the Texas School for the Deaf and the Texas School for the Blind and Visually Impaired. The team also conducted five school district reviews containing more than 250 recommendations for improving school performance. Of the five reviews, the team's review of Houston Independent School District included 94 recommendations with a five-year savings opportunity of $237.4 million.

CONTRACTS AND TECHNOLOGY OVERSIGHT

LBB has a long-standing responsibility to receive notices for certain contracts and to make contract information available to the public. The Contracts Database is the single point of data entry for all contract information that state entities are required to report to LBB. The Eighty-sixth Legislature, GAA, 2020–21 Biennium, Article IX, Sections 7.04 and 7.12, continues and expands certain reporting requirements and responsibilities for contract reporting and oversight including in-depth analysis of certain contracts with a goal of working with state entities to help mitigate or remediate issues identified through its review and analysis. LBB staff does not approve contracts but are required to notify the LBB, Governor, and Comptroller of Public Accounts (CPA) about any unmitigated risks. Staff also may make budget or policy recommendations to improve the framework and requirements related to procurement or to individual agencies' processes for administration and oversight.

LBB staff also serve on the Quality Assurance Team (QAT). The Legislature established the QAT to provide ongoing oversight of major information resources projects that receive appropriations from the Legislature. The Eighty-sixth Legislature, 2019, modified QAT oversight to require review of contracts valued at more than $10.0 million that implement major information resource projects that QAT monitors. All state agencies are subject to QAT oversight, with the exception of institutions of higher education and self-directed, semi-independent state agencies. QAT members include CPA, the Department of Information Resources, and LBB. The State Auditor's Office serves as an advisor to QAT.

SIGNIFICANT LEGISLATION

Senate Bill 68 – Strategic Fiscal Review of state agencies and programs. The legislation directs the LBB to perform a strategic fiscal review for each state agency that currently is the subject of the Sunset Advisory Commission's review pursuant to the Texas Sunset Act.

SUNSET ADVISORY COMMISSION

The Texas Legislature established the Sunset Advisory Commission (SAC) in fiscal year 1977 to enhance the accountability of state government by periodically evaluating the ongoing need for and the efficiency and effectiveness of state agencies. The 12-member commission consists of five members of the Senate and one public member appointed by the Lieutenant Governor, and five members of the House of Representatives and one public member appointed by the Speaker. The chair position rotates between the Senate and the House every two years.

Funds for operating SAC for the 2020–21 biennium are provided through a rider appropriation of $4.5 million in General Revenue Funds. Previously, appropriations of General Revenue Funds to the Senate and House of Representatives were transferred to a special operating account each fiscal year.

Sunset is the regular assessment of the continuing need for a state agency or program to exist. The Sunset process works by setting an automatic termination date in state law on which an agency will be abolished unless the Legislature passes a bill to continue it, typically for another 12 years. This date determines when an agency is subject to Sunset review, during which the Legislature closely examines an agency's mission, priorities, and performance, and considers changes to address problems identified. Some agencies are not subject to abolishment or undergo a special-purpose or limited review. Most judicial and higher education agencies are not subject to Sunset review.

The Legislature sets the Sunset review schedule in law, and the agencies and their Sunset dates are subject to change every legislative session. Currently, 131 agencies are scheduled for Sunset review during the next 12 years, and SAC reviews about 22 agencies each biennium. SAC will review 21 agencies for the Eighty-seventh Legislature, as shown in **Figure 359**. Sunset staff conducts a review of each agency and issues a staff report that identifies problems and proposes both statutory and management recommendations to the Sunset Commission to resolve them. Typical recommendations include whether to abolish or continue an agency, or to combine the functions of two or more agencies to streamline state government. SAC holds a public hearing on each agency and staff report and a decision meeting to vote on the recommendations in the staff report and any other recommendations proposed by SAC members. The statutory recommendations adopted by SAC are incorporated into a Sunset bill on each agency. The Legislature makes the final decisions on statutory changes to an agency. In addition to conducting reviews, Sunset staff supports SAC meetings, serves as a resource during session, and performs other duties on behalf of SAC.

FIGURE 359
SUNSET REVIEW SCHEDULE, 2020–21 BIENNIUM

General Government

- Texas Economic Development and Tourism Office, Office of the Governor
- Texas Holocaust and Genocide Commission
- Office of State–Federal Relations, Office of the Governor

Agencies of Education

- Teacher Retirement System of Texas

Public Safety and Criminal Justice

- Texas Commission on Fire Protection
- Commission on Jail Standards
- Texas Commission on Law Enforcement

Natural Resources

- Texas Department of Agriculture divisions:
  - Early Childhood Health and Nutrition Interagency Council; and
  - Prescribed Burning Board
- Texas Animal Health Commission
- Board of Directors of the Official Cotton Growers' Boll Weevil Eradication Foundation
- Texas Parks and Wildlife Department

Regulatory

- Credit Union Department and Commission (SDSI)
- Texas Department of Licensing and Regulation
- Texas Racing Commission
- State Board of Veterinary Medical Examiners

Other

- Brazos River Authority
- Prepaid Higher Education Tuition Board
- State of Texas Anatomical Board
- San Jacinto River Authority

SOURCE: Sunset Advisory Commission.

SAC has conducted 551 reviews of state agencies and programs since its establishment. Based on these reviews, the Legislature has abolished 92 agencies, including 41 agencies that were abolished completely and 51 that were abolished with certain functions transferred to existing or new agencies. Changes enacted through the Sunset process have resulted in an overall positive fiscal impact of more than $1.0 billion in

state and federal savings and revenue gains, with a return of $19 for every $1 appropriated to SAC since fiscal year 1985. Overall, approximately 80.0 percent of SAC's recommendations have become law since fiscal year 2001.

The Eighty-sixth Legislature, 2019, passed 25 Sunset bills containing 92.0 percent of SAC's 254 recommendations to the Legislature. SAC also adopted 223 management directives for agencies under review. Notable improvements include abolishing and transferring or consolidating five agencies, eliminating more than 20 unnecessary licensing barriers, and strengthening agencies' oversight and accountability. However, while expected to save money subsequently, consolidating or transferring agencies usually requires some upfront investments for technology and other infrastructure. Additionally, deregulation, such as eliminating 68 unneeded registrations, permits, and licenses, usually results in a loss of state revenue because the state no longer will collect certain regulatory fees. As a result, the adopted Sunset statutory changes and management directives will have an estimated negative fiscal impact to the state of about $4.6 million for the 2020–21 biennium.

The Legislature continued 17 agencies for 12 years: Texas State Board of Public Accountancy; Texas Alcoholic Beverage Commission; Finance Commission of Texas; Texas Department of Banking; Office of Commissioner and Department of Savings and Mortgage Lending; Office of Consumer Credit Commissioner; Texas Funeral Service Commission; Texas Historical Commission; Texas State Library and Archives Commission; Texas Medical Board; Texas Military Department; Department of Motor Vehicles; Department of Public Safety; State Office of Risk Management; School Land Board; State Securities Board; and Texas Veterans Commission. The Legislature also continued three agencies for six years: Texas Board of Professional Geoscientists, Texas Real Estate Commission, and Texas Appraiser Licensing and Certification Board.

The Legislature consolidated four agencies into the new Behavioral Health Executive Council: Texas State Board of Examiners of Professional Counselors, Texas State Board of Examiners of Marriage and Family Therapists, Texas State Board of Examiners of Psychologists, and Texas State Board of Social Work Examiners. The Texas Board of Professional Land Surveying was abolished and transferred to the Texas Board of Professional Engineers, which was renamed the Texas Board of Professional Engineers and Land Surveyors. The Legislature also passed bills for six agencies not subject to abolishment and scheduled them for Sunset review again in 12 years: Guadalupe–Blanco River Authority, Lower Colorado River Authority, Nueces River Authority, Red River Authority of Texas, the Veterans' Land Board, and Texas Windstorm Insurance Association.

The Sunset review of the Texas State Board of Plumbing Examiners revealed multiple deficiencies in the agency's management and an antiquated system for licensing and regulating plumbers; SAC recommended transferring regulation of plumbers to the Texas Department of Licensing and Regulation. However, the Legislature was unable to reconcile differences between the Senate and House versions of the Sunset bill and it did not pass, effectively abolishing the plumbing board and the state Plumbing License Law. The Governor issued an executive order June 13, 2019, to suspend abolishment of the Texas State Board of Plumbing Examiners and the Plumbing License Law until May 31, 2021.

SIGNIFICANT LEGISLATION

Senate Bill 619 – Scheduled Sunset Reviews. The legislation determines the agencies and governmental entities required to undergo Sunset review during the 2020–21 biennium.

TEXAS LEGISLATIVE COUNCIL

The Texas Legislative Council was established by statute during fiscal year 1949 and began operations in 1950. The council is a 14-member board consisting of the Lieutenant Governor and the Speaker of the House of Representatives, who serve as joint chairs; six members of the Senate appointed by the Lieutenant Governor; the Chair of the House Administration Committee; and five members of the House of Representatives appointed by the Speaker. Appropriations total $87.2 million in General Revenue Funds, an increase of $6.0 million, or 14.6 percent, from the 2018–19 biennial spending level.

The agency's Executive Director is responsible for employing professional and clerical staff and supervising their performance. The agency is responsible for the following statutorily defined duties:

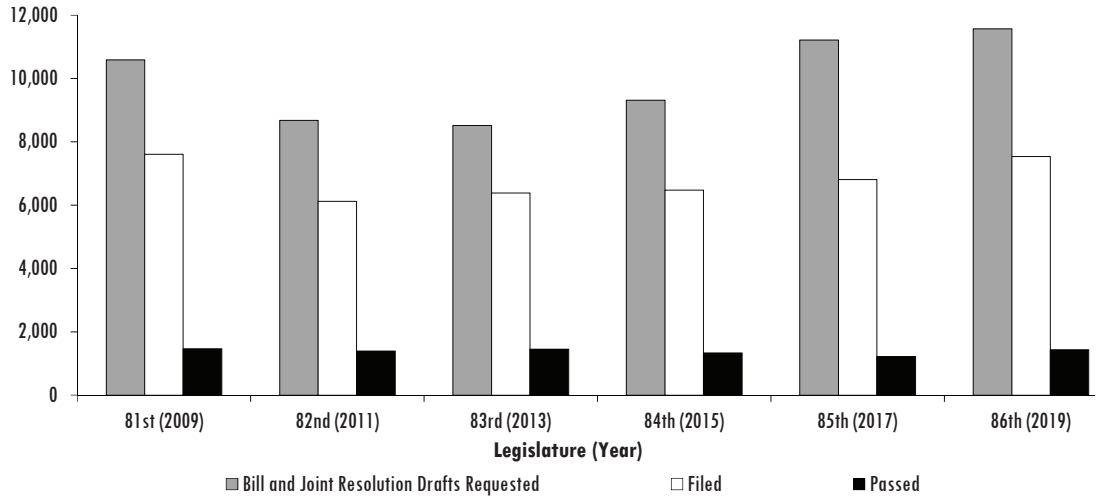
- assisting the Legislature in drafting proposed legislation;
- providing data-processing services to aid the members and committees of the Legislature in accomplishing their duties;
- gathering and disseminating information for the Legislature;
- conducting other investigations, studies, and reports that may be deemed useful to the legislative branch of state government; and
- investigating departments, agencies, and officers and studying their functions and problems.

The agency also develops and implements plans for the continuing revision of state statutes, including simplifying classification, improving numbering, and clarifying the statutes without substantively changing them.

During legislative sessions, council staff drafts bills, resolutions, amendments, committee substitutes, and conference committee reports for the Senate and the House. **Figure 360** shows the number of bills and joint resolutions (JR) requested, filed, and passed by the Legislature during each biennium since fiscal year 2009. The agency drafted 11,564 bills and JRs requested by the Eighty-sixth Legislature, 2019. In addition, staff engross and enroll House documents and distribute House bills. The agency also assists the Legislature with infrequent or unusual responsibilities, such as redistricting and election contests.

The Texas Legislature is responsible for redistricting state Senate, state House, U.S. congressional, and the State Board of Education districts during the first regular session following publication of each U.S. decennial census, and for making changes to state judicial districts. Redistricting is the revision or replacement of existing districts, resulting in new districts with different geographical boundaries to equalize population in state and congressional districts. The Texas Legislative Council has the following responsibilities relating to the redistricting process:

FIGURE 360
BILLS AND JOINT RESOLUTIONS REQUESTED, FILED, AND PASSED, EIGHTY-FIRST TO EIGHTY-SIXTH LEGISLATIVE SESSIONS



NOTE: Includes all Regular and Called sessions.
SOURCE: Texas Legislative Council.

- prepare publications about the redistricting process, data, and law to assist those involved or interested in the redistricting process;
- provide technical and legal support to the Legislature, including development and support of district modeling computer systems and development of web information resources; and
- prepare and distribute maps to the Legislature of redistricting plans and current districts of the Texas House of Representatives, Texas Senate, Texas delegation to the U.S. House of Representatives, and the State Board of Education.

Between sessions, the agency assists standing and special legislative committees with research. The legal staff devotes the majority of its interim efforts to statutory revision projects that, when completed, are presented to the next regular session of the Legislature for consideration.

The agency's Legislative Information Systems Division makes data-processing equipment and techniques available to the legislative branch, providing information technology support to the House, Senate, and other entities. This division develops and operates automated systems that support the legislative process. The division processes the text of draft documents, bills, resolutions, and House and Senate journals and reports on bill status and legislative committee activity. The division also supports automated budget analysis and the production of appropriations bills. In addition, the division provides programming support for the fiscal notes system and tracks membership of boards and commissions. The division also develops accounting, payroll, and personnel systems for use by the Legislature and legislative branch agencies.

COMMISSION ON UNIFORM STATE LAWS

The Commission on Uniform State Laws was established during fiscal year 1951 to promote uniformity in state laws in subject areas in which uniformity is desirable and practicable. The agency also promotes uniform judicial interpretation of all uniform state laws, advises the Legislature regarding adoption of uniform state laws, and sends staff to national conferences on uniform state laws.

The Commission on Uniform State Laws consists of nine members appointed by the Governor, the Executive Director of the Texas Legislative Council, and other members who qualify by service with the Commission or the National Conference of Commissioners on Uniform State Laws. The commission receives accounting, clerical, and other support services from the Texas Legislative Council. Appropriations for the Commission on Uniform State Laws total $0.3 million in General Revenue Funds, which continues funding at the 2018–19 biennial spending level.

STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) was established in 1943 and functions as the independent auditor for Texas state government. SAO is authorized to perform audits, investigations, and other services to ensure that state agencies, higher education institutions, and other governmental entities follow state and federal laws and regulations.

The State Auditor is appointed by the Legislative Audit Committee, a permanent standing joint committee of the Legislature. The six-member committee consists of the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the Senate Finance Committee, one member of the Senate appointed by the Lieutenant Governor, the chair of the House Appropriations Committee, and the chair of the House Ways and Means Committee.

The State Auditor is required statutorily to recommend an audit plan for the state to the Legislative Audit Committee for approval each year. The plan identifies all the audits, reviews, investigations, and other activities that SAO may initiate during the state fiscal year. The plan includes statutorily required and discretionary projects, which are developed based on a standardized risk-assessment process.

Appropriations for SAO total $25.6 million in All Funds, which is a decrease of $19.3 million, or 43.0 percent, from the 2018–19 biennial spending level. Total funding includes $16.0 million in General Revenue Funds, Interagency Contract funding of $9.4 million, and Appropriated Receipts funding of $0.2 million. A General Revenue Funds decrease is offset by rider-authorized spending of up to $18.0 million of prior years' unexpended balances.

AUDITS AND INVESTIGATIONS

Audits are performed in accordance with accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants. SAO is authorized to perform the following four types of audits:

- economy and efficiency audits, which determine whether entities are managing and using their resources in an economical and efficient manner;
- effectiveness audits, which evaluate whether the objectives and intended benefits of a program are being achieved and whether the program is duplicative;
- financial audits, which evaluate whether accounting controls are adequate and whether the records, books, and accounts of state agencies, including higher education institutions, and the financial statements for the state as a whole accurately represent their financial and fiscal operations; and
- compliance audits, which determine whether funds have been spent in accordance with the purpose for which the funds were appropriated and authorized by law.

FIGURE 361
STATE AUDITOR'S OFFICE AUDITS AND OTHER PROJECTS COMPLETED, FISCAL YEARS 2011 TO 2019

YEAR	TOTAL AUDITS AND OTHER PROJECTS
2011	50
2012	50
2013	47
2014	42
2015	46
2016	41
2017	51
2018	46
2019	52

SOURCE: Legislative Budget Board.

SAO's Audit and Review Team completed 52 audits and other projects related to state agencies, higher education institutions, and other entities during fiscal year 2019. **Figure 361** shows the number of audits and other projects that SAO has completed annually since fiscal year 2011. Data shown in **Figure 361** does not include the reports issued by the State Classification Team within SAO. For fiscal year 2019, the State Classification Team issued six reports.

SAO also investigates specific acts or allegations of impropriety and abuse of state funds and resources. All state agencies and higher education institutions are required to report suspected fraud or unlawful conduct to SAO.

STATE CLASSIFICATION OFFICE

The Position Classification Act of 1961 established the State Classification Office, referred to as the Classification Team, within the State Auditor's Office. The Classification Team is responsible for maintaining and updating the state's Position Classification Plan, which provides the salary structure for classified employees in state agencies.

During the biennial budget process, the Classification Team recommends the addition and deletion of job classifications, the changing of job titles, and the reallocation of salary groups assigned to specific job classifications. The classification plan for the 2020–21 biennium adopted by the Eighty-sixth Legislature, 2019, includes 1,087 classification titles covering approximately 147,486 full-time and part-time classified employees at state agencies; the classification titles are grouped into 27 occupational categories and 294 job classification series. The General Appropriations Act includes three salary schedules for classified positions: Schedule A includes clerical and technical positions; Schedule B includes mainly professional and managerial positions; and Schedule C includes law enforcement positions.

The Classification Team produces reports and guides regarding compensation, classification, turnover, and workforce issues that are available online on SAO's website. For example, a current reference guide summarizing all state human resources management statutes that apply to Texas state employees is provided, along with nine other guides and resources that address issues related to workforce planning, sick leave, sick leave donation, military pay differential, military occupational codes, job descriptions, full-time-equivalent employee position reporting, job classification review, and necessary payroll actions that agencies must make before the start of each biennium. Other significant reports cover the following topics: (1) benefits as a percentage of total compensation; (2) classification compliance reviews and audits; (3) the Position Classification Plan; (4) the state's Law Enforcement Salary Schedule, Salary Schedule C; (5) executive compensation; (6) employee turnover; (7) full-time-equivalent state employee positions; and (8) legislative workforce summaries.

PROFESSIONAL DEVELOPMENT

The Texas Government Code, Chapter 2102, referred to as the Texas Internal Auditing Act, authorizes SAO, subject to approval by the Legislative Audit Committee, to make available and coordinate a training and technical assistance program to ensure that state agency internal auditors have access to current information regarding internal audit techniques, policies, and procedures. SAO makes training available to SAO staff, internal audit, and other participants. During fiscal year 2019, SAO offered 151 courses that 2,104 participants attended.

SIGNIFICANT LEGISLATION

Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article X, Rider 5. The legislation requires SAO to conduct an audit that examines and reports on multiple aspects of the investigation, processing, and prosecution of reported sexual assaults of adults and children in Texas.

2020–21 GAA, Article X, Rider 6. The legislation requires SAO to conduct an audit of correctional managed healthcare at the University of Texas Medical Branch – Galveston and the Texas Tech University Health Sciences Center. SAO has identified significant issues during previous audits of correctional managed healthcare at those entities.

Senate Bill 65 – Monitoring of state agency contracting and procurement. The legislation requires SAO annually to consider specified information collected from various sources and assign a rating of additional, reduced, or standard contract monitoring for the largest 25 agencies, as determined by the Legislative Budget Board. SAO is required to submit an annual report on those ratings.

House Bill 1342 – Eligibility for certain occupational licenses. The legislation requires SAO to collaborate with licensing authorities to develop and publish a guide of best practices for individuals that have previous convictions to use when applying for certain occupational licenses.

Senate Bill 6 – Emergency and disaster management, response, and recovery. The legislation requires the Texas Division of Emergency Management to establish a loan program to provide short-term loans to eligible political subdivisions for disaster recovery projects. If a loan term exceeds two years, SAO must, on the second anniversary of the date on which the political subdivision received the loan, conduct a limited audit of the political subdivision to determine whether it has the ability to repay the loan.

Senate Bill 627 – Recommendations of the Sunset Advisory Commission regarding the Red River Authority. The legislation requires SAO to conduct an audit to determine whether the Red River Authority has addressed the operational challenges identified in the 2019 Sunset Advisory Commission report.

LEGISLATIVE REFERENCE LIBRARY

The Legislative Reference Library (LRL) was established by the Sixty-first Legislature, Regular Session, 1969, as an independent agency. LRL is governed by the Legislative Library Board, a six-member board consisting of the Lieutenant Governor, the Speaker of the House of Representatives, the chair of the House Appropriations Committee, two members of the Senate appointed by the Lieutenant Governor, and one member of the House of Representatives appointed by the Speaker. Appropriations for the 2020–21 biennium total $3.1 million in All Funds, which continues funding at the 2018–19 biennial spending level. Agency funding primarily consists of General Revenue Funds, and all decreases are from this method of financing.

The library is the designated repository for legislative records and documents in the state, including original legislative bill files from fiscal year 1846 to the present. Its collection focuses on issues affecting the Texas Legislature and contains Texas legal and public affairs materials, Texas state documents, and a unique collection of Texas periodicals.

LRL generates and manages data in the Texas Legislative Information System—the Legislature's online bill-status system—and operates a statewide telephone service providing legislative information during legislative sessions. The library also has developed specialized databases that are accessible through the Legislature's computer network to provide information on legislators and the Texas Legislature, an online card catalog, and newspaper articles included in the legislative clipping service. Additional LRL databases provide access to historical legislative bill files, indexes on the statutory effect of legislation, and appointments to state board and commissions by the Governor, Lieutenant Governor, and Speaker.

APPENDIX A – AGENCIES BY ARTICLE

ARTICLE I — GENERAL GOVERNMENT

Commission on the Arts

Office of the Attorney General

Bond Review Board

Cancer Prevention and Research Institute of Texas

Comptroller of Public Accounts

Fiscal Programs within the Office of the Comptroller of Public Accounts

Commission on State Emergency Communications

Texas Emergency Services Retirement System

Employees Retirement System

Texas Ethics Commission

Facilities Commission

Public Finance Authority

Office of the Governor

Trusteed Programs within the Office of the Governor

Historical Commission

Department of Information Resources

Library and Archives Commission

Pension Review Board

Preservation Board

State Office of Risk Management

Secretary of State

Veterans Commission

ARTICLE II — HEALTH AND HUMAN SERVICES

Department of Family and Protective Services

Department of State Health Services

Health and Human Services Commission

ARTICLE III — AGENCIES OF EDUCATION

Public Education

Texas Education Agency

School for the Blind and Visually Impaired

School for the Deaf

Teacher Retirement System

Optional Retirement Program

ARTICLE III — AGENCIES OF EDUCATION (CONTINUED)

Higher Education

Higher Education Coordinating Board

Higher Education Employees Group Insurance

General Academic Institutions

The University of Texas System Administration

The University of Texas at Arlington

The University of Texas at Austin

The University of Texas at Dallas

The University of Texas at El Paso

The University of Texas Rio Grande Valley

The University of Texas of the Permian Basin

The University of Texas at San Antonio

The University of Texas at Tyler

Texas A&M University System Administrative and General Offices

Texas A&M University

Texas A&M University at Galveston

Prairie View A&M University

Tarleton State University

Texas A&M University – Central Texas

Texas A&M University – Corpus Christi

Texas A&M University – Kingsville

Texas A&M University – San Antonio

Texas A&M International University

West Texas A&M University

Texas A&M University – Commerce

Texas A&M University – Texarkana

University of Houston System Administration

University of Houston

University of Houston – Clear Lake

University of Houston – Downtown

University of Houston – Victoria

Midwestern State University

University of North Texas System Administration

ARTICLE III — AGENCIES OF EDUCATION (CONTINUED)

University of North Texas

University of North Texas at Dallas

Stephen F. Austin State University

Texas Southern University

Texas Tech University System Administration

Texas Tech University

Angelo State University

Texas Woman's University

Texas State University System Administration

Lamar University

Sam Houston State University

Texas State University

Sul Ross State University

Sul Ross State University Rio Grande College

Two-year Institutions

Lamar Institute of Technology

Lamar State College – Orange

Lamar State College – Port Arthur

Texas State Technical College System Administration

Texas State Technical College – Harlingen

Texas State Technical College – West Texas

Texas State Technical College – Marshall

Texas State Technical College – Waco

Texas State Technical College – Fort Bend

Texas State Technical College – North Texas

Public Community/Junior Colleges

Health-related Institutions

The University of Texas Southwestern Medical Center

The University of Texas Medical Branch at Galveston

The University of Texas Health Science Center at Houston

The University of Texas Health Science Center at San Antonio

The University of Texas Rio Grande Valley School of Medicine

The University of Texas M.D. Anderson Cancer Center

The University of Texas Health Center at Tyler

Texas A&M University System Health Science Center

University of North Texas Health Science Center at Fort Worth

Texas Tech University Health Sciences Center

Texas Tech University Health Sciences Center at El Paso

A&M University Services

Texas A&M AgriLife Research

Texas A&M AgriLife Extension Service

Texas A&M Engineering Experiment Station

Texas A&M Transportation Institute

Texas A&M Engineering Extension Service

Texas A&M Forest Service

Texas A&M Veterinary Medical Diagnostic Laboratory

Texas Division of Emergency Management

Investment Funds

Higher Education Fund

Available University Fund

Available National Research University Fund

Support for Military and Veterans Exemptions

ARTICLE IV — JUDICIARY

Supreme Court of Texas

Court of Criminal Appeals

First Court of Appeals District, Houston

Second Court of Appeals District, Fort Worth

Third Court of Appeals District, Austin

Fourth Court of Appeals District, San Antonio

Fifth Court of Appeals District, Dallas

Sixth Court of Appeals District, Texarkana

Seventh Court of Appeals District, Amarillo

Eighth Court of Appeals District, El Paso

Ninth Court of Appeals District, Beaumont

Tenth Court of Appeals District, Waco

Eleventh Court of Appeals District, Eastland

Twelfth Court of Appeals District, Tyler

Thirteenth Court of Appeals District, Corpus Christi–Edinburg

Fourteenth Court of Appeals District, Houston

Office of Court Administration, Texas Judicial Council

Office of Capital and Forensic Writs

Office of the State Prosecuting Attorney

State Law Library

State Commission on Judicial Conduct

Judiciary Section, Comptroller's Department

ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE

Alcoholic Beverage Commission

Department of Criminal Justice

Commission on Fire Protection

Commission on Jail Standards

Juvenile Justice Department

Commission on Law Enforcement

Texas Military Department

Department of Public Safety

ARTICLE VI — NATURAL RESOURCES

Department of Agriculture

Animal Health Commission

Commission on Environmental Quality

General Land Office and Veterans' Land Board

Low-level Radioactive Waste Disposal Compact Commission

Parks and Wildlife Department

Railroad Commission

Soil and Water Conservation Board

Water Development Board

ARTICLE VII — BUSINESS AND ECONOMIC DEVELOPMENT

Department of Housing and Community Affairs

Texas Lottery Commission

Department of Motor Vehicles

Department of Transportation

Texas Workforce Commission

ARTICLE VIII — REGULATORY

State Office of Administrative Hearings

Behavioral Health Executive Council

Board of Chiropractic Examiners

Texas State Board of Dental Examiners

Funeral Service Commission

Board of Professional Geoscientists

Health Professions Council

Office of Injured Employee Counsel

Department of Insurance

Office of Public Insurance Counsel

Board of Professional Land Surveying

Department of Licensing and Regulation

Texas Medical Board

Texas Board of Nursing

Optometry Board

Board of Pharmacy

Executive Council of Physical Therapy and Occupational Therapy Examiners

Board of Plumbing Examiners

Board of Examiners of Psychologists

Racing Commission

Securities Board

Public Utility Commission of Texas

Office of Public Utility Counsel

Board of Veterinary Medical Examiners

ARTICLE X — LEGISLATURE

Senate

House of Representatives

Legislative Budget Board

Sunset Advisory Commission

Legislative Council

Commission on Uniform State Laws

State Auditor's Office

Legislative Reference Library

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

The following applies to all methods of finance in Appendix B:

- appropriations made by Senate Bill 500, Eighty-sixth Legislature, 2019, are subject to the appropriation life stated therein and are not shortened by inclusion in Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017, or extended by inclusion in House Bill 1, Eighty-sixth Legislature, 2019; and
- unless expressly provided in Senate Bill 500 and House Bill 4071, Eighty-sixth Legislature, 2019, or other appropriating legislation, such appropriations are not subject to General Provisions contained in Article IX of Senate Bill 1, Eighty-fifth Legislature, Regular Session, 2017, or Article IX of House Bill 1, Eighty-sixth Legislature, 2019.

An interactive version of these tables can be found at www.lbb.state.tx.us/Interactive_Graphics.aspx

ALL FUNDS

FIGURE B1
ALL FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Article I – General Government	$3,643,125,817	$4,135,073,257	$4,348,316,826	$3,104,372,598
Article II – Health and Human Services	$41,366,225,309	$42,450,063,195	$41,794,425,151	$42,509,403,920
Article III – Agencies of Education	$41,437,376,108	$40,777,452,368	$47,927,983,109	$47,973,937,749
Public Education	*$31,108,146,504*	*$30,207,307,319*	*$35,505,380,570*	*$34,910,428,509*
Higher Education	*$10,329,229,605*	*$10,570,145,049*	*$12,422,602,539*	*$13,063,509,240*
Article IV – Judiciary	$416,408,702	$441,593,219	$485,536,042	$448,219,056
Article V – Public Safety and Criminal Justice	$7,623,383,847	$11,231,112,776	$6,321,296,888	$6,227,598,550
Article VI – Natural Resources	$3,258,142,411	$5,216,505,707	$4,578,975,436	$4,433,399,605
Article VII – Business and Economic Development	$15,294,680,567	$21,435,754,103	$19,098,789,850	$17,962,318,337
Article VIII – Regulatory	$308,303,838	$369,477,688	$344,480,102	$362,553,596
Article IX – General Provisions	$0	$0	$0	$0
Article X – Legislature	$182,751,216	$210,085,224	$193,165,103	$199,062,152
Total, All Functions	**$113,530,397,815**	**$126,267,117,537**	**$125,092,968,507**	**$123,220,865,563**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Commission on the Arts	$6,687,309	$6,320,537	$16,443,038	$11,493,038
Office of the Attorney General	$604,460,093	$621,859,474	$736,944,712	$638,240,865
Bond Review Board	$811,160	$815,661	$950,410	$856,411
Cancer Prevention and Research Institute of Texas	$298,096,184	$297,085,446	$300,055,000	$300,055,000
Comptroller of Public Accounts	$318,094,714	$322,523,374	$335,437,202	$319,037,202
Fiscal Programs within the Office of the Comptroller of Public Accounts	$591,597,084	$829,449,597	$615,168,328	$626,124,916
Commission on State Emergency Communications	$67,778,397	$77,071,420	$79,747,907	$74,015,321
Texas Emergency Services Retirement System	$2,045,710	$2,045,710	$2,045,710	$2,045,710
Employees Retirement System	$13,441,741	$13,750,000	$13,750,000	$13,750,000
Texas Ethics Commission	$2,902,132	$2,983,940	$3,656,936	$3,466,936
Facilities Commission	$396,766,290	$630,812,913	$679,801,459	$58,423,918
Public Finance Authority	$1,422,682	$1,587,417	$1,578,689	$1,531,987
Office of the Governor	$15,884,355	$15,572,122	$12,440,874	$12,440,873
Trusteed Programs within the Office of the Governor	$821,463,573	$758,139,203	$924,900,206	$434,631,969
Historical Commission	$38,585,498	$64,808,638	$38,821,971	$25,492,415
Department of Information Resources	$332,013,856	$394,048,504	$426,919,336	$439,025,632
Library and Archives Commission	$32,487,518	$41,491,220	$38,691,773	$32,525,439
Pension Review Board	$1,023,769	$933,769	$1,128,749	$1,128,749
Preservation Board	$18,848,461	$18,210,290	$14,292,920	$7,544,253
State Office of Risk Management	$52,424,549	$54,621,650	$54,546,693	$54,296,694
Secretary of State	$42,177,173	$25,911,993	$58,685,817	$25,711,680
Veterans Commission	$50,800,201	$40,930,084	$47,570,811	$47,469,721
Subtotal, General Government	**$3,709,812,449**	**$4,220,972,962**	**$4,403,578,541**	**$3,129,308,729**
Retirement and Group Insurance	$161,598,249	$164,731,089	$168,031,829	$170,832,761
Social Security and Benefit Replacement Pay	$41,684,193	$41,734,337	$42,232,117	$42,592,316
Subtotal, Employee Benefits	**$203,282,442**	**$206,465,426**	**$210,263,946**	**$213,425,077**
Bond Debt Service Payments	$141,805,089	$150,893,427	$172,886,920	$195,285,846
Lease Payments	$8,767,880	$3,073,248	$22,317,444	$40,782,108
Subtotal, Debt Service	**$150,572,969**	**$153,966,675**	**$195,204,364**	**$236,067,954**
Less Interagency Contracts	$420,542,043	$446,331,806	$460,730,025	$474,429,162
Total, Article I – General Government	**$3,643,125,817**	**$4,135,073,257**	**$4,348,316,826**	**$3,104,372,598**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Family and Protective Services	$2,038,468,908	$2,120,571,190	$2,199,201,348	$2,230,049,461
Department of State Health Services	$875,555,455	$849,634,113	$843,843,708	$832,405,236
Health and Human Services Commission	$37,801,519,244	$38,791,732,896	$38,024,532,853	$38,708,981,707
Subtotal, Health and Human Services	**$40,715,543,607**	**$41,761,938,199**	**$41,067,577,909**	**$41,771,436,404**
Retirement and Group Insurance	$838,845,883	$876,881,750	$894,652,063	$902,819,180
Social Security and Benefit Replacement Pay	$177,861,599	$183,937,570	$186,449,702	$185,042,496
Subtotal, Employee Benefits	**$1,016,707,482**	**$1,060,819,320**	**$1,081,101,765**	**$1,087,861,676**
Bond Debt Service Payments	$26,048,743	$25,897,455	$24,451,813	$20,136,699
Lease Payments	$479,566	$70,598	$7,606,600	$16,752,394
Subtotal, Debt Service	**$26,528,309**	**$25,968,053**	**$32,058,413**	**$36,889,093**
Less Interagency Contracts	$392,554,089	$398,662,377	$386,312,936	$386,783,253
Total, Article II – Health and Human Services	**$41,366,225,309**	**$42,450,063,195**	**$41,794,425,151**	**$42,509,403,920**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Public Education				
Texas Education Agency	$28,384,420,987	$27,202,204,161	$32,530,797,778	$32,081,980,785
School for the Blind and Visually Impaired	$23,667,252	$23,534,193	$24,229,502	$24,054,504
School for the Deaf	$29,678,981	$29,176,353	$35,108,592	$30,115,019
Subtotal, Public Education	**$28,437,767,220**	**$27,254,914,707**	**$32,590,135,872**	**$32,136,150,308**
Public Higher Education				
Two-Year Institutions				
Public Community/Junior Colleges	$899,540,045	$908,079,998	$936,193,916	$931,497,068
Lamar State Colleges				
Lamar Institute of Technology	$12,538,305	$13,875,157	$16,828,086	$16,814,503
Lamar State College – Orange	$10,776,284	$10,774,521	$12,479,456	$12,475,242
Lamar State College – Port Arthur	$12,504,362	$17,663,592	$15,235,409	$15,218,444
Subtotal, Lamar State Colleges	**$35,818,951**	**$42,313,270**	**$44,542,951**	**$44,508,189**
Texas State Technical Colleges				
Texas State Technical College System Administration	$3,825,440	$33,506,180	$3,415,629	$3,418,528
Texas State Technical College – Harlingen	$22,267,183	$20,956,677	$29,262,859	$29,573,207
Texas State Technical College – West Texas	$12,599,501	$12,363,605	$12,332,903	$12,364,484
Texas State Technical College – Marshall	$5,174,846	$5,169,835	$6,752,648	$6,772,645
Texas State Technical College – Waco	$31,770,241	$29,871,002	$37,538,232	$37,657,799
Texas State Technical College – Fort Bend	$5,709,572	$5,731,289	$6,258,129	$6,271,471
Texas State Technical College – North Texas	$3,431,856	$3,414,837	$3,905,919	$3,916,108
Subtotal, Texas State Technical Colleges	**$84,778,639**	**111,013,425**	**$99,466,319**	**$99,974,242**
Subtotal, Two-Year Institutions	**$1,020,137,635**	**$1,061,406,693**	**$1,080,203,186**	**$1,075,979,499**
General Academic Institutions				
The University of Texas System Administration	$10,807,486	$10,178,933	$10,076,703	$9,422,643
The University of Texas at Arlington	$178,831,240	$179,580,193	$196,733,387	$196,752,540
The University of Texas at Austin	$422,084,556	$426,381,768	$438,440,493	$429,258,640
The University of Texas at Dallas	$159,665,061	$153,341,054	$173,454,353	$173,479,310
The University of Texas at El Paso	$118,634,790	$115,231,701	$122,986,487	$123,003,170
The University of Texas Rio Grande Valley	$130,323,490	$128,816,264	$133,076,512	$133,084,294
The University of Texas of the Permian Basin	$42,113,980	$39,577,454	$39,995,948	$39,997,445
The University of Texas at San Antonio	$144,624,075	$145,548,088	$157,642,006	$157,653,418
The University of Texas at Tyler	$47,355,850	$47,912,491	$46,980,556	$46,984,325
Texas A&M University System Administrative and General Offices	$770,028	$770,027	$770,028	$770,027
Texas A&M University	$430,533,586	$432,506,477	$473,713,670	$473,737,718
Texas A&M University at Galveston	$26,137,816	$25,991,288	$25,380,439	$25,367,727
Prairie View A&M University	$65,964,558	$66,413,098	$67,042,253	$67,040,181
Tarleton State University	$72,361,222	$62,377,776	$60,726,614	$60,723,670
Texas A&M University – Central Texas	$18,366,100	$18,852,455	$19,784,985	$19,782,426
Texas A&M University – Corpus Christi	$67,153,926	$67,198,616	$69,685,293	$69,661,833
Texas A&M University – Kingsville	$60,944,929	$54,813,924	$54,623,737	$54,628,441
Texas A&M University – San Antonio	$33,687,269	$36,145,407	$38,843,522	$38,847,318
Texas A&M International University	$41,154,341	$41,232,073	$42,115,601	$42,102,986
West Texas A&M University	$45,727,588	$46,210,345	$48,749,538	$48,750,041
Texas A&M University – Commerce	$59,099,689	$58,578,645	$58,046,355	$58,035,150

FIGURE B1 (CONTINUED)
ALL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
General Academic Institutions (continued)				
Texas A&M University – Texarkana	$22,247,281	$23,222,276	$24,892,716	$24,894,457
University of Houston System Administration	$48,006,584	$47,266,506	$41,532,823	$41,569,127
University of Houston	$244,228,628	$263,903,964	$304,382,788	$259,405,401
University of Houston – Clear Lake	$39,208,036	$40,381,602	$43,075,729	$43,079,218
University of Houston – Downtown	$42,991,765	$47,184,729	$42,981,066	$42,984,147
University of Houston – Victoria	$18,979,015	$21,369,792	$20,005,847	$20,006,628
Midwestern State University	$27,156,723	$27,721,258	$27,501,468	$27,416,325
University of North Texas System Administration	$6,159,752	$6,158,252	$6,149,199	$6,153,846
University of North Texas	$172,005,159	$170,439,514	$177,853,961	$177,875,157
University of North Texas at Dallas	$28,583,589	$28,760,801	$31,439,729	$31,431,228
Stephen F. Austin State University	$57,973,025	$57,711,227	$55,283,926	$54,235,335
Texas Southern University	$83,717,616	$101,641,035	$81,183,055	$81,194,100
Texas Tech University System Administration	$1,368,000	$1,368,000	$1,368,000	$1,368,000
Texas Tech University	$219,383,152	$219,059,584	$228,055,659	$230,420,759
Angelo State University	$39,909,842	$37,701,394	$41,195,601	$41,178,718
Texas Woman's University	$76,826,226	$77,711,548	$81,849,901	$81,844,703
Texas State University System	$1,368,000	$1,368,000	$1,368,000	$1,368,000
Lamar University	$65,906,975	$66,578,750	$67,643,344	$67,594,103
Sam Houston State University	$89,190,462	$89,348,959	$92,810,948	$90,372,263
Texas State University	$158,358,824	$161,317,919	$170,343,864	$169,757,858
Sul Ross State University	$15,685,135	$14,421,896	$13,344,803	$13,307,858
Sul Ross State University Rio Grande College	$4,193,452	$4,276,888	$5,843,876	$5,843,915
Subtotal, General Academic Institutions	**$3,639,788,821**	**$3,666,571,971**	**$3,838,974,783**	**$3,782,384,449**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$175,232,950	$175,025,792	$183,347,116	$183,347,816
The University of Texas Medical Branch at Galveston	$281,255,189	$283,966,626	$285,006,028	$285,005,528
The University of Texas Health Science Center at Houston	$203,408,609	$203,585,089	$217,529,504	$217,529,204
The University of Texas Health Science Center at San Antonio	$164,436,257	$177,917,154	$173,313,575	$173,313,812
The University of Texas Rio Grande Valley School of Medicine	$27,927,125	$29,403,562	$34,463,107	$34,463,107
The University of Texas M.D. Anderson Cancer Center	$206,140,346	$210,836,697	$211,772,878	$211,773,229
The University of Texas Health Science Center at Tyler	$46,524,888	$46,604,393	$52,076,864	$52,076,664
Texas A&M University System Health Science Center	$169,690,965	$169,825,900	$164,999,300	$165,003,692
University of North Texas Health Science Center at Fort Worth	$103,222,993	$108,087,948	$106,867,257	$106,582,629
Texas Tech University Health Sciences Center	$153,285,504	$152,855,860	$167,079,032	$167,062,353
Texas Tech University Health Sciences Center at El Paso	$78,770,949	$74,274,566	$76,046,519	$76,030,911
Subtotal, Health-related Institutions	**$1,609,895,775**	**$1,632,383,587**	**$1,672,501,180**	**$1,672,188,945**

FIGURE B1 (CONTINUED)
ALL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Texas A&M University Services				
Texas A&M AgriLife Research	$71,533,993	$71,533,993	$71,716,633	$71,716,632
Texas A&M AgriLife Extension Service	$71,779,158	$71,763,612	$75,206,976	$75,206,976
Texas A&M Engineering Experiment Station	$124,583,128	$124,581,421	$125,300,621	$125,301,620
Texas A&M Transportation Institute	$70,576,339	$71,905,228	$72,893,612	$73,851,211
Texas A&M Engineering Extension Service	$90,176,280	$91,320,496	$89,840,462	$89,840,462
Texas A&M Forest Service	$62,119,917	$119,134,670	$61,823,157	$61,823,157
Texas A&M Veterinary Medical Diagnostic Laboratory	$20,756,506	$20,663,764	$20,875,244	$20,873,242
Texas Division of Emergency Management	N/A	N/A	$1,440,889,292	$2,083,052,987
Subtotal, Texas A&M University Services	**$511,525,321**	**$570,903,184**	**$1,958,545,997**	**$2,601,666,287**
Other Higher Education				
Higher Education Coordinating Board	$812,479,242	$771,104,365	$898,587,780	$890,536,019
Higher Education Fund	$393,750,000	$393,750,000	$393,750,000	$393,750,000
Available University Fund	$982,289,000	$1,042,564,000	$1,167,638,000	$1,217,095,000
Available National Research University Fund	$22,772,604	$23,500,539	$24,680,472	$25,545,062
Support for Military and Veterans Exemptions	$23,645,813	$23,737,849	$23,832,436	$24,004,638
Subtotal, Other Higher Education	**$2,234,936,659**	**$2,254,656,753**	**$2,508,488,688**	**$2,550,930,719**
Subtotal, Public Higher Education	**$9,016,284,211**	**$9,185,922,188**	**$11,058,713,834**	**$11,683,149,899**
Employee Benefits				
Teacher Retirement System	$2,847,746,455	$3,144,624,374	$3,080,092,561	$2,947,654,690
Optional Retirement Program	$148,925,395	$148,700,122	$148,494,976	$148,310,267
Higher Education Employees Group Insurance Contributions	$690,375,299	$723,091,110	$708,935,833	$708,935,830
Retirement and Group Insurance	$44,973,747	$47,017,224	$48,017,885	$49,026,324
Social Security and Benefit Replacement Pay	$311,114,125	$320,767,660	$344,739,324	$351,449,535
Subtotal, Employee Benefits	**$4,043,135,021**	**$4,384,200,490**	**$4,330,280,579**	**$4,205,376,646**
Debt Service				
Bond Debt Service Payments	$10,521,697	$10,247,151	$7,228,252	$7,933,400
Lease Payments	$402,420	$0	$0	$0
Subtotal, Debt Service	**$10,924,117**	**$10,247,151**	**$7,228,252**	**$7,933,400**
Less Interagency Contracts	$70,734,461	$57,832,168	$58,375,428	$58,672,504
Total, Article III – Agencies of Education	**$41,437,376,108**	**$40,777,452,368**	**$47,927,983,109**	**$47,973,937,749**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
(4) Expended fiscal year 2018, budgeted fiscal year 2019, and appropriated fiscal years 2020 and 2021 for the University of Texas at Austin include amounts for the institution's Dell Medical School. These amounts are included in the totals for the health-related institutions in Section 6, Education, rather than the general academic institutions.

SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Supreme Court of Texas	$59,155,141	$68,208,925	$51,762,224	$41,970,614
Court of Criminal Appeals	$17,199,756	$20,235,592	$22,371,556	$19,366,226
First Court of Appeals District, Houston	$4,704,977	$4,704,977	$4,826,747	$4,826,748
Second Court of Appeals District, Fort Worth	$3,638,300	$3,640,639	$3,793,210	$3,802,193
Third Court of Appeals District, Austin	$3,060,354	$3,060,354	$3,162,494	$3,162,494
Fourth Court of Appeals District, San Antonio	$3,634,558	$3,630,029	$3,712,067	$3,748,001
Fifth Court of Appeals District, Dallas	$6,498,099	$6,498,099	$6,650,669	$6,650,670
Sixth Court of Appeals District, Texarkana	$1,641,312	$1,680,311	$1,731,416	$1,731,416
Seventh Court of Appeals District, Amarillo	$1,974,883	$2,168,149	$2,177,526	$2,177,527
Eighth Court of Appeals District, El Paso	$1,642,316	$1,732,318	$1,738,555	$1,747,539
Ninth Court of Appeals District, Beaumont	$2,074,649	$2,074,648	$2,205,967	$2,205,967
Tenth Court of Appeals District, Waco	$1,566,964	$1,860,946	$1,732,059	$1,732,060
Eleventh Court of Appeals District, Eastland	$1,558,992	$1,747,114	$1,694,375	$1,705,925
Twelfth Court of Appeals District, Tyler	$1,657,427	$1,657,426	$1,748,705	$1,748,705
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	$3,044,911	$3,044,912	$3,171,455	$3,189,424
Fourteenth Court of Appeals District, Houston	$4,838,122	$4,838,122	$4,944,492	$4,944,493
Office of Court Administration, Texas Judicial Council	$72,832,625	$82,493,630	$125,617,393	$96,145,558
Office of Capital and Forensic Writs	$1,337,585	$1,337,586	$1,851,889	$1,858,802
Office of the State Prosecuting Attorney	$423,902	$433,340	$454,500	$462,667
State Law Library	$1,003,964	$1,046,961	$1,113,570	$1,127,069
State Commission on Judicial Conduct	$1,134,311	$1,134,311	$1,250,126	$1,259,251
Judiciary Section, Comptroller's Department	$156,990,956	$159,272,805	$170,830,881	$175,573,821
Subtotal, Judiciary	**$351,614,104**	**$376,501,194**	**$418,541,876**	**$381,137,170**
Retirement and Group Insurance	$63,561,817	$64,176,548	$65,641,442	$65,677,230
Social Security and Benefit Replacement Pay	$12,008,412	$12,034,224	$12,337,212	$12,372,150
Subtotal, Employee Benefits	**$75,570,229**	**$76,210,772**	**$77,978,654**	**$78,049,380**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$10,775,631	$11,118,747	$10,984,488	$10,967,494
Total, Article IV – Judiciary	**$416,408,702**	**$441,593,219**	**$485,536,042**	**$448,219,056**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Alcoholic Beverage Commission	$49,629,392	$49,862,998	$57,549,790	$55,385,736
Department of Criminal Justice	$3,319,007,861	$3,650,037,079	$3,435,986,249	$3,435,361,705
Commission on Fire Protection	$1,988,152	$1,955,902	$1,975,777	$1,975,777
Commission on Jail Standards	$1,393,097	$2,293,241	$1,440,419	$1,440,419
Juvenile Justice Department	$332,257,503	$336,394,308	$331,002,702	$325,878,249
Commission on Law Enforcement	$3,924,493	$3,995,054	$4,042,776	$4,127,204
Texas Military Department	$130,194,402	$92,729,592	$104,692,509	$102,862,034
Department of Public Safety	$2,794,942,474	$5,998,932,933	$1,213,892,831	$1,115,932,600
Subtotal, Public Safety and Criminal Justice	**$6,633,337,374**	**$10,136,201,107**	**$5,150,583,053**	**$5,042,963,724**
Retirement and Group Insurance	$912,200,628	$937,276,143	$973,228,918	$987,208,288
Social Security and Benefit Replacement Pay	$188,612,478	$192,186,040	$204,047,842	$204,663,356
Subtotal, Employee Benefits	**$1,100,813,106**	**$1,129,462,183**	**$1,177,276,760**	**$1,191,871,644**
Bond Debt Service Payments	$87,986,096	$84,092,922	$71,833,289	$70,176,199
Lease Payments	$57,063	$25,647	$54,788	$37,986
Subtotal, Debt Service	**$88,043,159**	**$84,118,569**	**$71,888,077**	**$70,214,185**
Less Interagency Contracts	$198,809,792	$118,669,083	$78,451,002	$77,451,003
Total, Article V – Public Safety and Criminal Justice	**$7,623,383,847**	**$11,231,112,776**	**$6,321,296,888**	**$6,227,598,550**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Agriculture	$649,937,438	$680,105,871	$688,169,442	$705,731,471
Animal Health Commission	$16,025,239	$16,349,268	$15,397,078	$15,396,649
Commission on Environmental Quality	$434,291,304	$412,457,655	$397,965,882	$372,751,037
General Land Office and Veterans' Land Board	$1,123,353,457	$1,518,278,608	$2,471,422,151	$2,388,598,410
Low-level Radioactive Waste Disposal Compact Commission	$310,693	$577,164	$577,164	$577,164
Parks and Wildlife Department	$491,571,588	$415,196,131	$424,823,507	$370,514,865
Railroad Commission	$129,041,671	$127,034,513	$138,013,140	$143,884,484
Soil and Water Conservation Board	$35,570,910	$184,793,844	$37,080,328	$37,080,325
Water Development Board	$182,468,961	$1,664,875,296	$195,509,569	$187,031,933
Subtotal, Natural Resources	**$3,062,571,261**	**$5,019,668,350**	**$4,368,958,261**	**$4,221,566,338**
Retirement and Group Insurance	$157,968,382	$161,994,411	$164,807,624	$167,526,145
Social Security and Benefit Replacement Pay	$36,596,447	$36,847,796	$36,928,404	$36,999,156
Subtotal, Employee Benefits	**$194,564,829**	**$198,842,207**	**$201,736,028**	**$204,525,301**
Bond Debt Service Payments	$15,151,913	$14,853,849	$13,917,733	$13,533,340
Lease Payments	$1,723,377	$844,965	$1,919,936	$1,331,148
Subtotal, Debt Service	**$16,875,290**	**$15,698,814**	**$15,837,669**	**$14,864,488**
Less Interagency Contracts	$15,868,969	$17,703,664	$7,556,522	$7,556,522
Total, Article VI – Natural Resources	**$3,258,142,411**	**$5,216,505,707**	**$4,578,975,436**	**$4,433,399,605**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Housing and Community Affairs	$274,055,847	$280,301,213	$287,263,052	$289,491,426
Texas Lottery Commission	$260,828,928	$274,439,389	$272,339,002	$254,037,844
Department of Motor Vehicles	$160,131,730	$168,783,745	$157,752,971	$153,007,749
Department of Transportation	$12,519,836,895	$18,454,968,935	$16,085,368,546	$15,037,887,925
Texas Workforce Commission	$1,712,727,112	$1,898,752,948	$1,934,161,456	$1,860,191,735
Reimbursements to the Unemployment Compensation Benefit Account	$18,919,585	$18,919,585	$18,919,585	$18,919,585
Subtotal, Business and Economic Development	**$14,946,500,097**	**$21,096,165,815**	**$18,755,804,612**	**$17,613,536,264**
Retirement and Group Insurance	$371,903,100	$381,209,588	$388,861,488	$396,548,072
Social Security and Benefit Replacement Pay	$75,771,764	$75,826,124	$75,906,939	$76,032,905
Subtotal, Employee Benefits	**$447,674,864**	**$457,035,712**	**$464,768,427**	**$472,580,977**
Bond Debt Service Payments	$13,233,083	$13,362,595	$11,139,346	$10,204,788
Lease Payments	$614,831	$0	$0	$0
Subtotal, Debt Service	**$13,847,914**	**$13,362,595**	**$11,139,346**	**$10,204,788**
Less Interagency Contracts	$113,342,308	$130,810,019	$132,922,535	$134,003,692
Total, Article VII – Business and Economic Development	**$15,294,680,567**	**$21,435,754,103**	**$19,098,789,850**	**$17,962,318,337**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
State Office of Administrative Hearings	$11,669,688	$13,618,738	$12,045,165	$12,045,165
Behavioral Health Executive Council	$0	$0	$885,008	$3,745,905
Board of Chiropractic Examiners	$843,951	$843,950	$888,982	$888,983
Texas State Board of Dental Examiners	$4,266,984	$4,465,049	$4,700,008	$4,569,985
Funeral Service Commission	$834,366	$834,367	$858,366	$858,367
Board of Professional Geoscientists	$574,212	$569,310	$595,636	$595,637
Health Professions Council	$1,083,230	$1,083,230	$1,121,744	$1,139,239
Office of Injured Employee Counsel	$8,271,349	$9,256,917	$8,764,133	$8,764,133
Department of Insurance	$109,679,443	$159,820,117	$127,881,516	$143,719,887
Office of Public Insurance Counsel	$1,042,249	$1,042,250	$1,042,249	$1,042,250
Board of Professional Land Surveying	$480,992	$480,607	$480,608	$0
Department of Licensing and Regulation	$35,841,765	$35,382,642	$43,625,752	$43,802,369
Texas Medical Board	$13,854,082	$13,655,324	$14,740,080	$14,583,695
Texas Board of Nursing	$12,731,958	$12,793,009	$13,194,249	$13,194,252
Optometry Board	$501,642	$495,995	$508,267	$508,268
Board of Pharmacy	$9,437,047	$15,340,192	$10,500,683	$10,501,248
Executive Council of Physical Therapy and Occupational Therapy Examiners	$1,425,218	$1,506,680	$1,422,473	$1,422,475
Board of Plumbing Examiners	$2,673,034	$2,640,078	$2,931,840	$2,914,356
Board of Examiners of Psychologists	$940,184	$946,497	$996,645	$0
Racing Commission	$6,599,632	$6,694,741	$7,326,059	$7,321,823
Securities Board	$6,735,203	$7,014,451	$7,742,826	$7,797,290
Public Utility Commission of Texas	$15,616,150	$17,016,150	$17,402,551	$17,420,662
Office of Public Utility Counsel	$2,135,764	$2,135,765	$2,135,764	$2,135,765
Board of Veterinary Medical Examiners	$1,334,982	$1,493,791	$1,389,792	$1,389,790
Subtotal, Regulatory	**$248,573,125**	**$309,129,850**	**$283,180,396**	**$300,361,544**
Retirement and Group Insurance	$52,589,899	$53,696,343	$54,583,356	$55,468,484
Social Security and Benefit Replacement Pay	$12,883,193	$12,900,091	$12,920,905	$12,948,377
Subtotal, Employee Benefits	**$65,473,092**	**$66,596,434**	**$67,504,261**	**$68,416,861**
Lease Payments	$319,663	$3,832	$8,997	$6,238
Subtotal, Debt Service	**$319,663**	**$3,832**	**$8,997**	**$6,238**
Less Interagency Contracts	$6,062,042	$6,252,428	$6,213,552	$6,231,047
Total, Article VIII – Regulatory	**$308,303,838**	**$369,477,688**	**$344,480,102**	**$362,553,596**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B1 (CONTINUED)
ALL FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Senate	$31,333,759	$36,553,138	$32,605,856	$37,274,153
House of Representatives	$36,624,000	$51,796,084	$41,557,439	$48,815,467
Legislative Budget Board	$10,820,871	$12,624,968	$15,628,563	$11,722,919
Legislative Council	$39,393,691	$41,804,867	$44,975,308	$42,223,250
Commission on Uniform State Laws	$144,681	$165,000	$154,841	$154,840
Sunset Advisory Commission	$0	$0	$2,237,640	$2,237,640
State Auditor's Office	$20,491,479	$24,449,905	$12,803,845	$12,803,845
Legislative Reference Library	$1,514,113	$1,625,624	$1,571,000	$1,571,000
Subtotal, Legislature	**$140,322,594**	**$169,019,586**	**$151,534,492**	**$156,803,114**
Retirement and Group Insurance	$36,350,292	$37,106,280	$37,711,027	$38,314,153
Social Security and Benefit Replacement Pay	$8,553,368	$8,573,513	$8,595,584	$8,620,885
Subtotal, Employee Benefits	**$44,903,660**	**$45,679,793**	**$46,306,611**	**$46,935,038**
Lease Payments	$2,948,692	$761,345	$0	$0
Subtotal, Debt Service	**$2,948,692**	**$761,345**	**$0**	**$0**
Less Interagency Contracts	$5,423,730	$5,375,500	$4,676,000	$4,676,000
Total, Article X – Legislature	**$182,751,216**	**$210,085,224**	**$193,165,103**	**$199,062,152**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE FUNDS

FIGURE B2
GENERAL REVENUE FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Article I – General Government	$1,638,213,505	$1,700,483,717	$2,265,217,895	$1,763,416,850
Article II – Health and Human Services	$17,361,578,389	$17,279,170,184	$16,781,828,351	$16,861,428,631
Article III – Agencies of Education	$29,514,002,553	$26,304,695,535	$33,344,230,597	$32,370,595,091
Public Education	*$22,062,872,153*	*$18,802,175,178*	*$25,323,287,240*	*$24,415,410,734*
Higher Education	*$7,451,130,400*	*$7,502,520,357*	*$8,020,943,357*	*$7,955,184,357*
Article IV – Judiciary	$242,742,004	$248,971,724	$279,125,324	$266,573,017
Article V – Public Safety and Criminal Justice	$5,752,910,568	$5,792,088,035	$6,070,165,525	$6,002,089,309
Article VI – Natural Resources	$463,812,122	$446,869,491	$525,323,318	$486,405,634
Article VII – Business and Economic Development	$257,789,651	$238,821,846	$278,414,309	$247,457,256
Article VIII – Regulatory	$169,829,105	$181,614,444	$189,230,201	$189,959,981
Article IX – General Provisions	$0	$0	$0	$0
Article X – Legislature	$182,715,165	$210,034,224	$193,063,678	$198,960,727
Total, All Functions	**$55,583,593,062**	**$52,402,749,200**	**$59,926,599,198**	**$58,386,886,496**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Commission on the Arts	$4,972,333	$4,977,331	$15,164,288	$10,214,288
Office of the Attorney General	$232,834,679	$220,013,376	$269,643,318	$245,338,637
Bond Review Board	$811,160	$815,661	$950,410	$856,411
Cancer Prevention and Research Institute of Texas	$0	$0	$0	$0
Comptroller of Public Accounts	$301,209,862	$301,875,142	$331,183,502	$314,783,502
Fiscal Programs within the Office of the Comptroller of Public Accounts	$546,952,299	$577,668,662	$574,614,575	$585,618,275
Commission on State Emergency Communications	$0	$0	$0	$0
Texas Emergency Services Retirement System	$716,486	$716,486	$716,486	$716,486
Employees Retirement System	$13,441,741	$13,750,000	$13,750,000	$13,750,000
Texas Ethics Commission	$2,894,742	$2,975,750	$3,656,936	$3,466,936
Facilities Commission	$33,326,453	$42,826,452	$184,127,798	$37,299,718
Public Finance Authority	$783,824	$925,528	$851,390	$771,750
Office of the Governor	$15,874,355	$15,562,122	$12,430,874	$12,430,873
Trusteed Programs within the Office of the Governor	$179,029,884	$120,921,535	$378,827,946	$59,163,376
Historical Commission	$19,177,074	$18,379,431	$36,111,631	$23,387,853
Department of Information Resources	$1,112,781	$2,087,219	$7,081,575	$4,081,575
Library and Archives Commission	$15,010,040	$19,916,389	$18,092,852	$15,453,891
Pension Review Board	$1,023,769	$933,769	$1,128,749	$1,128,749
Preservation Board	$18,827,085	$18,112,771	$14,273,920	$7,525,253
State Office of Risk Management	$0	$0	$0	$0
Secretary of State	$32,087,196	$11,797,842	$38,858,588	$12,988,680
Veterans Commission	$13,332,197	$13,359,077	$14,516,098	$14,415,008
Subtotal, General Government	**$1,433,417,960**	**$1,387,614,543**	**$1,915,980,936**	**$1,363,391,261**
Retirement and Group Insurance	$127,248,389	$129,132,605	$131,892,340	$134,150,646
Social Security and Benefit Replacement Pay	$33,401,930	$33,288,409	$33,741,526	$34,090,086
Subtotal, Employee Benefits	**$160,650,319**	**$162,421,014**	**$165,633,866**	**$168,240,732**
Bond Debt Service Payments	$35,377,346	$147,374,912	$161,285,649	$191,002,749
Lease Payments	$8,767,880	$3,073,248	$22,317,444	$40,782,108
Subtotal, Debt Service	**$44,145,226**	**$150,448,160**	**$183,603,093**	**$231,784,857**
Total, Article I – General Government	**$1,638,213,505**	**$1,700,483,717**	**$2,265,217,895**	**$1,763,416,850**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Family and Protective Services	$1,155,667,439	$1,236,979,095	$1,285,511,893	$1,300,301,707
Department of State Health Services	$238,926,069	$244,674,282	$283,978,153	$272,691,459
Health and Human Services Commission	$15,270,651,686	$15,061,149,078	$14,463,577,077	$14,530,729,880
Subtotal, Health and Human Services	**$16,665,245,194**	**$16,542,802,455**	**$16,033,067,123**	**$16,103,723,046**
Retirement and Group Insurance	$558,987,588	$593,658,282	$599,287,968	$604,524,689
Social Security and Benefit Replacement Pay	$114,888,299	$120,268,541	$120,399,804	$119,276,760
Subtotal, Employee Benefits	**$673,875,887**	**$713,926,823**	**$719,687,772**	**$723,801,449**
Bond Debt Service Payments	$21,977,742	$22,370,308	$21,466,856	$17,151,742
Lease Payments	$479,566	$70,598	$7,606,600	$16,752,394
Subtotal, Debt Service	**$22,457,308**	**$22,440,906**	**$29,073,456**	**$33,904,136**
Total, Article II – Health and Human Services	**$17,361,578,389**	**$17,279,170,184**	**$16,781,828,351**	**$16,861,428,631**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Public Education				
Texas Education Agency	$19,448,842,998	$16,510,670,935	$22,742,391,008	$21,979,471,649
School for the Blind and Visually Impaired	$15,706,623	$15,805,381	$16,597,224	$16,422,226
School for the Deaf	$18,728,258	$18,870,036	$24,347,311	$19,353,738
Subtotal, Public Education	**$19,483,277,879**	**$16,545,346,352**	**$22,783,335,543**	**$22,015,247,613**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$899,540,045	$908,079,998	$936,193,916	$931,497,068
Lamar State Colleges				
Lamar Institute of Technology	$9,829,225	$9,686,743	$14,297,451	$14,282,770
Lamar State College – Orange	$8,293,981	$8,056,076	$10,449,161	$10,443,155
Lamar State College – Port Arthur	$9,293,644	$9,096,512	$12,934,838	$12,914,280
Subtotal, Lamar State Colleges	**$27,416,850**	**$26,839,331**	**$37,681,450**	**$37,640,205**
Texas State Technical Colleges				
Texas State Technical College System Administration	$3,113,481	$33,018,419	$3,043,910	$3,042,093
Texas State Technical College – Harlingen	$18,585,674	$17,272,510	$27,009,390	$27,199,749
Texas State Technical College – West Texas	$10,801,190	$10,875,213	$11,688,197	$11,685,060
Texas State Technical College – Marshall	$3,656,672	$4,627,722	$6,556,685	$6,555,047
Texas State Technical College – Waco	$24,818,098	$24,574,398	$34,904,948	$34,894,816
Texas State Technical College – Fort Bend	$5,485,205	$5,470,590	$5,962,649	$5,956,640
Texas State Technical College – North Texas	$3,186,204	$3,306,014	$3,717,575	$3,717,377
Subtotal, Texas State Technical Colleges	$69,646,524	$99,144,866	$92,883,354	$93,050,782
Subtotal, Two–year Institutions	$996,603,419	$1,034,064,195	$1,066,758,720	$1,062,188,055
General Academic Institutions				
The University of Texas System Administration	$9,516,706	$8,870,153	$8,820,703	$8,166,643
The University of Texas at Arlington	$106,792,469	$107,170,649	$125,093,925	$124,996,206
The University of Texas at Austin	$301,704,151	$294,762,936	$315,444,013	$305,899,032
The University of Texas at Dallas	$89,546,409	$88,858,840	$99,582,898	$99,321,497
The University of Texas at El Paso	$82,960,548	$83,055,003	$87,763,535	$87,709,125
The University of Texas Rio Grande Valley	$92,171,491	$92,366,814	$97,104,134	$97,095,892
The University of Texas of the Permian Basin	$31,559,969	$31,557,322	$31,866,072	$31,856,430
The University of Texas at San Antonio	$99,492,470	$100,718,147	$114,621,965	$114,586,252
The University of Texas at Tyler	$35,661,469	$35,671,551	$36,070,813	$36,056,229
Texas A&M University System Administrative and General Offices	$770,028	$770,027	$770,028	$770,027
Texas A&M University	$296,154,502	$295,990,725	$342,078,776	$341,803,641
Texas A&M University at Galveston	$21,898,030	$21,906,357	$22,161,422	$22,143,056
Prairie View A&M University	$48,386,805	$48,364,594	$48,230,831	$48,191,613
Tarleton State University	$45,955,374	$46,030,599	$45,738,384	$45,724,236
Texas A&M University – Central Texas	$15,704,545	$16,441,596	$17,299,692	$17,293,373
Texas A&M University – Corpus Christi	$47,984,409	$48,065,037	$51,905,781	$51,873,543
Texas A&M University – Kingsville	$38,756,260	$38,509,310	$38,836,780	$38,784,047
Texas A&M University – San Antonio	$27,955,866	$27,964,402	$31,565,412	$31,566,021
Texas A&M International University	$31,334,601	$31,362,469	$32,088,813	$32,070,239

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
West Texas A&M University	$33,102,887	$33,133,215	$35,174,681	$35,145,294
Texas A&M University – Commerce	$41,548,778	$41,556,331	$42,111,692	$42,075,234
Texas A&M University – Texarkana	$19,935,318	$19,930,568	$22,530,738	$22,527,497
University of Houston System Administration	$47,989,266	$47,255,268	$41,521,585	$41,557,889
University of Houston	$161,350,464	$160,050,973	$221,750,099	$176,618,417
University of Houston – Clear Lake	$26,165,241	$26,042,477	$29,180,801	$29,150,624
University of Houston – Downtown	$24,748,399	$24,775,208	$25,549,503	$25,528,807
University of Houston – Victoria	$13,818,671	$13,854,187	$14,650,338	$14,646,687
Midwestern State University	$20,586,527	$20,610,148	$20,745,590	$20,649,160
University of North Texas System Administration	$6,159,752	$6,158,252	$6,149,199	$6,153,846
University of North Texas	$105,542,145	$105,488,342	$115,469,831	$115,357,556
University of North Texas at Dallas	$22,160,337	$22,166,741	$24,512,594	$24,503,453
Stephen F. Austin State University	$40,145,767	$40,193,397	$39,106,062	$38,039,484
Texas Southern University	$54,888,410	$55,474,393	$51,561,004	$51,491,043
Texas Tech University System Administration	$1,368,000	$1,368,000	$1,368,000	$1,368,000
Texas Tech University	$153,715,909	$156,712,855	$167,441,568	$169,681,575
Angelo State University	$27,306,691	$25,798,016	$29,506,087	$29,468,357
Texas Woman's University	$55,388,348	$55,465,180	$63,168,756	$63,150,934
Texas State University System	$1,368,000	$1,368,000	$1,368,000	$1,368,000
Lamar University	$48,703,537	$48,176,966	$49,642,353	$49,580,547
Sam Houston State University	$56,949,583	$56,608,700	$58,530,469	$58,376,132
Texas State University	$110,234,948	$109,079,130	$120,815,161	$120,215,120
Sul Ross State University	$13,224,337	$11,964,321	$11,001,146	$10,961,983
Sul Ross State University Rio Grande College	$3,336,600	$3,419,569	$5,035,990	$5,035,787
Subtotal, General Academic Institutions	**$2,514,044,017**	**$2,505,086,768**	**$2,744,935,224**	**$2,688,558,528**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$159,283,242	$159,315,359	$169,568,982	$169,569,682
The University of Texas Medical Branch at Galveston	$262,830,212	$262,969,008	$267,775,848	$267,775,350
The University of Texas Health Science Center at Houston	$174,212,103	$174,394,183	$188,280,861	$188,280,561
The University of Texas Health Science Center at San Antonio	$135,039,051	$136,491,587	$147,460,472	$147,460,709
The University of Texas Rio Grande Valley School of Medicine	$26,743,330	$26,754,712	$32,285,815	$32,285,815
The University of Texas M.D. Anderson Cancer Center	$192,891,184	$192,894,019	$202,092,811	$202,093,162
The University of Texas Health Science Center at Tyler	$43,090,278	$43,092,855	$48,604,141	$48,603,941
Texas A&M University System Health Science Center	$143,972,983	$144,025,170	$145,469,479	$145,473,871
University of North Texas Health Science Center at Fort Worth	$88,550,583	$88,302,840	$93,401,581	$93,116,953
Texas Tech University Health Sciences Center	$128,968,094	$129,010,222	$148,184,642	$148,167,963
Texas Tech University Health Sciences Center at El Paso	$65,415,424	$65,351,585	$70,254,352	$70,238,744
Subtotal, Health-related Institutions	**$1,420,996,484**	**$1,422,601,540**	**$1,513,378,984**	**$1,513,066,751**

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Texas A&M University Services				
Texas A&M AgriLife Research	$55,045,508	$55,045,508	$55,228,148	$55,228,147
Texas A&M AgriLife Extension Service	$44,054,523	$44,054,523	$48,497,887	$48,497,887
Texas A&M Engineering Experiment Station	$21,596,989	$21,595,283	$23,126,275	$23,127,274
Texas A&M Transportation Institute	$7,567,469	$7,567,470	$7,613,283	$7,613,282
Texas A&M Engineering Extension Service	$8,793,983	$8,793,985	$8,923,537	$8,923,537
Texas A&M Forest Service	$31,785,590	$31,785,591	$32,604,399	$32,604,398
Texas A&M Veterinary Medical Diagnostic Laboratory	$8,692,936	$8,693,186	$9,273,893	$9,273,891
Texas Division of Emergency Management	N/A	N/A	$20,987,423	$9,815,553
Subtotal, Texas A&M University Services	**$177,536,998**	**$177,535,546**	**$206,254,845**	**$195,083,969**
Other Higher Education				
Higher Education Coordinating Board	$708,341,805	$688,540,827	$822,604,121	$815,918,716
Higher Education Fund	$393,750,000	$393,750,000	$393,750,000	$393,750,000
Available University Fund	$0	$0	$0	$0
Available National Research University Fund	$0	$0	$0	$0
Support for Military and Veterans Exemptions	$15,000,000	$15,000,000	$15,000,000	$15,000,000
Subtotal, Other Higher Education	**$1,117,091,805**	**$1,097,290,827**	**$1,231,354,121**	**$1,224,668,716**
Subtotal, Public Higher Education	**$6,226,272,723**	**$6,236,578,876**	**$6,762,681,894**	**$6,683,566,019**
Employee Benefits				
Teacher Retirement System	$2,698,626,937	$2,379,334,790	$2,653,019,677	$2,520,392,507
Optional Retirement Program	$123,681,059	$122,849,922	$122,024,371	$121,204,367
Higher Education Employees Group Insurance Contributions	$690,375,299	$723,091,110	$708,935,833	$708,935,830
Retirement and Group Insurance	$37,221,653	$36,743,841	$37,704,232	$38,676,292
Social Security and Benefit Replacement Pay	$243,799,278	$250,591,613	$269,300,795	$274,639,063
Subtotal, Employee Benefits	**$3,793,704,226**	**$3,512,611,276**	**$3,790,984,908**	**$3,663,848,059**
Debt Service				
Bond Debt Service Payments	$10,345,305	$10,159,031	$7,228,252	$7,933,400
Lease Payments	$402,420	$0	$0	$0
Subtotal, Debt Service	**$10,747,725**	**$10,159,031**	**$7,228,252**	**$7,933,400**
Total, Article III – Agencies of Education	**$29,514,002,553**	**$26,304,695,535**	**$33,344,230,597**	**$32,370,595,091**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Expended fiscal year 2018, budgeted fiscal year 2019, and appropriated fiscal years 2020 and 2021 for the University of Texas at Austin include amounts for the institution's Dell Medical School. These amounts are included in the totals for the health-related institutions in Section 6, Education, rather than the general academic institutions.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Supreme Court of Texas	$8,794,950	$8,906,950	$19,714,884	$19,923,272
Court of Criminal Appeals	$6,225,680	$6,595,681	$6,964,423	$7,029,093
First Court of Appeals District, Houston	$4,380,427	$4,380,427	$4,502,197	$4,502,198
Second Court of Appeals District, Fort Worth	$3,365,590	$3,365,589	$3,518,160	$3,527,143
Third Court of Appeals District, Austin	$2,830,454	$2,830,454	$2,932,594	$2,932,594
Fourth Court of Appeals District, San Antonio	$3,363,979	$3,363,979	$3,446,017	$3,481,951
Fifth Court of Appeals District, Dallas	$6,007,149	$6,007,149	$6,159,719	$6,159,720
Sixth Court of Appeals District, Texarkana	$1,543,862	$1,583,861	$1,634,966	$1,634,966
Seventh Court of Appeals District, Amarillo	$1,845,663	$2,039,049	$2,048,726	$2,048,727
Eighth Court of Appeals District, El Paso	$1,516,866	$1,606,868	$1,613,105	$1,622,089
Ninth Court of Appeals District, Beaumont	$1,944,049	$1,944,048	$2,075,367	$2,075,367
Tenth Court of Appeals District, Waco	$1,466,514	$1,760,496	$1,634,609	$1,634,610
Eleventh Court of Appeals District, Eastland	$1,479,086	$1,646,664	$1,593,925	$1,605,475
Twelfth Court of Appeals District, Tyler	$1,560,977	$1,560,976	$1,652,255	$1,652,255
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	$2,816,011	$2,816,012	$2,942,555	$2,960,524
Fourteenth Court of Appeals District, Houston	$4,386,229	$4,386,229	$4,492,599	$4,492,600
Office of Court Administration, Texas Judicial Council	$17,996,131	$20,033,858	$33,692,970	$20,198,768
Office of Capital and Forensic Writs	$0	$0	$0	$0
Office of the State Prosecuting Attorney	$400,414	$410,840	$430,000	$438,167
State Law Library	$992,462	$992,461	$1,105,595	$1,119,094
State Commission on Judicial Conduct	$1,134,311	$1,134,311	$1,250,126	$1,259,251
Judiciary Section, Comptroller's Department	$99,790,580	$102,071,810	$104,506,355	$104,997,676
Subtotal, Judiciary	**$173,841,384**	**$179,437,712**	**$207,911,147**	**$195,295,540**
Retirement and Group Insurance	$58,951,055	$59,561,393	$60,955,077	$60,987,940
Social Security and Benefit Replacement Pay	$9,949,565	$9,972,619	$10,259,100	$10,289,537
Subtotal, Employee Benefits	**$68,900,620**	**$69,534,012**	**$71,214,177**	**$71,277,477**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Total, Article IV – Judiciary	**$242,742,004**	**$248,971,724**	**$279,125,324**	**$266,573,017**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Alcoholic Beverage Commission	$47,801,848	$48,439,972	$56,946,852	$54,782,798
Department of Criminal Justice	$3,198,193,980	$3,408,254,057	$3,343,457,969	$3,358,273,329
Commission on Fire Protection	$1,888,152	$1,883,402	$1,885,777	$1,885,777
Commission on Jail Standards	$1,313,309	$1,370,179	$1,438,994	$1,438,994
Juvenile Justice Department	$306,679,469	$298,472,356	$309,230,088	$304,183,289
Commission on Law Enforcement	$0	$0	$137,264	$137,264
Texas Military Department	$15,037,697	$15,363,088	$26,433,290	$26,530,459
Department of Public Safety	$1,018,454,737	$830,632,164	$1,107,073,172	$1,019,250,960
Subtotal, Public Safety and Criminal Justice	**$4,589,369,192**	**$4,604,415,218**	**$4,846,603,406**	**$4,766,482,870**
Retirement and Group Insurance	$892,487,342	$916,517,200	$952,085,476	$965,319,919
Social Security and Benefit Replacement Pay	$184,689,081	$187,861,668	$199,588,566	$200,072,335
Subtotal, Employee Benefits	**$1,077,176,423**	**$1,104,378,868**	**$1,151,674,042**	**$1,165,392,254**
Bond Debt Service Payments	$86,307,890	$83,268,302	$71,833,289	$70,176,199
Lease Payments	$57,063	$25,647	$54,788	$37,986
Subtotal, Debt Service	**$86,364,953**	**$83,293,949**	**$71,888,077**	**$70,214,185**
Total, Article V – Public Safety and Criminal Justice	**$5,752,910,568**	**$5,792,088,035**	**$6,070,165,525**	**$6,002,089,309**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Agriculture	$52,613,662	$53,335,372	$52,711,013	$51,943,220
Animal Health Commission	$13,959,554	$14,377,763	$13,743,702	$13,743,701
Commission on Environmental Quality	$17,084,926	$19,583,832	$25,874,749	$16,428,751
General Land Office and Veterans' Land Board	$38,120,827	$28,778,186	$13,556,222	$13,556,221
Low-level Radioactive Waste Disposal Compact Commission	$0	$0	$0	$0
Parks and Wildlife Department	$134,807,875	$126,372,197	$176,086,508	$150,010,776
Railroad Commission	$30,550,662	$30,550,661	$51,263,743	$56,577,973
Soil and Water Conservation Board	$24,912,001	$19,507,176	$21,793,660	$21,793,657
Water Development Board	$63,559,269	$66,482,506	$71,542,560	$63,169,808
Subtotal, Natural Resources	**$375,608,776**	**$358,987,693**	**$426,572,157**	**$387,224,107**
Retirement and Group Insurance	$74,726,054	$74,735,610	$76,107,043	$77,471,546
Social Security and Benefit Replacement Pay	$7,090,877	$6,774,135	$6,806,449	$6,845,493
Subtotal, Employee Benefits	**$81,816,931**	**$81,509,745**	**$82,913,492**	**$84,317,039**
Bond Debt Service Payments	$4,663,038	$5,527,088	$13,917,733	$13,533,340
Lease Payments	$1,723,377	$844,965	$1,919,936	$1,331,148
Subtotal, Debt Service	**$6,386,415**	**$6,372,053**	**$15,837,669**	**$14,864,488**
Total, Article VI – Natural Resources	**$463,812,122**	**$446,869,491**	**$525,323,318**	**$486,405,634**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Housing and Community Affairs	$12,122,660	$12,231,310	$13,612,410	$13,721,060
Texas Lottery Commission	$0	$0	$17,025,060	$2,549,315
Department of Motor Vehicles	$20,068,465	$18,849,339	$12,835,851	$12,835,851
Department of Transportation	$1,938,277	$1,938,277	$17,638,277	$1,938,277
Texas Workforce Commission	$200,031,604	$182,121,889	$195,343,300	$195,063,615
Reimbursements to the Unemployment Compensation Benefit Account	$0	$0	$0	$0
Subtotal, Business and Economic Development	**$234,161,006**	**$215,140,815**	**$256,454,898**	**$226,108,118**
Retirement and Group Insurance	$7,699,528	$8,054,339	$8,367,471	$8,688,433
Social Security and Benefit Replacement Pay	$2,450,047	$2,450,857	$2,452,594	$2,455,917
Subtotal, Employee Benefits	**$10,149,575**	**$10,505,196**	**$10,820,065**	**$11,144,350**
Bond Debt Service Payments	$12,864,239	$13,175,835	$11,139,346	$10,204,788
Lease Payments	$614,831	$0	$0	$0
Subtotal, Debt Service	**$13,479,070**	**$13,175,835**	**$11,139,346**	**$10,204,788**
Total, Article VII – Business and Economic Development	**$257,789,651**	**$238,821,846**	**$278,414,309**	**$247,457,256**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
State Office of Administrative Hearings	$6,924,484	$8,636,646	$7,133,065	$7,133,065
Behavioral Health Executive Council	$0	$0	$885,008	$3,729,917
Board of Chiropractic Examiners	$745,751	$745,750	$841,482	$841,483
Texas State Board of Dental Examiners	$4,008,484	$4,206,549	$4,441,508	$4,311,485
Funeral Service Commission	$747,266	$747,267	$771,266	$771,267
Board of Professional Geoscientists	$574,212	$569,310	$595,636	$595,637
Health Professions Council	$0	$0	$0	$0
Office of Injured Employee Counsel	$0	$0	$0	$0
Department of Insurance	$39,507,026	$41,829,467	$43,285,491	$43,305,735
Office of Public Insurance Counsel	$850,579	$850,580	$850,579	$850,580
Board of Professional Land Surveying	$468,108	$468,107	$468,108	$0
Department of Licensing and Regulation	$30,500,048	$30,024,760	$38,267,870	$37,409,336
Texas Medical Board	$10,178,520	$10,080,667	$11,577,774	$11,421,389
Texas Board of Nursing	$9,029,682	$9,090,733	$9,491,973	$9,491,976
Optometry Board	$449,819	$450,674	$462,946	$462,947
Board of Pharmacy	$8,423,032	$14,326,177	$9,486,668	$9,487,233
Executive Council of Physical Therapy and Occupational Therapy Examiners	$1,341,818	$1,425,720	$1,340,293	$1,340,295
Board of Plumbing Examiners	$2,618,380	$2,590,378	$2,882,140	$2,864,656
Board of Examiners of Psychologists	$808,986	$815,299	$899,845	$0
Racing Commission	$0	$0	$0	$0
Securities Board	$6,735,124	$7,014,451	$7,742,826	$7,797,290
Public Utility Commission of Texas	$12,575,752	$13,975,752	$13,812,153	$13,830,264
Office of Public Utility Counsel	$1,640,709	$1,640,709	$1,640,709	$1,640,709
Board of Veterinary Medical Examiners	$1,329,454	$1,488,264	$1,384,265	$1,384,263
Subtotal, Regulatory	**$139,457,234**	**$150,977,260**	**$158,261,605**	**$158,669,527**
Retirement and Group Insurance	$23,723,725	$24,127,889	$24,438,199	$24,744,310
Social Security and Benefit Replacement Pay	$6,491,053	$6,505,463	$6,521,400	$6,539,906
Subtotal, Employee Benefits	**$30,214,778**	**$30,633,352**	**$30,959,599**	**$31,284,216**
Lease Payments	$157,093	$3,832	$8,997	$6,238
Subtotal, Debt Service	**$157,093**	**$3,832**	**$8,997**	**$6,238**
Total, Article VIII – Regulatory	**$169,829,105**	**$181,614,444**	**$189,230,201**	**$189,959,981**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B2 (CONTINUED)
GENERAL REVENUE FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Senate	$31,333,759	$36,553,138	$32,605,856	$37,274,153
House of Representatives	$36,624,000	$51,796,084	$41,557,439	$48,815,467
Legislative Budget Board	$10,820,871	$12,624,968	$15,628,563	$11,722,919
Legislative Council	$39,393,691	$41,804,867	$44,975,308	$42,223,250
Commission on Uniform State Laws	$144,681	$165,000	$154,841	$154,840
Sunset Advisory Commission	$0	$0	$2,237,640	$2,237,640
State Auditor's Office	$15,032,785	$19,024,905	$8,028,845	$8,028,845
Legislative Reference Library	$1,513,026	$1,624,124	$1,568,575	$1,568,575
Subtotal, Legislature	**$134,862,813**	**$163,593,086**	**$146,757,067**	**$152,025,689**
Retirement and Group Insurance	$36,350,292	$37,106,280	$37,711,027	$38,314,153
Social Security and Benefit Replacement Pay	$8,553,368	$8,573,513	$8,595,584	$8,620,885
Subtotal, Employee Benefits	**$44,903,660**	**$45,679,793**	**$46,306,611**	**$46,935,038**
Lease Payments	$2,948,692	$761,345	$0	$0
Subtotal, Debt Service	**$2,948,692**	**$761,345**	**$0**	**$0**
Total, Article X – Legislature	**$182,715,165**	**$210,034,224**	**$193,063,678**	**$198,960,727**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE–DEDICATED FUNDS

FIGURE B3
GENERAL REVENUE–DEDICATED FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Article I – General Government	$475,352,629	$383,104,191	$353,439,988	$228,796,766
Article II – Health And Human Services	$290,755,612	$276,122,094	$265,056,559	$263,729,628
Article III– Agencies Of Education	$1,414,745,334	$1,407,749,858	$1,361,520,114	$1,363,393,005
Public Education	*$0*	*$0*	*$0*	*$0*
Higher Education	*$1,414,745,334*	*$1,407,749,858*	*$1,361,520,114*	*$1,363,393,005*
Article IV – Judiciary	$65,645,437	$75,408,635	$113,128,736	$84,109,159
Article V – Public Safety and Criminal Justice	$23,942,321	$18,035,133	$24,523,871	$26,578,100
Article VI – Natural Resources	$702,563,431	$666,116,659	$664,476,789	$637,848,418
Article VII – Business and Economic Development	$279,066,459	$292,821,452	$273,744,028	$269,874,300
Article VIII – Regulatory	$112,736,591	$123,335,862	$117,618,274	$117,950,646
Article IX – General Provisions	$0	$0	$0	$0
Article X – Legislature	$0	$0	$0	$0
Total, All Functions	**$3,364,807,814**	**$3,242,693,884**	**$3,173,508,359**	**$2,992,280,022**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Commission on the Arts	$64,706	$64,706	$250	$250
Office of the Attorney General	$71,632,291	$72,430,377	$81,318,278	$81,325,584
Bond Review Board	$0	$0	$0	$0
Cancer Prevention and Research Institute of Texas	$0	$0	$0	$0
Comptroller of Public Accounts	$8,500	$8,500	$0	$0
Fiscal Programs within the Office of the Comptroller of Public Accounts	$10,699,697	$16,817,216	$19,846,291	$19,796,291
Commission on State Emergency Communications	$67,778,397	$77,071,420	$79,747,907	$74,015,321
Texas Emergency Services Retirement System	$1,329,224	$1,329,224	$1,329,224	$1,329,224
Employees Retirement System	$0	$0	$0	$0
Texas Ethics Commission	$0	$0	$0	$0
Facilities Commission	$14,807,090	$23,720,344	$2,634,700	$2,634,700
Public Finance Authority	$0	$0	$0	$0
Office of the Governor	$0	$0	$0	$0
Trusteed Programs within the Office of the Governor	$199,430,316	$184,236,111	$152,487,820	$41,609,153
Historical Commission	$248,625	$248,625	$854,403	$248,625
Department of Information Resources	$0	$0	$0	$0
Library and Archives Commission	$0	$0	$0	$0
Pension Review Board	$0	$0	$0	$0
Preservation Board	$0	$0	$0	$0
State Office of Risk Management	$0	$0	$0	$0
Secretary of State	$189,140	$583,140	$200,000	$100,000
Veterans Commission	$0	$0	$0	$0
Subtotal, General Government	**$366,187,986**	**$376,509,663**	**$338,418,873**	**$221,059,148**
Retirement and Group Insurance	$2,623,035	$2,666,861	$2,716,938	$2,749,816
Social Security and Benefit Replacement Pay	$695,274	$696,556	$702,906	$704,705
Subtotal, Employee Benefits	**$3,318,309**	**$3,363,417**	**$3,419,844**	**$3,454,521**
Bond Debt Service Payments	$105,846,334	$3,231,111	$11,601,271	$4,283,097
Subtotal, Debt Service	**$105,846,334**	**$3,231,111**	**$11,601,271**	**$4,283,097**
Total, Article I – General Government	**$475,352,629**	**$383,104,191**	**$353,439,988**	**$228,796,766**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Family and Protective Services	$5,685,702	$5,685,701	$5,685,702	$5,685,701
Department of State Health Services	$163,937,498	$172,256,602	$162,020,307	$160,588,515
Health and Human Services Commission	$109,507,335	$87,561,176	$86,610,129	$86,609,444
Subtotal, Health and Human Services	**$279,130,535**	**$265,503,479**	**$254,316,138**	**$252,883,660**
Retirement and Group Insurance	$9,203,593	$8,164,523	$8,270,119	$8,367,060
Social Security and Benefit Replacement Pay	$2,421,484	$2,454,092	$2,470,302	$2,478,908
Subtotal, Employee Benefits	**$11,625,077**	**$10,618,615**	**$10,740,421**	**$10,845,968**
Total, Article II – Health and Human Services	**$290,755,612**	**$276,122,094**	**$265,056,559**	**$263,729,628**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Public Education				
Texas Education Agency	$0	$0	$0	$0
School for the Blind and Visually Impaired	$0	$0	$0	$0
School for the Deaf	$0	$0	$0	$0
Subtotal, Public Education	**$0**	**$0**	**$0**	**$0**
Public Higher Education				
Two-year Institutions				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar State Colleges				
Lamar Institute of Technology	$2,709,080	$2,875,757	$2,530,635	$2,531,733
Lamar State College – Orange	$2,482,303	$2,312,333	$2,030,295	$2,032,087
Lamar State College – Port Arthur	$3,210,718	$2,247,622	$2,300,571	$2,304,164
Subtotal, Lamar State Colleges	**$8,402,101**	**$7,435,712**	**$6,861,501**	**$6,867,984**
Texas State Technical Colleges				
Texas State Technical College System Administration	$711,959	$487,761	$371,719	$376,435
Texas State Technical College – Harlingen	$3,681,509	$3,684,167	$2,253,469	$2,373,458
Texas State Technical College – West Texas	$1,798,311	$1,488,392	$644,706	$679,424
Texas State Technical College – Marshall	$1,518,174	$542,113	$195,963	$217,598
Texas State Technical College – Waco	$6,952,143	$5,296,604	$2,633,284	$2,762,983
Texas State Technical College – Fort Bend	$224,367	$260,699	$295,480	$314,831
Texas State Technical College – North Texas	$245,652	$108,823	$188,344	$198,731
Subtotal, Texas State Technical Colleges	**$15,132,115**	**$11,868,559**	**$6,582,965**	**$6,923,460**
Subtotal, Two-year Institutions	**$23,534,216**	**$19,304,271**	**$13,444,466**	**$13,791,444**
General Academic Institutions				
The University of Texas System Administration	$0	$0	$0	$0
The University of Texas at Arlington	$72,034,698	$72,405,471	$71,635,389	$71,752,261
The University of Texas at Austin	$120,271,696	$121,310,123	$122,887,771	$123,250,899
The University of Texas at Dallas	$70,118,652	$64,482,214	$73,871,455	$74,157,813
The University of Texas at El Paso	$34,126,610	$30,606,566	$33,652,820	$33,723,913
The University of Texas Rio Grande Valley	$37,999,752	$36,297,203	$35,820,131	$35,836,155
The University of Texas of the Permian Basin	$10,554,011	$8,020,132	$8,129,876	$8,141,015
The University of Texas at San Antonio	$45,131,561	$44,829,897	$43,019,997	$43,067,122
The University of Texas at Tyler	$11,694,381	$12,240,940	$10,909,743	$10,928,096
Texas A&M University System Administrative and General Offices	$0	$0	$0	$0
Texas A&M University	$134,199,084	$136,350,752	$131,469,894	$131,769,077
Texas A&M University at Galveston	$4,239,786	$4,084,931	$3,219,017	$3,224,671
Prairie View A&M University	$17,577,753	$18,048,504	$18,811,422	$18,848,568
Tarleton State University	$16,405,823	$16,347,152	$14,988,230	$14,999,434
Texas A&M University – Central Texas	$2,661,555	$2,410,859	$2,485,293	$2,489,053
Texas A&M University – Corpus Christi	$19,169,517	$19,133,579	$17,779,512	$17,788,290
Texas A&M University – Kingsville	$22,188,669	$16,304,614	$15,786,957	$15,844,394
Texas A&M University – San Antonio	$5,731,403	$8,181,005	$7,278,110	$7,281,297
Texas A&M International University	$9,727,953	$9,777,817	$9,935,001	$9,940,960

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
West Texas A&M University	$12,624,701	$13,077,130	$13,574,857	$13,604,747
Texas A&M University – Commerce	$17,550,911	$17,022,314	$15,934,663	$15,959,916
Texas A&M University – Texarkana	$2,311,963	$3,291,708	$2,361,978	$2,366,960
University of Houston System Administration	$0	$0	$0	$0
University of Houston	$82,874,815	$83,560,759	$82,629,340	$82,783,635
University of Houston – Clear Lake	$13,040,278	$14,252,940	$13,892,411	$13,926,077
University of Houston – Downtown	$18,235,180	$18,401,335	$17,423,377	$17,447,154
University of Houston – Victoria	$5,159,574	$5,810,878	$5,354,610	$5,359,042
Midwestern State University	$6,570,196	$7,111,110	$6,755,878	$6,767,165
University of North Texas System Administration	$0	$0	$0	$0
University of North Texas	$66,451,782	$64,943,351	$62,373,630	$62,507,101
University of North Texas at Dallas	$6,423,252	$6,594,060	$6,927,135	$6,927,775
Stephen F. Austin State University	$17,810,548	$17,509,884	$16,169,918	$16,187,905
Texas Southern University	$28,825,670	$30,163,106	$29,622,051	$29,703,057
Texas Tech University System Administration	$0	$0	$0	$0
Texas Tech University	$65,615,839	$62,298,512	$60,565,893	$60,690,986
Angelo State University	$12,601,318	$11,901,545	$11,687,681	$11,708,528
Texas Woman's University	$21,437,878	$22,246,368	$18,681,145	$18,693,769
Texas State University System	$0	$0	$0	$0
Lamar University	$17,203,438	$16,983,199	$18,000,991	$18,013,556
Sam Houston State University	$32,237,879	$32,737,259	$34,277,479	$31,993,131
Texas State University	$48,107,043	$52,230,843	$49,520,757	$49,534,792
Sul Ross State University	$2,452,852	$2,449,629	$2,335,711	$2,337,929
Sul Ross State University Rio Grande College	$856,852	$857,319	$807,886	$808,128
Subtotal, General Academic Institutions	**$1,112,224,873**	**$1,104,275,008**	**$1,090,578,009**	**$1,090,364,371**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$7,751,770	$7,448,575	$7,751,770	$7,751,770
The University of Texas Medical Branch at Galveston	$13,309,294	$13,483,310	$13,309,294	$13,309,294
The University of Texas Health Science Center at Houston	$25,610,629	$25,552,892	$25,610,629	$25,610,629
The University of Texas Health Science Center at San Antonio	$11,347,923	$10,682,480	$11,347,923	$11,347,923
The University of Texas Rio Grande Valley School of Medicine	$140,635	$403,688	$927,792	$927,792
The University of Texas M.D. Anderson Cancer Center	$772,845	$816,203	$772,845	$772,845
The University of Texas Health Science Center at Tyler	$483,518	$522,333	$483,518	$483,518
Texas A&M University System Health Science Center	$22,891,915	$23,011,537	$16,840,628	$16,840,628
University of North Texas Health Science Center at Fort Worth	$10,492,024	$10,531,218	$10,471,063	$10,471,063
Texas Tech University Health Sciences Center	$15,826,240	$15,525,638	$15,804,390	$15,804,390
Texas Tech University Health Sciences Center at El Paso	$2,970,717	$2,920,344	$2,970,717	$2,970,717
Subtotal, Health-related Institutions	**$111,597,510**	**$110,898,218**	**$106,290,569**	**$106,290,569**

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Texas A&M University Services				
Texas A&M AgriLife Research	$455,712	$455,712	$455,712	$455,712
Texas A&M AgriLife Extension Service	$0	$0	$0	$0
Texas A&M Engineering Experiment Station	$443,562	$443,561	$443,562	$443,561
Texas A&M Transportation Institute	$0	$0	$0	$0
Texas A&M Engineering Extension Service	$0	$0	$0	$0
Texas A&M Forest Service	$25,991,548	$25,516,549	$24,754,048	$24,754,049
Texas A&M Veterinary Medical Diagnostic Laboratory	$0	$0	$0	$0
Texas Division of Emergency Management	$0	$0	$0	$0
Subtotal, Texas A&M University Services	**$26,890,822**	**$26,415,822**	**$25,653,322**	**$25,653,322**
Other Higher Education				
Higher Education Coordinating Board	$28,829,566	$16,479,040	$17,245,078	$15,847,215
Higher Education Fund	$0	$0	$0	$0
Available University Fund	$0	$0	$0	$0
Available National Research University Fund	$0	$0	$0	$0
Support for Military and Veterans Exemptions	$0	$0	$0	$0
Subtotal, Other Higher Education	**$28,829,566**	**$16,479,040**	**$17,245,078**	**$15,847,215**
Subtotal, Public Higher Education	**$1,303,076,987**	**$1,277,372,359**	**$1,253,211,444**	**$1,251,946,921**
Employee Benefits				
Teacher Retirement System	$34,505,388	$51,045,926	$23,714,800	$25,042,829
Optional Retirement Program	$25,244,336	$25,850,200	$26,470,605	$27,105,900
Higher Education Employees Group Insurance Contributions	$0	$0	$0	$0
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	$51,918,623	$53,481,373	$58,123,265	$59,297,355
Subtotal, Employee Benefits	**$111,668,347**	**$130,377,499**	**$108,308,670**	**$111,446,084**
Total, Article III – Agencies of Education	**$1,414,745,334**	**$1,407,749,858**	**$1,361,520,114**	**$1,363,393,005**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Expended fiscal year 2018, budgeted fiscal year 2019, and appropriated fiscal years 2020 and 2021 for the University of Texas at Austin include amounts for the institution's Dell Medical School. These amounts are included in the totals for the health-related institutions in Section 6, Education, rather than the general academic institutions.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Supreme Court of Texas	$4,800,000	$4,800,000	$10,000,000	$0
Court of Criminal Appeals	$10,606,325	$13,272,160	$15,039,382	$11,969,382
First Court of Appeals District, Houston	$0	$0	$0	$0
Second Court of Appeals District, Fort Worth	$0	$0	$0	$0
Third Court of Appeals District, Austin	$0	$0	$0	$0
Fourth Court of Appeals District, San Antonio	$0	$0	$0	$0
Fifth Court of Appeals District, Dallas	$0	$0	$0	$0
Sixth Court of Appeals District, Texarkana	$0	$0	$0	$0
Seventh Court of Appeals District, Amarillo	$0	$0	$0	$0
Eighth Court of Appeals District, El Paso	$0	$0	$0	$0
Ninth Court of Appeals District, Beaumont	$0	$0	$0	$0
Tenth Court of Appeals District, Waco	$0	$0	$0	$0
Eleventh Court of Appeals District, Eastland	$0	$0	$0	$0
Twelfth Court of Appeals District, Tyler	$0	$0	$0	$0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	$0	$0	$0	$0
Fourteenth Court of Appeals District, Houston	$0	$0	$0	$0
Office of Court Administration, Texas Judicial Council	$48,318,951	$55,411,451	$85,598,876	$69,638,856
Office of Capital and Forensic Writs	$1,337,585	$1,337,586	$1,851,889	$1,858,802
Office of the State Prosecuting Attorney	$0	$0	$0	$0
State Law Library	$0	$0	$0	$0
State Commission on Judicial Conduct	$0	$0	$0	$0
Judiciary Section, Comptroller's Department	$0	$0	$0	$0
Subtotal, Judiciary	**$65,062,861**	**$74,821,197**	**$112,490,147**	**$83,467,040**
Retirement and Group Insurance	$429,180	$433,573	$471,101	$474,026
Social Security and Benefit Replacement Pay	$153,396	$153,865	$167,488	$168,093
Subtotal, Employee Benefits	**$582,576**	**$587,438**	**$638,589**	**$642,119**
Total, Article IV – Judiciary	**$65,645,437**	**$75,408,635**	**$113,128,736**	**$84,109,159**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Alcoholic Beverage Commission	$0	$0	$0	$0
Department of Criminal Justice	$5,154,789	$187,174	$118,588	$118,589
Commission on Fire Protection	$0	$0	$0	$0
Commission on Jail Standards	$78,438	$921,562	$0	$0
Juvenile Justice Department	$0	$0	$0	$0
Commission on Law Enforcement	$3,214,908	$3,210,317	$3,203,512	$3,297,940
Texas Military Department	$0	$0	$0	$0
Department of Public Safety	$8,571,761	$7,535,710	$14,948,998	$16,882,847
Subtotal, Public Safety and Criminal Justice	**$17,019,896**	**$11,854,763**	**$18,271,098**	**$20,299,376**
Retirement and Group Insurance	$6,609,509	$5,859,629	$5,919,704	$5,944,222
Social Security and Benefit Replacement Pay	$312,916	$320,741	$333,069	$334,502
Subtotal, Employee Benefits	**$6,922,425**	**$6,180,370**	**$6,252,773**	**$6,278,724**
Total, Article V – Public Safety and Criminal Justice	**$23,942,321**	**$18,035,133**	**$24,523,871**	**$26,578,100**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Agriculture	$2,303,549	$2,303,549	$1,583,600	$1,583,600
Animal Health Commission	$0	$0	$0	$0
Commission on Environmental Quality	$368,866,179	$345,372,128	$327,786,813	$312,017,966
General Land Office and Veterans' Land Board	$15,449,205	$16,913,439	$18,050,348	$14,527,611
Low-level Radioactive Waste Disposal Compact Commission	$310,693	$577,164	$577,164	$577,164
Parks and Wildlife Department	$160,936,078	$146,333,618	$159,535,069	$150,571,370
Railroad Commission	$68,241,247	$66,888,051	$77,260,636	$77,817,750
Soil and Water Conservation Board	$0	$0	$0	$0
Water Development Board	$0	$0	$0	$0
Subtotal, Natural Resources	**$616,106,951**	**$578,387,949**	**$584,793,630**	**$557,095,461**
Retirement and Group Insurance	$55,547,986	$57,060,308	$58,209,958	$59,232,143
Social Security and Benefit Replacement Pay	$21,299,560	$21,409,168	$21,473,201	$21,520,814
Subtotal, Employee Benefits	**$76,847,546**	**$78,469,476**	**$79,683,159**	**$80,752,957**
Bond Debt Service Payments	$9,608,934	$9,259,234	$0	$0
Subtotal, Debt Service	**$9,608,934**	**$9,259,234**	**$0**	**$0**
Total, Article VI – Natural Resources	**$702,563,431**	**$666,116,659**	**$664,476,789**	**$637,848,418**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Housing and Community Affairs	$0	$0	$0	$0
Texas Lottery Commission	$260,828,928	$274,439,389	$255,313,942	$251,488,529
Department of Motor Vehicles	$0	$0	$0	$0
Department of Transportation	$0	$0	$0	$0
Texas Workforce Commission	$6,209,578	$6,292,005	$6,295,280	$6,206,303
Reimbursements to the Unemployment Compensation Benefit Account	$5,349,381	$5,349,381	$5,349,381	$5,349,381
Subtotal, Business and Economic Development	**$272,387,887**	**$286,080,775**	**$266,958,603**	**$263,044,213**
Retirement and Group Insurance	$4,809,494	$4,870,004	$4,912,524	$4,953,878
Social Security and Benefit Replacement Pay	$1,869,078	$1,870,673	$1,872,901	$1,876,209
Subtotal, Employee Benefits	**$6,678,572**	**$6,740,677**	**$6,785,425**	**$6,830,087**
Total, Article VII – Business and Economic Development	**$279,066,459**	**$292,821,452**	**$273,744,028**	**$269,874,300**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
State Office of Administrative Hearings	$0	$0	$0	$0
Behavioral Health Executive Council	$0	$0	$0	$0
Board of Chiropractic Examiners	$0	$0	$0	$0
Texas State Board of Dental Examiners	$0	$0	$0	$0
Funeral Service Commission	$0	$0	$0	$0
Board of Professional Geoscientists	$0	$0	$0	$0
Health Professions Council	$0	$0	$0	$0
Office of Injured Employee Counsel	$8,271,349	$9,256,917	$8,764,133	$8,764,133
Department of Insurance	$58,865,811	$67,989,505	$64,932,550	$63,698,153
Office of Public Insurance Counsel	$0	$0	$0	$0
Board of Professional Land Surveying	$0	$0	$0	$0
Department of Licensing and Regulation	$68,835	$85,000	$85,000	$1,120,151
Texas Medical Board	$3,613,256	$3,512,351	$3,100,000	$3,100,000
Texas Board of Nursing	$0	$0	$0	$0
Optometry Board	$0	$0	$0	$0
Board of Pharmacy	$0	$0	$0	$0
Executive Council of Physical Therapy and Occupational Therapy Examiners	$0	$0	$0	$0
Board of Plumbing Examiners	$0	$0	$0	$0
Board of Examiners of Psychologists	$0	$0	$0	$0
Racing Commission	$6,599,632	$6,694,741	$3,859,232	$3,854,996
Securities Board	$0	$0	$0	$0
Public Utility Commission of Texas	$2,565,398	$2,565,398	$3,115,398	$3,115,398
Office of Public Utility Counsel	$495,055	$495,056	$495,055	$495,056
Board of Veterinary Medical Examiners	$0	$0	$0	$0
Subtotal, Regulatory	**$80,479,336**	**$90,598,968**	**$84,351,368**	**$84,147,887**
Retirement and Group Insurance	$26,282,663	$26,922,599	$27,448,166	$27,975,857
Social Security and Benefit Replacement Pay	$5,812,022	$5,814,295	$5,818,740	$5,826,902
Subtotal, Employee Benefits	**$32,094,685**	**$32,736,894**	**$33,266,906**	**$33,802,759**
Lease Payments	$162,570	$0	$0	$0
Subtotal, Debt Service	**$162,570**	**$0**	**$0**	**$0**
Total, Article VIII – Regulatory	**$112,736,591**	**$123,335,862**	**$117,618,274**	**$117,950,646**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B3 (CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Senate	$0	$0	$0	$0
House of Representatives	$0	$0	$0	$0
Legislative Budget Board	$0	$0	$0	$0
Legislative Council	$0	$0	$0	$0
Commission on Uniform State Laws	$0	$0	$0	$0
Sunset Advisory Commission	$0	$0	$0	$0
State Auditor's Office	$0	$0	$0	$0
Legislative Reference Library	$0	$0	$0	$0
Subtotal, Legislature	**$0**	**$0**	**$0**	**$0**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	$0	$0	$0	$0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Total, Article X – Legislature	**$0**	**$0**	**$0**	**$0**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

FEDERAL FUNDS

FIGURE B4
FEDERAL FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Article I – General Government	$624,416,250	$639,631,429	$723,866,782	$653,041,432
Article II – Health and Human Services	$22,917,139,739	$23,504,378,705	$23,978,131,590	$24,818,327,140
Article III – Agencies of Education	$5,318,434,995	$5,483,978,290	$6,902,903,344	$7,609,419,349
Public Education	*$5,174,994,782*	*$5,344,604,198*	*$5,337,055,930*	*$5,390,187,817*
Higher Education	*$143,440,213*	*$139,374,092*	*$1,565,847,414*	*$2,219,231,532*
Article IV – Judiciary	$1,852,255	$2,192,400	$1,806,017	$1,806,018
Article V – Public Safety and Criminal Justice	$1,720,543,279	$5,027,318,853	$136,950,326	$134,110,418
Article VI – Natural Resources	$1,880,921,482	$1,942,604,011	$3,145,893,425	$3,161,949,883
Article VIIi – Business and Economic Development	$6,940,298,693	$7,775,316,844	$7,710,767,946	$7,463,732,141
Article VIII – Regulatory	$6,707,294	$5,922,521	$5,505,349	$5,557,479
Article IX – General Provisions	$0	$0	$0	$0
Article X – Legislature	$0	$0	$0	$0
Total, All Functions	**$39,410,313,987**	**$44,381,343,053**	**$42,605,824,779**	**$43,847,943,860**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Commission on the Arts	$1,155,120	$976,500	$976,500	$976,500
Office of the Attorney General	$230,320,107	$251,162,036	$302,471,876	$236,852,107
Bond Review Board	$0	$0	$0	$0
Cancer Prevention and Research Institute of Texas	$0	$0	$0	$0
Comptroller of Public Accounts	$0	$0	$0	$0
Fiscal Programs within the Office of the Comptroller of Public Accounts	$10,678,976	$16,682,560	$13,407,462	$13,410,350
Commission on State Emergency Communications	$0	$0	$0	$0
Texas Emergency Services Retirement System	$0	$0	$0	$0
Employees Retirement System	$0	$0	$0	$0
Texas Ethics Commission	$0	$0	$0	$0
Facilities Commission	$0	$0	$0	$0
Public Finance Authority	$0	$0	$0	$0
Office of the Governor	$0	$0	$0	$0
Trusteed Programs within the Office of the Governor	$316,170,959	$301,968,000	$331,868,090	$332,143,090
Historical Commission	$4,093,830	$1,123,986	$1,123,986	$1,123,986
Department of Information Resources	$0	$0	$0	$0
Library and Archives Commission	$10,404,906	$10,846,879	$10,832,084	$10,818,905
Pension Review Board	$0	$0	$0	$0
Preservation Board	$0	$0	$0	$0
State Office of Risk Management	$0	$0	$0	$0
Secretary of State	$1,750,837	$5,856,837	$10,881,229	$4,900,000
Veterans Commission	$11,586,054	$11,556,054	$12,540,760	$12,540,760
Subtotal, General Government	**$586,160,789**	**$600,172,852**	**$684,101,987**	**$612,765,698**
Retirement and Group Insurance	$30,848,465	$32,070,163	$32,554,123	$33,057,151
Social Security and Benefit Replacement Pay	$7,001,192	$7,174,110	$7,210,672	$7,218,583
Subtotal, Employee Benefits	**$37,849,657**	**$39,244,273**	**$39,764,795**	**$40,275,734**
Bond Debt Service Payments	$405,804	$214,304	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$405,804**	**$214,304**	**$0**	**$0**
Total, Article I – General Government	**$624,416,250**	**$639,631,429**	**$723,866,782**	**$653,041,432**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Family and Protective Services	$870,416,723	$871,157,546	$901,410,374	$917,468,674
Department of State Health Services	$369,217,526	$290,862,964	$293,176,496	$293,176,497
Health and Human Services Commission	$21,343,553,739	$22,003,731,607	$22,431,038,781	$23,252,641,231
Subtotal, Health and Human Services	**$22,583,187,988**	**$23,165,752,117**	**$23,625,625,651**	**$24,463,286,402**
Retirement and Group Insurance	$270,176,778	$274,647,088	$286,675,035	$289,502,687
Social Security and Benefit Replacement Pay	$60,441,925	$61,105,092	$63,469,750	$63,176,897
Subtotal, Employee Benefits	**$330,618,703**	**$335,752,180**	**$350,144,785**	**$352,679,584**
Bond Debt Service Payments	$3,333,048	$2,874,408	$2,361,154	$2,361,154
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$3,333,048**	**$2,874,408**	**$2,361,154**	**$2,361,154**
Total, Article II – Health and Human Services	**$22,917,139,739**	**$23,504,378,705**	**$23,978,131,590**	**$24,818,327,140**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Public Education				
Texas Education Agency	$5,164,014,281	$5,330,383,256	$5,322,975,994	$5,376,097,323
School for the Blind and Visually Impaired	$1,980,340	$1,980,340	$2,016,520	$2,016,520
School for the Deaf	$1,110,549	$1,236,549	$1,126,254	$1,126,254
Subtotal, Public Education	**$5,167,105,170**	**$5,333,600,145**	**$5,326,118,768**	**$5,379,240,097**
Public Higher Education				
Two–Year Institutions				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar State Colleges				
Lamar Institute of Technology	$0	$0	$0	$0
Lamar State College – Orange	$0	$0	$0	$0
Lamar State College – Port Arthur	$0	$0	$0	$0
Subtotal, Lamar State Colleges	**$0**	**$0**	**$0**	**$0**
Texas State Technical Colleges				
Texas State Technical College System Administration	$0	$0	$0	$0
Texas State Technical College – Harlingen	$0	$0	$0	$0
Texas State Technical College – West Texas	$0	$0	$0	$0
Texas State Technical College – Marshall	$0	$0	$0	$0
Texas State Technical College – Waco	$0	$0	$0	$0
Texas State Technical College – Fort Bend	$0	$0	$0	$0
Texas State Technical College – North Texas	$0	$0	$0	$0
Subtotal, Texas State Technical Colleges	**$0**	**$0**	**$0**	**$0**
Subtotal, Two–Year Institutions	**$0**	**$0**	**$0**	**$0**
General Academic Institutions				
The University of Texas System Administration	$0	$0	$0	$0
The University of Texas at Arlington	$0	$0	$0	$0
The University of Texas at Austin	$0	$0	$0	$0
The University of Texas at Dallas	$0	$0	$0	$0
The University of Texas at El Paso	$0	$0	$0	$0
The University of Texas Rio Grande Valley	$0	$0	$0	$0
The University of Texas of the Permian Basin	$0	$0	$0	$0
The University of Texas at San Antonio	$0	$0	$0	$0
The University of Texas at Tyler	$0	$0	$0	$0
Texas A&M University System Administrative and General Offices	$0	$0	$0	$0
Texas A&M University	$0	$0	$0	$0
Texas A&M University at Galveston	$0	$0	$0	$0
Prairie View A&M University	$0	$0	$0	$0
Tarleton State University	$0	$0	$0	$0
Texas A&M University – Central Texas	$0	$0	$0	$0
Texas A&M University – Corpus Christi	$0	$0	$0	$0
Texas A&M University – Kingsville	$0	$0	$0	$0
Texas A&M University – San Antonio	$0	$0	$0	$0
Texas A&M International University	$0	$0	$0	$0

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
West Texas A&M University	$0	$0	$0	$0
Texas A&M University – Commerce	$0	$0	$0	$0
Texas A&M University – Texarkana	$0	$0	$0	$0
University of Houston System Administration	$0	$0	$0	$0
University of Houston	$0	$0	$0	$0
University of Houston – Clear Lake	$0	$0	$0	$0
University of Houston – Downtown	$0	$0	$0	$0
University of Houston – Victoria	$0	$0	$0	$0
Midwestern State University	$0	$0	$0	$0
University of North Texas System Administration	$0	$0	$0	$0
University of North Texas	$0	$0	$0	$0
University of North Texas at Dallas	$0	$0	$0	$0
Stephen F. Austin State University	$0	$0	$0	$0
Texas Southern University	$0	$0	$0	$0
Texas Tech University System Administration	$0	$0	$0	$0
Texas Tech University	$0	$0	$0	$0
Angelo State University	$0	$0	$0	$0
Texas Woman's University	$0	$0	$0	$0
Texas State University System	$0	$0	$0	$0
Lamar University	$0	$0	$0	$0
Sam Houston State University	$0	$0	$0	$0
Texas State University	$0	$0	$0	$0
Sul Ross State University	$0	$0	$0	$0
Sul Ross State University Rio Grande College	$0	$0	$0	$0
Subtotal, General Academic Institutions	**$0**	**$0**	**$0**	**$0**
Health-related Institutions				
The University of Texas Southwestern Medical Center	$0	$0	$0	$0
The University of Texas Medical Branch at Galveston	$0	$0	$0	$0
The University of Texas Health Science Center at Houston	$0	$0	$0	$0
The University of Texas Health Science Center at San Antonio	$0	$0	$0	$0
The University of Texas Rio Grande Valley School of Medicine	$0	$0	$0	$0
The University of Texas M.D. Anderson Cancer Center	$0	$0	$0	$0
The University of Texas Health Science Center at Tyler	$0	$0	$0	$0
Texas A&M University System Health Science Center	$0	$0	$0	$0
University of North Texas Health Science Center at Fort Worth	$0	$0	$0	$0
Texas Tech University Health Sciences Center	$0	$0	$0	$0
Texas Tech University Health Sciences Center at El Paso	$0	$0	$0	$0
Subtotal, Health-related Institutions	**$0**	**$0**	**$0**	**$0**

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Texas A&M University Services				
Texas A&M AgriLife Research	$9,156,520	$9,156,520	$9,156,520	$9,156,520
Texas A&M AgriLife Extension Service	$13,404,685	$13,404,685	$13,404,685	$13,404,685
Texas A&M Engineering Experiment Station	$44,977,328	$44,977,328	$53,708,052	$53,708,052
Texas A&M Transportation Institute	$14,470,394	$14,904,506	$15,202,597	$15,506,647
Texas A&M Engineering Extension Service	$24,832,840	$25,324,671	$23,790,458	$23,533,099
Texas A&M Forest Service	$3,487,636	$3,517,982	$3,517,982	$3,517,982
Texas A&M Veterinary Medical Diagnostic Laboratory	$346,722	$346,722	$346,722	$346,722
Texas Division of Emergency Management	$0	$0	$1,419,196,318	$2,072,531,883
Subtotal, Texas A&M University Services	**$110,676,125**	**$111,632,414**	**$1,538,323,334**	**$2,191,705,590**
Other Higher Education				
Higher Education Coordinating Board	$32,676,284	$27,651,231	$27,431,905	$27,431,905
Higher Education Fund	$0	$0	$0	$0
Available University Fund	$0	$0	$0	$0
Available National Research University Fund	$0	$0	$0	$0
Support for Military and Veterans Exemptions	$0	$0	$0	$0
Subtotal, Other Higher Education	**$32,676,284**	**$27,651,231**	**$27,431,905**	**$27,431,905**
Subtotal, Public Higher Education	**$143,352,409**	**$139,283,645**	**$1,565,755,239**	**$2,219,137,495**
Employee Benefits				
Teacher Retirement System	$0	$0	$0	$0
Optional Retirement Program	$0	$0	$0	$0
Higher Education Employees Group Insurance Contributions	$0	$0	$0	$0
Retirement and Group Insurance	$5,970,836	$8,471,647	$8,496,829	$8,518,571
Social Security and Benefit Replacement Pay	$1,850,100	$2,540,216	$2,532,508	$2,523,186
Subtotal, Employee Benefits	**$7,820,936**	**$11,011,863**	**$11,029,337**	**$11,041,757**
Debt Service				
Bond Debt Service Payments	$156,480	$82,637	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$156,480**	**$82,637**	**$0**	**$0**
Total, Article III – Agencies of Education	**$5,318,434,995**	**$5,483,978,290**	**$6,902,903,344**	**$7,609,419,349**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Supreme Court of Texas	$1,758,419	$1,786,252	$1,772,335	$1,772,336
Court of Criminal Appeals	$0	$0	$0	$0
First Court of Appeals District, Houston	$0	$0	$0	$0
Second Court of Appeals District, Fort Worth	$0	$0	$0	$0
Third Court of Appeals District, Austin	$0	$0	$0	$0
Fourth Court of Appeals District, San Antonio	$0	$0	$0	$0
Fifth Court of Appeals District, Dallas	$0	$0	$0	$0
Sixth Court of Appeals District, Texarkana	$0	$0	$0	$0
Seventh Court of Appeals District, Amarillo	$0	$0	$0	$0
Eighth Court of Appeals District, El Paso	$0	$0	$0	$0
Ninth Court of Appeals District, Beaumont	$0	$0	$0	$0
Tenth Court of Appeals District, Waco	$0	$0	$0	$0
Eleventh Court of Appeals District, Eastland	$0	$0	$0	$0
Twelfth Court of Appeals District, Tyler	$0	$0	$0	$0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	$0	$0	$0	$0
Fourteenth Court of Appeals District, Houston	$0	$0	$0	$0
Office of Court Administration, Texas Judicial Council	$93,836	$406,148	$0	$0
Office of Capital and Forensic Writs	$0	$0	$0	$0
Office of the State Prosecuting Attorney	$0	$0	$0	$0
State Law Library	$0	$0	$0	$0
State Commission on Judicial Conduct	$0	$0	$0	$0
Judiciary Section, Comptroller's Department	$0	$0	$0	$0
Subtotal, Judiciary	**$1,852,255**	**$2,192,400**	**$1,772,335**	**$1,772,336**
Retirement and Group Insurance	$0	$0	$33,682	$33,682
Social Security and Benefit Replacement Pay	$0	$0	$0	$0
Subtotal, Employee Benefits	**$0**	**$0**	**$33,682**	**$33,682**
Total, Article IV – Judiciary	**$1,852,255**	**$2,192,400**	**$1,806,017**	**$1,806,018**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Alcoholic Beverage Commission	$583,515	$500,000	$500,000	$500,000
Department of Criminal Justice	$10,636,307	$9,824,079	$9,800,165	$9,360,260
Commission on Fire Protection	$0	$0	$0	$0
Commission on Jail Standards	$0	$0	$0	$0
Juvenile Justice Department	$9,264,178	$9,294,093	$9,123,115	$9,045,461
Commission on Law Enforcement	$0	$0	$0	$0
Texas Military Department	$86,859,181	$59,148,834	$67,721,719	$66,794,075
Department of Public Safety	$1,595,041,571	$4,928,886,189	$30,455,382	$28,209,956
Subtotal, Public Safety and Criminal Justice	**$1,702,384,752**	**$5,007,653,195**	**$117,600,381**	**$113,909,752**
Retirement and Group Insurance	$13,103,777	$14,899,314	$15,223,738	$15,944,147
Social Security and Benefit Replacement Pay	$3,610,481	$4,003,631	$4,126,207	$4,256,519
Subtotal, Employee Benefits	**$16,714,258**	**$18,902,945**	**$19,349,945**	**$20,200,666**
Bond Debt Service Payments	$1,444,269	$762,713	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$1,444,269**	**$762,713**	**$0**	**$0**
Total, Article V – Public Safety and Criminal Justice	**$1,720,543,279**	**$5,027,318,853**	**$136,950,326**	**$134,110,418**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Agriculture	$587,228,995	$616,703,051	$630,503,941	$649,794,170
Animal Health Commission	$2,063,685	$1,971,505	$1,653,376	$1,652,948
Commission on Environmental Quality	$38,426,825	$37,290,709	$36,410,400	$36,410,400
General Land Office and Veterans' Land Board	$1,001,765,872	$1,109,076,801	$2,311,683,454	$2,310,371,390
Low-level Radioactive Waste Disposal Compact Commission	$0	$0	$0	$0
Parks and Wildlife Department	$157,904,874	$77,714,653	$66,599,909	$64,488,438
Railroad Commission	$8,755,774	$8,101,813	$7,202,000	$7,202,000
Soil and Water Conservation Board	$10,177,544	$15,286,668	$15,286,668	$15,286,668
Water Development Board	$48,549,840	$47,652,930	$47,652,930	$47,652,930
Subtotal, Natural Resources	**$1,854,873,409**	**$1,913,798,130**	**$3,116,992,678**	**$3,132,858,944**
Retirement and Group Insurance	$19,976,459	$22,329,416	$22,500,342	$22,711,339
Social Security and Benefit Replacement Pay	$5,964,511	$6,419,904	$6,400,405	$6,379,600
Subtotal, Employee Benefits	**$25,940,970**	**$28,749,320**	**$28,900,747**	**$29,090,939**
Bond Debt Service Payments	$107,103	$56,561	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$107,103**	**$56,561**	**$0**	**$0**
Total, Article VI – Natural Resources	**$1,880,921,482**	**$1,942,604,011**	**$3,145,893,425**	**$3,161,949,883**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Housing and Community Affairs	$241,262,906	$243,203,696	$253,282,722	$255,314,918
Texas Lottery Commission	$0	$0	$0	$0
Department of Motor Vehicles	$743,750	$743,750	$743,750	$743,750
Department of Transportation	$5,196,239,785	$5,850,220,750	$5,745,491,560	$5,569,766,790
Texas Workforce Commission	$1,409,944,818	$1,587,530,296	$1,616,479,501	$1,541,797,245
Reimbursements to the Unemployment Compensation Benefit Account	$0	$0	$0	$0
Subtotal, Business and Economic Development	**$6,848,191,259**	**$7,681,698,492**	**$7,615,997,533**	**$7,367,622,703**
Retirement and Group Insurance	$77,088,470	$78,758,649	$80,081,980	$81,409,091
Social Security and Benefit Replacement Pay	$14,692,659	$14,687,382	$14,688,433	$14,700,347
Subtotal, Employee Benefits	**$91,781,129**	**$93,446,031**	**$94,770,413**	**$96,109,438**
Bond Debt Service Payments	$326,305	$172,321	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$326,305**	**$172,321**	**$0**	**$0**
Total, Article VII – Business and Economic Development	**$6,940,298,693**	**$7,775,316,844**	**$7,710,767,946**	**$7,463,732,141**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
State Office of Administrative Hearings	$0	$0	$0	$0
Behavioral Health Executive Council	$0	$0	$0	$0
Board of Chiropractic Examiners	$0	$0	$0	$0
Texas State Board of Dental Examiners	$0	$0	$0	$0
Funeral Service Commission	$0	$0	$0	$0
Board of Professional Geoscientists	$0	$0	$0	$0
Health Professions Council	$0	$0	$0	$0
Office of Injured Employee Counsel	$0	$0	$0	$0
Department of Insurance	$3,543,665	$2,696,333	$2,227,593	$2,227,593
Office of Public Insurance Counsel	$0	$0	$0	$0
Board of Professional Land Surveying	$0	$0	$0	$0
Department of Licensing and Regulation	$0	$0	$0	$0
Texas Medical Board	$0	$0	$0	$0
Texas Board of Nursing	$0	$0	$0	$0
Optometry Board	$0	$0	$0	$0
Board of Pharmacy	$0	$0	$0	$0
Executive Council of Physical Therapy and Occupational Therapy Examiners	$0	$0	$0	$0
Board of Plumbing Examiners	$0	$0	$0	$0
Board of Examiners of Psychologists	$0	$0	$0	$0
Racing Commission	$0	$0	$0	$0
Securities Board	$0	$0	$0	$0
Public Utility Commission of Texas	$0	$0	$0	$0
Office of Public Utility Counsel	$0	$0	$0	$0
Board of Veterinary Medical Examiners	$0	$0	$0	$0
Subtotal, Regulatory	**$3,543,665**	**$2,696,333**	**$2,227,593**	**$2,227,593**
Retirement and Group Insurance	$2,583,511	$2,645,855	$2,696,991	$2,748,317
Social Security and Benefit Replacement Pay	$580,118	$580,333	$580,765	$581,569
Subtotal, Employee Benefits	**$3,163,629**	**$3,226,188**	**$3,277,756**	**$3,329,886**
Total, Article VIII – Regulatory	**$6,707,294**	**$5,922,521**	**$5,505,349**	**$5,557,479**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

FIGURE B4 (CONTINUED)
FEDERAL FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Senate	$0	$0	$0	$0
House of Representatives	$0	$0	$0	$0
Legislative Budget Board	$0	$0	$0	$0
Legislative Council	$0	$0	$0	$0
Commission on Uniform State Laws	$0	$0	$0	$0
Sunset Advisory Commission	$0	$0	$0	$0
State Auditor's Office	$0	$0	$0	$0
Legislative Reference Library	$0	$0	$0	$0
Subtotal, Legislature	**$0**	**$0**	**$0**	**$0**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	$0	$0	$0	$0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Total, Article X – Legislature	**$0**	**$0**	**$0**	**$0**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
SOURCE: Legislative Budget Board.

APPENDIX B – SUMMARY OF STATE BUDGET BY FISCAL YEAR

OTHER FUNDS

FIGURE B5
OTHER FUNDS – STATEWIDE SUMMARY

FUNCTION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Article I – General Government	$905,143,433	$1,411,853,920	$1,005,792,161	$459,117,550
Article II – Health and Human Services	$796,751,569	$1,390,392,212	$769,408,651	$565,918,521
Article III – Agencies of Education	$5,190,193,226	$7,581,028,685	$6,319,329,054	$6,630,530,304
Public Education	*$3,870,279,569*	*$6,060,527,943*	*$4,845,037,400*	*$5,104,829,958*
Higher Education	*$1,319,913,658*	*$1,520,500,742*	*$1,474,291,654*	*$1,525,700,346*
Article IV – Judiciary	$106,169,006	$115,020,460	$91,475,965	$95,730,862
Article V – Public Safety and Criminal Justice	$125,987,679	$393,670,755	$89,657,166	$64,820,723
Article VI – Natural Resources	$210,845,376	$2,160,915,546	$243,281,904	$147,195,670
Article VII – Business and Economic Development	$7,817,525,764	$13,128,793,961	$10,835,863,567	$9,981,254,640
Article VIII – Regulatory	$19,030,848	$58,604,861	$32,126,278	$49,085,490
Article IX – General Provisions	$0	$0	$0	$0
Article X – Legislature	$36,051	$51,000	$101,425	$101,425
Total, All Functions	**$15,171,682,952**	**$26,240,331,400**	**$19,387,036,171**	**$17,993,755,185**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Commission on the Arts	$495,150	$302,000	$302,000	$302,000
Office of the Attorney General	$69,673,016	$78,253,685	$83,511,240	$74,724,537
Bond Review Board	$0	$0	$0	$0
Cancer Prevention and Research Institute of Texas	$298,096,184	$297,085,446	$300,055,000	$300,055,000
Comptroller of Public Accounts	$16,876,352	$20,639,732	$4,253,700	$4,253,700
Fiscal Programs within the Office of the Comptroller of Public Accounts	$23,266,112	$218,281,159	$7,300,000	$7,300,000
Commission on State Emergency Communications	$0	$0	$0	$0
Texas Emergency Services Retirement System	$0	$0	$0	$0
Employees Retirement System	$0	$0	$0	$0
Texas Ethics Commission	$7,390	$8,190	$0	$0
Facilities Commission	$348,632,747	$564,266,117	$493,038,961	$18,489,500
Public Finance Authority	$638,858	$661,889	$727,299	$760,237
Office of the Governor	$10,000	$10,000	$10,000	$10,000
Trusteed Programs within the Office of the Governor	$126,832,414	$151,013,557	$61,716,350	$1,716,350
Historical Commission	$15,065,969	$45,056,596	$731,951	$731,951
Department of Information Resources	$330,901,075	$391,961,285	$419,837,761	$434,944,057
Library and Archives Commission	$7,072,572	$10,727,952	$9,766,837	$6,252,643
Pension Review Board	$0	$0	$0	$0
Preservation Board	$21,376	$97,519	$19,000	$19,000
State Office of Risk Management	$52,424,549	$54,621,650	$54,546,693	$54,296,694
Secretary of State	$8,150,000	$7,674,174	$8,746,000	$7,723,000
Veterans Commission	$25,881,950	$16,014,953	$20,513,953	$20,513,953
Subtotal, General Government	**$1,324,045,714**	**$1,856,675,904**	**$1,465,076,745**	**$932,092,622**
Retirement and Group Insurance	$878,360	$861,460	$868,428	$875,148
Social Security and Benefit Replacement Pay	$585,797	$575,262	$577,013	$578,942
Subtotal, Employee Benefits	**$1,464,157**	**$1,436,722**	**$1,445,441**	**$1,454,090**
Bond Debt Service Payments	$175,605	$73,100	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$175,605**	**$73,100**	**$0**	**$0**
Less Interagency Contracts	$420,542,043	$446,331,806	$460,730,025	$474,429,162
Total, Article I – General Government	**$905,143,433**	**$1,411,853,920**	**$1,005,792,161**	**$459,117,550**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Family and Protective Services	$6,699,044	$6,748,848	$6,593,379	$6,593,379
Department of State Health Services	$103,474,362	$141,840,265	$104,668,752	$105,948,765
Health and Human Services Commission	$1,077,806,484	$1,639,291,035	$1,043,306,866	$839,001,152
Subtotal, Health and Human Services	**$1,187,979,890**	**$1,787,880,148**	**$1,154,568,997**	**$951,543,296**
Retirement and Group Insurance	$477,924	$411,857	$418,941	$424,744
Social Security and Benefit Replacement Pay	$109,891	$109,845	$109,846	$109,931
Subtotal, Employee Benefits	**$587,815**	**$521,702**	**$528,787**	**$534,675**
Bond Debt Service Payments	$737,953	$652,739	$623,803	$623,803
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$737,953**	**$652,739**	**$623,803**	**$623,803**
Less Interagency Contracts	$392,554,089	$398,662,377	$386,312,936	$386,783,253
Total, Article II – Health and Human Services	**$796,751,569**	**$1,390,392,212**	**$769,408,651**	**$565,918,521**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Public Education				
Texas Education Agency	$3,771,563,708	$5,361,149,970	$4,465,430,776	$4,726,411,813
School for the Blind and Visually Impaired	$5,980,289	$5,748,472	$5,615,758	$5,615,758
School for the Deaf	$9,840,174	$9,069,768	$9,635,027	$9,635,027
Subtotal, Public Education	**$3,787,384,171**	**$5,375,968,210**	**$4,480,681,561**	**$4,741,662,598**
Public Higher Education				
Two–Year Institutions				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar State Colleges				
Lamar Institute of Technology	$0	$1,312,657	$0	$0
Lamar State College – Orange	$0	$406,112	$0	$0
Lamar State College – Port Arthur	$0	$6,319,458	$0	$0
Subtotal, Lamar State Colleges	**$0**	**$8,038,227**	**$0**	**$0**
Texas State Technical Colleges				
Texas State Technical College System Administration	$0	$0	$0	$0
Texas State Technical College – Harlingen	$0	$0	$0	$0
Texas State Technical College – West Texas	$0	$0	$0	$0
Texas State Technical College – Marshall	$0	$0	$0	$0
Texas State Technical College – Waco	$0	$0	$0	$0
Texas State Technical College – Fort Bend	$0	$0	$0	$0
Texas State Technical College – North Texas	$0	$0	$0	$0
Subtotal, Texas State Technical Colleges	**$0**	**$0**	**$0**	**$0**
Subtotal, Two–Year Institutions	**$0**	**$8,038,227**	**$0**	**$0**
General Academic Institutions				
The University of Texas System Administration	$1,290,780	$1,308,780	$1,256,000	$1,256,000
The University of Texas at Arlington	$4,073	$4,073	$4,073	$4,073
The University of Texas at Austin	$108,709	$10,308,709	$108,709	$108,709
The University of Texas at Dallas	$0	$0	$0	$0
The University of Texas at El Paso	$1,547,632	$1,570,132	$1,570,132	$1,570,132
The University of Texas Rio Grande Valley	$152,247	$152,247	$152,247	$152,247
The University of Texas of the Permian Basin	$0	$0	$0	$0
The University of Texas at San Antonio	$44	$44	$44	$44
The University of Texas at Tyler	$0	$0	$0	$0
Texas A&M University System Administrative and General Offices	$0	$0	$0	$0
Texas A&M University	$180,000	$165,000	$165,000	$165,000
Texas A&M University at Galveston	$0	$0	$0	$0
Prairie View A&M University	$0	$0	$0	$0
Tarleton State University	$10,000,025	$25	$0	$0
Texas A&M University – Central Texas	$0	$0	$0	$0
Texas A&M University – Corpus Christi	$0	$0	$0	$0
Texas A&M University – Kingsville	$0	$0	$0	$0
Texas A&M University – San Antonio	$0	$0	$0	$0
Texas A&M International University	$91,787	$91,787	$91,787	$91,787

FIGURE B5 (CONTINUED)
OTHER FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
West Texas A&M University	$0	$0	$0	$0
Texas A&M University – Commerce	$0	$0	$0	$0
Texas A&M University – Texarkana	$0	$0	$0	$0
University of Houston System Administration	$17,318	$11,238	$11,238	$11,238
University of Houston	$3,349	$20,292,232	$3,349	$3,349
University of Houston – Clear Lake	$2,517	$86,185	$2,517	$2,517
University of Houston – Downtown	$8,186	$4,008,186	$8,186	$8,186
University of Houston – Victoria	$770	$1,704,727	$899	$899
Midwestern State University	$0	$0	$0	$0
University of North Texas System Administration	$0	$0	$0	$0
University of North Texas	$11,232	$7,821	$10,500	$10,500
University of North Texas at Dallas	$0	$0	$0	$0
Stephen F. Austin State University	$16,710	$7,946	$7,946	$7,946
Texas Southern University	$3,536	$16,003,536	$0	$0
Texas Tech University System Administration	$0	$0	$0	$0
Texas Tech University	$51,404	$48,217	$48,198	$48,198
Angelo State University	$1,833	$1,833	$1,833	$1,833
Texas Woman's University	$0	$0	$0	$0
Texas State University System	$0	$0	$0	$0
Lamar University	$0	$1,418,585	$0	$0
Sam Houston State University	$3,000	$3,000	$3,000	$3,000
Texas State University	$16,833	$7,946	$7,946	$7,946
Sul Ross State University	$7,946	$7,946	$7,946	$7,946
Sul Ross State University Rio Grande College	$0	$0	$0	$0
Subtotal, General Academic Institutions	**$13,519,931**	**$57,210,195**	**$3,461,550**	**$3,461,550**
Health Related Institutions				
The University of Texas Southwestern Medical Center	$8,197,938	$8,261,858	$6,026,364	$6,026,364
The University of Texas Medical Branch at Galveston	$5,115,683	$7,514,308	$3,920,886	$3,920,884
The University of Texas Health Science Center at Houston	$3,585,877	$3,638,014	$3,638,014	$3,638,014
The University of Texas Health Science Center at San Antonio	$18,049,283	$30,743,087	$14,505,180	$14,505,180
The University of Texas Rio Grande Valley School of Medicine	$1,043,160	$2,245,162	$1,249,500	$1,249,500
The University of Texas M.D. Anderson Cancer Center	$12,476,317	$17,126,475	$8,907,222	$8,907,222
The University of Texas Health Science Center at Tyler	$2,951,092	$2,989,205	$2,989,205	$2,989,205
Texas A&M University System Health Science Center	$2,826,067	$2,789,193	$2,689,193	$2,689,193
University of North Texas Health Science Center at Fort Worth	$4,180,386	$9,253,890	$2,994,613	$2,994,613
Texas Tech University Health Sciences Center	$8,491,170	$8,320,000	$3,090,000	$3,090,000
Texas Tech University Health Sciences Center at El Paso	$10,384,808	$6,002,637	$2,821,450	$2,821,450
Subtotal, Health-related Institutions	**$77,301,781**	**$98,883,829**	**$52,831,627**	**$52,831,625**

FIGURE B5 (CONTINUED)
OTHER FUNDS – AGENCIES OF EDUCATION

ARTICLE III – AGENCIES OF EDUCATION	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Texas A&M University Services				
Texas A&M AgriLife Research	$6,876,253	$6,876,253	$6,876,253	$6,876,253
Texas A&M AgriLife Extension Service	$14,319,950	$14,304,404	$13,304,404	$13,304,404
Texas A&M Engineering Experiment Station	$57,565,249	$57,565,249	$48,022,732	$48,022,733
Texas A&M Transportation Institute	$48,538,476	$49,433,252	$50,077,732	$50,731,282
Texas A&M Engineering Extension Service	$56,549,457	$57,201,840	$57,126,467	$57,383,826
Texas A&M Forest Service	$855,143	$58,314,548	$946,728	$946,728
Texas A&M Veterinary Medical Diagnostic Laboratory	$11,716,848	$11,623,856	$11,254,629	$11,252,629
Texas Division of Emergency Management	$0	$0	$705,551	$705,551
Subtotal, Texas A&M University Services	**$196,421,376**	**$255,319,402**	**$188,314,496**	**$189,223,406**
Other Higher Education				
Higher Education Coordinating Board	$42,631,587	$38,433,267	$31,306,676	$31,338,183
Higher Education Fund	$0	$0	$0	$0
Available University Fund	$982,289,000	$1,042,564,000	$1,167,638,000	$1,217,095,000
Available National Research University Fund	$22,772,604	$23,500,539	$24,680,472	$25,545,062
Support for Military and Veterans Exemptions	$8,645,813	$8,737,849	$8,832,436	$9,004,638
Subtotal, Other Higher Education	**$1,056,339,004**	**$1,113,235,655**	**$1,232,457,584**	**$1,282,982,883**
Subtotal, Public Higher Education	**$1,343,582,092**	**$1,532,687,308**	**$1,477,065,257**	**$1,528,499,464**
Employee Benefits				
Teacher Retirement System	$114,614,130	$714,243,658	$403,358,084	$402,219,354
Optional Retirement Program	$0	$0	$0	$0
Higher Education Employees Group Insurance Contributions	$0	$0	$0	$0
Retirement and Group Insurance	$1,781,258	$1,801,736	$1,816,824	$1,831,461
Social Security and Benefit Replacement Pay	$13,546,124	$14,154,458	$14,782,756	$14,989,931
Subtotal, Employee Benefits	**$129,941,512**	**$730,199,852**	**$419,957,664**	**$419,040,746**
Debt Service				
Bond Debt Service Payments	$19,912	$5,483	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$19,912**	**$5,483**	**$0**	**$0**
Less Interagency Contracts	$70,734,461	$57,832,168	$58,375,428	$58,672,504
Total, Article III – Agencies of Education	**$5,190,193,226**	**$7,581,028,685**	**$6,319,329,054**	**$6,630,530,304**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
(4) Expended fiscal year 2018, budgeted fiscal year 2019, and appropriated fiscal years 2020 and 2021 for the University of Texas at Austin include amounts for the institution's Dell Medical School. These amounts are included in the totals for the health-related institutions in Section 6, Education, rather than the general academic institutions.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – JUDICIARY

ARTICLE IV – JUDICIARY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Supreme Court of Texas	$43,801,772	$52,715,723	$20,275,005	$20,275,006
Court of Criminal Appeals	$367,751	$367,751	$367,751	$367,751
First Court of Appeals District, Houston	$324,550	$324,550	$324,550	$324,550
Second Court of Appeals District, Fort Worth	$272,710	$275,050	$275,050	$275,050
Third Court of Appeals District, Austin	$229,900	$229,900	$229,900	$229,900
Fourth Court of Appeals District, San Antonio	$270,579	$266,050	$266,050	$266,050
Fifth Court of Appeals District, Dallas	$490,950	$490,950	$490,950	$490,950
Sixth Court of Appeals District, Texarkana	$97,450	$96,450	$96,450	$96,450
Seventh Court of Appeals District, Amarillo	$129,220	$129,100	$128,800	$128,800
Eighth Court of Appeals District, El Paso	$125,450	$125,450	$125,450	$125,450
Ninth Court of Appeals District, Beaumont	$130,600	$130,600	$130,600	$130,600
Tenth Court of Appeals District, Waco	$100,450	$100,450	$97,450	$97,450
Eleventh Court of Appeals District, Eastland	$79,906	$100,450	$100,450	$100,450
Twelfth Court of Appeals District, Tyler	$96,450	$96,450	$96,450	$96,450
Thirteenth Court of Appeals District, Corpus Christi-Edinburg	$228,900	$228,900	$228,900	$228,900
Fourteenth Court of Appeals District, Houston	$451,893	$451,893	$451,893	$451,893
Office of Court Administration, Texas Judicial Council	$6,423,707	$6,642,173	$6,325,547	$6,307,934
Office of Capital and Forensic Writs	$0	$0	$0	$0
Office of the State Prosecuting Attorney	$23,488	$22,500	$24,500	$24,500
State Law Library	$11,502	$54,500	$7,975	$7,975
State Commission on Judicial Conduct	$0	$0	$0	$0
Judiciary Section, Comptroller's Department	$57,200,376	$57,200,995	$66,324,526	$70,576,145
Subtotal, Judiciary	**$110,857,604**	**$120,049,885**	**$96,368,247**	**$100,602,254**
Retirement and Group Insurance	$4,181,582	$4,181,582	$4,181,582	$4,181,582
Social Security and Benefit Replacement Pay	$1,905,451	$1,907,740	$1,910,624	$1,914,520
Subtotal, Employee Benefits	**$6,087,033**	**$6,089,322**	**$6,092,206**	**$6,096,102**
Less Interagency Contracts	$10,775,631	$11,118,747	$10,984,488	$10,967,494
Total, Article IV – Judiciary	**$106,169,006**	**$115,020,460**	**$91,475,965**	**$95,730,862**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Alcoholic Beverage Commission	$1,244,029	$923,026	$102,938	$102,938
Department of Criminal Justice	$105,022,785	$231,771,769	$82,609,527	$67,609,527
Commission on Fire Protection	$100,000	$72,500	$90,000	$90,000
Commission on Jail Standards	$1,350	$1,500	$1,425	$1,425
Juvenile Justice Department	$16,313,856	$28,627,859	$12,649,499	$12,649,499
Commission on Law Enforcement	$709,585	$784,737	$702,000	$692,000
Texas Military Department	$28,297,524	$18,217,670	$10,537,500	$9,537,500
Department of Public Safety	$172,874,405	$231,878,870	$61,415,279	$51,588,837
Subtotal, Public Safety and Criminal Justice	**$324,563,534**	**$512,277,931**	**$168,108,168**	**$142,271,726**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	$0	$0	$0	$0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Bond Debt Service Payments	$233,937	$61,907	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$233,937**	**$61,907**	**$0**	**$0**
Less Interagency Contracts	$198,809,792	$118,669,083	$78,451,002	$77,451,003
Total, Article V – Public Safety and Criminal Justice	**$125,987,679**	**$393,670,755**	**$89,657,166**	**$64,820,723**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Agriculture	$7,791,232	$7,763,899	$3,370,888	$2,410,481
Animal Health Commission	$2,000	$0	$0	$0
Commission on Environmental Quality	$9,913,374	$10,210,986	$7,893,920	$7,893,920
General Land Office and Veterans' Land Board	$68,017,553	$363,510,182	$128,132,127	$50,143,188
Low-level Radioactive Waste Disposal Compact Commission	$0	$0	$0	$0
Parks and Wildlife Department	$37,922,761	$64,775,663	$22,602,021	$5,444,281
Railroad Commission	$21,493,988	$21,493,988	$2,286,761	$2,286,761
Soil and Water Conservation Board	$481,365	$150,000,000	$0	$0
Water Development Board	$70,359,852	$1,550,739,860	$76,314,079	$76,209,195
Subtotal, Natural Resources	**$215,982,125**	**$2,168,494,578**	**$240,599,796**	**$144,387,826**
Retirement and Group Insurance	$7,717,883	$7,869,077	$7,990,281	$8,111,117
Social Security and Benefit Replacement Pay	$2,241,499	$2,244,589	$2,248,349	$2,253,249
Subtotal, Employee Benefits	**$9,959,382**	**$10,113,666**	**$10,238,630**	**$10,364,366**
Bond Debt Service Payments	$772,838	$10,966	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$772,838**	**$10,966**	**$0**	**$0**
Less Interagency Contracts	$15,868,969	$17,703,664	$7,556,522	$7,556,522
Total, Article VI – Natural Resources	**$210,845,376**	**$2,160,915,546**	**$243,281,904**	**$147,195,670**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Department of Housing and Community Affairs	$20,670,281	$24,866,207	$20,367,920	$20,455,448
Texas Lottery Commission	$0	$0	$0	$0
Department of Motor Vehicles	$139,319,515	$149,190,656	$144,173,370	$139,428,148
Department of Transportation	$7,321,658,833	$12,602,809,908	$10,322,238,709	$9,466,182,858
Texas Workforce Commission	$96,541,112	$122,808,758	$116,043,375	$117,124,572
Reimbursements to the Unemployment Compensation Benefit Account	$13,570,204	$13,570,204	$13,570,204	$13,570,204
Subtotal, Business and Economic Development	**$7,591,759,945**	**$12,913,245,733**	**$10,616,393,578**	**$9,756,761,230**
Retirement and Group Insurance	$282,305,608	$289,526,596	$295,499,513	$301,496,670
Social Security and Benefit Replacement Pay	$56,759,980	$56,817,212	$56,893,011	$57,000,432
Subtotal, Employee Benefits	**$339,065,588**	**$346,343,808**	**$352,392,524**	**$358,497,102**
Bond Debt Service Payments	$42,539	$14,439	$0	$0
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$42,539**	**$14,439**	**$0**	**$0**
Less Interagency Contracts	$113,342,308	$130,810,019	$132,922,535	$134,003,692
Total, Article VII – Business and Economic Development	**$7,817,525,764**	**$13,128,793,961**	**$10,835,863,567**	**$9,981,254,640**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
State Office of Administrative Hearings	$4,745,204	$4,982,092	$4,912,100	$4,912,100
Behavioral Health Executive Council	$0	$0	$0	$15,988
Board of Chiropractic Examiners	$98,200	$98,200	$47,500	$47,500
Texas State Board of Dental Examiners	$258,500	$258,500	$258,500	$258,500
Funeral Service Commission	$87,100	$87,100	$87,100	$87,100
Board of Professional Geoscientists	$0	$0	$0	$0
Health Professions Council	$1,083,230	$1,083,230	$1,121,744	$1,139,239
Office of Injured Employee Counsel	$0	$0	$0	$0
Department of Insurance	$7,762,941	$47,304,812	$17,435,882	$34,488,406
Office of Public Insurance Counsel	$191,670	$191,670	$191,670	$191,670
Board of Professional Land Surveying	$12,884	$12,500	$12,500	$0
Department of Licensing and Regulation	$5,272,882	$5,272,882	$5,272,882	$5,272,882
Texas Medical Board	$62,306	$62,306	$62,306	$62,306
Texas Board of Nursing	$3,702,276	$3,702,276	$3,702,276	$3,702,276
Optometry Board	$51,823	$45,321	$45,321	$45,321
Board of Pharmacy	$1,014,015	$1,014,015	$1,014,015	$1,014,015
Executive Council of Physical Therapy and Occupational Therapy Examiners	$83,400	$80,960	$82,180	$82,180
Board of Plumbing Examiners	$54,654	$49,700	$49,700	$49,700
Board of Examiners of Psychologists	$131,198	$131,198	$96,800	$0
Racing Commission	$0	$0	$3,466,827	$3,466,827
Securities Board	$79	$0	$0	$0
Public Utility Commission of Texas	$475,000	$475,000	$475,000	$475,000
Office of Public Utility Counsel	$0	$0	$0	$0
Board of Veterinary Medical Examiners	$5,528	$5,527	$5,527	$5,527
Subtotal, Regulatory	**$25,092,890**	**$64,857,289**	**$38,339,830**	**$55,316,537**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	$0	$0	$0	$0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$6,062,042	$6,252,428	$6,213,552	$6,231,047
Total, Article VIII – Regulatory	**$19,030,848**	**$58,604,861**	**$32,126,278**	**$49,085,490**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

FIGURE B5 (CONTINUED)
OTHER FUNDS – LEGISLATURE

ARTICLE X – LEGISLATURE	EXPENDED 2018	BUDGETED 2019	APPROPRIATED 2020	APPROPRIATED 2021
Senate	$0	$0	$0	$0
House of Representatives	$0	$0	$0	$0
Legislative Budget Board	$0	$0	$0	$0
Legislative Council	$0	$0	$0	$0
Commission on Uniform State Laws	$0	$0	$0	$0
Sunset Advisory Commission	$0	$0	$0	$0
State Auditor's Office	$5,458,694	$5,425,000	$4,775,000	$4,775,000
Legislative Reference Library	$1,087	$1,500	$2,425	$2,425
Subtotal, Legislature	**$5,459,781**	**$5,426,500**	**$4,777,425**	**$4,777,425**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	$0	$0	$0	$0
Subtotal, Employee Benefits	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
Subtotal, Debt Service	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$5,423,730	$5,375,500	$4,676,000	$4,676,000
Total, Article X – Legislature	**$36,051**	**$51,000**	**$101,425**	**$101,425**

NOTES:
(1) Budgeted 2019 incorporates certain appropriation adjustments relating to Senate Bill 500, Eighty-sixth Legislature, 2019; and technical and/or reconciling adjustments.
(2) Appropriated 2020 and 2021 incorporate certain appropriation adjustments relating to Article IX of House Bill 1 (Conference Committee Report), Eighty-sixth Legislature, 2019; House Bill 4071, Eighty-sixth Legislature, 2019; other legislation passed by the Eighty-sixth Legislature, 2019, that affects appropriations; and technical and/or reconciling adjustments.
(3) Article totals exclude Interagency Contracts.
SOURCE: Legislative Budget Board.

APPENDIX C – HOUSE COMMITTEE ON APPROPRIATIONS

EIGHTY-SIXTH LEGISLATURE, 2020–21 BIENNIUM

JOHN ZERWAS, CHAIR, Representative District 28, Richmond (1)

OSCAR LONGORIA, VICE CHAIR, Representative District 35, Mission

Cecil Bell, Representative District 3, Magnolia

Greg Bonnen, Representative District 24, Friendswood

Brad Buckley, Representative District 54, Salado

Giovanni Capriglione, Representative District 98, Southlake (1)

Philip Cortez, Representative District 117, San Antonio

Sarah Davis, Representative District 134, West University Place

Mary E. González, Representative District 75, El Paso

Cole Hefner, Representative District 5, Mount Pleasant

Donna Howard, Representative District 48, Austin

Jarvis D. Johnson, Representative District 139, Houston

Rick Miller, Representative District 26, Sugar Land

Ina Minjarez, Representative District 124, San Antonio

Sergio Muñoz, Jr., Representative District 36, Palmview

Toni Rose, Representative District 110, Dallas

Matt Schaefer, Representative District 6, Tyler

J.D. Sheffield, Representative District 59, Gatesville

Carl Sherman, Sr., Representative District 109, DeSoto

Reggie Smith, Representative District 62, Van Alstyne

Lynn Stucky, Representative District 64, Denton

Steve Toth, Representative District 15, The Woodlands

John Turner, Representative District 114, Dallas

Gary VanDeaver, Representative District 1, New Boston

Armando Walle, Representative District 140, Houston

Terry M. Wilson, Representative District 20, Marble Falls

Gene Wu, Representative District 137, Houston

NOTE: (1) Chairman Zerwas retired from the Texas House of Representatives on September 30, 2019. Representative Capriglione was named Chair of the House Committee on Appropriations on January 17, 2020.

APPENDIX D – SENATE COMMITTEE ON FINANCE

EIGHTY-SIXTH LEGISLATURE
2020–21 BIENNIUM

JANE NELSON, CHAIR, Senatorial District 12, Flower Mound

JUAN "CHUY" HINOJOSA, VICE CHAIR, Senatorial District 20, McAllen

Paul Bettencourt, Senatorial District 7, Houston

Brian Birdwell, Senatorial District 22, Granbury

Donna Campbell, Senatorial District 25, New Braunfels

Pete Flores, Senatorial District 19, Pleasanton

Kelly Hancock, Senatorial District 9, North Richland Hills

Joan Huffman, Senatorial District 17, Houston

Lois Kolkhorst, Senatorial District 18, Brenham

Robert Nichols, Senatorial District 3, Jacksonville

Charles Perry, Senatorial District 28, Lubbock

Larry Taylor, Senatorial District 11, Friendswood

Kirk Watson, Senatorial District 14, Austin

Royce West, Senatorial District 23, Dallas

John Whitmire, Senatorial District 15, Houston

APPENDIX E – ABBREVIATIONS AND ACRONYMS

AAS—Agricultural Analytical Service

ACCESS—Adult Curriculum for Community, Employment, and Social Skills

ACP—Address Confidentiality Program; Alternative Certification Program

ADA—average daily attendance

ADP—average daily population

ADR—alternative dispute resolution

AIDS—acquired immune deficiency syndrome

ALR—Administrative License Revocation

AMH— Adult Mental Health (program)

ANRUF—Available National Research University Fund

APS—Adult Protective Services

ARD—admission, review, and dismissal

ASF—Available School Fund

ASL—American Sign Language

AUF—Available University Fund

BAT—bachelor of applied technology (degree) program

BCCS—Breast and Cervical Cancer Services

BCLS—Basic Civil Legal Services

BCM—Baylor College of Medicine

BEST—Blindness, Education, Screening, and Treatment Program

BET—Business Enterprises of Texas

BPP—Board of Pardons and Paroles

BRB—Bond Review Board

BRE—Biennial Revenue Estimate, produced by the Comptroller of Public Accounts

BRP—Benefit Replacement Pay

CAC—Children's Advocacy Center (program)

CAPPS—Centralized Accounting and Payroll/Personnel System

CASA—Court Appointed Special Advocates (program)

CBC—Community-based Care

CBD—cannabidiol, hemp product

CCA—Court of Criminal Appeals

CCDBG—federal Child Care and Development Block Grant

CCTS—Capitol Complex Telephone System

CDBG—Community Development Block Grant

CDL—constitutional debt limit

CHIP—federal Children's Health Insurance Program

CIS—Communities in Schools; Completed Impact Statements

CJAD— Department of Criminal Justice, Community Justice Assistance Division

CJD— Trusteed Programs within the Office of the Governor, Criminal Justice Division

CMHC—Correctional Managed Health Care

CMP—Coastal Management Program

CNG—compressed natural gas

COG—council of government

CPA—Comptroller of Public Accounts

CPI—Consumer Price Index

CPRIT—Cancer Prevention and Research Institute of Texas

CPS—Child Protective Services

CPW—Centers for Ports and Waterways

CRE—Certification Revenue Estimate

CSCD—community supervision and corrections department

CSHCN—Children with Special Health Care Needs (program)

CVC—Compensation to Victims of Crime; Capitol Visitors Center

CWF—Compact Waste Disposal Facility

CWSRF—Clean Water State Revolving Fund

CWTAP—federal Colonia Wastewater Treatment Assistance Program

---

DBMD—Deaf–Blind with Multiple Disabilities (Medicaid waiver program)

DCS— Department of Information Resources, Data Center Services

DDS—Disability Determination Services

DEAAG—Defense Economic Adjustment Assistance Grant

DFPS—Department of Family and Protective Services

DIR—Department of Information Resources

DLD— Department of Public Safety, Driver License Division

DMV—Department of Motor Vehicles

DNA—deoxyribonucleic acid

DPS—Department of Public Safety

DRP—Driver Responsibility Program

DSHS—Department of State Health Services

DWC— Texas Department of Insurance, Division of Workers' Compensation

DWQS—Drinking Water Quality and Standards (program)

DWSRF—Drinking Water State Revolving Fund

ECHS—Early College High School

ECI—Early Childhood Intervention

EDA—Existing Debt Allotment

EDAP—Economically Distressed Areas Program

EFMAP—Enhanced Federal Medical Assistance Percentage

EFU—Election Fraud Unit

ELL—English language learner

EMS—emergency medical services

ENHANCE 911 Act—Ensuring Needed Help Arrives Near Callers Employing 911 Act

EPA—U.S. Environmental Protection Agency

ERCOT—Electric Reliability Council of Texas

ERIC—Electronic Registration Information Center

ERS—Employees Retirement System of Texas

ESC—Education Service Center

ESF—Economic Stabilization Fund

ESG—Emergency Solutions Grant Program

ESSA—federal Every Student Succeeds Act

FAPE—free appropriate public education

FCU—Financial Crimes Unit

FDA—U.S. Food and Drug Administration

FEMA—Federal Emergency Management Agency

FFCS—Feed and Fertilizer Control Service

FMAP—Federal Medical Assistance Percentage

FPL—Federal Poverty Level

FPP—Family Planning Program

FSCR—family supports and community resources

FSP—Foundation School Program

FTE—full-time-equivalent (positions)

FTSE—full-time student equivalent

FVA—Fund for Veterans' Assistance

FWF—Federal Waste Disposal Facility

GAA—General Appropriations Act

GAB—General Appropriations Bill

GAI—general academic institutions

GBP—group benefits program

GCPD—Governor's Committee on People with Disabilities

GCW—Governor's Commission for Women

GIS—geographic information system

GLO—General Land Office

GME—graduate medical education

GO—General Obligation (bonds)

GPA—grade point average

GURI—Governor's University Research Initiative

HAVA—Help America Vote Act

HCBS—Home and Community Based Services (program)

HEF—Higher Education Fund

HEGI—Higher Education Employees Group Insurance

HHS—health and human services function or agencies

HHSC—Health and Human Services Commission

HIV—human immunodeficiency virus

HLP—Hazlewood Legacy Program

HOME—federal HOME Investment Partnerships Program

HOPES—Healthy Outcomes through Prevention and Early Support

HPC—Health Professions Council

HR—human resources

HRI—health-related institutions

HTC—Housing Tax Credit

HTF—housing trust fund

HTTOC— Office of the Attorney General, Human Trafficking and Transnational Organized Crime division

HTW—Healthy Texas Women Program

HUD—U.S. Department of Housing and Urban Development

ICF/IID—Intermediate Care Facilities for Individuals with Intellectual Disability

ICTD—Department of Public Safety, Intelligence and Counterterrorism Division

IDEA—federal Individuals with Disabilities Education Act

IFA—Instructional Facilities Allotment

IPTC—In-Prison Therapeutic Community (program)

ISD—independent school district

IT—information technology

ITP—individualized treatment plan

JAMP—Joint Admission Medical Program

JET—Jobs and Education for Texans grant program

JJAEP—Juvenile Justice Alternative Education Program

JRS I—Judicial Retirement System I

JRS II—Judicial Retirement System II

LBB—Legislative Budget Board

LBE—Legislative Budget Estimates

LECOS—Law Enforcement and Custodial Officer Supplemental (Retirement Fund)

LLC—limited liability company

LLRWDCC—Low-level Radioactive Waste Disposal Compact Commission

LNG—liquefied natural gas

LPG—liquefied petroleum gas

LRL—Legislative Reference Library

LWDB—Local Workforce Development Boards

MCC—Mortgage Credit Certificate (program)

Mcf—1,000 cubic feet

MDCP—Medically Dependent Children Program, Medicaid waiver program

MFMRB—Multifamily Mortgage Revenue Bonds (program)

MLPP—Master Lease Purchase Program

MIRP—major information resources project

MLDP—Managed Lands Deer Program

MSU—maximum security unit

MVCPA—Motor Vehicle Crime Prevention Authority

MVE—(Support for) Military Veterans Exemptions

NAAQS—National Ambient Air Quality Standards

NAEP—National Assessment of Educational Progress

NFIP—National Flood Insurance Program

NPDES—National Pollution Discharge Elimination System

NPL—National Priorities List

NRUF—National Research University Fund

NSOC—Network Security Operations Center

OAG—Office of the Attorney General

OBPH—Office of Border Public Health

OCA—Office of Court Administration

OCFW—Office of Capital and Forensic Writs

OIEC—Office of Injured Employee Counsel

OIG—Office of Inspector General

OIO—Office of the Independent Ombudsman

OPIC—Office of Public Insurance Counsel

OPUC—Office of Public Utility Counsel

ORP—Optional Retirement Program

OSFR—Office of State–Federal Relations

OSPA—Office of the State Prosecuting Attorney

OTSC—Office of the Texas State Chemist

PAB—private activity bond; federal Private Activity Bond Allocation Program

PACAP—Public Assistance Cost Allocation Plan

PARIS—Public Assistance Reporting Information System

PEIMS—Public Education Information Management System

PHEF—Permanent Higher Education Fund

PIU—Public Integrity Unit, Texas Ranger Division

PRB—Pension Review Board

PSAP—public safety answering point

PSF—Permanent School Fund

PST—petroleum storage tank

PSTAR—Petroleum Storage Tank Administration and Regulatory program

P-TECH—Pathways in Technology Early College High School

PTRF—Property Tax Relief Fund

PUC—Public Utility Commission

PUF—Permanent University Fund

PVS—Property Value Study

QAT—Quality Assurance Team

RCRA—federal Resource Conservation and Recovery Act

RESFA—Real Estate Special Fund Account

RESTORE (Act)—Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2012

RGSP—Real Gross State Product (Texas)

RRC—Railroad Commission

RTS—registration and titling system

RWAF—Rural Water Assistance Fund

SAAP—federal Special Appropriations Act Project grants

SAC—Sunset Advisory Commission

SAFPF—substance abuse felony punishment facility

SAO—State Auditor's Office

SBEC—State Board for Educator Certifications

SBOE—State Board of Education

SCJC—State Commission on Judicial Conduct

SCOT—Supreme Court of Texas

SDU—State Disbursement Unit, Child Support Division

SECO–State Energy Conservation Office

SEMP—State Energy Marketing Program

SFA—school food authority

SFMRB—Single-family Mortgage Revenue Bonds

SFR—Strategic Fiscal Review

SGST—Sporting Goods Sales Tax

SHF—State Highway Fund

SHSU—Sam Houston State University

SIF—Subsequent Injury Fund

SIP—State Implementation Plan

SIU—Special Investigations Unit, Texas Alcoholic Beverage Commission

SLB—School Land Board

SNAP—Supplemental Nutrition Assistance Program

SOAH—State Office of Administrative Hearings

SORM—State Office of Risk Management

SPB—State Preservation Board

SPP—State Participation Program

SPU—Special Prosecution Unit, Judiciary Section, Comptroller's Department

SRC—State Records Center

SSCC—single-source continuum contractors

SSI—Student Success Initiative

SSLC—State Supported Living Centers

STAAR—State of Texas Assessments of Academic Readiness

STAR—State of Texas Armory Revitalization (Program); Services to At-risk (Youth)

STD—sexually transmitted disease

STEM—science, technology, engineering, and mathematics

SWCD—soil and water conservation district

SWIFT—State Water Implementation Fund for Texas

SWIRFT—State Water Implementation Revenue Fund for Texas

SWP—State Water Plan

TAAS—Texas Assessment of Academic Skills

TABC—Texas Alcoholic Beverage Commission

TAHC—Texas Animal Health Commission

TAIS—Texas Apiary Inspection Service

TAJF—Texas Access to Justice Foundation

TAKS—Texas Assessment of Knowledge and Skills

TAMU—Texas A&M University

TANF—Temporary Assistance for Needy Families

TAR—Texas A&M AgriLife Research

TBP—Talking Book Program

TBPG—Texas Board of Professional Geoscientists

TCA—Texas Commission on the Arts

TCAP—Tax Credit Assistance Program

TCEQ—Texas Commission on Environmental Quality

TCFP—Texas Commission on Fire Protection

TCI—Texas Correctional Industries

TCID—Texas Center for Infectious Disease

TCJS—Texas Commission on Jail Standards

TCOLE—Texas Commission on Law Enforcement

TCOOMMI—Texas Correctional Office on Offenders with Medical or Mental Impairments

TDA—Texas Department of Agriculture

TDCJ—Texas Department of Criminal Justice

TDEM—Texas Division of Emergency Management

TDHCA—Texas Department of Housing and Community Affairs

TDI—Texas Department of Insurance

TDLR—Texas Department of Licensing and Regulation

TEA—Texas Education Agency

TEAM— Texas Election Administration Management system; TRS Enterprise Application Modernization

TEC—Texas Ethics Commission

TEDF—Texas Economic Development Fund

TEES—Texas A&M Engineering Experiment Station

TEEX—Texas A&M Engineering Extension Service

TEF—Texas Enterprise Fund

TEOG—Texas Educational Opportunity Grant

TERP—Texas Emissions Reduction Plan

TESRS—Texas Emergency Services Retirement System

TEX-AN—Texas Agency Network

TEXAS—Towards EXcellence, Access, and Success (grant program)

TFA—Teach for America

TFC—Texas Facilities Commission; Texas Film Commission

TFS—Texas A&M Forest Service

TFSC—Texas Forensic Science Commission

THC—Texas Historical Commission

THECB—Texas Higher Education Coordinating Board

THPD—Texas Highway Patrol Division, Department of Public Safety

TIDC—Texas Indigent Defense Commission

TIF—Transportation Infrastructure Fund

TJJD—Texas Juvenile Justice Department

TLC—Texas Lottery Commission

TMD—Texas Military Department

TMDL—total maximum daily load

TMF—Texas Mobility Fund

TMO—Texas Music Office

TMPC—Texas Military Preparedness Commission

TPCO—Texas Primary Care Office

TPFA—Texas Public Finance Authority

TPWD—Texas Parks and Wildlife Department

TRB—Tuition Revenue Bond

TRD—Texas Ranger Division, Department of Public Safety

TREE—Tax Reduction and Excellence in Education Fund

TRS—Teacher Retirement System

TSBPE—State Board of Plumbing Examiners (Texas)

TSBVI—Texas School for the Blind and Visually Impaired

TSD—Texas School for the Deaf

TSLAC—Texas State Library and Archives Commission

TSSWCB—Texas State Soil and Water Conservation Board

TSTC—Texas State Technical College

T-STEM—Texas Science, Technology, Engineering, and Mathematics program

TTC—Texas Transportation Commission

TTI—Texas A&M Transportation Institute

TTSTC—Texas Treasury Safekeeping Trust Company

TVC—Texas Veterans Commission

TVMDL—Texas A&M Veterinary Medical Diagnostic Laboratory

TWC—Texas Workforce Commission

TWDB—Texas Water Development Board

TWPP—Texas Wildfire Protection Plan

TxDOT—Texas Department of Transportation

TXMF—Texas military forces

TXNG—Texas National Guard

TXSG—Texas State Guard

UCC—Uniform Commercial Code

UCIP— Unsolved Crimes Investigation Program

UIC—Underground Injection Control program

URMFT—Unclaimed Refunds of Motorboat Fuel Tax

USDA—U.S. Department of Agriculture

USDW—underground sources of drinking water

UT—the University of Texas

UTHSC—the University of Texas Health Science Center

UTIMCO—University of Texas/Texas A&M Investment Management Company

UTMB—the University of Texas Medical Branch

UTRGV—the University of Texas Rio Grande Valley

VA— U.S. Department of Veterans Affairs

VCSO—Veterans County Service Officers

VEIMP—Vehicle Emissions Inspection and Maintenance Program

VEP—Veteran Entrepreneur Program

VLB—Veterans' Land Board

VSU—Vital Statistics Unit, Department of State Health Services

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WCS—Waste Control Specialists, LLC

WIC—Special Supplemental Nutrition Program for Women, Infants, and Children

WIF—Water Infrastructure Fund

WIOA—Workforce Innovation and Opportunity Act

WSD—Windham School District

X-ALD— X-linked adrenoleukodystrophy

APPENDIX F – READER'S GUIDE TO THE GENERAL APPROPRIATIONS ACT

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 a similar format. Article-specific summary information is included at the end of each article.

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 Funds (GR), General Revenue–Dedicated Funds (GR-D), Federal Funds, and Other Funds. Each of these four contains subcategories.

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

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

E The left footer shows the version of the appropriations bill. This example shows the Fiscal Size-up version.

F 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, 2020	For the Years Ending August 31, 2021
B **Method of Financing:** O		
General Revenue Fund		
General Revenue Fund[1, 2, 3]	$ 137,608,806	$ 124,675,112
Child Support Retained Collection Account	120,323,169	108,952,182
Attorney General Debt Collection Receipts	8,300,000	8,300,000
General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees Account No. 8042	3,411,343	3,411,343
Subtotal, General Revenue Fund	$ 269,643,318	$ 245,338,637
General Revenue Fund - Dedicated		
Compensation to Victims of Crime Account No. 469	$ 70,659,952	$ 70,667,258
Compensation to Victims of Crime Auxiliary Account No. 494	161,349	161,349
AG Law Enforcement Account No. 5006	308,431	308,431
Sexual Assault Program Account No. 5010	10,188,546	10,188,546
Subtotal, General Revenue Fund - Dedicated	$ 81,318,278	$ 81,325,584
Federal Funds	$ 302,471,876	$ 236,852,107
Other Funds		
Interagency Contracts - Criminal Justice Grants	$ 951,333	$ 951,334
Appropriated Receipts	42,560,900	33,770,328
Interagency Contracts	39,968,007	39,971,875
License Plate Trust Fund Account No. 0802, estimated	31,000	31,000
Subtotal, Other Funds	$ 83,511,240	$ 74,724,537
Total, Method of Financing	$ 736,944,712	$ 638,240,865
This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.		
C **Number of Full-Time-Equivalents (FTE):**[2]	4,223.9	4,229.9
D **Schedule of Exempt Positions:**		
Attorney General, Group 6	$153,750	$153,750

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G Agency **Items of Appropriation** consist of goals with multiple strategies. Each strategy has its own appropriation.

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 on the previous page and the Total, Object-of-Expense Informational Listing on this page.

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

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

OFFICE OF THE ATTORNEY GENERAL
(Continued)

G

Items of Appropriate:

A. Goal: PROVIDE LEGAL SERVICES[2, 3] Provide General Legal Services to the State and Authorized Entities.		
A.1.1. Strategy: LEGAL SERVICES Provide Legal Counsel/Litigation/Alternative Dispute Resolution Srvcs.	$ 118,490,494	$ 120,224,039
B. Goal: ENFORCE CHILD SUPPORT LAW Enforce State/Federal Child Support Laws.		
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT[1] Establish Paternity/Obligations, Enforce Orders and Distribute Monies.	$ 357,212,672	$ 364,202,833
B.1.2. Strategy: STATE DISBURSEMENT UNIT	14,375,236	14,375,236
Total, Goal B: ENFORCE CHILD SUPPORT LAW	$ 371,587,908	$ 378,578,069
C. Goal: CRIME VICTIMS' SERVICES Review/Process Applications for Compensation to Crime Victims.		
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION Review Claims, Determine Eligibility/State Liability, Pay Correctly.	$ 81,442,767	$ 81,810,491
C.1.2. Strategy: VICTIMS ASSISTANCE Provide Grants & Contrcts for Victims Svcs/Sexual Asslt Victims.	37,951,313	37,315,007
Total, Goal C: CRIME VICTIMS' SERVICES	$ 119,394,080	$ 119,125,498
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.	$ 19,587,518	$ 19,596,220
E. Goal: GENERAL ADMINISTRATION Administration for OAG.		
E.1.1. Strategy: AGENCY IT PROJECTS Administer Information Technology Projects across the Agency.	$ 107,171,541	$ 0
F. Goal: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support for the State Office of Risk Management.		
F.1.1. Strategy: ADMINISTRATIVE SUPPORT FOR SORM Provide Administrative Support to the State Office of Risk Management.	$ 713,171	$ 717,039
H **Grand Total,** OFFICE OF THE ATTORNEY GENERAL	$ 736,944,712	$ 638,240,865

I

Object-of-Expense Informational Listing:

Salaries and Wages	$ 250,491,924	$ 253,310,053
Other Personnel Costs	8,341,747	8,344,147
Professional Fees and Services	209,129,865	105,309,169
Fuels and Lubricants	365,315	365,315
Consumable Supplies	1,586,457	1,586,457
Utilities	3,000,809	3,003,119
Travel	4,898,733	4,921,233
Rent - Building	24,103,547	25,603,547
Rent - Machine and Other	1,320,110	1,320,110
Other Operating Expense	179,412,785	180,985,142
Grants	53,285,712	52,599,165
Capital Expenditures	1,007,708	893,408
Total, Object-of-Expense Informational Listing	$ 736,944,712	$ 638,240,865

J

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

Employee Benefits		
Retirement	$ 22,187,639	$ 22,637,248
Group Insurance	48,435,670	49,187,153

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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.

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 or building construction or repair.

OFFICE OF THE ATTORNEY GENERAL
(Continued)

Social Security	17,706,031	18,067,280
Benefits Replacement	342,371	291,015
Subtotal, Employee Benefits	$ 88,671,711	$ 90,182,696
Debt Service		
Lease Payments	$ 346,932	$ 240,539
Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act	$ 89,018,643	$ 90,423,235

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.

	2020	2021
A. Goal: PROVIDE LEGAL SERVICES		
Outcome (Results/Impact):		
Delinquent State Revenue Collected	50,000,000	50,000,000
A.1.1. Strategy: LEGAL SERVICES		
Output (Volume):		
Legal Hours Billed to Litigation and Legal Counsel	1,127,046	1,132,240
Efficiencies:		
Average Cost Per Legal Hour	103.93	105.46
B. Goal: ENFORCE CHILD SUPPORT LAW		
Outcome (Results/Impact):		
Percent of Title IV-D Cases That Have Court Orders for Child Support	85%	85%
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	96%	96%
B.1.1. Strategy: CHILD SUPPORT ENFORCEMENT		
Output (Volume):		
Amount of Title IV-D Child Support Collected (in Millions)	4,400	4,450
Efficiencies:		
Ratio of Total Dollars Collected Per Dollar Spent	13.52	13.43
B.1.2. Strategy: STATE DISBURSEMENT UNIT		
Output (Volume):		
Number of Payment Receipts Processed by the SDU Vendor	22,590,707	22,657,319
C. Goal: CRIME VICTIMS' SERVICES		
Outcome (Results/Impact):		
Amount of Crime Victims' Compensation Awarded	63,363,102	63,724,550
C.1.1. Strategy: CRIME VICTIMS' COMPENSATION		
Efficiencies:		
Average Number of Days to Analyze a Claim and Make an Award	46	46
D. Goal: REFER MEDICAID CRIMES		
D.1.1. Strategy: MEDICAID INVESTIGATION		
Output (Volume):		
Number of Investigations Concluded	500	500

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.

	2020	2021
a. Acquisition of Information Resource Technologies		
(1) Child Support Hardware/Software Enhancements	$ 100,000	$ 100,000

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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 appropriations or may provide direction relating to a specific strategy.

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(2) Information Technology Project	107,171,541	0
Total, Acquisition of Information Resource Technologies	$ 107,271,541	$ 100,000
b. Transportation Items		
(1) Child Support Motor Vehicles	$ 312,000	$ 384,000
c. Data Center Consolidation		
(1) Data Center Consolidation	$ 50,475,531	$ 57,828,957
d. Centralized Accounting and Payroll/Personnel System (CAPPS)		
(1) Converted PeopleSoft Licenses	$ 62,345	$ 62,345
(2) CAPPS Transition Phase II	3,170,743	3,329,257
Total, Centralized Accounting and Payroll/Personnel System (CAPPS)	$ 3,233,088	$ 3,391,602
Total, Capital Budget	$ 161,292,160	$ 61,704,559
Method of Financing (Capital Budget):		
General Revenue Fund		
General Revenue Fund	$ 38,522,595	$ 25,115,164
Child Support Retained Collection Account	11,370,987	0
Subtotal, General Revenue Fund	$ 49,893,582	$ 25,115,164
GR Dedicated - Compensation to Victims of Crime Account No. 469	$ 321,082	$ 345,226
Federal Funds	$ 101,623,304	$ 35,567,769
Other Funds		
Appropriated Receipts	$ 9,284,249	$ 493,677
Interagency Contracts	169,943	182,723
Subtotal, Other Funds	$ 9,454,192	$ 676,400
Total, Method of Financing	$ 161,292,160	$ 61,704,559

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 by the State as Aid to Families with Dependent Children (AFDC) or Temporary Assistance for Needy Families (TANF) or foster care payments, all child support enforcement incentive payments received from the federal government, and all revenues specifically established by statute on a fee or service-provided basis and pertaining to the Child Support Enforcement Program.

   b. Amounts earned as interest on, and allocated by the Comptroller of Public Accounts to, the Child Support Trust Fund No. 994, in excess of $808,289 in fiscal year 2020 and $808,289 in fiscal year 2021, shall be transferred monthly by the Comptroller of Public Accounts to such funds from the General Revenue Fund, and all amounts so transferred are appropriated to the Office of the Attorney General for use during the 2020-21 biennium, in addition to the amounts otherwise appropriated herein. Amounts transferred pursuant to this provision shall be shown as a separate, individual entry in the Method of Finance in all standard reports regularly utilizing a method of finance which are submitted to the Governor's Office or the Legislative Budget Board.

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For the version of the GAA published with *Fiscal Size-Up*, endnotes are added to explain changes from the conference committee version of the GAA. Typically these changes are from appropriations that previously appeared in Article IX, gubernatorial vetoes of appropriation authority, and other legislation affecting appropriations.

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[1] Incorporates Rider 31, Contingency for Legislation Related to Title IV-D Annual Service Fees, due to enactment of SB 891, 86th Legislature, Regular Session, relating to the operation and administration of and practice in and grants provided by courts in the judicial branch of state government, resulting in increases of $6,491,144 in FY 2020 and $6,708,856 in FY 2021 out of General Revenue generated by a $35 Annual Service Fee.
[2] Incorporates Article IX, §18.31, of this Act, due to enactment of HB 2826, 86th Legislature, Regular Session, relating to procurement of a contingent fee contract for legal services by certain governmental entities, resulting in increases of $486,656 in FY 2020 and $441,641 in FY 2021 out of General Revenue and increases of 4.5 FTEs in FY 2020 and 4.5 FTEs in FY 2021.
[3] Incorporates Article IX, §18.33, of this Act, due to enactment of HB 2945, 86th Legislature, Regular Session, relating to payment card skimmers on motor fuel dispensers and to creating a payment fraud fusion center, resulting in increases of $870,000 in FY 2020 and $370,000 in FY 2021 out of General Revenue.

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