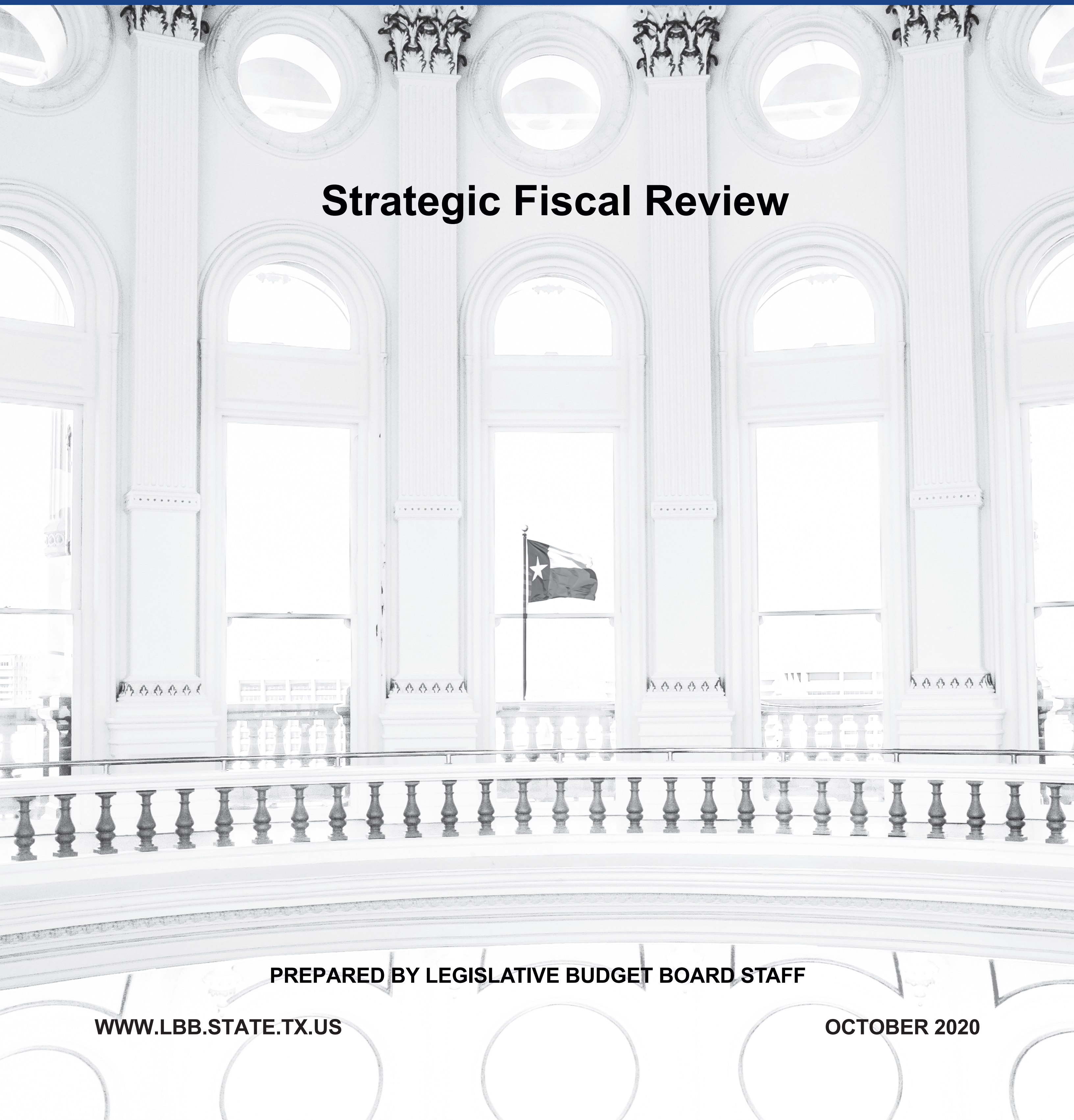
THE STATE OF TEXAS

LEGISLATIVE BUDGET BOARD



Strategic Fiscal Review

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

WWW.LBB.STATE.TX.US

OCTOBER 2020

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October 2020

Governor Greg Abbott
Lt. Governor Dan Patrick
Speaker Dennis Bonnen
Senator Jane Nelson
Representative Giovanni Capriglione
Members of the House Appropriations and Senate Finance Committees

Re: Strategic Fiscal Review

Ladies and Gentlemen:

Pursuant to the Texas Government Code, Section 322.0175, I am pleased to submit the Legislative Budget Board staff's Strategic Fiscal Review of the 11 state agencies that currently are the subject of Sunset Advisory Commission review and subject to the legislative appropriations process. Upon our detailed review of the operational programs within these agencies, Legislative Budget Board staff have identified nearly 100 findings, some applicable to specific agency programs and others applicable to the agencies at large. Additionally, certain findings also present funding options for your consideration.

We appreciate the cooperation and assistance provided by the state agencies under review during the preparation of this report, as well as that of Sunset Advisory Commission staff.

Sincerely,

Jerry McGinty
Director
Legislative Budget Board

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STRATEGIC FISCAL REVIEW

INTRODUCTION

Strategic Fiscal Review (SFR) began in 2014 as a tool for comprehensive budgetary analysis of selected state agencies and programs to support members of the Legislature as they make decisions on the most appropriate and efficient means of funding the operations of the state. Senate Bill 68, Eighty-sixth Legislature, 2019, formalized and expanded the SFR process and applied it to the agencies currently subject to Sunset Advisory Commission (SAC) review, with an exception for agencies that are not subject to the legislative appropriations process.

As part of SFR, each agency submits programmatic and financial data that is evaluated by Legislative Budget Board (LBB) staff. LBB staff also consider potential alternatives in funding, program structure, and service delivery, and the centrality of each program to an agency's mission and the agency's authority to carry out the activities of each program.

The SFR process for each applicable agency began with the Sunset Self-evaluation Report that the agency submitted to the SAC. LBB staff used the program structure identified by agencies in those reports to collect information on program funding, basis, implementation, and impact. These programs may not reconcile with the LBB's State Budget by Program due to differences in financial and programmatic tracking; LBB staff reviewed and considered agencies' distinctions.

Agencies ranked programs to represent the agency's prioritization of each relative to the agency's overall goals and purpose and provided details on the population and needs met by various programs, demand for services, and opportunities to improve operations. In addition to program data, agencies submitted for review performance measures, previous audit reports, contract information, and financial data.

The financial data included both appropriated funds from the Eighty-sixth Legislature 2020–21 Biennium, General Appropriations Act (GAA), and funds that are within the control of the agency, institution, oversight board, or commission but not included in the 2020–21 GAA. Agencies also submitted data on funds outside the state Treasury that are not subject to appropriation by the Legislature.

As required by Senate Bill 68, agency program descriptions evaluate the adverse effects of discontinuing a program and provide an account of expenditures required to maintain the program at the minimum level of service and the expenditures for the current level of service.

Due to the timing of SFR data collection, reviews do not consider actual operating expenses for the current biennium or unexpected reductions in appropriations and revenue due to external factors, including those related to the COVID-19 pandemic. However, these developments are monitored and reviewed as a part of the overall legislative appropriations process.

MISSION CENTRALITY AND AUTHORITY

Agency program descriptions include evaluations of the program's mission centrality and authority, with the exception of programs concerning central or indirect administration. Mission centrality is determined based on how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents. The following criteria were used to assess a program's mission centrality:

- strong – central to agency's mission and clearly identified in agency's strategic plan or other planning documents;
- moderate – related to agency's mission and only indirectly referenced in agency's strategic plan or other planning documents; and
- weak – weakly related or unrelated to agency's mission and not clearly identified in agency's strategic plan or other planning documents.

Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it. The following criteria were used to examine a program's authority:

- strong – constitutional or explicit statutory authorization;
- moderate – implicit or general statutory authorization; and
- weak – program has no clear statutory basis, and authority derives, directly or indirectly, from the General Appropriations Act.

COORDINATION WITH SUNSET ADVISORY COMMISSION

Agencies undergoing Strategic Fiscal Review are also undergoing Sunset review in accordance with Senate Bill 68; thus, LBB staff collaborated with SAC staff to avoid the duplication of agency information and data requests. With regard to approach, whereas SAC analyzes the continuing public need for a state agency and its functions, the SFR process analyzes the justification, accountability, and sufficiency of agency funding. These approaches may result in different findings that should not be read as being in conflict, but rather as informing the overall legislative process.

Statute requires the LBB staff to submit this report of SFR findings at a time that precedes the time by which the SAC is scheduled to complete its initial review of certain agencies discussed in this report, but SAC findings for agencies whose initial reviews are complete are noted and discussed where applicable.

Appearing in budget article order, the following agencies were evaluated during the 2020–21 biennial SFR process, alongside the Sunset Review Cycle:

- Texas Holocaust and Genocide Commission;
- Teacher Retirement System of Texas;
- Texas Commission on Fire Protection;
- Texas Commission on Jail Standards;
- Texas Commission on Law Enforcement;
- Texas Department of Agriculture;
- Texas Animal Health Commission;
- Texas Parks and Wildlife Department;
- Texas Department of Licensing and Regulation;
- Texas Racing Commission; and
- State Board of Veterinary Medical Examiners.

TEXAS HOLOCAUST AND GENOCIDE COMMISSION

The Texas Government Code, Chapter 449

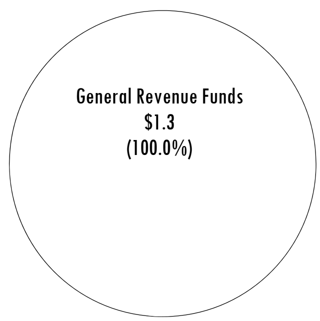
AGENCY DESCRIPTION

The mission of the Texas Holocaust and Genocide Commission (THGC) is to bring awareness of the Holocaust and other genocides to Texas students, educators, and the general public by ensuring availability of resources, and in doing so imbue in individuals a sense of responsibility to uphold human value and inspire citizens in the prevention of future atrocities.

THGC was established and administratively attached to the Texas Historical Commission by Senate Bill 482, Eighty-first Legislature, Regular Session, 2009. Funding is designated in the Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article I, Historical Commission, Rider 12, Texas Holocaust and Genocide Commission. As shown in **Figure 1**, 100.0 percent of THGC funding is provided through General Revenue Funds. Additional funds for educator awards, student poetry and visual arts contests, and other expenses are provided through the support of the nonprofit organization Friends of the Texas Holocaust and Genocide Commission.

FIGURE 1
TEXAS HOLOCAUST AND GENOCIDE COMMISSION FUNDING SOURCE, 2020–21 BIENNIUM

(IN MILLIONS) TOTAL = $1.3



NOTE: Funds received from the Friends of the Texas Holocaust and Genocide Commission are not included.
SOURCES: Texas Holocaust and Genocide Commission; Texas Historical Commission.

THGC is composed of 18 members. The Governor, Lieutenant Governor, and Speaker of the House of Representatives each appoint five public members, and the Commissioners of Education and Higher Education and the Executive Director of the Texas Veterans Commission are ex officio members. THGC provides advice and assistance on the implementation of Holocaust and genocide studies, awareness programs, and events to public and private schools and organizations and institutions of higher education.

SIGNIFICANT FINDINGS

- Due to its administrative structure, THGC does not formally report a strategic plan or performance measures.
- Due to its size, the agency does not classify expenses by program, but it identified and ranked eight major activities that Legislative Budget Board staff will treat as programs for the purposes of this report.

Before the 2018–19 biennium, THGC received 100.0 percent of the General Revenue Funds allocated within the GAA, Article I, Historical Commission, Rider 12, Strategy A.3.1, Evaluate/Interpret Resources. Beginning with the 2018–19 biennium, and continuing through the 2020–21 biennium, the Legislature has allocated $41,000 each fiscal year from the GAA, Article I, Historical Commission, Strategy B.1.1, Central Administration, for the provision of central administration support to THGC. According to the Historical Commission, the cost of administering THGC is not identified separately within Strategy B.1.1.

Figure 2 shows expended amounts for the 2018–19 biennium and appropriated amounts for the 2020–21 biennium. The amounts shown do not include the $41,000 each fiscal year for central administration support. For the 2020–21 biennium, 50.0 percent of appropriations are budgeted for salaries and wages for 4.0 full-time-equivalent (FTE) positions that develop the programs described in subsequent sections. The remaining appropriations are used for grants, supplies, and contracts with organizations developing program materials. Funds received by the Friends nonprofit organization for additional awards also are not included. **Figure 3** shows the increase in historical funding from the 2014–15 to the 2020–21 biennia.

FIGURE 2
TEXAS HOLOCAUST AND GENOCIDE COMMISSION FUNDING BY METHOD OF FINANCE
2018–19 AND 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,318,210.0	$1,332,027.0	$13,817.0	1.0%
General Revenue-Dedicated Funds	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,318,210.0**	**$1,332,027.0**	**$13,817.0**	**1.0%**

NOTE: Funds received from the Friends of the Texas Holocaust and Genocide Commission are not included.
SOURCES: Texas Holocaust and Genocide Commission; Texas Historical Commission.

FIGURE 3
TEXAS HOLOCAUST AND GENOCIDE COMMISSION HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$633,673.0	$1,086,032.0	$1,318,210.0	$1,332,027.0	110.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$633,673.0**	**$1,086,032.0**	**$1,318,210.0**	**$1,332,027.0**	**110.2%**

NOTE: The Texas Holocaust and Genocide Commission does not record expenditures by program or activity level.
SOURCES: Texas Holocaust and Genocide Commission; Texas Historical Commission.

Due to the administrative structure of THGC, the agency has no reporting mechanism for a strategic plan or performance measures because the Texas Historical Commission does not track performance measures or program-level spending for THGC. THGC tracks internal metrics for exhibit visitors and monitors grant recipients; both are potential performance measures that were discussed during the Strategic Fiscal Review process. For the nonprofit grant program, the agency proposed formally tracking the Number of Non-Profit Grants Distributed and the Number of New Grant Recipients from the Previous Year, with the latter measure emphasizing awarding grants to recipients that support the THGC mission but have not received an award the previous year.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be higher or lower than existing funding levels. Legislative Budget Board staff asked THGC to provide a methodology or justification for determining these amounts. Within its minimum funding scenario, THGC proposed adding 1.0 FTE position to address the growing number of commission projects, specifically those focused on education. This addition would provide a more concentrated effort on genocide education as demand for statewide services increases.

Figure 4 shows the proposed increase in funding for the additional FTE position. This increase includes $96,000 in salaries and wages, plus additional personnel costs.

FIGURE 4
TEXAS HOLOCAUST AND GENOCIDE COMMISSION AGENCY-REPORTED FUNDING FOR THE MINIMUM LEVEL OF SERVICE, 2020–21 BIENNIUM

METHOD OF FINANCE	APPROPRIATED 2020–21	MINIMUM 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,332,027.0	$1,438,694.0	$106,667.0	8.0%
Total, All Methods of Finance	**$1,332,027.0**	**$1,438,694.0**	**$106,667.0**	**8.0%**

SOURCES: Texas Historical Commission; Texas Holocaust and Genocide Commission.

NONPROFIT GRANTS

The Texas Government Code, Section 449.052(e)

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Texas Holocaust and Genocide Commission is authorized to provide matching grants to assist in the implementation of the agency's goals and objectives. Grants are available to nonprofit organizations for Holocaust and genocide-related projects. This program enables THGC to provide resources to organizations, as outlined in the mission statement. The Texas Administrative Code, Title 13, Part 9, Chapter 191, Section 191.8, outlines how funds can be used for the grant program, but statute is not explicit concerning how THGC should administer grants.

THGC posts grants through its website and conducts related outreach at conferences, workshops, and public events. A scoring committee, including staff, commissioners, and Friends of the THGC, assigns scores to grant applications and presents the rankings to the entire commission for approval. Administrative code outlines the selection criteria for this scoring, which includes relevance to the THGC mission, qualifications of the applying organization, potential impact of the project, feasibility, cost, timetable, and geographic diversity.

In practice, grants are awarded by THGC, then the Historical Commission disburses the funds on a reimbursement basis. Reimbursement requests are submitted to THGC for approval before they are sent to the Historical Commission to be processed. Awards may be adjusted based on reimbursement requests, which are coordinated by THGC staff and the grant recipients.

The agency reports seeking to diversify grant applications, but it does not have specific goals. **Figure 5** shows grant recipients from fiscal years 2014 to 2019, the amount of the award, the amount actually paid, and the difference, as applicable. Awards may be adjusted based on the actual reimbursement request or if the recipient is unable to fulfill the grant obligations.

FIGURE 5
TEXAS HOLOCAUST AND GENOCIDE COMMISSION NONPROFIT GRANT AWARD RECIPIENTS
FISCAL YEARS 2014 TO 2019

YEAR	GRANTEE	GRANT AWARD	AMOUNT PAID	DIFFERENCE
2014	Dallas Holocaust Museum	$5,010.00	$931.40	$4,078.60
2014	El Paso Holocaust Museum	$2,990.00	$2,554.50	$435.50
2014	Holocaust Museum Houston	$2,000.00	$2,000.00	-
2015	Holocaust Memorial Museum of the Jewish Federation of San Antonio	$8,950.00	$7,608.53	$1,341.47
2015	El Paso Holocaust Museum	$9,308.00	$9,019.17	$288.83
2015	Holocaust Museum Houston	$10,000.00	$10,000.00	-
2016	El Paso Holocaust Museum	$7,500.00	$3,907.71	$3,592.29
2016	Holocaust Museum Houston	$10,000.00	$10,000.00	-
2016	Holocaust Museum Houston	$5,000.00	$5,000.00	-
2017	El Paso Holocaust Museum	$6,250.00	$6,250.00	-
2017	FotoFest International	$5,000.00	$5,000.00	-
2017	Holocaust Memorial Museum of San Antonio	$2,761.96	$1,745.50	$1,016.46
2017	Holocaust Museum Houston	$10,000.00	-	$10,000.00
2017	South Texas College	$4,000.00	$4,000.00	-
2017	The University of Texas Foundation, Inc.	$4,890.00	$3,922.61	$967.39
2018	El Paso Holocaust Museum	$6,765.00	$5,397.65	$1,367.35

2018	Holocaust Museum Houston	$9,740.00	$9,740.00	-
2018	Holocaust Museum Houston	$10,000.00	$9,906.04	$93.96
2018	Dallas Holocaust Museum	$25,000.00	-	$25,000.00
2018	Holocaust Museum Houston	$12,500.00	-	$12,500.00
2019	Dallas Holocaust Museum	$10,000.00	-	$10,000.00

NOTE: Grants are paid on a reimbursement basis and may be adjusted after awarding.
SOURCES: Texas Holocaust and Genocide Commission; Texas Historical Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, the nonprofit grants enable organizations to carry out programming that they may not be able to afford otherwise, meaning discontinuing the program could decrease program offerings.

HOLOCAUST REMEMBRANCE WEEK

The Texas Education Code, Section 29.9072

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

Senate Bill 1828, Eighty-sixth Legislature, 2019, amended the Texas Education Code to require the Office of the Governor to designate a week to be known as Holocaust Remembrance Week in public schools, with age-appropriate instruction on the history of and lessons learned from the Holocaust. The legislation required instruction to include the use of materials developed or approved by THGC. The legislation took effect beginning with school year 2019–20. With guidance from the agency, the Office of the Governor designated the week of January 27, 2020, as Holocaust Remembrance Week.

The program is geared towards grades six to 12, which, according to the agency, aligns with educational best practices. The agency is seeking feedback from school teachers and students to improve resources and content for school year 2020–21.

This program is central to the agency's mission, and authority is delegated directly to the agency to approve and develop materials.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The agency will be allocating resources to help develop curriculum and resources for the program and states that discontinuing the program would eliminate the only governing body overseeing the program and process.

EDUCATOR WORKSHOPS AND TALKS TO ORGANIZATIONS

The Texas Government Code, Section 449.052(a)(1)

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The purpose of this program is to provide resources developed and approved by THGC education staff to teachers and other organizations; this program is conducted alongside Holocaust Remembrance Week. According to the agency, the Holocaust Remembrance Week project has resulted in a higher demand for education staff to travel to various locations and provide presentations and workshops. The agency's addition in January 2019 of the Armenian Genocide to its list of recognized genocides also has resulted in higher demand for staff presentations.

This program is central to the agency's mission to raise awareness among its target population. With regard to authority, statute is not explicit concerning how THGC should provide assistance to educators and talks to organizations.

SIGNIFICANT FINDING

THGC is unable to provide reimbursement to educators who need to travel to attend a workshop. Pursuant to the Texas Administrative Code, Title 13, Part 9, Chapter 191, §191.8, Title 13, Part 9, Section 191.8, the purpose of the grant program is to provide funds for organizations and projects that support the mission. However, the rule stipulates that the payments of grant funds are made on a reimbursable basis upon the project's completion and acceptable proof of incurred allowable expenses. Additionally, grants may not fund food, beverages, or transportation and travel for project participants or nongrant-funded personnel. According to the agency, these requirements can be cost-prohibitive for educators seeking to attend workshops throughout the state. These costs also can affect adversely smaller institutions that do not have the funds available in their budgets.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuing this program would result in the loss of Holocaust and genocide-related educational resources that are available to the public.

ONLINE DIGITAL LIBRARY FOR EDUCATION

The Texas Government Code, Section 449.052(a)(1)

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The purpose of this program is to provide public and private school educators with supplemental resources that can be accessed online in the classroom setting, and it is intended to incorporate Texas connections when possible. The tool is free for educators, and they typically are informed of the resources by THGC staff. The website is password-protected and available only to Texas educators upon the agency's approval.

This program is central to the agency's mission and function by providing resources to educators, who are part of its target population. With regard to authority, statute is not explicit concerning how THGC should provide assistance to educators.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, the Online Digital Library for Education (ODLE) provides educators with free access to supplemental resources to utilize in the classroom, and discontinuing the program would halt the current sharing of information and resources.

TRAVELING EXHIBITS

The Texas Government Code, Section 449.052(a)(2)

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

THGC raises awareness of the Holocaust and genocides through traveling exhibits. These exhibits serve students, educators, and the public who may not have the chance to travel to museums. Exhibits are offered at no cost to the host site, and no admission is charged. According to the agency, interested locations can request to host exhibits through the THGC website. Participants are invited to provide feedback through evaluation forms provided at the hosting venue. The agency seeks opportunities to partner with museums, universities, and other organizations worldwide that focus on the Holocaust and genocides.

This program delivers resources to the agency's target population, as outlined by the mission statement. With regard to authority, statute is not explicit concerning how THGC should provide assistance and exhibits to educators and the public.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuing the program would limit Holocaust and genocide exposure and education, particularly for communities with limited resources.

TEXAS LIBERATOR PROJECT

The Texas Government Code, Section 449.052(a)(2)

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The purpose of this program is to introduce the public to the experiences of U.S. soldiers who were witnesses to and actors in the liberation of the Nazi concentration and death camps. The agency provides a software application, website, traveling exhibit, and books to public and private high schools. According to the agency, demand for the program is high, and it is difficult to meet all requests for exhibit displays and public programming. The agency intends to continue evaluating additional funding for this project.

Initially, Baylor University's Institute of Oral History was contracted to collect the testimonies of 19 Texan liberators of the Nazi concentration camps. A subsequent contract with Texas Tech University was developed to build on the Baylor project and included the development of the software application and the publication of the book. This Interagency Contract with Texas Tech University was amended to include a traveling exhibit and a liberator honor roll.

Although this program is related to the agency's mission and target educator population, it lacks formalized performance measures, and statute is not explicit concerning how THGC should provide assistance to educators and the public.

SIGNIFICANT FINDING

THGC does not receive revenue directly for works produced. Proceeds generated from the sale of the book, *The Texas Liberators: Veteran Narratives from World War II,* typically are from online sales and are directed to Texas Tech University. If the book is made available at THGC events, such as exhibit openings, the proceeds are provided to the nonprofit organization the Friends of the THGC. The Texas Administrative Code, Title 13, Part 9, Chapter 191, §191.6, authorizes the operation of the affiliated nonprofit organization, whose purpose is to raise funds to provide services or benefits to the agency. Currently, THGC does not have the authority to collect revenue. However, due to the support provided by the nonprofit organization, the agency did not identify this lack of authority as a barrier.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, this program provides services to a growing number of organizations, and discontinuing the program would eliminate existing and potential connections with the organizations that use the information provided by the project.

MODERN GENOCIDE SURVIVORS PROJECT

The Texas Government Code, Section 449.052(a)

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The purpose of this program is to record oral testimonies of survivors of modern genocides through a documentary and exhibit. THGC has been including more genocide education in its programming and contracted with Texas Tech University for this purpose during fiscal year 2017. The contract's extension in February 2019 includes a payment increase for a photographer to travel and provide photos for the project. The project is scheduled to end in August 2020, and the exhibit piece is forthcoming.

Although this program is related to the agency's mission and target educator population, it lacks formalized performance measures and has a peripheral presence in planning. Statute is not explicit concerning how THGC should provide assistance to educators and the public.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, this project is an electronic resource that can be used by various universities, high schools, and museums. Discontinuing the program would remove these educational opportunities.

AGENCY PROGRAMS FUNDED BY THE FRIENDS OF THE TEXAS HOLOCAUST AND GENOCIDE COMMISSION

The Texas Government Code, Section 449.052(a)(1)

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The agency offers several additional programs that are funded by the nonprofit organization Friends of the Texas Holocaust and Genocide Commission, including a student poetry and visual arts contest, annual educator grant, and annual educator award. Pursuant to the Texas Administrative Code, Title 13, Part 9, Chapter 191, §191.8, the agency specifies that grants may not fund food, beverages, awards, honoraria, prizes, or gifts. Funds from the Friends of the THGC enable the agency to conduct annual student contests and to support and award educators that contribute to the THGC's mission.

With regard to authority, statute does not explicitly direct how funds from the nonprofit organization are to be used on agency programs.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuing Friends-funded programs would inhibit outreach programs and would limit exposure to educational opportunities.

TEACHER RETIREMENT SYSTEM OF TEXAS

The Texas Constitution, Article 16, Section 67; the Texas Government Code, Section 825.404

AGENCY DESCRIPTION

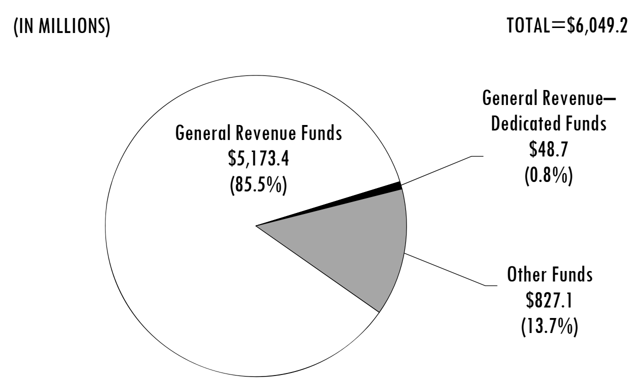
Established in 1936, the Teacher Retirement System of Texas is the largest public retirement system in Texas, serving more than 1.5 million individuals. The agency's stated mission is to improve the retirement security of Texas educators by investing and managing trust assets and delivering benefits that make a positive difference in members' lives. The objective of the Teacher Retirement System is to provide retirement benefits, including a fixed level of replacement income and certain healthcare benefits, to all public education employees and certain higher education employees.

SIGNIFICANT FINDINGS

- The functions of the Teacher Retirement System (TRS) are constitutionally required; therefore, all of the agency's programs have strong authority and mission centrality. The sole program that did not have strong authority and mission centrality, the 403(b) retirement savings plan program, was eliminated by the Eighty-sixth Legislature, 2019, following the agency's fiscal year 2019 Strategic Fiscal Review.
- In addition to constitutional authority, TRS has broad statutory authority to act as the fiduciary of trust funds. The Legislature has balanced this authority by providing guidance and direction to the agency in the General Appropriations Act.

Figure 6 shows 2020–21 biennial appropriations to TRS.

FIGURE 6
TEACHER RETIREMENT SYSTEM OF TEXAS APPROPRIATIONS
2020–21 BIENNIUM



NOTE: Data shown includes only amounts appropriated in the General Appropriations Act. TRS-Care and ActiveCare Administration are paid entirely from nonappropriated funds from their respective trusts.
SOURCE: Legislative Budget Board.

Figure 7 shows funding for TRS by program for the 2018–19 and 2020–21 biennia.

FIGURE 7
TEACHER RETIREMENT SYSTEM OF TEXAS PROGRAM FUNDING OVERVIEW
2018–19 AND 2020–21 BIENNIA

	(IN MILLIONS)			
PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
Public Education Retirement	$4,029.9	$4,192.5	$162.6	4.0%
Higher Education Retirement	$395.8	$447.1	$51.3	13.0%
Retiree Health Care Benefits (TRS-Care)	$1,195.1	$1,115.6	($79.5)	(6.7%)
Benefit Services	$21.4	$27.0	$5.6	26.1%
Investment Management Division	$78.4	$102.5	$24.1	31.0%
TRS-Care Administration (1)	$16.1	$25.7	$9.6	60.0%
Active Care Administration (1)	$7.1	$8.3	$1.1	16.0%
Support Services and Administration	$117.4	$164.6	$47.1	40.1%

NOTE: (1) TRS-Care and ActiveCare Administration are paid entirely from nonappropriated funds from their respective trusts. Funding for other programs represents appropriated amounts.
SOURCE: Legislative Budget Board.

Figure 8 shows funding for TRS by method of finance for the 2018–19 and 2020–21 biennia.

FIGURE 8
TEACHER RETIREMENT SYSTEM OF TEXAS FUNDING BY METHOD OF FINANCE, 2018–19 TO 2020–21 BIENNIA

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$4,957.8	$5,173.4	$215.6	4.4%
General Revenue–Dedicated Funds	$64.1	$48.8	($15.3)	(23.9%)
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$816.1	$827.1	$11.0	1.4%
Total, All Methods of Finance	**$5,838.0**	**$6,049.2**	**$211.2**	**3.6%**

NOTE: Data shown includes only amounts appropriated in the General Appropriations Act. TRS-Care and ActiveCare Administration are paid entirely from nonappropriated funds from their respective trusts.
SOURCE: Legislative Budget Board.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review (SFR) requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be greater than or less than existing funding levels. The agency was asked to provide a methodology or justification for determining these amounts. Unless otherwise indicated, the agency chose to maintain the current level of funding for this exercise, stating that Senate Bill 12, Eighty-sixth Legislature, 2019, increased the percentage that the state contributes to the retirement fund each year, and that if the Legislature chooses to amend the statute to contribute fewer funds in the subsequent biennium, it would diminish the actuarial soundness of the fund.

PUBLIC EDUCATION RETIREMENT

The Texas Constitution, Article 16, Section 67; the Texas Government Code, Section 825.404

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Public Education Retirement program consists of the state contribution for public education employee retirement. The Constitution provides that the state must contribute from 6.0 percent to 10.0 percent of aggregate payroll of the system, and that members must contribute at least 6.0 percent of their incomes to the plan. Exact contribution amounts are specified in statute.

To achieve actuarial soundness in the pension system, Senate Bill 12, Eighty-sixth Legislature, 2019, set new minimum contribution rates for the state, members, and public education employers beginning in fiscal year 2020. For the 2020–21 biennium, the state rate is set at 7.5 percent in statute and the member rate is 7.7 percent. Pursuant to Senate Bill 12, these rates will increase gradually to 8.25 percent for the 2024–25 biennium.

The objective of the TRS retirement program is to provide a fixed level of replacement income during the retirement years for all public education employees and certain higher education employees. The program also provides related death and disability benefits.

The TRS retirement plan is a defined benefit plan, meaning that service retirement benefits are determined by a formula based on service credit, final average salary, and a multiplier at the time of retirement. The plan specifies the age at which a member becomes eligible for retirement. The TRS plan pays pension benefits in a fixed sum on a monthly basis for the life of a service retiree.

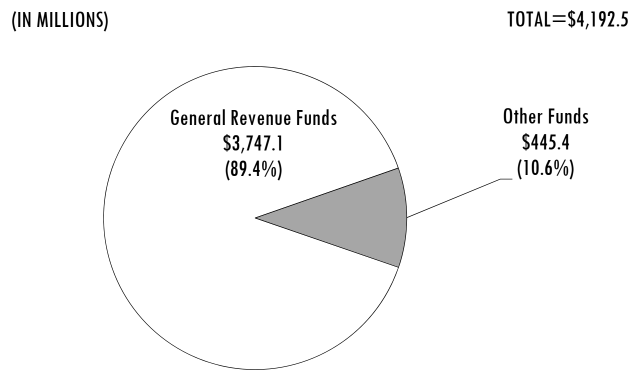
TRS membership totaled more than 1.5 million during fiscal year 2019. This amount includes approximately 1.2 million current members and more than 434,000 retirement recipients. Of the current members, more than 800,000 are active contributing members. For fiscal year 2019, TRS paid pension benefit payments to retirees and their beneficiaries totaling $11.4 billion. These benefits were funded from a combination of cumulative investment income, member contributions, and state and employer contributions.

SIGNIFICANT FINDINGS

- Senate Bill 12, Eighty-sixth Legislature, 2019, made several changes to the contribution rates from the state, employees, and employers to achieve actuarial soundness for the fund. Actuarial soundness is defined in statute as an amortization period of less than 31 years. As such, additional changes are not recommended at this time.
- In an analysis performed by TRS's actuary during fiscal year 2018, TRS determined that alternative plans (e.g., cash balance, optimized defined contribution, or self-directed defined contribution) would be 30.0 percent to 124.0 percent more expensive than the current defined benefit plan to provide the same level of benefit when an employee initially retires.

Figures 9 and **10** show current and historical appropriations for the Public Education Retirement program.

FIGURE 9
PUBLIC EDUCATION RETIREMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



NOTE: Other Funds consist of funding from the Economic Stabilization Fund. Additional nonappropriated program funding sources include contributions from employees and employers and returns on Pension Trust Fund investments.
SOURCE: Legislative Budget Board.

FIGURE 10
PUBLIC EDUCATION RETIREMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$3,038.4	3,272.9	$3,440.9	$3,747.1	8.9%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$589.0	$445.4	(24.4%)
Total, All Methods of Finance	**$3,038.4**	**$3,272.9**	**$4,029.9**	**$4,192.5**	**4.0%**

NOTE: During the 2018–19 biennium, $589.0 million in Other Funds were used to provide an additional annuity payment to certain public education retirees. Other Funds consist of funding from the Economic Stabilization Fund.
SOURCE: Legislative Budget Board.

Public education retirement historically is funded from General Revenue Funds. However, Senate Bill 500, Eighty-sixth Legislature, 2019, provided additional funds to public education retirement in the form of appropriations of Other Funds from the Economic Stabilization Fund (ESF) to provide an additional annuity payment for certain public education retirees during the 2018–19 biennium; additionally, funding from the ESF was provided pursuant to Senate Bill 12 to achieve actuarial soundness for the fund for the 2020–21 biennium.

ALTERNATIVE FUNDING OPTION – PROVIDE A DEFINED CONTRIBUTION RETIREMENT PROGRAM

As an alternative to the current defined benefit program, the state could consider a defined contribution retirement program.

TRS pension benefits currently replace approximately 69.0 percent of a career employee's pre-retirement income when the employee initially retires. In an analysis performed by TRS's actuary in 2018, TRS determined that alternative plans (e.g., cash balance, optimized defined contribution, or self-directed defined contribution) would be 30.0 percent to 124.0 percent more expensive than the current defined benefit plan to provide the same level of benefit when an employee initially retires.

Additionally, existing pension liabilities would not be eliminated by moving new hires to an alternative plan. Using data from TRS's August 31, 2019, actuarial valuation, outstanding employer-provided pension liabilities for current active members were estimated to be $74.9 billion. This amount includes $62.9 billion for benefits already earned and an assumption that current active members will earn $12.0 billion in employer-provided benefits before retiring.

According to TRS, closing the pension plan also would increase current liabilities by approximately $16.2 billion due to lower expected investment earnings on plan assets, using the same valuation data. Lower expected investment earnings would result from changing the pension's asset allocation to meet cash flow needs as the plan winds down.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

State contributions to TRS's Public Education Retirement contributions are constitutionally required. Reduction in the statutory level of state expenditures to this program may result in the fund no longer being actuarially sound.

HIGHER EDUCATION RETIREMENT

The Texas Constitution, Article 16, Section 67; the Texas Government Code, Section 825.404

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

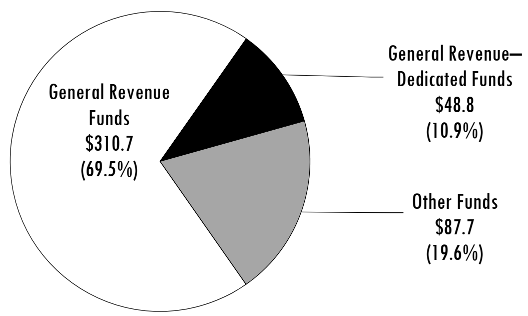
The Higher Education Retirement program consists of the state contribution for higher education employee retirement. The program follows the same parameters as the Public Education program.

SIGNIFICANT FINDING

Senate Bill 12, Eighty-sixth Legislature, 2019, made several changes to the contribution rates from the state, employees, and employers, to achieve actuarial soundness for the fund, which is defined in statute as an amortization period of less than 31 years. As such, additional changes are not recommended at this time.

Figures 11 and 12 show current and historical appropriations for the Higher Education Retirement program.

FIGURE 11
HIGHER EDUCATION RETIREMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



NOTES:
(1) Totals may not sum due to rounding.
(2) Other Funds consist of the Teacher Retirement System Trust Fund and, for the 2020–21 biennium, funding from the Economic Stabilization Fund.

SOURCE: Legislative Budget Board.

FIGURE 12
HIGHER EDUCATION RETIREMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$301.7	$339.9	$321.8	$310.6	(3.5%)
General Revenue–Dedicated Funds	$61.9	$73.3	$64.1	$48.8	(23.9%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$5.9	$6.9	$9.9	$87.7	788.8%
Total, All Methods of Finance	**$369.6**	**$420.1**	**$395.8**	**$447.2**	**13.0%**

NOTES:
(1) Totals may not sum due to rounding.
(2) Other Funds consist of the Teacher Retirement System Trust Fund and, for the 2020–21 biennium, funding from the Economic Stabilization Fund.

SOURCE: Legislative Budget Board.

ALTERNATIVE FUNDING OPTION – PROVIDE A DEFINED CONTRIBUTION RETIREMENT PROGRAM

As an alternative to the current defined benefit program, the state could consider a defined contribution retirement program. Please the Public Education Retirement program section for expected costs.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

State contributions to TRS's Higher Education Retirement contributions are constitutionally required. Reduction in the statutory level of state expenditures to this program may result in the fund no longer being actuarially sound.

RETIREE HEALTH CARE (TRS-CARE)

The Texas Insurance Code, Section 1575.202

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Retiree Health Care program consists of state contributions to healthcare coverage for retired employees and eligible dependents of public education entities (i.e., school districts, open enrollment charter schools, regional education service centers, or other educational districts). Funding represents the state contribution to the TRS-Care Trust Fund. Other contributions to the fund include retiree contributions, active employee contributions, district contributions, investment income, and the federal Medicare Part D and Early Retiree Reinsurance Program (ERRP) subsidies.

As of fiscal year 2019, the total covered population in TRS-Care was 225,297, including 181,409 retirees and 43,888 dependents. TRS-Care enrollment increased by approximately 40.0 percent from fiscal years 2008 to 2017; however, enrollment decreased by 16.0 percent from calendar years 2017 to 2019 due to plan changes that took effect during calendar year2018. TRS-Care continues to be the source of health benefits coverage for approximately half of retired public education employees.

The Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, appropriated $236.3 million greater than the statutorily required 1.25 percent of public education salaries and the 2020–21 GAA, Article III, TRS, Rider 19, Additional Funding for TRS-Care, directs TRS to "maintain plan year 2019 premiums and benefit levels in the 2020–21 biennium." These amounts are found in the 2020–21 GAA, Article III, TRS, Strategy A.3.1. Although titled supplemental, they are provided in the GAA rather than through a supplemental appropriations bill. Historically, the Legislature has made supplemental appropriations within the GAA in addition to statutorily required amounts based on payroll to ensure that TRS-Care is able to maintain benefit and premium levels.

According to TRS, the supplemental appropriation, in conjunction with substantial multiyear savings from a reprocurement effective January 1, 2021, the elimination of the Health Insurer Fee, and continued decreases in enrollment substantially improved the sustainability and fund balance of the program for at least the next several fiscal years. However, it is likely that the plan is not sustainable in the long term with only the statutorily required appropriations, and it will require additional appropriations in subsequent biennia.

SIGNIFICANT FINDINGS

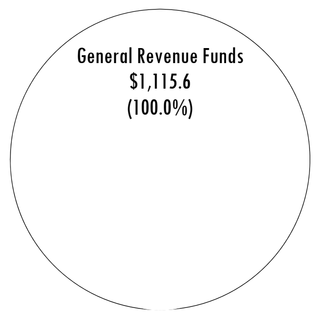
- TRS-Care funding amounts are based on a percentage of public education payroll, which the agency estimates will grow approximately 2.0 percent in fiscal year 2020 and each year thereafter. This growth is not representative of or tied to the growth in costs to the program as healthcare costs increase. The agency estimates medical costs to the program will increase at a rate of 7.5 percent per year and that pharmacy costs will increase at a rate of 10.25 percent each year. Therefore, the projected funding source may not keep pace with anticipated program costs.
- If the Legislature chooses to continue to maintain plan year 2019 premiums and benefit levels, it is likely that additional appropriations greater than statutorily required state contributions, similar to those provided by the Eighty-sixth Legislature, 2019, will be required in subsequent sessions, although the agency does not anticipate receiving a supplemental appropriation during the 2020–21 biennium.

- If the Legislature chooses to contribute only the required 1.25 percent of public education salaries, then premiums would have to increase, benefits would have to decrease, or some combination of the two would have to occur.

Figures 13 and **14** show current and historical appropriations for the Retiree Health Care program.

FIGURE 13
RETIREE HEALTH CARE PROGRAM FUNDING SOURCE
2020–21 BIENNIUM

(IN MILLIONS) TOTAL=$1,115.6



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

FIGURE 14
RETIREE HEALTH CARE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	STATE CONTRIBUTION 2014–15	STATE CONTRIBUTION 2016–17	STATE CONTRIBUTION ESTIMATED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds, Statutorily Required	$540.3	$580.9	$814.9	$879.3	7.9%
General Revenue Funds, Supplemental	$768.1	$0.0	$394.6	$236.2	(40.1%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,353.8**	**$580.9**	**$1,209.5**	**$1,115.6**	**(7.8%)**

NOTES:
(1) Totals may not sum due to rounding.
(2) Funding amounts represent only appropriated state statutory and supplemental state contributions to TRS-Care.
SOURCE: Legislative Budget Board.

State contributions to the Retiree Health Care Program are funded with General Revenue Funds and historically have consisted of the required 1.25 percent of payroll and a supplemental appropriation made through the GAA to maintain benefit and premium levels while also maintaining the soundness of the fund. As shown in **Figure 14**, the statutory contribution to TRS-Care has grown each recent biennium, in contrast to the supplemental appropriation, which has varied substantially among biennia. The supplemental strategy historically has been used to fill the gap between the desired level of premium/benefit combination and the statutorily provided funding level. Other contributions to the fund include retiree contributions, active employee contributions, district contributions, investment income, and Medicare Part D and ERRP subsidies.

ALTERNATIVE FUNDING OPTION – PARTIALLY PREFUND RETIREE HEALTHCARE TO ALLOW FOR A LOWER STATUTORY CONTRIBUTION

The Legislature could prefund a portion of other post-employment benefit (OPEB) liability for TRS-Care rather than completely funding the program on a pay-as-you-go basis. This prefunding would enable the state to maintain health benefits with a lower statutory contribution rate.

According to the agency, as a result of increased premiums, reprocurement savings, the elimination of the health insurer fee, and decreases in enrollment, the TRS-Care Trust fund is projected to have a balance that exceeds $3.0 billion by fiscal year 2025.

For the long term, the expenses of TRS-Care using the current benefit structure is expected to be greater than projected revenues, even if retiree premiums increase with medical cost growth. The difference between future expenses and revenues is highly uncertain considering the nature of healthcare inflation and public education payroll growth, as discussed previously. OPEB soundness is not statutorily required. However, TRS is required to disclose an actuarially determined liability related to the long-term difference in expenses and revenues. Using the definitions and guidelines of General Accounting Standards Board (GASB) Statement No. 74, this difference is known as the Net OPEB Liability, which was referred to as the unfunded actuarial accrued liability in the previous accounting standard. As of the end of fiscal year 2019 this difference was $47.3 billion.

The reprocurement savings and elimination of the health insurer fee were applied after fiscal year 2019, and, therefore, could not be represented in the original actuarial measurement. If these savings were represented in the fiscal year 2019, actuarial measurement, the Net OPEB Liability would have been $42.2 billion, a savings of 10.8 percent overall.

To eliminate this $42.2 billion liability incrementally across 20 years using current estimates, the state would need to increase its contribution rate from 1.25 percent of public education payroll to 4.62 percent. According to TRS, for the 2022–23 biennium, that rate would require an additional $2.69 billion in General Revenue Funds. If the period to eliminate the liability were expanded to 30 years, the contribution would increase from 1.25 percent of payroll to 3.72 percent and would require an additional $1.97 billion for the 2022–23 biennium. In addition to enhancing benefit security, prefunding the OPEB liability would provide long-term investment earnings that eventually would result in a contribution rate that is lower than the current pay-as-you-go approach.

This analysis was based on the following key assumptions: a 7.25 percent assumed long-term rate of return for the hypothetical prefunding scenario, a 2.63 percent discount rate for the current liability, 3.0 percent payroll growth, census data provided for the retiree healthcare valuation for fiscal year 2019, and growth in retiree premiums and combined employer and state contributions equivalent to overall healthcare cost trends. Future benefit changes cannot be assumed under the accounting guidelines. Because retiree premiums in the long-term are assumed to increase in proportion to overall costs, the estimated savings from the re-procurement and elimination of the Health Insurer Fee under the Affordable Care Act resulted in lower assumed increases to future retiree premiums.

ALTERNATIVE FUNDING OPTION – PROVIDE INSULIN BENEFIT TO HIGH-DEDUCTIBLE TRS-CARE BENEFICIARIES WITH DIABETES

Like other health plans, TRS-Care experiences rising healthcare prices due to a combination of factors, including increased utilization, increases in drug costs, and the impact of chronic conditions. Also like other plans, a small portion of TRS's plan participants account for a disproportionate amount of healthcare spending. Participants with chronic diseases have much higher rates of emergency room visits, more inpatient admissions, longer hospital stays, and higher readmission rates than those without chronic diseases. Diabetes is one of the most prevalent chronic diseases among the TRS Care High-Deductible plan participant population.

TRS could provide an insulin benefit to high-deductible TRS-Care beneficiaries who have diabetes. Although retirees have several plan options, agency analysis shows that adherence to insulin prescriptions in TRS-Care Standard, the high-deductible option, is low among these beneficiaries. Fewer than half (45.0 percent) of members prescribed insulin were considered to be optimally adhering to their prescriptions during the first nine months of 2018.

Based on current plan structure, it is common for a member to have a cost-sharing obligation ranging from $2,000 to $4,000 to fill a single prescription of insulin before reaching the deductible. During calendar year 2018, cost sharing for one member for a single filled prescription was greater than $4,500, and cost sharing for a single prescription could be up to $6,400. The volume of filled insulin prescriptions increases throughout the year as members meet their deductible phase, after which cost sharing decreases for members. For example, approximately two times as many prescriptions were filled during September 2018 as during January 2018 when the deductible reset at the beginning of the calendar year. This increase toward the end of the year indicates that many members struggle to afford insulin.

According to the agency, since May 2019, at least 10 states have capped the cost sharing of insulin for members enrolled in commercial health plans. The cap ranges from $25 to $100 for a 30-day supply. Medicare also is piloting a program to limit insulin costs to $35 per month.

TRS-Care Standard reported approximately 2,600 insulin users in 2019. These members collectively paid approximately $2.6 million in out-of-pocket costs for insulin before any financial assistance provided by manufacturers. It is common for members to have a cost-sharing obligation from $2,000 to $4,000 to fill a single prescription of insulin before they reach their deductibles. Capping members' cost to $35 per 30-day supply of insulin would have decreased their out-of-pocket costs to approximately $1.1 million.

TRS estimates that it would cost approximately $13.6 million per year in net prescription drug costs to waive all member cost sharing for insulin. However, the plan also could experience medical cost savings resulting from increased insulin adherence. Based on the experiences of other plans, TRS's Pharmacy Benefits Manager expects medical savings that may be similar to the investment, resulting in a net neutral cost to the plan with potentially improved healthcare outcomes. This savings will vary based on actual TRS medical utilization and prices.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The state is statutorily required to contribute 1.25 percent of public education salaries for the biennium. The Eighty-sixth Legislature, 2019, appropriated additional General Revenue Funds to maintain benefit and premium levels. Although making supplemental appropriations is not a statutory requirement, decreases in appropriations would result in increased premiums or reduced benefits to retirees.

Elimination of the program would end health insurance benefit coverage for the enrolled TRS-Care participants. As of fiscal year 2019, the covered population was 225,297, including 181,409 retirees and 43,888 dependents.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, the current level of funding is required by the 2020–21 GAA, Article III, TRS, Rider 19, Additional Funding for TRS-Care, and the Texas Insurance Code, Sections 1575.201(a) and 1575.202(b) to maintain the current level of funding.

BENEFIT SERVICES

The Texas Constitution, Article 16, Section 67(b)(1); the Texas Government Code, Sections 825.101 and 825.102; the Texas Administrative Code, Title 34, Part 3

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

This program consists of funding to process benefit payments and provide customer service and information to active members, retirees, beneficiaries, and reporting employers.

Pension Benefit Services works directly with pension members, retirees, and employers. Benefit Services assists pension members, retirees and their beneficiaries by processing benefits and delivering comprehensive information to help participants make better financial, retirement, and healthcare decisions related to the retirement process. Benefit Services also coordinates and administers online resources for reporting employers to submit reports and to find information on topics such as eligibility, compensation, and legislative updates.

The core functions of Benefit Services include three main areas. Benefit Counseling provides direct member counseling regarding pension benefits by phone, in person, or by email. Benefit Processing handles back office processing for Service and Disability Retirement, Benefit Estimates, Service Credit Purchase, Death Claim Processing, Refunds, and member account maintenance. Benefit Accounting, including Benefit Disbursements, processes annuitant payroll, and the Employer Reporting team works directly with more than 1,300 public school systems on payroll reporting.

EMAIL QUESTIONS

TRS began accepting benefit questions via email in November 2016. During fiscal year 2018, TRS responded to more than 61,000 emails. During fiscal year 2019, TRS responded to more than 28,000 emails.

REMOTE COUNSELING

TRS offers the option of meeting with a counselor in the convenience of a pension member's home or office through the internet. New technology enables counselors to meet with members online to present the same documents they would see in a face-to-face meeting. TRS piloted remote counseling beginning in August 2016 and launched the service officially in September 2016. During the pilot, Benefit Services conducted 21 remote counseling sessions. Subsequently, the program conducted 129 remote counseling sessions during fiscal year 2017, 75 sessions during fiscal year 2018, and 203 sessions during fiscal year 2019.

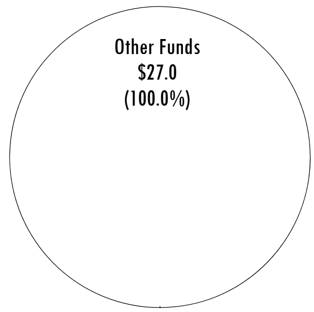
SIGNIFICANT FINDING

TRS has progressed in its outreach efforts to members, but some areas may improve further. For example, TRS could consider expanding regional counseling availability or remote counseling efforts considering the COVID-19 pandemic.

Figures 15 and **16** show current and historical appropriations for the Benefit Services program.

FIGURE 15
BENEFIT SERVICES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM

(IN MILLIONS) TOTAL=$27.0



NOTE: Other Funds consists of Pension Trust Funds.
SOURCE: Legislative Budget Board.

FIGURE 16
BENEFIT SERVICES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$19.8	$18.1	$21.4	$27.0	26.1%
Total, All Methods of Finance	**$19.8**	**$18.1**	**$21.4**	**$27.0**	**26.1%**

NOTE: Other Funds consists of Pension Trust Funds.
SOURCE: Legislative Budget Board.

Since fiscal year 2018, TRS has experienced historic call volumes and longer handling times in the Telephone Counseling Center (TCC).

As a result of increased call volume and longer handling times, TRS did not meet its service-level performance measure of answering 80.0 percent of calls within 3.0 minutes during fiscal year 2018. The 2018 service level was 15.1 percent. TRS typically receives from 2,200 to 4,700 calls per day. During fiscal year 2019, TRS received more than 656,000 calls, an increase of more than 5.0 percent compared to fiscal year 2018, when the agency received more than 621,000 calls. To address the service-level measure, Benefit Counseling was authorized to hire an additional 31.0 counselor positions in 2018. **Figure 17** shows the program's target and actual performance data for this measure for fiscal years 2016 to 2021.

FIGURE 17
BENEFIT SERVICES PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2016 TO 2021

SERVICE LEVEL PERCENTAGE OF CALLS ANSWERED IN SET TIIME	2016	2017	2018	2019	2020	2021
Target	80.0%	80.0%	80.0%	80.0%	79.0%	80.0%
Actual	60.6%	69.0%	15.1%	54.6%	N/A	N/A

SOURCE: Teachers Retirement System

Several factors have contributed to the increase in call volumes, including delays and technical difficulties relating to the full implementation of the business-and-technology focused TEAM program; implementation of legislation affecting TRS-Care, including issuing notifications regarding net pay changes due to new healthcare premiums; and several plan changes and premium increases for TRS-Care and TRS-ActiveCare. These factors affected the number and complexity of calls received by the TCC. As calls become more complex, handling times have increased. The longer it takes for a counselor to address a member call, the longer all other calls will be on hold.

In September 2018, TRS implemented new call center software to help better manage calls and emails. The software enables the TCC to have more phone lines open, increases its ability to offer a callback option, and includes a mechanism to avoid callers receiving a busy signal on high-volume days. In fiscal year 2019, with additional staff and more efficient workload management through the new call center software, TRS has achieved a service level of 54.6 percent, compared to 15.1 percent during fiscal year 2018. TRS expects to achieve closer to the target of 80.0 percent in fiscal year 2020 and achieve the target by fiscal year 2021, assuming that the TCC is fully staffed and trained. **Figure 18** shows additional performance measure data for the program from fiscal years 2018 to 2021.

FIGURE 18
ADDITIONAL BENEFIT SERVICES PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2018 TO 2021

	2018			2019			
MEASURE	TARGET	ACTUAL PERFORMANCE	PERCENTAGE OF TARGET	TARGET	ACTUAL PERFORMANCE	PERCENTAGE OF TARGET	2020/2021 TARGET
Available Office Visit Appointments	10,000.0	12,322.0	123.0%	20,000.0	21,062.0	105.0%	20,000.0/20,000.0
Benefits Estimates Mailed in 31 days	90.0%	77.3%	86.0%	90.0%	77.1%	86.0%	90.0%/90.0%

Claims payments issued in 31 days	95.0%	78.0%	82.0%	95.0%	54.7%	58.0%	95.0%/95.0%
Death Claims Acknowledged in 14 days	90.0%	95.9%	107.0%	90.0%	76.1%	85.0%	90.0%/90.0%
TRS Benefits Applications Processed	72,000.0	68,632.0	95.0%	72,000.0	93,328.0	130.0%	71,000.0/71,000.0
Number of TRS Retirement Fund Accounts Serviced (in Millions)	10.6	13.2	125.0%	13.4	14.0	104.0%	10.3/10.4
Percentage of Retirees First Annuity Paid on Time	98.0%	90.1%	92.0%	98.0%	96.1%	98.0%	98.0%/98.0%
Percentage of Regular Employer Payroll complete	90.0%	91.6%	102.0%	90.0%	95.7%	106.0%	90.0%/90.0%
Refunds Validated within 5 Days	95.0%	95.3%	100.0%	95.0%	93.29%	98.0%	95.0%/95.0%

SOURCES: Legislative Budget Board; Teacher Retirement System of Texas.

ALTERNATIVE FUNDING OPTION – ESTABLISH A HIGHER LEVEL OF IN PERSON COUNSELING TO MEMBERS THROUGH REGIONAL OFFICES

TRS data indicates there is additional, unmet demand for in-person appointments outside of the Austin area. A review of members that used this service from October 2017 to January 2019 found that the majority are from the Austin, Houston, and San Antonio areas. The further the members resided from Austin, the less likely they were to use the service. Additionally, TRS projects that a significant number of members who are eligible to retire within five years will reside outside of the Austin and Houston areas.

One alternative funding option would be to direct TRS to establish regional offices to assist more members in person. In fiscal year 2019, TRS began discussing the feasibility of opening regional counseling offices in different areas of the state to expand the services to its members in areas outside of Austin.

TRS is determining member interest, staffing needs, and possible locations. The agency is considering locations for a pilot office for the 2022–23 biennium to serve members better that are located remotely from the headquarters in Austin. Preliminary options for locations include El Paso, the Panhandle, West Texas, or South Texas. If approved, TRS will evaluate the success of this pilot during and after implementation. If data suggests the pilot office is valuable to TRS members and operating costs are reasonable, the agency will consider bringing additional regional offices for legislative consideration for the 2024–25 biennium.

The agency estimates the cost to start up operations in El Paso, the Panhandle, or West Texas at $1.7 million for the first year and approximately $1.0 million for following fiscal years. TRS does not anticipate a regional office would reduce the traffic at the main headquarters in Austin.

COVID-19 PANDEMIC

As a result of the COVID-19 pandemic, TRS reports significant decreases in the number of in-person meetings requested. Overall, Benefits Services has experienced a decrease in demand since March 2020. The following data highlights member service activities from March 2020 to June 2020:

- 2,317 members met with counselors through teleservices or telephone, a 42.0 percent decrease in demand from the previous year;
- 401 appointments were scheduled from July to August, a significant decrease compared to 1,783 members served during that period the previous year;
- 126,415 members have been served through telephone counseling, representing an unprecedented decrease in calls of 20.6 percent from March 2020 to August 2020; during this period of calendar year 2019, TRS served 159,244 members by phone;
- Benefit Processing experienced a decrease in work items received from February 1, 2020, to June 30, 2020, compared to the same period in 2019; and
- as of June 2020, TRS reports an approximate 13.6 percent decrease in retirements for fiscal year 2020 compared to fiscal year 2019, including those already added to the annuity payroll system and those pending for additional documentation.

ALTERNATIVE FUNDING OPTION – ESTABLISH A HIGHER LEVEL OF IN PERSON COUNSELING TO MEMBERS THROUGH INCREASED EMPLOYEE TRAVEL

Benefit Counseling employees travel across Texas making presentations and field office visits to members. To increase service to all regions of the state comparable to opportunities available at TRS headquarters, the agency reports that it would need to increase field visit appointments from 500 appointments to 54,000 appointments per year. This estimation is based on the following factors: (1) the number of members in Austin, San Antonio, and Waco that meet with a counselor in Austin; and (2) the number of members eligible to retire now and within the next five years. Offering 54,000 counselor appointments would enable 25.0 percent of members eligible to retire to schedule an appointment. To provide this opportunity for members to meet with a counselor, the agency reports that it would require a team of 50 counselors that only would travel year-round. The agency assumes for this scenario that it could recruit and retain staff that would be willing to travel 85.0 percent of work hours; but TRS indicated that, due to COVID-19, such an approach might not be practical at this time. The total biennial cost for this team would be approximately $12.0 million, including $2.8 million for full-time-equivalent (FTE) positions and $9.0 million for travel costs.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The services provided by Benefit Services are statutorily required and essential to providing pension benefits to TRS members. Benefit Services is a core function of TRS as stated in the Texas Government Code, Sections 821.002, 821.008, and various other statutes outlining TRS Benefits. Benefit Services provides member services for 1.6 million members and over 1,300 reporting employers.

Eliminating the program could have a detrimental impact on members and employers. If some of the functions were conducted through outsourced services contracts, TRS anticipates an additional cost to the Pension Trust Fund compared to current program costs, and the quality of services could be reduced due to a lower level of expertise in TRS benefits.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, the current level of funding for Benefit Services is required for TRS pursuant to the Texas Government Code, Sections 821.002 and 821.008, and various other statutes outlining TRS Benefits.

INVESTMENT MANAGEMENT DIVISION

The Texas Constitution, Article 16, Section 67(a)(3); the Texas Government Code, Sections 825.103 and 825.301

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Investment Management Division (IMD) implements investment policies as directed by the TRS Board of Trustees, emphasizing long-term performance and maximizing investment returns. The IMD manages the Pension Trust Fund using an asset diversification framework approved by the board as part of the Investment Policy Statement. The framework is intended to achieve the Trust's objectives, which are to control risk and achieve a long-term rate of return that exceeds the assumed actuarial rate of return adopted by the board, inflation plus 5.0 percent, and the Trust's Policy Benchmark. Overall, as of fiscal year 2019 the Trust on a three-year annualized basis has returned 8.6 percent, 65.0 basis points greater than its benchmark.

Total TRS membership has grown to more than 1.5 million active and retired members, a 26.0 percent increase during the past decade. Membership typically grows 2.0 percent to 3.0 percent per year. The value of the pension trust fund has grown to $158.0 billion as of fiscal year 2019, which is a 79.0 percent increase since fiscal year 2009.

Initially, TRS invested only in high-quality, government-backed bonds. Subsequently, the fund has diversified significantly, increasing to investment in corporate stocks and bonds and limited partnerships.

Beginning in fiscal year 2008 the Legislature authorized TRS to use derivatives and delegate investment discretion to external managers. These changes resulted in more efficient internal portfolio management and an increase in externally managed assets. The amendments limited external managers to 30.0 percent of the fund and limited hedge fund investments to 5.0 percent of the fund. Beginning in fiscal year 2012, the Legislature increased the hedge fund limit to 10.0 percent of the total fund.

In fiscal year 2016, TRS opened a small London satellite office called Teacher Retirement Investment Company of Texas Ltd., (TRICOT), a private limited company incorporated in the United Kingdom. TRICOT's primary purpose is to increase the size and number of investment opportunities for the TRS portfolio, especially in private equity funds, real assets funds, and co-investments for either of those investment types. TRICOT helps support the sourcing and portfolio management of TRS's $12.0 billion in exposure to private investments in Europe through 90 investment vehicles and 32 manager relationships as of the end of fiscal year 2019.

In 2018, TRS embarked on a multiyear initiative to strengthen the Trust's abilities to maintain total returns and a competitive advantage among peer funds. This initiative, Building the Fleet and Reducing Investment Fees, includes hiring 120 investor and operational support positions by 2023.

The agency reported that it has filled 60.0 percent of the positions intended for the Build the Fleet initiative. For the 2022–23 biennium, TRS plans to request an additional 25.0 FTE positions for the Investment Management Division for the Build the Fleet initiative.

According to the agency, additional staff will reduce external management fees, preserve risk-appropriate returns, and ultimately allow TRS to increase returns on investments. According to TRS, increasing internal investment capabilities and deploying additional capital to take advantage of opportunities created could lead to the potential savings of $1.4 billion in external management fees and carried interest during the next five years or more.

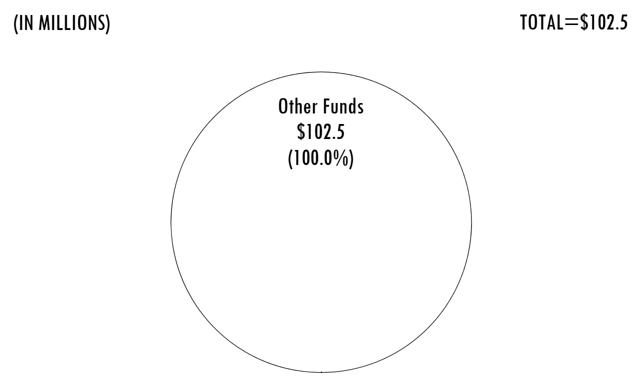
TRS INVESTMENT IN REAL ESTATE

The Seventy-sixth Legislature, 1999, amended the Texas Government Code, Section 825.301(a), to state that the term securities has the meaning defined in state and federal securities laws, and that a limited partnership interest is a security without regard to the number of investors, or the control, access to information, or rights granted to or retained by the retirement system. In 2004, the TRS Board of Trustees added real estate to its portfolio, and TRS began investing in real estate through private investment funds, primarily limited partnerships. The real estate program was expanded in 2007, and currently the trust has a 15.0 percent target allocation, which represents approximately $21.9 billion as of the end of calendar year 2019. IMD employs approximately 17.0 FTE positions on the Real Estate Team and invests in real estate through private investment funds managed by 57 private fund sponsors.

The Eighty-sixth Legislature, 2019, appropriated an additional 23.0 FTE positions totaling $8.4 million in Pension Trust Funds (Other Funds) for the 2020–21 biennium to support the Build the Fleet initiative. TRS expects the initiative to result in savings to the retirement fund by decreasing fees paid to external managers. TRS estimates that the continuation of the Build the Fleet initiative will necessitate another 25.0 FTE positions for the 2022–23 biennium.

Figures 19 and **20** show current and historical appropriations for the Investment Management Division.

FIGURE 19
INVESTMENT MANAGEMENT DIVISION FUNDING SOURCES
2020–21 BIENNIUM



NOTE: Other Funds consist of Pension Trust Funds.
SOURCE: Legislative Budget Board.

FIGURE 20
INVESTMENT MANAGEMENT DIVISION HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A

Other Funds	$60.3	$62.1	$78.4	$102.5	30.7%
Total, All Methods of Finance	**$60.3**	**$62.1**	**$78.4**	**$102.5**	**30.7%**

NOTE: Other Funds consist of Pension Trust Funds.
SOURCE: Legislative Budget Board.

Figure 21 shows performance measure data for the division from fiscal years 2017 to 2021.

FIGURE 21
INVESTMENT MANAGEMENT DIVISION PERFORMANCE MEASURES, FISCAL YEARS 2017 TO 2021

	2017		2018		2019		
MEASURE	TARGET	ACTUAL PERFORMANCE	TARGET	ACTUAL PERFORMANCE	TARGET	ACTUAL PERFORMANCE	2020/2021 TARGET
Number of Years Amortize TRS Unfunded Actuarial Accrued Liability	31.0	32.2	31.0	87.0	31.0	29.0	31.0/31.0
Investment Performance Relative to Board Benchmark	100.0	114.2	100.0	109.2	100.0	95.7	100.0100.0
Investment Expense as Basis of Net Assets	26.0	15.7	24.0	14.1	25.0	13.6	17.0/19.0
20-year Average Time Weighted Rate of ROI	8.0%	6.99%	8.0%	6.99%	7.25%	6.25%	7.25%
5-year Average Time Weighted Rate of ROI Performance	8.0%	8.98%	8.0%	8.82%	7.25%	6.54%	7.25%
Fund Annual Operating Expense Per member	$29.00	$28.60	$29.00	$40.78	$30.00	$36.92	$31.00/30.00

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The Investment Management Division actively manages the Pension Trust Fund using a broad asset diversification framework approved by the board as part of the Investment Policy Statement. The framework is intended to achieve the trust's objectives, which are to control risk and achieve a long-term rate of return that exceeds both the assumed actuarial rate of return adopted by the board, inflation plus 5.0 percent, and the trust's policy benchmark. Overall, as of fiscal year 2019, the trust has returned on a three-year annualized basis 8.6 percent, 65 basis points above its benchmark.

Without the Investment Management Division, the Trust would be managed either passively or managed by an outsourced entity. If passively managed, TRS reports that the trust would produce lower investment returns. If management was outsourced fully, TRS reports that management fees would increase significantly and likely reduce investment returns.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, the current level of funding should be maintained for the Investment Management Division, citing that the Texas Government Code, Section 825.301, requires IMD to invest retirement system assets as directed by the board. Additionally, Section 825.512 requires TRS to report on its investment practices and performance.

TRS-CARE ADMINISTRATION

The Texas Insurance Code, Section 1575.051; the Texas Administrative Code, Chapter 41

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

This program manages the administration of TRS-Care benefits, which provides coverage to retired public school employees. The funding for this program is derived entirely from the TRS-Care Trust Fund.

As of fiscal year 2019, the total covered population in TRS-Care was 225,297, including 181,409 retirees and 43,888 dependents. TRS-Care enrollment increased by approximately 40.0 percent from fiscal years 2008 to 2017; however, enrollment decreased by 16.0 percent from calendar years 2017 to 2019 due to plan changes that took effect during calendar year 2018. TRS-Care continues to be the source of health benefits coverage that approximately half of retired public education employees rely upon.

Since TRS-Care's inception, TRS staff has worked in concert with healthcare vendors that have handled administration of claims, clinical programs, and maintaining plan materials. TRS staff have managed eligibility and enrollment and answered calls related to enrollment, eligibility, and more complex service issues.

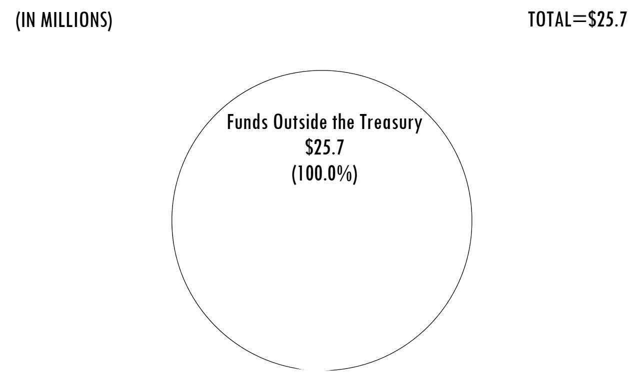
The 2018 plan changes were accompanied by high demand for customer support and education from health plan participants. An average of 35,000 calls per month were received during the transition to the new plan year. Because of the uncertainty of increasing healthcare prices and the current funding structure that has not kept pace, TRS-Care likely will undergo additional changes in the future, and will continue to require staff to oversee operations and implement and communicate the changes. In addition, the Medicare plans have added complexity to the program, which require longer handling times to explain benefits to members. See the **TRS-Care Program** section for more information.

According to the agency, when TRS health plans change, highly qualified staff is necessary to manage plan operations, communicate health benefit information including benefit and premium changes, ensure internal and external systems represent updated benefits, and answer a higher volume of complex calls. The agency would make a significant effort to implement changes, which would require IT, customer service, financial, and communications staff. Implementing benefit changes on legacy IT infrastructure posed challenges and required considerable manual effort. TRS is updating its IT platform for enrollment and eligibility, which should reduce the workload subsequently. Effectively communicating all changes to the entire membership also proves challenging with limited staff. Ensuring that members understand plan options, especially those related to Medicare, is a complex task that requires comprehensive training and additional staff.

TRS-Care Administration is funded entirely with nonappropriated trust funds outside the Treasury. The program is funded from the Retired School Employees Group Insurance Trust Fund.

Figures 22 and **23** show current and historical appropriations for the TRS-Care Administration program.

FIGURE 22
TRS-CARE ADMINISTRATION PROGRAM FUNDING SOURCE
2020–21 BIENNIUM



SOURCE: Teacher Retirement System of Texas.

FIGURE 23
TRS-CARE ADMINISTRATION PROGRAM HISTORICAL FUNDING
2018–19 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED/ESTIMATED 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	$16.1	$25.7	$9.6	59.8%
Total, All Methods of Finance	**$16.1**	**$25.7**	**$9.6**	**59.8%**

NOTE: The definition of Other Funds shown is expanded to consist of TRS-Care Administration Trust Funds, which are held outside of the Treasury and are not appropriated in the General Appropriations Act. TRS-Care Administration is funded entirely with nonappropriated trust funds outside the Treasury. The program is funded from the Retired School Employees Group Insurance Trust Fund.
SOURCE: Teacher Retirement System of Texas.

The fund is required to record receipt of all revenue related to TRS-Care program derived from any source and to record payments made for administrative expenses and for benefits granted by statute. Sources include employee, employer, and state contributions; retiree premiums; other appropriations for the implementation of the program; and investment income. Amounts shown are TRS-Care administrative expenses. General Revenue Funds appropriations for the state contribution to TRS-Care health benefits, rather than administration, are not a revenue source for TRS-Care Administration, and are not included in this program. See the **TRS-Care Program** section for further information. **Figure 24** shows select performance measure data for the program for fiscal years 2017 to 2021.

FIGURE 24
SELECT TRS-CARE ADMINISTRATION PERFORMANCE MEASURES, FISCAL YEARS 2017 TO 2021

	2017		2018		2019		
MEASURE	TARGET	ACTUAL PERFORMANCE	TARGET	ACTUAL PERFORMANCE	TARGET	ACTUAL PERFORMANCE	2020/2021 TARGET
Generic Substitution Rate for TRS-Care	98.0%	98.0%	98.0%	98.0%	98.0%	98.5%	98.0%/98.0%
Participation Rate in Disease Management by Non-Medicare Enrollees	10.0%	5.2%	5.0%	2.9%	5.0%	3.1%	5.0%/5.0%

SOURCE: Teacher Retirement System

ALTERNATIVE FUNDING OPTION – INSTRUCT TRS TO EXPAND TELEMEDICINE OUTREACH

TRS-Care Standard is a health savings account (HSA), qualified, high-deductible health plan established pursuant to the Texas Insurance Code, Section 1575.158. Section 1575.158(e) directs TRS to provide “assistance in the payment of preventive care, including generic preventive maintenance medications, in a manner that is consistent with federal law.”

As a result, TRS cannot eliminate cost sharing for telemedicine before the deductible. However, due to COVID-19 preventive measures, the Centers for Medicare and Medicaid Services recently issued guidance waiving member responsibility for copayments, deductibles, or coinsurance for all telehealth services delivered by participating in-network providers and accepting audio-only or telephone and audio-video visits for reimbursement. As a result of this recent federal exception, TRS has waived cost sharing for telemedicine visits during the COVID-19 pandemic.

In the Medicare-Advantage plan, cost sharing for telemedicine also has been waived during the COVID-19 pandemic. Typically, cost sharing is $10 or less for different types of telemedicine. Effective January 1, 2021, telemedicine through United Healthcare’s contracted telemedicine provider will have no member cost sharing. Consultations in certain settings with another provider through telemedicine in rural areas will have a copayment of $5.

TRS has conducted outreach to educate TRS-Care participants about the availability of telemedicine benefits, including a text messaging campaign encouraging retirees to register for telemedicine services. However, utilization of telemedicine among the retiree population remains low.

Participants without Medicare in TRS-Care Standard, a high-deductible health plan, have the greatest incentive to utilize telemedicine. The cost of a consultation is $40, and members do not have to meet the $1,500 individual deductible to pay this amount. According to TRS, the percentage of non-Medicare enrollees that are registered for telemedicine services increased from 14.0 percent during fiscal year 2018 to 21.0 percent during fiscal year 2019, but most of the population is not registered.

Telemedicine registration rates among retirees with Medicare are considerably lower—less than 1.0 percent of all enrollees. The cost of a telemedicine consultation is $5 for participants with Medicare. However, the low out-of-pocket costs for in-person primary care and specialist visits on the TRS-Care Medicare Advantage plan, potential preference for physicians with whom members have established relationships, and technology barriers may contribute to lower adoption rates among those with Medicare.

As a result of the COVID-19 pandemic, TRS anticipates greater adoption of telemedicine due to social distancing requirements, the temporary waiver of cost sharing for telemedicine, and greater flexibility for physicians to be reimbursed for care provided remotely. TRS has sent member notifications about the availability of no-cost telemedicine during the pandemic and early utilization data points to an increase in utilization. During calendar year 2019, TRS-Care recorded an average of 15 telemedicine consultations per day. From late March 2020 to early April 2020, TRS-Care has recorded up to 26 telemedicine consultations per day.

The Legislature could direct TRS to continue to build upon education and outreach efforts to encourage retirees to use telemedicine services. TRS also could work with its medical benefit administrator to educate healthcare providers about reimbursement opportunities for telemedicine. Retirees may be more likely to utilize telemedicine through providers with whom they have established relationships, such as their primary care provider.

Increased utilization of telemedicine could generate net savings for TRS-Care. To the extent that telemedicine visits, which generally cost less than in-person office visits, do not result in duplicative in-person visits and promote better use of the healthcare system, such as reducing nonemergent emergency room use, TRS-Care could realize savings from increased utilization among the retiree population.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing administration of TRS-Care would eliminate the administrative functions of the TRS-Care program. Additionally, it would have no impact on the state's budget, because this program is funded with nonappropriated funds outside of the Treasury. The budget for administering the program is funded directly by revenues received for the program.

If TRS-Care were discontinued, the total covered population in TRS-Care as of the end of fiscal year 2019 of 225,297 enrollees, including 181,409 retirees and 43,888 dependents, would be required to find alternative coverage outside TRS.

Additionally, retirees would forfeit the contributions they made to TRS-Care while actively working. Many public education employees work in public education for the duration of their careers and made contributions to TRS-Care over many years anticipating that they would be eligible for health benefits in retirement. Discontinuing the program would mean these individuals would have paid into the program but receive no benefits for their contributions.

In addition, the agency reports that discontinuing the program means retirees are likely to pay more for coverage outside TRS that offers the same level of benefits. TRS's Medicare Advantage and Medicare Rx products offer more comprehensive coverage than is typically available in the market. For example, participants face no coverage gap in their prescription drug coverage. Discontinuing the program would mean retired public education employees would not have access to the same level of comprehensive health benefits available through the TRS-Care program.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, the current level of funding is required for the TRS-Care Administration Program.

ACTIVECARE ADMINISTRATION

The Texas Insurance Code, Section 1579.051; the Texas Administrative Code, Title 34, Part 3, Chapter 41

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

TRS ActiveCare provides health insurance for public education employees throughout Texas. In fiscal year 2019, TRS-ActiveCare had an average monthly enrollment of 483,095, which the agency estimates is approximately 45.0 percent of statewide public education employees. TRS-ActiveCare includes eligible full-time and part-time employees of participating districts, open enrollment charter schools, regional education service centers, and other educational districts.

In 2001, the Seventy-seventh Legislature mandated participation in TRS ActiveCare for districts with fewer than 500 employees and permitted larger districts to opt-in. The program later expanded to include larger districts, and an estimated

90.0 percent of all school districts currently participate. Because many larger school districts do not participate in ActiveCare, participating entities serve an estimated two-thirds of Texas students in average daily attendance. However, once an entity elects to participate, there is no provision to opt out, which maintains program stability and protects the program from adverse selection by districts and other participating entities.

TRS-ActiveCare offers three plan options: 1) TRS-ActiveCare 1-HD, a high deductible health plan that is HSA-compliant; 2) TRS-ActiveCare 2, a preferred provider organization plan (closed to new participants); and 3) TRS-ActiveCare Select, an exclusive provider organization plan with in-network benefits only. The network of providers available with the TRS-ActiveCare Select plan is based upon the geographic area of residence. In addition, alternative coverage through health maintenance organizations (HMO) is available in certain service areas of Texas to eligible TRS-ActiveCare participants. Approximately 11.7 percent of members are in an HMO, and most employees in the plan are in the employee-only coverage option.

TRS-ActiveCare is funded by premiums for the level of coverage selected. Each month, employers are required to remit the full ActiveCare premium for each employee to TRS, of which at least $225 per employee is funded by the state and the employer. The employer is required to contribute at least $150 per month per employee and the state contributes $75 per month per employee.

The state is statutorily required to contribute $75 per month, or $900 per state fiscal year, for each employee of participating school districts, charter schools, regional education service centers, and educational districts. In 2001, this amount per employee was entered into the school finance formulas through an increase in the Foundation School Program's Basic Allotment, which is a fundamental driver of public education funding. The Basic Allotment is a per-student funding mechanism, and student growth is assumed to correspond approximately with public education employee growth. However, there is no distinct identifiable state contribution to ActiveCare in the General Appropriations Act, and since its establishment, the state's contribution per employee has never increased.

School districts are statutorily required to contribute a minimum of $150 per employee per month or $1,800 per employee each state fiscal year and many contribute additional amounts toward premiums. TRS reports that the employee share of premiums has more than doubled since the program's inception.

In addition to premium increases, there have also been benefit reductions. The requirement by law to offer a plan comparable to HealthSelect of Texas, the plan offered to State of Texas employees, has been eliminated. That plan, TRS-ActiveCare 3, was closed to new enrollees for fiscal year 2014 and eliminated during fiscal year 2015.

Each plan year, the TRS Board of Trustees has had to make plan changes and premium increases to sustain the program. In fiscal years 2017 and 2018, the board approved increases in premiums and plan structure changes. In addition, for fiscal year 2019, the board voted to close TRS-ActiveCare 2, the highest-cost plan level, to new enrollment due to rising costs and inability to price premiums.

Currently, more than half of the TRS-ActiveCare population is covered by TRS-ActiveCare 1-HD, a high-deductible health plan with an in-network deductible of $2,750 for an individual and $5,500 for a family. During fiscal year 2019, women made up 65.0 percent of the total TRS-ActiveCare population and 75.3 percent of TRS-covered employees; the average age of the covered population was 44.7. The plan reports a high utilization of maternity care and high demand for care from participants with chronic conditions.

Statute requires that state funding for TRS-ActiveCare is distributed through the school finance formulas, which means that the state contributions to ActiveCare are appropriated to the Texas Education Agency. For TRS-ActiveCare, TRS receives state money transferred by school districts to TRS, which limits the agency's participation in the budget process relating to state funding for public education employee healthcare costs. As a result, TRS has no direct control over how much money is available to ensure that employee premiums are affordable. Instead, TRS sets the total premiums to ensure adequate funding for benefits. School districts then determine how much they will contribute. School districts are required to contribute at least $225 per employee per month in addition to the employee contribution. School districts use a combination of state and local funding to make this contribution to TRS.

When TRS-ActiveCare was established, $225 per employee was equivalent to 90.0 percent of the cost of the state employee health plan administered by the Employees Retirement System of Texas. To purchase the basic plan offered by TRS in 2003, it was anticipated that $225 would enable TRS to offer a $0 premium for employee-only coverage. However, this $225 minimum has not changed since the establishment of TRS-ActiveCare in 2003. As a result, employees currently pay for a greater share of the total premium and their medical costs compared to when the program was established.

Most districts contribute more than the $225 minimum, and this additional contribution reduces the employees' share of the total premium. However, based on data collected by TRS for the 2019–20 plan year, 20.0 percent of employees have a $0 employee contribution for employee-only coverage in the high-deductible plan. As a result, during fiscal year 2019, TRS estimates that employees paid for 46.2 percent of the total premium. After including cost sharing, employees paid for approximately 60.0 percent of their medical and pharmacy costs during fiscal year 2019.

Some districts that are statutorily required to participate in TRS-ActiveCare have sought legislation authorizing them to opt out of participation or offer competing coverage. According to TRS, authorizing employers to opt out of the program has the potential to destabilize the TRS-ActiveCare program, as healthier, lower-cost individuals may choose lower-cost coverage options, causing TRS-ActiveCare to become a high-risk pool. If TRS-ActiveCare becomes a high-risk pool, TRS likely would have to increase premiums or change plan structure for members remaining in TRS-ActiveCare.

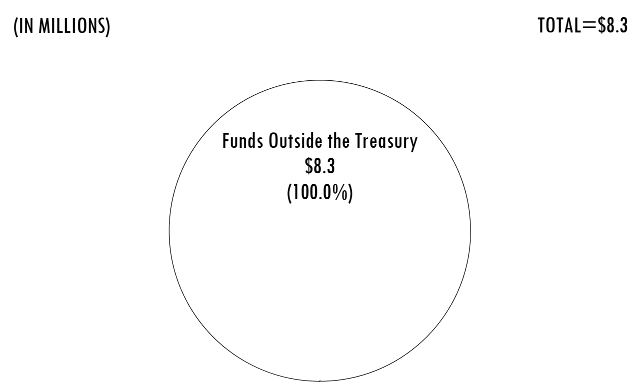
TRS reports that ActiveCare participants benefit from the stability and size of the plan, and the market leverage and expertise of TRS to gain access to market-leading pricing, enhanced member service offerings, and best-in-class contract terms and provisions. According to the agency, districts in major metropolitan areas that did not participate in TRS-ActiveCare must contribute more toward employee healthcare to offer a comparable and affordable healthcare benefit to their employees. TRS reports that for plan year 2019–20, districts that did not participate in TRS-ActiveCare contributed an average of $407 per employee per month for employee-only coverage compared to $298 for districts that participated for comparable high-deductible plans.

SIGNIFICANT FINDING

The current funding structure of providing the state's contribution to ActiveCare to districts through the Foundation School Program complicates the agency's ability to request additional state funding. The Legislature may choose to consider alternate methods of more directly subsidizing healthcare for active teachers.

Figures 25 and **26** show current and historical appropriations for the ActiveCare Administration program.

FIGURE 25
ACTIVECARE ADMINISTRATION PROGRAM FUNDING SOURCE
2020–21 BIENNIUM



SOURCE: Teacher Retirement System of Texas.

FIGURE 26
ACTIVECARE ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)			
METHOD OF FINANCE	**EXPENDED/ESTIMATED 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	$7.1	$8.3	$1.1	15.5%
Total, All Methods of Finance	**$7.1**	**$8.3**	**$1.1**	**15.5%**

NOTE: The definition of Other Funds shown is expanded to consist of ActiveCare Administration Trust Funds, which are held outside of the Treasury and are not appropriated in the General Appropriations Act. TRS ActiveCare is funded entirely from nonappropriated funds outside of the Treasury.
SOURCE: Teacher Retirement System of Texas.

TRS ActiveCare is funded from the Texas School Employees Uniform Group Insurance Program Trust Fund. Revenue sources include member premiums and employer and state contributions. State contributions to the ActiveCare Trust Fund total $75 per member per month, distributed through the Foundation School Program. School districts are required to contribute a minimum of $150 per member per month. State and employer payments subsidize monthly member premiums. **Figure 27** shows select program performance data for fiscal years 2017 to 2021.

FIGURE 27
SELECT ACTIVECARE ADMINISTRATION PERFORMANCE MEASURE, FISCAL YEARS 2017 TO 2021

	2017		2018		2019		
MEASURE	**TARGET**	**ACTUAL PERFORMANCE**	**TARGET**	**ACTUAL PERFORMANCE**	**TARGET**	**ACTUAL PERFORMANCE**	**2020/2021 TARGET**
Claim cost annual increase compared to Standard & Poor's/ Millman Health Trend	0.00%	0.35%	0.00%	(2.88%)	0.00%	(5.39%)	0.00%/0.00%

SOURCE: Legislative Budget Board.

ALTERNATIVE FUNDING OPTION – AMEND STATUTE TO PROVIDE THE STATE CONTRIBUTION TO ACTIVECARE DIRECTLY TO TRS INSTEAD OF THROUGH THE TEXAS EDUCATION AGENCY'S FOUNDATION SCHOOL PROGRAM APPROPRIATION

The Legislature could amend the Texas Insurance Code, Section 1579.251, to make a direct appropriation to TRS for the state contribution to TRS-ActiveCare. This amendment would provide a clear process for TRS to make funding requests to the Legislature for TRS-ActiveCare. This action also would enable the Legislature to change ActiveCare funding levels more easily and directly.

To hold schools harmless for such a change, the Legislature would need to amend statute to no longer require that the state contribution is provided through the Foundation School Program, and to decrease the amount that school districts would be required to provide to TRS by the same amount the state provides.

ALTERNATIVE FUNDING OPTION – DIRECT TRS TO ADMINISTER A HEALTH SAVINGS ACCOUNT (HSA) PROGRAM ALLOWING ACTIVECARE HD-1 PARTICIPANTS TO SAVE PRE-TAX EARNINGS

An HSA is a savings account established by federal law that enables participants to set aside pre-tax income to be used for qualified medical expenses. According to TRS, administrative costs of an HSA vary and typically range from approximately $2.50 to $4.50 per month per account. The new TRS-ActiveCare-HD plan, effective September 1, 2020, is the HSA-qualified plan available to TRS-ActiveCare participants. TRS expects that many participants will enroll in a new, lower-cost plan, TRS-ActiveCare-Primary. As a result, the number of employees that select a plan that can be paired with an HSA is anticipated to decrease compared to prior estimates, depending on the contribution amount provided by the state and local school districts. Assuming an administrative cost of $2.75 per employee per month and enrollment of approximately 132,468 employees starting on September 1, 2020, the annual administrative cost to TRS of establishing an HSA would be approximately $4.4 million.

Using a TRS HSA, the state could directly fund a contribution to employees' HSAs. TRS estimates a $45 per account per employee per month contribution by the state would cost approximately $71.5 million per year.

The total projected cost for the stated assumptions is $75.9 million per year for both the administration fee and a $45 per month state contribution to the HSA. Actual costs would depend on the number of employees enrolled in the TRS-ActiveCare-HD plan and the actual state contribution. Because TRS is switching its third-party administrator on September 1, 2020, and making a number of enhancements to benefits, this enrollment and HSA cost forecast contains a higher than normal degree of uncertainty.

Absent TRS administration of an HSA, participating employers would retain the option of administering their own HSAs for employees in a TRS-ActiveCare qualifying health plan. In a calendar year 2016 survey, nearly half of school districts in TRS-ActiveCare administered an HSA that could be paired with the high-deductible plan; however, 2.0 percent of those districts made direct contributions to employees' HSAs.

TRS also is implementing a health reimbursement account (HRA) program for the new Primary and Primary+ plans, effective September 1, 2020. Members may earn up to $250 for certain procedures when they shop for and purchase procedures at eligible providers. This money would be deposited into members' HRAs for use toward reimbursement of eligible expenses.

ALTERNATIVE FUNDING OPTION – EXPAND OUTREACH TO PARTICIPATING EMPLOYERS USING DATA ANALYTICS TO DEMONSTRATE THE VALUE OF ACTIVECARE

As many participating employers have struggled to increase employer contributions and maintain the affordability of TRS-ActiveCare for their employees, some have tried to shop for cheaper sources of coverage. A small number of school districts also have used the TEA District of Innovation waiver process to allow them to offer competing health coverage. These districts have explored offering lower-value health coverage to their employees alongside TRS-ActiveCare plans.

TRS reports that the agency has observed confusion among participating employers about how alternative coverage options compare to TRS-ActiveCare.

To provide additional resources for participating employers evaluating the value of TRS-ActiveCare relative to other plans, TRS has conducted extensive market research and started sharing the results with employers. On February 5, 2020, TRS hosted a district summit and shared a list of key considerations for employers considering alternative coverage. TRS also highlighted differences in contributions.

The Legislature could direct TRS to continue and expand initiatives to engage districts with the intention of increasing clear information to inform employer decisions.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

If the program were discontinued, the nearly 1,100 entities that currently participate in TRS-ActiveCare would be required to find alternative means to offer health coverage to their employees.

Discontinuing the program would make districts more likely to experience greater healthcare cost growth than if they were part of TRS-ActiveCare. Since 2013, TRS-ActiveCare's annual per member costs have risen 7.0 percent overall compared to other large self-funded employers that have experienced a cumulative increase of 24.0 percent during that same period.

Discontinuing the program also would require districts that provide health benefits to spend a higher portion of funding on expenses other than healthcare, such as higher administrative costs from vendors, premiums for stop-loss coverage, and staff and consultants to run their health benefits program.

The budget for administering the program is funded directly by revenues received for the program. Discontinuing administration of TRS-ActiveCare would have no separate impact on the state's budget.

The discontinuation of the program would mean districts would pay costs to administer their own employee health benefit plans, and less of the state's contribution to employee health coverage would directly pay for healthcare. This could further erode the value of the state's contribution to districts for employee healthcare. According to TRS, 95.0 percent of every ActiveCare dollar received contributes to paying for healthcare. The remaining 5.0 percent pays for TRS program staff and services provided by TRS's medical administrator and pharmacy benefit manager, including claims processing, provider and pharmacy contracting, anti-fraud activities, and customer service.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

The agency chose to maintain the current level of funding for the ActiveCare Administration Program.

SUPPORT SERVICES

The Texas Government Code, Sections 825.101 and 825.102; the Texas Administrative Code, Title 34, Part 3, Chapter 51

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Support Services program consists of administrative operations associated with the delivery of retirement benefits and the management of assets. Internal divisions within TRS support services include Finance, Information Technology (IT), Organizational Excellence (Human Resources), Legal and Compliance, Strategy Office, Internal Audit, and others.

As of the end of fiscal year 2019, total TRS membership has grown to more than 1.5 million active and retired members, which is a 26.0 percent increase in the past decade. Membership typically grows 2.0 percent to 3.0 percent per year. The work of Support Services and Administration enables the day-to-day operation of TRS and the execution of strategic projects.

This program covers the administrative support operations areas of the agency. Since its inception, TRS has had a member services and investment function, but support operations have changed.

SUPPORT OPERATIONS

The Legal and Compliance function has grown in size and scope as the Investment Management Division has expanded and modernized the agency's investment function, and the Benefit Services and Health Insurance teams have recorded an increase in TRS membership. During fiscal year 2013, the General Counsel established the Chief Compliance Officer

(CCO) position within the Legal and Compliance department, and hired its current CCO in 2014 to assume primary responsibility for implementing and expanding procedures and practices for policy, regulatory, and ethics compliance training, policy-making, and reporting.

The TRS Enterprise Risk Management (ERM) program formally began in 2008 and has evolved from the bottom-up and top-down risk assessment approaches. Facilitated risk assessments now include the identification of risk events along with the causes, consequences, and mitigations to prepare, prevent, or minimize the damage of those risk events. In April 2018, the Risk Management Committee of the Board of Trustees was repurposed and renamed the Strategic Planning Committee. Strategic plan and ERM operational risk information is reported to the Strategic Planning Committee. Investment risk management is reported to the board's Investment Management Committee.

In 2013, TRS established the Project Management Office (PMO) to centralize business analysis and project management services support for the TEAM Program, the implementation of which is discussed below. Since that time, the PMO has been focused primarily on TEAM implementation. In addition, the PMO supports the project governance processes other key TRS initiatives including the e-Records project, Remote Counseling, 415(b) retirement calculations, business processing mapping to improve technology usage, and other efforts.

To ensure that TRS was aligned with established state contracting best practices, the agency's Internal Audit conducted an audit of TRS's vendor procurement business objectives as they are related to the Procurement and Contracts department. In response to the internal audit, TRS increased communications and training for TRS contract sponsors to enhance contract monitoring; increased communication and collaboration with internal customers to streamline processes; increased governance by implementing a non-compliance and oversight program; developed tools for increased visibility of contracts for monitoring contract performance; developed an annual procurement plan; and, enhanced internal processes for Procurement and Contracts.

Senate Bill 65, Eighty-sixth Legislature, 2019, made changes to TRS's procurement process. Contracts totaling $5.0 million or more during the life of the contract, including renewals, are required to be reviewed by the state's Contract Advisory Team and reported to TRS's executive management and the Board of Trustees for potential contract risks. Vendor performances are required to be reported to the State's Vendor Performance Tracking System for contracts and purchase orders (PO) that are $25,000 or more for the life of the contract. Enhanced contract monitoring and risk assessments are required, all contracts and POs that are $15,000 or more must be posted to TRS's external website, and TRS may not contract with a vendor or contractor if trustees, executive management, or the Director of Procurement and Contracts has a conflict of interest to the second degree of consanguinity.

Future administrative needs will be driven substantially by the growing complexity of member service requirements and the growth in membership. Changes to the retirement plan during the past decade have added five tiers of membership and the biggest changes to employer reporting in a generation, leading to the need for increased data systems security and additional accountability.

TEAM IMPLEMENTATION

The TEAM Program is a collection of projects intended to meet the agency's business and technology objectives for the next 10 to 20 years. TEAM is a combined effort of Benefit Services, Health Insurance Benefits, and Shared Services. Although IT is the program's sponsor, TEAM is a leading program in the agency with almost enterprisewide effects. When fully implemented, TEAM will improve TRS's ability to serve members by enabling the agency to be more responsive to member needs, mitigating risks associated with aging legacy systems, and providing greater flexibility to meet future technology and regulatory changes.

Upon implementation of TEAM, TRS will have upgraded pension and health insurance administration systems running on modern technology. This upgraded technology reduces agency risk by replacing aging legacy systems and implementing more modern and accurate data and system security.

The first phase of the pension administration system went into production in October 2017. The remaining pension functionality, including retirement processing, death claims processing, annuity payroll, tax reporting, member self-service, and the health insurance administration system, will be phased in across several years.

TRS recently canceled a contract with Perspecta due to the agency's low confidence in the vendor's ability to complete the project. The agency is continuing with its system completion in-house, and according to the most recent Sunset Advisory Commission report, TRS contracted for 79.0 FTE positions to assist with the completion of the project.

The agency is replacing outdated project code and seeks to close out the project and continue with two smaller phases. Board members are aware of this project's status, according to the agency, and receive regular updates.

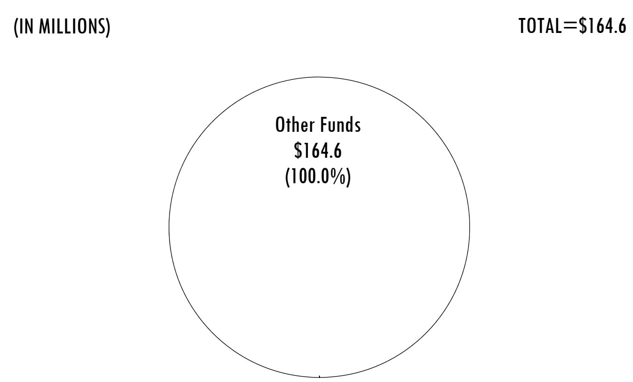
TRS continues to update the state's Quality Assurance Team and will provide a final report as part of the project framework detailing the agency's plan to move forward. Actual costs are not known at this time, and TRS is not expected to increase the current estimated costs for the project, currently set at $138.7 million.

SIGNIFICANT FINDING

Senate Bill 65, Eighty-sixth Legislature, 2019, made improvements to the transparency of TRS's contracting practices. However, the perception persists that additional clarity is needed. The Legislature may consider instructing TRS to finalize and make public its procurement manual.

Figures 28 and **29** show current and historical appropriations for the Support Services program.

FIGURE 28
SUPPORT SERVICES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



NOTE: Other Funds are from the Teacher Retirement System Trust Account Fund.
SOURCE: Legislative Budget Board.

FIGURE 29
SUPPORT SERVICES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$98.4	$109.2	$117.4	$164.6	40.1%
Total, All Methods of Finance	**$98.4**	**$109.2**	**$117.4**	**$164.6**	**40.1%**

NOTE: Other Funds are from the Teacher Retirement System Trust Account Fund.
SOURCE: Legislative Budget Board.

ALTERNATIVE FUNDING OPTION – AUTOMATE CONTRACTING PROCUREMENT

Although Senate Bill 65, Eighty-sixth Legislature, 2019, made changes to TRS contracting practices, the agency may benefit from efforts to continue to improve its contracting transparency. The agency has stated that, to the greatest extent practicable, public procurement should be transparent in its practices, processes, policies, and relationships with all stakeholders, but TRS also must balance the need to protect confidential information.

As a result of Senate Bill 65, and to help provide the necessary transparency in contracting practices, TRS has been posting to its website a list of contracts that are valued at $15,000 or more since October 2019.

The agency also posts its standard terms and conditions on its website, along with other contracting documents that are used regularly, such as Business Associate Agreement, Code of Ethics for Contractors, and Non-Disclosure Agreements.

In addition, TRS is developing a solicitation calendar that will provide brief descriptions and estimated dates for upcoming solicitations. This will provide the vendor community enough time to plan for upcoming procurements that will improve the quality and responsiveness of proposals.

TRS currently uses the Centralized Masters Bidder List found on the Comptroller of Public Accounts' website for contacting vendors about new solicitations. According to the agency, TRS also seeks to procure a contracting solution that will offer greater automation in the procurement process. The solution will contain a vendor portal for submitting proposals and maintaining vendor contact information. This will ensure that when TRS contacts vendors about upcoming solicitations, the agency will have the most up to date contact information to ensure visibility of solicitations.

TRS is updating its procurement manual, which the agency will post on its website. The manual will include a section on the agency's commitment to a robust code of ethics and its practice to ensure disclosure of any potential conflicts of interest.

The TRS Board of Trustees delegates investment authority to the Investment Management Division (IMD) subject to written policies, transparency requirements, and risk constraints as outlined in the Investment Policy Statement (IPS).

To provide helpful insight into its investment practices, TRS has been posting to its public website the IPS and TRS board bylaws. In addition, TRS posts information about IMD business teams, along with its Investment Strategy, Beliefs, Diversification Framework, Risk Management, and Making and Managing Investments. TRS also posts live webcasts of its board meetings and archives the public meetings by agenda item, enabling viewers quick access of investment discussions while maintaining confidentiality in closed sessions if the board finds that deliberating or conferring on the investment strategy in an open meeting would harm the position of the retirement system.

TRS also provides fund performance reports monthly to the board and quarterly during public board meetings. The investment fees and commissions paid by TRS are outlined every year within the Comprehensive Annual Financial Report in the Investment Section. To improve transparency for its members, TRS will add an easy-to-understand graphical representation of alternative investments to the fiscal year 2020 financial report.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Support Services and Administration includes divisions that provide essential services to TRS's core functions (i.e., Benefit Services, IMD, and Health and Insurance Benefits). These divisions include Executive Management, Finance, IT, HR, Legal and Compliance, Strategy Office, Internal Audit, and others. Eliminating these divisions could prevent the agency from serving its members, achieving investment returns, and meeting legal requirements. A few examples of the adverse impacts of eliminating certain Support Services are discussed in this section.

Legal and Compliance advises TRS management, trustees, and the core business units. It advises IMD in structuring investment deals, Benefit Services in reviewing legal orders and making benefit determinations, and Health and Insurance Benefits on plan structure questions. Broadly, Legal and Compliance ensures that the TRS business units and TRS itself are meeting state, federal, and international statutory and regulatory requirements, including those related to open records and meetings, tax qualifications, ethics and conflicts of interest, securities regulations, and the Health Insurance Portability and Accountability Act (HIPAA). Eliminating this department could decrease returns for the trust fund, result in members not receiving benefits according to statutory requirements, result in a risk that the pension and healthcare plans violate federal or state law, and increase potential for fraud by eliminating oversight on ethical conduct.

The Information Security department within the IT Division protects member data from cybersecurity threats to ensure that TRS complies with state and federal regulations including federal HIPAA regulations, the unauthorized disclosure or modification of confidential information (e.g., sensitive personal information as defined in the Texas Business and Commerce Code, Section 521.002(a)(2)), and violations of the Texas Penal Code, Chapters 33 and 33A, Computer Crimes and Telecommunications Crimes, respectively. Eliminating this department may cause TRS to fail to protect sensitive information, and may result in financial penalties for the agency.

The Finance Division facilitates and monitors TRS's financial activity. This division also produces many statutorily required financial reports, including the TRS Comprehensive Annual Financial Report required by the Texas Government Code, Section 825.108. Elimination of this division may hinder TRS's ability to manage its finances properly and comply with reporting requirements.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, the current level of funding for the Support Services Program is required, citing that the Texas Government Code, Sections 825.101, 825.103, and 825.113, authorize the Support Services and Administration programs to align staff, processes, and technology to support TRS.

TEXAS COMMISSION ON FIRE PROTECTION

The Texas Government Code, Chapter 419

AGENCY DESCRIPTION

The Seventy-second Legislature, Regular Session, 1991, established the Texas Commission on Fire Protection (TCFP) as a state agency. The former Texas Commission on Fire Protection Personnel Standards and Education, established in 1969, was merged with the State Fire Marshal's Office and Key Rate Section, establishing TCFP. The Seventy-fifth Legislature, 1997, revised the agency's scope after Sunset review, returning the State Fire Marshal's Office to the Texas Department of Insurance. Funding for TCFP's operations previously had been almost entirely from taxes collected on insurance policies. The Eighty-second Legislature, 2011, designated TCFP a self-funded agency with an appropriation from the state's General Fund. As such, the agency is expected to generate enough revenue to cover all appropriated amounts and an additional amount set in a budget rider. The amount of the rider requirement is currently $1.5 million for the 2020–21 biennium. If actual or projected revenue collections are insufficient to meet the costs identified in this provision, the Legislative Budget Board is authorized to direct the Comptroller of Public Accounts to decrease the appropriation authority to be within the amount of revenue expected.

The commission is governed by 13 members that are appointed by the Governor with the advice and consent of the Senate for staggered terms of six years. TCFP is one of several state and local agencies that make up the Texas fire protection community. Its role, as specified in statute, is to serve Texas fire departments and the public by providing training guidelines and assistance to the fire service, and by establishing and enforcing statewide fire service standards to ensure that lives and property of the public and of the fire service are protected adequately from fires and related hazards.

TCFP's stated mission is "to aid in the protection of lives and property of Texas citizens through the development and enforcement of recognized professional standards for individuals and the fire service."

SIGNIFICANT FINDINGS

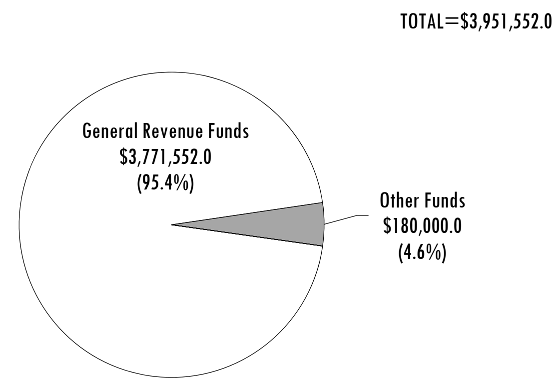
- The agency is self-funded and is required to generate an additional $1.5 million each biennium beyond appropriated amounts. The agency has exceeded this requirement each biennium, and current projections suggest it is on track to exceed its required amounts for the 2020–21 biennium.
- TCFP has a limited ability to communicate with the fire departments and training facilities that make up the Texas Fire Service because current technology systems do not support mass emails. The agency's FIDO software system enables the generation of certification renewal notices but not the distribution of mass emails relating to rule changes and meeting notifications.
- Currently, funds from license plate revenue collected by the Texas Department of Motor Vehicles for the Texas State Firefighters Scholarship Fund pass through TCFP. The agency has no way to verify receipts, and this method provides no benefit compared to the funds being allocated to the scholarship fund directly.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service, which could be greater than or less than existing funding levels. The agency indicates that it could sustain a 30.0 percent decrease in consumable supplies, a 20.0 percent decrease in travel, and a 15.0 percent decrease in other operating expenses, although these decreases would have a negative effect on operations. These decreases would result in cost savings of $76,364 across the agency.

Figures 30, **31,** and **32** show current and historical levels of funding for TCFP by method of finance and by program.

FIGURE 30
TEXAS COMMISSION ON FIRE PROTECTION FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 31
TEXAS COMMISSION ON FIRE PROTECTION FUNDING BY PROGRAM
2018–19 TO 2020–21 BIENNIA

RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Compliance	$1,070,350.0	$977,582.0	($92,768.0)	(8.7%)
2	Certification	$399,343.0	$481,652.0	$82,309.0	20.6%
3	Fire Safety and Information Outreach	$274,423.0	$249,980.0	($24,443.0)	(8.9%)
4	Testing	$779,754.0	$663,540.0	($116,214.0)	(14.9%)
5	Curriculum Development	$102,648.0	$102,162.0	($486.0)	(0.4%)
6	Texas State Firefighters Scholarship Fund	$63,242.0	$50,000.0	($13,242.0)	(20.9%)
7	Indirect Administration	$1,353,344.0	$1,426,636.0	($73,292.0)	(5.4%)

SOURCE: Texas Commission on Fire Protection.

FIGURE 32
TEXAS COMMISSION ON FIRE PROTECTION FUNDING BY METHOD OF FINANCE
2018–19 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$3,763,883.0	$3,771,552.0	$7,669.0	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	$279,221.0	$180,000.0	($99,221.0)	(35.5%)
Total, All Methods of Finance	**$4,043,104.0**	**$3,951,552.0**	**($91,552.0)**	**(2.3%)**

SOURCE: Texas Commission on Fire Protection.

COMPLIANCE

The Texas Government Code, Sections 419.011, 419.022, 419.027, 419.0366, 419.040, 419.041, 419.042, 419.043, 419.044, 419.045, 419.046, 419.047, and 419.087

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

TCFP conducts statewide compliance inspections on regulated fire departments, training facilities, and other entities. Statute requires the agency to inspect all regulated fire protection entities every two years. The Compliance program also investigates complaints regarding fire protection entities or individuals, and assists the State Fire Marshal in line-of-duty death investigations. According to the agency, the compliance officers are the face of TCFP, because they are the only staff in direct contact with fire protection personnel.

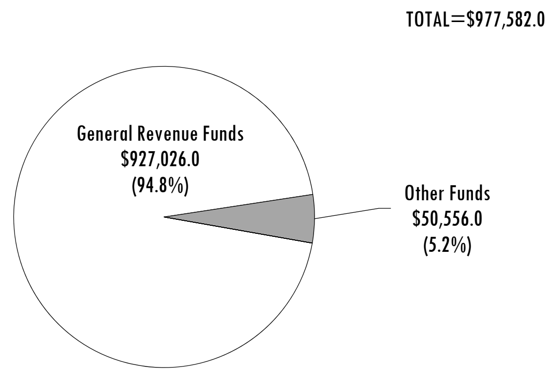
Originally, TCFP's primary responsibility was to establish a certification program for fire protection personnel. The compliance process includes a physical inspection of a sample of an entity's fire safety devices provided to assigned personnel, reviewing the entity's departmental maintenance records, testing records for equipment, and conducting certain standard operating procedures required by statute or TCFP rules.

In addition to the minimum inspections every two years, TCFP is authorized to conduct risk-based inspections. Factors that indicate the need for a risk-based inspection include compliance history, filed complaints, the entity's ability to inspect and maintain equipment, and other factors that the agency deems appropriate to assess the entity's risk. The Compliance program also has adopted a more active role in the inspection of training programs in progress, referred to as audits to differentiate them from statutorily mandated biennial inspections. Currently, TCFP employs six compliance officers that perform inspections in the state's seven regions, one of which is unstaffed, according to the agency.

Statute requires fire safety entities to develop and maintain standard operating procedures regarding the proper use, selection, care, and maintenance of all protective clothing and self-contained breathing apparatus. The statute also requires entities to develop standard operating procedures relating to an incident management system, personnel accountability systems, and fire protection personnel operating at emergency incidents. These requirements comply with the National Fire Protection Association's standards.

Figures 33, 34, and 35 show current and historical funding and performance measure data for the Compliance program.

FIGURE 33
COMPLIANCE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 34
COMPLIANCE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$908,573.0	$908,734.0	$985,306.0	$927,026.0	2.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$63,217.0	$73,516.0	$85,044.0	$50,556.0	(20.0%)
Total, All Methods of Finance	**$971,790.0**	**$982,250.0**	**$1,070,350.0**	**$977,582.0**	**0.6%**

SOURCE: Texas Commission on Fire Protection.

FIGURE 35
COMPLIANCE PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Inspections of Regulated Entities	1,120	1,050	93.8%	1,120/1,120
Average Cost per Inspection	$425	$361	84.9%	$425/$425

SOURCE: Texas Commission on Fire Protection.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

If the Compliance program were discontinued, the state would have no systematic way to ensure that mandated firefighter training, education, and safety measures are implemented and followed. The most profound effects would be on firefighter safety.

CERTIFICATION

The Texas Government Code, Sections 419.022, 419.026, 419.028, 419.032, 419.0321, 419.0325, 419.033, 419.034, 419.341, 419.071, and 419.086

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Certification program was implemented in fiscal year 1969 and oversees the issuance and renewal of credentials to fire service personnel based on attainment of applicable requirements. The program also ensures that individuals that are not associated with a fire protection entity complete continuing education. The program reviews and processes applications for certifications or International Fire Service Accreditation Congress (IFSAC) seals, certificate holders' completion of professional development courses, medical training documentation required for specific certifications, and applications for certification submitted by training providers.

TCFP initially offered certain basic certifications for fire safety personnel. According to the agency, it has increased its certification offerings to 14 disciplines (e.g., hazardous material, structure fire suppression) and 43 levels of certification within those disciplines (e.g., basic, intermediate, advanced, and master in aircraft rescue). The agency also has increased the number of IFSAC credentials offered. Individuals who complete the applicable testing process may obtain IFSAC seals in 10 disciplines (e.g., plans examiner, fire investigator), with 22 seals (e.g., Fire Officer Level I, II, III) offered within those disciplines.

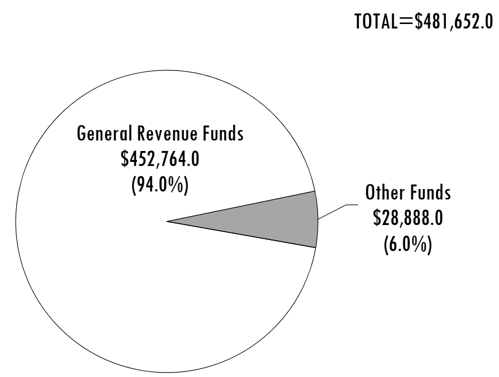
Since fiscal year 2006, TCFP developed certifications that are based on National Fire Protection Association (NFPA) standards. Individuals with the applicable NFPA seal can apply directly for state certification, provided they meet any other requirements that exist for the certification. Since fiscal year 2014, TCFP has accepted reciprocity for certain National Board on Fire Service Professional Qualification credentials, known as Pro Board, issued by the Texas Engineering Extension Service (TEEX). In granting the reciprocity, the agency approved a second testing process for issuing state certifications. About 10.0 percent of TCFP-generated certifications have been issued from IFSAC or TEEX Pro Board credentials.

The certification program affects all paid fire protection personnel, fire protection organizations employing paid personnel, some volunteer fire departments, and individuals that are not associated with a fire department but have TCFP certifications. The agency mandates a core group of certifications, which must be earned by an individual assigned to applicable duties with an organization, and several voluntary courses known as professional development certifications. General requirements for obtaining and maintaining these certifications are similar to those of mandatory certifications.

The agency's original scope was limited to certification of paid fire protection personnel employed by local fire protection entities. Amended statute enabled individuals that are not affiliated with fire departments to obtain and maintain their TCFP certifications, but it did not specify the requirements or process for their certification. TCFP rules define this process for nonaffiliated individuals.

Figures 36, 37, and **38** show current and historical funding and performance measure data for the Certification program.

FIGURE 36
CERTIFICATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 37
CERTIFICATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$413,380.0	$431,694.0	$364,925.0	$452,764.0	9.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$38,872.0	$36,784.0	$34,418.0	$28,888.0	(25.7%)
Total, All Methods of Finance	**$452,252.0**	**$468,478.0**	**$399,343.0**	**$481,652.0**	**6.5%**

SOURCE: Texas Commission on Fire Protection.

FIGURE 38
CERTIFICATION PROGRAM KEY PERFORMANCE MEASURES, 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/21 TARGET
Number of Individuals Certified	31,600	34,317	108.6%	32,000/32,000
Number of Training Providers Certified	260	319	122.7%	260/260

SOURCE: Texas Commission on Fire Protection.

SIGNIFICANT FINDING

The Certification program could benefit from amending the Texas Government Code, Chapter 419, to clarify and solidify the rules applying to individual certificate holders that are not affiliated with a fire department.

The agency's original scope was limited to certification of paid fire protection personnel that are employed by local fire protection entities. An amendment in statute authorized individuals not affiliated with fire departments to obtain and maintain their commission certifications. Current TCFP rules outline how this process works, but state statute does not address this process specifically. The certification program could benefit from amending the Texas Government Code, Chapter 419 to clarify the state requirements for individual certificate holders.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuation of the Certification program would weaken the agency's ability to verify and ensure that standard training and education exists for Texas firefighters. Several cities and local governments would be unable to comply with the Texas Local Government Code, Chapter 143, which requires that firefighters are certified. Fees collected for certification and annual recertification would cease, resulting in a financial loss to the state. During fiscal year 2019, the program collected more than $3.2 million in fee revenue, which is more than the agency's appropriation.

FIRE SAFETY INFORMATION AND OUTREACH

The Texas Government Code, Sections 419.028, 419.030, 419.031, and 419.048

Mission Centrality – Strong; Authority - Strong

PROGRAM DESCRIPTION

The Fire Safety Information and Outreach program supports the commissioners, committees, agency staff, fire protection personnel, training programs, and the public by providing education and informational resources for training and research. TCFP maintains a library of training resources and research material in print and audiovisual media. Training materials are available publicly in an online catalog. TCFP's Emerson Library provides a collection of resources specific to fire protection and emergency services subjects. According to the agency, the library coordinates with the Texas A&M Forest Service, the Texas Engineering Extension Service, and the NFPA Resource Learning Center regarding training resources and new materials.

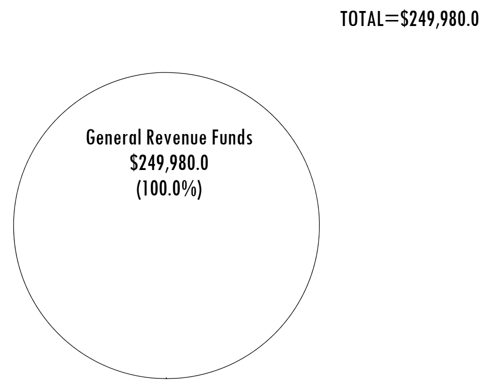
The program also facilitates the collection of data from local fire protection entities and oversees research and analysis of fire personnel injuries. The agency manages the injury reporting program for fire protection personnel, which was initiated by the Eighty-first Legislature, Regular Session, 2009, and publishes an annual report with findings and recommendations regarding fire protection personnel injuries. However, statute does not authorize TCFP to correct fire safety issues that are identified in the findings. The annual report may influence future curriculum development and training. According to the agency, no other state requires local fire protection entities to report injury data to a centralized fire agency.

The Texas Government Code, Section 419.048, requires the agency to develop and establish criteria to receive and analyze injury information pertaining to Texas firefighter injuries. Currently the agency can gather information regarding injuries, but it has no involvement with investigations in determining whether safety violations may have occurred when a firefighter is killed in the line of duty. Involvement in the death investigation process could enable the agency to identify areas in which it could assist a fire department in making improvements that would prevent deaths. Additionally, the agency lacks the statutory authority to take action to correct identified problem areas.

The agency reports that this program also could benefit from expanded technology systems to improve communications capability. These systems would enable the agency to better educate the Texas Fire Service when rule changes or certification requirements are occurring, thus enabling the regulated fire service entities to attain compliance quickly and effectively.

Figures 39 and **40** show current and historical funding data by method of finance for the Fire Safety Information and Outreach program.

FIGURE 39
FIRE SAFETY INFORMATION AND OUTREACH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 40
FIRE SAFETY INFORMATION AND OUTREACH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED/ESTIMATED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$203,041.0	$223,942.0	$274,423.0	$249,980.0	23.1%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A

Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$203,041.0**	**$223,942.0**	**$274,423.0**	**$249,980.0**	**23.1%**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDINGS

STATUTORY AUTHORITY

Following the enactment of legislation in fiscal year 2009, the agency began collecting and analyzing injury information pertaining to Texas firefighters that were injured on the job. Although the program was developed to identify issues in firefighter safety, no reporting or investigative process is included for cases in which a firefighter is killed in the line of duty and the statute does not authorize TCFP to take action to correct the issues identified through its analysis.

COMMUNICATION CAPABILITIES

The agency reports that the Fire Safety Information and Outreach also could benefit from additional resources to expand technology systems. The ability to generate and distribute mass communications with Texas Fire Service would enable the regulated fire service entities to attain compliance quickly and effectively.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The discontinuation of this program would diminish the ability of Texas firefighters to access resources to maintain their training and education. With no systematic means to inform fire departments and training providers of state safety and training regulations, training providers could miss changes to regulations and training standards.

TESTING

The Texas Government Code, Sections 419.022, 419.029, 419.032, and 419.035

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

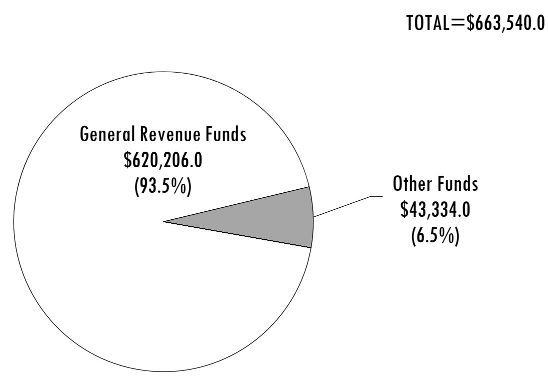
The Testing program reviews training materials and curriculum and conducts state certification exams for fire safety personnel. The program also evaluates examinations and reviews and audits exam questions. Any organization wishing to conduct training leading to state certification for its students must receive prior approval from TCFP. When approving a new training provider, the agency issues a certificate indicating approval in the specific discipline for which the organization is authorized to deliver training. A training provider must submit information to TCFP for prior approval of upcoming courses. Any individual pursuing state certification in a discipline must have completed an approved training program before taking the state certification exam.

TCFP offers 24 state examinations and an additional seven exams as components of certain exams. The agency's testing process for certain disciplines is accredited by the IFSAC, which provides verification that testing meets the requirement of applicable NFPA standards. Every candidate for certification is required to complete a skill component and a written component of the state certification exam. The written component may be completed either onsite or online, although technological limitations prevent the program from administering more than about 30.0 percent of written exams online. According to the agency, other IFSAC-accredited entities employ various testing methods that may be similar, but not necessarily identical, to the agency's testing program. TCFP has committed to accepting these various processes and provides reciprocity to individuals holding the appropriate IFSAC credentials.

The Texas A&M Engineering Extension Service (TEEX) also conducts state certification training and examination. TEEX is accredited by the National Board on Fire Service Professional Qualification, referred to as Pro Board. TCFP accepts the TEEX Pro Board process as a valid training process toward state certifications. Individuals presenting Pro Board credentials from other accredited entities, such as TEEX, may receive credit for approved training, but still must complete TCFP's testing process to qualify for certification.

Figures 41, 42, and **43** show current and historical funding and performance measure data for the Testing program.

FIGURE 41
TESTING PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 42
TESTING PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$519,315.0	$498,664.0	$694,710.0	$620,206.0	19.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$48,381.0	$47,234.0	$85,044.0	$43,334.0	(10.4%)
Total, All Methods of Finance	**$567,696.0**	**$545,898.0**	**$779,754.0**	**$663,540.0**	**16.9%**

SOURCE: Texas Commission on Fire Protection.

FIGURE 43
TESTING PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Examinations Administered	9,200	12,597	136.9%	18,000/18,000
Examination Pass Rate	90.0%	82.4%	91.5%	90.0%/90.0%

SOURCE: Texas Commission on Fire Protection.

SIGNIFICANT FINDINGS

UPGRADE ONLINE TESTING

The agency continues to address the issue of how to enable applicants to complete written tests for new certifications electronically. In addition to identifying more online testing facilities across the state, the agency should examine ways to upgrade the existing online exam.

SKILL EXAMS

All testing staff are located at TCFP's headquarters in Austin and, in addition to performing their primary duties, compliance officers currently are charged with administering exams in their assigned regions, which may cause delays in compliance inspections. Although an increase in online testing capacity would reduce the administration of written exams, skill exams still would have to be conducted in person and require the continued overlap of duties for compliance officers.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuation of funding for the Testing program would diminish the ability of this agency, local government, and educational institutions to test and certify personnel. This reduced capacity also could affect current firefighters whose salaries and benefits are correlated to certification levels. Elimination of testing also would reduce state revenues. During fiscal year 2019, the testing program generated about $1.4 million in total revenue.

CURRICULUM DEVELOPMENT

The Texas Government Code, Sections 419.022, 419.029, and 419.032

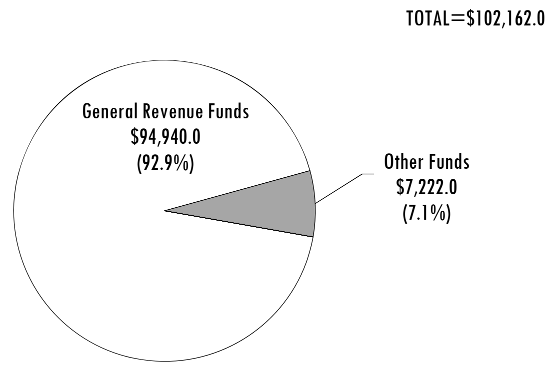
Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The Curriculum Development program develops and maintains curricula and certification tests for the agency's core group of mandatory certifications, which are required for appointment to the applicable duty (e.g., arson investigator, marine firefighter). TCFP provides voluntary or professional development certifications, but the agency no longer develops curricula for these purposes. Some curricula for professional development certifications are available on the agency's website, but these tools will be removed as applicable NFPA standards are updated. TCFP continues to develop curricula for certain mandatory certifications that comply with applicable NFPA standards. The agency also develops testing to meet the requirements of the International Fire Service Accreditation Congress.

Figures 44 and **45** show current and historical funding data by method of finance for the Curriculum Development program.

FIGURE 44
CURRICULUM DEVELOPMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 45
CURRICULUM DEVELOPMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED/ESTIMATED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$107,726.0	$117,544.0	$91,175.0	$94,940.0	(11.9%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$9,506.0	$10,503.0	$11,473.0	$7,222.0	(24.0%)
Total, All Methods of Finance	**$117,235.0**	**$128,047.0**	**$102,648.0**	**$102,162.0**	**(12.9%)**

SOURCE: Texas Commission on Fire Protection.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The Curriculum Development program develops curricula for TCFP's core group of mandatory certifications, which are required for appointment to the applicable fire service duty. The elimination of this program primarily would diminish the state's ability to maintain IFSAC accreditation for all TCFP certifications offered. It also would eliminate the agency's ability to review, rewrite, and develop 18 current firefighter certifications, which would render the agency incapable of expanding or revising firefighter safety and training requirements.

TEXAS STATE FIREFIGHTERS EMERGENCY RELIEF AND SCHOLARSHIP FUND

The Texas Transportation Code, Section 504.414

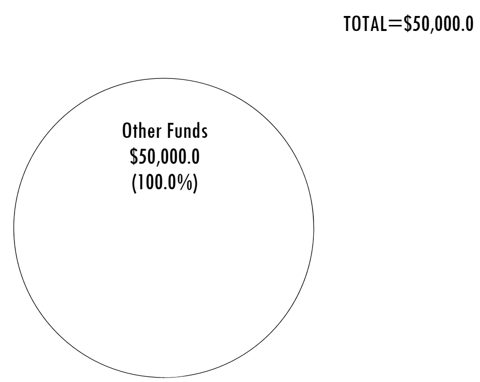
Mission Centrality – Weak; Authority – Moderate

PROGRAM DESCRIPTION

License plate revenue collected by the Texas Department of Motor Vehicles (DMV) is transferred by TCFP to the Texas State Association of Firefighters for the Texas State Firefighters Emergency Relief and Scholarship Fund, which provides emergency relief grants and scholarships for professional firefighters and their dependents. The agency has no involvement in the program other than passing funding through to the fund. The agency has no way of verifying what funds are available to be passed through. No changes have occurred since this practice was established in fiscal year 2009.

Figures 46 and **47** show current and historical funding data by method of finance for the Texas State Firefighters Emergency Relief and Scholarship Fund.

FIGURE 46
TEXAS STATE FIREFIGHTERS EMERGENCY RELIEF AND SCHOLARSHIP FUND PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 47
TEXAS STATE FIREFIGHTERS EMERGENCY RELIEF AND SCHOLARSHIP FUND PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED/ESTIMATED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$64,402.0	$0.0	$0.0	$0.0	(100.0%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A

Other Funds	$0.0	$65,435.0	$63,242.0	$50,000.0	100.0%
Total, All Methods of Finance	**$64,402.0**	**$65,435.0**	**$63,242.0**	**$50,000.0**	**(22.4%)**

SOURCE: Texas Commission on Fire Protection.

SIGNIFICANT FINDING

Authorizing DMV to collect license plate revenue funds and pass the funding directly to the Texas State Firefighters Emergency Relief and Scholarship Fund effectively would eliminate this program at TCFP and enable the affected entities to verify the revenues and funding levels internally. The agency reports that it receives no positive gain from this pass-through program.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

If the program were discontinued without arrangements for funding to be passed to the Texas State Association of Fire Fighters by another agency, the Texas State Firefighters Emergency Relief and Scholarship Fund would not receive designated funding. Revenues collected for this fund would sit idly in TCFP's unexpended balances if alternative arrangements were not made to pass the funding to the trade association.

INDIRECT ADMINISTRATION

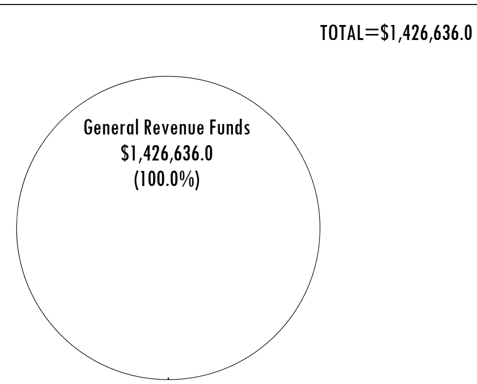
The Texas Government Code, Section 419.009

PROGRAM DESCRIPTION

This program provides internal agency administrative support, including human resources, budgeting, accounting, purchasing, property management, benefits, and information technology services.

Figures 48 and **49** show current and historical funding data by method of finance for the Indirect Administration program.

FIGURE 48
INDIRECT ADMINISTRATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Fire Protection.

FIGURE 49
INDIRECT ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED/ESTIMATED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1,663,389.0	$1,736,646.0	$1,353,344.0	$1,426,636.0	(14.2%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,663,389.0**	**$1,736,646.0**	**$1,353,344.0**	**$1,426,636.0**	**(14.2%)**

SOURCE: Texas Commission on Fire Protection.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The discontinuation of the Indirect Administration program would affect the agency broadly. TCFP would not be able to maintain online testing processes across the state, nor its records management system. In addition, TCFP would lose the ability to manage and account for revenue, agency spending, and facility management. Technology capabilities also would be diminished across the agency, and human resources would not be funded.

TEXAS COMMISSION ON JAIL STANDARDS

The Texas Government Code, Chapter 511

AGENCY DESCRIPTION

The Texas Commission on Jail Standards (TCJS) was established in 1975 as the regulatory agency responsible for all county jails and privately operated municipal jails in the state. TCJS is responsible for promulgating written rules and procedures and establishing minimum jail standards, inspection procedures, and enforcement policies. The agency also approves new jail construction and renovation plans, provides training and technical assistance to jail staff, and reviews offender grievances and complaints. The agency's mission is to empower local government to provide safe, secure, and suitable local jail facilities through proper rules and procedures while promoting innovative programs and ideas.

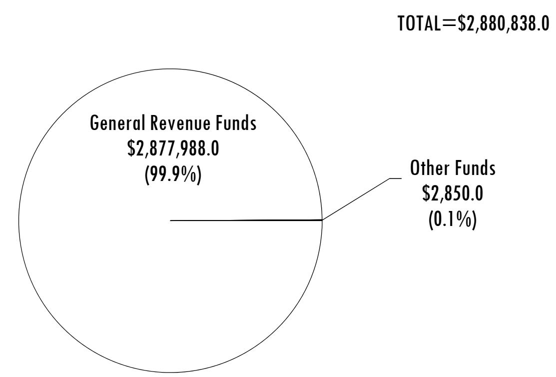
Texas was one of the first states to establish an independent agency to oversee local jails. During the 1960s and 1970s, an increase in offender lawsuits and federal interventions led to the development of the agency. The Sixty-fourth Legislature, 1975, established the TCJS, but allocated no funds to support its activities. After obtaining federal grant funding for its operations, the agency adopted the first minimum jail standards in 1976. The Sixty-eighth Legislature, Regular Session, 1983, placed municipal jails operated under vendor contract under the agency's purview. The Seventy-second Legislature, Regular Session, 1991, required the agency to collect population reports from all county jails.

The commission consists of nine members appointed by the Governor with the advice and consent of the Senate. The members must include a sheriff of a county with a population of more than 35,000, a sheriff of a county with a population of 35,000 or less, a county judge, a county commissioner, and a practitioner of medicine licensed by the Texas Medical Board. The remaining four members must be representatives of the public, with at least one from a county with a population of 35,000 or less.

Appropriations for the agency total $2.9 million in All Funds for the 2020–21 biennium. During the 2018–19 biennium, appropriations also included $1.0 million in General Revenue–Dedicated Funds. The Eighty-fifth Legislature, Regular Session, 2017, established the General Revenue–Dedicated Account No. 5172, Prisoner Safety. In addition, the agency collects a small amount of fee revenue from the sale of minimum jail standards manuals, fees for public information requests, and administrative fees for certain inspections. TCJS is authorized to collect fees for the following inspections: (1) the inspection of jail facilities with 100 or more beds that house an offender population of which 30.0 percent or more were sentenced outside of Texas; (2) re-inspections; and (3) occupancy inspections.

Figures 50, 51, and **52** show current and historical levels of funding for TCJS by method of finance and by program.

FIGURE 50
TEXAS COMMISSION ON JAIL STANDARDS FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 51
TEXAS COMMISSION ON JAIL STANDARDS PROGRAM FUNDING
2018–19 TO 2020–21 BIENNIA

RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Inspection and Enforcement	$960,365.0	$1,025,948.0	$65,583.0	6.8%
2	Management and Consultation	$553,462.0	$702,904.0	$149,442.0	27.0%
3	Construction Plan Review	$174,778.0	$278,834.0	$104,056.0	59.5%
4	Auditing and Population Reports	$78,446.0	$84,620.0	$6,174.0	7.9%
5	Prisoner Safety Fund Grants	$335,007.0	$129,290.0	($205,717.0)	(61.4%)
6	Indirect Administration	$782,016.0	$659,242.0	($122,774.0)	(15.7%)

SOURCE: Texas Commission on Jail Standards.

FIGURE 52
TEXAS COMMISSION ON JAIL STANDARDS FUNDING BY METHOD OF FINANCE
2018–19 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2,637,991	$2,877,988	$239,997	9.1%
General Revenue–Dedicated Funds	$239,449	$0.0	($239,449)	(100.0%)
Federal Funds	$0.0	$0.0	$0.0	0.0%
Other Funds	$6,643	$2,850	($3,784)	(57.0%)
Total, All Methods of Finance	**$2,884,074**	**$2,880,838**	**($3,236)**	**(0.1%)**

SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDING

Staff retention presents one of the greatest challenges to the agency, as the loss of continuity and institutional knowledge can have a detrimental effect on efficient agency operations. TCJS employs 23.0 full-time-equivalent (FTE) positions across six programs. Three programs, Construction Plan Review, Audit and Population Reports, and Prisoner Safety Fund

Grants, each have 2.0 or fewer FTE positions allocated. Turnover in these smaller programs can increase the workload of the remaining program staff or require staff from other programs to take on additional responsibilities while new staff are trained. Staff in other program areas, such as Inspection and Construction Plan Review, often receive employment offers from county governments that seek candidates with in-depth knowledge of minimum jail standards. The Indirect Administration program also is affected directly by staff turnover, because the program is responsible for recruitment, payroll, and human resources. Furthermore, as Indirect Administration staff are responsible for a wide range of duties, larger state agencies may consider TCJS staff as strong candidates when hiring. From fiscal years 2016 to 2018, two of the program's five staff left the agency.

According to the State Auditor's Office's *Legislative Workforce Summary Report*, 2018, the agency turnover rate, excluding interagency transfers, was 33.7 percent, which is substantially higher than the statewide turnover rate of 19.3 percent during fiscal year 2018. The turnover rate, including agency transfers, was 48.2 percent during fiscal year 2018, which included eight voluntary separations, one retirement, and one involuntary separation. Retention efforts have included flexible work schedules and targeted salary increases, which may have contributed to decreased turnover during fiscal year 2019.

INSPECTION AND ENFORCEMENT

The Texas Government Code, Sections 511.0071, 511.0085, 511.009, 511.0092, 511.011, 511.012, 511.014, and 511.016; the Texas Local Government Code, Sections 351.0415, 351.044, 351.103, 351.184, and 361.062

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

Pursuant to statute, TCJS is required to inspect and report on the conditions of each county jail and privately operated jail annually, in accordance with minimum jail standards. Inspectors also conduct special inspections of facilities considered high-risk or noncompliant. Inspections include a walk-through of the correctional facility and offender housing areas and reviews of jail logs, fire safety, medical and recreation records, intake documents, mental health screening forms, and other documents related to facility operations and offender welfare. The program also reviews offender and family grievances, critical incidents, and death-in-custody reports to determine if any violation of minimum standards occurred or contributed to the incident. Texas Minimum Jail Standards are codified in the Texas Administrative Code, Title 37, Part 9, Chapters 251 to 301.

TCJS sets and collects fees for inspections and re-inspections of facilities with 100 or more beds that house an offender population of which 30.0 percent or more were sentenced outside of Texas, and failed re-inspections and occupancy inspections in facilities of any size.

The program affects the 239 regulated facilities, including seven privately operated county jails and four privately operated facilities that are within the agency's purview, representing 93,704 beds in Texas. TCJS works closely with county officials, including the sheriff that is responsible for jail operations, the commissioner's court, which is responsible for funding it, and county judges. As a result, local issues and decisions can directly affect the program's effectiveness.

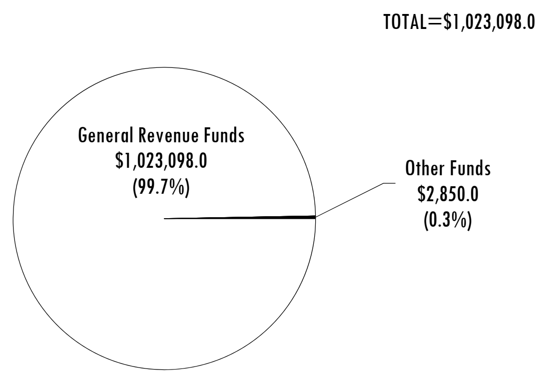
The Eighty-fifth Legislature, Regular Session, 2017, appropriated funding for one critical incident inspector, who conducts in-depth administrative reviews into all inmate escapes and deaths in custody. The critical incident inspector also is responsible for acquiring and compiling the Serious Incident Report from all facilities within TCJS's purview to include the following incidents: suicides, attempted suicides, deaths, escapes, assaults, sexual assaults, and uses of force resulting in injury. Senate Bill 1849, also known as the Sandra Bland Act, requires the sheriff or jail operator to report all serious incidents occurring in the jail monthly.

Additional funding for inspector travel has enabled the program's four inspectors to spend more time in the field conducting special inspections, providing technical assistance, and following up on noncompliant jails. Issues of noncompliance can be resolved onsite without issuing an order of noncompliance.

In an audit report published June 2019, the State Auditor's Office found that TCJS had implemented processes and controls that ensured the agency conducted inspections and enforced standards in compliance with applicable requirements. The audit recommended strengthening data management processes for user access and data review. TCJS recently has implemented a virtual private network (VPN) service to enable program staff to access electronic files in the field. The agency is developing a web-based portal for critical incident report submission.

Figures 53, 54, and **55** show current and historical funding and performance measure data for the Inspection and Enforcement program.

FIGURE 53
INSPECTION AND ENFORCEMENT PROGRAM FUNDING
2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 54
INSPECTION AND ENFORCEMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$643,862.0	$687,921.0	$953,731.0	$1,023,098.0	58.9%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Federal Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Other Funds	$2,988.0	$2,524.0	$6,634.0	$2,850.0	(4.6%)
Total, All Methods of Finance	**$646,850.0**	**$690,445.0**	**$960,365.0**	**$1,025,948.0**	**58.6%**

SOURCE: Texas Commission on Jail Standards.

FIGURE 55
INSPECTION AND ENFORCEMENT PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Annual Inspections Conducted	242	241	99.6%	242/242
Number of Special Inspections Conducted	90	78	86.7%	62/62
Number of Facilities Receiving a Notice of Noncompliance	45	58	128.9%	45/45

NOTE: The Number of Facilities Receiving a Notice of Noncompliance is not a key measure.
SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDING

TCJS reports program challenges that may result from occasional issues at the local level, including varying levels of staff turnover and responsiveness to agency requests. However, the volume of complaints submitted for review increasingly has become difficult for the program's single Complaint Inspector to manage effectively. According to the TCJS, the number of offender complaints has increased from 1,942 during fiscal year 2017 to 2,311 during fiscal year 2019. The number of complaints submitted by family members or the public was 512 during fiscal year 2017 and 651 during fiscal year 2018. According to TCJS, an additional 1.0 FTE position would ensure that complaints and grievances are reviewed and investigated in a timely manner.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Effective jail standards require continuous work to ensure compliance with state and federal laws. Absent proper oversight and inspections, jail facilities that are not safe and secure may become a liability for counties and result in unsafe conditions for staff and offenders. The effectiveness of the local jail system is diminished when a local jail is operated poorly.

According to TCJS, a significant number of jails likely would violate the minimum jail standards without regular inspections, technical assistance, and enforcement.

MANAGEMENT AND CONSULTATION

The Texas Government Code, Sections 511.009(a)(4),(6),(10),(16),(18),(20),(22),(23),(24); 511.016(b); and 511.018

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

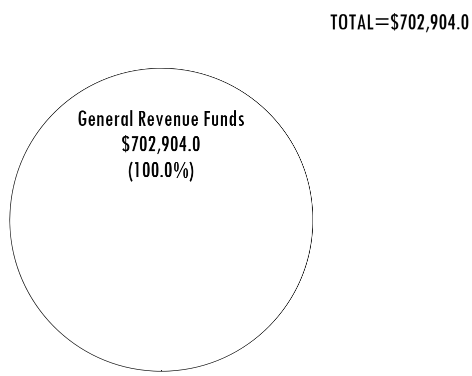
The Management and Consultation program helps counties achieve and maintain compliance with minimum jail standards by reviewing and approving operational plans, conducting staffing analyses, and providing technical assistance and mental health training. Jail operational plans include inmate classification, health services, sanitation, discipline, grievance procedures, exercise, education, and inmate services. Types of assistance include regional workshops, conferences, correspondence, and onsite visits. Compliance is verified by TCJS inspectors during an annual inspection. Staffing analyses are conducted to ensure that jail facilities comply with minimum jail standards and operate safe and secure facilities.

During fiscal year 1999, using existing resources, TCJS established a research specialist position to perform detailed and specialized research projects affecting county jails. Research project topics include suicide prevention, mental health, inmate voting, duty to accept, and cost of inmate health care. The position also tracks legislation and assists with legislative inquiries. The most significant change to the program occurred during fiscal year 2017, with the addition of three FTE positions to provide mental health training to all facilities under the agency's purview.

Senate Bill 1849, Eighty-fifth Legislature, Regular Session, 2017, amended the Texas Occupations Code to require the county jailer training course to include at least 8.0 hours of mental health training approved by the Texas Commission on Law Enforcement (TCOLE) and TCJS. New county jailers hired after August 31, 2017, receive the approved mental health training as part of the preparatory training course. Previously, licensed jailers were required to complete a TCOLE course, Mental Health Training for Jailers, by August 31, 2021. The Eighty-fifth Legislature appropriated $371,712.0 in General Revenue Funds for 3.0 FTE positions to provide the required training at no cost to counties. During the 2018–19 biennium, 4,784 licensed jailers from 125 counties received mental health training from TCJS.

Figures 56, **57**, and **58** show current and historical funding and performance measure data for the Management and Consultation program.

FIGURE 56
MANAGEMENT AND CONSULTATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 57
MANAGEMENT AND CONSULATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$379,323.0	$255,957.0	$553,462.0	$702,904.0	85.3%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Federal Funds	$0.0	$0.0	$0.0	$0.0	0.0%

Other Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Total, All Methods of Finance	**$379,323.0**	**$255,957.0**	**$553,462.0**	**$702,904.0**	**85.3%**

SOURCE: Texas Commission on Jail Standards.

FIGURE 58
MANAGEMENT AND CONSULATION PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Jails with Management-related Deficiencies	2.5%	5.8%	233.2%	5.0%/5.0%
Number of Onsite Mental Health Trainings Provided	165	134	81.2%	165/165
Number of County Jailers Receiving Mental Health Training	3,000	1,913	63.8%	3,000/3,000
Average Cost Per Mental Health Training Visit	$545.0	$565.3	103.7%	$545.0/$545.0
Number of Onsite Operation and Management Consultations with Jail Representatives	260	280	75.5%	260/260

SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDING

The goal of the TCJS mental health course is to help county jailers identify the signs and symptoms of mental illness that commonly are encountered in a jail setting and teach staff effective communication with individuals experiencing a mental health crisis. During fiscal year 2019, TCJS trainers developed a new course to address suicide prevention that is offered statewide. In addition to courses on mental health, the trainers could instruct other TCOLE certified classes, including "Objective Jail Classification," "What to Expect During an Inspection," "The Basics of Minimum Jail Standards," and "TCJS Required Reporting."

Factors affecting the program duties and effectiveness originate at the local level. According to TCJS, the program could offer more training opportunities if attendance increased. High turnover rates and staff shortages due to vacancies contribute to the lack of demand from some county jails; however, this trend varies by county.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCJS, discontinuing the program would decrease the availability of training and technical assistance provided to local jails. This decreased service could result in more jails falling out of compliance and increasing the number of re-inspections conducted by Inspection and Enforcement program staff.

CONSTRUCTION PLAN REVIEW

The Texas Government Code, Sections 511.009(a)(7) and 511.017

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Construction Plan Review program reviews construction documents to ensure that new jail construction and renovation meets minimum standards. The process includes a formal plan review with architects, engineers, design professionals, county officials, and sheriffs. This process consists of three phases: schematic design, design development, and construction documents.

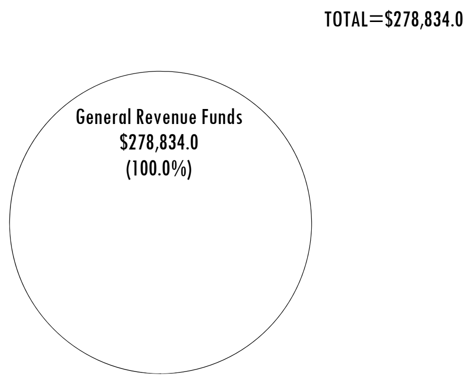
Program staff also develop comprehensive facility needs analyses for county jails to help determine incarceration needs. The analysis includes a review of current jail conditions, capacity and population projections, and historical incarceration data. Recommendations are based on projected capacity data and a 1:48 staff-to-offender ratio. The program is intended to ensure that counties understand standard requirements, and it provides counties with resources for planning and constructing effective, safe, and economical jail facilities.

TCJS sets and collects fees to recover the cost of performing construction plan reviews and facility needs analyses for facilities that have 100 or more beds and house an offender population of which 30.0 percent or more were sentenced outside of Texas.

The program was established in 1978, when TCJS hired the first Construction Plan Review staff after determining that it was not equipped to review and approve county jail construction projects. From the early 1980s to fiscal year 2020, the number of county jail beds has increased from 19,000 to 93,704, and each project has been reviewed by the Construction Plan Review program and approved by the agency. Beginning in fiscal year 1994, the Office of the Attorney General, Public Finance Division, requires TCJS to issue a letter of approval for any proposed jail construction or renovation project that a county intends to finance by issuing debt.

Figures 59, **60**, and **61** show current and historical funding and performance measure data for the Construction Plan Review program.

FIGURE 59
CONSTRUCTION PLAN REVIEW PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 60
CONSTRUCTION PLAN REVIEW PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$129,512.0	$180,970.0	$174,778.0	$278,834.0	115.3%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Federal Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Other Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Total, All Methods of Finance	**$129,512.0**	**$180,970.0**	**$174,778.0**	**$278,834.0**	**115.3%**

SOURCE: Texas Commission on Jail Standards.

FIGURE 61
CONSTRUCTION PLAN REVIEW PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Onsite Planning and Construction Consultations with Jail Representatives	30	34	113.3%	30/30

SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDINGS

QUALIFICATIONS FOR LOCAL ARCHITECTS

According to TCJS, program challenges include county contracts with architects and engineers that are inexperienced with jail facility design or are not familiar with construction minimum standards. Although architects must be certified by the Texas Board of Architectural Examiners, no prerequisites or formal training are established for designing correctional facilities that meet minimum jail standards. Architects that have experience designing correctional facilities in other states may not be familiar with Texas' standards. As a result, program staff often act as both educator and regulator.

CONFLICTING REGULATIONS AND STANDARDS

State, local, and federal regulations require that correctional facilities conform to the appropriate building, safety, and health requirements. Texas jails must conform to the Texas Accessibility Standards, which are overseen by the Texas Department of Licensing and Regulations (TDLR) and federal Americans with Disabilities Act accessibility guidelines. According to TCJS, conflicts between minimum jail standards and TDLR's accessibility standards have resulted in many projects either applying for variances from the agency or requesting a ruling from TDLR. Such regulatory actions may result in costly delays to projects.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCJS, discontinuing the Construction Plan Review program would place the burden on architects and local officials to ensure that the constructions plans adhere to minimum jail standards. Jails that do not meet construction requirements require additional work for the Inspection and Enforcement program and risk corrective action from the agency.

Without the program's oversight and regulation, counties could fund construction projects that do not meet construction minimum standards, which could result in costly renovations. Facility design that does not account properly for population projections and occupancy levels could result in overcrowding and regulatory action from the agency.

AUDITING AND POPULATION REPORTS

The Texas Government Code, Section 511.0101

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Auditing and Population Reports program collects, analyzes, and disseminates data on inmate populations, felony backlogs, immigration, pregnant inmates, licensed jailer turnover, and jail operational costs. Staff assists counties with submitting jail population reports and provides statistical data on incarceration trends at the state and local levels. Program staff also analyze the jail population reports and commissary audits to assess jail program costs and develop daily average cost estimates. State agencies, such as the Texas Department of Criminal Justice (TDCJ), advocacy groups, and other stakeholders rely upon the information provided by the program.

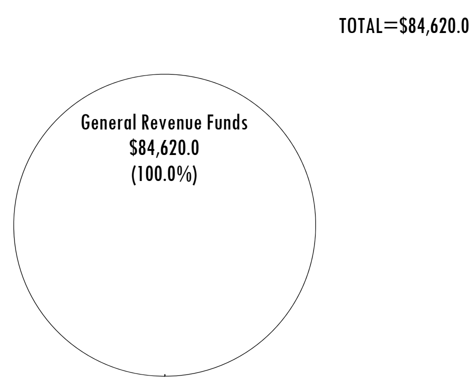
Each county jail facility is statutorily required to submit monthly jail population reports. The reports include information regarding the total number of individuals incarcerated, jail capacity, pretrial misdemeanor and felony offenders, convicted misdemeanor and felony offenders, and those detained on bench warrants, parole violations, federal detainment, immigration detainment, and those awaiting transfer to TDCJ. County jails also must submit information regarding the number of female offenders, pregnant offenders, and jail operational costs. TCJS also is statutorily required to collect information regarding licensed jailer turnover from each jail within the agency's purview.

According to TCJS, the number of FTE positions assigned to the program has decreased from a high of 5.1 positions to 1.0 position for the current program. Before fiscal year 1995, the agency served as a clearinghouse for funds paid to counties operating jail facilities that received TDCJ-transferred inmates. The agency used county jail population reports to determine the amounts to be paid to those counties. This program responsibility required several auditors to review the reports for accuracy. By September 1, 1995, the state met its duty to accept offenders, and all felony backlogs were transferred from county jails to TDCJ.

House Bill 3440, Eighty-sixth Legislature, 2019, directed TCJS to establish an electronic system for counties to submit required reports and data, and authorized the agency to collect a fee to cover the cost of processing non-electronic submissions. On June 4, 2020, the agency approved a $50 fee for this purpose.

Figures 62, **63,** and **64** show current and historical funding and performance measure data for the Auditing and Population Reports program.

FIGURE 62
AUDITING AND POPULATION REPORTS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 63
AUDITING AND POPULATION REPORTS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$86,874.0	$93,448.0	$78,446.0	$84,620.0	(2.6%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Federal Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Other Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Total, All Methods of Finance	**$86,874.0**	**$93,448.0**	**$78,446.0**	**$84,620.0**	**(2.6%)**

SOURCE: Texas Commission on Jail Standards.

FIGURE 64
AUDITING AND POPULATION REPORTS PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Paper-ready Reports Analyzed	6,242	6,389	103.4%	5,900/5,900

SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDING

Counties are statutorily required to submit monthly jail population reports to TCJS. Each county traditionally has submitted the reports in multiple formats, which has required the program staff to perform basic data entry. Recently, TCJS recommended that counties submit the required information in Microsoft Excel format, which enables TCJS to import data into a single database. House Bill 3440, Eighty-sixth Legislature, 2019, authorized TCJS to develop a web-based portal to streamline further the submission and analysis of monthly population reports. According to TCJS, the portal is scheduled to be operational by the end of fiscal year 2020, after which TCJS will charge counties a $50 fee per month for jail population reports not submitted electronically.

According to TCJS, additional program challenges include delayed population reports and incomplete or inaccurate data. Program staff publish instructions online and offer free training and technical assistance to help counties compile and submit the report. TCJS estimates that approximately 10.0 percent of the reports submitted each month require correction.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The Auditing and Population Reports program collects counties' statutorily required data, which is posted online monthly. According to TCJS, the agency is the only entity that compiles population and operational cost data for Texas county jails and privately operated jails pursuant to the Texas Government Code, Section 511.0101. If the program were discontinued, county jail population data would become less reliable, less accurate, and more difficult to obtain. Stakeholders would not have access to this information and would have difficulty obtaining similar statewide data from each county. Stakeholders also would have difficulty assessing the delivery of services or evaluating population or operational costs trends.

PRISONER SAFETY FUND GRANTS

The Texas Government Code, Section 511.019

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

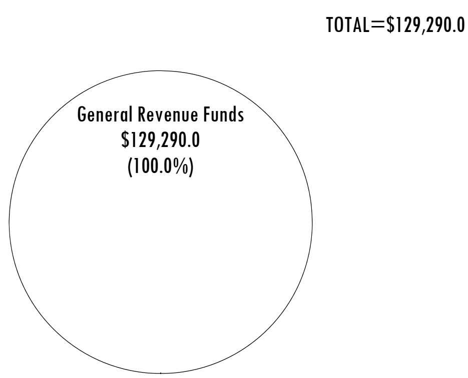
The Prisoner Safety Fund Grants program was established in fiscal year 2017 and administers grants from General Revenue–Dedicated Account No. 5172 for capital improvement projects to county jail facilities that have a maximum capacity of 288 beds. Senate Bill 1849, Eighty-fifth Legislature, Regular Session, 2017, required TCJS to establish rules and procedures related to the access to a mental health professional through a telehealth service and the installation of automated electronic sensors or cameras in certain cells. The projects are limited to purchasing telehealth equipment and providing electronic cell-check systems or camera systems to monitor cells designated for housing at-risk offenders. The electronic systems are intended to ensure and verify that observation checks are occurring at regular intervals, pursuant to the Texas Administrative Code, Title 37, Part 9. All county jails are required to comply with these rules by September 1, 2020.

House Bill 4468, Eighty-sixth Legislature, 2019, expanded the eligibility requirements to include county facilities that have 288 beds or less, which included 68 additional facilities. Previously, only counties with a capacity of 96 beds or fewer were eligible for grants. The legislation also amended the telehealth requirements established by Senate Bill 1849, Eighty-fifth Legislature, Regular Session, 2017, authorizing counties to provide mental health services through in-person treatment, 24-hour telehealth treatment, or by transferring offenders to another location for treatment by a mental health professional within a reasonable amount of time.

The grant program was funded with General Revenue Funds for 1.0 FTE position and associated operating expenses, and a onetime General Revenue–Dedicated Funds appropriation in fiscal year 2018 of $1.0 million. At the end of fiscal year 2020, this amount lapses. As of July 2020, the program provided 69 counties with $320,990, including $134,797 for cameras, $46,822 for electronic sensors, and $139,371 for telehealth equipment for mental health services.

Figures 65, **66,** and **67** show current and historical funding and performance measure data for the Prisoner Safety Fund Grants program.

FIGURE 65
PRISONER SAFETY FUND GRANTS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 66
PRISONER SAFETY FUND GRANTS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$95,558.0	$129,290.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$239,449.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Other Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Total, All Methods of Finance	**$0.0**	**$0.0**	**$335,007.0**	**$129,290.0**	**N/A**

SOURCE: Texas Commission on Jail Standards.

FIGURE 67
PRISONER SAFETY FUND GRANTS PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Jails Receiving Grants from the Prisoner Safety Fund	45	58	128.9%	42/42
Average Grant Amount Provided Through the Prisoner Safety Fund	$4,500.0	$3,463.76	77.0%	$4,500.0/$4,500.0

NOTE: The Average Grant Amount Provided Through the Prisoner Safety Fund is not a key measure.
SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDINGS

COUNTY RESPONSE

According to TCJS, some eligible counties were slow to apply for grants, provided inaccurate purchase information, or requested items that were outside of the grant program's limited scope. Additionally, some counties were concerned about ongoing costs, such as the telehealth visits, outside of the initial capital project grant.

PRISONER SAFETY FUND

The Eighty-fifth Legislature, Regular Session, 2017, established the Prisoner Safety Fund Grant Program to help certain jails comply with new jail standards relating to the provision of mental health services and cell observation checks.

Senate Bill 1849, Eighty-fifth Legislature, Regular Session, 2017, requires all county jails to provide 24-hour access to a mental health professional through a telehealth mental health service if onsite access is not available, and to install automated electronic sensors or cameras to ensure accurate and on-time checks in cells housing high-risk individuals. County jails are required to comply with these standards by September 1, 2020.

According to TCJS, staff is in discussions with the Office of the Governor and the Texas Veterans Commission to determine whether additional programs and opportunities are available to expand the Prisoner Safety Fund Grant program.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Prisoner Safety Fund program would have minimal adverse effects. All eligible counties either have received grant funding or reimbursement or have certified that they are in compliance with the standards.

INDIRECT ADMINISTRATION

The Texas Government Code, Sections 511.0061, 511.008, 511.009, and 511.018

PROGRAM DESCRIPTION

Indirect Administration program responsibilities include public information requests, information resource technology, security, and financial and administrative services, such as accounting, purchasing, mail, and other support services. The program also analyzes legislation, promulgates new jail standards, and recommends the adoption of new or revised minimum jail standards to TCJS. Indirect Administration also coordinates with the U.S. Department of Veterans Affairs and other entities to provide assistance with jail operational plans and train jail administrators to help eligible offenders apply for federal benefits.

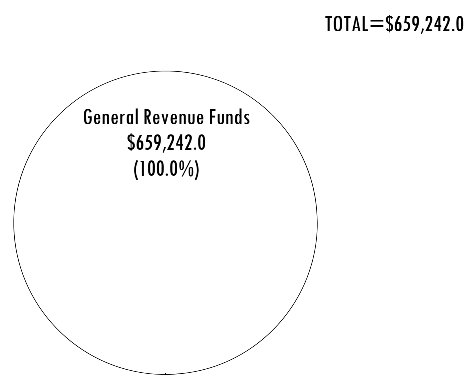
Currently, TCJS operates with part-time, off-site information technology support. According to TCJS, the agency is collaborating with the Texas Department of Information Resources and contracted information technology (IT) staff to develop a five-year IT plan, which likely will require cybersecurity updates and computer replacements.

The program has expanded its responsibilities to include Centralized Accounting and Payroll/Personnel System (CAPPS) transition, filing sales tax returns for the sale of jail standards manuals, and implementing additional staff training and a new personnel file system. Recently, TCJS upgraded its website to enable easier site updates, ease of use, and additional agency data and reports.

House Bill 3116, Eighty-sixth Legislature, 2019, established a task force to conduct a comprehensive study on best practice standards for the detention of individuals with intellectual and developmental disabilities. TCJS's Indirect Administration program has contributed staff time and travel expenses to assist in developing report recommendations.

Figures 68 and **69** show current and historical funding data by method of finance for the Indirect Administration program.

FIGURE 68
INDIRECT ADMINISTRATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Commission on Jail Standards.

FIGURE 69
INDIRECT ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$580,655.0	$650,826.0	$782,016.0	$659,242.0	13.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Federal Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Other Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Total, All Methods of Finance	**$580,655.0**	**$650,826.0**	**$782,016.0**	**$659,242.0**	**13.5%**

SOURCE: Texas Commission on Jail Standards.

SIGNIFICANT FINDING

During the 2018–19 biennium, the Indirect Administration program guided the agency through the required transition from the Uniform Statewide Accounting System to CAPPS Financials. However, with the lack of additional support for its expanded responsibilities, the agency struggled to meet required deadlines. Program staff contributed hours to CAPPS transitioning in addition to performing their normal duties. The agency anticipates that the upcoming CAPPS HR transition will present a similar challenge to program staff.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCJS, discontinuing the Indirect Administration program would limit the abilities of other agency programs to function effectively. Staff still would be required to perform duties such as responding to public information requests, purchasing, human resources, accounting, travel reimbursements, information technology, governmental reporting, and executive administration for the agency to operate efficiently. The result would be an additional demand on other program staff to perform these tasks.

TEXAS COMMISSION ON LAW ENFORCEMENT

The Texas Occupations Code, Chapter 1701.051

AGENCY DESCRIPTION

The Texas Commission on Law Enforcement (TCOLE) is a regulatory agency whose mission is to screen, develop, and monitor resources for the continuing education of law enforcement officers, and to set standards for behavior. The agency also develops, maintains, and enforces minimum qualifications for the selection, training, and certification of law enforcement personnel, county correctional officers, and telecommunicators.

TCOLE, formerly known as the Texas Commission on Law Enforcement Officer Standards and Education, was established by the Fifty-ninth Legislature, Regular Session, 1965, to study and recommend to the Office of the Governor and the Legislature standards for training, education, and certification to improve law enforcement performance. The Legislature initially did not appropriate any funds for the operations of the agency. The Sixtieth Legislature, 1967, included TCOLE in the General Appropriations Act and funded an executive director and three staff members. Funding was provided from private foundations and federal grants.

Current funding includes a combination of General Revenue Funds, General Revenue–Dedicated Funds, Appropriated Receipts (Other Funds), donations, and state and federal grants. General Revenue–Dedicated Account No. 116, Law Enforcement Officer Standards and Education (Account No. 116), funds the majority of TCOLE's expenditures and benefits. Consolidated court costs and professional fees provide revenue sources for Account No. 116.

TCOLE is governed by nine commissioners appointed by the Governor, with the advice and consent of the Senate. To represent the regulated population, TCOLE is required statutorily to include the following representatives: three chief administrators of law enforcement agencies, which include sheriffs, constables, and chiefs of police; three individuals licensed by the agency, two of whom must be peace officers in nonsupervisory positions with a law enforcement agency when appointed by the Governor; and three private citizens that have no direct connection with the field of law enforcement.

SIGNIFICANT FINDING

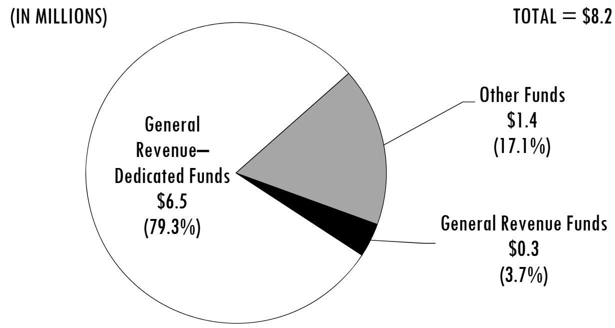
A revenue-to-expenditure disparity analysis projects that General Revenue–Dedicated Account No. 116 will be depleted by the end of fiscal year 2024.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures needed to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be higher or lower than existing funding levels. The agency was asked to provide a methodology or justification for determining these amounts. The agency chose to maintain the current level of funding for this exercise, stating that the "Discontinuance of this program would result in the inability to comply with current law and rule" regarding all agency programs.

Figures 70, 71, and **72** show current and historical funding for TCOLE by method of finance and by program.

FIGURE 70
TEXAS COMMISSION ON LAW ENFORCEMENT FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Commission on Law Enforcement.

FIGURE 71
TEXAS COMMISSION ON LAW ENFORCEMENT FUNDING BY PROGRAM, 2018–19 TO 2020–21 BIENNIA

		(IN MILLIONS)			
RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Licensing	$2.0	$1.7	($0.3)	(14.4%)
2	Standards Development	$0.6	$0.5	($0.1)	(18.3%)
3	Enforcement	$2.5	$2.3	($0.2)	(8.0%)
4	Technical Assistance	$2.4	$2.9	$0.5	20.6%
5	Indirect Administration	$0.6	$0.8	$0.2	34.2%

SOURCE: Texas Commission on Law Enforcement.

FIGURE 72
TEXAS COMMISSION ON LAW ENFORCEMENT FUNDING BY METHOD OF FINANCE, 2018–19 TO 2020–21 BIENNIA

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED 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	1.1%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$1.6	$1.4	($0.2)	(13.2%)
Total, All Methods of Finance	**$8.0**	**$8.2**	**$0.1**	**1.6%**

NOTE: Amounts may not sum due to rounding.
SOURCE: Texas Commission on Law Enforcement.

Figure 73 shows TCOLE's sources of revenue by method of finance for fiscal year 2019.

FIGURE 73
TEXAS COMMISSION ON LAW ENFORCEMENT SOURCES OF REVENUE BY METHOD OF FINANCE , FISCAL YEAR 2019

SOURCE	AMOUNT (IN MILLIONS)
General Revenue–Dedicated Funds	
Account No. 116, Law Enforcement Officer Standards and Education	$3.2
Account No. 5059, Texas Peace Officer Flag	$0.0
Federal Funds	
Violence Against Women Act Justice and Training Program – Curriculum Update Grant	$0.2
Other Funds	
Appropriated Receipts	$0.7
State Criminal Justice Planning Fund – School Marshal Training Grant	$0.1
Total, All Methods of Finance	**$4.2**

SOURCE: Texas Commission on Law Enforcement.

Figure 74 shows TCOLE fee revenue by description for fiscal year 2019.

FIGURE 74
TEXAS COMMISSION ON LAW ENFORCEMENT FEE REVENUE BY DESCRIPTION, FISCAL YEAR 2019

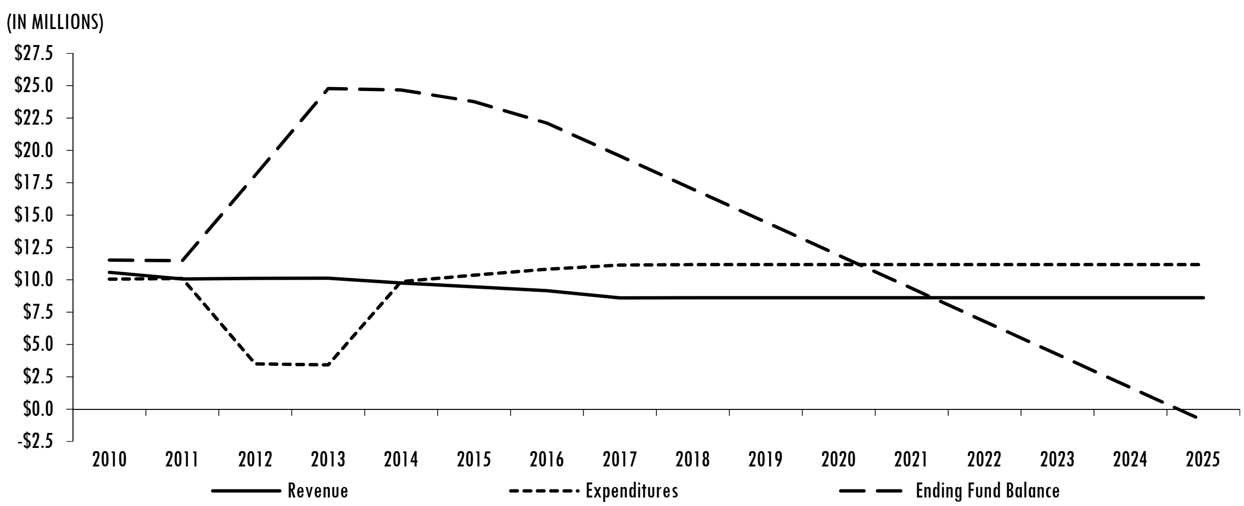
PROGRAM/DESCRIPTION	CURRENT FEE	INDIVIDUALS/ENTITIES PAYING FEE	REVENUE
Proficiency Certificate Fees	$35	7,577	$265,204
Licensing Fees	$150 to $250	–	$130,595
Distance Learning Program	$35	1,996	$67,874
Conference, Training, Testing, and Other Receipts	Varies	–	$325,167

NOTE: Fee revenues are deposited in General Revenue–Dedicated Account No. 116, Law Enforcement Officer Standards and Education.
SOURCE: Texas Commission on Law Enforcement.

FUND DEPLETION

Since 2004, TCOLE has funded most of its activities using General Revenue–Dedicated Funds from Account No. 116, which is composed of consolidated court fees collected pursuant to the Texas Local Government Code, Section 133.102. Currently, multiple agencies spend funds from Account No. 116, including TCOLE, the Comptroller of Public Accounts, and the Department of Public Safety. In addition, employee benefits are paid from this fund. The amount of revenue collected has been decreasing for at least the past 15 fiscal years, shown in **Figures 75** and **76**.

FIGURE 75
GENERAL REVENUE–DEDICATED ACCOUNT NO. 116 PROJECTED FUND BALANCE AT CURRENT SERVICE LEVELS FISCAL YEARS 2010 TO 2025



NOTE: Fiscal years 2020 to 2025 show projected amounts.
SOURCES: Comptroller of Public Accounts; Texas Commission on Law Enforcement.

FIGURE 76
GENERAL REVENUE–DEDICATED ACCOUNT NO. 116 REVENUE AND EXPENDITURES
FISCAL YEARS 2014 TO 2025

(IN MILLIONS)		EXPENDITURES				
YEAR	REVENUE COLLECTIONS	TCOLE (INCLUDES BENEFITS)	CPA FISCAL PROGRAM	OTHER	TOTAL EXPENDITURES	ENDING BALANCE
2014	$9.8	$2.6	$6.0	$1.3	$9.9	$24.7
2015	$9.5	$4.0	$6.0	$0.4	$10.4	$23.8
2016	$9.2	$4.5	$6.0	$0.3	$10.8	$22.1
2017	$8.6	$4.8	$6.0	$0.3	$11.1	$19.6
2018	$8.6	$4.9	$6.0	$0.3	$11.2	$17.0
2019	$8.7	$5.1	$6.0	$0.2	$11.3	$14.4
2020	$8.7	$5.1	$6.0	$0.2	$11.3	$11.8
2021	$8.7	$5.1	$6.0	$0.2	$11.3	$9.2
2022	$8.7	$5.1	$6.0	$0.2	$11.3	$6.7
2023	$8.7	$5.1	$6.0	$0.2	$11.3	$4.1
2024	$8.7	$5.1	$6.0	$0.2	$11.3	$1,5
2025	$8.7	$5.1	$6.0	$0.2	$11.3	($1.1)

NOTE: Revenues and expenditures projections show fiscal year 2019 amounts through fiscal year 2025.
SOURCES: Comptroller of Public Accounts (CPA); Texas Commission on Law Enforcement (TCOLE).

Without replacement, the loss of this funding would halt the majority of TCOLE operations. Senate Bill 346, Eighty-sixth Legislature, 2019, addressed some of these issues, but it is unclear how these adjustments will impact revenues that are deposited into Account No. 116.

House Bill 3389, Eighty-first Legislature, Regular Session, 2009, TCOLE's Sunset bill, established the Civil Justice Data Repository Fund, which would have collected revenue of $0.10 per moving violation. The collections were not deposited into the fund, which resulted in approximately $273,000 being deposited into General Revenue Funds each fiscal year. Senate Bill 346, Eighty-sixth Legislature, 2019, abolished the statute related to the fee and fund.

FUNDING OPTIONS TO CONSIDER

- Fund Indirect Administration in the 2022–23 biennium with General Revenue Funds, and gradually move funding for additional programs in a similar manner in future biennia.

- Establish a new General Revenue–Dedicated Fund similar to the Civil Justice Data Repository Fund, collect receipts on every moving violation, and fund the TCOLE Standards Development program with the newly established dedicated account.
- Alternative options:
    - Consider expanding the allowable uses of General Revenue–Dedicated Funds Account No. 116 and providing additional revenue sources.
    - Consider reducing, eliminating, or providing a method-of-finance swap for CPA local grants in the 2022–23 biennium to reduce the draw on Account No. 116 and extend its capacity to support TCOLE appropriations in subsequent biennia.

LICENSING

The Texas Occupations Code, Sections 1701.260, 1701.301, 1701.307, 1701.151, 1701.251, 1701.3071

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

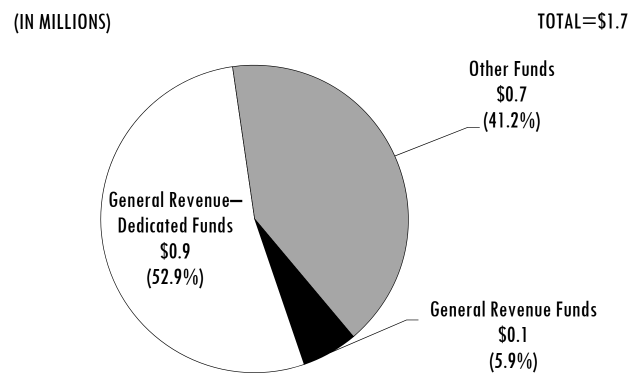
The Texas Commission on Law Enforcement is authorized to provide licensing and certification to Texas peace officers, county jailers, telecommunicators, school marshals, and law enforcement agencies, ensuring that only qualified applicants obtain a TCOLE license. The growth of the licensed population tends to correlate with the overall population in Texas.

The Licensing program includes the Credentialing Division, whose main objective is to ensure that licenses, certificates, and identification cards are issued only to individuals who meet the minimum eligibility requirements. The credentialing staff receive the applications, ensure that required training has been completed and that the applicant has met all other minimum standards, process any fees associated with the application, enter the data into the Texas Commission on Law Enforcement Data Distribution System (TCLEDDS), and issue the appropriate documents or notifications of denial.

The most recent change to Licensing was the fiscal year 2013 addition of the school marshal program. In fiscal year 2018, TCOLE temporarily diverted agency resources to meet the Governor's priority of increasing the number of school marshals beginning in school year 2018–19. Grants of $114,585 in fiscal year 2018 through the Office of the Governor, Criminal Justice Division, enabled TCOLE to conduct four classes with an average of 20 students. In fiscal year 2019, this grant was renewed in the amount of $191,221 for TCOLE to continue facilitating the training of individuals licensed as school marshals.

Figures 77, 78, and **79** show current and historical levels of funding and performance measure data for the Licensing program.

FIGURE 77
LICENSING PROGRAM FUNDING SOURCE, 2020–21 BIENNIUM



SOURCE: Texas Commission on Law Enforcement.

FIGURE 78
LICENSING PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.1	N/A
General Revenue–Dedicated Funds	$1.3	$1.2	$1.1	$0.9	(31.9%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.7	$0.7	$0.9	$0.7	5.1%
Total, All Methods of Finance	**$2.0**	**$1.9**	**$2.0**	**$1.7**	**(15.8%)**

SOURCE: Texas Commission on Law Enforcement.

FIGURE 79
LICENSING KEY PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Appointed Documents Received and Processed	12,000.0	19,494.0	162.5%	15,000.0/17,000.0

Number of Licenses Issued to Individuals	15,000.0	15,182.0	101.2%	12,000.0/12,000.0
Number of Proficiency Certifications Issued (1)	19,000.0	20,978.0	110.1%	19,000.0/20,000.0

NOTE: (1) The Number of Proficiency Certifications Issued is not a key measure.
SOURCE: Texas Commission on Law Enforcement.

SIGNIFICANT FINDINGS

LICENSE EXPIRATION DATES

The school marshal program could benefit from amending the Texas Occupations Code, Section 1701.260(g), to align the license expiration date with the end of the continuing education period for the rest of the TCOLE licensees. The expiration date currently is dependent on the individual's birthday, making it difficult for the agency to track expirations and to organize renewal classes.

MANUAL FORM SUBMISSIONS

TCOLE's most recent Sunset bill added a provision to require the agency to collect forms and reports submitted by law enforcement agencies in an electronic format. A $35 fee has been charged for all paper forms submitted by agencies following the effective date of the Sunset bill. However, the same requirement was not put into place for forms submitted to the agency by individual licensees, nor does the agency's current online services platform support the ability to collect the data needed for all of the 35 individual licensee forms that individuals may download from the agency's website and submit by mail.

The agency estimates that, currently, direct staff time valued at approximately $35,000 per fiscal year is dedicated to processing paper forms in the Credentialing Division. According to the agency, the staff time required to process the forms could be used on other tasks and to process other documents that need Commission review more quickly prior to approval. The agency states that developing an online system for licensees to submit individual forms electronically would enable TCOLE to speed up delivery of proficiency certificates and improve the speed of other form processing, some by half or more. This system also would reduce error by agency staff during data entry and enable the current platform to collect the data needed for all of the 35 individual licensee forms. Licensees would be fully responsible for ensuring that data submitted was correct, and automation would reduce data entry errors and expand the agency's business window from normal business hours to a 24/7 cycle.

The agency's cost estimate, based on previous bids received for the online system and costs for coding, would be $0.2 million. This amount would include the components of an encrypted system to upload background documents to protect sensitive information, and an application page for each certificate type with form fields to collect the information electronically that currently is input onto a paper application.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCOLE, discontinuing the agency's Licensing program would result in the possible operation of unlicensed or unqualified law enforcement personnel in Texas. This program ensures that only properly trained and qualified individuals serve in that capacity, and its discontinuance likely would increase subsequent agency enforcement actions when officers are found unfit for service.

This function also includes the processing of applications for proficiency and specialty verifications and documenting experience for licensees. The capital items of Distance Learning and the agency's information technology infrastructure also would be removed.

Licensing revenue is the source of 59.0 percent of the agency's Appropriated Receipts, which is necessary to ongoing efforts to provide online training and services to the licensees.

STANDARDS DEVELOPMENT

The Texas Occupations Code, Chapter 1701, Subchapter F, Sections 1701.151(2) and 1701.153(a)(1), and Subchapter J

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Texas Commission on Law Enforcement's Standards Development program includes the hiring and training standards for all TCOLE licensees, and for the law enforcement agencies employing them and the training providers operating TCOLE's delegated authority. Since the program's implementation, new courses are added each legislative session to the minimum curriculum requirements and continuing education. Standards Development ensures that law enforcement agencies are complying with state and federal laws and will have the needed education and training to adhere to state policies.

TCOLE develops legislatively established course material through a committee process, with input from stakeholders across the state. This process ensures a statewide view of the newly mandated training. The same committee process is used when TCOLE is updating any mandated training. The committees include a group of volunteers from small, midsize, and large agencies from geographically diverse parts of the state. Subject matter experts and special interest groups for specific topics are used, if needed.

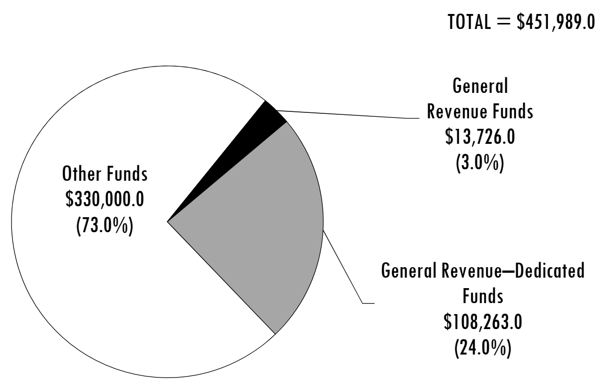
The Standards Development program also manages and evaluates contracted training providers in the state. TCOLE is mandated to provide training in the state and uses this program to execute the training and oversight entities under the agency's delegated authority. Unlike similar agencies in many states, TCOLE does not operate its own statewide enforcement academy to deliver training in Texas. TCOLE delegates that authority to 114 law enforcement agencies, colleges, and councils of government around the state to serve the basic training needs in those regions. These training providers include law enforcement agencies, institutions of higher education, councils of government, and private entities.

Continuing education is offered by 199 additional entities across the state that hold a training contract. This contract sets the expectations and reporting requirements necessary to uphold legislative and TCOLE standards. All legislatively required training must be taught by an academy or contract training provider. Any additional elective training can be taught by individual departments.

TCOLE has two Academy and Contract Evaluators (ACE) that conduct onsite evaluations of all the training providers' facilities, records of training, and advisory board requirements. When all requirements and expectations are met, the Special Services Division executes the contracts. Special Services reviews and refers complaints on exam sites to the Enforcement Division, if necessary.

Figures 80, 81, and **82** show current and historical levels of funding and performance measure data for the Standards Development program.

FIGURE 80
STANDARDS DEVELOPMENT PROGRAM FUNDING SOURCE, 2020–21 BIENNIUM



SOURCE: Texas Commission on Law Enforcement.

FIGURE 81
STANDARDS DEVELOPMENT PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$13,726.0	N/A
General Revenue–Dedicated Funds	$344,886.0	$221,637.0	$210,138.0	$108,263.0	(68.6%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$203,595.0	$171,811.0	$342,828.0	$300,000.0	62.1%
Total, All Methods of Finance	**$548,481.0**	**$393,448.0**	**$552,966.0**	**$451,989.0**	**(17.6%)**

SOURCE: Texas Commission on Law Enforcement.

FIGURE 82
STANDARDS DEVELOPMENT KEY PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Courses Reviewed/Approved/Updated by TCOLE	5.0	10.0	200.0%	6.0/7.0
Number of TCOLE Continuing Education Courses Completed	45,000.0	59,963.0	133.3%	45,000.0/55,000.0
Total Attendance at TCOLE Training	1,000.0	2,803.0	280.3%	1,500/1,600.0

NOTE: The Number of TCOLE Continuing Education Courses Completed is not a key measure.
SOURCE: Texas Commission on Law Enforcement.

TRAINING CONSTRAINTS

Many of the licensees report difficulty in completing training requirements due to geographic and budgetary constraints. In remote areas of the state, the nearest training provider may be hours away. Travel costs may be difficult to absorb by smaller budgeted law enforcement agencies, especially for multiday courses. In addition, agencies may experience difficulties providing time for staff to be away from daily responsibilities.

AGENCY STAFFING

The Eighty-second Legislative Session, Regular Session, 2011, decreased the staff allocated for the Standards Development strategy from 6.0 FTE positions during fiscal year 2011 to 1.6 positions during fiscal year 2012. As a result, agency staff developed a process to meet the Legislature's expectations on course development. New courses are developed by a committee of stakeholders formed from an intentionally diverse representation of the law enforcement profession across the state, including individuals from agencies of different types and sizes and different geographic parts of the state, and subject matter experts for specific topics when necessary.

Although this inclusion provides a broader range of perspectives when developing new courses, the agency states that the committee process takes a great deal of work and coordination for the sole curriculum coordinator. The time dedicated to developing new courses has left several of the existing courses added during previous legislative sessions in serious need of review and updating. Some older, advanced-level courses have been surpassed by newer, basic-level courses. The agency should establish a regular review schedule for existing courses and potentially convert some of them to online versions that can be offered for free through TCOLE's online services.

In fiscal year 2019, the agency received a $239,737 grant through the Office of the Governor, Criminal Justice Division, for 3.0 FTE positions. At that time, the funds that were available were through a federal Violence Against Women Act grant. These staff positions were used to update relevant course material and to develop a new training related to sexual assault investigations. During the Eighty-sixth Legislature, 2019, the agency requested to continue these positions through an exceptional item request, but the funding was not granted. In fiscal year 2020, the agency was awarded a $321,391 grant through the Governor's Justice Assistance Grant Program. TCOLE will seek to achieve the goal of reviewing and updating its course catalog by using contract services funded by grants and partnering with institutions of higher education that have the background and skill set to develop law enforcement curriculum.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

This program enables the agency to establish legislatively required courses and to oversee training standards for law enforcement personnel across the state. If discontinued, the staff dedicated to overseeing the curriculum, development, and review of these courses would be eliminated, and the agency would rely entirely on volunteers to develop and update course materials.

Additionally, law enforcement training is conducted primarily through a network of training providers operating under the agency's delegated authority through contractual agreements. Unlike similar entities in some states, TCOLE does not operate its own statewide enforcement academy to deliver training in Texas. Discontinuing the program would eliminate the legal operations of law enforcement academies, academic providers, and training contractors, and the implementation of any training mandates from the Legislature.

Finally, the agency provides access to online training that is free to licensees to help meet their continuing education requirements through the licensees' accounts on the agency's website. Without this service, many more licensees would have difficulty maintaining compliance with their legislatively mandated training, which would impact the Enforcement Division due to an increase in investigating cases regarding continuing education compliance.

The Standards Development program generates a significant amount of revenue from Appropriated Receipts, constituting 21.0 percent of total agency revenue per year.

ENFORCEMENT

The Texas Occupations Code, Chapter 1701, Subchapter K

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Enforcement program investigates any administrative or criminal violations of the Texas Occupations Code, Chapter 1701, or TCOLE rules by a licensee and takes the necessary disciplinary action. The Enforcement Division within the program receives jurisdictional and nonjurisdictional complaints and reports of licensee arrest or indictment, which are submitted on TCOLE form E-1. TCOLE rule requires the arresting agency, the appointing agency, and the arrested or indicted licensee to submit the E-1 form. When misconduct has been determined, TCOLE resolves cases through an agreed order for disciplinary action rather than utilizing the State Office of Administrative Hearings (SOAH) process. TCOLE follows all E-1 cases through their court proceedings to final disposition and, depending on the outcome, takes the appropriate actions against the licensees. This process benefits the licensees and enables TCOLE staff to better understand the circumstances surrounding the case. The Enforcement program's General Counsel collaborates with executive staff to direct and provide legal services regarding agency daily functions. The Legal Division areas include administrative law, litigation, employment, personnel, agency policy, and compliance matters. Additionally, the Legal Division maintains the caseload and records of administrative appeals, and drafts and reviews laws, rules, and regulations affecting agency operations and administration. When a Texas peace officer, jailer, or telecommunicator separates from an employing law enforcement agency, the agency must submit an F-5 Report of Separation to TCOLE. The purpose of the F-5 Reports is to protect the public from individuals with disreputable employment histories, and the reports often are used by potential employing agencies to determine a law enforcement applicant's fitness for employment. The report characterizes the nature of separation as honorable, general, or dishonorable.

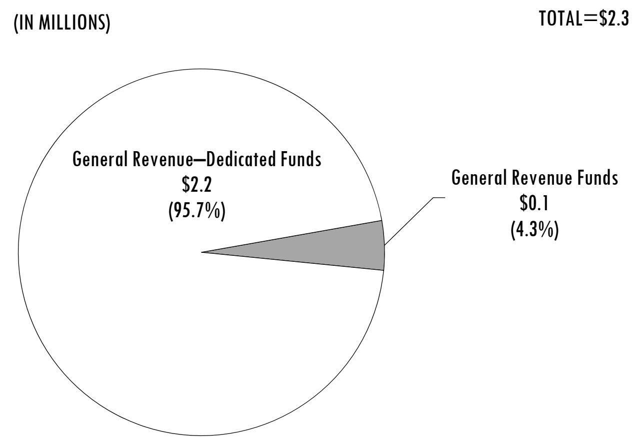
The Enforcement Division conducts a comprehensive review of the criminal history of applicants for a licensing course at an academy that is not affiliated with a law enforcement agency. The Enforcement Division also maintains the agency's two website portals to receive sensitive law enforcement information in compliance with all requirements of the Federal Bureau of Investigations' (FBI) Criminal Justice Information Services Division, which are standards that are managed at the state level by the Texas Department of Public Safety.

Aside from compliance with training requirements, TCOLE's enforcement efforts are dependent on complaints received. Some controls are in place through the FBI's Civil Rap Back program in the criminal history reporting system, which notifies the agency when the licensee's criminal history records a change. The Eighty-first Legislature, Regular Session, 2009, clarified that the agency is to act solely as the referring entity after receiving a licensee's timely appeal and should not be party to F-5 disputes or a contested case hearing at SOAH.

According to the agency, the program's effectiveness could be improved by amending courses added to the Texas Occupations Code, Section 1701.253, with a mandate that training requirements are met within a certain grace period "by the end of the next full continuing education period following licensure."

Figures 83, 84, and **85** show current and historical levels of funding and performance measure data for the Enforcement program.

FIGURE 83
ENFORCEMENT PROGRAM FUNDING SOURCE, 2020–21 BIENNIUM



SOURCE: Texas Commission on Law Enforcement.

FIGURE 84
ENFORCEMENT PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.1	$0.0	$0.0	$0.1	(11.1%)
General Revenue–Dedicated Funds	$1.4	$2.4	$2.5	$2.2	52.4%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.2	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.7**	**$2.4**	**$2.5**	**$2.3**	**32.8%**

SOURCE: Texas Commission on Law Enforcement.

FIGURE 85
ENFORCEMENT PROGRAM KEY PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Disciplinary Actions Taken	475.0	594.0	125.1%	338.0/338.0
Number of Border Security-Related Investigations Opened	20.0	23.0	115.0%	3.0/3.0
Number of Cases Opened	1,500.0	771.0	51.4%	2,000.0/3,000.0
Number of Misconduct Cases Revolved by Agreed Order	6.0	8.0	133.3%	15.00/15.00
Number of Notices of Impending Training Deficiency	10,000.0	49,118.0	491.2%	1,000.0.0/54,000.0
Number of SOAH Hearings for Administrative Misconduct Cases	30.00	2.00	6.67%	3.00/3.00

NOTE: SOAH=State Office of Administrative Hearings.
SOURCE: Texas Commission on Law Enforcement.

SIGNIFICANT FINDINGS

APPEALS PROCESS

Laws regarding F-5 Reports, the categories of discharge included in those reports, and the appeals process for categories of discharge have evolved. The Eighty-first Legislature, Regular Session, 2009, amended statute to clarify that TCOLE is not a party to F-5 disputes or contested case hearings at SOAH, with TCOLE acting solely as the referring entity after receiving a licensee's timely appeal. Despite the change, TCOLE still expends significant staff time and resources related to the process, with 1.0 FTE position dedicated entirely to an administrative appeals process. Additionally, the categories of discharge in F-5 Reports are used by hiring agencies as a shortcut to determine whether an application should be considered. According to TCOLE, whether the separation document status is honorable, dishonorable, or general, hiring agencies should not use it as a substitute for a complete and thorough background investigation.

INFORMATION TECHNOLOGY INFRASTRUCTURE

Issues or challenges for modernizing the agency's legacy case management system could arise from not updating the information technology infrastructure, such as the potential loss of case history or undetected repeat violations by a licensee, and could cause redundant work due to the inability to search historical files.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCOLE, the discontinuance of the Enforcement role would enable the continued operation of licensees that violate TCOLE rules or laws or engage in misconduct. Discontinuing this function could eliminate the agency's option to impose administrative penalties on licensees that commit violations. This option is critical to upholding the integrity of the law enforcement profession.

TECHNICAL ASSISTANCE

The Texas Occupations Code, Sections 1701.162 and 1701.163

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The agency's Technical Assistance program includes the auditing of law enforcement agencies for hiring standards, the establishment of new agencies, and general help regarding compliance with statutes and administrative rules.

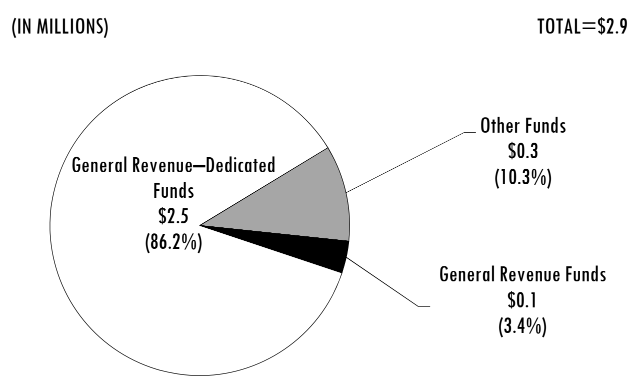
The establishment of a new agency begins with an initial phone interview and request for application. When TCOLE receives the application and required documentation, it schedules an onsite visit of the potential agency, during which TCOLE checks the viability of facilities, including evidence storage and communications. The goal is to ensure that the entity has the resources needed to be successful. TCOLE strives to complete the agency approval within 30 days of receipt of all required documents. TCOLE charges a $1,000 fee for the agency application process to offset staff time and travel costs.

The program serves the population and needs of existing and prospective Texas law enforcement agencies. Since the program's implementation in 2006, the Field Services Program has been well-received, and staff levels have increased from 4.0 FTE positions to 9.0 FTE positions.

Currently, TCOLE field service agents have a goal to audit agencies more often than the statutorily required five years; however, geography and the varying size of agencies make it difficult to meet this goal. TCOLE staff serve eight technical assistance regions. The number of new agencies depends on the number of applications.

Figures 86, 87, and **88** show current and historical levels of funding and performance measure data for the Technical Assistance program.

FIGURE 86
TECHNICAL ASSISTANCE PROGRAM FUNDING SOURCE, 2020–21 BIENNIUM



SOURCE: Texas Commission on Law Enforcement.

FIGURE 87
TECHNICAL ASSISTANCE PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.1	N/A
General Revenue–Dedicated Funds	$1.6	$2.1	$2.1	$2.5	55.0%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.2	$0.3	$0.4	$0.3	72.3%
Total, All Methods of Finance	**$1.8**	**$2.4**	**$2.4**	**$2.9**	**61.5%**

SOURCE: Texas Commission on Law Enforcement.

FIGURE 88
TECHNICAL ASSISTANCE PROGRAM KEY PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Agencies Audited for Law and Rule Compliance	800.0	770.0	96.3%	800.0/800.0
Number of Audits with Deficiencies	250.0	349.0	139.6%	250.0/250.0
Number of Field Service Agent Site Visits	1,500.0	932.0	62.1%	1,500.0/1,500.0

NOTE: The Number of Audits with Deficiencies and Number of Field Service Agent Site Visits are not key measures.
SOURCE: Texas Commission on Law Enforcement.

SIGNIFICANT FINDING

The agency encounters difficulties with providing better customer service to larger travel areas. During TCOLE's most recent Sunset evaluation, the agency was charged with auditing law enforcement agencies at least once every five years for compliance with hiring requirements and to ensure that policies and resources that any law enforcement agency needs to serve its community are in place. These audits are widely seen as a risk management tool by law enforcement agencies, particularly incoming chief administrators. Field service agents that conduct these audits are directed to convey a customer service attitude and make every attempt to collaborate with law enforcement agencies toward voluntary compliance. If repeated deficiencies are noted, or if false information is provided, then the matter is referred to the Enforcement Division. In addition to conducting routine audits, field service agents provide technical assistance to law enforcement agencies, answering questions about statute and administrative rule, particularly as they pertain to training requirements and hiring standards.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCOLE, this program prevents violations by communicating with the agency's regulated population. TCOLE field service agents and Academy and Contract Evaluators, are charged with agency audits pursuant to the Texas Occupations Code, Section 1701.162. Special Services staff ensure the minimum standards for new law enforcement agencies, and Academy and Contract Evaluators monitor compliance with TCOLE training provider agreements. Without funding for the program, the agency expects an increase in Enforcement cases for violations that are not prevented through these efforts.

TCOLE also holds an annual conference to provide legislatively mandated training. If the program were discontinued, the agency would not be able to hold the conference or collect any fee-associated revenue.

INDIRECT ADMINISTRATION

The Texas Government Code, Chapters 552 and 3105; the Texas Occupations Code, Section 1701.161

PROGRAM DESCRIPTION

The agency's Indirect Administration program includes the following Divisions: Open Records, the flag program for the families of deceased officers, the Texas Peace Officers' Memorial Monument, Finance, and Government Relations.

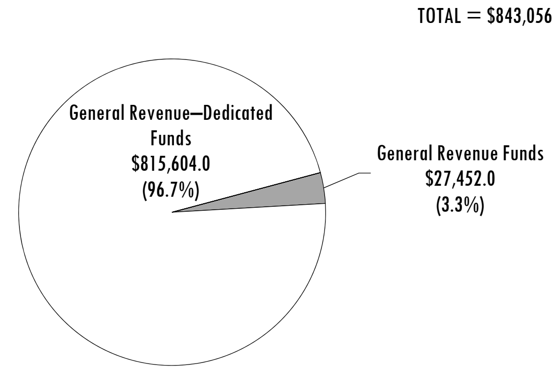
The Finance Division provides multiple operational functions in areas such as Human Resources, Budgeting and Accounting, Financial Reporting, Purchasing and Contract Management, and Grant Administration.

The Government Relations Division reviews and approves the nominations for inclusion on the Texas Peace Officers' Memorial Monument, and collaborates with the Texas Peace Officers' Memorial Ceremony Committee to plan an annual ceremony at the Texas Capitol. Since its implementation, the standards of eligibility for the monument were changed to include deaths recognized by the Employees Retirement System (ERS) in 2017. One factor that affects the population honored is that TCOLE does not always receive notification of officer deaths or application for a flag. According to TCOLE, some clarity on statutory eligibility for the Texas Peace Officers' Memorial Monument may provide assistance. The current law states "killed in the line of duty," but not all situations are clear. In particular, deaths as a result of medical issues from work as a law enforcement officer are difficult to determine.

Because the separation report handled with the Enforcement Division is confidential by statute for public information purposes, TCOLE open records staff spends additional time whenever an employee termination report is requested, sending a request to the Office of the Attorney General for an opinion, and explaining to requestors that the document is confidential. According to the agency, it would be ideal to clarify in statute (the Texas Occupations Code, Section 1701.454) whether information in the F-5 is public or not subject to the Public Information Act.

Figures 89, 90, and **91** show current and historical levels of funding and performance measure data for the Indirect Administration program.

FIGURE 89
INDIRECT ADMINISTRATION PROGRAM FUNDING SOURCE, 2020–21 BIENNIUM



SOURCE: Texas Commission on Law Enforcement.

FIGURE 90
INDIRECT ADMINISTRATION PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$27,452.0	N/A
General Revenue–Dedicated Funds	$573,033.0	$623,846.0	$628,127.0	$815,604.0	42.3%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$573,033.0**	**$623,846.0**	**$628,127.0**	**$843,056.0**	**47.1%**

SOURCE: Texas Commission on Law Enforcement.

FIGURE 91
INDIRECT ADMINISTRATION KEY PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Open Records/Public Information Requests Sent to the Office of the Attorney General	30.0	54.0	180.0%	50.0/50.0
Number of Open Records/Public Information Resources	6,000.0	7,177.0	119.6%	6,200.0/6,500.0

Total Number of State of Texas Flags Presented for Texas Peace Officers	250.0	177.0	70.8%	200.0/200.0

NOTE: The Number of Open Records/Information Resources and Total Number of State of Texas Flags Presented for Texas Peace Officers are not key measures.
SOURCE: Texas Commission on Law Enforcement.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to TCOLE, the discontinuance of the Indirect Administration program would result in a major deficit in government transparency and would eliminate human resources, accounting, financial reporting, purchasing, travel reimbursement, accounts payable, accounts receivable, and state/federal grant functions.

Discontinuing the program also would eliminate all funding for required agency meetings and would result in an increase in legal costs related to Public Information Act lawsuits. The flag program and the Texas Peace Officers' Memorial Monument are funded through gifts, grants, and donations. Both areas are statutory responsibilities, without which deceased officers would be honored only through monetary compensation if determined eligible by ERS.

TEXAS DEPARTMENT OF AGRICULTURE

The Texas Agriculture Code, Title 2

AGENCY DESCRIPTION

The Texas Department of Agriculture's stated mission is to partner with all Texans to make Texas the nation's leader in agriculture, grow its economy through interstate and international trade, empower rural communities, promote healthy lifestyles, and cultivate winning strategies for agriculture-dependent businesses in Texas through exceptional service and the common threads of agriculture in daily life.

The Texas Department of Agriculture (TDA) was established in 1907 to obtain and publish agricultural information and to promote advanced farming methods and practices as led by a statewide elected commissioner. Subsequently, the agency has gained additional regulatory and marketing responsibilities to oversee and promote Texas agriculture. In 2011, additional responsibilities were added for rural communities and affairs when the agency absorbed the responsibilities of the former Texas Department of Rural Affairs and the Texas State Office of Rural Health. The agency currently operates 30 active programs. During the past five years, the following programs have ended or were transferred to other agencies:

- Zebra Chip Research Grants – This program funded research to minimize the effects of the zebra chip disease on Texas potato production and processing industries through research and extension activities. This program was last appropriated funding for the 2016–17 biennium;
- Fuel Quality – This program tested motor fuel for national quality standards at locations where motor fuel was kept, transferred, sold, or offered for sale. The program was transferred to the Texas Department of Licensing and Regulation at the beginning of the 2020–21 biennium; and
- Feral Hog Abatement – This program funded feral hog abatement activities and the development of a viable toxicant to reduce the feral hog population. The program was transferred to the Texas A&M AgriLife Extension.

The agency maintains a headquarters in Austin and five regional offices in Dallas, Houston, Lubbock, San Antonio, and San Juan. In addition, the agency maintains three laboratories, including a seed lab and a metrology lab in Giddings, and a pesticide lab in College Station, and five livestock export pens located in Brownsville, Del Rio, El Paso, Houston, and Laredo to inspect livestock and genetic material being transported across international borders.

Twelve of the agency's programs are required to recover the cost of their operations primarily through fee-generated revenues. Many of the programs are statutorily required to recover costs; others either have fees set in statute or are authorized or required to assess fees according to rules established by the agency. Except for activities specifically exempted by the General Appropriations Act (GAA), the Texas Agriculture Code, Section 12.0144, requires TDA to adopt a schedule by rule for all fees set by the agency pursuant to the Texas Agriculture Code so that the fees, when feasible, would offset the direct and indirect state costs of administering the agency's regulatory activities. The Eighty-sixth Legislature, GAA, 2020–21 Biennium, Article VI, Texas Department of Agriculture, Rider 24, Appropriations Limited to Revenue Collections: Cost Recovery Programs, governs appropriations for all of the cost-recovery programs and requires generated revenues to cover direct program appropriations in TDA's bill pattern and appropriations made elsewhere in the GAA identified as being other direct and indirect costs. **Figure 92** shows each cost-recovery program and the amounts collected and anticipated to be collected by program. In addition, the Texas Agriculture Code, Section 12.0145, requires TDA to include, as part of each request for legislative appropriations submitted to the Legislative Budget Board (LBB), a proposed fee schedule that would recover all direct costs of administering each regulatory program, except a program exempted because increased cost recovery would be contrary to its purpose.

FIGURE 92
TEXAS DEPARTMENT OF AGRICULTURE ACTIVE COST-RECOVERY PROGRAMS, FISCAL YEARS 2017 TO 2021

(IN MILLIONS)

PROGRAM	2017	2018	2019	2020 BUDGETED	2021 ESTIMATED
Agricultural Pesticide Regulation	$7.8	$9.1	$7.7	$9.1	$7.9
Plant Health	$5.0	$5.1	$5.0	$5.1	$5.2
Weights, Measures, and Metrology	$13.2	$13.3	$11.8	$6.9	$6.3
Structural Pest Control	$3.8	$4.0	$4.2	$3.9	$4.1
Hemp	$0.0	$0.0	$0.0	$0.3	$0.5
Egg Quality Regulation	$1.2	$1.3	$0.8	$0.9	$0.9
Grain Warehouse	$0.7	$0.6	$0.6	$0.6	$0.6
Organic Certification Program	$0.5	$0.4	$0.3	$0.4	$0.4
Prescribed Burn Program	Less than $0.1	Less than $0.1	Less than $0.1	Less than $0.1	Less than $0.1
International and Domestic Trade	$1.0	$1.1	$1.0	$0.6	$0.6
Livestock Export Pens	$0.2	$0.2	$0.3	$0.2	$0.2
Handling and Marketing of Perishable Commodities	$0.1	$0.1	$0.1	$0.1	$0.1
Total for all programs	**$33.5**	**$35.2**	**$31.8**	**$28.1**	**$26.8**

SOURCE: Texas Department of Agriculture.

SIGNIFICANT FINDINGS

- Not all costs are recovered by fee-generated revenue due to variations in statutory language governing the level of required fee assessments. Although the Texas Agriculture Code, Section 12.0144, requires TDA to adopt fees to offset the direct and indirect state costs of administering the agency's regulatory activities, not all fees assessed by the agency are for regulatory purposes. For example, yardage fees for export pens are statutorily limited for direct program costs.

- TDA does not submit a proposed cost-recovery fee schedule pursuant to the Texas Agriculture Code, Section 12.0145, as part of each legislative appropriations request submitted to the LBB. In addition, the statute does not require a fee schedule for this purpose to include other direct and indirect costs for requested funding.
- The 2020–21 GAA directs TDA by rider to use any appropriations available in its bill pattern to provide a grant program to reduce wait times for agricultural inspections of vehicles at ports of entry along the Texas–Mexico border, pursuant to House Bill 2155, Eighty-sixth Legislature, 2019. However, the agency reports that no General Revenue Funds appropriations or other funding for gifts, grants, or donations are available for implementing the legislation.
- TDA staff are limited in the operation of road station checkpoints intended to stop shipments of pest-infested plants into the state because the initiative is largely dependent on Texas Department of Public Safety (DPS) officer availability. DPS officers, who are authorized to stop trucks along surveilled routes, staff these road stations through a $129,000 Interagency Contract with TDA. However, according to TDA, funding is not the main issue.
- The Wine Marketing, Research, and Education program has not received funding from taxes on winery sales and other wine-related revenues due to statutory funding allocations and the Comptroller of Public Accounts' inability to distinguish between wine excise tax revenues derived from in-state payers and out-of-state payers. As a result of these complications, revenues from these sources have not been deposited to the credit of the General Revenue–Dedicated Fund established to fund the program.
- The number of Grain Warehouse Licenses, Permits, and Registrations issued by TDA has been decreasing while those issued by the U.S. Department of Agriculture (USDA) has been increasing due to reduced market demand for storage facilities, an increase in state program fees, and greater efficiencies in the national transportation network, which enables faster grain processing.
- TDA staff are not required to inform Animal Health Commission staff when animals inspected at TDA-operated export facilities are rejected for poor health. Statute does not require this reporting, and the agencies do not have a formal agreement to share information regarding rejected animals. As a result, the rejected animals may be released and remain in Texas without further examination and testing.
- TDA reports that it has not been able to access revenues collected pursuant to the Texas Transportation Code, Section 504.625, from GO TEXAN license plate sales since a prior version of the program was suspended and the account closed; however, revenues continue to be received with TDA having no authorization to use these funds.
- TDA is not able to renew GO TEXAN memberships automatically, and the result is that many businesses are not aware that their memberships have expired. These failures to renew memberships, in turn, may result in decreased program revenue.
- Fewer warehouses are interested in contracting with TDA to serve as repositories for USDA commodities because providing this service has become less profitable due to increases in the direct delivery of USDA foods to distributors and in using USDA foods funding for the Department of Defense Fresh Fruit and Vegetable Program. This decrease in contracted warehouses could increase costs for the Child Nutrition-School Nutrition Program or require TDA to store and transport these commodities in regional areas that are not serviced by contracted warehouses.
- TDA reports significant overlap between the regulating statutes regarding the licensing requirements for the certification of pesticide applications in the lawn and ornamental and weed pest control categories in the Texas Agriculture Code, Section 76.102(a)(3), and the Texas Occupations Code, Section 1951.053, which results in some applicators needing two licenses.

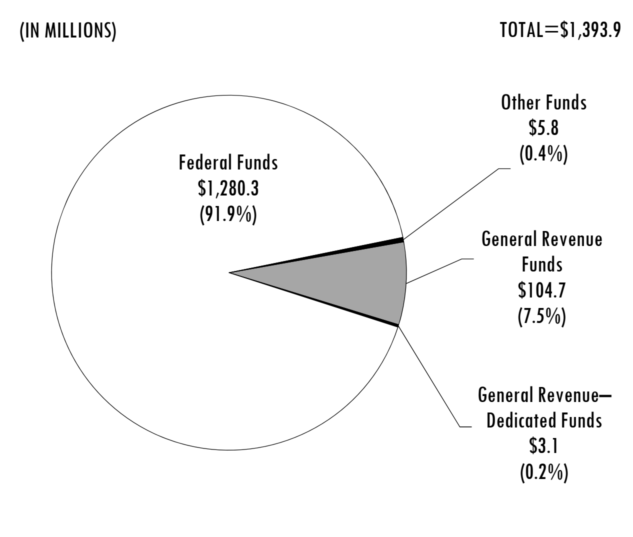
- Each egg processor licensed through the Egg Quality Regulation program must pay an inspection fee of $0.40 per case and remit payment to TDA monthly. These fees are self-reported, which, according to the agency, is challenging to reconcile. The agency also reports that an online self-reporting system would increase efficiencies in reconciling reports and fees paid and would reduce the burden on small operations. In addition, the agency indicates that additional and updated equipment such as candlers and scales would improve the quality, scope, and range of inspections, thereby increasing consumer protection.
- The Texas Agriculture Code, Section 146.021, authorizes TDA to establish and collect reasonable fees for maintenance, feed, medical care, facility use, and other necessary expenses within the Livestock Export Pens program. This authorization includes fees for water, pen space, labor for conducting export inspections, and feeding the livestock. During the 2018–19 biennium, program expenditures totaled $2.3 million in General Revenue Funds; however, TDA collected $0.5 million from the assessment of processing fees to recover costs associated with the processing of exported or imported animals, or about $1.7 million less than total program expenditures.
- The agency reports challenges with identifying unlicensed commercial businesses to enforce regulatory requirements within the Structural Pest Control program. Another challenge concerns overlap of licensing requirements between the Texas Agriculture Code, Chapter 76, and the Texas Occupations Code, Chapter 1951, which address mosquito control methods used by landscape maintenance and vegetation management applicators. This overlap has caused confusion within the regulated community regarding which license is required.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service. Minimum level of service estimates for some activities are noted in the relevant individual program summaries.

Figures 93, **94,** and **95** show current and historical levels of funding for TDA by method of finance and by program.

FIGURE 93
TEXAS DEPARTMENT OF AGRICULTURE FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 94
TEXAS DEPARTMENT OF AGRICULTURE PROGRAM FUNDING OVERVIEW
2018–19 TO 2020–21 BIENNIA

		(IN MILLIONS)			
RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1.	Child Nutrition – School Nutrition Program	$96.7	$94.2	($2.6)	(2.6%)
2.	Child Nutrition – Community Nutrition Program	$967.4	$1,041.3	($73.9)	(7.6%)
3.	International and Domestic Trade	$2.7	$2.6	$0.1	(4.1%)
4.	Rural Health	$9.1	$8.9	$0.2	(2.5%)
5.	Agricultural Pesticide Regulation	$10.3	$11.5	$1.2	11.9%
6.	Weights, Measures, and Metrology	$0.0	$9.6	$9.6	N/A
7.	Plant Health	$11.2	$10.7	($0.6)	(4.9%)
8.	Structural Pest Control	$4.7	$4.7	$0.1	1.4%
9.	Produce Safety	$2.0	$2.2	$0.1	6.6%
10.	Hemp	$0.0	$1.3	$1.3	N/A
11.	Rural Community and Economic Development	$137.2	$133.9	($3.3)	(2.4%)
12.	Egg Quality Regulation	$0.9	$1.0	$0.1	10.6%
13.	Handling and Marketing of Perishable Commodities	Less than $0.1	Less than $0.1	Less than $0.1	(33.3%)
14.	Wine Marketing, Research, and Education	$0.5	$0.4	(Less than $0.1)	(11.6%)
15.	Grain Warehouse	$1.0	$0.7	($0.3)	(27.4%)
16.	Livestock Export Pens	$2.2	$2.1	(Less than $0.1)	(2.1%)
17.	Boll Weevil Eradication	$10.1	$9.7	($0.4)	(3.6%)

18.	Texas Cooperative Inspection Program	$0.3	$0.3	$0.1	25.4%
19.	Organic Certification Program	$0.8	$0.6	($0.2)	(22.2%)
20.	Specialty Crop Block Grant Program	$4.0	$3.7	($0.3)	(7.4%)
21.	Pesticide Disposal	$0.0	$0.9	$0.9	N/A
22.	Commodity Boards	$0.1	$0.1	(Less than $0.1)	(7.3%)
23.	Prescribed Burn Program	Less than $0.1	Less than $0.1	$0.0	0.0%
24.	Texans Feeding Texans Home-Delivered Meal Grant Program	$17.8	$19.7	$2.0	11.0%
25.	Texans Feeding Texans Surplus Agricultural Products Grant Program	$9.1	$10.2	$1.0	11.1%
26.	3 E's (Education, Exercise, and Eating Right) Nutrition Education	$0.9	$0.9	(Less than $0.1)	(1.7%)
27.	Pesticide Data Program	$1.4	$1.4	(Less than $0.1)	(1.1%)
28.	Biofuels Infrastructure Partnership	$0.0	$0.0	$0.0	0.0%
29.	License Plates	$0.1	$0.1	$0.0	0.0%
30.	Indirect Administration	$21.5	$21.1	($0.4)	(1.7%)

NOTE: Totals may not sum due to rounding.
SOURCE: Texas Department of Agriculture.

FIGURE 95
TEXAS DEPARTMENT OF AGRICULTURE FUNDING BY METHOD OF FINANCE
2018–19 TO 2020–21 BIENNIA

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED 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%**

SOURCE: Legislative Budget Board.

CHILD NUTRITION – SCHOOL NUTRITION PROGRAM

The Texas Agriculture Code, Section 12.0025; U.S. Code of Federal Regulations, Title 7, Parts 210, 215, 220, 235, 250, and 252

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

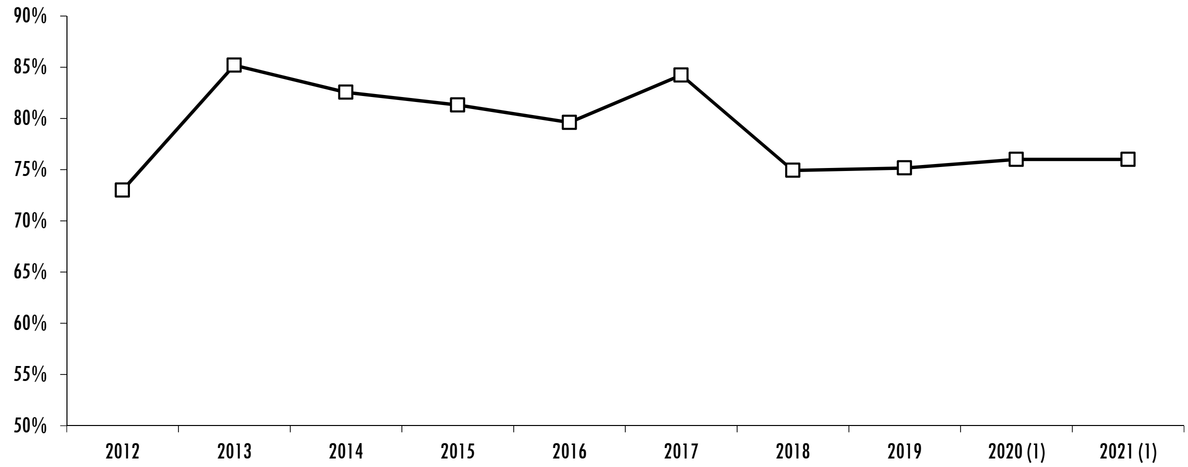
The School Nutrition Program, established in calendar year 1946, consists of several programs whose collective purpose is to safeguard the health and well-being of children by providing nutritional meals and snacks each school day. These programs have the following criteria for participation:

- the National School Lunch Program provides lunches to more than 3.1 million Texas children daily during the school year in public and nonprofit private schools and residential childcare institutions (RCCI). Lunches must meet federal nutrition guidelines and are reimbursable based on number of meals served;
- the School Breakfast Program provides breakfasts to more than 1.8 million Texas children daily during the school year in public, private nonprofit, or live-in public or private nonprofit RCCIs. Breakfasts must meet federal nutrition guidelines and are reimbursable based on number of meals served. The Texas Education Code, Section 33.901 requires that a school participate in the School Breakfast Program if at least 10.0 percent of students are eligible to receive free or reduced-price meals;
- the Food Distribution Program for Child Nutrition Programs provides USDA-purchased food to nutrition programs in public schools, charter and private schools, and RCCIs. All schools that participate in the National School Lunch Program are eligible to receive USDA commodities, which add value and offset the costs of providing meals. TDA contracts with warehouses to store these resources before they are shipped to school districts;
- the Fresh Fruit and Vegetable Program provides fresh fruit and vegetables to students in participating elementary schools during the school year; and
- the Special Milk Program provides cash assistance to nonprofit childcare institutions, summer camps, or nonprofit schools that do not participate in a federal child nutritional meal service program to defray the cost of providing milk and to encourage milk consumption by children.

TDA provides administrative and program oversight for the School Nutrition Program, and a significant portion of these funds are transferred to the Texas Education Agency (TEA). State appropriations to TEA for these programs support public school districts and charter schools. TEA serves as the payment processor for those entities, and TDA provides a payment file containing information necessary for TEA to submit payment to public and charter schools through the state's accounting system. TEA uses federal funding passed through TDA to maintain and support the information technology system for the program. TDA processes claims for payment from eligible private schools and RCCIs. The agency maintains a memorandum of understanding with the Health and Human Services Commission to receive household eligibility information used by school districts to identify students' eligibility for program benefits.

The federal Healthy and Hunger-free Kids Act (HHFKA) of 2010, a reauthorization of the Child Nutrition Act, provides funding for school meal and child nutrition programs, increases access to healthy food, and promotes student wellness. **Figure 96** shows the percentage of the eligible population receiving school lunches and breakfasts from fiscal years 2012 to 2019. The USDA Food and Nutrition Service (FNS) and TDA enter into a federal–state agreement for the administration of the nutrition and food distribution programs.

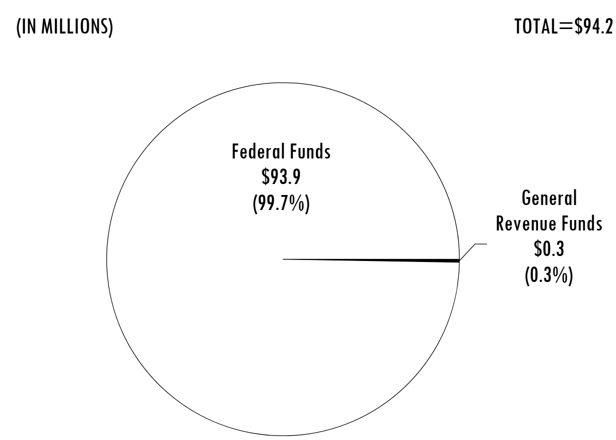
FIGURE 96
PERCENTAGE OF ELIGIBLE POPULATION RECEIVING SCHOOL LUNCH AND BREAKFAST IN TEXAS
FISCAL YEARS 2012 TO 2019



NOTE: Fiscal years 2020 and 2021 show budgeted percentages.
SOURCE: Texas Department of Agriculture.

Figures 97 and **98** show current and historical levels of funding for this program by method of finance.

FIGURE 97
SCHOOL NUTRITION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



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

FIGURE 98
SCHOOL NUTRITION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	**EXPENDED 2014–15**	**EXPENDED 2016–17**	**EXPENDED 2018–19**	**APPROPRIATED 2020–21**	**PERCENTAGE CHANGE 2014–15 TO 2020–21**
General Revenue Funds	$0.3	$0.3	$0.3	$0.3	(16.2%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$81.2	$90.5	$106.3	$93.9	15.6%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$81.5**	**$90.7**	**$106.5**	**$94.2**	**15.5%**

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

Figure 99 shows performance measure data for measures identified in the GAA for fiscal years 2019 to 2021.

FIGURE 99
SCHOOL NUTRITION PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	**2019 TARGET**	**2019 ACTUAL PERFORMANCE**	**PERCENTAGE OF ANNUAL TARGET**	**2020/2021 TARGET**
Percentage of School Districts with No Compliance Review Fiscal Action	90.0%	96.4%	107.1%	90.0%/90.0%
Number of School Staff Trained on School Nutrition Program	30,000	29,195	97.3%	32,000/32,000

SOURCE: Texas Department of Agriculture.

SIGNIFICANT FINDING

According to TDA, fewer warehouses are interested in contracting with the agency to serve as a repository for USDA commodities. The agency attributes this reduced interest to the diminished profitability for providing this service stemming from two causes: an increase in the amount of USDA foods delivered directly by distributors rather than processed through a vendor; and increased interest in using USDA foods funding for the U.S, Department of Defense Fresh Fruit and Vegetable Program.

For example, a former warehouse contractor communicated to TDA that lower warehouse pricing influenced the decision not to renew its contract. The agency replaced that contractor with one whose prices were 55.0 percent greater. If the agency is unable to secure contracted third parties to provide these storage services, TDA would be required to store and transport these commodities in regional areas that are not serviced by a contracted warehouse.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

HHFKA provides funding for school meal and child nutrition programs, increases access to healthy food, and promotes student wellness. The USDA-FNS and TDA have entered into a federal–state agreement to administer the nutrition and food distribution programs. If the program were discontinued at TDA, USDA could award the funding to TEA.

CHILD NUTRITION – COMMUNITY NUTRITION PROGRAM

The Texas Agriculture Code, Section 12.0025; the U.S. Code of Federal Regulations, Title 7, Parts 225, 226, 235, 240, 247, 248.4, 248.9, 250, and 251

Mission Centrality – Moderate; Authority – Moderate

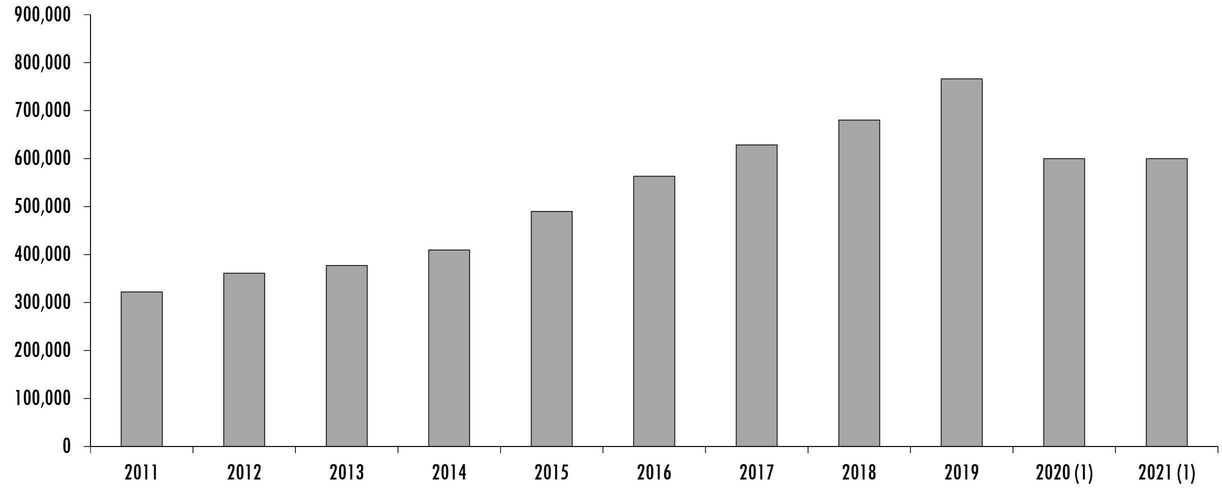
PROGRAM DESCRIPTION

The Community Nutrition Program includes the following programs that collectively provide funding reimbursement for meals and snacks to qualifying individuals:

- the Child and Adult Care Food Program provides meals to childcare centers, adult day-care centers, day-care homes, and afterschool at-risk programs. The total number of meals provided through this program has increased 138.0 percent from fiscal years 2011 to 2019 (see **Figure 100**);
- the Summer Feeding Programs provide access to no-cost meals to students age 18 or younger during summer months when schools are not in session. Eligible organizations include schools, food banks, private nonprofit organizations, religious networks, and local government entities;
- the Farmers Market Nutrition Program provides assistance to qualified participants to buy fresh fruits and vegetables using program vouchers from participating farmers' market associations;
- the Senior Farmers Market Nutrition Program assists low-income seniors, age 60 and older, to buy fresh fruits and vegetables using program vouchers from participating farmers' market associations;
- the Emergency Food Assistance Program distributes a portion of excess agricultural abundance to low-income people and households. These USDA commodities are distributed to emergency feeding organizations such as food pantries, soup kitchens, and housing authorities;
- the Commodity Supplemental Food Program provides food commodities that are supplied for home consumption or distributed through food banks to low-income seniors, age 60 and older; and
- the Food Assistance Disaster Relief program makes USDA foods available to disaster relief organizations for mass feeding or household distribution. These resources are available upon a disaster declaration.

Figure 100 shows the average number of children and adults served meals through the Child and Adult Care Food Program from fiscal years 2011 to 2021.

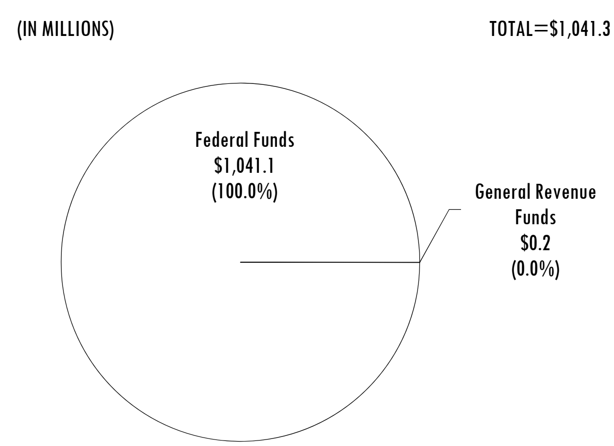
FIGURE 100
AVERAGE NUMBER OF TEXANS SERVED MEALS THROUGH THE CHILD AND ADULT CARE FOOD PROGRAM
FISCAL YEARS 2011 TO 2021



NOTE: Fiscal years 2020 and 2021 show performance measure targets established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Department of Agriculture, and do not represent actual performance.
SOURCE: Legislative Budget Board.

Figures 101 and **102** show current and historical levels of funding for this program by method of finance.

FIGURE 101
COMMUNITY NUTRITION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 102
COMMUNITY NUTRITION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.2	$0.2	$0.2	$0.2	3.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$806.7	$887.7	$999.1	$1,041.1	29.1%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$806.9**	**$888.0**	**$967.4**	**$1,041.3**	**29.0%**

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

Figure 103 shows performance measure data for measures for fiscal years 2019 to 2021.

FIGURE 103
COMMUNITY NUTRITION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Average Number of Child and Adults Served Meals through the Child and Adult Care Food Program	560,000	766,339	136.8%	600,000/600,000

SOURCE: Texas Department of Agriculture.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Elimination of this program would result in a significant loss of Federal Funds provided to the state for community nutrition. Its constituent programs support the expansion of agricultural markets, provide nutrition safety-net programs for underserved or underemployed citizens, and sustain the state's food banks. Elimination would affect the state's economy negatively, reduce the state's readiness to respond to crisis and natural disasters, remove a safety net for underserved citizens, and eliminate the 178,000 lunches served daily in Texas childcare centers. According to the agency, the economic impact to Texas would be a decrease of more than $7.0 billion.

INTERNATIONAL AND DOMESTIC TRADE

The Texas Agriculture Code, Chapters 12 and 46; the federal Small Business Act as amended by the Trade Facilitation and Trade Enforcement Act of 2015

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The International and Domestic Trade program supports Texas agriculture through activities, such as the GO TEXAN program, to promote Texas agriculture and increase awareness of Texas-made and Texas-raised products, culture, and communities.

The GO TEXAN program is an optional certification program for producers of Texas agriculture or products that members use to label their products as Texas-made. From fiscal years 2017 to 2019, TDA averaged $1.0 million per fiscal year in cost recovery generated from this program. These revenues came primarily from two sources: $0.2 million from the processing of GO TEXAN certifications and renewals, and $0.4 million from revenues generated from conference, seminar, training registration fees, and GO TEXAN license plate revenue.

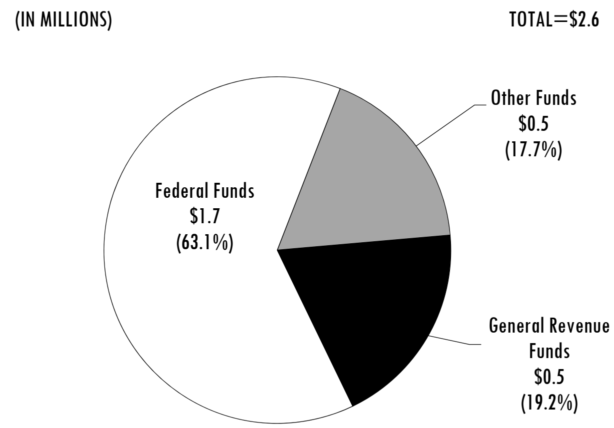
Since its inception in 1999, the GO TEXAN program operates as a broad-based, strategic marketing campaign that promotes all Texas agricultural products with one trademark domestically and internationally. The program provides Texas producers with opportunities for joint advertising, event participation and partnerships with retailers. In fiscal year 2011, marketing activities changed from receiving appropriated General Revenue Funds to a cost-recovery model that requires the agency to collect fees to recover the costs of administering the program. Currently, the program authorizes online applications and payments, which the agency reports has increased membership due to an easier application process and has streamlined the agency's review process, resulting in approvals requiring days instead of months.

A GO TEXAN member survey conducted by the agency in fiscal year 2020 identified the following program benefits:

- among survey respondents, 61.0 percent said that their sales increased during the last year, and 36.0 percent attributed at least a portion of the increase to their GO TEXAN membership;
- based on sales data reported by survey respondents, $11.1 million in direct sales increases were attributable to the GO TEXAN program;
- estimated gross sales for all GO TEXAN members totaled $671.0 million in the past fiscal year; the estimated economic impact totaled $1.1 billion;
- among respondents, 72.0 percent identified the use of the GO TEXAN mark as the top program feature; second was participation in trade shows and festivals, followed by GO TEXAN social media mentions, participation in the State Fair GO TEXAN Pavilion, and inclusion on the GO TEXAN website; and
- respondents reported the top benefits of GO TEXAN membership as increased brand awareness and improved marketing opportunities.

Figures 104 and **105** show current and historical levels of funding for the International and Domestic Trade program by method of finance.

FIGURE 104
INTERNATIONAL AND DOMESTIC TRADE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



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

FIGURE 105
INTERNATIONAL AND DOMESTIC TRADE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.3	$0.6	$0.6	$0.5	(62.0%)
General Revenue–Dedicated Funds	$0.9	$0.1	$0.0	$0.0	(100.0%)
Federal Funds	$0.2	$0.6	$1.6	$1.7	929.8%
Other Funds	$0.8	$1.0	$0.6	$0.5	(45.1%)
Total, All Methods of Finance	**$3.3**	**$2.3**	**$2.7**	**$2.6**	**(19.5%)**

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

Figure 106 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 106
INTERNATIONAL AND DOMESTIC TRADE PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage Increase in the Number of Business Assists Facilitated	2.5%	1.1%	44.0%	1.0%/1.0%
Number of Entities Enrolled in Texas Department of Agriculture Marketing Programs	1,675	1,610	96.1%	1,675/1,675
Number of Businesses Assisted	20,500	203,418	992.3%	3,000/3,000

SOURCES: Legislative Budget Board; Texas Department of Agriculture.

SIGNIFICANT FINDING

According to the agency, one challenge in operating the program is the inability to renew memberships automatically, which has led to many businesses believing they are enrolled in the GO TEXAN program when they have not renewed for the year. Many businesses are not aware that their membership had expired when contacted by the agency. TDA also has reported that cost-recovery funding through assessing fees and private industry have not been able to provide TDA with the resources necessary to expand global market opportunities for Texas agriculture and bring business to rural Texas.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program would eliminate the primary means by which state funding is used to market domestically and internationally the products that are grown, produced, processed, or manufactured in Texas. In addition, the GO TEXAN brand, which consumers have come to associate with Texas producers' goods for 21 years, would be retired.

RURAL HEALTH

The Texas Government Code, Chapter 487; the federal Medicare Rural Hospital Flexibility Grant; the Balanced Budget Act of 1997, Section 4201; the Small Hospital Improvement Grant, the U.S. Social Security Act, Section 1820(g)(3); the Social Security Act, Section 711, State Office of Rural Health Funding; the U.S. Code, Title 42, Section 912, as amended, Public Law 108-173

Mission Centrality – Weak; Authority – Strong

PROGRAM DESCRIPTION

TDA's State Office of Rural Health (SORH) manages the Rural Health program. This program works with local healthcare providers, rural health facilities including clinics and hospitals, and multiple stakeholders to support access to quality healthcare for rural Texans. The program administers programs and technical assistance to approximately 150 rural hospitals, recruits and retains trained medical professionals to rural areas, and awards grants to rural health facilities to acquire, construct, or improve facilities, equipment, or real property.

The U.S. Health Resources and Services Administration (HRSA) recognizes TDA as the designated state agency for these responsibilities and allocates Federal Funds to TDA to cover program expenses at a 3:1 match in state funding.

SORH originated as the Office of Rural Community Affairs (ORCA), which was established in fiscal year 2001 to assist rural communities by administering rural health programs, among other activities. The Seventy-seventh Legislature, 2001, established ORCA by consolidating the Center for Rural Health Initiatives programs, transferred from the former Texas Department of Health, with the Community Development Block Grant (CDBG) program, transferred from the Texas Department of Housing and Community Affairs. The Legislature directed ORCA to coordinate more closely with TDA in 2007 by requiring cross-training of ORCA employees with TDA employees on programs administered by each agency that relate to rural communities. ORCA's name changed to the Texas Department of Rural Affairs (TDRA) in 2009, and subsequently the program was transferred to TDA in 2011. The newly established Office of Rural Affairs within TDA oversees the CDBG Program, SORH, the Texas Agricultural Finance Authority, and other programs.

The agency maintains a list of working rural hospitals to carry out its program responsibilities. SORH maintains only an informal list of rural hospital closures, because it does not have statutory authority to collect that information. Accordingly, hospitals facing closure are not required to report that information to the agency. SORH's informal list does not identify when certain facilities close and subsequently reopen under different ownership.

The Rural Health program consists of several activities.

The State Office of Rural Health Grant Program uses Federal Funds with matching state funding to identify and address issues that affect rural hospitals and healthcare providers by providing technical assistance, training opportunities, and information to rural health stakeholders.

The Rural Health Facility Capital Improvement Program provides grants of up to $75,000 to rural public and nonprofit hospitals for construction, capital improvements, or capital equipment purchases. Funding for the program comes from the Permanent Fund for Rural Health Facility Capital Improvement, which utilizes interest from an endowment of $50.0 million resulting from state's tobacco settlements.

The Small Rural Hospital Improvement Program provides funding of approximately $10,000 to each rural hospital with 49 or fewer beds. Services include funding for equipment or training; aiding hospitals in joining or becoming accountable care organizations or developing shared savings programs; and funding for health information technology, equipment, or training to comply with meaningful-use electronic health record provisions, International Statistical Classification of Diseases and Related Health Problems standards, payment bundling, or care transitions.

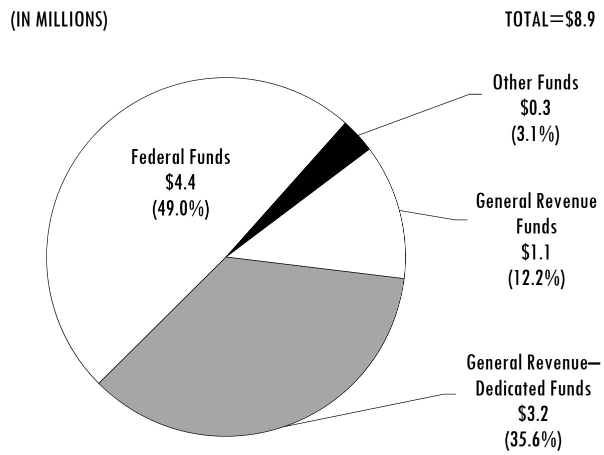
The Medicare Rural Hospital Flexibility Program provides incentives to rural health providers to achieve Critical Access Hospital (CAH) status. To qualify as a CAH, the facility must be a limited-service hospital that has 25 beds or fewer, is located outside of a metropolitan statistical area, and is located 35 or more miles from another hospital. For CAHs, the program provides support for strategic planning, training and development, and quality improvement and data reporting services. These activities are intended to encourage the development of a statewide rural health plan, development of rural health networks associated with CAH facilities, integration and strengthening of rural emergency medical systems, and improvement in the quality of healthcare services for rural populations.

The Rural Communities Health Care Investment Program (RCHIP) helps rural communities in medically underserved areas attract and retain healthcare professionals by providing an incentive of up to $10,000 to any eligible non-physician healthcare professional that agrees to practice there for one year.

The St. David's Foundation Loan Repayment Program is a grant funded by the foundation and administered by SORH. This program previously was administered by the Texas Higher Education Coordinating Board (THECB); however, program administration transferred to TDA in January 2018, along with funding from THECB to cover the cost of 1.0 full-time-equivalent (FTE) support position. This grant funding helps eligible healthcare facilities in the foundation's Central Texas service area attract and retain healthcare professionals by providing loan repayment assistance to participants

Figures 107 and **108** show current and historical levels of funding for this program by method of finance.

FIGURE 107
RURAL HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



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

FIGURE 108
RURAL HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.5	$0.7	$1.2	$1.1	(26.6%)
General Revenue–Dedicated Funds	$3.9	$4.1	$3.3	$3.2	(19.2%)
Federal Funds	$2.8	$3.1	$4.0	$4.4	56.7%
Other Funds	$0.2	$0.3	$0.3	$0.3	33.2%
Total, All Methods of Finance	**$8.4**	**$8.2**	**$8.8**	**$8.9**	**5.9%**

SOURCE: Legislative Budget Board.

Figure 109 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 109
RURAL HEALTH PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Low-interest Loans and Grants Awarded to Rural Hospitals	30	26	86.7%	30/30

SOURCE: Texas Department of Agriculture.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program would eliminate state funding appropriated to the agency for these services. According to the National Organization of State Offices of Rural Health, while all 50 states have rural health offices, they vary in size, organization, and location. Some states house these programs within state health departments, universities, or nonprofit organizations. If this program were discontinued at TDA, another managing entity could receive federal funding to establish an office or program in its place.

AGRICULTURAL PESTICIDE REGULATION

The Texas Agriculture Code, Chapter 76; the Federal Insecticide, Fungicide, and Rodenticide Act

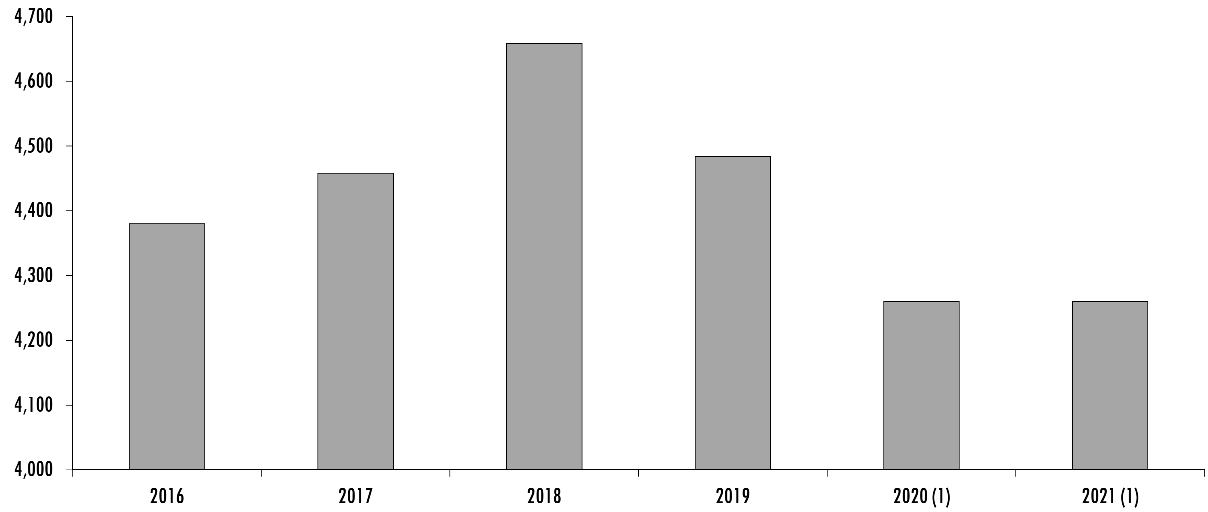
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Agricultural Pesticide Regulation program provides regulatory oversight of pesticide laws, certification of applicators, registration of pesticides, and protection and education of pesticide workers and handlers. This oversight includes investigation of complaints and provides for laboratory analysis of pesticide residue samples.

USDA designated TDA as the State Lead Agency for Pesticide Regulation in 1976. The program contains three main components: Pesticide Evaluation and Registration involves the registration of persons and entities wishing to market, distribute, or apply a pesticide product in the state. The Agricultural Pesticide Certification and Compliance Program regulates the licensing of pesticide applicators and provides continuing education courses for applicator recertification. **Figure 110** shows the number of inspections conducted from fiscal years 2016 to 2021. The program's third component is the Pesticide Laboratory, which provides pesticide residue analysis to support the agency's enforcement actions involving the misuse of pesticide. Certification and compliance is performed mostly on agricultural, landscape maintenance, and vegetation management pest control services. TDA anticipates issuing 16,850 licenses and certificates to pesticide applicators and registering 9,750 pesticides each year of the 2020–21 biennium.

FIGURE 110
AGRICULTURAL PESTICIDE INSPECTIONS IN TEXAS
FISCAL YEARS 2016 TO 2021



NOTE: (1) Fiscal years 2020 and 2021 show performance measure targets established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Department of Agriculture, and do not represent actual performance.
SOURCE: Texas Department of Agriculture.

The Agricultural Pesticide Regulation program is required to assess and collect fees in an amount necessary to recover the costs of administering and enforcing the program. For the 2020–21 biennium, application and renewal fees for an agricultural pesticide applicators range from $60 to $240 depending on the applicator type. Pesticide registration fees are $600 per produce every two years. The most recent adjustment to these rates occurred in fiscal year 2016. These fees are authorized pursuant to the Texas Agriculture Code, Chapter 12.

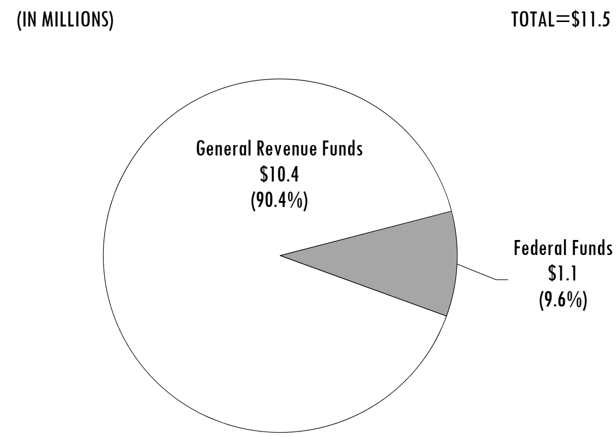
From fiscal years 2017 to 2019, TDA averaged $8.2 million in cost recovery generated from this program. The three-year average collections from fiscal years 2017 to 2019 from the two primary sources of program revenue are:

- $2.7 million from the processing of license applications and license renewals; and
- $4.8 million from the annual registration and renewal of pesticide brands.

Both the Agricultural Pesticide Regulation program and the Structural Pest Control Service program follow regulations of the Federal Insecticide, Fungicide, and Rodenticide Act and the Texas Occupations Code, Chapter 1951.

Figures 111 and **112** show current and historical levels of funding for this program by method of finance.

FIGURE 111
AGRICULTURAL PESTICIDE REGULATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



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

FIGURE 112
AGRICULTURAL PESTICIDE REGULATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$5.4	$5.4	$9.2	$10.4	92.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$1.4	$1.1	$1.1	$1.1	(18.9%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$6.8**	**$6.4**	**$10.3**	**$11.5**	**70.0%**

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

Figure 113 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 113
AGRICULTURAL PESTICIDE REGULATION PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Agricultural Pesticide Inspections in Compliance with Laws and Regulations	92.0%	84.3%	91.6%	92.0%/92.0%
Number of Agricultural Pesticide Complaint Investigations Conducted	225	252	112.0%	225/225

SOURCES: Legislative Budget Board; Texas Department of Agriculture.

SIGNIFICANT FINDING

TDA identified significant overlap between the regulating statutes concerning licensing requirements for the certification of pesticide applications in the lawn and ornamental and weed pest control categories. Requirements in the Texas Agriculture Code, Section 76.102(a)(3), and the Texas Occupations Code, Section 1951.053, overlap, which results in some applicators requiring two licenses to conduct these applications. Strategic Fiscal Review analysis concurs that statutory changes would improve program implementation and would not have a negative fiscal effect.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Federal law requires states to operate regulatory programs to protect the public against misuse of pesticides. If this program were discontinued, then the U.S. Environmental Protection Agency (EPA) would assume enforcement and licensing of all pesticide applicators and use, and EPA would administer distribution of pesticides. In addition, discontinuing the program would decrease the state's ability to request special pesticide registrations for emergency pest problems and for local needs.

WEIGHTS, MEASURES, AND METROLOGY

The Texas Agriculture Code, Chapter 13

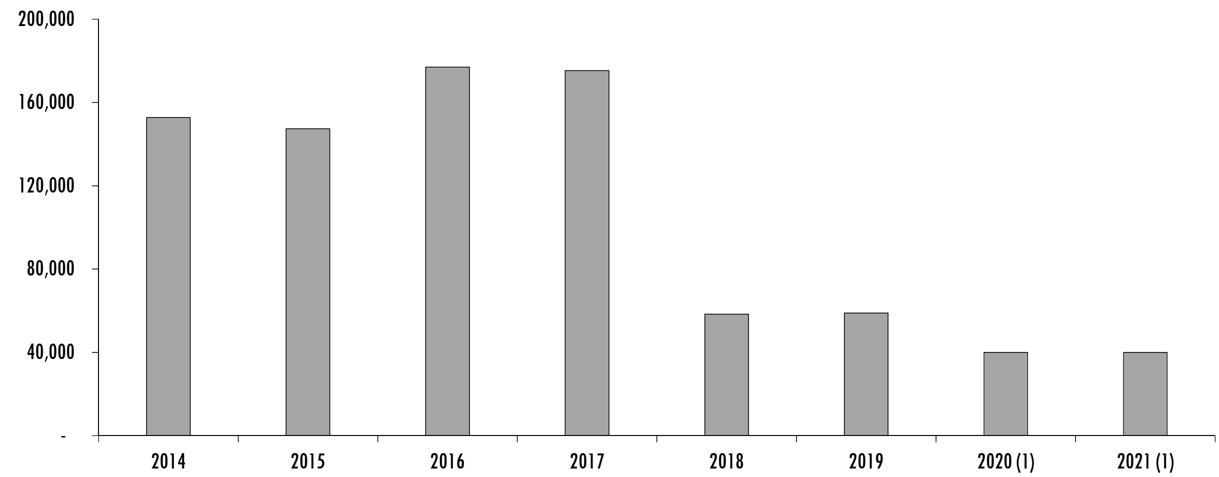
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Weights, Measures, and Metrology program inspects weighing and measuring devices to ensure performance within acceptable tolerances, inspects packaging to enforce net content and labeling regulations, and measures mass and volume standards 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 (LPG) 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, the agency weighs or measures packaging ranging from cereal boxes to packaged polyethylene sheeting to determine whether the contents meet or exceed the quantity stated on the label. **Figure 114** shows the number of weights and measure device inspections conducted each fiscal year. A significant decrease in the number of inspections from the 2016–17 to 2018–19 biennium is attributed to enactment of House Bill 2174, Eighty-fifth Legislature, Regular Session, 2017, which privatized certain inspection and registration activities previously performed by TDA. The agency also monitors whether the prices displayed on the shelf for consumer products are the same prices consumers pay at the checkout counter.

FIGURE 114
TEXAS DEPARTMENT OF AGRICULTURE'S WEIGHTS AND MEASURE DEVICE INSPECTIONS CONDUCTED 2020–21 BIENNIUM



NOTE: Fiscal years 2020 and 2021 show performance measure targets established in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Department of Agriculture, and do not represent actual performance.
SOURCE: Texas Department of Agriculture.

The program licenses 30,153 establishments that use commercial weighing and measuring devices, 205 companies that install, service, or calibrate weighing or measuring devices in commercial use, and 1,584 registered technicians who place devices into service or remove out-of-order tags issued by TDA and perform inspections of LPG meters and ranch scales.

All field standard calibrations for weighing and measuring devices in Texas must be performed annually by a recognized laboratory to ensure accuracy recognition for interstate commerce. The TDA metrology laboratory in Giddings is traceable to the International System of Units through the National Institute of Standards and Technology by compliance to the ISO 17025 standard. The Texas Agriculture Code, Sections 13.115 and 13.1151, authorize the agency to assess fees for inspections and device registration. The program is funded through cost-recovery General Revenue Funds.

For the 2020–21 biennium, the Weights and Measures program was merged with the Metrology program to establish the Weights, Measures, and Metrology program. The combined program was funded through cost-recovery General Revenue Funds, which requires the collection of fees to recover the costs of administering and enforcing the program. Historically, the Metrology program had not generated sufficient revenue to cover its operating costs; however, the Weights and Measures program typically generated more than it required. To address this issue, the Eighty-sixth Legislature, 2019, combined the revenues of the two programs so that the generated amount would be sufficient to cover the costs of the new Weights, Measures, and Metrology program without increasing fees.

Senate Bill 2119, Eighty-Sixth Legislature, 2019, transferred the inspection, registration, and complaint process responsibilities for fuel-metering devices and regulations regarding the sale, delivery, quality, and testing of motor fuel from TDA to the Texas Department of Licensing and Regulation (TDLR). As a result, General Revenue Funds appropriations for the program were decreased by $6.1 million and 35.9 FTE positions.

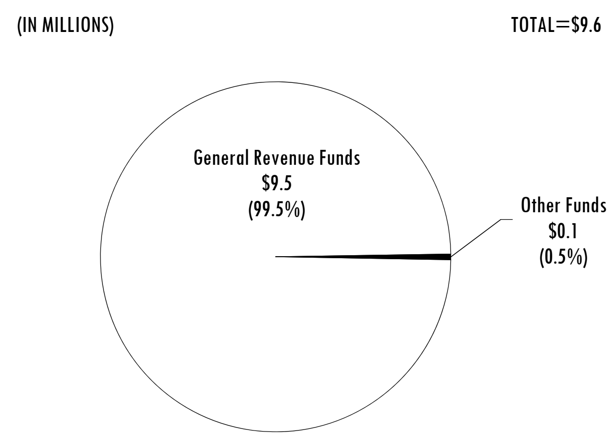
The Weights, Measures, and Metrology program cost-recovery historical data combines amounts from the independent Weights and Measure and Metrology programs. From fiscal years 2017 to 2019, TDA averaged $13.0 million in cost recovery generated from these programs. The following three-year average collections from fiscal years 2017 to 2019 from each of the sources of program revenues are:

- $12.3 million from inspection fees;
- $0.6 million from the assessment of administrative penalties pursuant to the Texas Agriculture Code, Section 13.007, which requires TDA to deposit all civil penalty revenue collected to the General Revenue Fund and provides for the agency's recovery of reasonable expenses incurred in obtaining injunctive relief and civil penalties;
- $0.1 million from weight and measure device inspector license fees; and
- $0.1 million in miscellaneous revenue, fees, and third-party reimbursements.

TDA estimates it will receive $6.9 million in fee revenue for fiscal year 2020 and $6.3 million for fiscal year 2021. The decrease is due to the transfer of the regulation of motor fuel metering and quality from TDA to TDLR pursuant to Senate Bill 2119.

Figures 115 and **116** show current and historical levels of funding for this program by method of finance.

FIGURE 115
WEIGHTS, MEASURES, AND METROLOGY PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 116
WEIGHTS, MEASURES, AND METROLOGY PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$10.4	$12.4	$13.4	$9.5	(8.9%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A

Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.1	536.9%
Total, All Methods of Finance	**$10.4**	**$12.4**	**$13.4**	**$9.6**	**(8.5%)**

NOTES:
(1) Totals may not sum due to rounding.
(2) Expended amounts for all biennia before the 2020–21 biennium are a sum of data from the independent Metrology and Weights and Measures programs.
SOURCE: Legislative Budget Board.

Figure 117 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 117
WEIGHTS, MEASURES, AND METROLOGY PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Weight and Measure Inspections with Full Compliance	94.0%	98.1%	104.4%	94.0%/94.0%
Number of Weight and Measure Inspections	60,028	58,868	98.1%	40,000/40,000
Number of Weights and Measure Package and Price Verification Inspections (1)	N/A	N/A	N/A	2,500/2,500

NOTE: (1) Measure was added in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Department of Agriculture. No historical data is available.
SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program may diminish consumer protection because the accuracy of weights and measuring devices used in commercial transactions would not be tested to meet national and international standards. Consumers may be exploited in commercial transactions, such as grocery store transactions, and may not receive what they pay for if devices are not tested regularly for accuracy and compliance. The demand for consumer protection may require that the duties and responsibilities of the program are transferred to another agency.

PLANT HEALTH

The Texas Agriculture Code, Chapters 19, 61, 62, 64, 71 to 74, and 80; the U.S. Plant Protection Act, enacted through the U.S. Code of Federal Regulations, Title 7, Parts 300 to 399; Federal Seed Act, the U.S. Code, Title 7, Sections 1151 to 1611

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Plant Health program regulates the licensing of 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 propagative materials. The Plant Health program was implemented in 1919 and is one of the oldest in the agency.

The program works in partnership with USDA Animal and Plant Health Inspection Service – Plant Protection and Quarantine and with the Texas A&M AgriLife Extension Service. It is administered through TDA's headquarters in Austin and five regional offices. Regional field staff are assigned to specific geographic areas and are equipped to operate remotely.

The program enforces quarantine restrictions that prevent the spread of destructive pests and plant diseases that affect nursery and floral products to other areas of Texas. For example, the agency is coordinating with USDA to prevent damage to citrus trees by eradicating the Mexican fruit fly in certain quarantined counties in South Texas. The total cost for this multi-year work is approximately $4.6 million, of which TDA is required to contribute $0.1 million for hiring trappers and to sterilize the Mexican fruit fly population.

The program also administers road stations at strategic locations along the international and interstate borders to conduct inspections, scheduled for periods of 72 hours, which are intended to stop shipments of pest-infested plants from entering the state. Texas Department of Public Safety (DPS) officers are contracted with TDA to staff these road stations and have the authority to stop trucks along surveilled routes. For fiscal year 2019, TDA anticipated recording 9,100 staff hours to inspect plant shipments for this program.

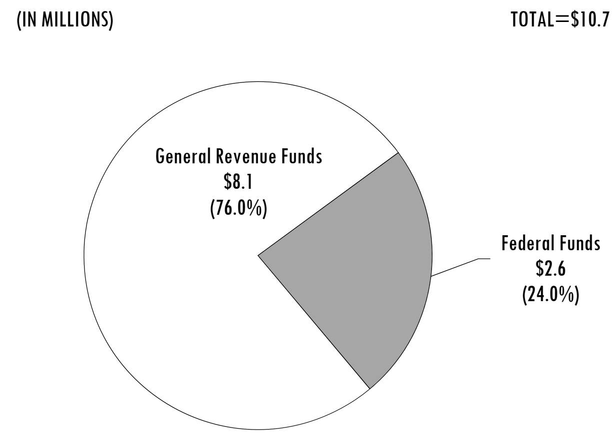
The Plant Health program is funded with General Revenue Funds and Federal Funds granted from the USDA. In addition to $0.1 million necessary to match Federal Funds provided for the eradication of the Mexican fruit fly, General Revenue Funds appropriations require the collection of fees to recover the costs of administering and enforcing the program. Any individual or business that grows or distributes plant material in the state is required to be licensed. TDA provides five types of licenses depending primarily on the location and size of the business or seller. As of June 2020, TDA licensed 16,307 entities for these purposes.

The agency charges fees of varying amounts for initial certification and annual renewal of florists, nurseries, gardens, and other businesses that sell a florist or nursery product. In addition, persons engaged in the development, maintenance, or production of seeds or plants for which standards of genetic purity and identify have been established, or persons selling or otherwise distributing for sale vegetable seed for planting purposes, also require certification by the agency.

The agency also assesses fees for inspections that are required once every three years pursuant to the Texas Agriculture Code, Section 71.044, for all entities that sell, lease, or offer for sale or lease a nursery or florist item to check for the presence of plants that are diseased or pest-infected. Approximately 85.0 percent of program revenues come from inspection fees each year, with total annual collections from all sources of revenue averaging $5.1 million from fiscal years 2017 to 2019.

Figures 118 and **119** show current and historical levels of funding for the Plant Health program by method of finance.

FIGURE 118
PLANT HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 119
PLANT HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$7.8	$7.4	$8.5	$8.1	4.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$2.1	$1.6	$2.7	$2.6	24.1%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$9.8**	**$9.0**	**$11.2**	**$10.7**	**8.6%**

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

Figure 120 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 120
PLANT HEALTH PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Inspected Seed Samples Found in Full Compliance with Federal and State Standards	97.0%	90.3%	93.1%	97.0%/97.0%
Number of Nursery and Floral Establishment Inspections Conducted	8,000	8,026	100.3%	8,000/8,000
Number of Hours Spent at Inspections of Plant Shipments and Regulated Articles	9,100	8,572	94.2%	9,100/9,100

SOURCE: Texas Department of Agriculture.

SIGNIFICANT FINDINGS

REDUCE WAIT TIMES FOR AGRICULTURAL INSPECTIONS

The 2020–21 GAA directs TDA by rider to use any appropriations available in its bill pattern to provide a grant program to reduce wait times for agricultural inspections of vehicles at ports of entry along the Texas–Mexico border, pursuant to House Bill 2155, Eighty-sixth Legislature, 2019. However, the agency reports that no General Revenue Funds appropriations or other funding for gifts, grants, or donations, are available in its budget for implementing the legislation. The legislation provides this authority until September 1, 2021, unless the Legislature reauthorizes it.

To address this issue, the Legislature could consider continuing the same authority in statute as of September 1, 2021, and providing funding to authorize TDA to award a grant to reduce wait times for agricultural inspections of vehicles along the border.

STAFFING CHECKPOINTS

The use of road station checkpoints to intercept shipments of pest-infested plants into the state is limited due to a cap on how much time agency staff can dedicate to this work. TDA does not have commissioned officers authorized to stop trucks along surveilled routes; therefore, the agency relies on DPS to fulfill these responsibilities through a $129,000 Interagency Contract. In effect, this contract establishes an artificial cap on how much time agency staff can dedicate to this work because it is dependent on DPS officers' availability.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

This program is the primary means by which the state protects the plant industry against plant and disease infestations. Discontinuing this program would significantly reduce enforcement of the Texas Agriculture Code provisions concerning oversight of seed health and quality and the regulation of plant breeders and would delegate quarantine responsibilities to local governments and local agricultural markets.

STRUCTURAL PEST CONTROL

The Texas Occupations Code, Chapter 1951; the Federal Insecticide, Fungicide, and Rodenticide Act

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Structural Pest Control program provides for the licensing and regulation of all businesses and persons engaged in the business of structural pest control by performing inspections to ensure compliance with state and federal pesticide laws and regulations, investigating complaints, and monitoring the use of pesticides.

An advisory committee, whose membership is defined in the Texas Occupations Code, Section 1951.101, oversees the program. The committee members include pesticide applicators, staff of various state agencies and public education institutions, and public representatives, all appointed by the TDA commissioner. The program's responsibilities include initial certification, licensing, and recertification of pesticide applicators, approval and review of recertification courses, and inspections of licensed businesses. In fiscal year 2018, TDA reported 35,738 individuals or businesses regulated through this program.

The program originated as the independent Texas Structural Pest Control Board in 1971 to ensure that individuals that perform pest control activities in buildings, homes, and other structures are qualified and competent, and that they adhere to established professional standards. The board's obligations, positions, and duties were transferred to TDA in 2007 in response to concerns about ongoing board management and leadership.

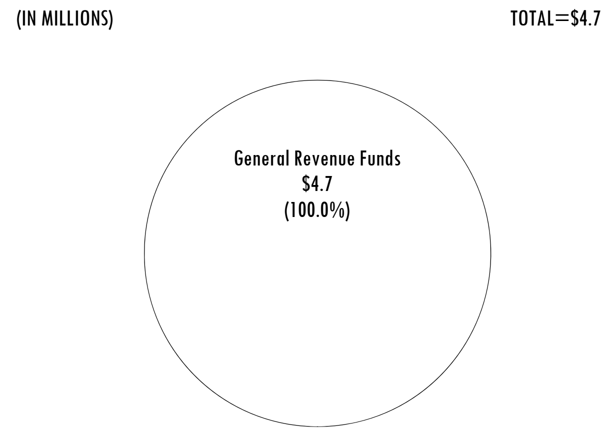
TDA inspects each licensed pest control business within its first year of operation and at least every four years subsequently. Independent school districts also are inspected at least every five years. Noncommercial entities are inspected in response to a complaint.

The Structural Pest Control program is required to collect fees to recover its costs of administration and enforcement. From fiscal years 2017 to 2019, TDA averaged $4.1 million in revenue generated annually from this program. This revenue is almost entirely from license applications and license renewals with $0.1 million in additional revenue from administrative penalties.

License fees vary from $12 to $240 depending on whether the applicant is a dealer, private applicator, noncommercial political applicator, noncommercial applicator, or commercial applicator. License fees for an original and renewal business license are $300, and examination fees are $64 per exam in each category. The seven license categories include pest control, termite and wood-destroying insect control, lawn and ornamental, weed control, structural fumigation, commodity fumigation, and wood preservation.

Figures 121 and **122** show current and historical levels of funding for the Structural Pest Control program by method of finance.

FIGURE 121
STRUCTURAL PEST CONTROL PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 122
STRUCTURAL PEST CONTROL PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$3.1	$3.3	$4.7	$4.7	53.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$3.1**	**$3.3**	**$4.7**	**$4.7**	**53.5%**

SOURCE: Legislative Budget Board.

Figure 123 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 123
STRUCTURAL PEST CONTROL PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Complaints Resolved within Six Months	75.0%	81.3%	108.4%	75.0%/75.0%
Percentage of Independent School Districts Inspected Found to Be in Compliance	55.0%	50.5%	91.8%	55.0%/55.0%

SOURCE: Texas Department of Agriculture.

SIGNIFICANT FINDING

The agency has identified challenges with identifying unlicensed commercial businesses to enforce regulatory requirements. Another challenge concerns overlap of licensing requirements between the Texas Agriculture Code, Chapter 76, and the Texas Occupations Code, Chapter 1951, regarding mosquito control methods used by landscape maintenance and vegetation management applicators. This overlap has caused confusion within the regulated community regarding which license is required.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would increase homeowner risk of unlicensed individuals without background checks performing pesticide applications at residences. In addition, industry standards that are supported through the licensing process would be diminished. This diminished support would result in a loss of consumer protection.

PRODUCE SAFETY

The Texas Agriculture Code, Sections 12.020 and 91.009; the federal Food Safety Modernization Act, U.S. Food and Drug Administration's Standards for Growing, Harvesting, Packing, and Holding of Produce, Produce Safety Rule

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Produce Safety program operates through the Texas Office of Produce Safety (TOPS). Its purpose is to implement the federal Food Safety Modernization Act (FSMA) in partnership with the U.S Food and Drug Administration (FDA). The FSMA, enacted in 2011, changes food safety regulations from a system focused on responding to contamination to one focused on prevention, to encourage the safest production of fresh produce and to promote compliance with FDA's Standards for Growing Harvesting Packing and Holding of Produce Safety Rule, commonly known as the Produce Safety Rule.

PRODUCE SAFETY RULE

Enactment of the FSMA established science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables for human consumption. The FSMA includes the Produce Safety Rule, which contains six components: biological soil amendments; domesticated and wild animals; worker training and health/hygiene; equipment, tools, and buildings; agricultural water and testing; and specific protocols for growers of sprouts. In addition, the law includes enforcement actions designed to achieve higher rates of compliance with preventive safety standards.

House Bill 3227, Eighty-fifth Legislature, Regular Session, 2017, designated TDA as the state's lead agency for administration, implementation, enforcement, training, and education related to the Produce Safety Rule. The Department of State Health Services (DSHS) also has FSMA regulatory obligations. TDA's regulatory responsibilities cover produce safety inspections at the farm level, and DSHS's responsibilities cover food safety for all produce that is processed or has added value.

The Produce Safety Rule has a staggered compliance schedule, with the largest and most profitable farms required to comply first. Criteria broaden each year to include more farms, with the smallest required to comply by 2024. TDA estimates that approximately 1,000 farmers are growing produce covered by the Produce Safety Rule.

TEXAS OFFICE OF PRODUCE SAFETY

The Texas Office of Produce Safety (TOPS) was established in fiscal year 2016 following application for and reception of a FDA grant. Its responsibilities include providing education and training to producers, establishing an inventory of farms that are or will be subject to the FSMA, and conducting farm inspections on fruits and vegetables.

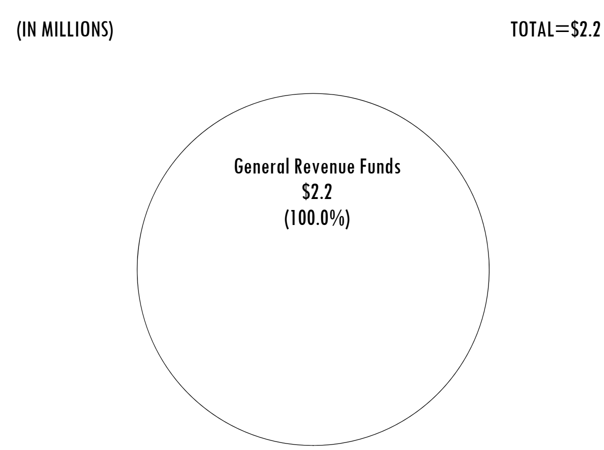
TOPS initially was allocated 6.4 FTE positions with $0.2 million in Federal Funds, but that number has increased to 10.3 FTE positions with $2.2 million in Federal Funds for the 2020–21 biennium in response to the office's growing responsibilities. Five Produce Safety Field Outreach Specialists are assigned to regions of the state to promote on-farm outreach and training on the Produce Safety Rule, which is intended to prepare farms for eventual Produce Safety Rule compliance.

The office coordinates with other TDA programs in performing the regulatory aspects of the FSMA. To reduce the number of agency visits at each farm, TDA performs farm inspections to assess FSMA compliance in conjunction with other agency programs that require on-site assessment.

As implementation of the Produce Safety Rule continues and the staggered compliance schedule broadens the number of farms subject to the rule through fiscal year 2024, TOPS gradually will change its focus from education and outreach targeting producers and consumers to a more regulatory and enforcement role.

Figures 124 and **125** show current and historical levels of funding for the Produce Safety program by method of finance.

FIGURE 124
PRODUCE SAFETY PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 125
PRODUCE SAFETY PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.2	$0.6	$2.0	$2.2	1,108.3%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.2**	**$0.6**	**$2.0**	**$2.2**	**1,108.3%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program would result in TDA being unable to fulfill its statutory responsibilities as the lead agency for FSMA implementation. The Legislature could designate these obligations to another state agency for the state to continue receiving the associated Federal Funds through the FDA grant. DSHS is the other agency that has existing responsibilities for FSMA implementation.

HEMP

The Texas Agriculture Code, Subtitle F; the federal Agricultural Improvement Act of 2014 and 2018

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Hemp program monitors and regulates the cultivation, production, and transportation of industrial hemp in Texas and approves hemp varieties to be grown. The federal Agriculture Improvement Act of 2018 legalized the commercial production of hemp. House Bill 1325, Eighty-sixth Legislature, 2019, established the state program.

Pursuant to the enacted legislation, TDA monitors and regulates all aspects of hemp production. This regulation includes certifying the seeds and plants grown by farmers, administering licenses for growing and handling hemp and hemp products commercially, registering independent testing laboratories or institutions of higher education to test hemp products to ensure that they do not exceed statutorily required tetrahydrocannabinol levels, and certifying the transportation and shipping of hemp. The agency was appropriated 9.2 FTE positions each fiscal year to administer the program for the 2020–21 biennium.

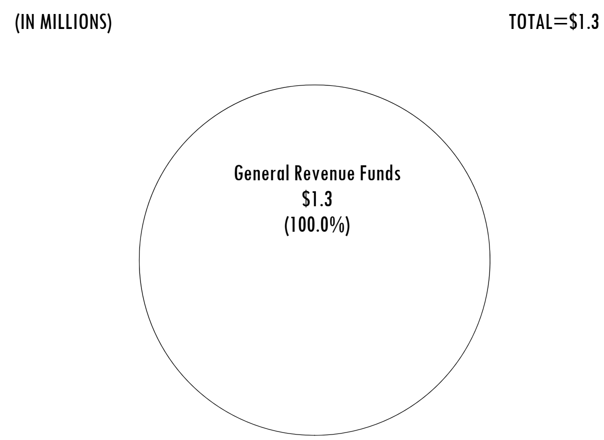
The Hemp program is required to collect fees to recover its costs of administration and enforcement. These revenues are obtained through licensure, lot crop permits, and facility and laboratory registration and may be modified by the agency to meet program costs. Fees collected by this program are deposited into the General Revenue–Dedicated Funds Account No. 5178, State Hemp Production. For the 2020–21 biennium, the agency estimates it will receive approximately $750,000 in fee revenue from cost-recovery sources, which is less than the $1.3 million appropriated for the program. In addition, the agency is authorized to collect penalties assessed from state law violations. The program began accepting licensing applications in March 2020.

Shippers of hemp in Texas are required to obtain a shipping certificate from TDA if the hemp was produced in Texas or to carry specific documentation if the hemp was produced elsewhere. An individual who ships hemp without the proper certification or documents may be charged with a misdemeanor and assessed civil penalties. These civil penalties are deposited to the Hemp Transportation Account, which the agency administers for the enforcement of hemp shipping requirements. This administration includes transferring funds from this account to the Department of Public Safety for the inspection of vehicles transporting hemp and for laboratory testing of hemp taken from vehicles.

As of June 2020, TDA has received 872 applications to grow hemp in Texas. Fees for most of these licenses, license renewals, and registrations are $100, and lab registration fees are $250.

Figures 126 and **127** show current and historical levels of funding for the Hemp program by method of finance.

FIGURE 126
HEMP PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 127
HEMP PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$1.3	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A

Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.0**	**$0.0**	**$0.0**	**$1.3**	**N/A**

NOTE: The Hemp program was established during the 2020–21 biennium pursuant to House Bill 1325, Eighty-sixth Legislature, 2019.
SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuing this program would remove the oversight of hemp production in Texas, which involves a product subject to strict guidelines in state and federal law. It also would result in a loss in state revenue obtained through fees collected from application and license fees. State appropriations and FTE positions would be decreased to coincide with the loss of state revenue.

RURAL COMMUNITY AND ECONOMIC DEVELOPMENT

The Texas Government Code, Chapter 487; the Texas Agriculture Code, Chapters 12, 44, and 58; the U.S. Code of Federal Regulations, Title 24, Sections 570.480 to 570.497; Housing and Community Development Act of 1974, as amended (the U.S. Code, Title 42, Section 5301, et seq,)

Mission Centrality – Weak; Authority – Strong

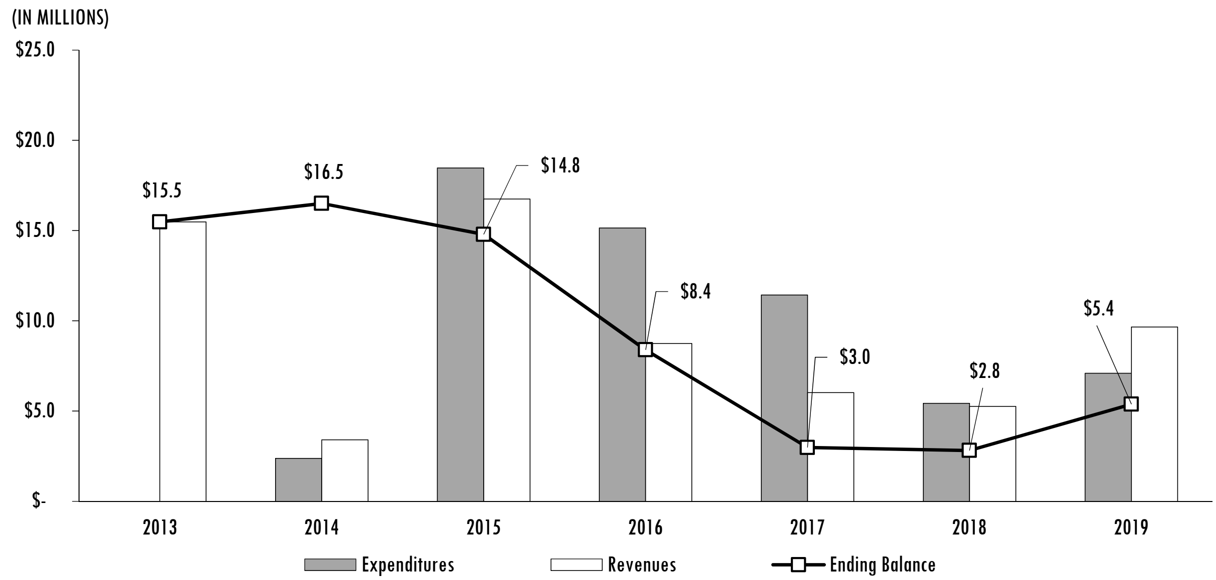
PROGRAM DESCRIPTION

The Rural Community and Economic Development program is a collection of activities designed to encourage economic development. The program was established in 1983 and has three main components.

The Community Development Block Grant (CDBG) program is intended to develop viable communities by providing suitable housing and living environments and expanding economic opportunities for low- and moderate-income persons. An eligible city must have a population of less than 50,000, an eligible county's nonmetropolitan population must be less than 200,000, and neither may be eligible to receive funding directly from the U.S. Department of Housing and Urban Development. CDBG provides funding for various purposes, including public facilities and infrastructure improvements, downtown revitalization projects, planning and capacity building initiatives, and for colonia communities, which are rural communities located within 150 miles of the international border that meet certain criteria of economic distress. According to the agency, it uses state funding appropriated to the program to increase the number of communities that receive a planning grant or to supplement existing projects.

The Texas Economic Development Fund (TEDF) was established in fiscal year 2013 and was funded with $46.4 million in Federal Funds during the subsequent three years pursuant to the State Small Business Credit Initiative Act of 2010. The TEDF receives all interest, income, and revenue of the activities of the fund, which support venture capital initiatives and investments to promote economic development, with a focus on projects in rural Texas. Pursuant to the Texas Agriculture Code, Section 12.0273, grant recipients may receive a maximum of $1.0 million, and each recipient must provide 25.0 percent matching funds. House Bill 2004, Eighty-fifth Legislature, Regular Session, 2017, required TDA to maintain a minimum balance in the TEDF of $2.2 million. **Figure 128** shows the revenues, expenditures, and ending balances of the fund from fiscal years 2013 to 2019.

FIGURE 128
TEXAS ECONOMIC DEVELOPMENT FUND REVENUES, BALANCES, AND ENDING BALANCES
FISCAL YEARS 2013 TO 2019

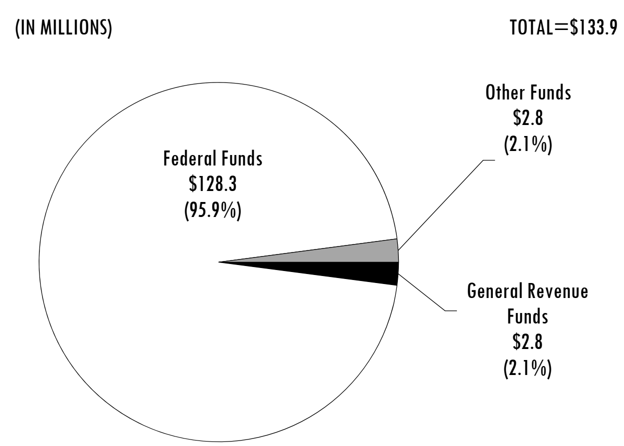


SOURCE: Comptroller of Public Accounts.

The Texas Agriculture Finance Authority (TAFA) was established in fiscal year 1987 to provide financial assistance for the expansion, development, and diversification of the production, processing, marketing, and exporting of Texas agricultural products. Funding is provided through the Texas Agricultural Fund. TAFA provides outreach and technical assistance for producers, agribusiness owners, and financial institutions through the following programs: the Agricultural Loan Guarantee Program, the Interest Rate Reduction Program, the Young Farmer Interest Rate Reduction Program, and the Young Farmer Grant Program. TAFA provides guarantees based on a tiered structure, not to exceed the lesser of $750,000 or 70.0% percent of the loan amount. TAFA derives revenue predominately from the Motor Vehicle Assessment – Young Farmer Program, a voluntary $5 fee paid when registering a Commercial Farm Motor Vehicle, pursuant to the Texas Transportation Code, Section 502.404, and from the principal repayments and interest payments on existing loans.

Figures 129 and **130** show current and historical levels of funding for the Rural Community and Economic Development program by method of finance.

FIGURE 129
RURAL COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 130
RURAL COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$2.1	$2.7	$2.7	$2.8	29.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$136.6	$129.6	$136.3	$128.3	(6.1%)
Other Funds	$15.0	$8.5	$1.8	$2.8	(81.6%)
Total, All Methods of Finance	**$153.8**	**$140.8**	**$140.8**	**$133.9**	**(13.0%)**

NOTES:
(1) Totals may not sum due to rounding.
(2) Other Funds decreases from the 2014–15 to 2016–17 biennia are due primarily to a $6.7 million decrease in funding from the Texas Economic Development Fund due to a depletion of the original balance within the account used for investments in small businesses and a $7.1 million decrease from the Texas Agriculture Fund due to debt retirement on loans provided to farmers and ranchers to promote and develop Texas agricultural products.

SOURCE: Legislative Budget Board.

Figure 131 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 131
RURAL COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Rural Communities Assisted	20.0%	51.2%	250.6%	30.0%/30.0%
Percentage of Texas Rural Communities' Population Benefiting from CDBG Projects	31.0%	53.4%	172.3%	40.0%/40.0%
Number of Rural Community Projects in Which TDA Provided Assistance	700	946	135.1%	700/700
Rural Development Activities and Events in Which TDA Participated	275	544	197.8%	325/325
New CDBG Contracts Awarded	225	229	101.8%	200/200
Number of Projected Beneficiaries from New CDBG Contracts Awarded	330,000	580,389	175.9%	300,000/300,000
Number of Programmatic Monitoring Activities Performed	270	239	(88.5%)	285/285

NOTE: CDBG=federal Community Development Block Grant; TDA=Texas Department of Agriculture.
SOURCES: Legislative Budget Board; Texas Department of Agriculture.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuing this program would remove the alternative financing options for agricultural operations provided through TAFA that these producers may not be able to get through traditional lending. The discontinuation of state matching funds to meet match requirements for the CDBG would result in the loss of $60.0 million in federal grants to rural communities. These communities would be required to find other sources of funding for projects currently funded through this block grant.

EGG QUALITY REGULATION

The Texas Agriculture Code, Chapter 132

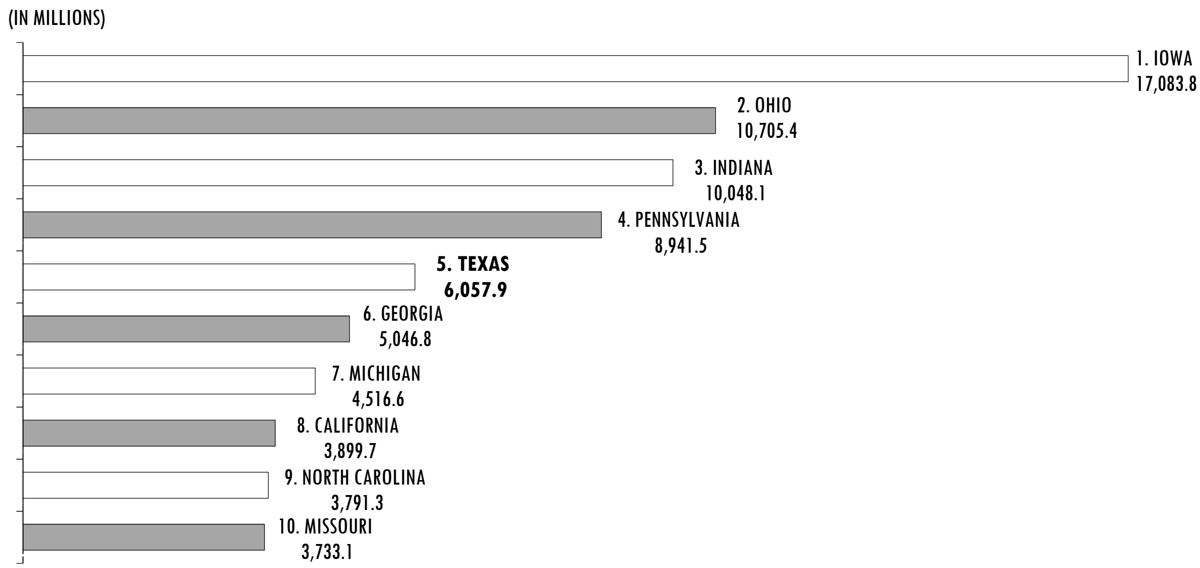
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Egg Quality Regulation program enforces standards of egg quality by licensing egg packers, wholesalers, and distributors. The program works to ensure that eggs sold to Texas consumers meet quality standards for the proper size and grade of eggs being marketed. Established in fiscal year 1957, the program processes license applications for egg packers, wholesalers, processors, brokers, and distributors to buy and sell eggs in Texas for the purpose of resale; collects fee revenue; conducts routine inspections to verify compliance; and processes violations for administrative penalties. The program historically has been allocated approximately 6.5 FTE positions each fiscal year. As of June 2020, 456 entities held egg certification licenses in the state.

Inspectors forward findings of noncompliance to the program division for review, and violations are sent to the enforcement division for possible administrative penalties. TDA inspectors conduct follow-up inspections when noncompliance is found. Penalties, stop sales, and license revocation may result due to noncompliance and repeat violations. The Texas Agriculture Code, Section 132.004, requires egg quality standards for inspection and regulation in Texas be at least equal to those adopted by the USDA and FDA. In fiscal year 2019, the agency conducted 2,093 egg packer, dealer, wholesaler, and retailer inspections. **Figure 132** shows the top 10 states in egg production, of which Texas ranks fifth according to the USDA.

FIGURE 132
TOP 10 STATES IN EGG PRODUCTION
CALENDAR YEAR 2019



SOURCE: U.S. Department of Agriculture; National Agriculture Statistics Service.

Egg production in Texas does not meet total market demand, which requires the state to import eggs from out-of-state packers. Inspectors are not able to inspect eggs from out-of-state packers and must instead inspect nonregistered retail locations. TDA staff perform only record audits at USDA-inspected packers to prevent duplication of services.

The Department of State Health Services (DSHS) has regulatory oversight of all food-handling establishments, including those where TDA conducts egg inspections. TDA has entered into a memorandum of understanding with DSHS that specifies each agency's inspection responsibilities to avoid duplication of efforts. The two agencies have agreed that DSHS will enforce temperature requirements at retail establishments, and TDA will enforce temperature requirements at egg packer and egg distributor establishments.

The Egg Quality Regulation program is required to collect fees to recover its costs of administration and enforcement.

From fiscal years 2017 to 2019, TDA averaged $1.1 million annually in cost recovery generated from this program. Program revenues came from three sources. The three-year average collections from fiscal years 2017 to 2019 from each of these sources are:

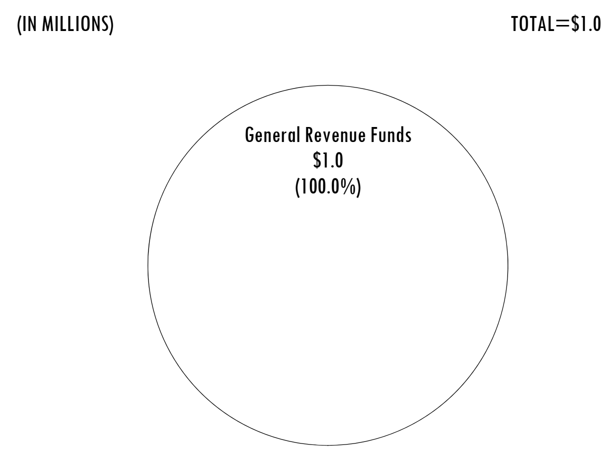
- $0.2 million from the processing of license applications and license renewals;

- $0.9 million from the performance of inspections by TDA staff; and
- $12,171 from administrative penalties. All penalty revenue is deposited to the General Revenue Fund and cannot be utilized by the agency.

For the 2020–21 biennium, an egg license fee for dealers and wholesalers ranges from $100 to $2,700 depending on average estimated weekly volume (Class 1=less than 30 cases to Class 12=more than 10,000 cases). The license fee for a processor ranges from $100 to $450 based on estimated volume (Class 1=less than 250 cases per week to Class 4=more than 1,500 cases). Brokers pay a flat $500 license fee. All licenses are valid for one year. Each processor licensed through the program must pay an inspection fee of $0.40 per case and remit payment to the agency monthly.

Figures 133 and **134** show current and historical levels of funding for the Egg Quality Regulation program by method of finance.

FIGURE 133
EGG QUALITY REGULATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 134
EGG QUALITY REGULATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.7	$0.8	$0.9	$1.0	43.1%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A

Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.7**	**$0.8**	**$0.9**	**$1.0**	**43.1%**

SOURCE: Legislative Budget Board.

Figure 135 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 135
EGG QUALITY REGULATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Egg Inspections Conducted	2,100	2,093	(99.7%)	2,100/2,100

SOURCES: Legislative Budget Board; Texas Department of Agriculture.

SIGNIFICANT FINDING

Each processor licensed through the program must pay an inspection fee of $0.40 per case and remit payment to the agency monthly. These fees are self-reported and are challenging to reconcile, according to the agency. The agency states that an online self-reporting system for processors would increase efficiencies in reconciling reports and fees paid while reducing the burden on small operations. The agency also indicates that additional and updated equipment, such as candlers and scales, would improve the quality, scope, and range of inspections, thereby increasing protection for the consumer.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would diminish the agency's ability to ensure that eggs produced in Texas or imported from other states meet standard guidelines for size, grade, and quality. Discontinuation would result in a loss of consumer protection against fraudulent trade practices and would increase the likelihood of poor-quality products entering the state's food supply chain. It also would result in the loss of state revenue collected from certification and inspection fees. TDA's appropriations and FTE positions would be decreased to coincide with the loss of state revenue.

HANDLING AND MARKETING OF PERISHABLE COMMODITIES

The Texas Agriculture Code, Chapter 101

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

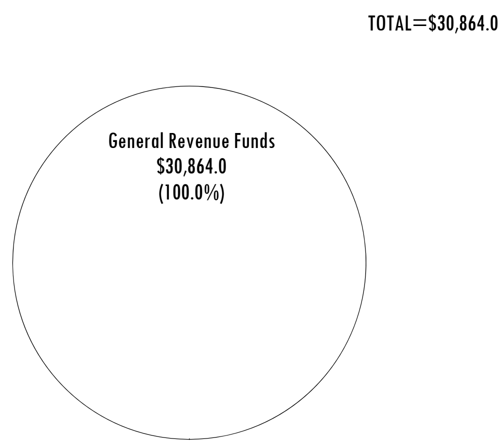
The Handling and Marketing of Perishable Commodities (HMPC) program ensures that producers of Texas-grown perishable commodities receive timely compensation for commodities they sell. The program requires an individual that buys Texas-grown perishable commodities on credit for resale to be licensed by TDA. The producer or seller is then authorized to recover a portion of the damages resulting from when a commercial purchaser or contractor refuses or is unable to pay for these commodities from the Produce Recovery Fund, a special account funded with a portion of the license fees paid. TDA processes these claims and holds hearings to determine if the claim merits payment.

The HMPC program is required to collect fees to recover its costs of administration and enforcement. From fiscal years 2017 to 2019, TDA averaged approximately $80,000 annually in cost recovery generated from this program deposited to the credit of the General Revenue Fund. For the 2020–21 biennium, HMPC fees range from $30 for a buying/transporting agency identification card, to $50 for a claim filing fee, to $150 for a general license.

In addition, the Produce Recovery Fund, which is administered by TDA without appropriation for the payment of claims against perishable commodities handler license holders, is financed by additional fees on each license holder and collections from claim respondents. These revenues can be used by TDA only to repay the fund for payments made to the claimants. According to the agency, the HMPC program has paid approximately $275,000 since fiscal year 2017 from the Produce Recovery Fund to producers and other dealers whose claims merited payment. Balances in the fund at the end of fiscal year 2019 totaled approximately $1.8 million.

Figures 136 and **137** show current and historical levels of funding for the HMPC program by method of finance.

FIGURE 136
HANDLING AND MARKETING OF PERISHABLE COMMODITIES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 137
HANDLING AND MARKETING OF PERISHABLE COMMODITIES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$59,643.0	$43,958.0	$46,278.0	$30,864.0	(48.3%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A

Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$59,643.0**	**$43,958.0**	**$46,278.0**	**$30,864.0**	**(48.3%)**

SOURCE: Legislative Budget Board.

Figure 138 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 138
HANDLING AND MARKETING OF PERISHABLE COMMODITIES PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Licenses/Permits/Registrations Issued to Buyers and Sellers	300	260	86.7%	285/285

SOURCE: Texas Department of Agriculture.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program would remove protection for farmers who produce and sell their products on credit. In addition, the state would lose revenue that is collected through agency fees.

WINE MARKETING, RESEARCH, AND EDUCATION

The Texas Agriculture Code, Chapters 12 and 50B; the Texas Alcoholic Beverage Code, Section 205.3; the Texas Administrative Code, Title 4, Part 1, Chapter 1, Subchapter E, Section 1.209; the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Department of Agriculture, Rider 23

Mission Centrality – Weak; Authority – Strong

PROGRAM DESCRIPTION

The Wine Marketing, Research, and Education program assists the Texas wine industry in promoting and marketing Texas wines and educating the public about the Texas wine industry. This program, implemented during fiscal year 2003 as the Texas Wine Marketing Assistance Program, supports the $13.1 billion Texas wine industry, which employs 104,000 workers within 5,000 acres of production. Texas is the fifth-largest wine producing state in the U.S., with more than 400 growers and almost 500 wineries. The Texas Alcoholic Beverage Code, Section 5.56, establishes the program and requires the Texas Alcoholic Beverage Commission to transfer $250,000 each fiscal year to TDA to administer this program. The 2020–21 GAA, Article VI, TDA, Rider 23, Texas Wine Marketing Assistance Program, allocates the Interagency Contract funds across three strategies. The rider specifies annual allocations of $221,014 for Economic Development, which represents the biennial amount of $0.4 million allocated to direct costs for the program; $15,371 to Central Administration; $8,929 to Information Resources; and $4,686 to Other Support Services.

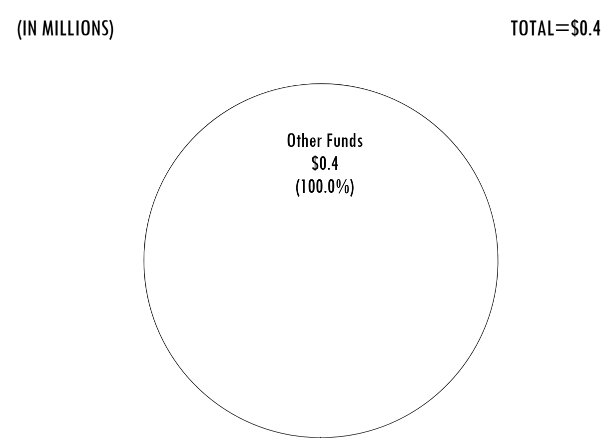
The program works in partnership with grape-growing and wine associations through the Wine Industry Development Advisory Committee, whose members include producers, such as grape growers, winery representatives, and other stakeholders. Program activities include promotional activities for wine produced in Texas, wine delivery to consumers, public education and publicity about Texas wine and wineries, and managing a database of Texas wineries and package stores. TDA allocated 0.8 FTE position for the program for the 2020–21 biennium.

Another funding source is the General Revenue–Dedicated Account No. 5165, Wine Industry Development, through which the agency funds projects related to developing the Texas wine industry, developing the viticulture and enology-related education programs, and eradicating pests that harm the production of grapes and wine. The Seventy-ninth Legislature, Regular Session, 2005, established a new source of revenue for deposit to the Wine Industry Development Account based on annual growth in state wine tax revenues. For each fiscal year, a complex formula calculated the amount of wine tax revenue collected in excess of collections during fiscal year 2004, and the legislation allocated this revenue to fund wine-related and grape-related research and education at certain institutions of higher education up to an amount determined by statute. The allocation also provided funding of up to $300,000 per year to the Wine Industry Development Account for TDA's use if revenue exceeded covering the amount for these institutions.

Senate Bill 881, Eighty-fourth Legislature, 2015, subsequently changed the formula by allocating the amount of wine tax revenue collected in excess of 2014 collections for the same purposes, with increased amounts for the institutions of higher education. The allocation continued to provide funding of up to $300,000 per year to the Wine Industry Development Account for use by TDA if revenue exceeded the amount dedicated to higher education. The legislation also expanded the uses for amounts deposited to the Wine Industry Development Account to include the development of technologies, strategies, and practices for mitigating or eliminating the effects of frost, pestilence, or infestation on grapevines.

Figures 139 and **140** show current and historical levels of funding for the Wine Marketing, Research, and Education program by method of finance.

FIGURE 139
WINE MARKETING, RESEARCH, AND EDUCATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 140
WINE MARKETING, RESEARCH, AND EDUCATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$372.0	$0.0	$0.0	$0.0	(100.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.3	$0.5	$0.5	$0.4	38.5%
Total, All Methods of Finance	**$0.3**	**$0.5**	**$0.5**	**$0.4**	**38.3%**

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

SIGNIFICANT FINDING

Following the enactment of Senate Bill 881 during fiscal year 2015, the Comptroller of Public Accounts reported being unable to distinguish between tax revenues paid by in-state payers and out-of-state payers of the wine excise tax, nor to distinguish between taxes on winery sales and other wine-related revenue, which are the revenue sources directed to institutions of higher education and the Wine Industry Development Account.

In addition, the allocation for higher education was not exempted from the Legislature's funds consolidation bill, resulting in the allocation being funded from undedicated General Revenue Funds; however, the allocation to the Wine Industry Development Account was exempted from the funds consolidation bill. As a result, the institutions of higher education have been funded from General Revenue Funds at maximum allocation levels set in statute, but TDA has not received funding. During the 2016–17 biennium, TDA was appropriated $600,000 from the Wine Industry Development Account, but appropriation authority lapsed due to the inability to measure the relevant revenue growth, which resulted in no revenue being deposited to the fund.

A statutory change amending the Texas Alcoholic Beverage Code, Section 205.03, would provide clarity regarding the allocation of wine excise tax revenues to the Wine Industry Development Account for TDA to use. Conversely, the Legislature may determine that eliminating the unused Wine Industry Development Account would be preferable to amending statute.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuing this program would prevent wineries that cannot afford to participate in local or statewide winery associations from marketing their products to consumers through TDA's website, social media, and print publications.

GRAIN WAREHOUSE

The Texas Agriculture Code, Chapter 14

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Grain Warehouse Program protects the producers or other depositors of grain stored in public grain warehouses. The program was established in 1969 with enactment of the Texas Grain Warehouse Act. The agency has allocated 5.1 FTE positions to this program for the 2020–21 biennium.

Public grain warehouses must be licensed pursuant to the Texas Agriculture Code, Section 14.021. A warehouse operator must obtain a license from either TDA or USDA and must post a security to protect grain depositors. The program processes license applications, assesses and collects fee revenue, and determines whether the applicant qualifies for licensure.

Inspections are required for all TDA licensed grain warehouses each fiscal year for program licensing renewal. TDA inspectors monitor grain inventories, monitor warehouse accounting practices, and identify risks associated with potential company insolvency. Inspectors also conduct investigations to measure grain in storage; verify accuracy of accounts for grain depositors, sellers, and buyers; and analyze storage, handling, and financial records to ensure that warehouse operators comply with state public grain warehouse laws and regulations.

The program receives and evaluates complaints, conducts investigations, and processes violations for administrative penalties. In addition, the program assesse penalties specified in the Texas Agriculture Code. TDA can suspend warehouse operations when it identifies potential violations involving the storage and handling of grain or the possible insolvency of a public grain warehouse.

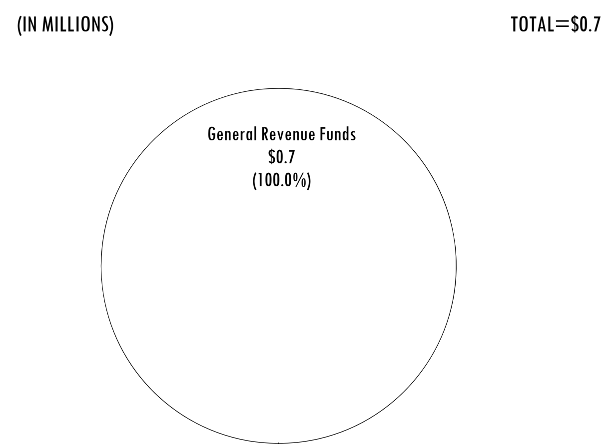
The Grain Warehouse program is required to collect fees to recover its costs of administration and enforcement. From fiscal years 2017 to 2019, TDA averaged $0.6 million annually in cost-recovery revenues generated from three sources, as follows:

- $179,955 from processing license applications and license renewals;
- $448,021 from performing grain warehouse inspections; and
- $4,900 from assessing administrative penalties associated with license violations. The agency is not authorized to spend collected penalties. Instead, these revenues are deposited to the credit of the General Revenue Fund.

For the 2020–21 biennium, application and renewal fees for a grain warehouse license are $5,000 for either a single license or a combination license, which includes $500 for the headquarters and $300 for each additional facility within statutory limits. The most recent adjustment to these rates occurred in fiscal year 2016. The five-year average annual cost to TDA for a warehouse inspection is $1,122 from fiscal years 2014 to 2018, with slight variation among years.

Figures 141 and **142** show current and historical levels of funding for the Grain Warehouse program by method of finance.

FIGURE 141
GRAIN WAREHOUSE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 142
GRAIN WAREHOUSE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.0	$0.9	$0.7	$0.7	(33.0%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.0**	**$0.9**	**$0.7**	**$0.7**	**(33.0%)**

SOURCE: Legislative Budget Board.

Figure 143 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 143
GRAIN WAREHOUSE PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Grain Warehouse Inspections, Reinspections, and Audits Conducted	250	192	76.8%	220/220

SOURCE: Texas Department of Agriculture

SIGNIFICANT FINDING

Historical data provided by TDA show that the number of grain warehouse licenses, permits, and registrations issued has decreased by 38.6 percent, from 189 during fiscal year 2011 to 116 during fiscal year 2019, primarily due to the following changes:

- greater efficiencies in the national transportation network enabling faster grain processing and a reduced market demand for storage facilities, which led to some storage facilities closing; and
- an increase in TDA program fees that has caused some storage facilities to seek federal regulation instead of state regulation. **Figure 144** shows a comparison of USDA and TDA fee structures by average grain warehouse size.

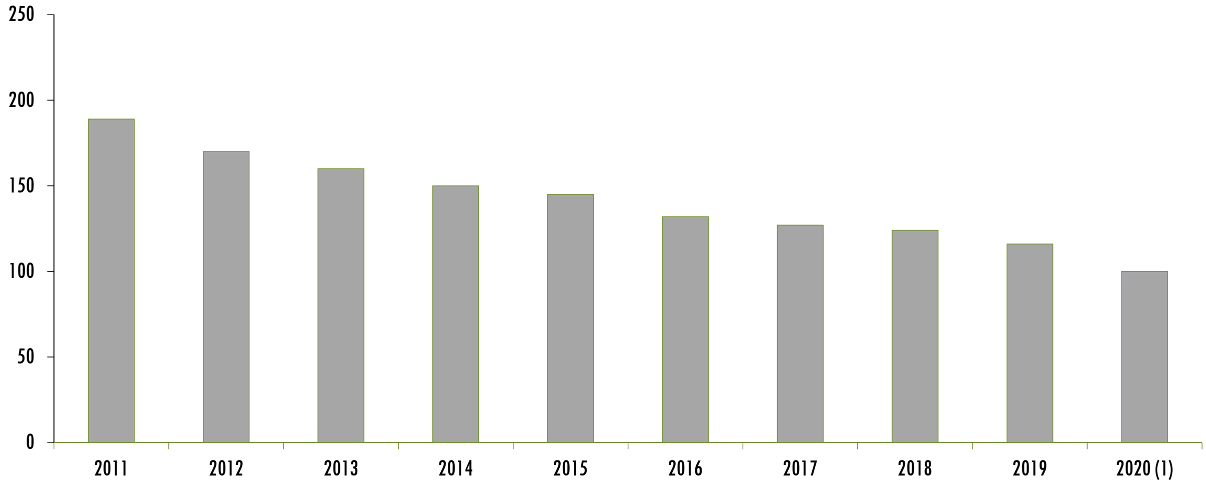
FIGURE 144
COMPARISON OF U.S. DEPARTMENT OF AGRICULTURE (USDA) AND TEXAS DEPARTMENT OF AGRICULTURE (TDA) FEE STRUCTURES BY AVERAGE GRAIN WAREHOUSE SIZE
FISCAL YEAR 2019

AVERAGE FACILITY SIZE	AVERAGE LOCATION SIZE (IN SQUARE FEET)	TOTAL USDA INSPECTION FEE AND LOCATION FEES	TOTAL TDA INSPECTION FEE AND FACILITY
Smallest	92,000	$530	$880
Average	600,000	$4,980	$5,360
Largest	1,800,000	$30,500	$35,900

SOURCE: Texas Department of Agriculture.

The Legislature has adjusted Grain Warehouse program appropriations to account for the decrease in licensing activities since the program became a cost-recovery program during the 2016–17 biennium. **Figure 145** shows the number of licenses, permits, and registrations TDA has issued from fiscal years 2011 to 2020.

FIGURE 145
GRAIN WAREHOUSE LICENSES, PERMITS, AND REGISTRATIONS ISSUED BY THE TEXAS DEPARTMENT OF AGRICULTURE FISCAL YEARS 2011 TO 2020



NOTE: Data for fiscal year 2020 shows budgeted amounts.
SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program would require all Texas grain warehouses to seek licensing through the USDA certification program pursuant to the Texas Agriculture Code, Section 14.021. This requirement would diminish state revenue obtained through fees collected from these licenses, from grain warehouse inspection fees, and from assessed administrative penalties.

LIVESTOCK EXPORT PENS

The Texas Agriculture Code, Chapter 146, Subchapter B

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Livestock Export Pens program facilitates the inspection and export of livestock and genetic material from Texas to Mexico or other international destinations through agency facilities located and maintained in Brownsville, Del Rio, El Paso, Houston, and Laredo. These facilities serve as holding sites where exporters must meet all inspections and import requirements before transport is approved.

The program coordinates with USDA and the Mexican Ministry of Agriculture to negotiate and change exporting protocols; export livestock; and report possible violations of USDA laws and regulations, animal health issues, and livestock export numbers. The program also coordinates with the Texas Animal Health Commission (TAHC) regarding suspected animal disease detection and tick collection.

Livestock that are rejected at an export facility for poor health often remain in Texas. TAHC reports that captured livestock and horses along the Texas–Mexico border often are diagnosed as diseased or carrying cattle fever ticks. TDA staff inform TAHC when an animal has been rejected, but the agencies have no formal requirement or agreement to report this information.

TDA owns the structures and has long-term ground leases for the livestock facilities along the Texas–Mexico border, except for the Del Rio facility, where TDA was gifted land in Val Verde County. Each livestock facility is leased from a local government entity, except the Laredo site, where TDA leases the land from a family trust.

The Livestock Export Pens program is required to collect fees to recover part of its costs of administration and enforcement. The Texas Agriculture Code, Section 146.021, authorizes TDA to establish and collect reasonable fees for maintenance, feed, medical care, facility use, and other necessary expenses. The program assesses fees to recover costs associated with processing exported or imported animals, including water, pen space, labor for conducting export inspections, and feeding livestock.

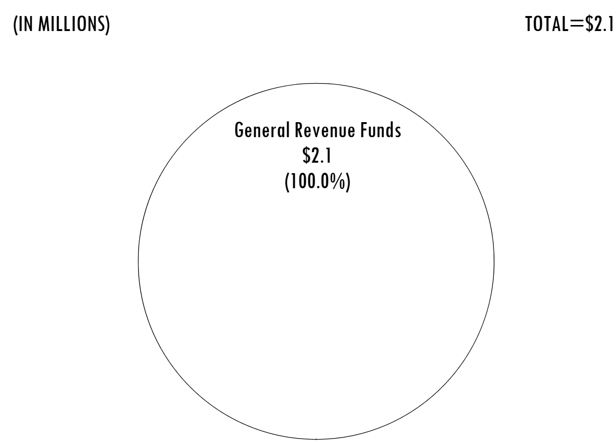
From fiscal years 2017 to 2019, TDA averaged $0.2 million annually in cost recovery generated from this program. Program revenues came from two sources. The three-year average annual collections from fiscal years 2017 to 2019 from each of these sources are:

- $0.2 million from livestock import/export processing fees; and
- $1,956 from the sale of publications.

For the 2020–21 biennium, the fee for stalls at the Texas–Mexico border facilities is $20 per head for each 24-hour period. Pen fees vary by species but are structured similarly, with a fee of $1 to $5 per head for the first 24 hours and $1 to $8 per head for each additional 24 hours. The fee for stalls at the Houston facility is $40 per head for each 24-hour period. Pen fees range from $2.50 to $10 per head for the first 24 hours and for each additional 24 hours depending on the species. The current fee structure has been in place since fiscal year 2003.

Figures 146 and **147** show current and historical levels of funding for the Livestock Export Pens program by method of finance.

FIGURE 146
LIVESTOCK EXPORT PENS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 147
LIVESTOCK EXPORT PENS PROGRAM FUNDING SOURCES
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.8	$1.6	$2.3	$2.1	18.7%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.1	$0.0	$0.0	$0.0	(100.0%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.9**	**$1.6**	**$2.3**	**$2.1**	**12.0%**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDINGS

INTERAGENCY COMMUNICATION

Animal disease eradication along the Texas–Mexico border poses a significant challenge to TAHC and USDA animal health programs despite continual testing and disease prevention efforts. Livestock that are rejected at an export facility for poor health often are released and remain in Texas. According to the Sunset Advisory Commission's 2020 TAHC Staff Report, TDA staff inform TAHC when an animal has been rejected, but the agencies have no formal requirement or agreement. Although no direct correlation has been reported between the rejection of livestock at an export facility and an increase in animal disease proliferation, requiring TDA staff to inform TAHC inspectors when an animal is rejected so it can be examined and tested would increase the effectiveness of state and federal animal disease traceability programs at minimal cost.

FEE AUTHORITY

The Texas Agriculture Code, Section 146.021, authorizes TDA to establish and collect reasonable fees for maintenance, feed, medical care, facility use, and other necessary expenses. This authorization includes water, pen space, labor for conducting export inspections, and feeding the livestock. During the 2018–19 biennium, program expenditures totaled $2.3 million in General Revenue Funds. However, TDA collected $0.5 million from processing fees to recover costs associated with the processing of exported or imported animals, or $1.7 million less than total program expenditures. The Legislature may consider expanding the fee authority to include the cost of administering the program and the direct costs included in current statutory language. This option could reduce the draw on the General Revenue Fund.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would result in closing the five export facilities and would limit options for Texas ranchers and exporters to export livestock and genetic material legally. It would increase the risk of animal disease spreading into and out of Texas and reduce animal disease traceability efforts, because livestock would not be evaluated or tested for diseases before entering or leaving the state. It also would result in a loss in state revenue obtained through fees collected from processing livestock through the facilities.

BOLL WEEVIL ERADICATION

The Texas Agriculture Code, Chapter 74; the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Rider 12

Mission Centrality – Strong; Authority –Strong

PROGRAM DESCRIPTION

The Boll Weevil Eradication program provides funding to assist in the control and eradication of the boll weevil in Texas. This insect caused significant damage to the U.S. cotton industry during the 1920s, prompting a response from the federal and state governments in partnership with the industry to eradicate this insect. In 1920, enactment of the state Pink Bollworm Act instituted a quarantine zone along the Texas–Mexico border and provided for the inspection and destruction of infested cotton and cotton crops. The Texas Legislature took this action to avoid a federal quarantine of all Texas cotton.

The Texas Boll Weevil Eradication Foundation (TBWEF) is the nonprofit organization established by the Legislature in 1993 to eradicate and suppress the boll weevil and pink bollworm from Texas cotton fields. The Commissioner of Agriculture also sets the assessments paid by participating cotton growers that are the primary source of funding for the foundation's eradication efforts. All cotton-growing states participate in a boll weevil eradication program, and most programs have a structure similar to Texas' program.

Funding for boll weevil eradication is a cooperative effort between growers and the state and federal governments. The foundation's total revenue during fiscal year 2018 was $27.7 million. Of this amount, $16.2 million came from grower assessment and maintenance fees, $5.0 million from USDA in direct Federal Funds, $5.6 million from state appropriations, and the remainder from miscellaneous sources. **Figure 148** shows state appropriations to this foundation from the 2008–19 to the 2020–21 biennia. The TBWEF reported in its Sunset Self-Evaluation Report that growers have invested $749.0 million in the boll weevil eradication effort in Texas, the state has invested $324.0 million in cost-share funds, and the federal government has invested $323.0 million in cost-share funds since the program began.

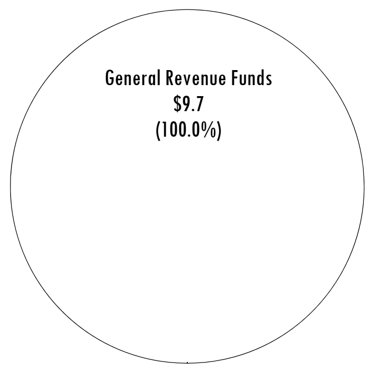
FIGURE 148
BIENNIAL APPROPRIATIONS FOR THE TEXAS BOLL WEEVIL ERADICATION FOUNDATION
2008–19 TO 2020–21 BIENNIA

SOURCE: Legislative Budget Board.

Figures 149 and **150** show current and historical levels of funding for the Boll Weevil Eradication program by method of finance.

FIGURE 149
BOLL WEEVIL ERADICATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM

(IN MILLIONS) TOTAL=$9.7



SOURCE: Legislative Budget Board.

FIGURE 150
BOLL WEEVIL ERADICATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$15.1	$14.2	$10.1	$9.7	(35.8%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	$15.1	$14.2	$10.1	$9.7	(35.8%)

SOURCE: Legislative Budget Board.

Texas' eradication efforts have been successful with the Foundation reporting that 97.0 percent of the state's cotton areas have been cleared. Nationally, USDA declared the pink bollworm eradicated in 2018. Currently, 15 of the state's 16 cotton-producing zones have achieved eradication or functional eradication status. Only the Lower Rio Grande Valley zone continues to experience infestation and retain quarantine status. According to the foundation, while efforts to eradicate the boll weevil in this region have been successful, challenges remain from weather events such as hurricanes that encourage weevil populations to increase and migration of boll weevils from northern Mexico.

TBWEF's fiscal year 2015 work plan divides Texas into 16 zones. As the zones are declared functionally eradicated, they are classified as maintenance areas. As of November 2016, the foundation has divided the state into three regions: the West Texas Maintenance Area, which was declared functionally eradicated in January 2016; the East Texas Maintenance Area, which was declared functionally eradicated in November 2016; and the Lower Rio Grande Valley, where eradication efforts continue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Texas is the largest cotton producing state in the nation. According to the agency, termination of this program could affect the state's cotton industry and harm efforts to maintain successful boll weevil eradication efforts.

TEXAS COOPERATIVE INSPECTION PROGRAM

The Texas Agriculture Code, Chapter 91; the federal Agricultural Marketing Act of 1946, as amended (the U.S. Code, Title 7, Section 1621 et seq.); Public Law 108-7, Division A, Title VII, Section 713

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Texas Cooperative Inspection Program (TCIP) is a joint effort between TDA and the USDA that provides for the voluntary inspection of fruits, vegetables, tree nuts, and peanuts grown in Texas or imported into the U.S. through Texas. The program originated in 1917 in the Rio Grande Valley and transitioned into its current form through a 1992 agreement between TDA and USDA.

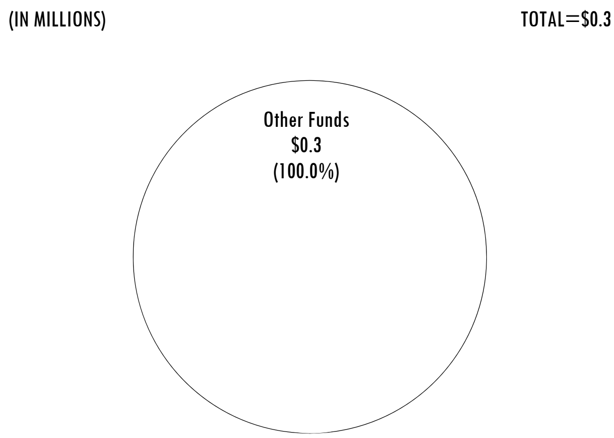
The TCIP program is administered by an independent, quasi-governmental organization of the same name, which performs the voluntary inspections but is not an official department within TDA. TDA entered into an agreement with the TCIP organization in 1992 pursuant to the Texas Agriculture Code, Section 91.005, which authorizes the agency to enter into cooperative agreements with the USDA or with any Texas firm, corporation, or association to carry out shipping point and receiving market inspections pursuant to the Agricultural Marketing Act of 1946 (the U.S. Code, Title 7, Section 1621, et seq.). TDA administratively supports the work of the TCIP organization by appointing its executive director, who is a TDA employee, and providing information technology and indirect administration services, for which the agency is reimbursed fully by the organization. These reimbursements are authorized pursuant to the Texas Agriculture Code, Section 91.0051, and appear in the TDA's budget as Appropriated Receipts. Apart from the executive director, none of the TCIP organization's other staff, numbering approximately 100, are TDA staff.

TCIP's inspections benefit the citrus, vegetable, tree nut, and peanut industries of the state by ensuring that USDA standards are met, thereby enhancing the marketability of commodities for producers and shippers and providing consumers with consistent, quality products. As part of this joint effort, USDA licenses the organization's inspectors for each commodity. TCIP's operations are funded entirely through inspection fees tied to the production, importation, and shipping of agricultural commodities, with funds maintained in a federal trust.

TCIP has adopted electronic inspection software for peanuts and some vegetables, increasing the efficiency and cost effectiveness of the inspection process. In fiscal year 2019, TCIP inspected 3.86 billion pounds of fruits, vegetables, peanuts, and nuts. Although TDA has not identified any barriers impeding program performance, the agency does suggest that further improvements and additions to electronic inspection capabilities may enhance the cost effectiveness of the inspection program.

Figures 151 and **152** show current and historical funding for TCIP by method of finance.

FIGURE 151
TEXAS COOPERATIVE INSPECTION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 152
TEXAS COOPERATIVE INSPECTION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.4	$0.2	$0.3	$0.3	(14.9%)
Total, All Methods of Finance	**$0.4**	**$0.2**	**$0.3**	**$0.3**	**(14.9%)**

SOURCE: Legislative Budget Board.

Figure 153 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 153
TEXAS COOPERATIVE INSPECTION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Pounds Inspected (in billions)	3.70	3.86	104.3%	3.84/3.84

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the agency program would result in the TCIP organization having to take on the responsibilities of executive leadership, some administrative responsibilities, and information technology services. TDA's costs for providing these services are covered through transfer of inspection fee revenue from the TCIP organization. Therefore, the state fiscal impact would be minimal. However, such action would remove the state's role in supporting this regulatory effort, and it is unknown if the TCIP organization could perform these responsibilities at costs lower than it pays for by TDA's assumption of the obligations.

ORGANIC CERTIFICATION

The Texas Agriculture Code, Chapter 18; the U.S. Code of Federal Regulations, Title 7, Subchapter B, Chapter I, Subchapter M, Part 205; the U.S. Department of Agriculture/Agricultural Marketing Service National Organic Program Handbook

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Organic Certification program promotes the integrity of organic agriculture products produced and manufactured in Texas by providing certification services and regulation of approximately 200 Texas producers and agribusinesses. TDA is accredited as a certifying agent through the USDA National Organic Program (NOP). The program has operated since 1990.

Agricultural producers that produce organic crops and livestock and want their products to be labeled as certified organic must participate in an organic certification program sanctioned by USDA. Participation in the state program is voluntary. Private organic certifiers, also accredited by the USDA, are available to producers but none are located in Texas. Some out-of-state agents require that facilities located in Texas be part of a larger entity headquartered in another state or country, or be close business partners with such an entity.

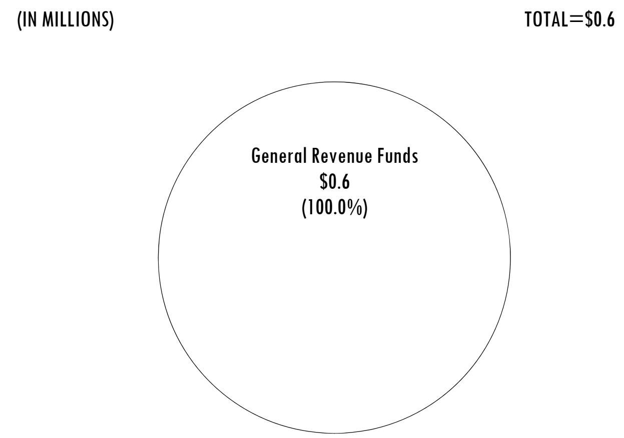
The state program requires that a producer or handler submit an application, which is reviewed by an organic certification specialist. After the application is approved, a regional specialist is sent out in the field to conduct an initial inspection. After receiving final approval by a second organic certification specialist, a certificate of compliance is awarded to the producer or handler and is valid for one year from the date of issuance. The time required to issue a new completed organic certificate is approximately 90 days. Sites also receive an annual onsite inspection as part of certification renewal.

In 2019, the agency took steps to enhance electronic fee payments, which previously had been unavailable to program participants. The Eighty-sixth Legislature, 2019, appropriated $0.6 million in General Revenue Funds to the program to purchase software required to participate in the federal organic certification program, which helps staff with the processing, review, and inspection of program participants.

The Organic Certification program is required to collect fees to recover its costs of administration and enforcement. From fiscal years 2017 to 2019, TDA averaged $0.4 million per year in cost recovery generated for this program from three sources, with revenues obtained primarily through fees associated with the processing of license applications and renewals. Program fees are based on the type of certification requested and, for producers, the size and scope of the operation. For the 2020–21 biennium, the new application fee for a producer is $400 and $1,900 for a handler. Fees are added based on the number of acres in operation and the number of organic products produced or handled.

Figures 154 and **155** show current and historical levels of funding for the Organic Certification program by method of finance.

FIGURE 154
ORGANIC CERTIFICATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 155
ORGANIC CERTIFICATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.6	$0.6	$0.7	$0.6	11.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.1	$0.2	$0.2	$0.0	(100.0%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.6**	**$0.8**	**$0.8**	**$0.6**	**(0.9%)**

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

Figure 156 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 156
ORGANIC CERTIFICATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Compliance Inspections for Organic or Other Crop Certification	235	128	54.5%	235/235

SOURCE: Texas Department of Agriculture.

SIGNIFICANT FINDING

The Organic Certification program uses a paper-based system to review documentation submitted by program participants to substantiate their claims of organic practices in their operations. This review process frequently requires significant correspondence with new and renewing participants, which increases the amount of paperwork. The agency reports that a web-based system could enable greater program efficiency as program participants submit required documentation and plans electronically.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would result in the state no longer certifying organic products, which would force producers to hire private certifying agents at higher costs, could jeopardize a producer's ability to label premium products as organic, could reduce customer confidence in products with the organic certification, and may result in increased prices for organic products. It also would result in a loss in state revenue obtained through fees collected from certification and inspection fees.

SPECIALTY CROP BLOCK GRANT

The Texas Agriculture Code, Sections 12.002 and 12.007; the Specialty Crops Competitiveness Act of 2004 (the U.S. Code, Title 7, Section 1621 note), Section 101, amended by Public Law 113-79, Section 10010, the Agricultural Act of 2014, amended by Public Law 115-334, Section 10107, the Agricultural Improvement Act of 2018

Mission Centrality – Weak; Authority – Moderate

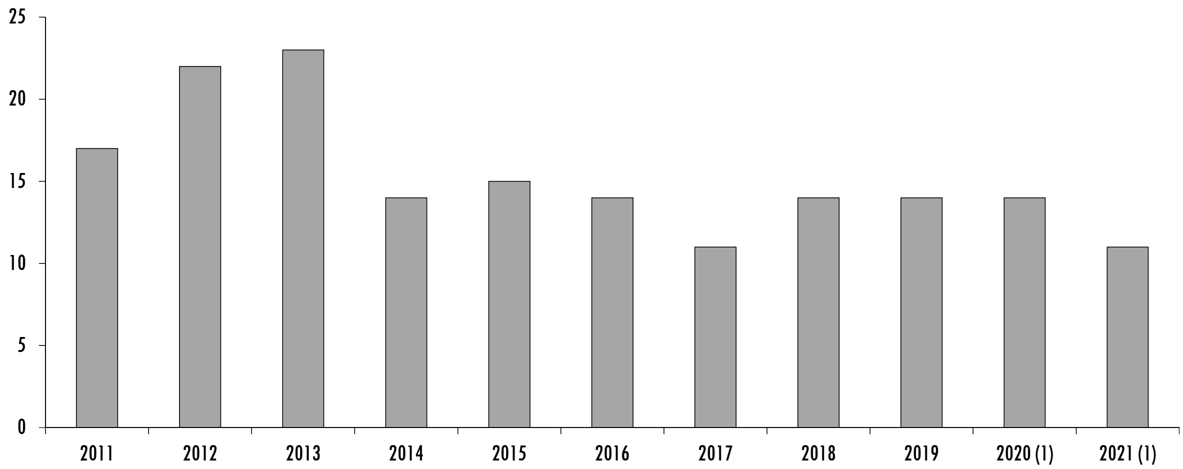
PROGRAM DESCRIPTION

The Specialty Crop (SC) Block Grant program is a federal program to enhance the competitiveness of specialty crops that began in 2008. Specialty crops are defined as fruits and tree nuts, vegetables, culinary herbs and spices, medicinal plants, as well as nursery, floriculture, and horticulture crops. In Texas, the program has supported industry in research and development of citrus, melons, water conservation, pecans, wine grapes, tomatoes and other commodities. Efforts have focused on issues pertaining to food safety, marketing, nutrition, plant health, and industry development.

Federal funding available for the block grant program depends on acreage and sales of Texas specialty crops, which requires the producer to report this information. The program helps develop a competitive future for Texas specialty crops by providing funding to researchers developing new disease-resistant, drought-tolerant, high-nutrient content varieties.

Grant applications are accepted from Texas state agencies, universities, institutions, and producer, industry, or community-based organizations that are involved with or promote specialty crops. Projects must demonstrate that they enhance the competiveness of the Texas specialty crop industry by leveraging efforts to promote these crops, assist with research and development, expand access to specialty crops, and address local, regional, and national challenges that producers have. The projects must be intended to benefit more than one individual, institution, or organization. The agency typically grants from 11 to 14 grants each year, as shown in **Figure 157**. TDA reported an increase in applications received after the 2018 reauthorization of the federal Agricultural Improvement Act, referred to as the Farm Bill, which extended funding levels for the block grant program through federal fiscal year 2023.

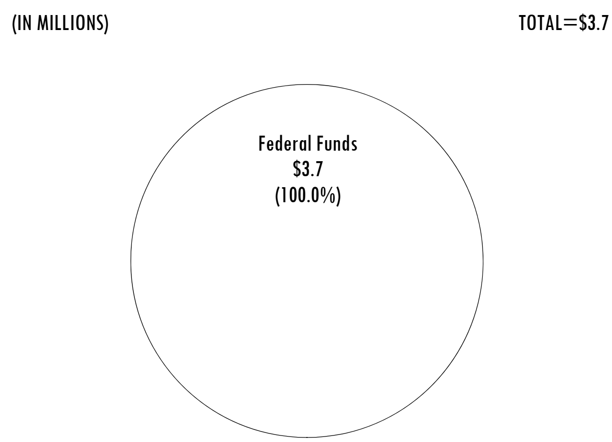
FIGURE 157
SPECIALTY CROP BLOCK GRANT PROGRAM GRANTS AWARDED
FISCAL YEARS 2011 TO 2021



NOTE: Data for fiscal years 2020 and 2021 show budgeted amounts.
SOURCE: Legislative Budget Board.

Figures 158 and 159 show current and historical levels of funding for the SC Block Grant program by method of finance.

FIGURE 158
SPECIALTY CROP BLOCK GRANT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 159
SPECIALTY CROP BLOCK GRANT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$3.2	$2.9	$4.0	$3.7	18.0%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$3.2**	**$2.9**	**$4.0**	**$3.7**	**18.0%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would result in the loss of federal funding used by the state to enhance the competitiveness of the specialty crop industry in Texas. A loss of funding for this purpose would reduce research and development efforts for these crops, which also could affect crop yields.

PESTICIDE DISPOSAL

The Texas Agriculture Code, Sections 76.132, 76.044(c), and 76.009; the Federal Insecticide, Fungicide, and Rodenticide Act

Mission Centrality – Moderate; Authority – Strong

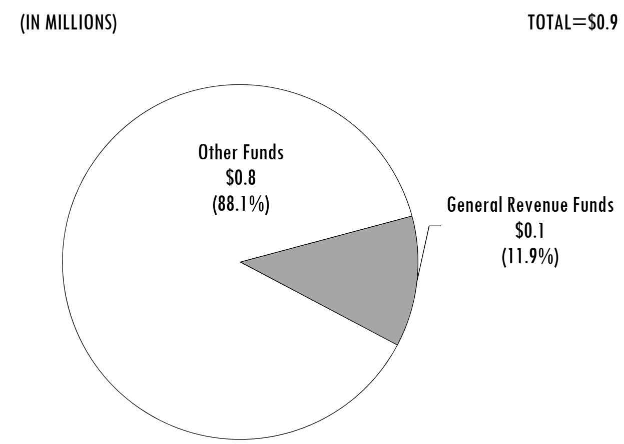
PROGRAM DESCRIPTION

The Pesticide Disposal program organizes pesticide waste and pesticide container collection activities statewide in coordination with the Texas Commission on Environmental Quality (TCEQ) and Texas A&M AgriLife Extension Service. The program serves agricultural pesticide applicators and rural land owners by properly disposing of waste pesticides and containers that no longer are needed or have been banned by the U.S, Environmental Protection Agency (EPA).

House Bill 191, Eighty-sixth Legislature, 2019, established the program and authorized TDA to coordinate with TCEQ and Texas A&M AgriLife Extension Services to contract for the services of contractors licensed in the disposal of hazardous waste, pesticide waste, and pesticide containers. The legislation also established the Pesticide Disposal Fund in the state Treasury outside of the General Revenue Fund (Other Funds); the fund consists of revenue from annual transfers of pesticide fees determined by TDA as necessary to administer the program. The balance of the fund cannot exceed $400,000 annually, and TDA is prohibited from raising fees to fund the program.

The program was appropriated $0.9 million in All Funds, including $0.8 million in Other Funds from the Pesticide Disposal Fund, $0.1 million in General Revenue Funds, and 1.0 FTE position. **Figures 160 and 161** show current and historical levels of funding for the Pesticide Disposal program by method of finance.

FIGURE 160
PESTICIDE DISPOSAL PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 161
PESTICIDE DISPOSAL PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.1	100.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.8	100.0%
Total, All Methods of Finance	**$0.0**	**$0.0**	**$0.0**	**$0.9**	**100.0%**

NOTE: The Pesticide Disposal program was established pursuant to House Bill 191, Eighty-sixth Legislature, 2019, beginning in the 2020–21 biennium.
SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would disrupt the coordination currently established among TDA, TCEQ, and the Texas A&M AgriLife Extension Service, established to provide activities for the safe handling and disposing of pesticide waste and pesticide containers. This disruption primarily would affect agricultural pesticide applicators and rural land owners that seek to dispose properly of waste pesticides and containers that no longer are needed or have been banned by the EPA.

COMMODITY BOARDS

The Texas Agriculture Code, Chapter 41

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Commodity Boards program provides oversight of 12 commodity boards that collect producer assessments voluntarily for use in research, marketing, and education. These producer assessments are used for research, disease and insect control, predator control, education, and promotion designed to encourage the production, marketing, and use of an agricultural commodity. TDA supports these boards through facilitating meetings and ensuring compliance with statutory requirements, which includes review and approval of annual budgets and board member election plans for each board. For the 2020–21 biennium, responsibilities for this program require the work obligations of 0.5 FTE position, which has remained constant since at least the 2014–15 biennium.

Commodity boards are organized around specific commodities, such as beef or peanuts, and are supported financially through producers' voluntary contribution based on production levels pursuant to the Texas Agriculture Code, Chapter 41. Each board is composed of agricultural producers that volunteer to serve in this capacity. Board members are elected by industry members and serve six-year terms. Commodity boards monitor their own share of the agricultural market and are the primary means by which these industries maintain coordination with TDA regarding agriculture policy, compliance, and enforcement issues. Many boards are long-standing and have direct connections with a national industry council counterpart. **Figure 162** shows the 12 commodity boards that are part of this program.

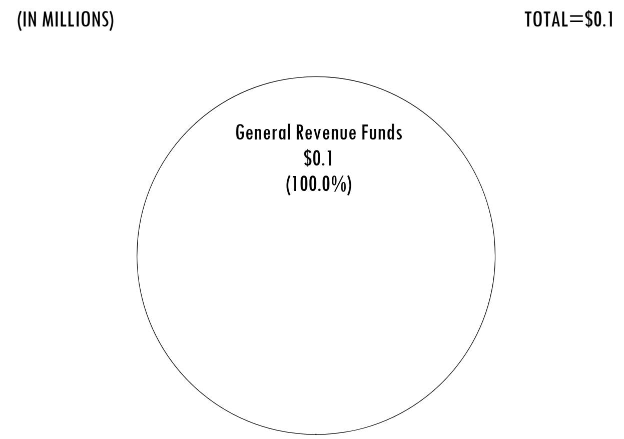
FIGURE 162
TEXAS DEPARTMENT OF AGRICULTURE COMMODITY BOARDS
2020–21 BIENNIUM

Texas Rice Producers Board	Texas Sheep and Goat Predator Management Board
Texas Wintergarden Spinach Producers Board	Texas Grain Sorghum Producers Board
Texas Wheat Producers Board	Beef Promotion and Research Council of Texas
Texas Corn Producers Board	Texas Mohair Producers Board
Texas Citrus Producers Board	Texas Pecan Board
Texas Citrus Pest and Disease Management Corporation	Texas Peanut Producers Board

SOURCE: Legislative Budget Board.

Figures 163 and **164** show current and historical levels of funding for the Commodity Boards program by method of finance.

FIGURE 163
COMMODITY BOARDS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 164
COMMODITY BOARDS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$70,461	$93,769	$71,775	$68,810	(2.3%)
General Revenue–Dedicated Funds	$0	$0	$0	$0	N/A
Federal Funds	$0	$0	$0	$0	N/A
Other Funds	$0	$0	$0	$0	N/A
Total, All Methods of Finance	**$70,461**	**$93,769**	**$71,775**	**$68,810**	**(2.3%)**

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

Figure 165 shows performance measure data for fiscal years 2019 to 2021.

FIGURE 165
COMMODITY BOARDS PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage Increase in the Number of Business Assists Facilitated	2.5%	1.1%	44.0%	1.0%/1.0%

SOURCE: Texas Department of Agriculture.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Commodity boards overseen by TDA provide each commodity with the opportunity for additional research, education, marketing, and disease and insect control potentially to increase yields and profitability. Termination of this program would remove the financial and programmatic support provided by TDA for these boards.

PRESCRIBED BURN

The Texas Natural Resources Code, Chapter 153

Mission Centrality – Moderate; Authority – Strong

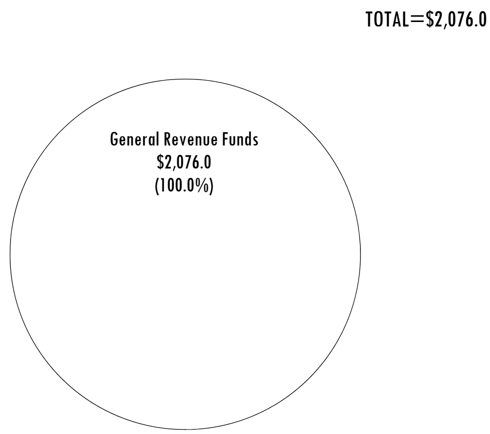
PROGRAM DESCRIPTION

The Prescribed Burn program regulates Certified and Insured Prescribed Burn Managers that use prescribed burns as a safe land management and conservation tool for agricultural, forestry, and conservation purposes. The program establishes standards for prescribed burning and certification, training curriculum, minimum education, and professional requirements for instructors. The Seventy-sixth Legislature, 1999, established this program to limit the liability for landowners using prescribed burning as a management tool. The program is overseen by a board with membership composed pursuant to the Texas Natural Resources Code, Section 153.041, that establishes standards for prescribed burning and certification, training curriculum, minimum education and professional requirements for instructors. The program is not allocated any FTE positions by the agency, and board members perform the work on behalf of the agency. As of June 2020, approximately 100 licensed prescribed burn managers operated in Texas.

The Prescribed Burn program is required to collect fees to recover its costs of administration and enforcement. This revenue is generated through certification and renewal fees of $500 per applicant for the program's various licenses. Annual average revenue collections from this source from fiscal years 2017 to 2019 was $18,917; however, fewer applicants are anticipated for the 2020–21 biennium, with associated, estimated decreases in revenue to $10,000 for fiscal year 2020 and $12,000 for fiscal year 2021.

Figures 166 and **167** show current and historical levels of funding for the Prescribed Burn program by method of finance.

FIGURE 166
PRESCRIBED BURN PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 167
PRESCRIBED BURN PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$18,249.0	$13,313.0	$2,076.0	$2,076.0	(88.6%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$18,249.0**	**$13,313.0**	**$2,076.0**	**$2,076.0**	**(88.6%)**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, termination of this program would remove the only source of guidance in the state to ensure that prescribed burns are used as a safe land management tool.

TEXANS FEEDING TEXANS HOME-DELIVERED MEAL GRANT

The Texas Agriculture Code, Section 12.042; the Texas Administrative Code, Title 4, Part 1, Chapter 1, Subchapter O; the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Department of Agriculture, Rider 25

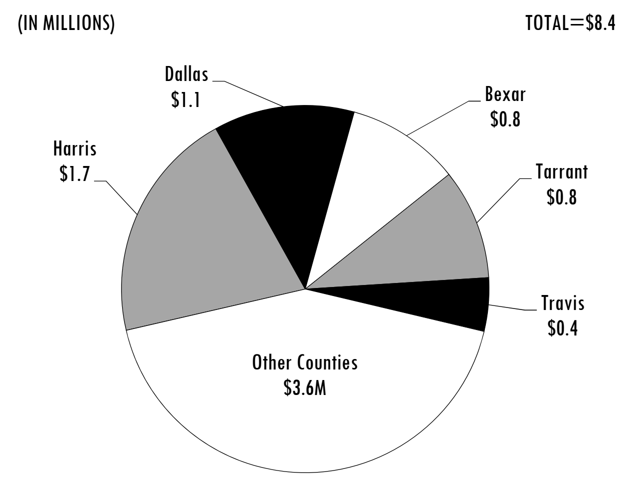
Mission Centrality – Weak; Authority – Weak

PROGRAM DESCRIPTION

The Texans Feeding Texans Home-Delivered Meal Grant program provides support to supplement and extend current home-delivered meal programs for seniors and disabled Texans. Governmental and nonprofit agencies are eligible for this grant program, which was established in 2007.

TDA works with at least 142 organizations in 161 counties through this program. Counties make qualifying grants to meal providers as a condition for TDA grant funding. The county grant amount target is based on the number of seniors reported in the most recent census. According to the agency, grantees delivered approximately 14.6 million meals during fiscal year 2018, and state funding covered approximately 20.0 percent of that total. **Figure 168** shows the number of Home-Delivered Meal Grant awards by county during fiscal year 2018.

FIGURE 168
TEXANS FEEDING TEXANS HOME-DELIVERED MEAL GRANT AWARDS BY COUNTY
FISCAL YEAR 2018

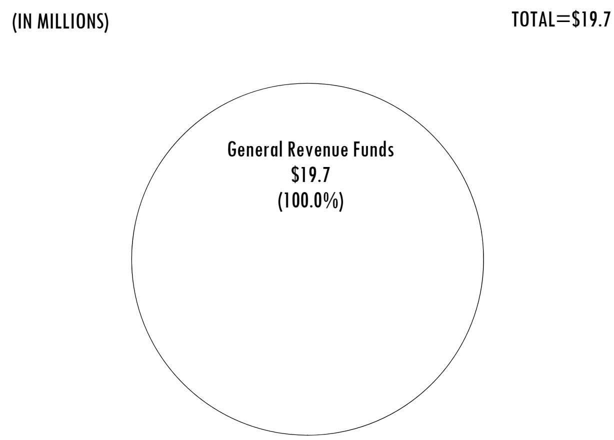


SOURCE: Texas Department of Agriculture.

A survey of meal providers was conducted by Meals on Wheels Association of Texas on behalf of TDA, to which 60, or 42.0 percent of all providers, responded. Of the 60 programs, 18 identified 2,451 people on meal waiting lists and reported insufficient funding as the primary reason for the wait list. To increase the number of meals provided through the program by 10.0 percent, or 650,000 meals, an additional $4.0 million would be required each fiscal year, or $8.0 million for the biennium.

Figures 169 and 170 show current and historical levels of funding for this program by method of finance.

FIGURE 169
TEXANS FEEDING TEXANS HOME-DELIVERED MEAL GRANT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 170
TEXANS FEEDING TEXANS HOME-DELIVERED MEAL GRANT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$17.1	$18.3	$17.7	$19.7	15.2%
General Revenue–Dedicated Funds	$0	$0	$0	$0	N/A
Federal Funds	$0	$0	$0	$0	N/A
Other Funds	$0	$0	$0	$0	N/A
Total, All Methods of Finance	**$17.1**	**$18.3**	**$17.7**	**$19.7**	**15.2%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, TDA support for this program helped deliver 2.1 million meals to homebound seniors and eligible disabled clients during fiscal year 2018. The discontinuation of this program would eliminate this service. The need for home-delivered meals is anticipated to increase as the senior population in Texas continues to grow. County organizations would have to rely on additional local and private funding without the supplemental state grant awards.

TEXANS FEEDING TEXANS SURPLUS AGRICULTURAL PRODUCTS GRANT

The Texas Agriculture Code, Chapter 21; the Texas Administrative Code, Title 4, Part 1, Chapter 1, Subchapter M

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Texans Feeding Texans Surplus Agricultural Products Grant program was established in fiscal year 2002 to provide surplus agricultural products to food banks and other charitable organizations that serve needy or low-income individuals. The agency awards grant funding to nonprofit organizations to help offset the costs of harvesting, gleaning, and transporting Texas products to 21 food banks across the state.

Eligibility for the Surplus Agricultural Product Grant Program grants is limited to nonprofit organizations that have at least five years of experience coordinating a statewide network of food banks and charitable organizations that service each of the 254 counties pursuant to the Texas Agriculture Code, Chapter 21. According to the agency, one organization, Feeding Texas, traditionally has received grant funding. During the 2018–19 biennium, the grant amount of $8.8 million was awarded to Feeding Texas through a competitive request for application process to solicit surplus products, harvesting, packaging, and transporting to the food banks.

TDA reports that, during the 2018–19 biennium, Feeding Texas distributed approximately 65.1 million pounds of produce from a maximum of 57 suppliers per quarter to Texas food banks, as shown in **Figure 171**.

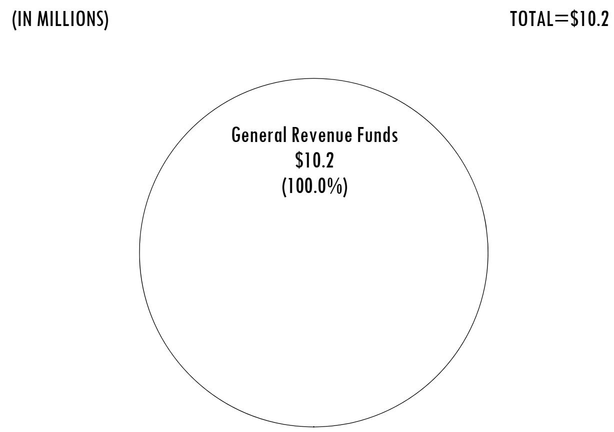
FIGURE 171
TEXANS FEEDING TEXANS SURPLUS AGRICULTURAL PRODUCTS GRANT PROGRAM DISTRIBUTION
2016–17 TO 2020–21 BIENNIA

BIENNIUM	GRANT AMOUNT (IN MILLIONS)	PRODUCTS ACQUIRED (IN MILLIONS OF POUNDS)
2016–17	$5.9	38.4
2018–19	$9.1	65.1
2020–21	$9.7	72.0 (1)

NOTE: (1) The Texas Department of Agriculture anticipates acquiring this amount for the 2020–21 biennium. As of June 30, 2020, the agency has received 28.4 million pounds of produce.
SOURCE: Texas Department of Agriculture.

Figures 172 and **173** show current and historical levels of funding for this program by method of finance.

FIGURE 172
TEXANS FEEDING TEXANS SURPLUS AGRICULTURAL PRODUCTS GRANT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 173
TEXANS FEEDING TEXANS SURPLUS AGRICULTURAL PRODUCTS GRANT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	**EXPENDED 2014–15**	**EXPENDED 2016–17**	**EXPENDED 2018–19**	**APPROPRIATED 2020–21**	**PERCENTAGE CHANGE 2014–15 TO 2020–21**
General Revenue Funds	$2.7	$5.9	$9.1	$10.2	280.3%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$2.7**	**$5.9**	**$9.1**	**$10.2**	**280.3%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would reduce low-income individuals' and families' access to nutritious food and eliminate an opportunity for agricultural producers in Texas to sell millions of pounds of surplus product that otherwise would not have a market or would waste.

3 E'S NUTRITION EDUCATION GRANT

The Texas Agriculture Code, Section 12.0027; the Texas Education Code, Section 38.026; the Texas Human Resources Code, Section 33.028

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The 3 E's (Education, Exercise, and Eating Right) Nutrition Education Grant program provides grants to public schools, childcare centers, and community organizations to increase awareness of the importance of good nutrition, especially for children, and to encourage children's health and well-being through education, exercise, and eating right. **Figure 174** shows the total number of grantees and total amounts awarded from the 2010–11 to the 2020–21 biennia.

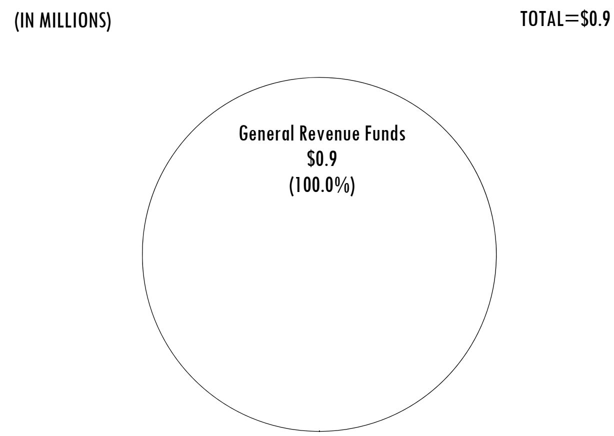
FIGURE 174
3 E'S NUTRITION EDUCATION GRANT PROGRAM FUNDING
2010–11 TO 2020-21 BIENNIA

SOURCE: Legislative Budget Board.

This program traditionally has been allocated 0.5 FTE position and consists of two grants: the Establishing the 3 E's Grant Program, which provides grants to child and adult care food programs within childcare institutions or community organizations; and the Expanding the 3 E's Grant Program, which provides grants to public school education programs only. For fiscal year 2019, the agency provided 13 grants for the Establishing the 3 E's Grant Program and seven grants for the Expanding the 3 E's Grant Program.

Figures 175 and 176 show current and historical levels of funding for this program by method of finance.

FIGURE 175
3 E'S NUTRITION EDUCATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 176
3 E'S NUTRITION EDUCATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.8	$2.0	$0.9	$0.9	(53.6%)
General Revenue–Dedicated Funds	$0	$0	$0	$0	N/A
Federal Funds	$0	$0	$0	$0	N/A
Other Funds	$0	$0	$0	$0	N/A
Total, All Methods of Finance	**$1.8**	**$2.0**	**$0.9**	**$0.9**	**(53.6%)**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program would end the state-provided grant funding distributed to schools and childcare centers to implement the promotion of healthy habits, unless additional funding and authority were provided to another state agency.

PESTICIDE DATA

The Texas Agriculture Code, Chapter 76; the Federal Insecticide, Fungicide and Rodenticide Act; the federal Food Quality Protection Act

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

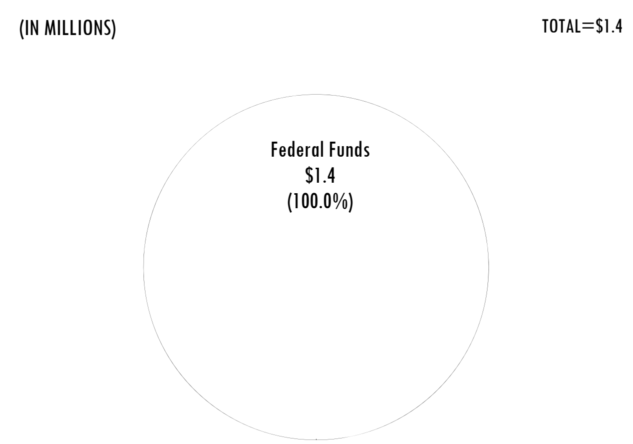
The Pesticide Data program manages the collection, analysis, data entry, and reporting of pesticide residues on agricultural commodities in the U.S. food supply, with an emphasis on those commodities commonly consumed by infants and children. The program originated in 1991 as a cooperative grant agreement with USDA. Its goal is to protect and benefit producers, consumers, food processors, and pesticide producers and applicators.

Samples of agricultural products are collected by inspectors at food distribution centers and sent to the agency's Pesticide Laboratory located in College Station to test for pesticide residue. Pesticide residue levels from samples are compared to tolerances established by the Environmental Protection Agency (EPA) to ensure that pesticide residues in food remain at safe levels. Ten states, including Texas, test food for pesticide residue for this purpose.

An EPA Market Protection and Promotion grant, Catalog of Federal Domestic Assistance No. 10.163, fully funds this program. This grant funding includes salaries and benefits for 9.5 FTE positions, including 8.5 laboratory staff positions and 1.0 inspector position. The work of these lab staff includes Pesticide Data Program responsibilities and residue analysis to support TDA in enforcement actions involving the misuse of pesticide. The agency anticipates that this funding source will continue because data generated by the program supports the EPA's ability to establish residue tolerance levels pursuant to the federal Food Quality Protection Act.

Figures 177 and **178** show current and historical levels of funding for this program by method of finance.

FIGURE 177
PESTICIDE DATA PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 178
PESTICIDE DATA PROGRAM FUNDING SOURCES
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$1.7	$1.7	$1.4	$1.4	(16.2%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.7**	**$1.7**	**$1.4**	**$1.4**	**(16.2%)**

SOURCE: Legislative Budget Board.

Figure 179 shows performance measure data for measures identified in the General Appropriations Act.

FIGURE 179
PESTICIDE DATA PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Pesticide Analyses Performed	6,200	6,250	100.8%	6,200/6,200

NOTE: This measure is not a key measure.
SOURCE: Texas Department of Agriculture.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the USDA Agricultural Monitoring Service, data collected by the program are used by federal agencies, academic institutions, and other stakeholders such as food producers, food processors, chemical manufacturers, environmental interest groups, and food safety organizations. Discontinuing the Pesticide Data Program would eliminate currently established methods of assuring that pesticide residue on food is within safe levels and could require laboratory services, including sampling, testing, and reporting of pesticide residues, to be performed by another agency.

BIOFUELS INFRASTRUCTURE PARTNERSHIP

The Texas Agriculture Code, Chapter 12; the U.S. Code, Title 15, Sections 714c(b) and 714c(e), the federal Commodity Credit Corporation Charter Act

Mission Centrality – Moderate; Authority – Weak

PROGRAM DESCRIPTION

The Biofuels Infrastructure Partnership program was a one-time project that was federally funded in the 2016–17 biennium with the goal of increasing the consumption of biofuel in the form of ethanol. The program concluded in December 2018, with TDA having continuing reporting requirements on ethanol sales through January 2022. **Figure 180** shows historical levels of funding for this program by method of finance.

FIGURE 180
BIOFUELS INFRASTRUCTURE PARTNERSHIP PROGRAM FUNDING SOURCES
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$9.9	$0.0	$0.0	(100.0%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.0**	**$9.9**	**$0.0**	**$0.0**	**(100.0%)**

SOURCE: Legislative Budget Board.

LICENSE PLATES

The Texas Transportation Code, Chapter 504

Mission Centrality – Weak; Authority – Weak

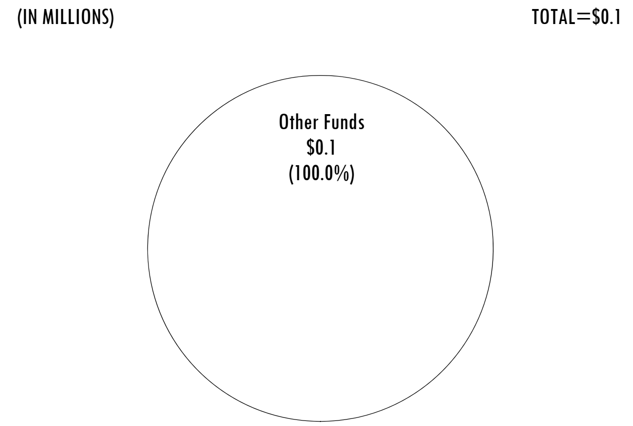
PROGRAM DESCRIPTION

Through the License Plate program, TDA acts as a nominating state agency for certain nonprofit organizations to receive and distribute funds collected by the Texas Department of Motor Vehicles from the sale of specialized license plates. Nonprofit organizations that benefit from specialty license plates include the Go Texan program, American Quarter Horse Association, Masonic Grand Lodge of Texas, and Order of the Eastern Star.

The program generates revenues for the agency from the sale of specialized license plates. As a nominating state agency, TDA receives $22 of the $30 fee collected for every set of specialty plates sold. From fiscal years 2017 to 2019, the program averaged $56,000 in collections from these sales.

Figures 181 and **182** show current and historical levels of funding for this program by method of finance.

FIGURE 181
LICENSE PLATE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 182
LICENSE PLATE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15 (IN MILLIONS)	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.1	$0.1	$0.1	$0.1	$0.1
Total, All Methods of Finance	**$0.1**	**$0.1**	**$0.1**	**$0.1**	**$0.1**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDING

The Texas Transportation Code, Section 504.625, directs TDA to expend license plate revenues from sales of GO TEXAN license plates on the GO TEXAN Partner Program, but the Legislature has discontinued funding for the partner program. As a result, revenues from the sale of specialty license plates continue to be deposited to the License Plate Trust Fund and are appropriated to the agency through the GAA, Article IX. Section 8.13, Appropriation of Specialty License Plate Receipts. However, these funds are not used by the agency because TDA may expend them only on a program that is no longer operational. The Legislature could consider a statutory change to enable the agency to expend these accrued funds to promote the active components of the GO TEXAN program.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Terminating funding for this program would not have an adverse effect on TDA. The participating nonprofit organizations would need to find a new sponsoring agency.

INDIRECT ADMINISTRATION

The Texas Agriculture Code, Chapter 11

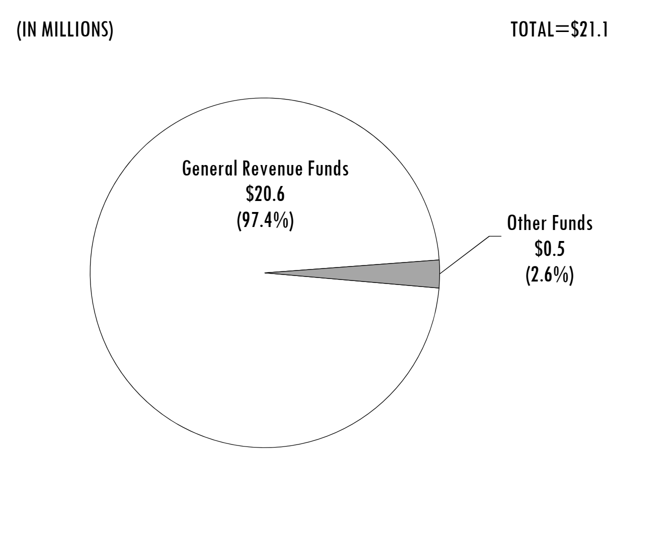
PROGRAM DESCRIPTION

The Indirect Administration program provides the administrative support for TDA operations. This support includes executive management, internal audit, legal, human resources (HR), accounting, budget, purchasing, facilities, fleet services, communications, external affairs, and information technology (IT) infrastructure support. The program can be organized broadly into central administration, information resources, and other support services. Within this capacity, this program affects all of TDA's other programs.

Agency operations have evolved to meet needs as they arise. For example, the agency implemented the statewide Centralized Accounting and Payroll/Personnel System (CAPPS) financial module in September 2019 after a year of training and testing; TDA anticipates implementing the CAPPS HR module in September 2020. In addition, the agency is modernizing its legacy IT systems, for which it was appropriated $1.0 million for the 2020–21 biennium. The agency is beginning to implement this effort, which includes outside consultation followed by development efforts for 25 applications, some of which have been in use for 18 years.

The indirect cost amounts in the 2020–21 GAA, Article VI, TDA, Rider 24, Appropriations Limited to Revenue Collections, Cost Recovery Programs, were updated for the biennium to align with the agency's indirect cost allocation. The allocations were updated in response to recommendations included in the August 2017 State Auditor's Report, *Fees at the Texas Department of Agriculture*, Report No. 17-049. The new rider allocations consider the number of FTE positions in each strategy and in each cost recovery program with no net changes across all methods of finance. **Figures 183** and **184** show current and historical levels of funding for the Indirect Administration program by method of finance.

FIGURE 183
INDIRECT ADMINISTRATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 184
INDIRECT ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$18.2	$18.6	$18.8	$20.6	12.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.5	$0.5	N/A
Total, All Methods of Finance	**$18.2**	**$18.6**	**$19.3**	**$21.1**	**15.6%**

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

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 2119, Eighty-sixth Legislature, 2019, transferred fuel program responsibilities to the Texas Department of Licensing and Regulation (TDLR). Associated with this transfer, TDA funding decreased by $6.1 million in General Revenue Funds and 35.9 FTE positions. Of these appropriations and positions, $0.4 million and 4.0 FTE positions were allocated for central administration, $0.2 million and 2.0 positions were allocated for Information Resources, and $0.1 million was allocated for other support services. According to the agency, the decrease was necessary to cover the costs and program responsibilities associated with the transferred program; however, this funding and these positions previously also provided for and performed additional responsibilities associated with other programs. TDA has realized a lack of resources from the transfer that affects how the agency conducts other types of inspections at gas station facilities and license service companies.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program funding would limit the agency's ability meet its statutory requirements. The agency would be unable to hire, manage accounts receivable and payable, process payroll, manage all staff, and communicate with internal and external stakeholders. If the program were discontinued and funding retained, then the funding would be redistributed among the direct program costs based on the established allocation.

TEXAS ANIMAL HEALTH COMMISSION

The Texas Agriculture Code, Title 6, Subtitle C, Chapters 161 to 168

AGENCY DESCRIPTION

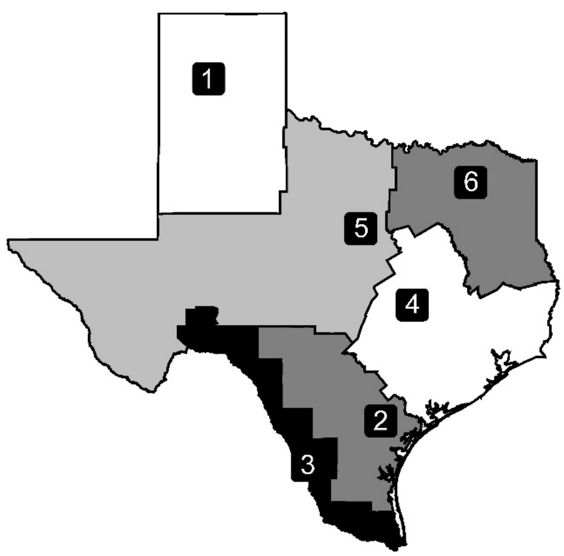
The Texas Animal Health Commission (TAHC) was established in 1959 as the successor to the Livestock Sanitary Commission of Texas, which was established by the Legislature in 1893 to respond to the proliferation of cattle fever ticks in portions of Texas and 12 other states.

The agency's mission is to protect and mitigate Texas' animal industry from the effects of domestic, foreign, and emerging diseases; promote animal health and productivity; protect human health from animal diseases and conditions transmissible to people; and prepare for and respond to emergencies involving animals. TAHC accomplishes its mission through the prevention, surveillance, diagnosis, control, and eradication of diseases and parasites that affect livestock, exotic livestock, domestic fowl, and exotic fowl throughout Texas.

AGENCY GOVERNANCE

The agency is governed by 13 commissioners, who are appointed by the Governor with the advice and consent of the Senate to serve staggered six-year terms. Commissioners represent the public and various livestock industries and professions. The commission typically meets three times per year. The agency is headquartered in Austin with six regional offices located in Amarillo, Beeville, Laredo, Rockdale, Stephenville, and Sulphur Springs, as shown in **Figure 185**. Each regional office is headed by a veterinarian that serves as the director. TAHC's executive director is also the State Veterinarian of Texas, which is a position considered to be a national and international leader in the field of animal agriculture.

FIGURE 185
TEXAS ANIMAL HEALTH COMMISSION REGIONAL OFFICES, FISCAL YEAR 2020



1	Amarillo	4	Rockdale
2	Beeville	5	Stephenville
3	Laredo	6	Sulphur Springs

SOURCE: Texas Animal Health Commission.

During the 2018–19 biennium, the agency conducted 25 programs aligned with diseases within the agency's purview and various cooperative agreements with the U.S. Department of Agriculture (USDA). During the 2020–21 biennium, the agency's funding and resources were realigned into 14 programs organized to address the types of animals within the agency's jurisdiction instead of specific diseases.

FEE REVENUE

The agency collects a limited amount of fee revenue pursuant to the Texas Agriculture Code, Section 161.060, to fund its work supporting the livestock and poultry industries. Currently, the agency assesses fees to recover costs associated with inspecting the farmed and captive cervid industry, issuing certifications of veterinary inspection, and registering certain fowl distributors and transporters. The Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Texas Animal Health Commission, Rider 7, Contingency Appropriation: Cost Recovery for Animal Health Programs, identifies approximately $0.5 million in General Revenue Funds appropriated each fiscal year that is contingent on the agency collecting sufficient revenue.

The Eighty-second Legislature, Regular Session, 2011, expanded TAHC's fee authority to collect fees for a service for which the agency incurred a cost, and to bring TAHC's budget in line with similar regulatory agencies across the state. The Eighty-second Legislature also made 57.5 full-time-equivalent (FTE) positions and $9.9 million (out of $22.3 million) in appropriations contingent on collecting additional fee revenue. Despite expanding the agency's fee authority, actual fee revenue collections for the 2012–13 biennium totaled $0.5 million, which resulted in a reduction of $9.4 million in General Revenue Funds and 57.5 FTE positions during the 2012–13 biennium due to lapsed (unused) appropriation authority.

TAHC's expanded fee authority expired September 1, 2015, and was not reauthorized by the Eighty-fifth Legislature, Regular Session, 2017. **Figure 186** shows the fees that TAHC assesses, revenue collections for the 2018–19 biennium, and estimated collections for the 2020–21 biennium.

FIGURE 186
TEXAS ANIMAL HEALTH COMMISSION FEE REVENUE COLLECTIONS AND ESTIMATES, 2018–19 TO 2020–21 BIENNIA

FEE	2018–19 ACTUAL	2020–21 ESTIMATED	DIFFERENCE
Health Certificates	$1,037,980.0	$924,000.0	$113,980.0
Chronic Wasting Disease Inspection	$20,725.0	$16,000.0	$4,725.0
Fowl Registration Fees	$107,455.0	$100,000.0	$7,455.0
Total	**$1,166,160.0**	**$1,040,000.0**	**$126,160.0**

SOURCE: Texas Animal Health Commission.

Currently, registration and inspection service fees charged to the industry account for $1.0 million of TAHC's $30.8 million biennial budget, or 3.4 percent. For TAHC, the option of increasing fee generation to 10.0 percent of its budget would reduce the draw on General Revenue Funds by $2.0 million per biennium.

The agency and its commissioners have expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide services without assessing fees that it is authorized to collect, which are shown in **Figure 187**.

FIGURE 187
STATUTORILY AUTHORIZED FEES NOT COLLECTED BY THE TEXAS ANIMAL HEALTH COMMISSION, FISCAL YEAR 2020

FEE	AUTHORIZED BY THE TEXAS AGRICULTURE CODE	AMOUNT
Brucellosis Control	§163.003	Determined by Commission
Waste Food Feeder Inspections	§163.026(c)	Up to $25 per year
Feedlot Inspections	§161.060(a)	Determined by Commission
Slaughter Plant Inspections	§161.060(a)	Determined by Commission
Livestock Market Inspections	§161.060(a)	Determined by Commission
Equine Infectious Anemia Inspections	§161.060(a)	Determined by Commission
M-Branded Inspections	§161.060(a)	Determined by Commission
Live Bird Market Inspections	§161.060(a)	Determined by Commission
Feral Swine Holding Inspections	§161.060(a)	Determined by Commission
Feral Swine Hunting Preserve Inspections	§161.060(a)	Determined by Commission
Equine Piroplasmosis Inspections	§161.060(a)	Determined by Commission
Tick Inspections	§161.060(a)	Determined by Commission
Livestock Shipment Inspections	§161.060(a)	Determined by Commission
Slaughter Plan Inspections	§161.060(a)	Determined by Commission
Dairy Calf Health and Inspection Report	§161.060(a)	Determined by Commission

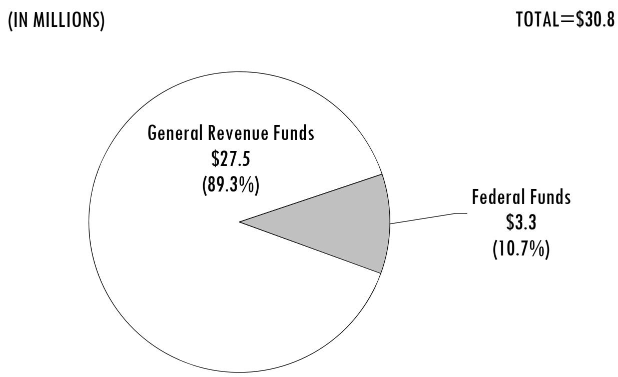
NOTE: The Texas Animal Health Commission is authorized to collect fees for the inspection of foreign cattle by rule but does not due to conflicts with federal law.
SOURCE: Legislative Budget Board.

An informal review of the approach of other Western states to funding their state animal health functions indicates that a majority —at least 12 of 16—collect inspection and other service fees from the industry to support a sizable share of their regulatory costs. In several of these states, fee revenue supports appropriations at a rate of 50.0 percent or greater. For example, 55.5 percent of the Wyoming Livestock Board's budget is covered by revenue generated from its brand recording and inspection activities.

AGENCY FUNDING

Figures 188, 189, and **190** show current and historical levels of funding for TAHC by method of finance and by program.

FIGURE 188
TEXAS ANIMAL HEALTH COMMISSION FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 189
TEXAS ANIMAL HEALTH COMMISSION FUNDING BY METHOD OF FINANCE
2018–19 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$27,501,461.0	$27,487,403.0	($14,058.0)	(0.1%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	0.0%
Federal Funds	$3,542,048.0	$3,306,324.0	($235,724.0)	(6.7%)
Other Funds	$36,245.0	$0.0	($36,245.0)	(100.0%)
Total, All Methods of Finance	**$31,079,754.0**	**$30,793,727.0**	**($286,027.0)**	**(0.9%)**

SOURCE: Legislative Budget Board.

FIGURE 190
TEXAS ANIMAL HEALTH COMMISSION FUNDING BY PROGRAM
2018–19 TO 2020–21 BIENNIA

RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Animal Disease Traceability	$2,038,411.0	$1,795,000.0	($243,411.0)	(11.9%)
2	Cattle Health	$10,352,692.0	$11,937,441.0	$1,584,749.0	15.3%
3	Avian Health	$463,956.0	$463,849.0	($107.0)	0.0%
4	Swine Health	$628,380.0	$577,153.0	($51,227.0)	(8.2%)
5	Legal and Compliance	$636,660.0	$685,842.0	$49,182.0	7.7%
6	Emergency Management	$1,120,868.0	$649,354.0	($471,514.0)	(42.1%)
7	Field Operations Administration	$8,705,052.0	$6,826,108.0	($1,878,944.0)	(21.6%)
8	Equine Health	$609,348.0	$678,460.0	$69,112.0	11.3%
9	Sheep/Goat Health	$215,107.0	$227,818.0	$12,711.0	5.9%
10	Cervid Health	$381,143.0	$444,339.0	$63,196.0	16.6%
11	Surveillance Testing	$1,211,846.0	$1,139,762.0	($72,084.0)	(5.9%)
12	Central Administration	$2,390,844.0	$2,573,756.0	$182,912.0	7.7%
13	Information Resources	$1,847,957.0	$2,273,307.0	$425,350.0	23.0%
14	Other Support Services	$477,490.0	$521,538.0	$44,048.0	9.2%

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDINGS

- The Texas Agriculture Code, Section 161.060, authorizes TAHC to assess fees for inspections conducted in the livestock and poultry industries. If TAHC began assessing such fees, the revenues could fund inspections, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may qualify as an exemption pursuant to the Texas Government Code, Section 2001.0045, which would enable the agency to increase inspection fees for cost recovery without a required corresponding decrease in revenue.

- Continued evidence of the eradication of bovine brucellosis has resulted in decreased funding for testing, which has caused a significant reduction in sampling and sample testing performed by TAHC's State–Federal Laboratory. All surveillance testing for the agency could be performed by the Texas Veterinary Medical Diagnostic Laboratory (TVMDL) through an Interagency Contract, reducing overall costs including those from non-fee-generated revenue and the number of laboratory facilities capable of performing the same test.
- Amending statute to require, not merely authorize, animal identification of livestock within the agency's purview would increase the effectiveness of the Animal Disease Traceability program to track the movements of a diseased animal, and those of other nearby animals, to determine the source and potential spread of the disease for the purpose of responding to it and stopping it as soon as possible. Establishing this requirement, however, might increase costs to livestock producers.
- Although the Texas Division of Emergency Management considers TAHC to be the lead state agency authorized to coordinate responses for the needs of companion, service, and assistance animals during natural disasters and emergencies, statute currently does not address this role. The agency's statutory authority specifically relates to livestock and poultry.
- TAHC reported positive short-term improvements in turnover rates among livestock and poultry inspector after receiving additional appropriations from the Eighty-sixth Legislature, 2019, to address competitive salary issues.
- TAHC reports difficulties in complying with statutes that contain outdated specific treatments for animal diseases that conflict with modern medical approaches.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be greater than or less than existing funding levels. The agency was asked to provide a methodology or justification for determining these amounts. Unless otherwise indicated, the agency chose to maintain the current level of funding for this exercise, basing its estimates on projected needs in General Revenue Funds, after the receipt of projected Federal Funds, in administering the duties of the program in question.

ANIMAL DISEASE TRACEABILITY

The Texas Agriculture Code, Section 161.056; Federal Register, Volume 78, No. 6, U.S. Department of Agriculture, Animal and Plant Health Inspection Service; the U.S. Code of Federal Regulations, Title 9, Parts 71, 77, 78, 86, et al.

Mission Centrality – Strong; Authority – Moderate

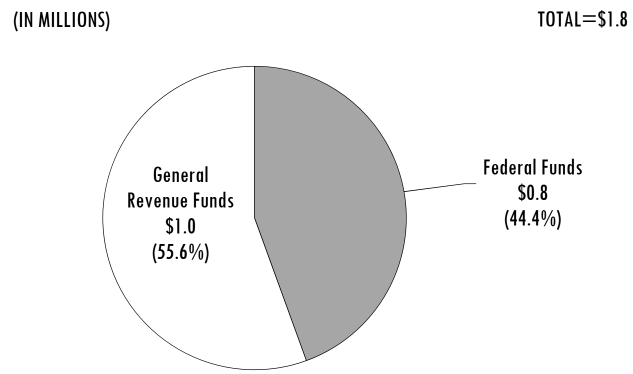
PROGRAM DESCRIPTION

The Animal Disease Traceability program implements and accelerates the process of premises registration to advance animal disease traceability by promoting the use of electronic identification and electronic movement documents. Premises registration is the process through which applicators and owners are assigned a nationally unique number that is provided to tag distributors. The program works in cooperation with the USDA's Animal Plant Health Inspection Service (APHIS) to serve all animal agriculture populations by tracing the movements of a diseased animal, and those of other nearby animals, to determine the source and potential spread of the disease. APHIS incorporates technology for livestock identification, including electronic identification devices, to facilitate identification and tracking of animals. The program enhances the capacity to determine where diseased and at-risk animals are or have been, which reduces TAHC's response time, the number of animals affected, and the economic effects on owners and affected communities.

TAHC's Field Operations Administration program administers the FTE positions related to the Animal Disease Traceability program. These positions are generalist inspectors that perform functions for several programs daily.

Figures 191 and **192** show current and historical levels of funding for the Animal Disease Traceability program by method of finance.

FIGURE 191
ANIMAL DISEASE TRACEABILITY PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 192
ANIMAL DISEASE TRACEABILITY PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$720,203.0	$884,572.0	$1,278,239.0	$1,026,198.0	42.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$924,059.0	$989,940.0	$760,172.0	$768,802.0	(16.8%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,644,262.0**	**$1,874,512.0**	**$2,038,411.0**	**$1,795,000.0**	**9.2%**

SOURCE: Legislative Budget Board.

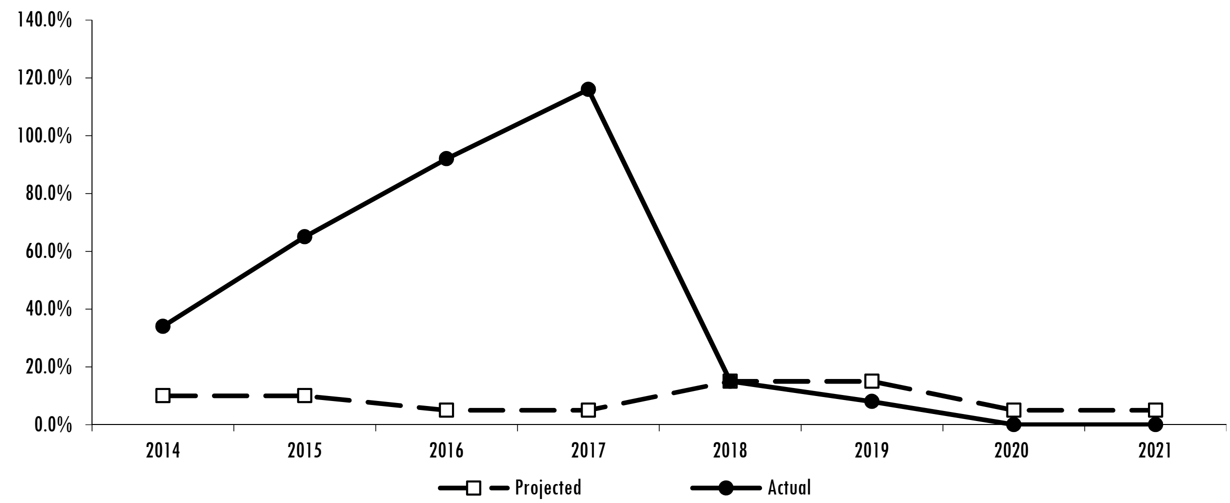
SIGNIFICANT FINDING

The Texas Agriculture Code, Section 161.056, authorizes but does not require identification of livestock within the agency's purview, including cattle and bison, sheep and goats, and swine. The statute authorizes the agency to implement an animal identification program that is more stringent than a federal animal identification program, but only for the control of a specific disease or emergency management, and only after approval by a two-thirds vote by the commission.

USDA initiated an effort to improve animal disease traceability of higher-risk livestock through increased registration of locations and facilities where agricultural animals are stored. TAHC participated in developing the registration increase, and the agency's performance exceeded the target for the percentage increase in participation in animal disease traceability programs.

The number of premises registered each year has increased at a slower rate because the number of unregistered premises is decreasing, as shown in **Figure 193**. When premises are registered with TAHC or the USDA, that location is registered permanently unless the owner requests to be removed from registration.

FIGURE 193
PERCENTAGE CHANGE IN NUMBER OF PREMISES REGISTERED IN FEDERAL AND TEXAS ANIMAL DISEASE TRACEABILITY PROGRAMS, FISCAL YEARS 2014 TO 2021



SOURCE: Legislative Budget Board.

Expanding the requirement that all included livestock are identified with an ear tag or radio frequency identification (RFID) device and that all premises are registered may increase the effectiveness of the program. However, the expansion also may prove burdensome to livestock producers without additional funding to subsidize the purchase of identification devices.

Before livestock producers can order an official identification device, they must obtain a nationally unique number at no cost from USDA APHIS or TAHC. The most commonly used devices are USDA National Uniform Eartagging System (NUES) metal tags or AIN 840 RFID tags. USDA NUES tags are available at no cost, but supplies typically are limited and disbursed quickly. The producer must purchase AIN 840 RFID tags. The average cost for an agency-approved electronic identification device is $2.50. However, the cost to producers and the economic benefit from the ability to trace and prevent the spread of disease quickly among livestock cannot be determined.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting cattle; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas livestock to other states entirely or without additional requirements and associated costs.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, it needs an additional $131,000 for maintenance and data storage costs for the Animal Health Tracking System. During fiscal year 2019, the agency received approval from the Legislative Budget Board and the Office of the Governor, Budget Division, to exceed capital budget authority by $269,000 to purchase business initiative software for agency modernization. Additional funding would permit the agency to allocate existing General Revenue Funds appropriations for the program toward salaries, travel, consumables, and other operating expenses that have been decreased to fund increased maintenance and storage costs.

As of July 2020, the agency reported that the Animal Health Tracking System had been developed but not fully implemented. TAHC is coordinating with the vendor and USDA to migrate data into the new system and map legacy systems for upload and integration.

CATTLE HEALTH

The Texas Agriculture Code, Section 161.041, and Chapters 162, 163, and 167; Animal Welfare Act, as amended, the U.S. Code, Title 7, Chapter 54, Sections 2131 to 2155; the federal Farm Security and Rural Investment Act of 2002, Public Law 107-171, Subtitle E, Sections 10401 to 10418; the federal Plant Protection Act, Public Law 106-224, the U.S. Code, Title 7, Chapter 104, Sections 7701 to 7772

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Cattle Health program detects and surveys for domestic, foreign, and emerging disease trends and threats affecting cattle; responds to disease outbreaks; provides timely and accurate information to develop disease control and eradication plans; and advises on management of disease trends, potential threats, and mitigation strategies.

The program serves the owners of cow and calf operations and the producers of beef cattle, dairy cattle, feeder and stocker cattle, and rodeo and exhibition cattle.

The program has existed since 1893 when the Texas Livestock Sanitary Commission was established and charged with protecting domestic animals from contagious and infectious diseases, particularly bovine babesiosis transmitted by cattle fever ticks. The focus of the program has changed with the emergence of other diseases affecting cattle such as bovine tuberculosis, anthrax, bovine brucellosis, malignant catarrhal fever, scabies, bovine spongiform encephalopathy, bovine trichomoniasis, cattle fever, and others.

The agency began conducting area herd tests for bovine brucellosis by county during the 1950s, primarily through slaughter testing and voluntary testing at livestock markets. During the 1980s, mandatory surveillance testing was instituted at livestock markets and at change of ownership. The USDA recognized Texas as having no occurrences of cattle brucellosis in calendar year 1998, but market testing continued until 2011. Threats of brucellosis recurrence still exist, primarily from movement of cattle originating from the Greater Yellowstone Area, where elk and bison serve as a disease reservoir, and from Mexico, where cattle stray across the border or enter Texas illegally.

Federal funding for brucellosis surveillance and eradication has been decreasing due to the recording of fewer instances of the disease. Previously, TAHC used Federal Funds to pay slaughter plants and veterinarians at livestock markets to collect samples for testing at the State–Federal Laboratory in Austin.

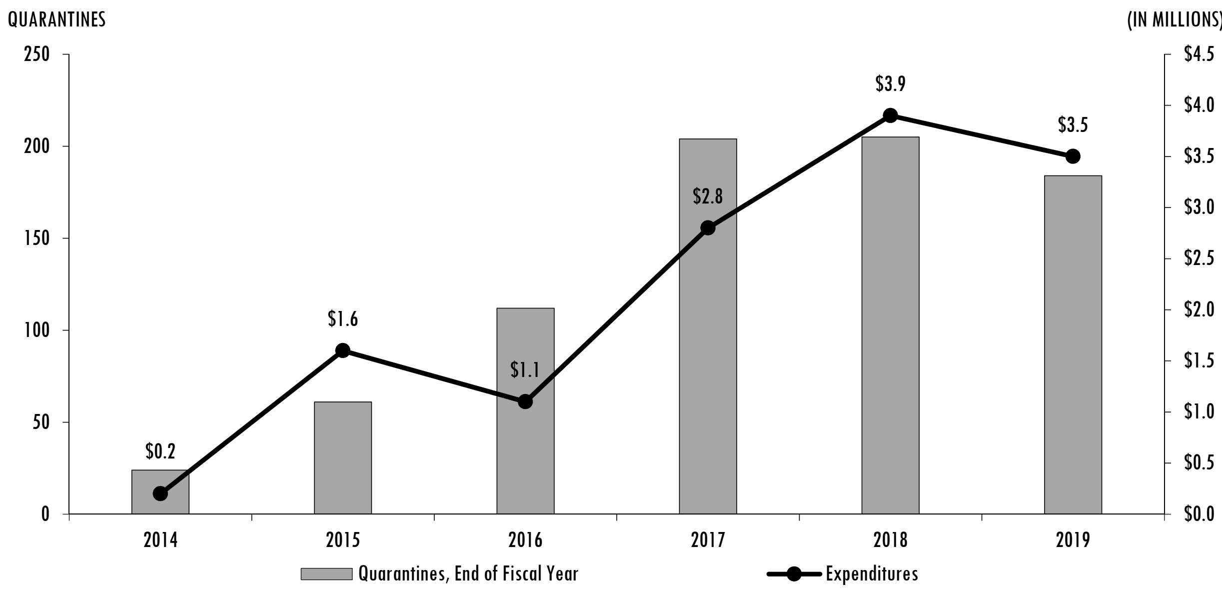
Texas has participated continuously in the national bovine tuberculosis (TB) eradication program since its inception in 1917. The agency conducts disease investigations and manages affected herds through slaughter surveillance, movement testing, and case investigations. Due to the herd sizes and movement among single-owner dairy complexes, TB has been increasingly difficult to detect, trace, and eliminate. From 1985 to 2003, the agency responded to recurring outbreaks of TB in dairy cattle in the El Paso area. As a result of continuous testing, herd depopulation, and the restriction of dairy permits in the area, Texas was recognized as having no outbreaks of bovine TB in 2005, despite the detection of the disease in beef and dairy herds since. This status is contingent on TAHC conducting thorough disease investigations and developing herd plans that eliminate the risk of disease transmission. The agency investigates, on average, five cases of bovine TB annually. Currently, two dairy complexes and one beef herd are under quarantine. The USDA's National

Agricultural Statistics Service reported an increase in the total inventory of dairy cows in Texas from 350,000 cattle in 2000 to 580,000 cattle as of January 1, 2020.

The cattle fever tick is a significant threat to the cattle industry. It carries the Babesia bovis parasite, which causes a disease commonly known as bovine piroplasmosis, or cattle fever, that can kill up to 90.0 percent of exposed cattle. Animals that are not susceptible to cattle fever, such as horses, deer, and nilgai antelope, can carry cattle fever ticks. Texas shares its 1,248-mile border with four Mexican states and imports more live animals than any other state. Cattle and horse imports and animal activity along the Texas–Mexico border in the historic fever tick quarantine zone and in West Texas pose a significant challenge to TAHC and USDA animal health programs. Texas imports approximately 1.0 million cattle annually from Mexico and approximately 2.5 million cattle from other U.S. states. TAHC and USDA staff routinely assist U.S. Border Patrol agents with the capture of livestock and horses that cross from Mexico, which often are diagnosed as diseased or carrying cattle fever ticks.

Figure 194 shows TAHC's cattle and fever tick quarantines and program expenditures from fiscal years 2014 to 2019.

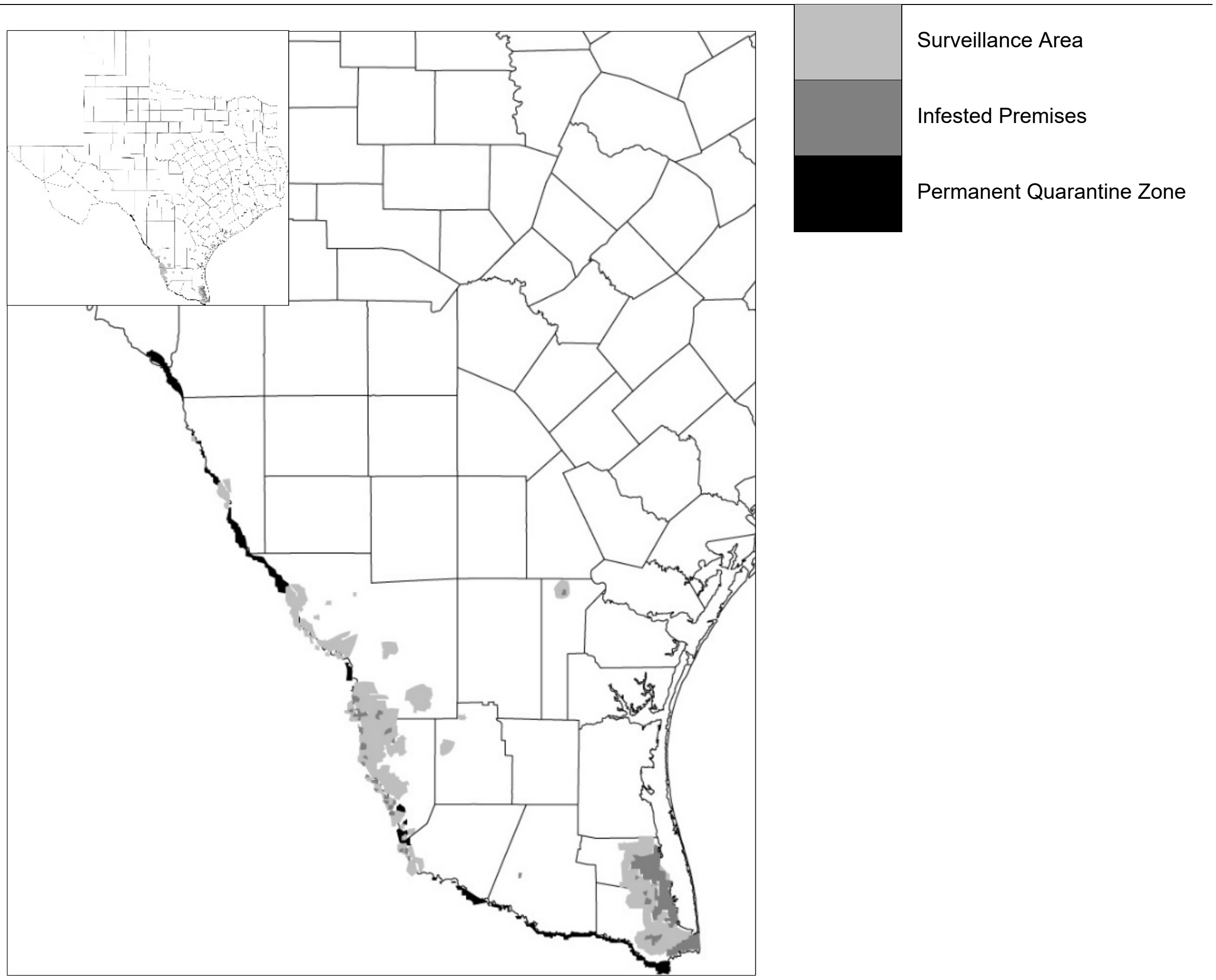
FIGURE 194
CATTLE AND FEVER TICK QUARANTINES AND PROGRAM EXPENDITURES
FISCAL YEARS 2014 TO 2019



SOURCE: Texas Animal Health Commission.

As shown in **Figure 195**, TAHC and USDA's – Animal and Plant Health Inspection Service maintain a Permanent Quarantine Zone along the Rio Grande River in South Texas to separate areas endemic with fever ticks from the rest of the U.S. The Permanent Quarantine Zone consists of more than 0.5 million acres in eight South Texas counties: Cameron, Hidalgo, Kinney, Maverick, Starr, Val Verde, Webb, and Zapata. Inspectors regularly inspect livestock in the quarantine zone, and animals must receive TAHC approval for movement before being shipped outside the area. In addition, TAHC has established temporary quarantine zones, Control Purpose Quarantine Area (CPQA) and Temporary Preventative Quarantine Area (TPQA), outside of the permanent zone primarily in South Texas. Inspectors also perform surveillance at sale barns and receiving pens to prevent the spread of ticks.

FIGURE 195
TEXAS FEVER TICK QUARANTINE AREAS
FISCAL YEAR 2020



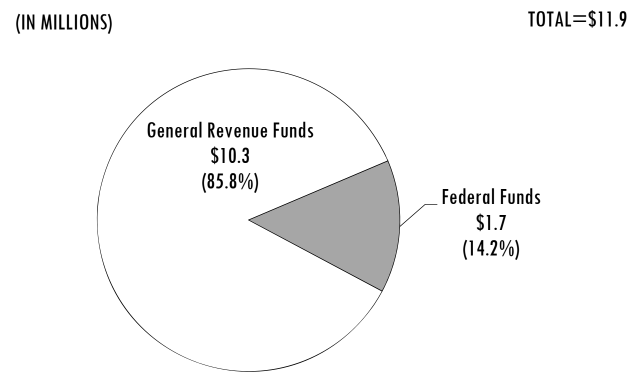
SOURCE: Texas Animal Health Commission.

Texas is the largest producer of cattle in the U.S., and the USDA's National Agricultural Statistics Service reported the inventory of all cattle in Texas at 13.0 million head, or 13.8 percent of the national total, valued at $12.6 billion as of January 1, 2020.

TAHC's Field Operations Administration program administers FTE positions related to the Cattle Health program. These positions are generalist inspectors that perform daily functions for multiple programs.

Figures 196, 197, and **198** show funding and performance measure data for the Cattle Health program.

FIGURE 196
CATTLE HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 197
CATTLE HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$3,046,757.0	$5,041,811.0	$8,426,186.0	$10,271,717.0	237.1%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$2,411,393.0	$2,615,724.0	$1,926,506.0	$1,665,724.0	(30.9%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$5,458,150.0**	**$7,657,535.0**	**$10,352,692.0**	**$11,937,441.0**	**118.7%**

SOURCE: Legislative Budget Board.

FIGURE 198
CATTLE HEALTH PROGRAM PERFORMANCE MEASURE, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage Change in Number of Premises in Nonsystematic Area Infested with Cattle Fever Ticks	(15.0%)	(37.0%)	246.7%	(15.0%)/(15.0%)

SOURCE: Texas Animal Health Commission.

SIGNIFICANT FINDING

The Texas Agriculture Code, Section 161.060(a), authorizes TAHC to assess fees for dairy calf health and inspection reports, livestock market inspections, and slaughter plant inspections. The agency has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide these services without assessing fees that it is authorized to collect.

Pursuant to current statutory authority, the agency could begin assessing inspection fees and using the fee revenues for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, it could use fee revenues to replace non-fee-generated General Revenue appropriations.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspection fees for cost recovery without a corresponding decrease in revenue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting cattle; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies, based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas cattle to other states entirely or without additional requirements and associated costs. Texas is the largest producer of cattle in the U.S., and a disease outbreak that affects the marketability of cattle inventory could harm the state's economy and tax revenue collections.

AVIAN HEALTH

The Texas Agriculture Code, Sections 161.041 and 161.0411; Animal Welfare Act, as amended, the U.S. Code, Title 7, Chapter 54, Sections 2131 to 2155; the federal Farm Security and Rural Investment Act of 2002, Public Law 107-171, Subtitle E, Sections 10401 to 10418; the federal Plant Protection Act, Public Law 106-224, the U.S. Code, Title 7, Chapter 104, Sections 7701 to 7772

Mission Centrality – Strong; Authority – Strong

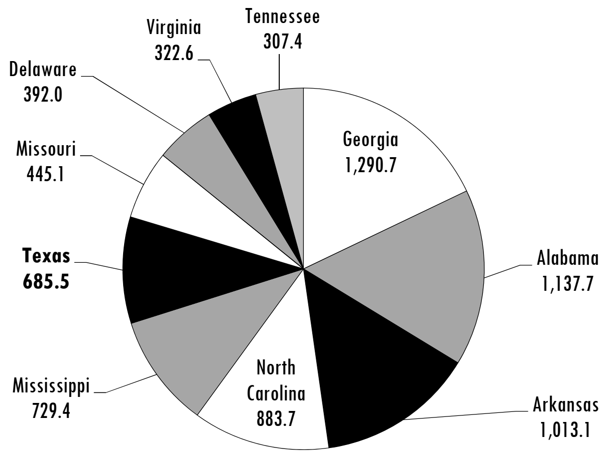
PROGRAM DESCRIPTION

The Avian Health program monitors for and responds to outbreaks of infectious poultry diseases through surveillance, testing, diagnosis, promotion of biosecurity, and identification of poultry populations at greatest risk of infection; developing disease control and eradication plans; and managing the poultry registration program.

The program services domestic and exotic poultry producers, protecting the health and marketability of poultry animal products in Texas, including ducks, chickens, geese, guineas, pheasant, quail, dove, turkeys, and ratites (ostriches, emus, and rheas). The USDA's National Agricultural Statistics Service ranks Texas sixth among U.S. states in chickens slaughtered during calendar year 2019, as shown in **Figure 199**.

FIGURE 199
TOP 10 STATES' POULTRY INDUSTRIES' CHICKENS SLAUGHTERED
CALENDAR YEAR 2019

(IN MILLIONS)



SOURCE: U.S. Department of Agriculture, National Agricultural Statistics Service.

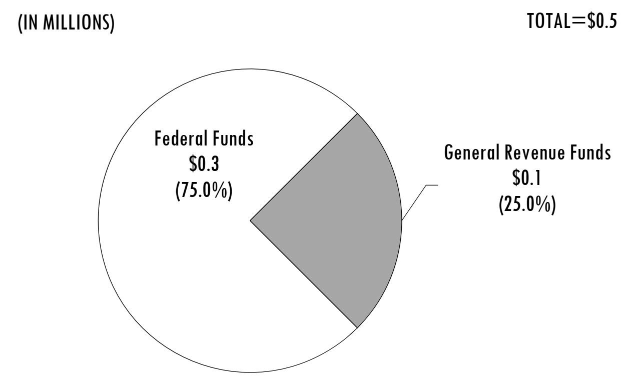
The program was implemented in 1925 and hired its first poultry veterinarian in 1948. The Sixty-fifth Legislature, Regular Session, 1977, established the pullorum-typhoid eradication program and required TAHC to partner with TVMDL to implement and enforce the program. Texas has experienced other avian disease outbreaks, including highly pathogenic and low pathogenic avian influenza, exotic Newcastle disease, psittacosis, and infectious laryngotracheitis.

The agency's task to protect avian livestock health is challenged primarily by diseases carried by migratory fowl and backyard flocks in close proximity to commercial poultry producers. Commercial producers have surveillance and biosecurity measures to protect their flocks, whereas backyard flocks do not and are potential carriers of disease.

TAHC's Field Operations Administration program administers FTE positions related to the Avian Health program. These positions are generalist inspectors that perform daily functions for several programs.

Figures 200 and **201** show current and historical levels of funding for the Avian Health program by method of finance.

FIGURE 200
AVIAN HEALTH PROGRAM FUNDING SOURCES
FISCAL YEAR 2020–21



SOURCE: Legislative Budget Board.

FIGURE 201
AVIAN HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$120,215.0	$145,982.0	$202,866.0	$140,626.0	17.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$366,985.0	$357,974.0	$261,090.0	$323,223.0	(11.9%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$487,200.0**	**$503,956.0**	**$463,956.0**	**$463,849.0**	**(4.8%)**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDING

The Texas Agriculture Code, Section 161.060(a), authorizes TAHC to assess fees for live bird market inspections. TAHC has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide these services without assessing fees that it is authorized to collect.

Pursuant to current statutory authority, the agency could assess fees for its inspection services and use the fee revenues for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, it could use fee revenues to replace non-fee-generated General Revenue Funds appropriations.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspection fees for cost recovery without a corresponding decrease in revenue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting the avian population; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of avian species from Texas to other states entirely or without additional requirements and associated costs.

SWINE HEALTH

The Texas Agriculture Code, Section 161.041, and Chapter 165; Animal Welfare Act, as amended, the U.S. Code, Title 7, Chapter 54, Sections 2131 to 2155; the federal Farm Security and Rural Investment Act of 2002, Public Law 107-171, Subtitle E, Sections 10401 to 10418; the federal Plant Protection Act, Public Law 106-224, the U.S. Code, Title 7, Chapter 104, Sections 7701 to 7772

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

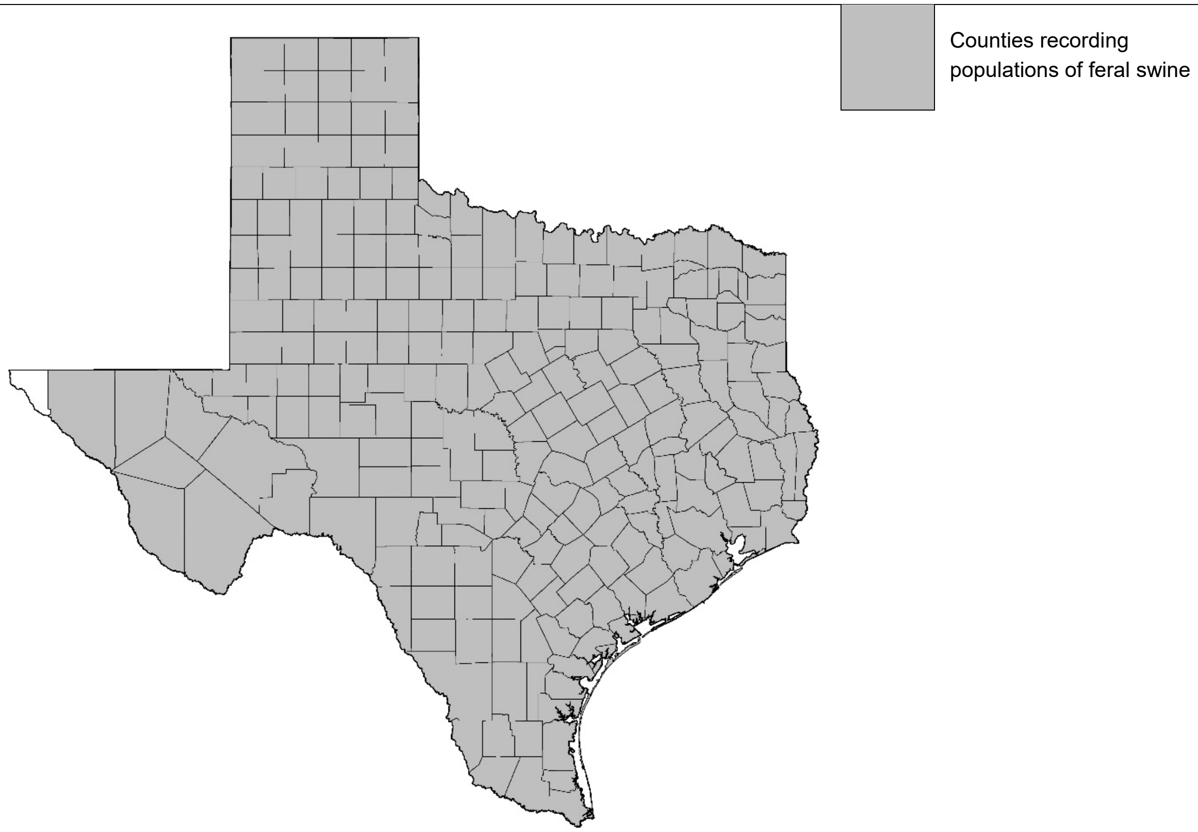
The Swine Health program detects and surveys for domestic, foreign, and emerging disease trends and threats affecting swine; responds to disease outbreaks; provides timely and accurate information to develop disease control and eradication plans; advises on management of disease trends, potential threats, and mitigation strategies.

The program serves swine producers, including commercial and private operators, protecting the health and marketability of the swine population in Texas. The USDA's National Agricultural Statistics Service reported the inventory of all hogs and pigs in Texas to be approximately 1.1 million head, or 1.4 percent of the national totals as of March 1, 2020.

The program was implemented in 1911 and in 1942 began performing stockyard inspections for hog cholera, which eventually was eradicated. TAHC continues to conduct surveillance for swine brucellosis, pseudorabies, classical swine fever, and porcine epidemic diarrhea. During fiscal year 2007, the agency began regulating the movement of live feral swine, which are known to be carriers of pseudorabies and brucellosis. Texas is recognized as having no occurrences of swine brucellosis and pseudorabies in commercial swine.

According to the agency, protecting the health of swine livestock is challenged by the presence of feral swine throughout the state. **Figure 202** shows that, as of calendar year 2018, feral swine populate all counties in Texas except El Paso County. Feral swine can carry diseases that pose threats to domestic swine, cattle, humans, and other species. These diseases can be spread easily when domestic and feral swine intermingle. Historical test data indicate that about 10.0 percent of feral swine are infected with swine brucellosis, a disease that affects cattle and occasionally humans. Approximately 20.0 percent of feral swine may be infected with pseudorabies, unrelated to rabies, which causes illness in hogs and affects marketability of domestic swine.

FIGURE 202
TEXAS COUNTIES THAT HAVE FERAL SWINE POPULATIONS
CALENDAR YEAR 2018

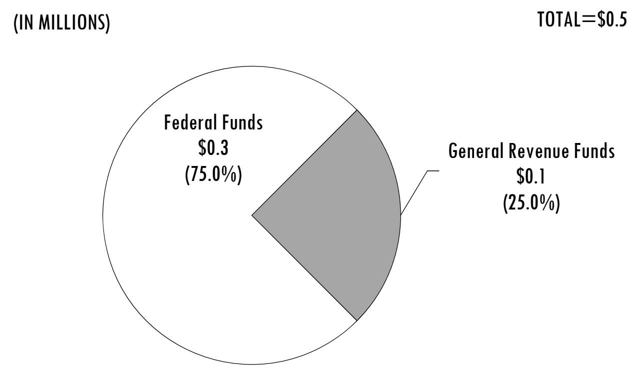


SOURCE: Southeast Cooperative Wildlife Disease Study, calendar year 2018.

TAHC's Field Operations Administration program administers FTE positions related to the Swine Health program. These positions are generalist inspectors that perform daily functions for several programs.

Figures 203 and 204 show current and historical levels of funding for the Swine Health program by method of finance.

FIGURE 203
SWINE HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 204
SWINE HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$249,233.0	$98,822.0	$277,476.0	$203,125.0	(18.5%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$494,974.0	$483,873.0	$350,904.0	$374,028.0	(24.4%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$744,207.0**	**$582,695.0**	**$628,380.0**	**$577,153.0**	**(22.4%)**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDING

The Texas Agriculture Code, Section 161.060(a), authorizes TAHC to assess fees for feral swine hunting preserve inspections, livestock market inspections, and slaughter plant inspections. TAHC has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide these services without assessing fees that it is authorized to collect.

Pursuant to current statutory authority, the agency could assess fees for its inspection services and use the fee revenues for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, it could use fee revenues to replace non-fee-generated General Revenue Funds appropriations.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspection fees for cost recovery without a corresponding decrease in revenue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting swine; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas swine to other states entirely or without additional requirements and associated costs.

LEGAL AND COMPLIANCE

The Texas Agriculture Code, Chapter 161

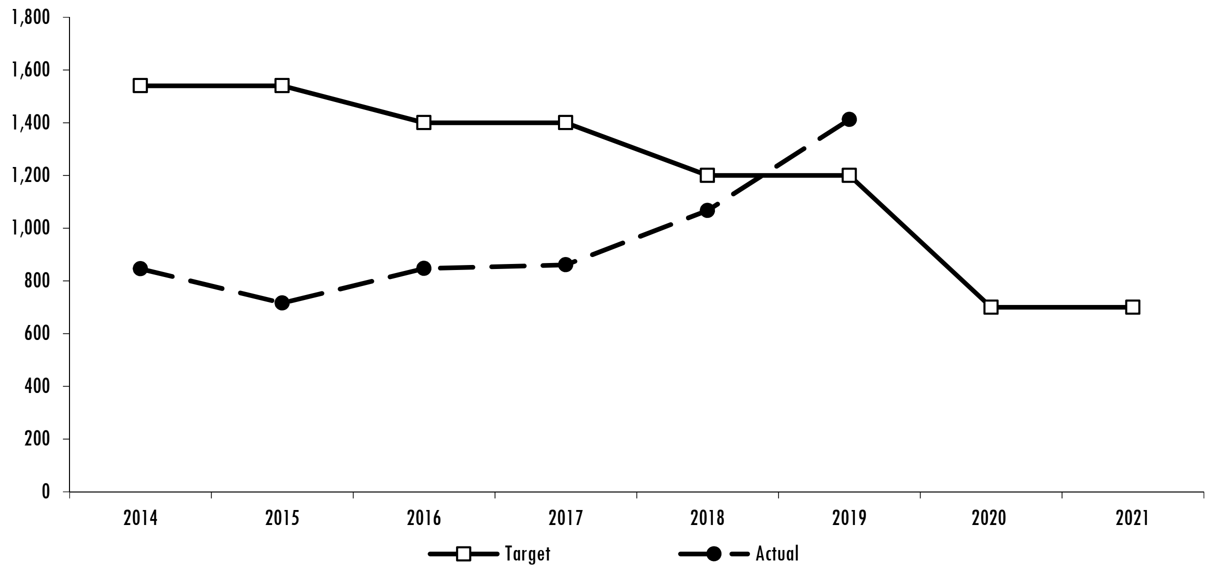
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Legal and Compliance program provides legal counsel and representation in internal operations, open meetings, public information requests, state and federal programs, contracts, rule making, and enforcement of animal agriculture health laws and regulations. The program serves livestock producers and consumers by supporting the agency's internal and external operations and promoting, investigating, and enforcing animal health requirements. Program staff includes a general counsel, legal assistant, compliance director, and two field investigators that operate in collaboration with field operations inspectors, other state and federal agencies, and the public.

The program employs two investigators and relies on the field inspectors to perform regulatory and compliance activities. When field inspectors observe noncompliance, they either may educate the offender or refer the violation to Legal and Compliance program staff. After a case is referred, program staff evaluates the violation and may open a compliance investigation to gather more information. **Figure 205** shows that the program completed 1,412 compliance actions during fiscal year 2019.

FIGURE 205
LEGAL AND COMPLIANCE PROGRAM ACTIONS
FISCAL YEARS 2014 TO 2021



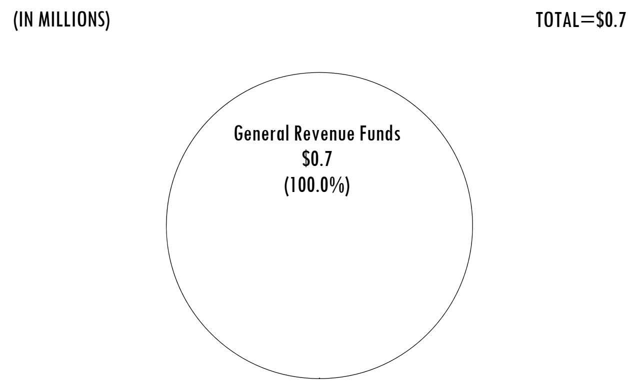
SOURCE: Legislative Budget Board.

Initiated in 2014, the Texas Authorized Personnel Program (TAPP) educates and certifies all Texas veterinarians that engage in state or federal disease control or eradication program activities. The program also applies to all veterinarians issuing certificates of veterinary inspection for livestock, exotic livestock, fowl, and exotic fowl, interstate and intrastate. TAPP is updated with industry needs and technological advances. For example, in 2015, Chronic Wasting Disease post-mortem certification was added when the Cervid Health program implemented live testing, and training is provided via webinar.

Responding to emerging disease threats and ensuring compliance with interstate and intrastate regulations is a substantial challenge for the program. Advanced compliance and documentation training for field inspectors, who are often the first contact with the regulated community following a disease event or noncompliance, would benefit the agency.

Figures 206 and **207** show current and historical levels of funding for the Legal and Compliance program by method of finance.

FIGURE 206
LEGAL AND COMPLIANCE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 207
LEGAL AND COMPLIANCE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$664,812.0	$690,497.0	$635,566.0	$685,842.0	3.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$1,093.0	$344.0	$1,094.0	$0.0	(100.0%)
Total, All Methods of Finance	**$665,905.0**	**$690,841.0**	**$636,660.0**	**$685,842.0**	**3.0%**

SOURCE: Legislative Budget Board.

Figure 208 shows performance measures for the Legal and Compliance Program for fiscal years 2019 to 2021.

FIGURE 208
LEGAL AND COMPLIANCE PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Compliance Actions Completed	1,200	1,412	117.7%	700/700
Number of Compliance Investigations Conducted	160	299	186.9%	160/160
Number of Participants in the Texas Authorized Personnel Program	230	900	391.3%	200/200

NOTE: Number of Compliance Investigations Conducted and Number of Participants in the Texas Authorized Personnel Program are not key measures.
SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit the agency's ability to provide legal counsel and representation in internal operations, state and federal programs, personnel matters, contracts, and rule making. Without compliance staff monitoring and enforcing interstate and intrastate animal health requirements, including quarantine movement restrictions, disease containment will be affected. Additionally, for cooperative programs, TAHC must apply to USDA for the state to receive a designated status to authorize the movement of Texas livestock and poultry in intrastate commerce without additional requirements and associated costs. Texas likely would not qualify for these designated statuses for certain disease programs without the authority and resources needed to monitor and enforce cooperative requirements.

EMERGENCY MANAGEMENT

The Texas Agriculture Code, Section 161.0416

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

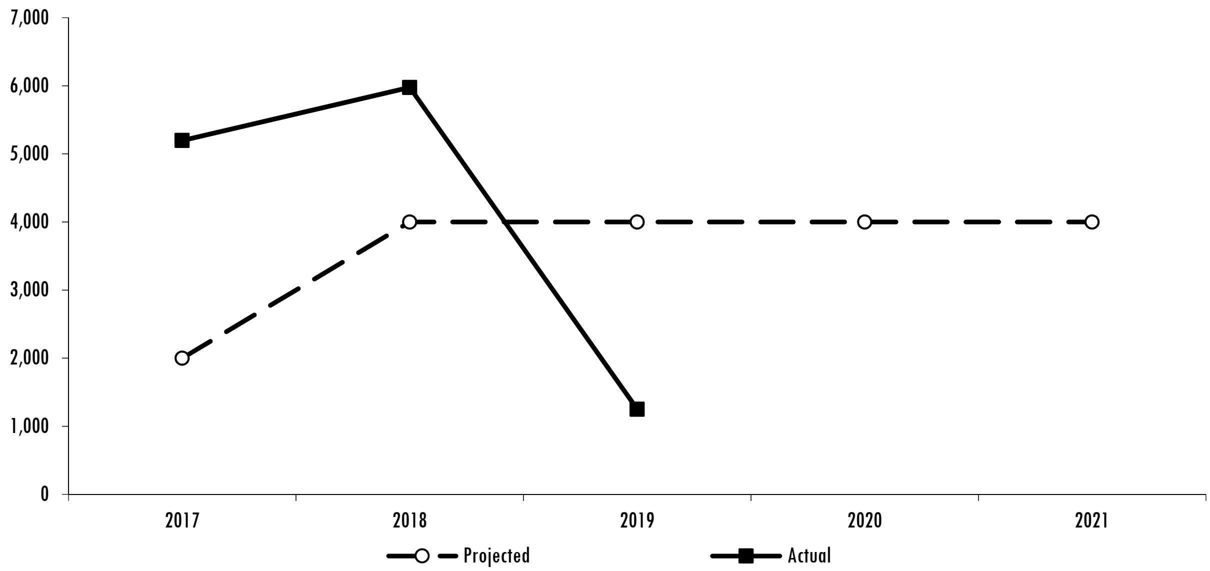
TAHC plans, collaborates, and coordinates with the USDA, the state's animal-health related agencies, agricultural industries, and other related parties regarding emergency preparation and response at the state and local levels. The Emergency Management program conducts planning to prevent or mitigate the effects of disease outbreaks and assists in planning, coordination, evaluation, transportation, sheltering, and care of large and small animals during natural and disease disasters. Currently, staff from other programs would be reallocated for the agency's response effort to address a disaster.

The program was implemented in fiscal year 2002 to coordinate with industry partners and local jurisdictions to establish and plan preparedness programs for animal disease outbreaks and infestations, emergency response coordination during a natural disaster, and provide education and training on animal diseases.

TAHC has been designated by the Texas Division of Emergency Management (TDEM) as the lead agency to provide plans for the humane evacuation, transport, and temporary sheltering of all animals, including companion and service animals, during a natural or human-caused disaster. Through the program, the agency assists with animal ownership identification, livestock restraint and capture, carcass disposal, consulting on animal health and public health concerns, and chemical and biological terrorism issues.

The agency's previous experience with requesting and receiving funds from the Federal Emergency Management Agency (FEMA) for emergency response or disaster recovery has been favorable. However, FEMA reimbursement is available only for federally declared disasters; TAHC indicates that its need for disaster recovery funds also includes responses to disease outbreaks. A high-consequence disease or pest outbreak could exceed the agency's operating budget capacity quickly if the agency were required to provide disease response, mitigation, and indemnity for any herds or flocks that would require euthanization as part of disease mitigation. **Figure 209** shows the agency's actual and projected response hours for animal disease and disasters from fiscal years 2017 to 2021. The agency's previous experience accessing funds for emergency and disease responses is shown in **Figures 210** and **211**.

FIGURE 209
TEXAS ANIMAL HEALTH COMMISSION RESPONSE HOURS TO ANIMAL DISEASE AND DISASTERS
FISCAL YEARS 2017 TO 2021



SOURCE: Legislative Budget Board.

FIGURE 210
TEXAS ANIMAL HEALTH COMMISSION HISTORICAL FEDERAL FUNDING FOR EMERGENCY RESPONSE
FISCAL YEARS 2014 TO 2019

YEAR	EVENT	AMOUNT	FUNDING SOURCE
2014	Explosion at West Fertilizer Company storage and distribution facility in West	$6,055.0	Federal Emergency Management Agency (FEMA) pass-through funding via Department of Public Safety (DPS), Texas Division of Emergency Management (TDEM)
2016	Severe weather, May to June 2015	$10,197.0	FEMA pass-through TDEM/DPS
2019	Hurricane Harvey landfall in Texas	$347,055.0	FEMA pass-through TDEM/DPS

SOURCE: Texas Animal Health Commission.

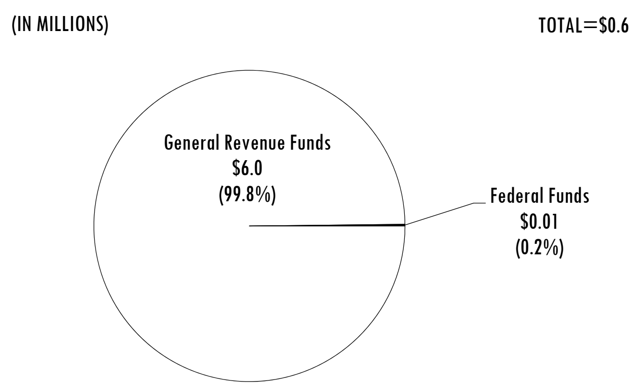
FIGURE 211
TEXAS ANIMAL HEALTH COMMISSION SUPPLEMENTAL FUNDING FOR DISEASE RESPONSES
2014–15 TO 2016–17 BIENNIA

BIENNIUM	EVENT	AMOUNT	SUPPLEMENTAL LEGISLATION
2014–15	Cattle Tuberculosis	$188,736.0	House Bill 2, Eighty-fourth Legislature, 2015
2014–15	Cattle Fever Tick	$601,111.0	House Bill 2, Eighty-fourth Legislature, 2015
2016–17	Cattle Fever Tick	$649,987.0	House Bill 2, Eighty-fifth Legislature, Regular Session, 2017

SOURCE: Texas Animal Health Commission.

Figures 212 and **213** show current and historical levels of funding for the Emergency Management program by method of finance.

FIGURE 212
EMERGENCY MANAGEMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 213
EMERGENCY MANAGEMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$958,419.0	$1,184,594.0	$1,120,868.0	$636,886.0	(33.5%)

General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$79,496.0	$27,499.0	$0.0	$12,468.0	(84.3%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,037,915.0**	**$1,212,093.0**	**$1,120,868.0**	**$649,354.0**	**(37.4%)**

SOURCE: Legislative Budget Board.

Figure 214 shows performance measures for the Emergency Management Program for fiscal years 2019 to 2021.

FIGURE 214
EMERGENCY MANAGEMENT PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Animal Disease and Disaster Response Hours	4,000	1,249	31.2%	4,000/4,000
Animal Disease and Disaster Preparedness Hours	8,000	8,627	107.8%	8,000/8,000

NOTE: Measures shown are not key measures.
SOURCE: Legislative Budget Board.

SIGNIFICANT FINDING

The Texas Government Code, Section 418.043, and the Texas Agriculture Code, Section 161.0416, clarify the agency's role in planning and responding to disasters related to livestock and poultry. However, statutes do not address the agency's role related to companion animals.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would hinder the agency's ability to provide planning and coordination for the evaluation, transportation, sheltering, and care of large and small animals during natural disasters and animal agriculture disease outbreaks.

FIELD OPERATIONS ADMINISTRATION

The Texas Agriculture Code, Chapter 161

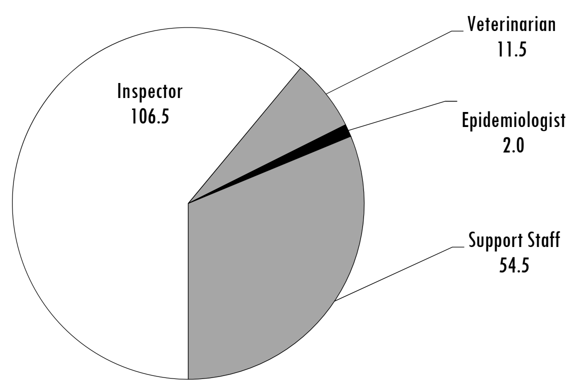
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Field Operations Administration program performs the administrative aspect of providing local services to livestock and poultry producers in the state; regulating veterinarians that are authorized to perform functions involved in the agency's programs; and all animal health and epidemiology functions that are not connected to a specific species or emergency. This work supports the health of animal agriculture in Texas as a whole and includes field work and general paperwork, leave accounting, vehicle maintenance, meetings, and other administrative functions.

Program staffing for the 2020–21 biennium consists of 79.2 percent of the total agency positions, or 174.5 FTE positions, as shown in **Figure 215**. These positions include all animal health program inspectors and animal disease traceability staff. Staffing levels have increased from 109.0 FTE positions since fiscal year 2015 due to the outbreak of cattle fever ticks. The agency does not anticipate any changes that would affect the populations it serves or increase or decrease the demand for its services.

FIGURE 215
FIELD OPERATIONS ADMINISTRATION PROGRAM FULL-TIME-EQUIVALENT POSITIONS
2020–21 BIENNIUM



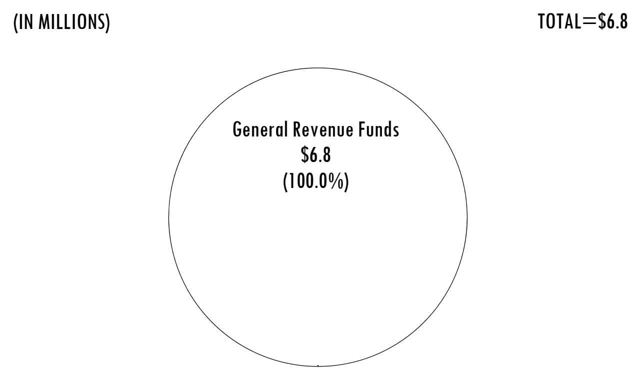
SOURCE: Texas Animal Health Commission.

TAHC has experienced difficulties retaining livestock and poultry inspectors because the annual salary for a state inspector position historically has been less than a comparable federal position. The agency received funding for the 2020–21 biennium to provide salary increases of $3,600 annually to its 106.5 FTE inspector positions in the program to improve recruitment and retention. Consequently, the agency reported positive short-term effects on inspector turnover rates.

FTE positions in the Field Operations Administration program include all animal health program inspectors and animal disease traceability staff. These positions are allocated during the biennium.

Figures 216, 217, and **218** show funding and performance measure data for the Field Operations Administration program.

FIGURE 216
FIELD OPERATIONS ADMINISTRATION PROGRAM FUNDING, 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 217
FIELD OPERATIONS ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$7,177,146.0	$8,268,878.0	$8,657,406.0	$6,826,108.0	(4.9%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	0.0%
Federal Funds	$0.0	$0.0	$12,495.0	$0.0	0.0%
Other Funds	$140.0	$18,117.0	$35,151.0	$0.0	(100.0%)
Total, All Methods of Finance	**$7,177,286.0**	**$8,286,995.0**	**$8,705,052.0**	**$6,826,108.0**	**(4.9%)**

SOURCE: Legislative Budget Board.

FIGURE 218
FIELD OPERATIONS ADMINISTRATION PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Herds Evaluated for Determination of Presence or Absence of Disease and Pests	950	2,280	240.0%	1,250/1,250
Percentage Change in Diseases and Pests of Livestock/Fowl Health Significance Detected	(5.0%)	44.0%	(880.0%)	(5.0%)/(5.0%)
Number of Livestock Surveillance Inspections and Shipment Inspections	106,972	109,123	102.0%	150,000/150,000

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDINGS

INSPECTION FEES

The Texas Agriculture Code, Section 161.060(a), authorizes TAHC to assess fees for dairy calf health and inspection reports, livestock market inspections, slaughter plant inspections, feedlot inspections, piroplasmosis inspections, tick inspections, livestock shipment inspections, and slaughter plan inspections. The agency has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide these services without assessing fees that it is authorized to collect.

Pursuant to current statutory authority, the agency could assess fees for its inspection services and use the fee revenues for inspector retention, additional outreach efforts, information technology upgrades, or expanded animal disease traceability activities. Additionally, the agency could use fee revenues to replace non-fee-generated General Revenue Funds appropriations.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspection fees for cost recovery without a corresponding decrease in revenue.

SALARIES

Agency study findings indicated that inspector salaries were less than those of comparable positions in Texas and federal government employment. Subsequently, TAHC received funding for the 2020–21 biennium to provide annual salary increases of $3,600 to its 106.5 FTE inspectors to improve recruitment and retention. In addition to $0.4 million in General Revenue Funds appropriations for this purpose, the agency utilized $0.4 million in existing appropriations from the Cattle Health program to provide a salary increase totaling $0.8 million for the biennium. The agency reports that the salary increase initially helped to decrease the turnover rate for inspectors, boosted inspector morale, and strengthened relationships among inspectors and producers, which led to improved communication, compliance, and better customer service. For comparison, inspector turnover decreased from 31.8 percent during fiscal year 2019 to 11.8 percent for early fiscal year 2020. However, TAHC raised concerns that the recent loss of three agency-trained employees to the USDA's Cattle Fever Tick program may indicate that the beneficial effect of the increase has been short-lived.

OUTDATED MEDICAL TREATMENTS

TAHC reports difficulty complying with statutes that contain outdated specific treatments for animal diseases that conflict with modern medical approaches. For example, the Texas Agriculture Code, Section 167.058, Treatment Intervals, specifies a 13-day treatment interval for animals with fever ticks, which conflicts with current best practices in treatment that call for a seven-day treatment interval. Removing specific animal disease treatments from statute and authorizing TAHC to establish appropriate treatments by rule would increase the effectiveness of the program at no additional cost.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting livestock; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas livestock to other states entirely or without additional requirements and associated costs. The agency states that it is not possible to eliminate this program without eliminating all animal health programs, which would harm the state's animal agriculture industry and food supply.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

According to the agency, an additional $242,000, including $200,000 for fleet fuel and maintenance expenses and $42,000 for rent and utility expenses for the Rockdale regional office, is necessary for the program to provide the minimum level of service.

The agency reports utilizing 100.0 percent of its fee-generated revenue for fleet fuel and maintenance costs, the revenues from which are insufficient to cover the total projected costs for fiscal years 2020 and 2021. TAHC estimates that fuel costs will increase from 20.0 percent to 25.0 percent greater than fiscal year 2019 expenditures, and maintenance expenses will increase commensurably.

TAHC's current lease for the Rockdale regional office expires in fiscal year 2021, and staff anticipate an increase in rent and utilities whether they decide to remain in the current location or relocate.

EQUINE HEALTH

The Texas Agriculture Code, Sections 161.041 and 161.149; Animal Welfare Act, as amended, the U.S. Code, Title 7, Chapter 54, Sections 2131 to 2155; the federal Farm Security and Rural Investment Act of 2002, Public Law 107-171, Subtitle E, Sections 10401 to 10418; the federal Plant Protection Act, Public Law 106-224, the U.S. Code, Title 7, Chapter 104, Sections 7701 to 7772

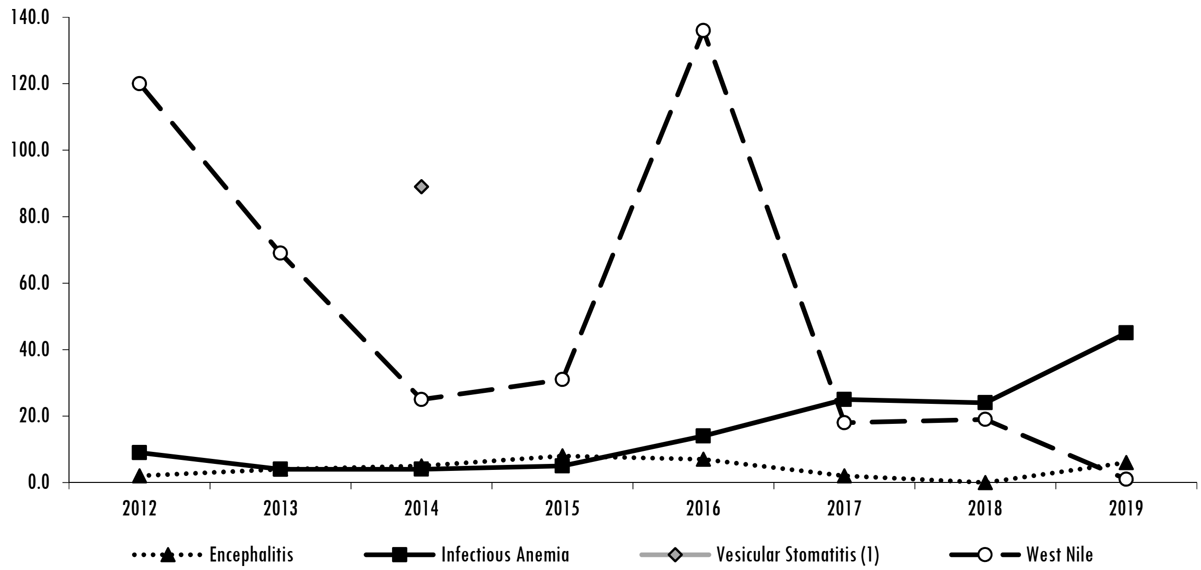
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Equine Health program rapidly detects and surveys for domestic, foreign, and emerging disease trends and threats affecting equines. The program responds to disease outbreaks; provides timely and accurate information; develops disease control and eradication plans; and advises on management of disease trends, potential threats and mitigation strategies.

Initially, the program checked documentation only of equine infectious anemia (Coggins) tests in locations where animals were being moved or congregated. Currently, it serves the owners of equines (horses, donkeys, and zebras), including those involved in breeding, racetracks, rodeos, and other exhibitions, by checking documentation of Coggins testing, equine piroplasmosis, equine herpes virus myeloencephalitis, and vesicular stomatitis (VSV). TAHC staff coordinates with the USDA's Animal and Plant Health Inspection Service/Veterinary Service (APHIS/VS) and Texas Racing Commission staff in carrying out these responsibilities. TAHC's equine health work increases the ability for equine owners to participate in races, rodeos, and exhibitions, which generates tourism revenue for the state. **Figure 219** shows trends in equine diseases reported in Texas from calendar years 2012 to 2019.

FIGURE 219
U.S. DEPARTMENT OF AGRICULTURE EQUINE DISEASE REPORTS
CALENDAR YEARS 2012 TO 2019



NOTE: (1) A cumulative 89 cases of vesicular stomatitis occurred during a short-lived outbreak. Several Texas counties reported positive tests, but sites were quarantined. No cases were found in Texas after calendar year 2015.
SOURCE: U.S. Department of Agriculture, Animal and Plant Health Inspection Service.

Texas shares a 1,248-mile border with four Mexican states and imports more live animals than any other U.S. state. Border security issues affect the legal importation of cattle and horses into Texas in the historic fever tick quarantine zone and in West Texas. TAHC and USDA personnel and U.S. Border Patrol agents often have captured livestock and horses entering Texas illegally from Mexico that have been diagnosed as diseased or being infested with cattle fever ticks. Horses are included in the cattle fever tick eradication effort in South Texas because they are capable hosts and carriers of the ticks.

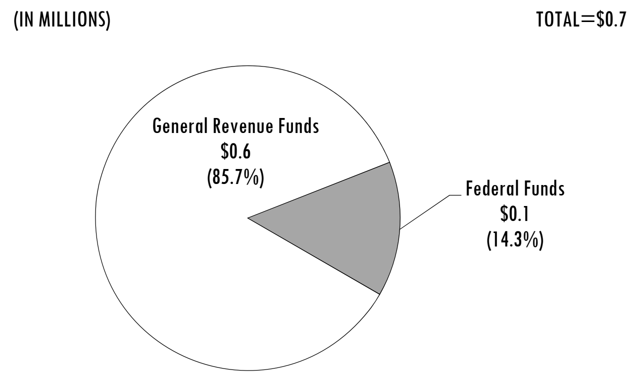
TAHC has coordinated with the USDA, local county entities, and veterinarians to respond to an outbreak of VSV that initially presented in a horse in El Paso County on April 23, 2020. The virus was confirmed in horses and cattle in Starr County and in cattle in Zapata County on May 8, and subsequently in horses and cattle in Hudspeth, Kerr, and McMullen counties on May 22. Infected animals remain quarantined until 14 days from the onset of lesions in the last affected animal on each premises. As of May 22, 10 affected premises were confirmed, and animals in El Paso, Starr, and Zapata counties were released from quarantine.

VSV typically is not lethal to affected animals, but it can result in economic losses for livestock producers by preventing the movement of animals and affecting international trade. Additionally, other countries may stop imports of certain animals and their products when cases are reported in the U.S.

TAHC's Field Operations Administration program administers FTE positions related to the Equine Health program. These positions are generalist inspectors that perform daily functions for several programs.

Figures 220 and **221** show current and historical levels of funding for the Equine Health program by method of finance.

FIGURE 220
EQUINE HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 221
EQUINE HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$448,738.0	$410,453.0	$468,368.0	$565,005.0	25.9%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$122,128.0	$120,196.0	$140,980.0	$113,455.0	(7.1%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$570,866.0**	**$530,649.0**	**$609,348.0**	**$678,460.0**	**18.8%**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDING

The Texas Agriculture Code, Section 161.060(a), authorizes TAHC to assess fees for piroplasmosis inspections, livestock market inspections, and tick inspections. The agency has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide these services without assessing fees that it is authorized to collect.

Pursuant to current statutory authority, the agency could assess fees for its inspection services and use the fee revenues for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, it could use fee revenues to replace non-fee-generated General Revenue Funds appropriations.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspection fees for cost recovery without a corresponding decrease in revenue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting equines; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas equines to other states entirely or without additional requirements and associated costs.

SHEEP AND GOAT HEALTH

The Texas Agriculture Code, Section 161.041; Animal Welfare Act, as amended, the U.S. Code, Title 7, Chapter 54, Sections 2131 to 2155; the federal Farm Security and Rural Investment Act of 2002, Public Law 107-171, Subtitle E, Sections 10401 to 10418; the federal Plant Protection Act, Public Law 106-224, the U.S. Code, Title 7, Chapter 104, Sections 7701 to 7772

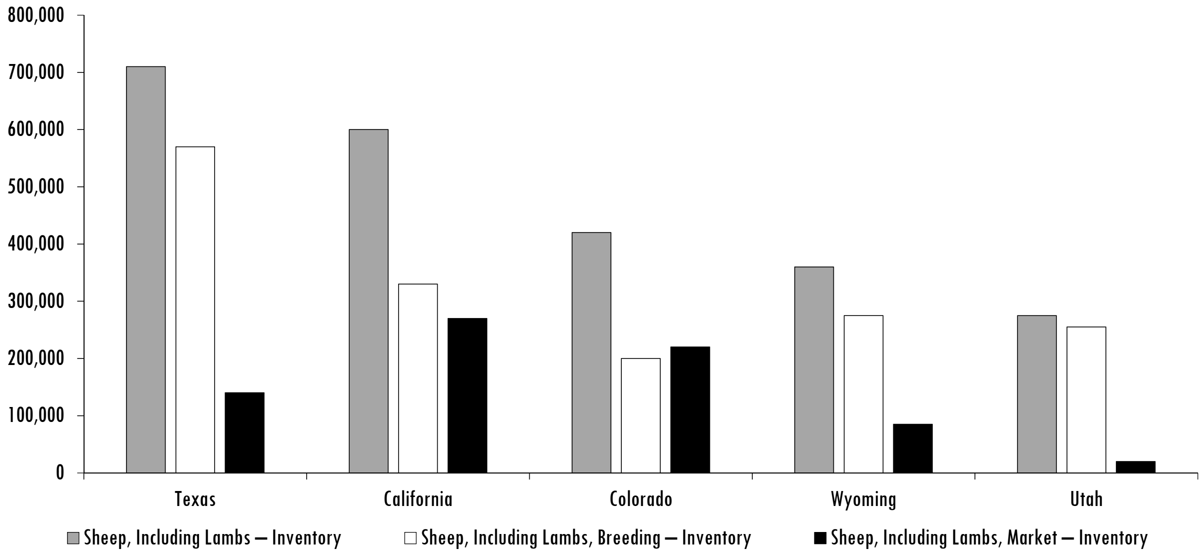
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Sheep and Goat Health program rapidly detects, surveys, and responds to emerging disease trends, threats, and outbreaks affecting sheep and goats. The program also provides timely and accurate information, develops disease control and eradication plans, and advises management of disease trends, potential threats, and mitigation strategies.

The program serves sheep and goat producers in Texas by protecting the health of these animal populations from diseases including scabies and scrapie. As shown in **Figure 222**, Texas is the largest U.S. producer of sheep and lambs. Sheep and goat populations are increasing rapidly throughout the state, and the program's efforts affect the marketability of the animals and the economic conditions of the producers. TAHC staff coordinate with staff at USDA subsidiary branches, including the Animal and Plant Health Inspection Service/Veterinary Service (APHIS/VS) regarding the scrapie certification program, the Agricultural Research Service (ARS) to conduct research, and Animal Care (APHIS/AC) regarding emergency management.

FIGURE 222
TOP 5 SHEEP AND LAMB-PRODUCING STATES
JANUARY 1, 2020



SOURCE: U.S. Department of Agriculture, National Agricultural Statistics Service.

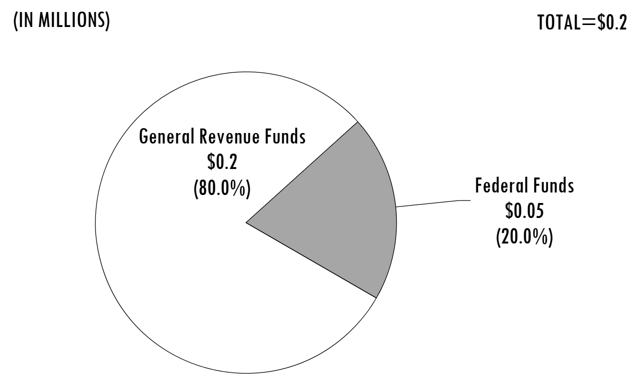
TAHC inspectors began inspecting sheep after scabies was identified in Texas sheep in 1927. In 2001, the USDA initiated the National Scrapie Eradication Program (NSEP), which decreased the prevalence of scrapie by 85.0 percent. TAHC continues to participate in this effort by enforcing tagging requirements, collecting surveillance samples, and conducting disease investigations. The federal program has been successful overall, and no new cases of scrapie have been detected in Texas during the past three years.

The agency states that diseases affecting small ruminants are decreasing and industry growth is increasing. In addition, new USDA identification and recordkeeping requirements for goats have increased to be equivalent with those for sheep. This trend will increase the demand for services as marketability and economic conditions improve for Texas producers. Texas has more goats than any other state, and although the prevalence of scrapie appears to be low in Texas, it is present. The new requirements of the federal program will affect the agency and require cooperation and a strong working relationship with the goat industry in Texas.

TAHC's Field Operations Administration program administers FTE positions related to the Sheep and Goat Health program. These positions are generalist inspectors that perform daily functions for several programs.

Figures 223 and **224** show current and historical levels of funding for the Sheep and Goat Health program by method of finance.

FIGURE 223
SHEEP AND GOAT HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 224
SHEEP AND GOAT HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$151,146.0	$177,256.0	$163,758.0	$179,194.0	18.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$52,340.0	$51,513.0	$51,349.0	$48,624.0	(7.1%)
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$203,486.0**	**$228,769.0**	**$215,107.0**	**$227,818.0**	**12.0%**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDINGS

The Texas Agriculture Code, Section 161.060(a), authorizes TAHC to assess fees for livestock shipment inspections, livestock market inspections, and slaughter plant inspections. The agency has expressed concerns about the negative impact of cost recovery mechanisms on animal disease surveillance programs. TAHC previously has not approved fee proposals, and the agency continues to provide these services without assessing fees that it is authorized to collect.

Pursuant to current statutory authority, the agency could assess fees for its inspection services and use fee revenues for inspector retention, additional outreach efforts, information resource technology upgrades, or expanded animal disease traceability activities. Additionally, it could use fee revenues to replace non-fee-generated General Revenue Funds appropriations.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspections fees for cost recovery without a corresponding decrease in revenue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, 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; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas sheep and goats to other states entirely or without additional requirements and associated costs.

CERVID HEALTH

The Texas Agriculture Code, Sections 161.041 and 161.0541, and Chapter 167; the U.S. Code of Federal Regulations, Title 9, Chapter 1, Subchapter B, Part 55

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

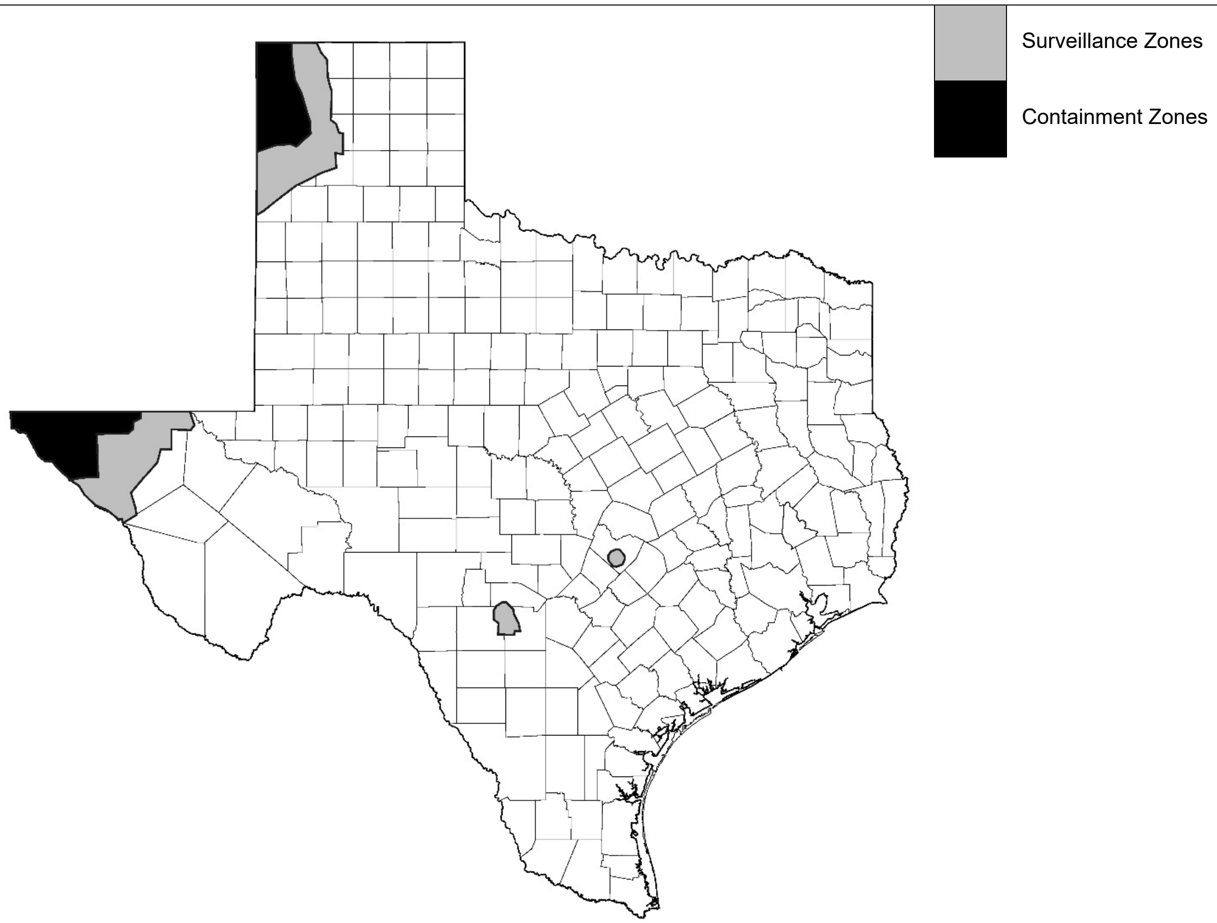
The Cervid Health program works to further surveillance of chronic wasting disease (CWD) in native and exotic CWD-susceptible species, reduce the risk of introduction of CWD, and provide early disease detection. The program serves landowners, producers, and other stakeholders involved with native and exotic cervids. TAHC staff coordinate with USDA subsidiary agencies Animal and Plant Health Inspection Service (APHIS)/National CWD Herd Certification Program (HCP) for cervid disease surveillance and animal health, the Agricultural Research Service (ARS), and the U.S. Fish and Wildlife Service to place deer feeders loaded with ivermectin-treated corn on refuge land. Additionally, TAHC must report the status and activities of enrolled herds and any actions taken by TAHC concerning program compliance and CWD detection to the APHIS/HCP.

After CWD was discovered in Colorado during calendar year 1967, a voluntary CWD Status Program was established in compliance with national standards to perform disease surveillance and provide a means for producers to qualify their animals for interstate and international movement. The program changed in 2012 when CWD was discovered in native mule deer in West Texas, and again in 2015 when it was found in a white-tailed deer breeder herd. In 2016, the first free-ranging exotic species case was found in elk. As of February 29, 2020, 170 cervid have tested positive in Texas since the first case in 2012.

Native deer species (white-tailed deer and mule deer) are defined in the Texas Parks and Wildlife Code, Section 63.001, as game animals and not livestock. As such, they are owned by the state and are under the jurisdiction of the Parks and Wildlife Department (TPWD). Nonnative cervid species such as elk, sika, red deer, nilgai antelope, and moose are defined as exotic livestock. The Texas Agriculture Code, Section 161.041 authorizes TAHC to act to eradicate or control any disease affecting exotic livestock, including situations when the transmitting agent is an animal species that is not within the agency's jurisdiction. TAHC's efforts to mitigate disease among exotic cervids protects the health and marketability of exotic and native cervid species . The program also collaborates with white-tailed deer and mule deer breeder permit holders and release-site managers to mitigate the risk of CWD transmission to susceptible exotic cervid species.

TAHC and TPWD co-chair the CWD Task Force, which collaborates with public and private stakeholders to develop rules and monitor and manage CWD-related issues. TPWD provides biological information and statistics for native and nonnative cervid species, and TAHC provides epidemiological expertise, certifies post-mortem tissue collectors, provides training in proper sample collection and submission, and certifies veterinarians as ante-mortem tissue collectors. Both agencies approve herd plans, which are requirements for disease testing and management established for deer-breeding facilities that have CWD-positive animals. Both agencies coordinate to develop containment and surveillance zones in and around areas that have CWD and train agency staff and others to collect samples for disease testing. The number of breeders under the voluntary herd certification program has grown significantly from 238 herds in May 2016 to 318 herds in September 2018. **Figure 225** shows the CWD zones established by TAHC and TPWD for disease detection, control, and eradication in high-risk areas.

FIGURE 225
TEXAS ANIMAL HEALTH COMMISSION CHRONIC WASTING DISEASE ZONES, FEBRUARY 2017



SOURCE: Texas Animal Health Commission.

On December 20, 2019, in response to the confirmation of CWD in a free-ranging white-tailed deer in Val Verde County, TAHC established a fourth CWD High Risk Area Containment Zone encompassing the area between the U.S.–Mexico border, the city of Del Rio, and the International Amistad Reservoir.

According to TAHC, the biological characteristics of CWD pose a challenge. The only official test is conducted post mortem, and the incubation period averages two years. Additionally, the existence of infectious agents (prions) linger in the environment after a host leaves the location. CWD has no vaccine or treatment and eventually is fatal to a host.

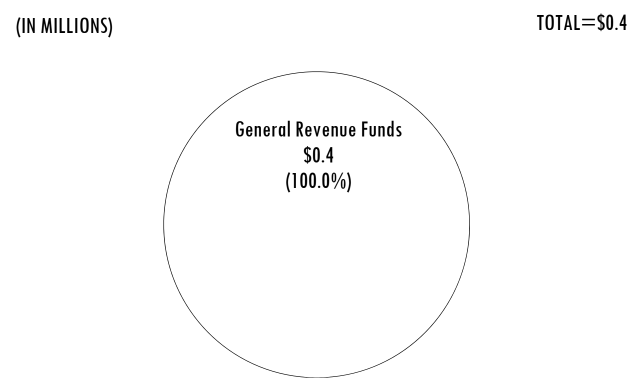
The agency reports that additional staff and funding would improve the program by enabling the agency to educate land owners and cervid breeders on signs of the disease and the risk associated with its proliferation; more effectively manage the CWD herd certification program, which is growing significantly; and conduct detailed and complex disease investigations when CWD is detected in exotic or native cervids.

Other notable diseases that affect cervids include tuberculosis, brucellosis, and cattle fever ticks. The state entry requirements established to protect against the incursion of tuberculosis and brucellosis in cervids remain relatively the same since their inception. Both native and exotic cervids are capable of serving as hosts of cattle fever ticks, perpetuating and spreading these pests to new areas. Cervid species have been included in cattle fever tick eradication efforts for decades, especially in recent years as they increasingly have become a significant focus of the tick eradication program. TAHC works cooperatively with USDA in the Cattle Fever Tick Eradication Program (CFTEP). The USDA conducts primary CFTEP activities in the permanent quarantine zone, which serves as a buffer preventing the movement of ticks from Mexico, and conducts primary CFTEP activities outside of the zone. The two agencies share resources, including staff resources, equipment, and supplies, as needed to address outbreaks and changes in CFTEP work demands.

TAHC's Field Operations Administration program administers FTE positions related to the Cervid Health program. These positions are generalist inspectors that perform daily functions for several programs.

Figures 226 and **227** show current and historical levels of funding for the Cervid Health program by method of finance.

FIGURE 226
CERVID HEALTH PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 227
CERVID HEALTH PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$433,510	$816,754	$381,143	$444,339	2.5%

General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$433,510**	**$816,754**	**$381,143**	**$444,339**	**2.5%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit significantly the state's ability to perform the following responsibilities: detect and survey rapidly for reportable, foreign, and emerging disease trends and threats affecting cervids; respond to disease outbreaks; provide timely and accurate information; develop disease control and eradication plans; and advise on management of disease trends, potential threats, and mitigation strategies based on information provided by the agency. Discontinuing the program also could affect federal cooperative funding and indemnity and prohibit the movement of Texas cervids to other states entirely or without additional requirements and associated costs. Deer breeding operations and the deer hunting industry would be affected negatively if CWD spread throughout native and exotic cervid populations.

SURVEILLANCE TESTING

The Texas Agriculture Code, Chapter 161; Animal Welfare Act, as amended, the U.S. Code, Title 7, Chapter 54, Sections 2131 to 2155; the federal Farm Security and Rural Investment Act of 2002, Public Law 107-171, Subtitle E, Sections 10401 to 10418; the federal Plant Protection Act, Public Law 106-224, the U.S. Code, Title 7, Chapter 104, Sections 7701 to 7772

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Surveillance Testing program conducts the administrative aspect of services performed by the State–Federal Laboratory, including surveillance testing of samples for diseases affecting the livestock industry, the identification of parasite specimens, and other functions that are not associated with a specific species or emergencies.

The Austin-based State–Federal Laboratory has operated since calendar year 1939. By the 1970s, multiple mobile and fixed labs were located around the state as a result of widespread bovine brucellosis surveillance testing. After decreased sampling needs, increased commercial courier services, and increased testing efficiencies, the mobile and satellite labs were closed, and surveillance testing was consolidated within the State–Federal Laboratory.

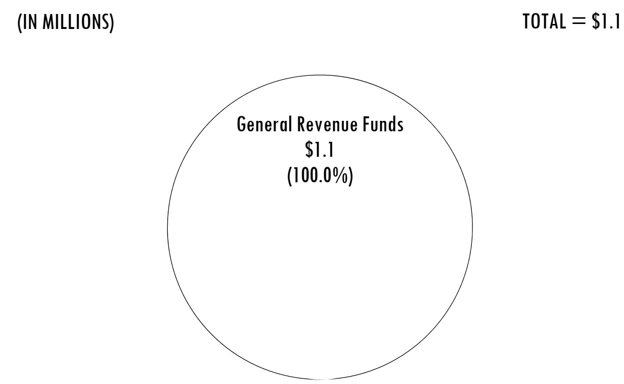
The lab performs cattle and swine disease testing for private livestock markets and small, private slaughterhouses. It also provides disease testing and identification for the USDA and all livestock brucellosis confirmation testing for TVMDL, an independent agency administered through the Texas A&M University System. The State–Federal Laboratory's clients consist mainly of TAHC veterinarians and inspectors and certain in-state private veterinarians that request screening tests for movement qualification of livestock. Unlike TVMDL, the State–Federal Laboratory is not a full-service diagnostic lab.

TAHC's authorization to collect fees for lab services pursuant to the Texas Agriculture Code, Section 161.060(b), expired at the end of fiscal year 2015. TAHC does not have any clear authority to collect fees for lab services.

TVMDL and TAHC have an agreement not to compete and to coordinate as members of the National Animal Health Laboratory Network (NAHLN) to assure the availability of sufficient laboratory competencies, capacities, and resiliencies to support nationally targeted surveillance for key, high-consequence endemic, emerging, and foreign livestock diseases. TAHC is required to report to the Legislature annually regarding its lab tests and explain how testing performed at its facility is more cost effective than using TVMDL.

Figures 228 and **229** show current and historical levels of funding for the Surveillance Testing program by method of finance.

FIGURE 228
SURVEILLANCE TESTING PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 229
SURVEILLANCE TESTING PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1,246,898.0	$1,051,013.0	$1,173,294.0	$1,139,762.0	(8.6%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$29,312.0	$38,552.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,246,898.0**	**$1,080,325.0**	**$1,211,846.0**	**$1,139,762.0**	**(8.6%)**

SOURCE: Legislative Budget Board.

Figure 230 shows Surveillance Testing program performance measure data for fiscal year 2019.

FIGURE 230
SURVEILLANCE TESTING PERFORMANCE MEASURE, FISCAL YEAR 2019

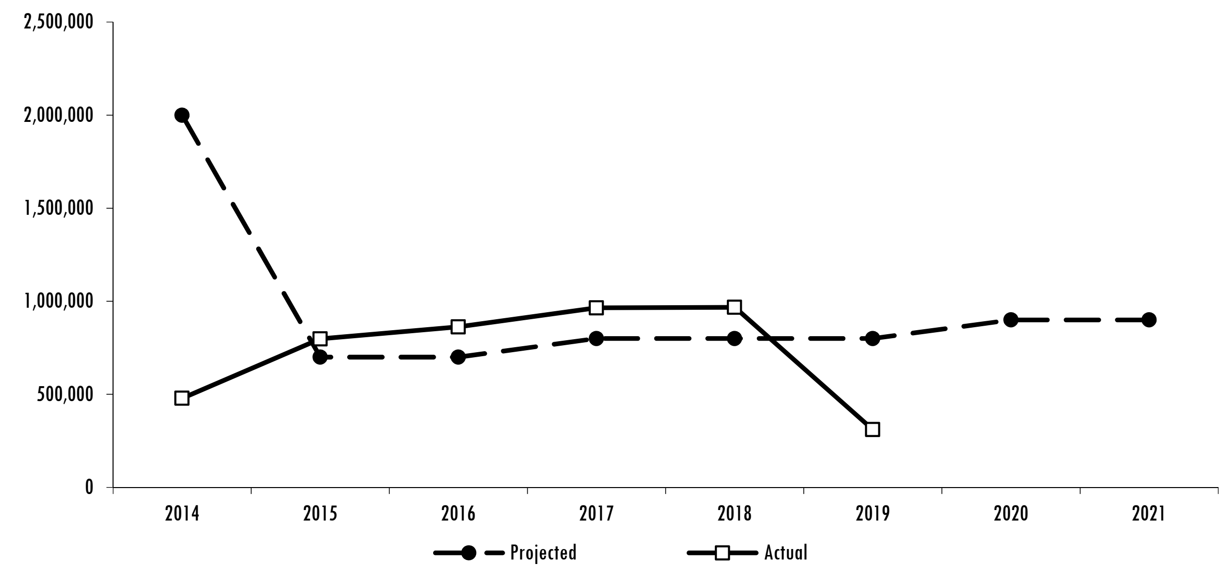
MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Specimens Processed through the State–Federal Cooperative Lab System	800,000	310,573	38.8%	900,000/900,000

SOURCE: Legislative Budget Board.

TRANSFER LABORATORY FUNCTIONS

The State–Federal Laboratory is a member of USDA NAHLN and was awarded Level 3 status in 2013. NAHLN designates state labs as Level 1, 2, or 3 based on testing capacity, facilities, and accreditation status. Level 3 labs typically are not accredited and are audited regularly to maintain Level 3 status. According to the agency, USDA awards the lab $46,000 annually to serve as a Level 3 lab. **Figure 231** shows the State–Federal Laboratory's actual and projected number of specimens processed from fiscal years 2014 to 2021.

FIGURE 231
SPECIMENS PROCESSED AT TEXAS ANIMAL HEALTH COMMISSION'S STATE–FEDERAL LABORATORY
FISCAL YEARS 2014 TO 2021



SOURCE: Legislative Budget Board.

Two Texas laboratories participate in NAHLN. TAHC operates one in Austin and TVMDL operates one in College Station and three satellite labs in Amarillo, Center, and Gonzales.

The State–Federal Laboratory supports state-federal cooperative programs, including the federal Brucellosis Eradication Program, and received $0.7 million in federal funding for the 2016–17 biennium to perform bovine brucellosis testing of cattle at two large slaughter plants in Texas. On April 1, 2019, the federal government ended the agreement due to continued evidence of the eradication of bovine brucellosis, which has decreased the lab's sampling and testing activities significantly.

Due to the significant decrease in bovine brucellosis sample testing, all surveillance testing could be performed by TVMDL through an Interagency Contract, decreasing duplicative efforts and facilities. TVMDL is a full diagnostic lab and has achieved NAHLN Level 1 status. The April 2020 Sunset review for TAHC recommended closing the State–Federal Laboratory and designating TVMDL as the state's regulatory animal health laboratory in statute.

Transferring the laboratory to TVMDL could result in consolidated services and additional fee revenue. TAHC's authorization to collect fees for lab services expired at the end of fiscal year 2015. Pursuant to the Texas Education Code, Section 88.707, TVMDL is authorized to collect fees for goods and services that its laboratories provide. Typically, TVMDL maintains low fees for agricultural livestock testing. TAHC estimates it could collect approximately $150,000 each fiscal year if authorized to collect fees for lab services, and TVMDL likely would collect the same amount if it performed the lab services.

A transfer also could result in slower response times for regulatory testing. The State–Federal Laboratory is dedicated to regulatory testing and sample identification. Laboratory staff provide expedited testing and identification services to TAHC field personnel, including inspectors, epidemiologists, and veterinarians. Additionally, transferring the capabilities of the State–Federal Laboratory to TVMDL would result in the TVMDL labs performing brucellosis confirmation testing on their own samples or paying additional costs to send these samples to other labs. USDA and NAHLN have certain guidelines related to confirmation testing, but it is unclear if restrictions apply to TVMDL's conducting of brucellosis confirmation testing.

FEE COLLECTION

The Texas Agriculture Code, Section 161.060(a), which authorizes TAHC to assess inspection fees, could be amended to authorize the agency to collect fees for sample collection and surveillance for the livestock and poultry industries.

Increasing fee revenue collections from laboratory services (e.g., disease diagnosis, parasite identification) could result in a decreased reliance on non-fee-generated General Revenue Funds and Federal Funds for the Diagnostic Administration program. The agency estimates that it has foregone approximately $150,000 in fee revenue for services performed each fiscal year from 2016 to 2018.

The Texas Government Code, Section 2001.0045, requires that any increase in fees is offset by an equal or greater decrease in costs to the industry served but provides an exemption if the cost is necessary to protect the health, safety, and welfare of Texas residents. TAHC's efforts to detect and mitigate trends in animal diseases that may be transmissible to humans may meet the exemption threshold and enable the agency to increase inspections fees for cost recovery without a corresponding decrease in revenue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit the agency's ability to perform the administrative aspect of laboratory services that are not associated with a specific species or emergency. Eliminating the laboratory would affect the priority and timeliness of results for animal health programs. According to the agency, outsourcing tests would require associated costs, but these costs likely would be less than the cost of operating the lab considering the recent significant decrease in the number of specimens processed.

CENTRAL ADMINISTRATION

The Texas Agriculture Code, Chapter 161

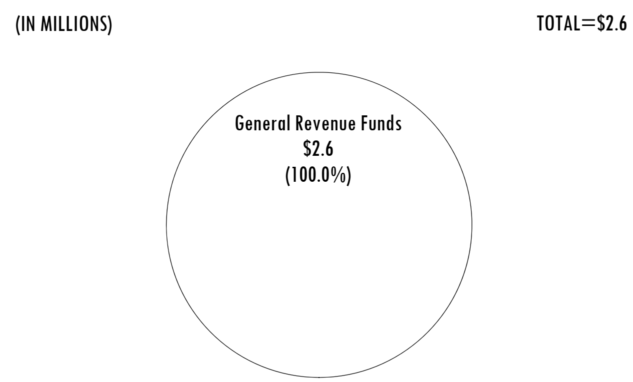
PROGRAM DESCRIPTION

The Central Administration program consists of general administration, including commissioners, executive administration, internal audit expenses, human resources, financial services, public information for employee and producer education, and government–industry relations. The program provides direction, supervision, and support to the rest of the agency.

The program began in calendar year 1893, when the commissioners and an executive director managed the agency. Currently, 13 commissioners, who represent all segments of the livestock industry and the public, oversee and guide the agency's activities, including approving agency rules pursuant to the Texas Administrative Code, Title 4, Part 2. The executive director oversees all key functions performed by the agency in carrying out its core mission for all direct and indirect strategies. The executive director also serves as the State Veterinarian, a leader in animal agriculture issues at national and international levels.

Figures 232 and **233** show current and historical levels of funding for the Central Administration program by method of finance.

FIGURE 232
CENTRAL ADMINISTRATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 233
CENTRAL ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1,506,293.0	$1,907,841.0	$2,390,844.0	$2,573,756.0	70.9%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1,506,293.0**	**$1,907,841.0**	**$2,390,844**	**$2,573,756.0**	**70.9%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit the agency's ability meet its statutory requirements. The agency would be unable to hire, manage accounts receivable/payable, process payroll, manage all employees, and communicate with internal and external stakeholders.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

The agency reports requiring an additional $18,000 for increases in rent and leases required to provide the minimum level of service. The additional funding would enable the agency to utilize existing General Revenue Funds appropriations for the program toward salaries, travel, consumables, and other operating expenses that have been decreased to fund increases in rent and leases.

INFORMATION RESOURCES

The Texas Agriculture Code, Chapter 161

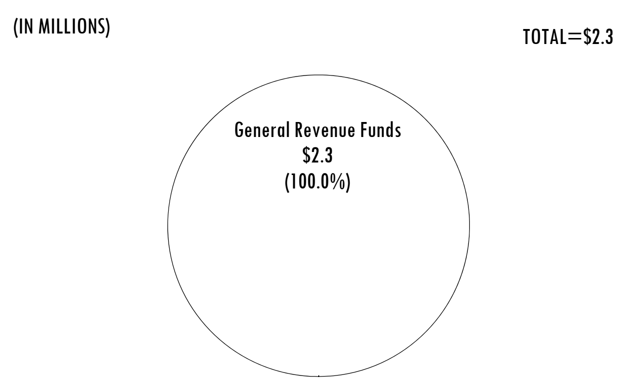
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Information Resources program serves the agency by providing online services, computer and phone support, and security for all agency electronic services, including servers, laptop computers, specialized laptop computers to support field inspectors, voice over Internet protocol phones, wireless phones, global positioning system technology, and handheld electronic devices.

Figures 234 and **235** show current and historical levels of funding for Information Resources by method of finance.

FIGURE 234
INFORMATION RESOURCES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 235
INFORMATION RESOURCES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$865,722.0	$1,649,762.0	$1,847,957.0	$2,273,307.0	162.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$865,722.0**	**$1,649,762.0**	**$1,847,957.0**	**$2,273,307.0**	**162.6%**

SOURCE: Legislative Budget Board.

SIGNIFICANT FINDING

The agency's costs for technology support and maintenance increase as technology advances and equipment ages. Older hardware often cannot run newer operating systems and presents support and security risks to the agency and the state. TAHC could replace and upgrade its information technology (IT) infrastructure and increase the program's efficiency if it implemented an IT life cycle replacement policy.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit the agency's ability to communicate, report, respond, and analyze disease and potential threats to the livestock industries of Texas due to the lack of IT and resources support. The agency states that it still would need to complete the same functions if the Information Resources program were not funded, and it likely would place the IT employees and other expenses under Central Administration, which would offset any savings.

OTHER SUPPORT SERVICES

The Texas Agriculture Code, Chapter 161

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Other Support Services program consists of indirect administration services such as fleet management, fleet support, and records retention. The agency has a fleet of 109 vehicles, primarily light-duty trucks that are utilized by field inspectors, veterinarians, and epidemiologist to conduct field inspections.

The program first centralized these operations in calendar year 1973. In fiscal year 1999, the agency was granted budget authority to purchase a fleet of light trucks to serve the needs of field staff. The vehicle fleet has increased from 62 vehicles in fiscal year 2015 to 109 vehicles in fiscal year 2020.

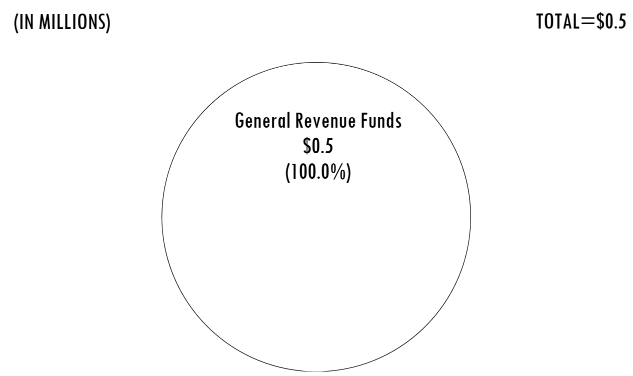
SIGNIFICANT FINDING

Currently, the agency does not have a fleet large enough to provide each field inspector, veterinarian, and epidemiologist that works in the field with a vehicle. From December 2019 to February 2020, TAHC had 49 staff that were not assigned state vehicles and consequently were paid either mileage for personal vehicles or fuel for rental vehicles. The agency reports needing an additional 33 vehicles to provide one each for inspectors, veterinarians, and epidemiologists working in the field.

Although the agency has a goal to provide each field staff with a vehicle, TAHC also has indicated that staff struggles to track records for the agency's current fleet size. Therefore, additional staff would be required to address the more complex record-keeping responsibilities associated with a larger fleet.

Figures 236 and **237** show current and historical levels of funding for Other Support Services by method of finance.

FIGURE 236
OTHER SUPPORT SERVICES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 237
OTHER SUPPORT SERVICES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$477,781.0	$389,433.0	$477,490.0	$521,538.0	9.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$477,781.0**	**$389,433.0**	**$477,490.0**	**$521,538.0**	**9.2%**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the program would limit the agency's ability to provide necessary supplies, fleet management, and logistical planning for all staff.

APPENDIX TAHC–A – AGENCY FEDERAL PARTNERS

FIGURE TAHC–A–1
TEXAS ANIMAL HEALTH COMMISION (TAHC) FEDERAL PARTNERS

TAHC PROGRAM	FEDERAL PARTNER
Animal Disease Traceability	U.S. Department of Agriculture (USDA) Animal Plant Health Inspection Service (APHIS) Animal Disease Traceability
Cattle Health	USDA APHIS Veterinary Service USDA Agricultural Research Service USDA Natural Resources Conservation Service USDA Farm Service Agency USDA Food Safety and Inspection Service USDA APHIS Animal Care USDA Wildlife Service U.S. Fish and Wildlife Service
Avian Health	USDA APHIS Veterinary Service USDA Agricultural Research Service USDA Natural Resources Conservation Service USDA Food Safety and Inspection Service USDA APHIS Animal Care U.S. Fish and Wildlife Service
Swine Health	USDA APHIS Veterinary Service USDA Agricultural Research Service USDA Food Safety and Inspection Service USDA APHIS Animal Care
Legal and Compliance	USDA APHIS Investigatory Enforcement Services
Emergency Management	USDA Emergency Coordinator
Equine Health	USDA APHIS Veterinary Service USDA APHIS Animal Care
Sheep and Goat Health	USDA APHIS Veterinary Service USDA Agricultural Research Service USDA APHIS Animal Care
Cervid Health	USDA APHIS Chronic Wasting Disease Herd Certification Program USDA Agricultural Research Service

	U.S. Fish and Wildlife Service
Surveillance Testing	USDA APHIS
Central Administration	USDA Agricultural Research Service
Information Resources	USDA APHIS Veterinary Service

SOURCE: Texas Animal Health Commission.

TEXAS PARKS AND WILDLIFE DEPARTMENT

The Texas Parks and Wildlife Code, Chapter 11

AGENCY DESCRIPTION

The mission of the Texas Parks and Wildlife Department (TPWD) is to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing, and outdoor recreation opportunities for the use and enjoyment of present and future generations.

TPWD was established in 1963 when the State Parks Board and the Texas Game and Fish Commission were merged. The agency is governed by a nine-member commission appointed by the Governor with the advice and consent of the Senate for staggered six-year terms. All commission members represent the public, and statute directs the Governor to attempt to include people with expertise in areas such as outdoor recreation, conservation, and historic preservation.

TPWD fulfills its mission of conserving natural and cultural resources of the state and providing hunting, fishing, and outdoor recreation opportunities through 28 active programs. The General Land Office's Interagency Contract for Coastal Erosion program was ended by the Eighty-fourth Legislature, 2015. For fiscal year 2020, the agency's full-time-equivalent position cap is 3,162.3 positions.

SPORTING GOODS SALES TAX

A significant source of General Revenue Funds and General Revenue–Dedicated Funds for TPWD is from the Sporting Goods Sales Tax (SGST). SGST is not a separate tax, but rather is the estimated portion of state tax revenue collected from the sale of sporting goods. Senate Joint Resolution 24, Eighty-sixth Legislature, 2019, approved by voters in November 2019, amended the Texas Constitution to automatically appropriate the net revenue received each fiscal year from SGST to TPWD and the Texas Historical Commission (THC). The amendment 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 stated intent of the legislation was to provide a stable base of funding for Texas parks and historical sites. Despite the constitutional appropriation authority, state law requires the General Appropriations Act (GAA) to determine through which of the established SGST accounts the appropriations will be made.

Pursuant to the Texas Tax Code, Section 151.801, 93.0 percent of the estimated amount of SGST may be appropriated to TPWD, with the remaining 7.0 percent available for appropriation to THC. House Bill 1422, Eighty-sixth Legislature, 2019, changed the percentage from 94.0 percent available for TPWD and 6.0 percent available for THC.

The Legislature first appropriated the proceeds from SGST to TPWD in the 1996–97 biennium, and from then until fiscal year 2008, the maximum amount of SGST that could be appropriated was limited to $64.0 million per biennium. Beginning in fiscal year 2008, the entire portion of SGST was available for appropriation. Although the Legislature has had the authority to appropriate the full amount of SGST since fiscal year 2008, it has not always done so. For the 2020–21 biennium, the Legislature appropriated $342.1 million to TPWD and THC, 100.0 percent of SGST estimated to be available, including $66.7 million for employee benefits and debt service payments. **Figure 238** shows SGST funding for the 2018–19 and 2020–21 biennia.

FIGURE 238
SPORTING GOODS SALES TAX FUNDING, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS)

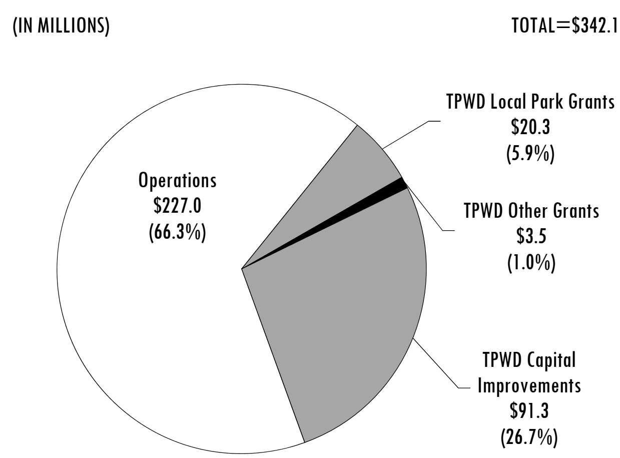
PURPOSE	EXPENDED/BUDGETED 2018–19	APPROPRIATED 2020–21	DIFFERENCE
Texas Parks and Wildlife Department (TPWD)	$205.2	$251.5	$46.2

Texas Historical Commission	$18.0	$23.9	$5.9
TPWD 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 Sporting Goods Sales Tax.

Figure 239 shows the distribution of SGST appropriations for the 2020–21 biennium.

FIGURE 239
DISTRIBUTION OF SPORTING GOODS SALES TAX APPROPRIATIONS
2020–21 BIENNIUM



NOTE: Appropriations for Operations include $23.9 million for the Texas Historical Commission's operations, $136.3 million for the Texas Parks and Wildlife Department's (TPWD) operations, $38.5 million for benefits, and $28.2 million for debt service.
SOURCE: Legislative Budget Board.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

General Revenue–Dedicated Account No. 9, Game, Fish, and Water Safety (Account No. 9), is used for various purposes, including funding for game wardens not specifically dedicated to border security activities, administration of hunting and fishing license sales, wildlife and fisheries management, and capital projects related to wildlife and fisheries infrastructure. Revenue sources for Account No. 9 include the sales of licenses, stamps, fees, permits, and fines regarding game and fish; boat titling and registration fees; sales of marl, sand, shell, gravel, and mudshell; sales of property purchased with Account No. 9 funds; and others. Although Account No. 9 is a dedicated account in the General Revenue Fund in the state Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. For example, as a condition of receiving federal wildlife and sportfish restoration funding, federal rules pursuant to the Code of Federal Regulations (CFR), Title 50, Part 80, require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set in the Texas Parks and Wildlife Code, Section 11.033, which specifies that the agency may only use the funds in Account No. 9 to manage fish and wildlife resources of the state. Each program that includes appropriations from Account No. 9 includes an overview of the fund's uses.

TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and to comply with laws and conditions established in 50 CFR, Part 80. **Appendix TPWD–A** shows these subaccounts, their allowable uses, and the 2020–21 biennial appropriated amounts. Some revenues deposited into Account No. 9 are appropriated as Other Funds and allocated as Appropriated Receipts and Other Funds. In the Biennial Revenue Estimate and Cost-out of the General Appropriations Bills, CPA does not delineate the subaccounts but makes estimates for the entire account as a whole. This method can mask the actual amounts of funds available for general spending due to individual revenue restrictions for the subaccounts. However, TPWD monitors revenues deposited to, balances of, and expenditures from these subaccounts closely through its internal accounting system.

TPWD has proposed several options to increase unrestricted revenue, including raising hunting and fishing license fees. House Bill 1896, Eighty-sixth Legislature, 2019, removed a requirement that the agency couple any increase in license fees with an equal or greater decrease in costs to hunters and anglers pursuant to House Bill 1290, Eighty-fifth Legislature, Regular Session, 2017. In addition, House Bill 448, Eighty-fifth Legislature, Regular Session, 2017, made the transfer of up to 15.0 percent of boat titling and license fees from Account No. 9 to General Revenue–Dedicated Account No. 64, State Parks (Account No. 64), an item of discretion for TPWD, and it has opted to retain the revenue in Account No. 9.

NEW PARKS

TPWD owns five tracts of land that are intended for future parks and state natural areas, one of which is under construction. State parks are not self-supporting and require an appropriation from the Legislature. The state park system has seen increased utilization and has generated substantial revenue, but not enough to support the whole system. As work begins on new parks, funding for the system must be stretched further, requiring the agency to prioritize its limited resources.

Palo Pinto Mountains State Park, located in Strawn, approximately 75 miles west of Fort Worth, is a 4,400-acre tract of land currently being developed for use as a state park. TPWD first purchased land for the park in 2011, and the City of Strawn donated additional land in 2014. With an appropriation of $12.5 million in the 2020–21 General Appropriations Act, construction has begun on the park. TPWD does not yet have a specific date by which the park will be complete.

Bighorn Ranch, located in Calhoun County along the Gulf Coast, is a 17,351-acre tract of land. A portion of this land will be developed in a wildlife management area, and the remaining area into a state park. TPWD has begun developing a public plan, but no date has been set for the opening of the park.

The Chinati Mountains State Natural Area, located in the Big Bend region, is a 38,137-acre tract that was donated to TPWD in 1996. TPWD has begun the public-use plan for the park, but no opening date has been set.

The Albert and Bessie Kronkosky State Natural Area is located in the Hill Country in Pipecreek. TPWD accepted the donation of 3,814 acres of land in 2011. No opening date has been set for this state natural area.

Davis Hill State Park, located in Liberty County near Houston, is a 1,700-acre tract TPWD acquired in 1983. No opening date has been set for this park.

PROGRAM ORGANIZATION

TPWD has 28 active programs divided into five operational areas: Law Enforcement, Conservation and Licensing, State Parks and Grants, Capital Improvements, and Administration and Other. The programs discussed in this chapter are ordered by program area and listed within the area according to the agency's program rankings.

SIGNIFICANT FINDINGS

- The State Park Business System (SPBS) contract vendor payment agreement requires the vendor to receive 4.0 percent of net revenue collected through the SPBS. An issue could arise if required payments exceeded amounts budgeted for this purpose.

- The Parks Support program is subsidized with the use of volunteer labor, which was valued at $9.3 million in fiscal year 2019.
- There are currently more than 30 state park sites without designated interpretive staff positions to explain the meaning and significance of natural and cultural resources at parks, which reduces the capacity for outreach, education, and awareness. Additional funding for exhibits, support specialist staff, and equipment could increase State Parks Visitor Services program effectiveness and support visitors with disabilities.
- No specific appropriations have been made to fund the statutory directive to promote recreational water safety in the state. Game wardens are responsible for investigating and reporting all reportable boating accidents in a federal database to remain compliant with federal regulations, but local jurisdictions that investigate sometimes do not report to TPWD in a timely manner, causing delays in reporting in the federal database. These delays could result in the agency losing a portion of its federal grant from the U.S. Coast Guard (USCG). Amending sections of the Texas Parks and Wildlife Code, Chapter 31, to specify that all fatal and serious bodily injury boating accidents must be investigated by Texas game wardens would expedite reporting in the federal database and avoid this potential loss of revenue.
- Fees charged for boater education currently are deposited into the General Revenue Fund, rather than the General Revenue–Dedicated Account No. 9, and are not appropriated to the agency. As of January 1, 2020, online boater education course vendors are now required to send a $10 fee per student to the state. TPWD estimates that this fee will generate $255,000 in fiscal year 2021. In addition, requiring paddlecraft operators to take boater education could generate $4.7 million, reducing boating fatalities and game warden search-and-rescue operation hours.
- Among taxes collected for boat and boat motor sales and use, 5.0 percent is deposited to the credit of Account No. 9 for use by TPWD. The remainder is deposited to the General Revenue Fund.
- Payments to license agents, tax assessor collectors, and license vendors have consistently exceeded amounts estimated by the agency each fiscal year in the License and Boat Revenue program.
- The Eighty-sixth Legislature, 2019, amended the Texas Government Code, Section 2001.0045, to remove a requirement that the agency couple any increase in license fees with an equal or greater decrease in costs to hunters and anglers and to authorize TPWD to charge a fee for participation in the Managed Lands Deer Program.
- Appropriated revenues and unexpended balances (UB) from oyster shell recovery and cultch replacement receipts are not being spent for the purpose for which they are collected each biennium due to the second fiscal year ending before the funds can be encumbered.
- TPWD does not have the same statutory specialty license plate design authority as the private vendor contracted by the state. Providing the same authority would increase the agency's opportunity to generate additional license plate revenue.
- The Texas Parks and Wildlife Code, Sections 11.0271 and 11.0272, which were last updated in 1997, authorize the Texas Parks and Wildlife Commission to charge Public Hunting, Fishing, and Other Participation Fees up to the statutory cap of $25 to cover the cost of operating public drawings. Amending statute to increase the cap would allow the agency to generate additional revenues for the Hunting and Wildlife Recreation program.
- The maximum amount for criminal penalties assessed after conviction of a criminal offense in the Texas Parks and Wildlife Code has not been updated in more than 20 years.
- TPWD is evaluating the effects of merging the law enforcement functions of the State Parks Division with the Law Enforcement Division, of which the Enforcement program is one component.

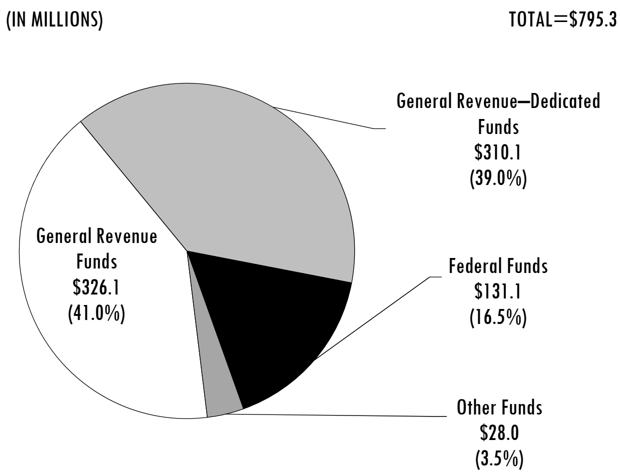
- According to the agency, low park police officer salaries and salary inequities with other state law enforcement officers directly affect the agency's ability to recruit and retain a diverse team of qualified officers.
- New rider language in the GAA for the 2020–21 biennium could increase flexibility for the agency in spending SGST funds by: (1) enabling the agency to seek approval to reallocate and reprioritize SGST appropriations in TPWD's budget during a biennium to authorize the agency to acquire strategic tracts of land that become available for purchase under unique opportunities; (2) prioritizing the allocation of any additional SGST funding received during the 2022–23 biennium greater than amounts appropriated for routine, cyclical, and preventive maintenance at facilities in state parks; and (3) providing UB authority from any remaining SGST funding not expected to be available at the end of the 2020–21 biennium to be used for the purposes of recreation grant funding so that funds would be carried forward into the 2022–23 biennium instead of lapsing back to the Treasury.
- The agency experienced a lack of UB authority for General Revenue Funds and General Revenue–Dedicated Funds across biennia, resulting in a shorter period to decide either to accept a project contract bid at a higher price than planned or budgeted or to divert available funding to smaller projects to establish contracts within appropriation timelines.
- Amending statute to increase the minimum contract level from $100,000 to $150,000 before a performance bond is required prior to awarding a public award contract could attract more bidders, increasing competition and possibly resulting in cost savings to the state.
- The agency has not incorporated life-cycle methods of repair, replacement, and preventive maintenance into its facility management practices. TPWD should implement a practice of using strategic investments or best practice replacements in repairing and maintaining its facilities, which could reduce overall costs and improve park conditions.
- The agency estimates that an additional $41.9 million each fiscal year would be needed to manage Texas' most problematic aquatic invasive species. The Texas Parks and Wildlife Code, Section 11.035, could be amended to authorize the expenditure of funds from Account No. 64 for Aquatic Vegetation and Invasive Species Management program purposes.
- The Legislature could consider lowering the matching requirement for the Small Communities Park Grant from 50.0 percent to 25.0 percent. According to TPWD, many small local communities with fewer than 20,000 inhabitants would favor the opportunity to participate in the program.
- The Legislature could consider amending the Texas Parks and Wildlife Code, Sections 24.009 and 24.059, regarding reporting requirements related to recreational grants. According to TPWD, staff and operational resources are consumed unnecessarily for both TPWD and affected local governments in meeting this requirement.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be greater than or less than existing funding levels. The agency chose to maintain the current level of funding for this exercise for all programs.

Figure 240 shows the sources of TPWD funding for the 2020–21 biennium.

FIGURE 240
PARKS AND WILDLIFE DEPARTMENT FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 241 shows the agency's programs in the order of presentation.

FIGURE 241
PARKS AND WILDLIFE DEPARTMENT PROGRAMS IN ORDER OF PRESENTATION

ORDER	AREA	NAME	AGENCY PRIORITY RANKING
1	Law Enforcement	Enforcement Program	1
2	Law Enforcement	Law Enforcement Support	2
3	Law Enforcement	Game Warden Training	6
4	Law Enforcement	State Park – Law Enforcement – Public Safety	9
5	Conservation and Licensing	Wildlife Conservation	3
6	Conservation and Licensing	Coastal Fisheries Resource Management	4
7	Conservation and Licensing	Freshwater Fisheries Conservation	5
8	Conservation and Licensing	Technical Guidance	7
9	Conservation and Licensing	License and Boat Revenue	10

10	Conservation and Licensing	Inland Hatcheries Operations	11
11	Conservation and Licensing	Coastal Hatcheries Operations	12
12	Conservation and Licensing	Hunting and Wildlife Recreation	13
13	Conservation and Licensing	Coastal Fisheries Science and Policy Resources	15
14	Conservation and Licensing	Inland Habitat Conservation	16
15	Conservation and Licensing	Aquatic Vegetation and Invasive Species Management	21
16	Conservation and Licensing	Artificial Reef	22
17	State Parks and Grants	State Park Operations	8
18	State Parks and Grants	Parks Support	19
19	State Parks and Grants	Parks Minor Repair Program	20
20	State Parks and Grants	State Parks Visitor Services	24
21	State Parks and Grants	Recreation Grants Assistance	25
22	State Parks and Grants	Texas Farm and Ranchlands	26
23	Capital Improvements	Land Conservation	17
24	Capital Improvements	Capital Construction and Project Delivery	18
25	Capital Improvements	Debt Service	27
26	Administration and Other	Outreach and Education	14
27	Administration and Other	Provide Communication Products and Services	23
28	Administration and Other	Information Technology, Accounting Control, and Agency Services	28

SOURCES: Legislative Budget Board; Texas Parks and Wildlife Department.

Figure 242 shows an overview of each program's funding for the 2018–19 and 2020–21 biennia.

FIGURE 242
PARKS AND WILDLIFE DEPARTMENT PROGRAM FUNDING OVERVIEW
2018–19 TO 2020–21 BIENNIA

		(IN MILLIONS)			
RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Enforcement Program	$134.4	$120.9	($13.5)	(10.0%)
2	Law Enforcement Support	$5.2	$5.6	$0.4	6.8%
3	Wildlife Conservation	$61.7	$70.9	$9.1	14.8%
4	Coastal Fisheries Resource Management	$13.0	$18.4	$5.4	41.5%
5	Freshwater Fisheries Conservation	$14.5	$16.1	$1.6	10.9%
6	Game Warden Training	$4.1	$5.5	$1.3	32.1%
7	Technical Guidance	$10.2	$19.9	$9.6	93.9%
8	State Park Operations	$132.0	$138.3	$6.3	4.7%
9	State Park – Law Enforcement – Public Safety	$12.2	$13.2	$1.0	8.2%
10	License and Boat Revenue	$21.9	$19.6	($2.3)	(10.3%)
11	Inland Hatcheries Operations	$13.3	$14.2	$0.9	7.0%
12	Coastal Hatcheries Operations	$6.2	$7.2	$1.0	15.6%
13	Hunting and Wildlife Recreation	$5.2	$4.7	($0.5)	(9.7%)
14	Outreach and Education	$7.2	$7.8	$0.6	7.6%
15	Coastal Fisheries Science and Policy Resources	$11.0	$9.3	($1.7)	(15.5%)
16	Inland Habitat Conservation	$6.8	$8.2	$1.4	20.5%
17	Land Conservation	$5.2	$4.4	($0.8)	(15.6%)
18	Capital Construction and Project Delivery	$137.7	$144.4	$6.7	4.8%
19	Parks Support	$12.1	$11.4	($0.7)	(5.6%)

20	Parks Minor Repair Program	$10.1	$10.0	($0.1)	(1.1%)
21	Aquatic Vegetation and Invasive Species Management	$6.2	$7.5	$1.3	20.0%
22	Artificial Reef	$1.2	$0.8	($0.4)	(30.8%)
23	Provide Communication Products and Services	$11.5	$11.1	($0.4)	(3.6%)
24	State Parks Visitor Services	$6.9	$11.6	$4.7	68.1%
25	Recreation Grants Assistance	$41.5	$54.8	$13.4	32.2%
26	Texas Farm and Ranchlands	$1.9	$2.0	$0.1	3.8%
27	Debt Service	$5.1	$0.7	($4.4)	(86.0%)
28	Information Technology, Accounting Control, and Agency Services	$49.7	$57.2	$7.5	15.0%

SOURCE: Texas Parks and Wildlife Department and Legislative Budget Board.

Figure 243 shows the agency's funding by method of finance for the 2018–19 and 2020–21 biennia.

FIGURE 243
TEXAS PARKS AND WILDLIFE DEPARTMENT FUNDING BY METHOD OF FINANCE, 2018–19 AND 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$251.8	$326.1	$74.3	29.5%
General Revenue–Dedicated Funds	$295.6	$310.1	$14.5	4.9%
Federal Funds	$120.5	$131.1	$10.6	8.8%
Other Funds	$80.2	$28.0	($52.1)	(65.0%)
Total, All Methods of Finance	**$748.0**	**$795.3**	**$47.3**	**6.3%**

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

ENFORCEMENT

The Texas Parks and Wildlife Code, Sections 11.0181, 11.019 to 11.0201, 12.101 to 12.119, Chapter 31, Chapter 91; provisions of the Texas Penal Code; the Texas Code of Criminal Procedure, Article 2.12(10); the U.S. Code, Title 16, Sections 701, 703 to 712, 742, 757a to g, 1531 to 1544, 1801 to 1882, 5201 to 5207, and 6901 to 6992k; the U.S Code, Title 33, Sections 1251 to 1387

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

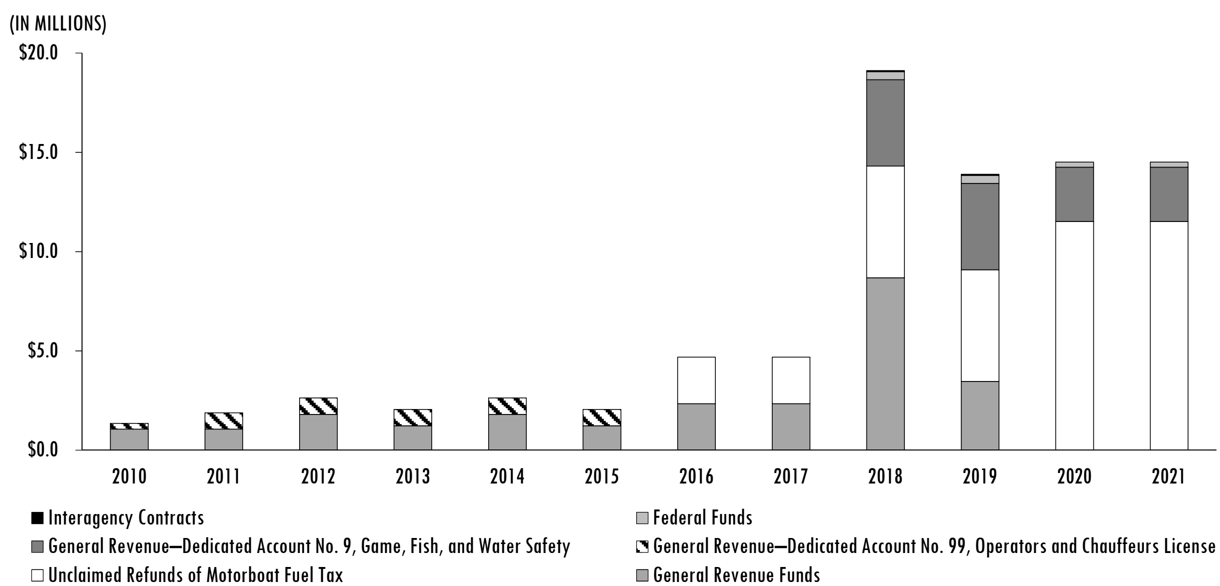
The Enforcement program enforces game and fish laws through public education, preventive patrols, and apprehension of violators. TPWD maintains 29 law enforcement offices throughout the state. These offices provide services to the public such as sale of licenses, boat registration and titling, and education. The program also includes wildlife theft and poaching, marine theft, covert and environmental crimes initiatives, disaster response, and Homeland Security efforts.

The program serves hunters, anglers, boaters, commercial fishermen, private landowners, and the public. It provides resource users with information and educational programs regarding rules, regulations, seasons, and bag limits, and it provides aggressive education efforts and stringent enforcement of hunter and boater education requirements. Subsequently, the Enforcement program has added natural disaster response and border security to its concentration areas.

For fiscal year 2020, TPWD has budgeted for 557.5 game warden full-time-equivalent (FTE) positions. Game wardens serve many essential purposes. They maintain a presence on the Texas–Mexico border to deter and detect criminal activity, including the illegal taking of wildlife, drug trafficking, human trafficking, and transport and commerce in wildlife and endangered species and plants. For the 2020–21 biennium, 90 game wardens, or 16.1 percent of all budgeted game wardens, are assigned to conduct law enforcement activities in border counties, including those sharing a land border with Mexico and counties on the Gulf Coast; an additional 49 game wardens will be dedicated to the area for enhanced border security activities. During disasters, the game wardens also play an important role in public safety and rescue operations. During Hurricane Harvey, for example, game wardens performed more than 12,000 rescues and welfare checks.

Figure 244 shows border security appropriations for fiscal years 2010 to 2021.

FIGURE 244
PARKS AND WILDLIFE DEPARTMENT BORDER SECURITY APPROPRIATIONS
FISCAL YEARS 2010 TO 2021

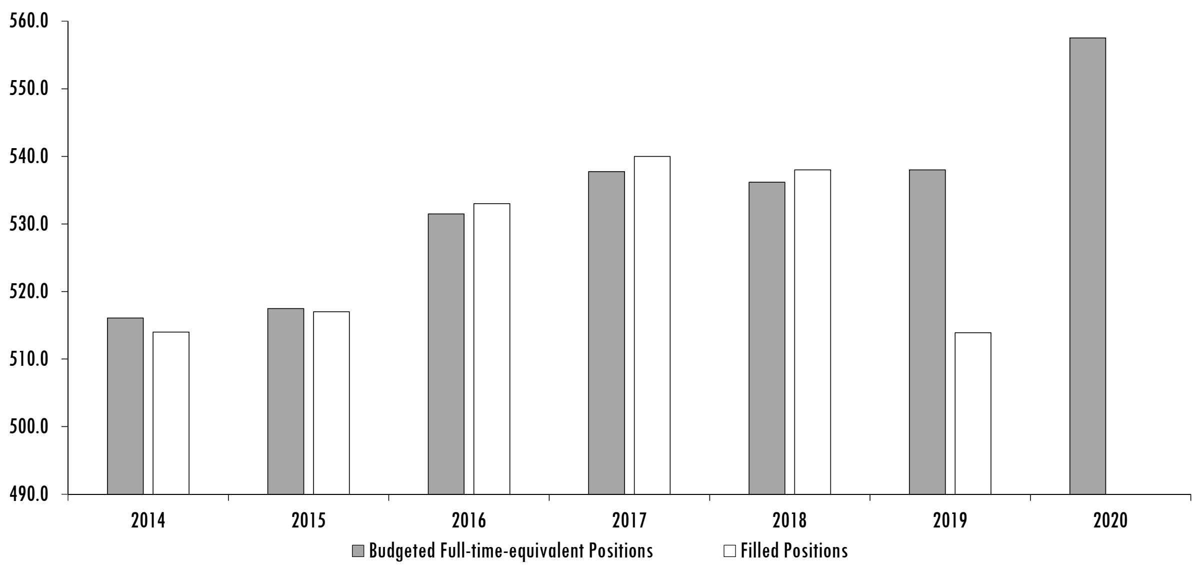


SOURCE: Texas Parks and Wildlife Department.

Factors affecting the program include weather, natural disasters, and issues with communications, training, recruitment, and retention. According to the agency, game wardens are lacking in the latest technologies, such as computer-aided dispatch, global positioning system, in-car automation, and unmanned aerial vehicles. The agency asserts that these technologies are essential for officer safety and real-time situational awareness. Senate Bill 500, Eighty-sixth Legislature, 2019, provided $5.0 million in Other Funds from the Economic Stabilization Fund to purchase radios capable of statewide interoperability.

Figure 245 shows game warden FTE positions for fiscal years 2014 to 2020.

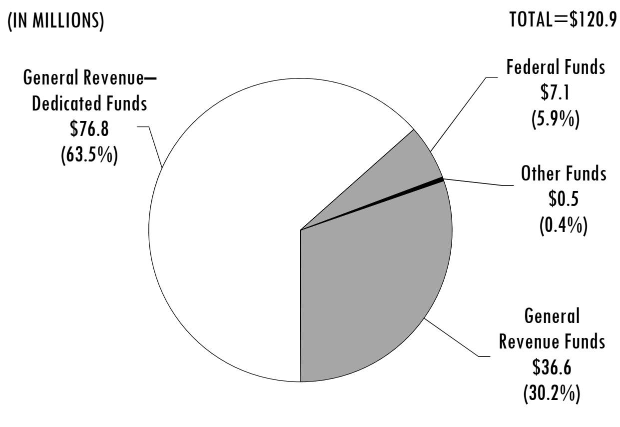
FIGURE 245
PARKS AND WILDLIFE DEPARTMENT GAME WARDEN POSITIONS
FISCAL YEARS 2014 TO 2020



SOURCE: Texas Parks and Wildlife Department.

Figure 246 shows Enforcement Program funding sources for the 2020–21 biennium.

FIGURE 246
ENFORCEMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 247 shows the historical funding for the Enforcement Program from the 2014–15 to the 2020–21 biennia.

FIGURE 247
ENFORCEMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	**EXPENDED 2014–15**	**EXPENDED 2016–17**	**EXPENDED 2018–19**	**APPROPRIATED 2020–21**	**PERCENTAGE CHANGE 2014–15 TO 2020–21**
General Revenue Funds	$10.7	$13.2	$38.9	$36.6	242.8%
General Revenue–Dedicated Funds	$93.5	$91.5	$80.0	$76.8	(17.9%)
Federal Funds	$10.1	$10.4	$8.9	$7.1	(29.6%)
Other Funds	$0.9	$5.8	$6.6	$0.5	(50.9%)
Total, All Methods of Finance	**$115.2**	**$120.9**	**$134.4**	**$120.9**	**5.0%**

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

Figure 248 shows Enforcement Program performance measures for fiscal years 2019 to 2021.

FIGURE 248
ENFORCEMENT PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Public Compliance with Agency Rules and Regulations	97.50%	97.25%	99.74%	97.00%/97.00%
Hours Patrolled in Boats	136,648	109,983	80.49%	127,240/127,240
Miles Patrolled in Vehicles (in millions)	10.88	11.20	102.94%	11.01/11.01

SOURCE: Texas Parks and Wildlife Department.

SIGNIFICANT FINDINGS

CRIMINAL PENALTIES

A revenue source generated by the Enforcement Program is Comptroller revenue object code 3449, Game and Fish, Water Safety, and Parks Violations. These criminal penalties are collected from those convicted of a criminal offense in the Texas Parks and Wildlife Code. The maximum amounts for penalties have not been updated since 1997 for misdemeanors and 2009 for felonies. Total revenue during the 2018–19 biennium from this revenue source was $3.7 million, of which $3.5 million is attributable to the Enforcement program. Increasing the maximum penalties could result in greater revenues for TPWD and, if so appropriated, to the Enforcement program specifically.

POTENTIAL MERGER OF LAW ENFORCEMENT FUNCTIONS WITHIN THE AGENCY

Game wardens focus on enforcing game and fish laws throughout the state; however, state park police provide law enforcement services specifically to 89 state parks, consisting of more than 630,000 acres of park land. Additionally, state park police provide law enforcement and public safety services in local communities when called upon and provide emergency and disaster response assistance across the state.

TPWD recently has begun to consider merging the law enforcement functions of the State Parks Division with the Law Enforcement Division. Consideration has been limited to examining whether a unified command structure would result in efficiencies, enhancements, and added value to the agency mission and has not included examination of budgetary impacts. Additional study will be required by the agency to address the more complex questions of funding mechanisms, budget structure, and human resource impacts.

TIMELY REPORTING OF BOATING ACCIDENTS

Game wardens are responsible for investigating and reporting all fatal and serious bodily injury boating accidents to remain compliant with federal regulations. TPWD is the only agency in the state with access to the USCG Boating Accident Reporting Database (BARD) for reporting of marine casualties. However, in cases where local jurisdictions investigate accidents and do not notify TPWD, the local jurisdiction must generate and submit a report to TPWD for entry into BARD by TPWD administrative support staff. This process decreases the timeliness of reporting and often requires follow-up discussions with the investigators. TPWD receives approximately $3.8 million annually from the USCG, which grades TPWD on the timeliness, completeness, and accuracy of reporting marine casualties in BARD. Should TPWD receive a subpar score in reporting, USCG could withhold up to 25.0 percent of the annual award. While USCG has not previously withheld any portion of TPWD’s annual award, it recently has issued updated instructions for review of these awards that emphasizes the importance of accurate and timely reporting. The agency asserts that this problem could be avoided by amending sections of the Texas Parks and Wildlife Code, Chapter 31, to specify that all fatal and serious bodily injury boating accidents must be investigated by Texas game wardens, which would allow for more accurate and timely reporting.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

If the Enforcement program were discontinued, TPWD reports that natural resources would go unprotected from overuse and misuse throughout the entire state and waterways, including 200 miles offshore in the Gulf of Mexico. Game wardens no longer would have the ability to ensure compliance of permits and license holders throughout the state.

Additionally, the agency asserts that public safety would be diminished throughout the entire state because game wardens serve a vital role in this effort, especially in the areas of water safety, homeland security, and emergency management. Loss of game wardens for education, prevention, and enforcement of water safety laws could result in increases in boating-related fatalities, injuries, and property damage, which the enforcement program works to decrease.

Because game wardens play an important role in disaster search-and-rescue operations throughout the entire state, in both small-scale and large-scale responses, the eradication of the program could increase the possibility of loss of life and property during natural or human-caused emergencies.

LAW ENFORCEMENT SUPPORT

The Texas Parks and Wildlife Code, Sections 11.019-11.0201, Sections 12.101 to 12.119, 12.201 to 12.206, and Chapter 31; provisions of the Texas Penal Code; the Texas Code of Criminal Procedure, Article 2.12(10); the U.S. Code, Title 16, Section 742, Section 757a-g, Sections 1531 to 1544; Section 701, Sections 703 to 712, Sections 1801 to 1882, Sections 5201 to 5207, and Sections 6901 to 6992k; the U.S. Code, Title 33, Sections 1251 to 1387

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The Law Enforcement Support program includes overall management of the law enforcement division, including regional operations, budget and administrative support, and development, coordination and implementation of policies, procedures, and programs. Major oversight programs include Wildlife Enforcement, Fisheries Enforcement, and Marine Safety Enforcement. In providing these support services, the program serves hunters, anglers, boaters, nonconsumptive users, commercial fishermen, private landowners, visitors, and all Texans.

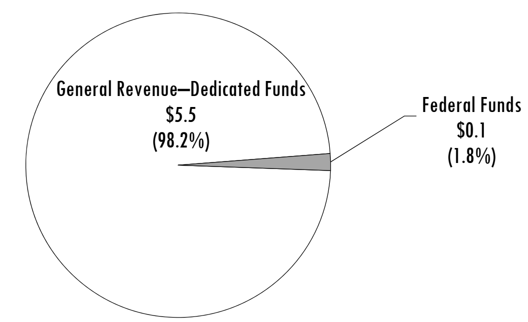
Program staff work closely with federal and state agencies, as well as local entities. This includes the U.S. Border Patrol, U.S. Fish and Wildlife Service, Federal Bureau of Investigation, U.S. Department of Justice, U.S. Department of Homeland Security, U.S. Coast Guard, Texas Department of Public Safety, Texas Office of the Attorney General, Texas Alcoholic Beverage Commission, Texas Division of Emergency Management, and all local police and sheriff's departments.

The agency reports that the only major change to the program since its inception has been increased use of technology to enable better communication, planning, and follow-through, all of which contributes to better oversight and guidance for agency personnel.

Internal and external factors affecting this program include an increased demand for coordination with other agencies on homeland security, border operations, and disaster relief activities, and with other divisions and field offices regarding statutory interpretation and enforcement policies, while maintaining oversight on normal operational activities.

Figure 249 shows Law Enforcement Support program funding sources for the 2020–21 biennium.

FIGURE 249
LAW ENFORCEMENT SUPPORT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 250 shows historical funding for the Law Enforcement Support program from the 2014–15 to the 2020–21 biennia.

FIGURE 250
LAW ENFORCEMENT SUPPORT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$4.4	$4.9	$5.1	$5.5	25.7%
Federal Funds	$0.2	$0.2	$0.1	$0.1	(53.1%)
Other Funds	$0.1	$0.0	$0.0	$0.0	(100.0%)
Total, All Methods of Finance	**$4.6**	**$5.1**	**$5.2**	**$5.6**	**20.8%**

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

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

The Law Enforcement Support program is funded primarily with appropriations from Account No. 9. The account contains several subaccounts to ensure expenditures are made from allowable sources and comply with laws and conditions, such as federal rules in 50 CFR, Part 80. The program relies primarily on revenue from the unrestricted subaccount for

Account No. 9. In the event of a shortage in eligible revenues, additional funding would need to come from other sources such as Unclaimed Refunds of Motorboat Fuel Tax (URMFT) or General Revenue Funds.

Based on agency expenditure data and revenue estimates generated in fall 2019, the unrestricted subaccount for Account No. 9 is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to the agency, discontinuation of the Law Enforcement Support program would render the Law Enforcement division incapable of meeting its mission. This could result in depletion of the state's natural resources and could pose a significant risk to public safety.

GAME WARDEN TRAINING

The Texas Parks and Wildlife Code, Sections 11.019 to 11.0201 and Chapter 31; the Texas Occupations Code, Section 1701.352; rules promulgated by the Texas Commission on Law Enforcement; the U.S. Code, Title 16, Section 701, Sections 703 to 712, Section 742, Sections 757a-g, Sections 1531 to 1544; Sections 1801 to 1882, Sections 5201-5207, and Sections 6901-6992k; the U.S. Code, Title 33, Sections 1251 to 1387

Mission Centrality – Moderate; Authority – Strong

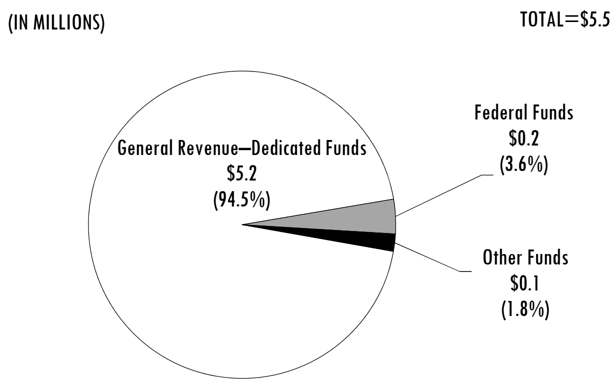
PROGRAM DESCRIPTION

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. The training center offers continuing education training to game wardens and training to outside law enforcement entities. By providing training to game wardens, this program ultimately serves hunters, anglers, boaters, nonconsumptive users, commercial fishermen, private landowners, and the public, all of whom benefit from law enforcement activities. Beginning in fiscal year 2015, new parks peace officers also began training through this program. The training center is operating at maximum capacity to replace game wardens and park police officers. The Texas Commission on Law Enforcement (TCOLE) conducts evaluations, audits, and inspections for compliance with TCOLE training, hiring, and retention rules. The most recent evaluation was conducted in August 2019 with no negative findings.

The National Association of State Boating Law Administrators (NASBLA) conducts a triennial training program compliance review of TPWD accreditation under its Boat Operations and Training Program to confirm that all policies and procedures are in place and being followed. NASBLA had no findings on TPWD's review that took place in late fiscal year 2015 and TPWD was re-accredited for fiscal years 2016 to 2019.

Figure 251 shows Game Warden Training program funding sources for the 2020–21 biennium.

FIGURE 251
GAME WARDEN TRAINING PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 252 shows Game Warden Training program funding from the 2014–15 to the 2020–21 biennia.

FIGURE 252
GAME WARDEN TRAINING PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.1	$0.0	$0.0	$0.0	(100.0%)
General Revenue–Dedicated Funds	$2.9	$4.8	$3.8	$5.2	77.3%
Federal Funds	$0.2	$0.3	$0.3	$0.2	31.6%
Other Funds	$0.0	$0.0	$0.0	$0.1	284.4%
Total, All Methods of Finance	**$3.2**	**$5.1**	**$4.1**	**$5.5**	**70.8%**

SOURCE: Legislative Budget Board.

Figure 253 shows Game Warden Academy Graduations from fiscal years 2012 to 2018.

FIGURE 253
GAME WARDEN TRAINING PROGRAM ACADEMY GRADUATIONS
FISCAL YEARS 2012 TO 2018

SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

The primary source of funding for the program is from unrestricted revenues deposited in Account No. 9. The account contains several subaccounts to ensure expenditures are made from allowable sources and comply with laws and conditions, such as federal rules in 50 CFR, Part 80. The program relies primarily on revenue from the unrestricted subaccount for Account No. 9. In the event of a shortage in eligible revenues, additional funding would need to be provided from other sources such as Unclaimed Refunds of Motorboat Fuel Tax (URMFT) or General Revenue Funds.

Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Game Warden Training program would result in TPWD being unable to provide game wardens with a high degree of training in communities throughout Texas. If the facility and its staff were discontinued, the agency would need to pay outside training agencies to provide a similar degree of specialized training.

STATE PARK – LAW ENFORCEMENT – PUBLIC SAFETY

The Texas Parks and Wildlife Code, Section 11.0181, and Chapters 13, 21 and 22; the Texas Tax Code, Section 151.801, provisions of the Penal Code, and Code of Criminal Procedure, Article 2.12(10); the U.S. Code, Title 16, Section 701, Sections 703 to 721, Section 742j, Section 1531, Sections 6901 to 6992k; the U.S. Code, Title 33, Sections 1251 to 1376, Section 2701; the U.S. Code, Title 42, Section 4321, Sections 4331 to 4335; the U.S. Code, Title 54, Chapter 2003

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

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 game wardens in the law enforcement program area, although they also are trained at the Game Warden Academy. State park police provide law enforcement services to 89 state parks, consisting of more than 630,000 acres of park land, and more than 8.6 million visitors per year. Additionally, they provide law enforcement and public safety services in local communities when called upon and provide emergency and disaster response assistance across the state. Populations served include park users, hunters, anglers, boaters, and the public.

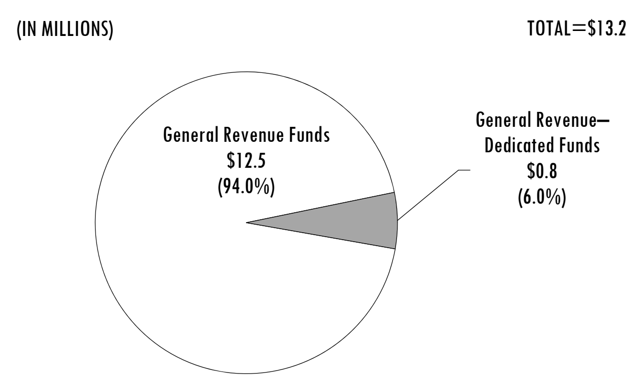
In the past, law enforcement staffing at state parks was minimal and positions had dual-function law enforcement and management and/or maintenance job duties. The number of officers reached a high of 188.0 FTE positions in fiscal year 2015 because of the growing number of park visitors and the increasing need for immediate law enforcement services. The decrease in officers since then to the current level of 143.0 positions is due primarily to an agency decision in fiscal year 2015 to no longer hire dual-function officers (i.e., park superintendents and assistant superintendents). As a result, there has been a subsequent decrease in the existing dual-function positions through natural attrition.

In 2014, newly hired state park police officers began attending and completing law enforcement training at the Texas Game Warden Academy. The Eighty-fourth Legislature, 2015, provided specific funding directed at reorganizing the supervision and operational structure of the State Park – Law Enforcement – Public Safety program. The new operational structure consists of dedicated state park police positions and supervisory staff that are tasked with providing law enforcement services to state parks, local communities, and the state. For fiscal year 2020, 142.0 state park police officers positions are budgeted, and for fiscal year 2021, 143.0 positions are budgeted.

State park police officer workload increases with growing state park visitation. Various public safety challenges to TPWD sites require qualified, trained, and effective state park police officers to carry out the department's mission.

Figure 254 shows State Park – Law Enforcement – Public Safety program funding sources for the 2020–21 biennium.

FIGURE 254
STATE PARK – LAW ENFORCEMENT – PUBLIC SAFETY PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 255 shows funding for the State Park – Law Enforcement – Public Safety program from the 2014–15 to the 2020–21 biennia.

FIGURE 255
STATE PARK – LAW ENFORCEMENT – PUBLIC SAFETY PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.8	$6.9	$8.1	$12.5	594.4%
General Revenue–Dedicated Funds	$1.0	$1.4	$4.1	$0.8	(24.0%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	(100.0%)
Total, All Methods of Finance	**$2.8**	**$8.3**	**$12.2**	**$13.2**	**371.4%**

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

Figure 256 shows performance measures for the State Park – Law Enforcement – Public Safety program for fiscal years 2019 to 2021.

FIGURE 256
STATE PARK – LAW ENFORCEMENT – PUBLIC SAFETY PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Rate of Reported Accidents per 100,000 Park Visits	8.17	5.89	72.09%	6.84/6.84

NOTE: Not a key measure.
SOURCE: Texas Parks and Wildlife Department.

STATE PARK POLICE OFFICER SALARIES

According to the agency, low police officer salaries and salary inequities with other state law enforcement officers diminish the program's ability to recruit and retain a diverse team of qualified officers. State park police officers currently are paid under the Salary Schedule B classification, while other state law enforcement officers are paid higher salaries under a Schedule C classification.

POTENTIAL MERGER OF LAW ENFORCEMENT FUNCTIONS WITHIN THE AGENCY

TPWD is considering the effects of merging the law enforcement functions of the Law Enforcement Division with the State Parks Division, of which the State Park – Law Enforcement – Public Safety program is one component. Consideration has been limited to examining whether a unified command structure would result in efficiencies, enhancements, and added value to the agency mission and has not included examination of budgetary impacts. Additional study will be required by the agency to address the more complex questions of funding mechanisms, budget structure, and human resource impacts.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the State Park – Law Enforcement – Public Safety program could have negative effects in several areas. The presence of dedicated law enforcement officers in parks serves as a deterrent to unlawful behavior and minimizes the effects of such behavior when it does occur. If the program were discontinued, state parks would be reliant on local law enforcement departments for public safety. With the majority of state parks located in rural areas, an additional burden would be placed on county sheriff departments or TWPD game wardens that would have difficulty responding to incidents in a timely manner.

With a lack of onsite law enforcement, it is possible that unlawful visitor behavior could increase, with adverse impacts to both natural and cultural resources of the parks, such as the destruction of historic resources or looting of archeological sites. In addition, without the assurance of proper law enforcement, public perception of state parks as a safe place for family recreation could be diminished, which could result in reduced park visitation.

WILDLIFE CONSERVATION

The Texas Parks and Wildlife Code, Section 11.0181, Sections 12.001 and 12.013, Chapters 43, 44, 45, 49, 61, 62, 64, 65, 67, 68, 71, 81, and 83; the U.S. Code, Title 16, Sections 669 to 669i, Sections 703 to 712, Sections 718 to 718j, Sections 753a to 753b, Sections 1531 to 1544, Section 1600, and Sections 4601 to 4611; the U.S. Code, Title 33, Sections 1251 to 1387

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Wildlife Conservation program provides for the regulation and management of game and nongame species and protection of endangered, threatened, and rare species. The program is responsible for the management and operation of Wildlife Management Areas (WMA) established to perform research on wildlife populations and habitat, provide education on resource management, and provide outdoor recreation opportunities to the public. 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.

The Wildlife Conservation program was founded in 1946 and initially focused on regulatory and law enforcement-related issues. Since then, the program has focused more on science and conservation-based efforts and incorporated research and adaptive management as a fundamental basis for decision making. TPWD promotes the conservation of some 40,000 species of nongame and rare wildlife, including more than 200 federally or state-listed endangered, threatened, or candidate species from Texas, as well as providing conservation assistance to people interested in these species. The program is affected by population growth, land fragmentation, wildlife disease management, and invasive species, all of which present challenges for native wildlife species and require adaptations in how program staff manage wildlife.

TPWD establishes WMAs corresponding to habitats and wildlife populations representative of each ecological region of Texas. One of the most significant aspects of WMAs is the demonstration of practical management techniques to private landowners, who control more than 95.0 percent of the state's habitat. TPWD manages 50 WMAs, 49 of which are currently open to the public. According to the agency, the remaining WMA will open after necessary infrastructure has been constructed. TPWD also reports that new infrastructure (e.g., bunkhouses, check stations, fencing) and general maintenance and repair projects are needed on WMAs.

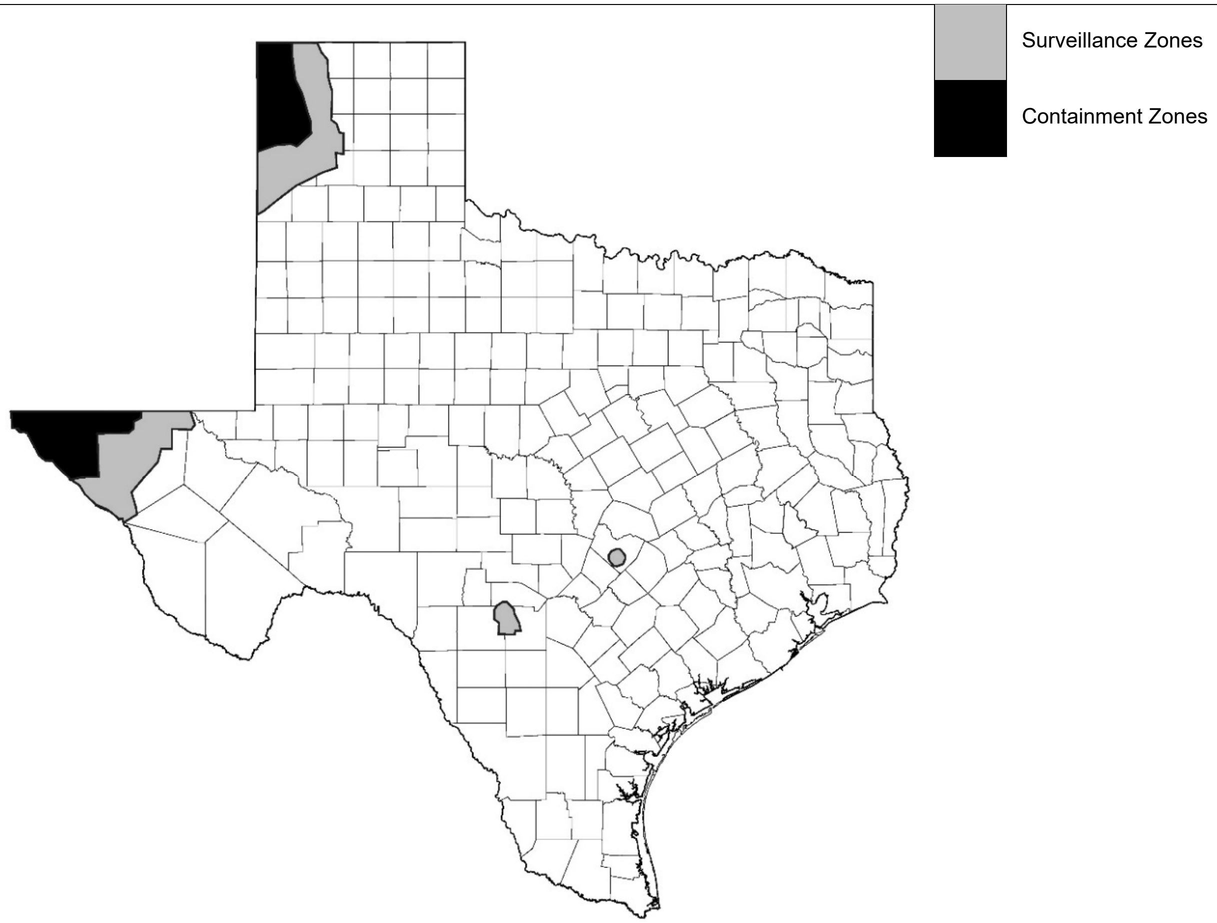
TPWD includes white-tailed deer, mule deer, pronghorns, desert bighorn sheep, javelinas, and alligators in its efforts to research and manage big game species in Texas through its Big Game Program. Restoration efforts for desert bighorn sheep, pronghorns, and mule deer have been especially active since calendar year 2010, and successfully have reintroduced those species to unoccupied habitat or boosted the number of animals in the population for sustainability. The agency offers various permits affording landowners and managers more flexibility to meet their management needs.

TPWD manages both migratory game birds and upland game birds and their habitats through its Small Game Program. Migratory game birds such as ducks, geese, cranes, and doves are managed and regulated by international treaties among the United States, Canada, Mexico, Russia, and Japan. For upland game birds, the agency focuses management initiatives on resident upland game birds to maximize recreational opportunity and to conserve the diversity of ecological resources within the state.

Chronic wasting disease (CWD) is a degenerative neurological disease affecting deer, elk, and other cervids. The disease is similar to bovine spongiform encephalopathy (mad cow disease) in cattle or scrapie in sheep, but is transmissible only to other cervid species. According to data maintained by TPWD, as of February 29, 2020, 170 deer have tested positive for CWD in Texas. The first captive deer to test positive for CWD in a postmortem test was from a facility in Medina County in June 2015. This positive test led the Animal Health Commission (TAHC) and TWPD to develop a revision of deer breeder permitting rules and movement restrictions that took effect in August 2016. Native deer species are defined as game animals and not livestock in the Texas Parks and Wildlife Code, Section 63.001; therefore, TAHC is involved in CWD response in multiple ways. Nonnative cervid species such as elk, sika deer, red deer, nilgai antelope, and moose are classified as exotic livestock, and the Texas Agriculture Code, Section 161.041, authorizes TAHC to act to eradicate or control any disease affecting exotic livestock, including when the agent of transmission is an animal species outside of the agency's jurisdiction, such as a native mule deer or white-tailed deer. TAHC and TPWD co-chair the CWD Task Force, which works with public and private stakeholders in developing rules and monitoring and managing CWD-related issues. TPWD provides biological information and statistics for native and nonnative cervid species, and TAHC provides epidemiological expertise. Both agencies approve herd plans, which are requirements for disease testing and management established for deer-breeding facilities that have CWD-positive animals. Both agencies also coordinate to develop containment and surveillance zones in and around areas that have CWD and to train agency staff and others to collect samples for disease testing.

Figure 257 shows the state's Chronic Wasting Disease Zones.

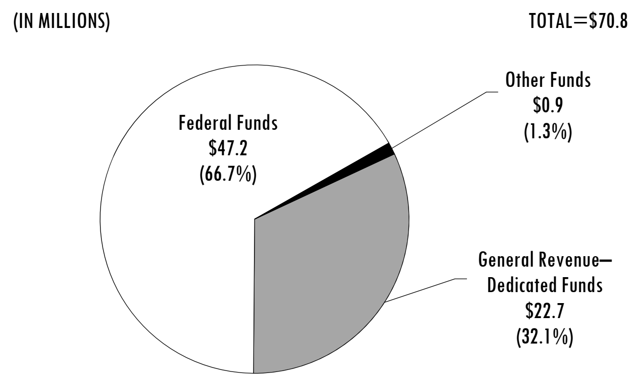
FIGURE 257
TEXAS ANIMAL HEALTH COMMISSION CHRONIC WASTING DISEASE ZONES, FEBRUARY 2017



SOURCE: Texas Animal Health Commission.

Figure 258 shows Wildlife Conservation program funding sources for the 2020–21 biennium.

FIGURE 258
WILDLIFE CONSERVATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 259 shows funding for the Wildlife Conservation program from the 2014–15 to the 2020–21 biennia.

FIGURE 259
WILDLIFE CONSERVATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	**EXPENDED 2014–15**	**EXPENDED 2016–17**	**EXPENDED 2018–19**	**APPROPRIATED 2020–21**	**PERCENTAGE CHANGE 2014–15 TO 2020–21**
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$20.8	$21.2	$20.9	$22.7	9.1%
Federal Funds	$30.9	$35.3	$37.9	$47.2	53.0%
Other Funds	$2.1	$3.0	$2.9	$0.9	(57.7%)
Total, All Methods of Finance	**$53.8**	**$59.5**	**$61.7**	**$70.8**	**31.6%**

SOURCE: Legislative Budget Board.

Figure 260 shows performance measures for the Wildlife Conservation program for fiscal years 2019 to 2021.

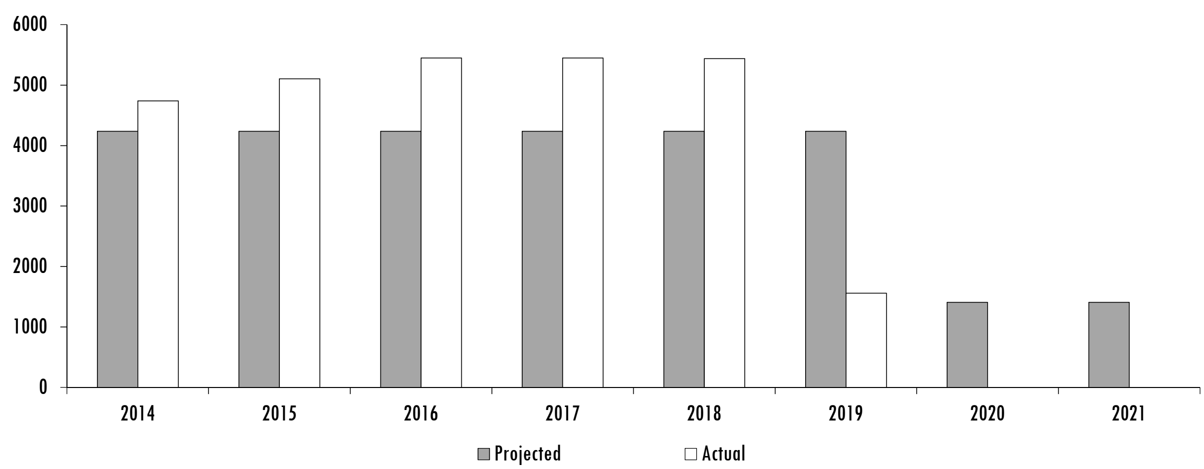
FIGURE 260
WILDLIFE CONSERVATION PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Land Acreage to Enhance Wildlife Through TPWD-approved WMPs	18.84%	18.99%	100.80%	20.85%/21.22%
Number of Wildlife Population Surveys Conducted	4,238	1,559	36.79%	1,409/1,409

SOURCE: Texas Parks and Wildlife Department.

Figure 261 shows the number of wildlife population surveys conducted from fiscal years 2014 to 2021. The decrease in fiscal year 2019 is due to a change in methodology regarding surveys of white-winged urban doves.

FIGURE 261
TEXAS PARKS AND WILDLIFE DEPARTMENT WILDLIFE POPULATION SURVEYS CONDUCTED
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and to comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

TPWD monitors and maintains revenue, expenditure, and available balance data for subaccounts used to fund the different operations of the program, including funding changes made for all programs funded from the same revenue sources. The agency is the sole source of this information.

The Wildlife Conservation program is funded in part with appropriations from unrestricted Account No. 9 revenues. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Because the Wildlife Conservation program has so many component programs and activities, the repercussions of discontinuing the program would be far-reaching and would include: elimination of all wildlife-related research, closure of all WMAs, elimination of the capacity to manage both big game populations and small game populations (including migratory and upland game birds), elimination of population restoration efforts leading to an increase in the possibility of extinction for certain species, failure to fulfill the agency's statutory mandate to conduct scientific surveys and make management recommendations regarding various plants and wildlife, and a reduced ability to prevent and control emerging novel pathogens, including rabbit hemorrhagic disease and white nose syndrome.

Additionally, the agency no longer would be able to fulfill its statutory mandate to provide recommendations to protect fish and wildlife resources to local, state, and federal agencies that approve, permit, license, or construct developmental projects. The agency conducts more than 1,200 such reviews per year. Failure to conduct these environmental reviews would prevent federal and state agencies, including the Railroad Commission of Texas and the Texas Water Development Board, from fulfilling federal obligations.

COASTAL FISHERIES RESOURCE MANAGEMENT

The Texas Parks and Wildlife Code, Sections 12.001, 12.0011, 12.015, and 12.024; Chapters 47, 61, 66, 76, 77, 78, 79, and 83; Sport Fish Restoration Act, also known as Dingell-Johnson Act of 1950, the U.S. Code, Title 16, Sections 777–777m

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

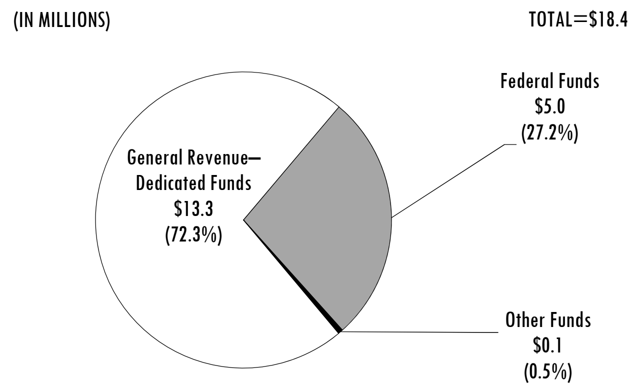
The Coastal Fisheries Resource Management program includes three field offices that conduct resource and harvest monitoring to provide for status assessments of finfish, shrimp, crab, and oyster populations and environmental conditions within marine waters. The program also provides management and oversight of the Coastal Fisheries Division. The program acts on behalf of all Texans, specifically the state's 1.2 million saltwater anglers, to protect, restore, and enhance state coastal fisheries and habitat resources.

Since its inception, several changes have affected the program. TPWD has expanded geographic monitoring to include all eight major bay systems, expanded oyster resource sampling to determine area openings and closings, and incorporated vertical and bottom longline sampling in state and federal waters of the Gulf of Mexico.

Numerous factors affect the program, including sea-level rise, which can result in loss of habitat; a national increase in the number of people who fish; and natural disasters, including Hurricane Harvey.

Figure 262 shows Coastal Fisheries Resource Management program funding sources for the 2020–21 biennium.

FIGURE 262
COASTAL FISHERIES RESOURCE MANAGEMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 263 shows historical funding for the Coastal Fisheries Resource Management program from the 2014–15 to the 2020–21 biennia.

FIGURE 263
COASTAL FISHERIES RESOURCE MANAGEMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$11.8	$9.2	$8.8	$13.3	12.6%
Federal Funds	$7.3	$4.2	$3.8	$5.0	(31.5%)
Other Funds	$1.9	$0.3	$0.4	$0.1	(94.7%)
Total, All Methods of Finance	**$21.1**	**$13.7**	**$13.0**	**$18.4**	**(12.8%)**

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

Figure 264 shows Coastal Fisheries Resource Management program performance measures for fiscal years 2019 to 2021.

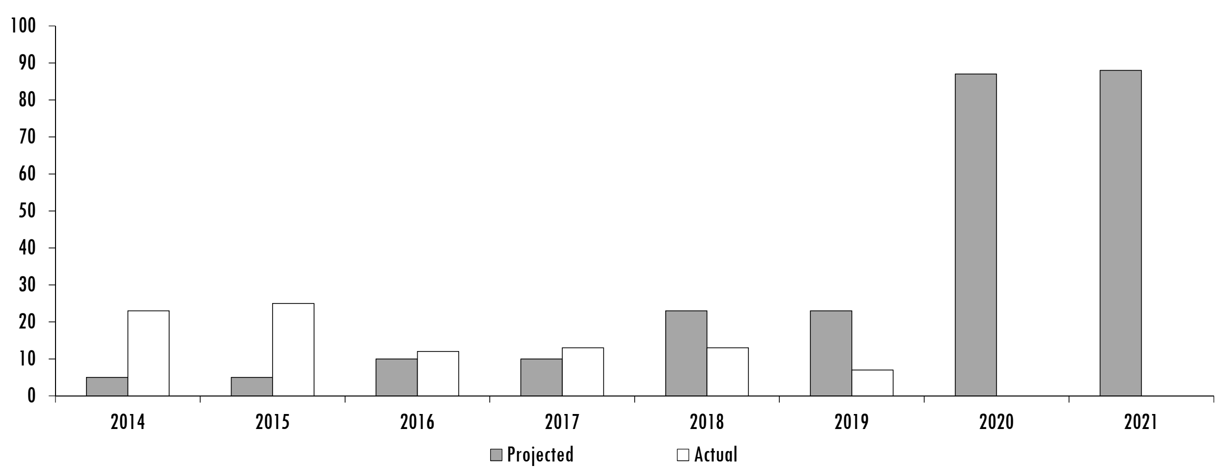
FIGURE 264
COASTAL FISHERIES RESOURCE MANAGEMENT PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Commercial Fishing Licenses Bought Back	23.0	7.0	30.43%	87.0/88.0

SOURCE: Texas Parks and Wildlife Department.

Figure 265 shows the number of commercial fishing licenses bought back from fiscal years 2014 to 2021. The increase in projected performance for the 2020–21 biennium is due to the enactment of House Bill 51, Eighty-fifth Legislature, Regular Session, 2017, requiring TPWD to implement an oyster license buy-back program.

FIGURE 265
COMMERCIAL FISHING LICENSES BOUGHT BACK
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

REVENUES FROM OYSTER SHELL RECOVERY AND CULTCH REPLACEMENT

Appropriated revenues and unexpended balances (UB) from oyster shell recovery and cultch replacement receipts are not being spent for the purpose for which they are collected each biennium due to the second fiscal year ending before the funds can be encumbered.

The Eighty-sixth Legislature, GAA, 2020–21 Biennium, Article VI, Parks and Wildlife Department, Rider 27, Appropriation of Oyster Shell Recovery and Cultch Replacement Receipts, authorizes the use of receipts from the sale of oyster shell recovery tags and oyster cultch replacement fees for the recovery and enhancement of public oyster reefs. Although the rider authorizes any UB at the end of fiscal year 2020 to be appropriated for the same purpose for fiscal year 2021, it does not authorize TPWD to use receipts that accumulated during the previous biennium. The agency reports that, due to the nature of oyster cultch placement activities, which often necessitate accumulation of a sufficient balance before initiating activities, the current two-year cycle limits the effectiveness and efficiency of the program.

The Legislature typically does not provide authority to transfer UB across biennia due to the additional costs realized during the subsequent biennium. The agency reports that modifying the rider language to authorize access to UB across biennia would enable more effective programmatic decisions and ensure that TPWD is able to use the funds consistent with legislative intent and expectations of the commercial entities that are paying the fees. Alternatively, the Legislature could choose to include either all or a part of the amount lapsed in the subsequent year's starting appropriations if it decided against excluding the lapsed amount.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

Saltwater Sportfishing Stamp revenues are accounted for in one of the separate subaccounts maintained and monitored by TPWD within Account No. 9. TPWD supports maintaining this dedicated and reliable source of funding to provide program stability and flexibility to respond to long-term needs. Based on agency expenditure data and revenue estimates generated in the fall of 2019, this subaccount is estimated to receive $18.6 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $7.2 million. In addition, the agency reported in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund the following programs: (1) Coastal Fisheries Resource Management; (2) Coastal Fisheries Science and Policy Resources; and (3) Coastal Hatcheries Operations.

The program is funded in part with appropriations from unrestricted Account No. 9 revenues. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Coastal Fisheries Resource Management program would result in TPWD losing the ability to manage the state's marine resources, as required by the Texas Parks and Wildlife Code, Sections 12.001 and 12.015, and Chapters 61, 66, 76, 77, and 83. Additionally, the agency would no longer collect 7,100 annual population samples, more than 1,000 recreational and commercial harvest surveys, or biological fishery data from more than 300 seafood dealers. The state would also no longer be in compliance with federal law regarding Fish Restoration Projects and Commercial Fisheries Research.

The agency reports that discontinuing the program could also jeopardize the sustainability of the $2.0 billion saltwater recreational fishery and the $1.1 billion saltwater commercial fishery.

FRESHWATER FISHERIES CONSERVATION

The Texas Parks and Wildlife Code, Section 11.0181; Sections 12.0011, 12.010, and 12.015; and Chapters 47, 61, and 66

Mission Centrality –Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Freshwater Fisheries Conservation program conducts surveys of fish populations, habitats, and anglers; develops fisheries management and stocking plans; conducts fish habitat enhancements; performs applied research; and performs public outreach on the state's freshwater fisheries resources. The program operates in all public bodies of water in Texas.

The program operates under state authority, with financial support provided by numerous federally authorized grant programs administered by the U.S. Department of Interior.

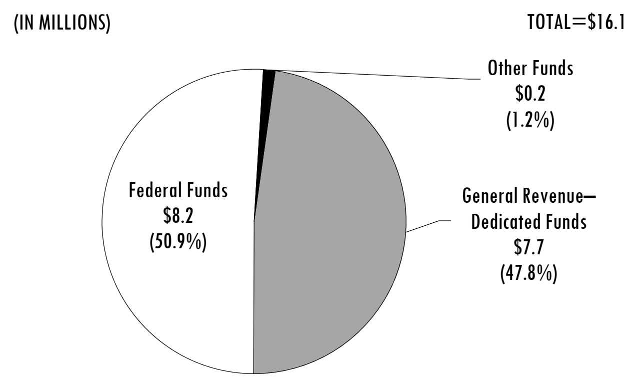
The program manages freshwater fisheries resources in 1,200 public reservoirs and in all major river systems statewide. Its primary goal is maintaining public fishing opportunities through surveys, planning, and applied fisheries management actions that protect or enhance Texas fisheries resources. It supports quality of life for all Texas citizens, as fishing is important for outdoor recreation and food, and to local and statewide economies. According to the agency, fisheries management activities help to sustain recreational fisheries in Texas that result in at least $960.0 million in trip and equipment expenditures annually.

Availability of federal funding and new reservoir construction across Texas led to growth in this program during the late 1960s. As the Texas population continues to grow, additional emphasis has been placed on managing fisheries in urban areas of the state to include smaller reservoirs and rivers.

The program is affected by population growth, increased water demands, degradation and loss of fish habitats, and introduction and expansion of invasive species, all of which contribute to an increasing need for applied fisheries management activities that sustain freshwater fisheries resources and fishing opportunities.

Figure 266 shows Freshwater Fisheries Conservation program funding sources for the 2020–21 biennium.

FIGURE 266
FRESHWATER FISHERIES CONSERVATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 267 shows funding for the Freshwater Fisheries Conservation program from the 2014–15 to the 2020–21 biennia.

FIGURE 267
FRESHWATER FISHERIES CONSERVATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A

General Revenue–Dedicated Funds	$7.0	$5.2	$5.1	$7.7	9.7%
Federal Funds	$9.4	$8.8	$8.9	$8.2	(12.5%)
Other Funds	$0.2	$0.2	$0.6	$0.2	(0.2%)
Total, All Methods of Finance	**$16.6**	**$14.3**	**$14.5**	**$16.1**	**(3.0%)**

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

Figure 268 shows Freshwater Fisheries Conservation program performance measures for fiscal years 2019 to 2021.

FIGURE 268
FRESHWATER FISHERIES CONSERVATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percent of Fish and Wildlife Kills or Pollution Cases Resolved Successfully	70.08%	62.50%	89.18%	75.00%/75.00%

SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

State funding for the Freshwater Fisheries Conservation program operations is provided through General Revenue–Dedicated Game, Fish, and Water Safety Account No. 9. One of the subaccounts in Account No. 9 is the Freshwater Fish Stamp, and TPWD has allocated revenues from that subaccount to two programs: (1) Capital Construction and Project Delivery, and (2) Inland Hatcheries Operations. According to the agency, the Freshwater Fish Stamp includes eligible uses and revenues that could be invested in the Freshwater Fisheries Conservation program to further enhance freshwater fisheries resources through such measures as access improvements, habitat enhancements, and fish stocking.

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set forth in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

Unrestricted revenues are accounted for in one of the separate subaccounts maintained and monitored by TPWD within Account No. 9, and this program is funded in part with appropriations from this subaccount. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Freshwater Fisheries Conservation program would result in elimination of science-based fisheries management and conservation activities performed on Texas' public waters, including fish population and harvest surveys, habitat surveys, public access surveys, research studies, public outreach programs, fish habitat improvements, fish harvest regulations, fish stocking, and related communications with the public and agency partners on these matters. Additional impacts could include reduced fishing quality, degradation of aquatic habitat, reduced ecological function, reduced public access, loss of recreational opportunities, expansion of aquatic invasive species, and negative consequences to state and local economies.

TECHNICAL GUIDANCE

The Texas Parks and Wildlife Code, Section 11.0181, Section 12.025, and Chapter 81; Agricultural Act of 2014; Federal Aid in Wildlife Restoration Act (U.S. Code, Title 16, Sections 669 to 669i); Endangered Species Act (U.S. Code, Title 16, Sections 1531 to 1544)

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

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 may take advantage of extended season lengths and liberalized harvest opportunities.

The Eighty-sixth Legislature, 2019, implemented two recommendations regarding the MLDP that were presented in the agency's 2019 Strategic Fiscal Review. Senate Bill 733 authorized 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 Account No. 9. The amounts projected to be collected from participating landowners are appropriated to TPWD. House Bill 1896 exempted TPWD from the Texas Government Code, Section 2001.0045, which requires that any increase in fees be coupled with an equal or greater decrease in costs to users. TPWD has estimated that the new MLDP fee will generate $1.3 million each fiscal year that will be credited to Account No. 9.

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. The agency currently supports 7,224 wildlife management plans on 31.4 million acres across the state.

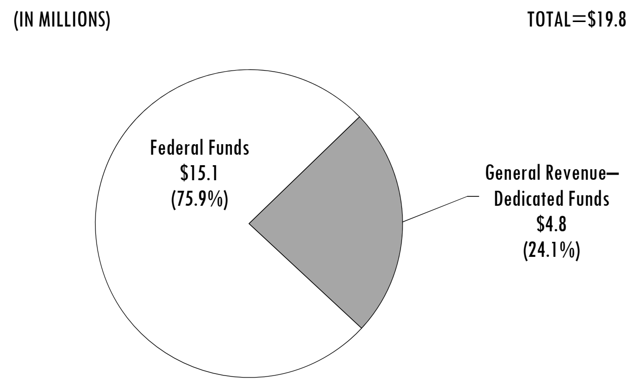
According to the agency, economic conditions can affect a landowner's ability to implement technical guidance. The Urban Technical Guidance Program's recommendations reduce municipal maintenance costs and improve local economies. Technical guidance has been an integral part of TPWD's operations since the agency's inception. The Urban Technical Guidance Program began in 1993 and agency issued the first Lone Star Land Steward award started in 1995.

During fiscal year 2018, the Wildlife Division moved to an electronic record-keeping system called the Land Management Assistance application to allow more detailed record keeping of the technical guidance provided.

The agency reports that population growth and land fragmentation within the state continue to increase demand for services. Land fragmentation increases the number of requests for plans on smaller tracts. Urbanization, absentee landowners, and changing land uses and landowner demographics continue to alter the nature of service requests, resulting in challenges in funding, personnel, and training.

Figure 269 shows Technical Guidance program funding sources for the 2020–21 biennium.

FIGURE 269
TECHNICAL GUIDANCE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 270 shows funding for the Technical Guidance program from the 2014–15 to the 2020–21 biennia.

FIGURE 270
TECHNICAL GUIDANCE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.7	$1.0	$2.0	$4.8	562.8%
Federal Funds	$4.0	$4.6	$8.2	$15.1	273.2%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$4.8**	**$5.6**	**$10.2**	**$19.8**	**317.3%**

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

Figure 271 shows Technical Guidance program performance measures for fiscal years 2019 to 2021.

FIGURE 271
TECHNICAL GUIDANCE PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Sites in Managed Lands Deer Program (MLDP) Harvest Option (1)	N/A	N/A	N/A	838/854
Number of Active TPWD-Approved Management Agreements with Private Landowners (1)	N/A	N/A	N/A	8,285/8,450
Number of Active Wildlife Management Plans with Private Landowners	9,955	7,156	71.88%	7,447/7,596

NOTE: (1) Measures were established by the Eighty-sixth Legislature, 2019, and, therefore, do not have historical data from fiscal year 2019.
SOURCE: Parks and Wildlife Department.

MANAGED LANDS DEER PROGRAM

Senate Bill 733, Eighty-sixth Legislature, 2019, amended the Texas Parks and Wildlife Code, as recommended in TPWD's 2019 Strategic Fiscal Review, to authorize the Parks and Wildlife Commission to establish and provide for the collection of a fee for participation in the MLDP. The legislation did not set fee amounts, but it authorized, though did not require, the Parks and Wildlife Commission to establish the fee and directed any revenues to be deposited to Account No. 9. The agency reported that in 2019, there were 1,707 participants in the Harvest Option and 8,989 participants in the Conservation Option, of which 4,521 were in wildlife management associations or cooperatives. The agency reported that it anticipated assessing fees of $30 for the Harvest Option, $250 for the Conservation Option, and $40 for members of wildlife management associations or cooperatives in the Conservation Option, generating $1.3 million annually. Based on this estimate, the Legislature appropriated $1.3 million annually from Account No. 9 to operate the MLDP during the 2020-21 biennium.

AGENCY EXEMPTION FROM HOUSE BILL 1290

House Bill 1290, Eighty-fifth Legislature, Regular Session, 2017, prohibited state agencies from adopting any rule that imposes a cost on regulated persons without first amending or repealing another rule to offset the cost. House Bill 1896, Eighty-sixth Legislature, 2019, exempted TPWD from the provisions of House Bill 1290, as recommended in TPWD's 2019 Strategic Fiscal Review. The legislation authorized TPWD to assess a fee for MLDP pursuant to Senate Bill 733 without requiring the agency to couple the increase in fees with an equal or greater decrease in costs to its users.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

TPWD is the agency with the primary responsibility for managing the wildlife resources of Texas. Because more than 95.0 percent of land in Texas is privately owned, the majority of wildlife resources exist on private land, and the agency reports that technical guidance to private landowners on wildlife habitat enhancement techniques is of the utmost importance. Without funding for this program, this direct technical guidance would no longer be available. Discontinuing the Technical Guidance program would eliminate technical guidance and biologist assistance on private lands, which could lead to increased habitat fragmentation, further spread of invasive species, and land management practices that are detrimental to wildlife populations.

Additionally, without Wildlife Management Plans, or biologists to set Resource Management Unit-specific harvest rates, the MLDP would be eliminated, resulting in loss of associated revenue.

LICENSE AND BOAT REVENUE

The Texas Parks and Wildlife Code, Section 11.032, Sections 12.701-12.707, and Chapters 31, 42,43,46,47 and 50; and the Texas Tax Code, Ch. 160; Code of Federal Regulations, Title 33, Part 174; Code of Federal Regulations, Title 50, Part 80

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

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 from 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 may be completed online. 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. Fiscal year 2019 revenue from recreational and commercial hunting and fishing licenses totaled approximately $104.6 million. In addition to helping fund this program, this revenue funds programs agencywide.

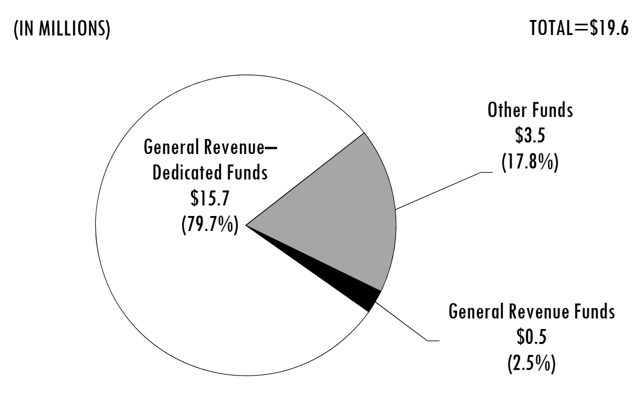
The use of collected revenues is limited depending on the specific revenue source. For example, revenue from the migratory game bird stamp, a federally required licensing tool, may be appropriated only for purposes related to management and research of migratory game birds and their habitats.

The modernization of record-keeping from paper-based to electronic databases and computer information systems has reduced customer transaction time, provided higher quality data, and accelerated the transfer of revenue from sales agents to the Treasury.

Consumer purchases of hunting and fishing licenses and of boat registration and titling can be affected by weather, the economy, population migration and aging, demand on consumers' limited free time, urbanization, and less consumer connection to nature and the outdoors. Any of these factors can affect the program's performance. Additionally, TPWD reports that the program is affected adversely by having an inadequate number of staff to provide timely support to license agents, to provide timely delivery of documents ordered by customers (tags and licenses), to answer questions, and to properly account for the prompt collection of all funds due.

Figure 272 shows License and Boat Revenue program funding sources for the 2020–21 biennium.

FIGURE 272
LICENSE AND BOAT REVENUE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 273 shows funding for the License and Boat Revenue program from the 2014–15 to the 2020–21 biennia.

FIGURE 273
LICENSE AND BOAT REVENUE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.5	$0.2	$0.4	$0.5	0.0%
General Revenue–Dedicated Funds	$18.0	$20.2	$16.1	$15.7	(12.6%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$1.9	$1.1	$5.3	$3.5	86.5%
Total, All Methods of Finance	**$20.3**	**$21.6**	**$21.9**	**$19.6**	**(3.2%)**

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

Figure 274 shows License and Boat Revenue program performance measures for fiscal years 2019 to 2021.

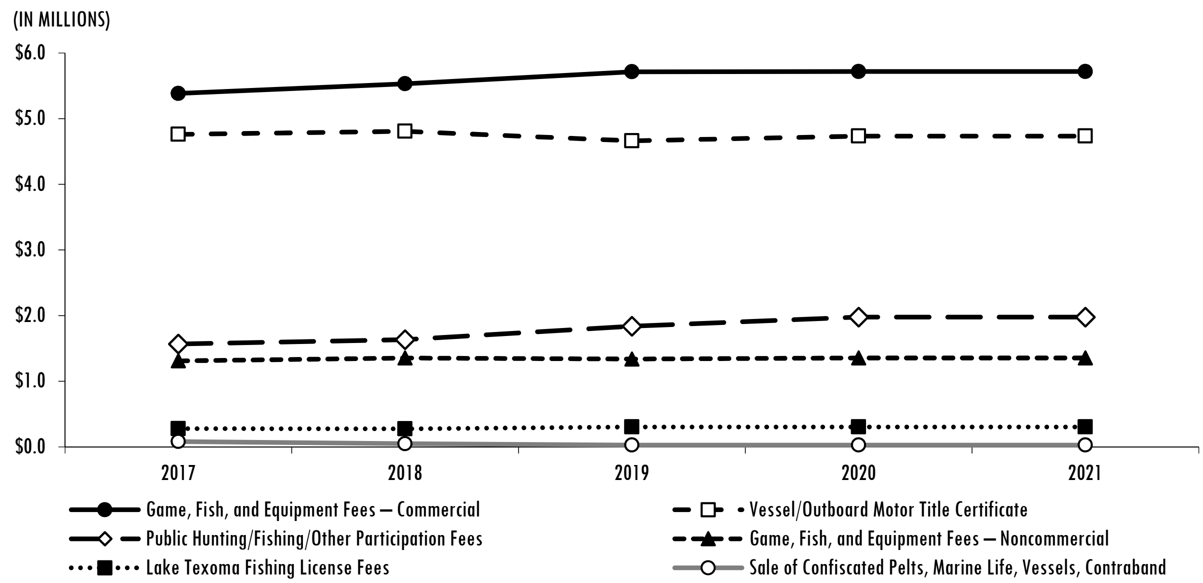
FIGURE 274
LICENSE AND BOAT REVENUE PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Combination Hunting and Fishing Licenses Sold	634,037	614,877	96.98%	638,766/638,766

SOURCE: Texas Parks and Wildlife Department.

Figure 275 shows Hunting and Fishing Licenses and Boat Registration and Titling revenue for fiscal years 2012 to 2021.

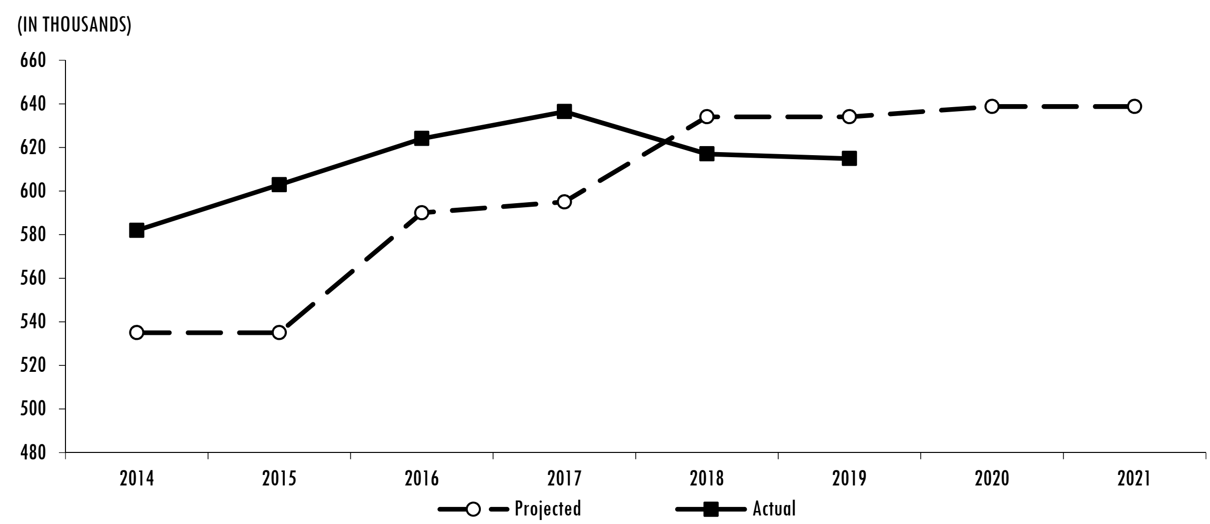
FIGURE 275
HUNTING AND FISHING LICENSES AND BOAT REGISTRATION AND TITLING REVENUE
FISCAL YEARS 2012 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 276 shows the number of Combination Hunting and Fishing Licenses sold from fiscal years 2014 to 2021.

FIGURE 276
COMBINATION HUNTING AND FISHING LICENSES SOLD
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

CERTAIN PAYMENTS ROUTINELY EXCEED ESTIMATED AMOUNTS

Payments to license agents, tax assessor-collectors, and license vendors consistently have exceeded the estimated $3,657,000 each fiscal year included in the 2020–21 GAA, Article VI, TPWD, Rider 11, Payments to License Agents, Tax Assessor Collectors, and License Vendors. The budgeted amount in the rider has remained fairly constant during the past few biennia due to the agency's approved General Revenue Funds and General Revenue–Dedicated Funds appropriations limit. The agency has not requested an increase in the amounts contained in the rider because it would affect the amount of funding available from these methods of finance for other programs. The agency must therefore use the rider authority to access funding in excess of the appropriated amounts. Increasing the amounts included in the rider to better reflect the payments to license agents and tax assessor collectors would avoid this situation.

BOAT AND BOAT MOTOR SALES TAX

Pursuant to the Texas Tax Code, Chapter 160, a tax is assessed on the sale and use of boats and boat motors (Comptroller revenue object code 3111). Section 160.121 directs TPWD to deposit 5.0 percent of the amount collected to Account No. 9, with the remainder being deposited to the General Revenue Fund. CPA's Biennial Revenue Estimate for the 2020–21 biennium estimated that this tax would generate $163.7 million for deposit to the General Revenue Fund and $7.2 million for deposit to Account No. 9.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the License and Boat Revenue program would remove TPWD staff and resources necessary to issue and fulfill recreational and commercial hunting and fishing licenses through any of its current channels, including TPWD offices, mail-in applications, phone requests, and internet sales. Additionally, the point-of-sale system contract would be discontinued because staff would not be available to manage it, meaning recreational and commercial hunting and fishing licenses would no longer be sold or issued through law enforcement offices, state parks, or license agents across the state.

In addition to helping fund this program, revenues collected from recreational and commercial hunting and fishing licenses support programs agencywide. Reducing or eliminating these amounts collected would reduce program funding for many other areas of TPWD operations, including Wildlife, Fisheries, and Enforcement programs.

If the program were discontinued, TPWD would no longer collect boat registrations, vessel and boat motor titles, and boat and boat motor sales and use taxes, and this lack of revenue would have farther-reaching effects. TPWD would no longer have the staff or resources to support the application performing boat/marine transactions (titles, registrations, sales tax, and marine dealer licenses), including online transactions, and to process inquiries/transactions, including customer phone banks, mail-in, in-person transactions, and transactions with a shared logistical apparatus with TPWD, CPA, the Department of Motor Vehicles, and county tax assessor-collector offices. TPWD no longer would have sufficient staff to ensure that all transactions are accounted for and reconciled properly. The agency would lose approximately $20.0 million in revenue from boat registration and titling and $3.8 million in boat and boat motor sales and use tax revenue. Because 95.0 percent of TPWD-collected boat sales-and-use tax revenue goes to the General Revenue Fund, the state also would lose $72.0 million.

The inability to issue hunting and fishing licenses would affect eligibility for Federal Funds pursuant to the Sportfish and Wildlife Restoration acts. Funding for each state from these sources is based on a formula that weighs population and the number of licenses sold. Reductions in license sales counts would affect federal apportionment calculations. Additionally, loss of license revenue would result in less funding available to serve as the state match. Together, these federal funding sources total approximately $55.0 million.

INLAND HATCHERIES OPERATIONS

The Texas Parks and Wildlife Code, Section 11.0181, Section 12.001, and Chapter 81

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Inland Hatcheries Operations program stocks freshwater fisheries to supplement natural fish populations and to enhance the trophy potential of fish populations. Hatcheries also perform public outreach and education. Five freshwater fish hatcheries are located throughout the state. The program operates under state authority, with financial support provided by numerous federally authorized grant programs administered by the U.S. Department of Interior.

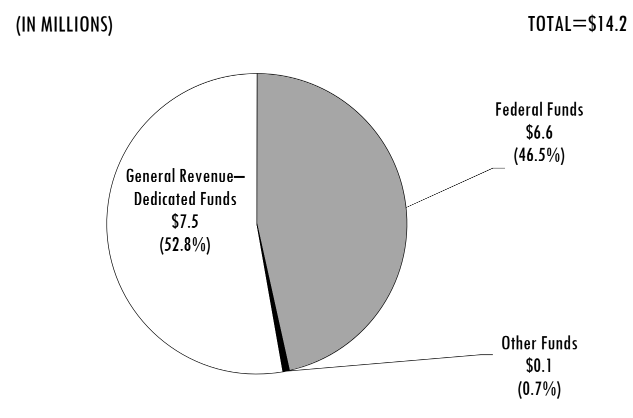
Hatchery-stocked fish are utilized as one of several essential tools to protect, manage, and enhance statewide fisheries resources benefiting the citizens of Texas. Hatchery-stocked fish are used to establish initial-year classes in new or renovated reservoirs, supplement natural recruitment, and increase angler opportunities. Additionally, stocked fish are used to increase species diversity, to restore fish populations that have been decimated or reduced due to natural or manmade influences, and to provide immediate recreational and educational opportunities by stocking catchable-size fish in or near urban areas.

Since 1925, 19 freshwater fish hatcheries have been built in response to fish stocking needs in Texas. Since 1989, only 44.0 percent of production space (down from 656 acres to 290) remains as a result of hatchery closures. Many of the closures were part of a plan to develop from five to six modern, more efficient hatcheries through new construction or renovation. Currently, the hatchery program meets approximately 65.0 percent of the request for hatchery-reared fingerlings in public water. The size and scope of the hatchery stocking program is limited by available production space, staff, and operational funding.

Increasing population, declining fish habitats, and increasing angling pressure are expected to increase demand for hatchery-reared fish to maintain fishing opportunities.

Figure 277 shows Inland Hatcheries Operations program funding sources for the 2020–21 biennium.

FIGURE 277
INLAND HATCHERIES OPERATIONS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 278 shows funding for the Inland Hatcheries Operations program from the 2014–15 to the 2020–21 biennia.

FIGURE 278
INLAND HATCHERIES OPERATIONS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$3.4	$7.4	$7.3	$7.5	118.3%
Federal Funds	$5.2	$4.7	$5.3	$6.6	27.0%
Other Funds	$0.6	$0.3	$0.6	$0.1	(91.3%)
Total, All Methods of Finance	**$9.3**	**$12.4**	**$13.3**	**$14.2**	**52.7%**

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

Figure 279 shows Inland Hatcheries Operations program performance measures for fiscal years 2019 to 2021.

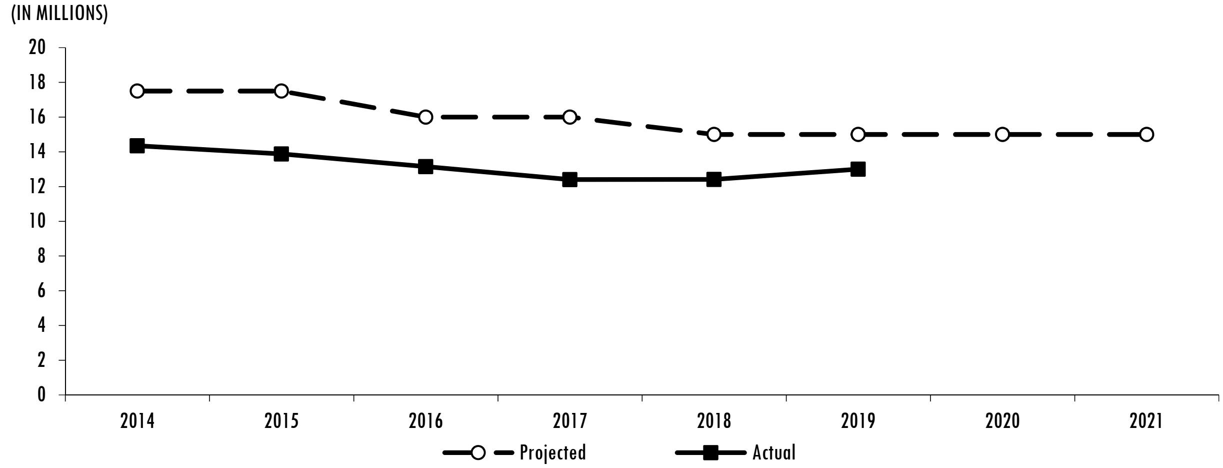
FIGURE 279
INLAND HATCHERIES OPERATIONS PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Fingerlings Stocked-Inland (in Millions)	15.00	13.00	86.67%	15.00/15.00

SOURCE: Texas Parks and Wildlife Department.

Figure 280 shows the number of fingerlings stocked inland from fiscal years 2014 to 2021.

FIGURE 280
INLAND HATCHERIES OPERATIONS PROGRAM FINGERLINGS STOCKED
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set forth in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

Freshwater Fish Stamp revenues are accounted for in one of the separate subaccounts within Account No. 9. TPWD supports maintaining this dedicated and reliable source of funding to provide program stability and flexibility to respond to long-term needs. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $13.2 million in revenues during the 2020–21 biennium and to have an available balance at the end of the biennium totaling $33.7 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund the following programs: (1) Capital Construction and Project Delivery; and (2) Inland Hatcheries Operations.

The program also is funded in part with appropriations from unrestricted Account No. 9 revenues. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING THE PROGRAM

Discontinuing the Inland Hatcheries program would result in an annual loss ranging from 13.0 million to 14.0 million fingerling sport fish stocked in more than 400 waterbodies to support recreational fisheries statewide, including community fishing lakes that depend on stocked fish to develop and maintain highly utilized recreational resources in urban areas. Fish stocking is one of several essential tools used to protect, manage, and enhance these fishery resources and achieve specific fisheries resource objectives. Hatchery-stocked fish are used to start new fish populations, supplement existing fish populations, restore depleted or threatened populations, establish fisheries in small urban lakes, enhance population genetics and performance, take advantage of improved habitat, and increase angler opportunities and success. Discontinuation would eliminate activities routinely performed in support of ongoing genetic monitoring, routine fish health inspection, disease diagnosis and treatment, program evaluation, and focused research.

The program is supported with a federal grant from the Sport Fish Restoration Program. Discontinuing the Inland Hatcheries program would result in the reversion of approximately $2.8 million annually in federal funding that would have otherwise been available to the state.

COASTAL HATCHERIES OPERATIONS

The Texas Parks and Wildlife Code, Section 11.0181, Section 12.001, and Sections 81.101 to 81.200; Sport Fish Restoration Act, also known as Dingell-Johnson Act of 1950, the U.S. Code, Title 16, Sections 777–777m

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Coastal Hatcheries Operations program stocks fish for recreational fishing. Hatcheries maintain and enhance existing fish stocks in selected marine habitats and evaluate the impact of fish stocking on resident populations and fishing success. Marine fish hatcheries are located in Corpus Christi, Lake Jackson, and Palacios. The program protects, restores, and enhances state coastal fisheries and habitat resources.

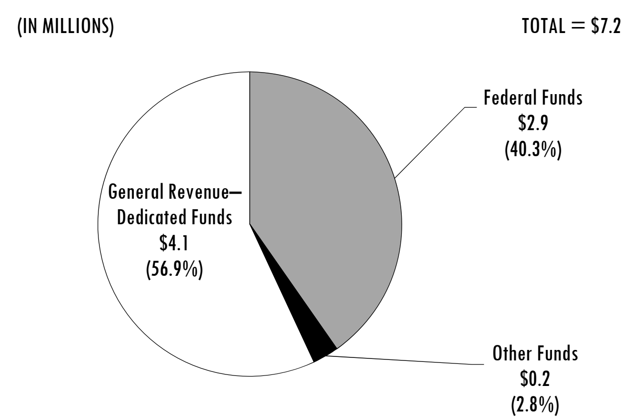
Since the program's inception, the hatchery in Palacios has expanded to include pond production capabilities, the Lake Jackson hatchery began production, and the program has expanded species propagation to include spotted seatrout and southern flounder while conducting research on several other species.

During the 2020–21 biennium, TPWD plans to prioritize expanding flounder production at Sea Center Texas and the Marine Development Center to reach its stocking goals and enhance the decreasing flounder populations. This decision will reduce the agency's abilities to stock red drum and spotted seatrout during the spring-fall season and to complete equipment maintenance during the winter months.

Factors that affect the program include sea-level rise, resulting in loss or conversion of habitat; national increase in fishing participation; and natural disasters, including Hurricane Harvey.

Figure 281 shows Coastal Hatcheries Operations program funding sources for the 2020–21 biennium.

FIGURE 281
COASTAL HATCHERIES OPERATIONS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 282 shows funding for the Coastal Hatcheries Operations program from the 2014–15 to the 2020–21 biennia.

FIGURE 282
COASTAL HATCHERIES OPERATIONS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$4.2	$3.8	$3.6	$4.1	(0.5%)
Federal Funds	$2.7	$2.6	$2.5	$2.9	7.5%
Other Funds	$0.3	$0.2	$0.2	$0.2	(35.3%)
Total, All Methods of Finance	**$7.1**	**$6.5**	**$6.2**	**$7.2**	**1.3%**

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

Figure 283 shows Coastal Hatcheries Operations program performance measure data for fiscal years 2019 to 2021.

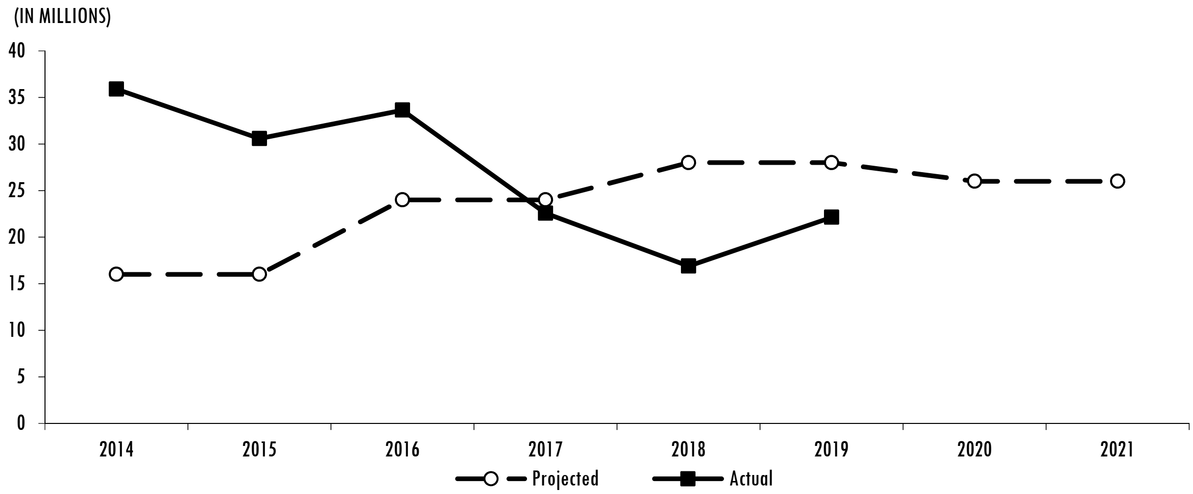
FIGURE 283
COASTAL HATCHERIES OPERATIONS PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Fingerlings Stocked-Coastal (in Millions)	28.00	22.13	79.04%	26.00/26.00

SOURCE: Texas Parks and Wildlife Department.

Figure 284 shows the number of fingerlings stocked from 2014 to 2021. The decrease in actual performance during fiscal years 2018 and 2019 is due to reduced operational capacity at one of TPWD's hatcheries.

FIGURE 284
COASTAL HATCHERIES OPERATIONS PROGRAM FINGERLINGS STOCKED
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

Although Account No. 9 is a dedicated account in the General Revenue Fund in the state Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set forth in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

Saltwater Sportfishing Stamp revenues are accounted for in one of the separate subaccounts within Account No. 9. TPWD supports maintaining this dedicated and reliable source of funding to provide program stability and flexibility to respond to long-term needs. Based on agency expenditure data and revenue estimates generated in the fall of 2019, this subaccount is estimated to receive $18.6 million in revenues during the 2020–21 biennium and to have an available balance at the end of the biennium totaling $7.2 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund the following programs: (1) Coastal Fisheries Resource Management; (2) Coastal Fisheries Science and Policy Resources; and (3) Coastal Hatcheries Operations.

The program also is funded in part with appropriations from unrestricted Account No. 9 revenues. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and to have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Coastal Hatcheries Operations program would leave the agency unable to maintain and enhance existing fish populations in selected marine habitats as required by various sections of the Texas Parks and Wildlife Code.

HUNTING AND WILDLIFE RECREATION

The Texas Parks and Wildlife Code, Sections 11.0181 and 11.033; Chapters 61, 62, and 81; the Migratory Bird and Conservation Stamp, the U.S. Code, Title 16, Sections 718-718j; the federal Agricultural Act of 2014, Voluntary Public Access and Habitat Incentive Program

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Hunting and Wildlife Recreation program is responsible for enhancing hunting and other wildlife-related 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.

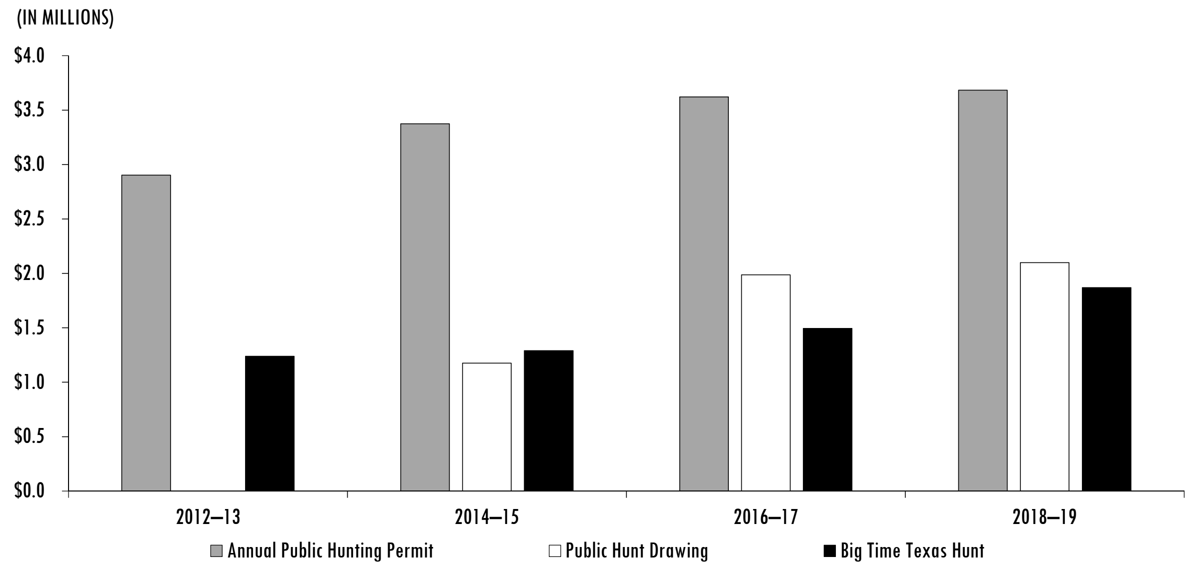
As technology and modern business practices have advanced, procedures for expanding opportunities and improving access have enabled hunters to be more engaged. In 1987, a statewide hunting access permit, the Annual Public Hunting Permit, sold through the agency's license system replaced or supplemented onsite permit issuance or self-registration processes. Hunts by reservation, known as drawn hunts, transitioned from the dated, inefficient paper application process in the 1950s to an online-only draw system in 2014. This change enabled more hunter-directed opportunities and a more equitable distribution of participation.

The Annual Public Hunting Permit, also known a walk-in, provides nearly year-round hunting on nearly one million acres of land. It authorizes hunting white-tailed deer, feral hogs, doves, quail, turkeys, waterfowl, rabbits, squirrels and more on more than 190 hunting areas, including wildlife management areas, state parks, and approximately 124 dove and small game areas leased from private landowners. A regular permit is available for certain small game and waterfowl hunts. Regular permits are issued at the hunt area on a first-come, first-served basis. The Public Hunt Drawing System provides opportunities to apply for various supervised, drawn hunts, including special drawings for adults and youth hunters. The Big Time Texas Hunts drawing raises funds for wildlife conservation by offering the public chances to win one of 10 premium hunt packages for a nominal fee. All proceeds are earmarked to fund conservation efforts and public hunting opportunities.

The agency reports that, although the number of hunters in Texas has remained relatively constant, hunters are becoming a smaller portion of the overall population. The revenue generated by hunters and anglers through license and equipment purchases are a major source for wildlife conservation efforts in the state. To address the decreasing proportion of the population involved in hunting, TPWD has developed tools to broaden the base of individuals interested in hunting. These tools include youth-only statewide hunting seasons and mentored hunting workshops at state parks.

Figure 285 shows public hunting permit revenue from the 2012–13 to the 2018–19 biennia.

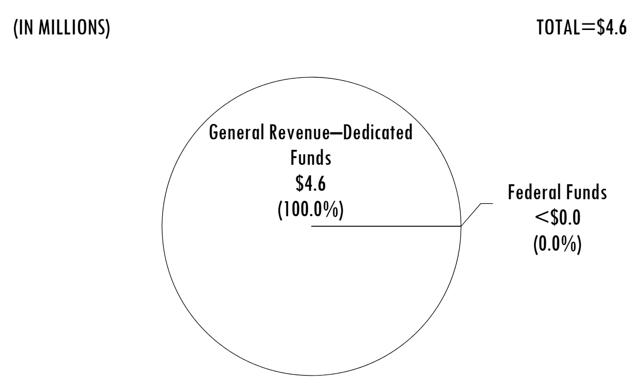
FIGURE 285
PUBLIC HUNTING PERMIT REVENUE, 2012–13 TO 2018–19 BIENNIA



NOTES:
(1) Public Hunt Drawing was not implemented until fiscal year 2014.
(2) Estimates are not provided for the 2020–21 biennium because the agency does not estimate revenue to the item level.
SOURCE: Texas Parks and Wildlife Department.

Figure 286 shows Hunting and Wildlife Recreation program funding sources for the 2020–21 biennium.

FIGURE 286
HUNTING AND WILDLIFE RECREATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



NOTE: The amount of Federal Funds received is $14,926.
SOURCE: Legislative Budget Board.

Figure 287 shows funding for the Hunting and Wildlife Recreation program from the 2014–15 to the 2020–21 biennia.

FIGURE 287
HUNTING AND WILDLIFE RECREATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$4.6	$4.3	$4.4	$4.6	0.4%
Federal Funds	$0.4	$1.5	$0.7	$0.0	(96.5%)
Other Funds	$0.0	$0.1	$0.1	$0.0	(100.0%)
Total, All Methods of Finance	**$5.1**	**$5.9**	**$5.2**	**$4.7**	**(8.7%)**

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

Figure 288 shows Hunting and Wildlife Recreation program performance measures for fiscal years 2019 to 2021.

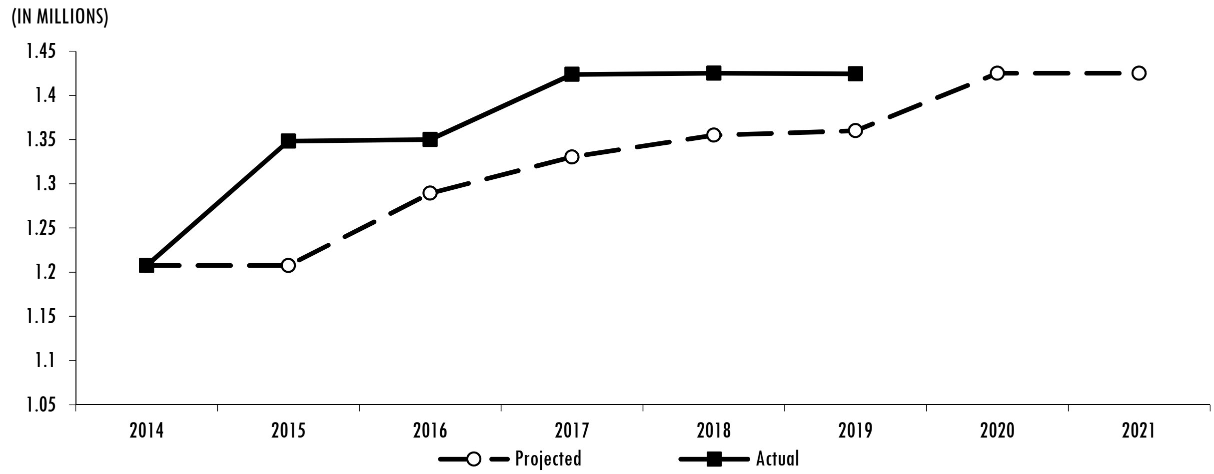
FIGURE 288
HUNTING AND WILDLIFE RECREATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Hunter Opportunity Days Provided	21,800	25,598	117.42%	24,600/24,600

NOTE: Not a key measure.
SOURCE: Texas Parks and Wildlife Department.

Figure 289 shows the acres of public hunting lands provided from fiscal years 2014 to 2021.

FIGURE 289
ACRES OF PUBLIC HUNTING LANDS PROVIDED, FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

HUNTING AND FISHING FEES

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in federal rules in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

One of the sources of revenue deposited to Account No. 9 is generated by the Hunting and Wildlife Recreation program through Public Hunting/Fishing/Other Participation Fees (Comptroller revenue object code 3437), which include fees of up to $25 for public drawings for certain public hunting and fishing opportunities, including Big Time Texas Hunts. The Texas Parks and Wildlife Code, Sections 11.0271 and 11.0272, which authorize TPWD to charge a fee of up to $25 to cover the cost of operating public drawings, have not been updated for more than 20 years. This fee generated $3.5 million in revenue in the 2018–19 biennium. If the statute were amended to raise the maximum amount and to allow TPWD to charge a fee in excess of the amount necessary cover costs, the additional revenue generated would be available for appropriation to the Hunting and Wildlife Recreation program.

House Bill 1896, Eighty-sixth Legislature, 2019, removed a requirement that the agency couple any increase in license fees with an equal or greater decrease in costs to hunters and anglers previously established pursuant to House Bill 1290, Eighty-fifth Legislature, Regular Session, 2017.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Hunting and Wildlife Recreation program would result in the elimination of public hunting opportunities in a state where more than 95.0 percent of land is owned privately. It also could lead to a decrease in license and permit revenue due to lack of hunting opportunities on public land and private land leases. Private land leases include 40,000 acres of small game leases and 99,700 acres of private land drawn hunts. During fiscal year 2020, the Annual Public Hunting permit hunts generated permit revenues of approximately $2.0 million and Big Time Texas Hunts generated permit revenues of approximately $1.0 million. See **Appendix TPWD–C** for more information.

COASTAL FISHERIES SCIENCE AND POLICY RESOURCES

The Texas Parks and Wildlife Code, Sections 12.001, 12.0011, and 12.015; Chapters 47, 61, 66, 76, 77, 78, 79, 83; and provisions of the Texas Water Code, Chapters 5,11,16, and 26; Sport Fish Restoration Act, also known as Dingell-Johnson Act of 1950, the U.S. Code, Title 16, Sections 777–777m

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Coastal Fisheries Science and Policy Resources program includes research and assessment programs such as species population health, investigation of pollution and fish-kill incidents, implementation of habitat restoration projects, water quality and quantity programs, and science and policy resources in developing commercial and recreational fishing regulations.

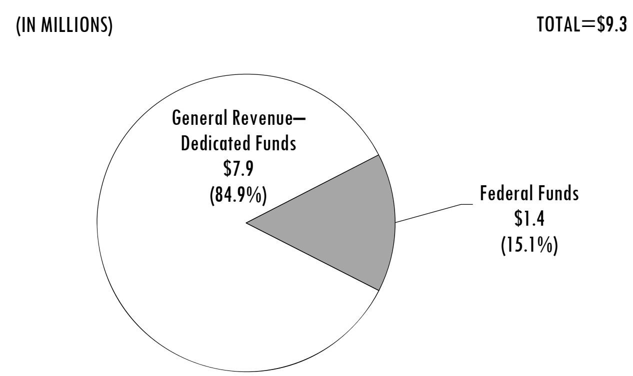
The program acts on behalf of all Texans and 1.2 million saltwater anglers to protect, restore, and enhance state coastal fisheries, habitat resources, and water public trust resources. It monitors the supply and economic value of saltwater finfish and shellfish in Texas coastal waters, and factors that affect their supply; reviews proposals that may affect water quality and fisheries' associated habitat; and provides technical guidance to avoid, minimize, or mitigate economic impacts. Since its implementation, the program has established the Habitat Assessment Team and the Outreach and Education Program.

Factors that affect the program include sea-level rise, resulting in loss or conversion of habitat; national increase in fishing participation; and natural disasters, including Hurricane Harvey.

The agency reports that challenges to the program include staffing limitations, especially during catastrophic events; incidental encounters with federally protected species (e.g., sea turtles and dolphins) requiring federal permitting and reporting and jeopardizing federal funding for routine monitoring; and aging infrastructure.

Figure 290 shows Coastal Fisheries Science and Policy Resources program funding sources for the 2020–21 biennium.

FIGURE 290
COASTAL FISHERIES SCIENCE AND POLICY RESOURCES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 291 shows funding for the Coastal Fisheries Science and Policy Resources program from the 2014–15 to the 2020–21 biennia.

FIGURE 291
COASTAL FISHERIES SCIENCE AND POLICY RESOURCES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$6.0	$7.9	$6.9	$7.9	31.6%
Federal Funds	$3.5	$2.6	$3.8	$1.4	(42.3%)
Other Funds	$0.3	$0.6	$0.3	$0.0	(100.0%)
Total, All Methods of Finance	**$9.8**	**$11.1**	**$11.0**	**$9.3**	**1.3%**

SOURCE: Legislative Budget Board.

Figure 292 shows Coastal Fisheries Science and Policy Resources program performance measures for fiscal years 2019 to 2021.

FIGURE 292
COASTAL FISHERIES SCIENCE AND POLICY RESOURCES PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Fish and Wildlife Kills or Pollution Cases Resolved Successfully	70.08%	62.50%	89.18%	75.00%/75.00%

SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

State funding for the Coastal Fisheries Science and Policy Resources program operations is provided through General Revenue–Dedicated Account No. 9 dedicated funds generated by the Saltwater Sportfishing Stamp revenues.

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set forth in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

Saltwater Sportfishing Stamp revenues are accounted for in one of the separate subaccounts maintained and monitored by TPWD within Account No. 9. TPWD supports maintaining this dedicated and reliable source of funding to provide program stability and flexibility to respond to long-term needs. Based on agency expenditure data and revenue estimates generated in the fall of 2019, this subaccount is estimated to receive $18.6 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $7.2 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund the following programs: (1) Coastal Fisheries Resource Management; (2) Coastal Fisheries Science and Policy Resources; and (3) Coastal Hatcheries Operations.

The program also is funded in part with appropriations from unrestricted Account No. 9 revenues. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Coastal Fisheries Science and Policy Resources program would prevent the agency from reviewing approximately 300 project proposals annually that may affect water resources and fisheries' associated habitat and providing technical guidance to avoid, minimize or mitigate for those impacts; responding to spills and pollution incidents that can kill fish and wildlife, or pursuing civil restitution for the value of the fish or wildlife damaged and overseeing restitution projects conducted by the responsible party; and performing inventory and assessment of coastal habitats and identifying and quantifying the impacts of habitat changes on natural resources and ecosystems.

Without funding, the program could no longer receive and manage restitution funds originating from kills and spills and natural resource damage assessment cases. Restitution funds are intended for restoration activities to offset environmental damages associated with pollution events, such as Deepwater Horizon and Texas City oil spills.

Additionally, the state's eligibility for Federal Funds could be jeopardized if reduced state funding did not meet federal match requirements.

INLAND HABITAT CONSERVATION

The Texas Parks and Wildlife Code, Sections 11.081 to 11.086; Sections 12.0011, 12.010 and 12.024; Sections 66.007 to 66.0071 and 66.015; Sections 86.001 to 86.002; and Section 90.004

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Inland Habitat Conservation 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. The program operates under state authority, with financial support provided by numerous federally authorized grant programs administered by the U.S. Department of Interior and U.S. Department of Agriculture.

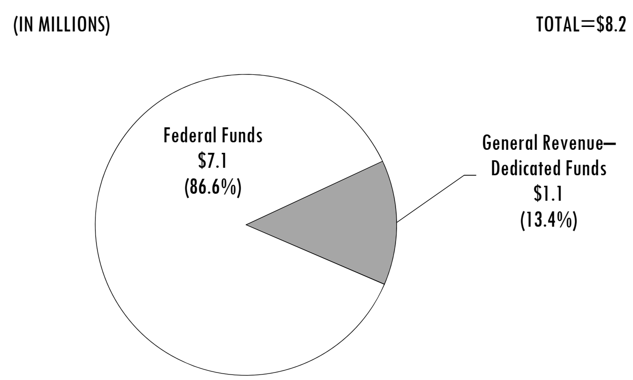
The federal Sport Fish Restoration Act (Dingell-Johnson Act (1954) and the Wallop-Breaux Amendment (1984)) provided significant funding to conserve habitats for sport fishes and other aquatic species. These efforts historically consisted of studies to understand the habitat needs of sport fishes. Those studies continue to be the basis for technical guidance provided to other agencies and organizations to inform consideration of fish habitat needs in water management and watershed management decisions. During recent years, additional federal funding available through programs such as the National Fish Habitat Partnership has enabled the program to conduct large-scale fish habitat restoration and enhancement projects.

River access areas and fish habitat restoration and improvement projects are supported primarily through competitive grants, private donations, and other project-based sources of funding. According to the agency, a dedicated, consistent source of funding would enhance the ability of the program to more effectively plan, design, and deliver large-scale fish habitat restoration projects and be more strategic in development and implementation of a long-term strategy for improving recreational access and use of Texas rivers.

The program is affected by continued population growth, concomitant land use changes, and increased water demands, all of which increasingly affect fish habitats, resulting in the continued and increasing need for efforts to restore, enhance, and preserve fish habitats.

Figure 293 shows the Inland Habitat Conservation program funding sources for the 2020–21 biennium.

FIGURE 293
INLAND HABITAT CONSERVATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 294 shows funding for the Inland Habitat Conservation program from the 2014–15 to the 2020–21 biennia.

FIGURE 294
INLAND HABITAT CONSERVATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$1.1	$1.1	$1.4	$1.1	3.2%
Federal Funds	$3.4	$4.5	$4.8	$7.1	109.2%
Other Funds	$0.7	$0.9	$0.6	$0.0	(100.0%)

Total, All Methods of Finance	**$5.2**	**$6.5**	**$6.8**	**$8.2**	**58.2%**

SOURCE: Legislative Budget Board.

Figure 295 shows Inland Habitat Conservation program performance measures for fiscal years 2019 to 2021.

FIGURE 295
INLAND HABITAT CONSERVATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Texas' Streams with Instream Flow Needs Determined	75.00%	74.63%	99.51%	75.00%/80.00%

NOTE: Not a key measure.
SOURCE: Texas Parks and Wildlife Department.

GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY

State funding for the Inland Habitat Conservation program operations is provided through General Revenue–Dedicated Account No. 9 dedicated funds generated primarily by revenues related to recreational hunting and fishing licenses, wildlife management permits, and public hunting/fishing/other participation fees.

Although Account No. 9 is a dedicated account in the General Revenue Fund in the Treasury, certain revenues deposited to the account have statutorily dedicated use restrictions pursuant to state and federal requirements. TPWD maintains subaccounts for all revenues deposited into Account No. 9 to ensure expenditures are made from allowable sources and comply with laws and conditions established in 50 CFR, Part 80. As a condition of receiving federal wildlife and sportfish restoration funding, these rules require all states to adopt legislation prohibiting the diversion of hunting and fishing license fees for purposes other than administration of the state's fish and wildlife agency. This requirement is set forth in the Texas Parks and Wildlife Code, Section 11.033, which specifies that TPWD may use the funds in Account No. 9 only to manage the state's fish and wildlife resources.

TPWD monitors and maintains revenue, expenditure, and available balance data for subaccounts used to fund the different operations of the program. This includes funding changes made for all programs funded from the same revenue sources. The agency is the sole source of this information.

The program is funded in part with appropriations from unrestricted Account No. 9 revenues. Based on agency expenditure data and revenue estimates generated in fall 2019, this subaccount is estimated to receive $240.1 million in revenues during the 2020–21 biennium and have an available balance at the end of the biennium totaling $35.3 million. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 19 other programs shown in **Appendix TPWD–B**.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Inland Habitat Conservation program would eliminate the agency's capacity to maintain statewide freshwater fish species and habitat conservation initiatives. TPWD would lose the capacity to conserve mussels and the more than 185 species of Texas freshwater fishes found in the state, which would weaken the state's control over species conservation, further contribute to species imperilment, and increase the likelihood of species listings under the federal Endangered Species Act. Additionally, the agency would lose the ability to operate Inland Fisheries regulatory permitting programs that conserve freshwater species and habitats.

The program is supported partially through federal grants from the federal Sport Fish Restoration Program, State Wildlife Grant Program, and Voluntary Public Access and Habitat Incentive Program, the majority of which require a non-federal, state match. The state's ability to receive Federal Funds for this program would be eliminated, resulting in the reversion or loss of approximately $0.4 million annually to the state for river access initiatives, $0.8 million annually for species conservation, and $1.3 million annually for fish habitat conservation.

AQUATIC VEGETATION AND INVASIVE SPECIES MANAGEMENT

The Texas Parks and Wildlife Code, Sections 11.081 to 11.086; Section 12.010; Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VI, Parks and Wildlife Department, Rider 29, Statewide Aquatic Vegetation and Invasive Species Management

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Aquatic Vegetation and Invasive Species Management program manages aquatic invasive species, including vegetation (e.g., giant salvinia, water hyacinth, Arundo, saltcedar), exotic crustaceans (e.g., zebra mussels), and exotic fishes (e.g., grass carp, tilapia, lionfish) through public awareness, prevention, rapid response, treatment, and monitoring. The program operates under state authority, with financial support provided by numerous federally authorized grant programs administered by the U.S. Department of Interior.

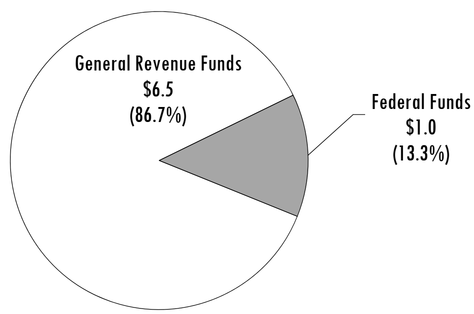
In Texas, aquatic invasive species threaten water infrastructure, municipal and agricultural water supplies, waterfront property values, boating and other water-based recreation, fish and wildlife, and related fishing and hunting opportunities. In managing aquatic invasive species, the program benefits all citizens of the state.

According to the agency, zebra mussels, lionfish, and giant salvinia currently present the greatest invasive species threats in Texas. Zebra mussels can produce up to 1.0 million larvae each and are currently found in lakes Austin, Belton, Bridgeport, Canyon, Dunlap, Eagle Mountain, Georgetown, Granger, Grapevine, Lady Bird, Lavon, Lewisville, Livingston, Lyndon B. Johnson, Marble Falls, McQueeney, O.H. Ivie, Pflugerville, Placid, Ray Roberts, Richland Chambers, Stillhouse Hollow, Texoma, Travis, Waco, Walter E. Long, Worth, and three small lakes in Dallas and Grayson counties. Lionfish entered the Gulf of Mexico in 2011. In addition to their venomous toxicity, the fish can devastate reef communities due to their aggressive feeding habits and their prolific breeding. Female lionfish can lay two million eggs annually. Giant salvinia, which has been spotted in several East Texas lakes, damages aquatic ecosystems by outgrowing and replacing native plants that provide food and habitat for native animals and waterfowl. An infestation can double its size each week.

The program was initiated in 1987 to manage aquatic invasive vegetation in Texas waterways. As additional species (e.g., zebra mussels, lionfish, giant salvinia) have been introduced to the state's waters, the scope and scale of efforts to manage current infestations and prevent new infestations have continued to increase. The program continually adapts to utilize the best available science and tools to efficiently and effectively control and prevent the spread of aquatic invasive species. Numerous aquatic invasive species yet to appear in Texas now grow in surrounding states, with a high risk of spreading into Texas waters. The agency reports that the ability to respond to new threats is hampered by resources already committed to existing infestations.

Figure 296 shows Aquatic Vegetation and Invasive Species Management program funding sources for the 2020–21 biennium.

FIGURE 296
AQUATIC VEGETATION AND INVASIVE SPECIES MANAGEMENT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 297 shows funding for the Aquatic Vegetation and Invasive Species Management program from the 2014–15 to the 2020–21 biennia.

FIGURE 297
AQUATIC VEGETATION AND INVASIVE SPECIES MANAGEMENT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

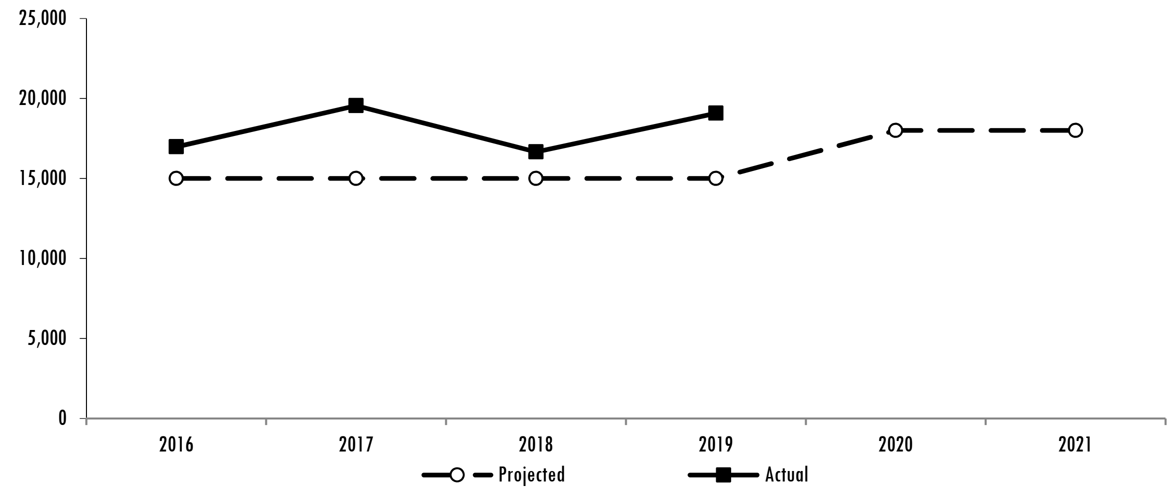
(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.3	$6.1	$6.2	$6.5	400.6%
General Revenue–Dedicated Funds	$0.4	$0.0	$0.0	$0.0	(100.0%)
Federal Funds	$0.2	$0.0	$0.0	$1.0	386.7%
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.9**	**$6.1**	**$6.2**	**$7.5**	**299.2%**

SOURCE: Legislative Budget Board.

Figure 298 shows TPWD staff hours conducting aquatic invasive species management for fiscal years 2016 to 2021.

FIGURE 298
AQUATIC VEGETATION AND INVASIVE SPECIES MANAGEMENT PROGRAM HOURS, FISCAL YEARS 2016 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 299 shows Aquatic Vegetation and Invasive Species Management program performance measures for fiscal years 2019 to 2021.

FIGURE 299
AQUATIC VEGETATION AND INVASIVE SPECIES MANAGEMENT PROGRAM PERFORMANCE MEASURE FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Aquatic Invasive Species Management (In Hours)	15,000.00	19,076.10	127.17%	18,000.00/18,000.00

SOURCE: Texas Parks and Wildlife Department.

ESTIMATED COST TO FULLY MANAGE AQUATIC INVASIVE SPECIES IN TEXAS

The agency reports species it would require additional staff and operational resources to effectively minimize the damage caused by the state's most problematic aquatic invasive species. According to the agency, increased funding would have a scalable effect on aquatic vegetation and invasive species management.

ALTERNATIVE METHODS OF FINANCE

The program is funded primarily with appropriations from Unclaimed Refunds of Motorboat Fuel Tax (URMFT). Seventy-five percent of URMFT is deposited to the General Revenue Fund. Although TPWD may withdraw these funds to use for any lawful purpose, it is using the funds for aquatic invasive species management and border security. Providing additional methods of finance for this program could allow the agency to expand its efforts. For example, the Texas Parks and Wildlife Code, Section 11.035, could be amended to authorize the expenditure of funds from Account No. 64 on program activities at state parks. Account No. 64 is not dedicated for specific uses according to CPA's Manual of Accounts. However, the Legislature has established the practice of appropriating these funds for the maintenance and improvement of state parks.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Aquatic Vegetation and Invasive Species Management program would eliminate the agency's capacity to manage nuisance aquatic vegetation, exotic crustaceans, and exotic fishes on lakes and rivers statewide. The agency no longer would be able to conduct public awareness and prevention campaigns (e.g., Protect the Lakes You Love, Clean, Drain, Dry), rapid response and containment of new infestations, control of existing infestations, and monitoring of high-risk waterbodies.

In Texas, aquatic invasive species threaten water infrastructure, municipal and agricultural water supplies, waterfront property values, boating and other water-based recreation, fish and wildlife, and related fishing and hunting opportunities. As such, the discontinuation of this program would negatively affect all citizens of the state.

The program is supported partially through federal grants that require a nonfederal state match, and eliminating the program would lead to the loss of all Federal Funds associated with the program.

ARTIFICIAL REEF

The Texas Parks and Wildlife Code, Chapter 89; the U.S. Code, Title 33, Section 2101; National Oceanic and Atmospheric Administration, National Artificial Reef Plan, 1985, revised 2007; U.S. Department of the Interior, Minerals Management Service, Policy 2000-073 and Addendum, Report 31, December 2009; National Fishing Enhancement Act of 1984; federal Bureau of Safety and Environmental Enforcement, Interim Policy Document No: 2013-07

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

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 large power poles to assemble the reefs. It acts on behalf of all Texans, 1.2 million saltwater anglers, and recreational scuba divers to protect, restore, and enhance state coastal fisheries and habitat resources.

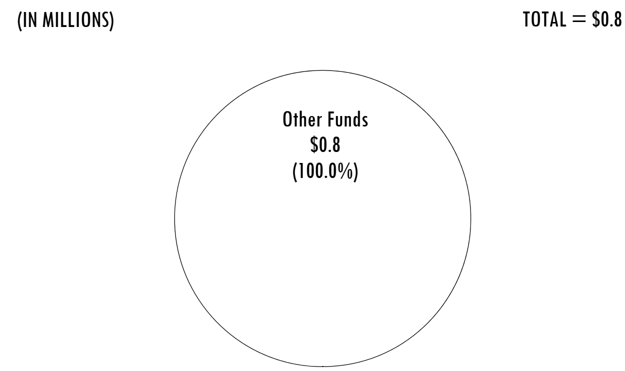
The initial program, implemented in 1990, was developed around rigs located beyond 9.0 nautical miles from the coastline. Since implementation, the program has expanded to include development of artificial reefs using other materials and providing nearshore reefs in state waters in the Gulf of Mexico. In addition, it has expanded to support the development and outreach to nonprofit Friends of Reefs groups that support nearshore reefing efforts, investigate and acquire reef materials of opportunity, secure materials storage areas, and pursue funding opportunities through local governments and communities.

TPWD reports that the program suffers from decreasing funding due to decreases in oil and gas platform donations; increasing costs of materials and reef deployments; lack of qualified contractors for buoy maintenance and reef construction and deployment; and limited research capabilities due to increased costs of contracting research projects and monitoring.

Approximately 233 standing oil and gas platforms remain in Texas waters of the Gulf of Mexico. The average capture rate for the program is 27.0 percent and is dependent on water depth. The program may reef a projected 50 remaining platforms before all platforms in federal waters are removed, significantly affecting the program's main funding source.

Figure 300 shows Artificial Reef program funding sources for the 2020–21 biennium.

FIGURE 300
ARTIFICIAL REEF PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 301 shows funding for the Artificial Reef program from the 2014–15 to the 2020–21 biennia.

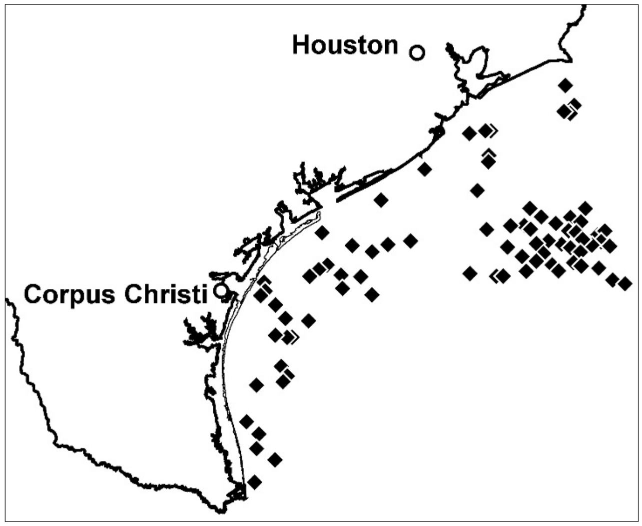
FIGURE 301
ARTIFICIAL REEF PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$4.1	$2.7	$1.2	$0.8	(79.8%)
Total, All Methods of Finance	**$4.1**	**$2.7**	**$1.2**	**$0.8**	**(79.8%)**

SOURCE: Legislative Budget Board.

Figure 302 shows the program's 66 artificial reef sites in the Gulf of Mexico.

FIGURE 302
PARKS AND WILDLIFE DEPARTMENT ARTIFICIAL REEF SITES
FISCAL YEAR 2020



SOURCES: Legislative Budget Board; Texas Parks and Wildlife Department.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Artificial Reef program would result in loss of recreational fishing and diving opportunities and the loss of artificial reef habitats that enhance fish habitat and fish populations. The oil and gas industry would see increased costs of platform removal if TPWD were no longer operating the program.

Additionally, if the program were discontinued TPWD would no longer receive oil and gas structures and donations to build artificial reefs, which during the past 10 years have amounted to 93 structures and $21.0 million.

STATE PARK OPERATIONS

The Texas Parks and Wildlife Code, Section 11.0181, and Chapters 13, 21, and 22; the Texas Tax Code, Section 151.801

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The State Parks Operations program operates and maintains 89 state parks, state historic sites, and state natural areas, conserving the natural and cultural resources on these lands for current and future use, providing public education on these resources, and offering recreational opportunities for the public using sound business and conservation principles. State Parks offer recreational opportunities for all Texans and visitors to the state. Services are not restricted by residency or demographic factors.

The state park system has grown from a handful of sites in 1923 to 89 parks, covering more than 630,000 acres and recording more than 8.6 million visits in fiscal year 2019. The demands and types of recreational use have evolved during that period, requiring investment in infrastructure, programming, and services. According to a 2018 Texas A&M study, Texas' state parks generated an $891.0 million economic impact and established nearly 6,081 jobs that year. Quality parks increasingly factor in business relocation decisions, as companies seek to recruit and retain a mobile, professional workforce.

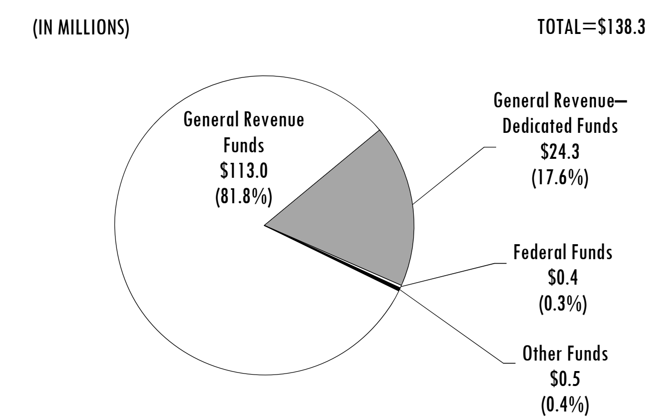
Population growth and increased popularity of outdoor recreation have led to increased park use, resulting in a need for additional visitor services and resource protection, and increased wear on park facilities has led to additional repair and maintenance needs. Demographic shifts also have prompted the reevaluation of existing facilities and other services provided. An example is increased demand for group facilities to accommodate extended family and social groups.

The recently enacted constitutional dedication of the proceeds from the Sporting Goods Sales Tax (SGST) revenues to parks will continue a stable funding source. The Legislature previously appropriated 100.0 percent of the available SGST during the 2016–17 and 2018–19 biennia. These funds will be used to address facility maintenance needs, while increasing operational funding to provide needed conservation initiatives, interpretive programming and customer service needs.

State parks must ensure resource protection while granting access to the public and generating revenue to support operations. Parks are affected regularly by natural disasters that disrupt visitor services and damage facilities. The agency reports that remote locations, complexity of operations, and compensation levels that are lower than average for comparable state agency positions make it difficult to recruit and retain skilled staff.

Figure 303 shows State Parks Operations program funding sources for the 2020–21 biennium.

FIGURE 303
STATE PARKS OPERATIONS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 304 shows funding for the State Parks Operations program from the 2014–15 to the 2020–21 biennia.

FIGURE 304
STATE PARKS OPERATIONS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$106.8	$109.0	$103.5	$113.0	5.8%
General Revenue–Dedicated Funds	$21.2	$22.3	$26.4	$24.3	14.7%
Federal Funds	$0.4	$0.4	$0.4	$0.4	(5.6%)

Other Funds	$5.1	$1.8	$1.8	$0.5	(89.6%)
Total, All Methods of Finance	**$133.5**	**$133.6**	**$132.0**	**$138.3**	**3.6%**

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

Figure 305 shows State Parks Operations program performance measures for fiscal years 2019 to 2021.

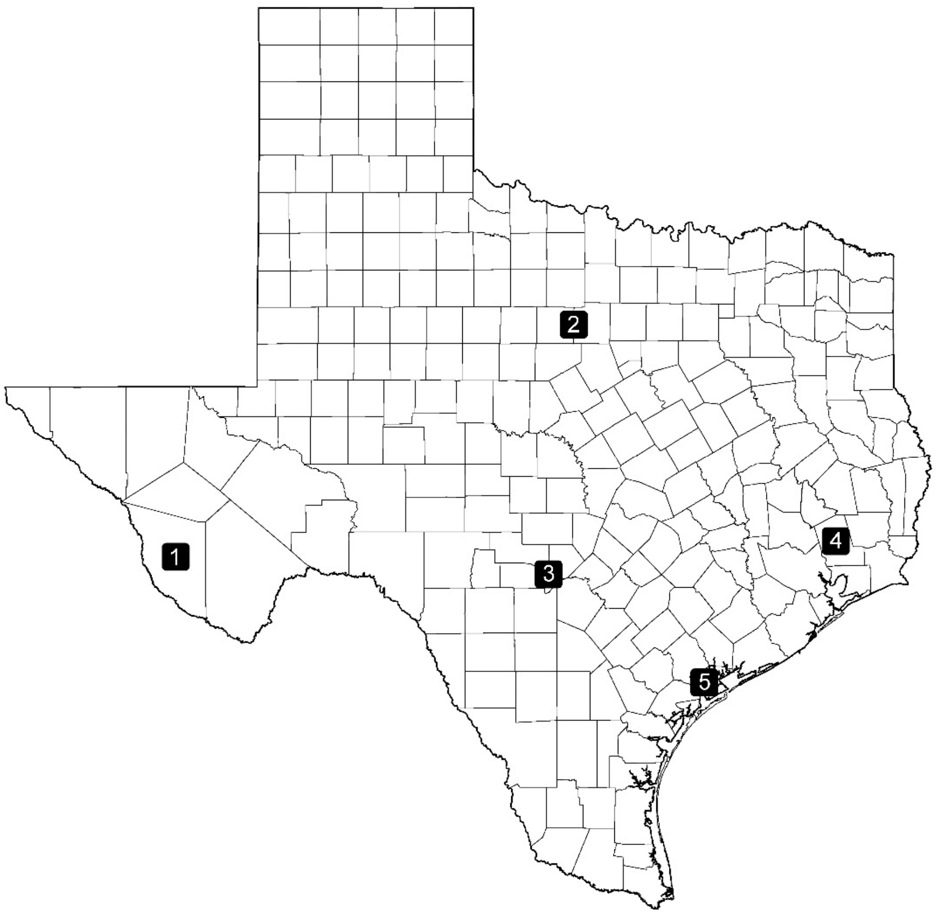
FIGURE 305
STATE PARKS OPERATIONS PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Operating Costs for State Parks Recovered from Revenue	54.34%	59.76%	109.97%	54.76%/54.84%
Number of Paid Park Visits (In Millions)	4.78	5.32	111.30%	5.38/5.38

SOURCE: Texas Parks and Wildlife Department.

Figure 306 shows the locations of four new state parks and one that is planned for opening in 2023.

FIGURE 306
PLANNED NEW TEXAS STATE PARK SITES
AS OF FISCAL YEAR 2020



1 Chinati Mountains, Presidio County

2 Palo Pinto Mountains Park, Stephens and Palo Pinto counties

3 Albert and Bessie Kronkosky Park, Bandera and Kendall counties

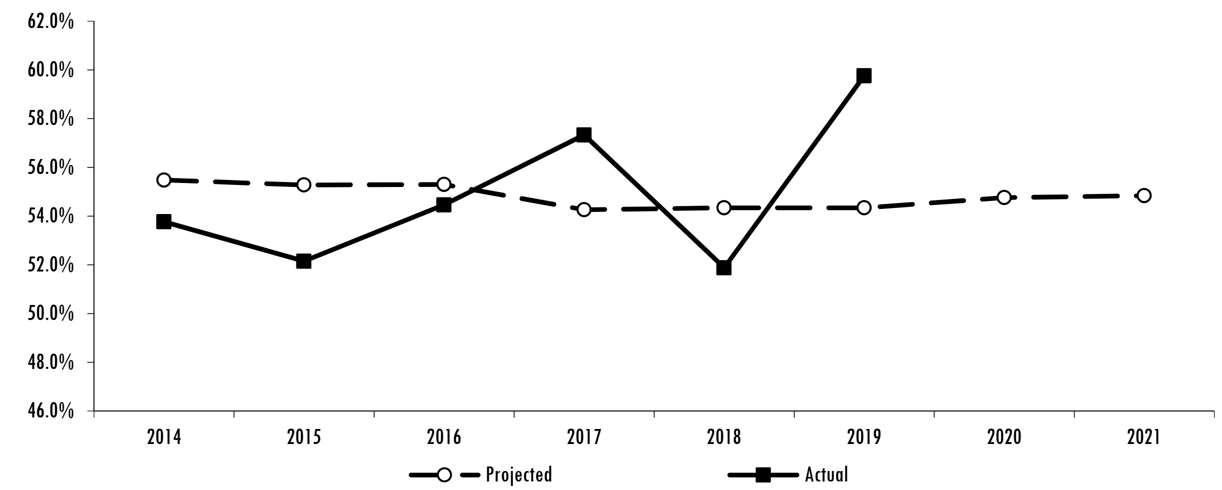
4 Davis Hill Park, Liberty County

5 Powderhorn Park, Calhoun County

SOURCES: Legislative Budget Board; Texas Parks and Wildlife Department.

Figure 307 shows the projected and actual percentage of operating costs for state parks that are recovered from revenue from fiscal years 2014 to 2021.

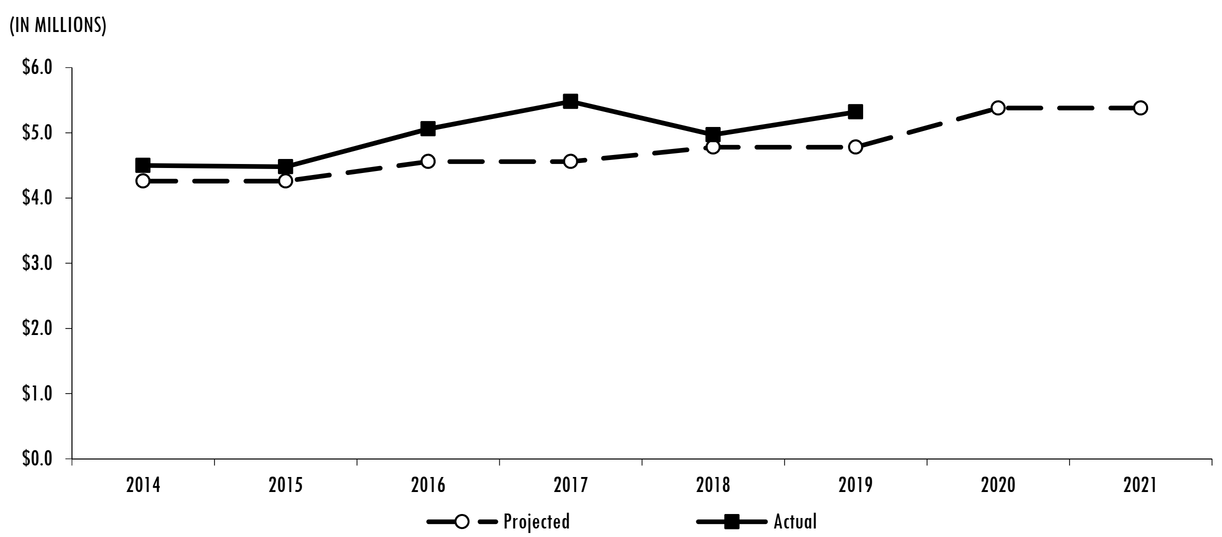
FIGURE 307
PERCENTAGE OF OPERATING COSTS FOR STATE PARKS THAT ARE RECOVERED FROM REVENUE
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 308 shows the projected and actual number of paid state park visits from fiscal years 2014 to 2021.

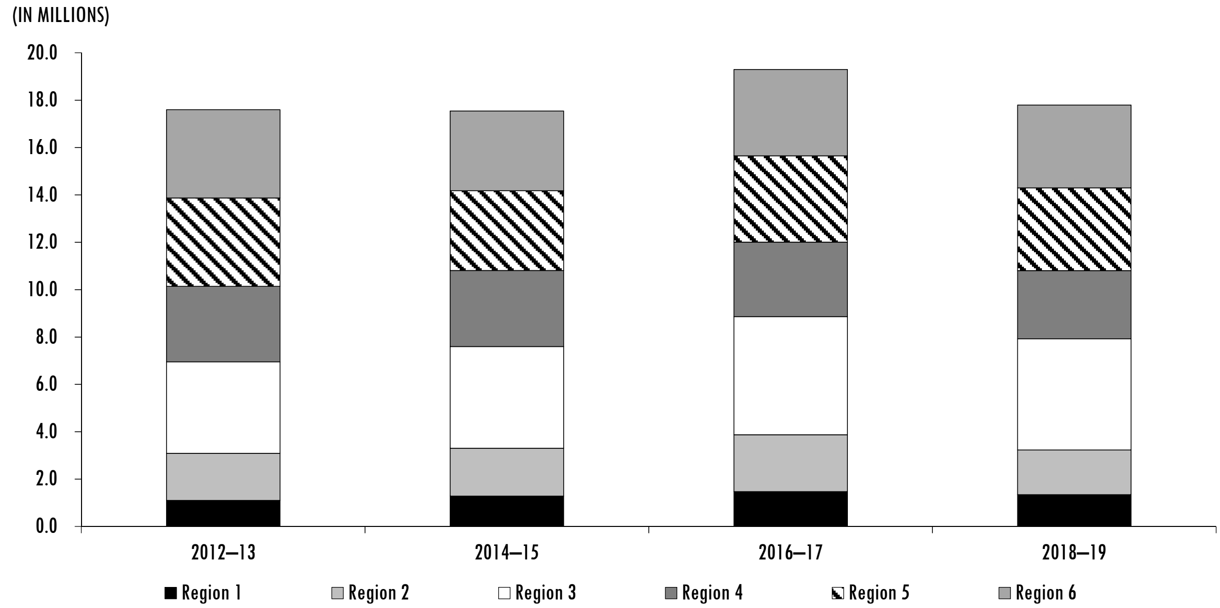
FIGURE 308
PAID TEXAS STATE PARK VISITS
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 309 shows state park visitation by region from the 2012–13 to the 2018–19 biennium.

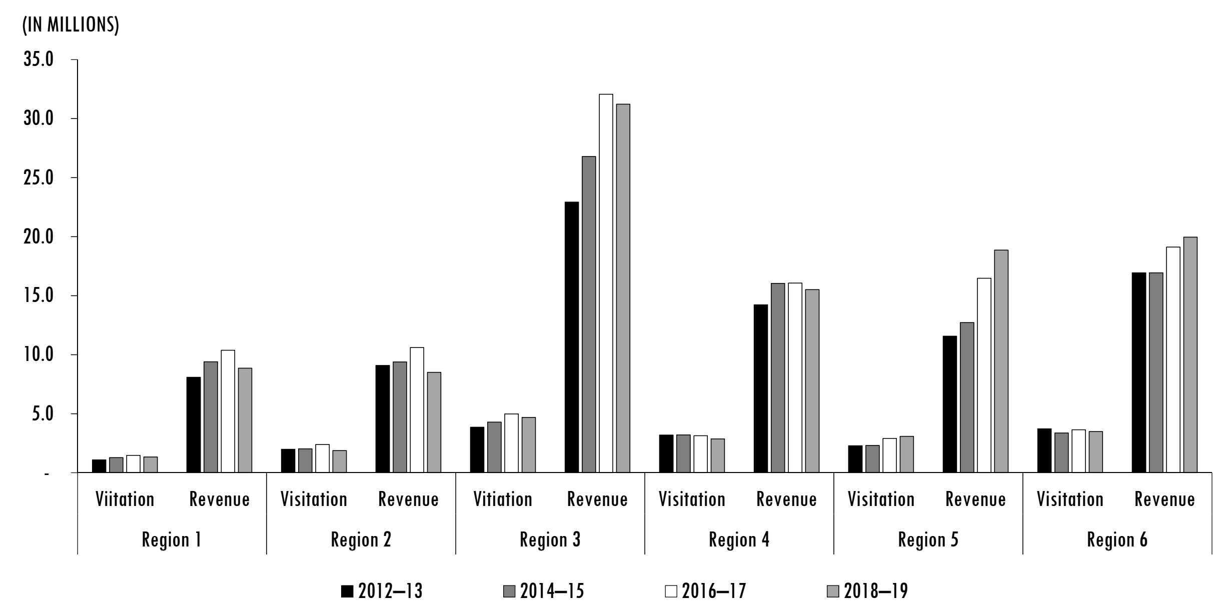
FIGURE 309
TEXAS STATE PARK VISITATION BY REGION
2012–13 TO 2018–19 BIENNIA



SOURCE: Texas Parks and Wildlife Department.

Figure 310 shows state park visitation and revenue by region from the 2012–13 to the 2018–19 biennia.

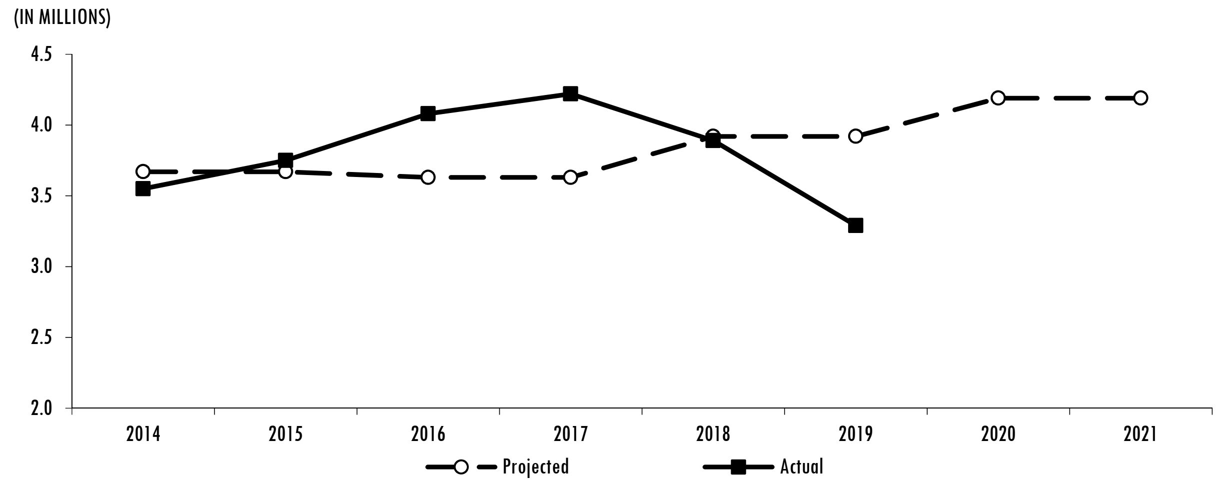
FIGURE 310
TEXAS STATE PARKS VISITATION AND REVENUE BY REGION
2012–13 TO 2018–19 BIENNIA



SOURCE: Texas Parks and Wildlife Department.

Figure 311 shows the number of unpaid park visits from fiscal years 2014 to 2021.

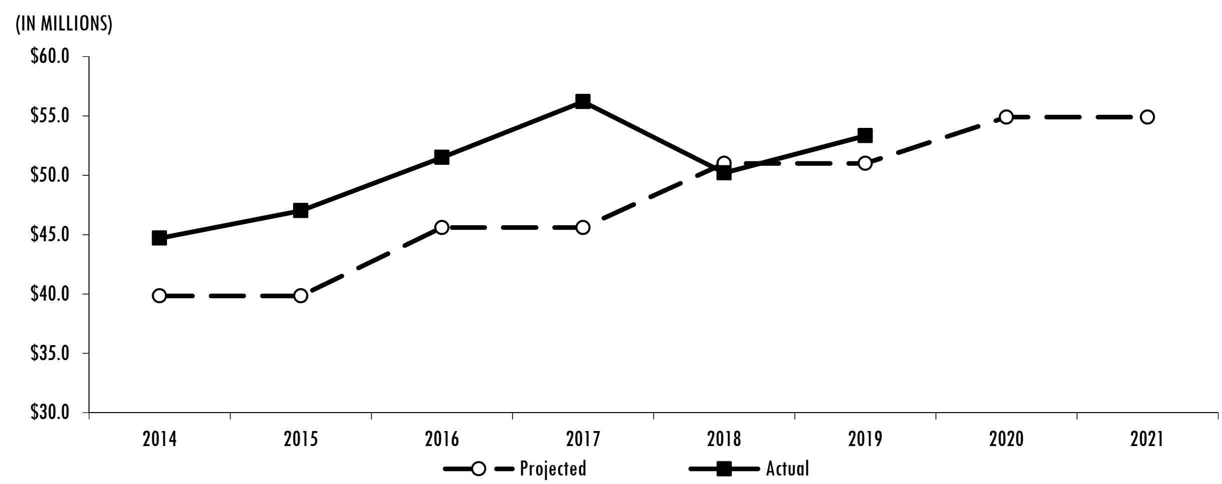
FIGURE 311
TEXAS STATE PARKS UNPAID VISITS
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 312 shows the state park fee revenue collected from fiscal years 2014 to 2021.

FIGURE 312
TEXAS STATE PARKS FEE REVENUE COLLECTED
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

STATE PARKS ARE NOT SELF-SUPPORTING

Although the state parks system has seen increased utilization and has generated substantial revenue, the revenues generated have never been sufficient to support the whole system. Appropriations still are necessary to pay for costs that generated revenues cannot cover. As shown in **Figure 307**, the percentage of operating costs for state parks recovered each year from revenue collections has ranged from 52.0 percent to 60.0 percent since fiscal year 2014.

As shown in **Figure 306**, TPWD currently has five parks or state natural areas that are not yet open to the public: Palo Pinto Mountains State Park, Bighorn Ranch State Park, Chinati Mountains State Natural Area, Albert and Bessie Kronkosky State Natural Area, and Davis Hill State Park. The first three are in the process of opening; once opened, each park will increase the total appropriations necessary to operate the park system.

In addition, closed or nonoperating state parks that are not collecting revenues also will continue to incur expenses required to pay for limited staff and utilities, at a minimum.

STATE PARK BUSINESS SYSTEM

The State Park Business System (SPBS) is the reservation, revenue, visitation, accounting, and reporting system for all Texas state parks. TPWD contracts with an outside vendor for the service and it has been fully operational since February 2019. Revenues from state park fees (Comptroller revenue object code 3461) are deposited in the General Revenue–Dedicated State Parks Account No. 64. These were 14.0 percent greater during the 12-month period following implementation of the system compared to the 12-month period preceding it. The contract requires for the vendor to receive 4.0 percent of net revenue collected through SPBS. TPWD pays the vendor through its regular appropriations, but an issue could arise if the 4.0 percent TPWD owes to the vendor exceeds what was budgeted.

Instead of making the payment to the vendor after the revenues are received in the Treasury, TPWD could consider having the required 4.0 percent amount extracted from payments and remitted to the vendor before a deposit is made to the Treasury. The agency could continue reporting to CPA and the Legislature regarding the revenues collected and paid to the vendor.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the State Park Operations program would lead to the closure of all 89 state parks, state historic sites, and state natural areas. These closures could cause be detrimental to public health, as Texans' use of state parks is extensive, and many depend on these spaces for outdoor recreation opportunities that enhance their physical and mental wellness. During fiscal year 2019, state parks recorded more than 8.6 million visits.

Additionally, revenue would be lost related to these closures. State park fees generated $53.3 million in revenue during fiscal year 2019.

PARKS SUPPORT

The Texas Parks and Wildlife Code, Section 11.081, and Chapters 13 and 22; National Environmental Policy Act; National Historic Preservation Act; Native American Graves Preservation and Repatriation Act; Endangered Species Act; Americans with Disabilities Act

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The Parks Support program provides management of the functions 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.

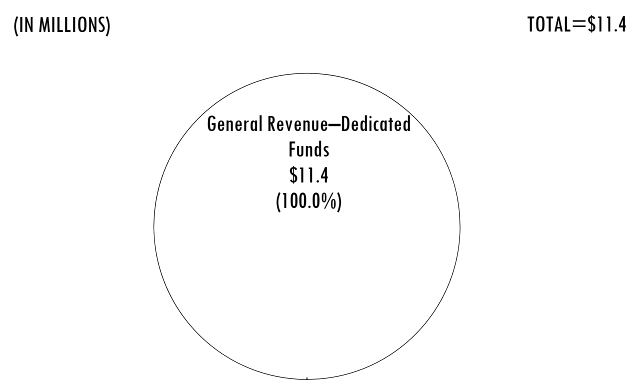
State Parks offer recreational opportunities for all Texans and visitors to the state. Services are not restricted by residency or demographic factors. The state park system has grown from a handful of sites in 1923 to 89 parks today, covering more than 630,000 acres, and recording more than 8.6 million visits in fiscal year 2019. The demands and types of recreational use have evolved during this period, requiring investment in infrastructure, programming, and services.

As regulations governing natural and cultural resources have become more stringent and complex, providing technical expertise and oversight for field staff has become increasingly important to ensure compliance with state and federal regulations. Population growth and increased popularity of outdoor recreation have led to increased park use, resulting in greater need for expertise to ensure resource protection and legal compliance.

The agency reports that cultural resource needs include improving remote access to archeological records necessary for cultural resources management; conducting archeological surveys on unsurveyed property; and updating and improving historic interiors for improved visitor experience. Natural resource needs include enhancing Geographic Information Systems and data subscriptions, acquiring high-resolution elevation data, and obtaining floodplain studies for each site.

Figure 313 shows Parks Support program funding sources for the 2020–21 biennium.

FIGURE 313
PARKS SUPPORT PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 314 shows Parks Support program funding from the 2014–15 to the 2020–21 biennia.

FIGURE 314
PARKS SUPPORT PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
	(IN MILLIONS)				
General Revenue Funds	$0.1	$0.3	$0.0	$0.0	(100.0%)
General Revenue–Dedicated Funds	$8.1	$9.6	$10.7	$11.4	40.9%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$.6	$.7	$1.4	$0.0	(100.0%)
Total, All Methods of Finance	**$8.8**	**$10.7**	**$12.1**	**$11.4**	**30.0%**

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

Figure 315 shows Parks Support program performance measure data for fiscal years 2019 to 2021.

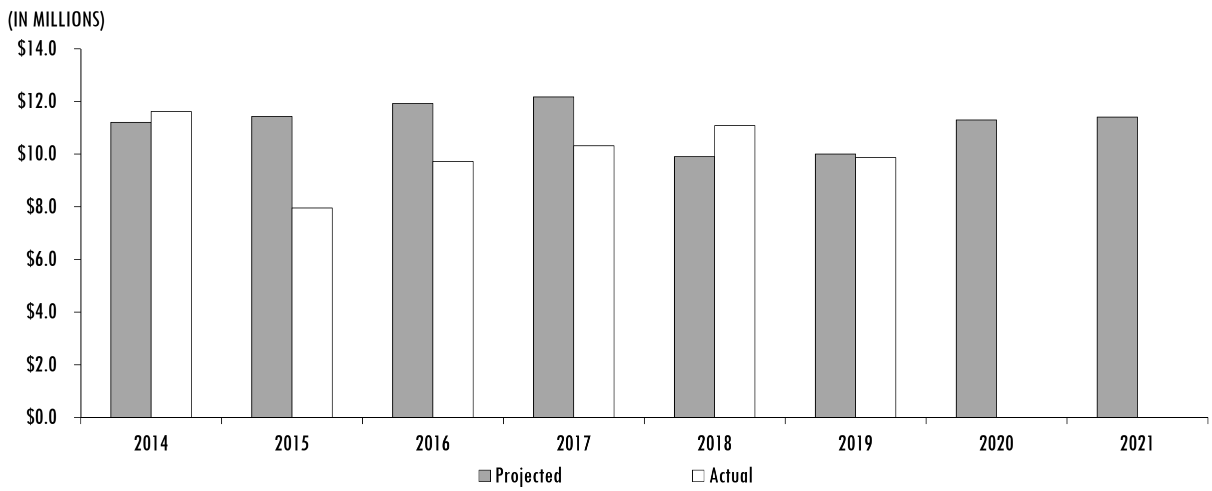
FIGURE 315
PARKS SUPPORT PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Value of Labor, Cash, Service Contributions to State Parks Activities	$9,999,931	$9,871,339	98.7%	$11,295,898/$11,402,907

NOTE: Not a key measure.
SOURCE: Texas Parks and Wildlife Department.

Figure 316 shows the value of labor, cash, and service contributions to state parks activities from fiscal years 2014 to 2021.

FIGURE 316
VALUE OF LABOR, CASH, AND SERVICE CONTRIBUTIONS TO TEXAS STATE PARKS ACTIVITIES
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

USE OF VOLUNTEER LABOR

TPWD utilizes the assistance of volunteers as a supplement to paid staff. The agency also has developed partnerships with state and county jails that allow selected inmates to perform services in parks. In addition, the program receives material and service donations from individuals and businesses that support the agency's mission and goals. For fiscal year 2019, the value of volunteer labor was $9.3 million.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the State Park Support program could increase the likelihood of parks violating state and federal regulations, including the Texas Antiquities Code, Texas Commission on Environmental Quality regulations, and the Endangered Species Act. Removing guidance and support for field staff could lead to the loss of irreplaceable natural and cultural resources under the stewardship of state parks, while public educational programs and other operational functions would be negatively impacted. The cumulative effect of this loss of support could be a decrease in the attractiveness of state parks to the visiting public, which ultimately could diminish park revenue. Additionally, discontinuing the program would hinder compliance with state purchasing procedures and budgetary processes.

PARKS MINOR REPAIR

The Texas Parks and Wildlife Code, Chapters 13 and 22

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

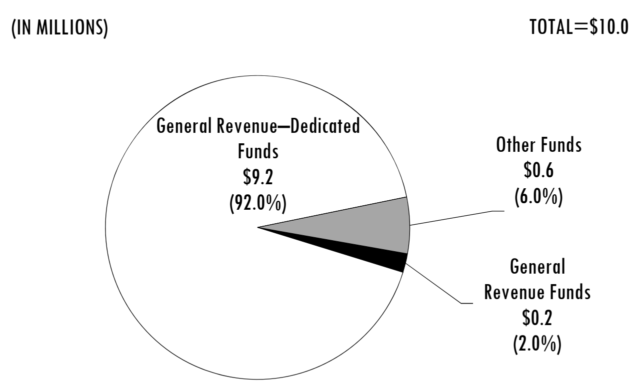
The Parks Minor Repair program provides for routine, cyclical, and preventive maintenance of facilities at state parks. These maintenance projects are intended to keep state parks functioning in a clean and safe manner, reduce the need for major repairs, and contribute to increasing revenues. Examples of minor repair projects include plumbing, electrical, painting, and minor roofing.

Since the program's inception, the funding source for maintenance and repair activities has transitioned from operational funding to capital construction funding. This has ensured that maintenance activities are less affected by operational budget constraints. The agency's 2020–21 appropriations include $8.6 million in capital budget project funding for the program.

Park visitation continues to increase, resulting in increased wear on facilities and requiring expenditures to replace facility components and major systems. TPWD reports that increasingly stringent environmental regulations require enhanced systems and competition to hire and retain skilled operating staff.

Figure 317 shows Parks Minor Repair program funding sources for the 2020–21 biennium.

FIGURE 317
PARKS MINOR REPAIR PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 318 shows funding for the Parks Minor Repair program from the 2014–15 to the 2020–21 biennia.

FIGURE 318
PARKS MINOR REPAIR PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.1	$0.3	$0.2	$0.2	70.5%
General Revenue–Dedicated Funds	$6.8	$6.2	$8.6	$9.2	34.6%
Federal Funds	$0.8	$0.8	$0.7	$0.0	(100.0%)
Other Funds	$0.6	$0.5	$0.6	$0.6	(4.6%)
Total, All Methods of Finance	**$8.4**	**$7.8**	**$10.1**	**$10.0**	**18.8%**

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

Figure 319 shows Parks Minor Repair program performance measure data for fiscal years 2019 to 2021.

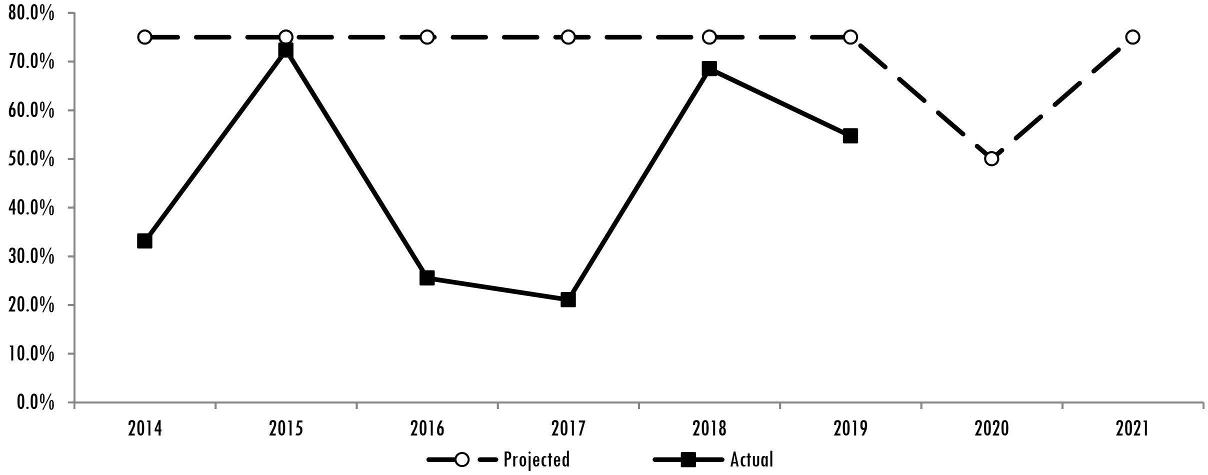
FIGURE 319
PARKS MINOR REPAIR PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Funded State Parks Minor Repair Projects Completed	75.00%	54.72%	72.96%	50.00%/75.00%

SOURCE: Texas Parks and Wildlife Department.

Figure 320 shows the projected and actual percentage of funded state parks minor repair projects completed from fiscal years 2014 to 2021.

FIGURE 320
PERCENTAGE OF FUNDED TEXAS STATE PARKS MINOR REPAIR PROJECTS COMPLETED
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

LIFE-CYCLE METHODS OF REPAIR

According to the agency, life-cycle methods of repair and replacement would prevent system failures that result in emergency purchase procedures and options that are not optimal in cost and quality. For example, roofs could be replaced when they are at the end of their lives, but before they leak and damage the structure. HVAC systems could be replaced before complete failure, enabling the design and specification of more efficient and serviceable equipment. Pumps and lift stations could be addressed before they fail, preventing park closure and potential environmental effects. Current funding, however, covers only emergency repairs, leaving known issues in deferred status, which increases damage and degradation. This cycle causes additional preventable damage, which requires more expensive repair when issues reach emergency or failure status.

PRIORITIZING SGST FOR MAINTENANCE

Constitutional dedication of SGST funds to state parks by the Eighty-sixth Legislature, 2019, will provide a more reliable basis of funding for maintenance needs. A new rider in the 2022–23 GAA specifically directing funds toward routine, cyclical, and preventive maintenance would enable TPWD proactively to address deferred maintenance needs that cause facilities to degrade; would reduce the cost of repairs through appropriate preventive maintenance programs; and would support the parks' ability to provide safe, operable facilities that are open and accessible to the public.

PREVENTIVE MAINTENANCE

Park system facilities and properties have ongoing deferred maintenance issues that lead to more costly repairs than would have been required if the program were able to implement appropriate preventive maintenance. Implementing a practice of using strategic investments or best practice replacements in repairing and maintaining park facilities could reduce overall costs and improve park conditions. Installing long-lasting, low-energy exterior lighting to reduce operating utility costs and maintenance and repair costs is an example of such an approach reported by the agency. Although significant progress recently has been made in addressing parks' capital repair needs, a significant backlog of repair needs remains.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Minor Repair Program would increase long-term capital repair costs for park facilities. The agency uses minor repair funding to address facility maintenance in a timely manner and execute emergency repairs to key facility components. Neglecting these needs would lead to a deterioration of park facilities and a loss of state assets. Neglecting smaller repairs until they become major repairs can mean longer timeframes to complete projects, which can result in fewer visitors and lost revenue.

STATE PARKS VISITOR SERVICES

The Texas Parks and Wildlife Code, Section 11.0181, and Chapters 13, 21, and 22; the Texas Tax Code, Section 151.801; Americans with Disabilities Act

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The State Parks Visitor Services program provides interpretive services to explain the meaning and significance of natural and cultural resources at parks. It also performs certain administrative functions. Interpretive services include guided tours and camping workshops. Administrative functions include operating the reservation center, managing concessions and concessionaires, managing sales, managing exhibit shops, and performing community outreach. The program operates the Buffalo Soldiers and Texas Outdoor Family programs. The program provides orientation, interpretation, and guest services to all state park visitors, as well as outreach services to audiences underrepresented among park system visitors.

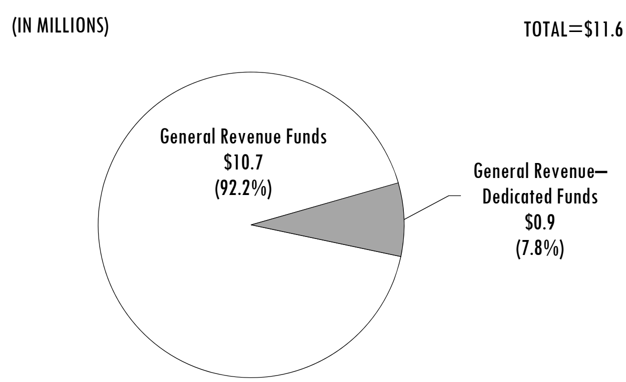
Orientation, outreach, and interpretation serve to educate and enrich park visitors, while encouraging park use by new groups. With the population of Texas becoming increasingly urban and ethnically diverse, these programs help to engage new users in outdoor recreation and educate them on the importance of conservation in maintaining the natural environment.

The program began in 1923. Since then, it has expanded its education services by offering an increasingly professional program delivery and adapting to accommodate an increasingly diverse state. Today, audiences engage through social media using advanced technology, and the agency is adapting its core services, programs, and business services to meet customer needs and to respond to Texas' changing patterns of outdoor recreation, in addition to its increasingly diverse population.

The agency reports a need for more information, training, and reservation support for private-service providers in parks and additional research to identify trends, demographics, and economic impacts. The agency suggests that it could reach a broader population base, including children, if there were statutory or other changes to incentivize schools to use state park sites as learning environments.

Figure 321 shows State Parks Visitor Services program funding sources for the 2020–21 biennium.

FIGURE 321
STATE PARKS VISITOR SERVICES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 322 shows funding for the State Parks Visitor Services program from the 2014–15 to the 2020–21 biennia.

FIGURE 322
STATE PARKS VISITOR SERVICES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15 (IN MILLIONS)	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$6.6	$6.2	$5.7	$10.7	62.1%
General Revenue–Dedicated Funds	$0.9	$0.8	$0.9	$0.9	(1.4%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.5	$0.4	$0.3	$0.0	(100.0%)
Total, All Methods of Finance	**$8.0**	**$7.4**	**$6.9**	**$11.6**	**45.0%**

SOURCE: Legislative Budget Board.

INTERPRETIVE POSITIONS

The state currently has more than 30 park sites without designated interpretive positions, which reduces the capacity for outreach, education, and awareness. Additional exhibits, support specialist staff, and equipment could increase program effectiveness and support visitors with disabilities.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the State Park Visitor Services program would eliminate a primary function of state parks and could have long-term effects on their use. It could reduce parks as an attraction for visitors and reduce long-term growth in visitation as current user demographics become a smaller part of the overall population. Discontinuing the program also could negatively affect the tourism industry in Texas.

RECREATION GRANTS ASSISTANCE

The Texas Parks and Wildlife Code, Chapters 13, 24, 28, 29, and Section 31.141; Wildlife Restoration Act; Dingell-Johnson Sport Fish Restoration Act; LWCF Act; Clean Vessel Act; Sport Fishing and Boating Safety Act; Gulf of Mexico Energy Security Act; Fixing America's Surface Transportation (FAST) Act; John D. Dingell, Jr., Conservation, Management, and Recreation Act

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

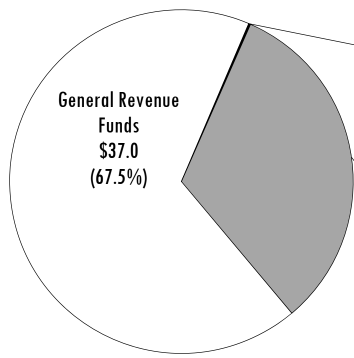
Through the Recreation Grants Assistance program, TPWD provides grants to local units of government and other entities to promote outdoor recreation opportunities and enjoyment of natural and cultural resources managed by local governments or private organizations. The agency primarily provides 50.0 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.

The program serves all populations by providing a variety of acquisition and development grants to increase access to public parks and indoor and outdoor recreation facilities. In addition, the Community Outdoor Outreach program funds outdoor experiences and environmental education opportunities specifically for underserved populations in Texas.

The Recreation Grants program began as the Local Park Grant program. It since has expanded to include the following grant programs: Boating Access, Boating Infrastructure, Boat Pump-out, Target Range, Community Outdoor Outreach Program, Recreational Trails, OHV Trails, Urban Outdoor Recreation, Urban Indoor Recreation, Non-Urban Outdoor Recreation, Non-Urban Indoor Recreation, Small Community, Outdoor Recreation Legacy Partnership Program, and the State Parks Trails Program. Other programs administered but no longer funded by the Recreation Grants program include Urban Park and Recreation Recovery Grant, Regional Park Grant, and Local Assistance Program.

Figure 323 shows the Recreation Grants Assistance program funding sources for the 2020–21 biennium.

FIGURE 323
RECREATION GRANTS ASSISTANCE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 324 shows funding for the Recreation Grants Assistance program from the 2014–15 to the 2020–21 biennium.

FIGURE 324
RECREATION GRANTS ASSISTANCE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$17.1	$43.0	$27.8	$37.0	116.2%
General Revenue–Dedicated Funds	$0.1	$0.1	$0.0	$0.1	3.4%
Federal Funds	$17.8	$11.3	$13.6	$17.7	(0.4%)
Other Funds	$20,000	$0.0	$0.0	$0.0	(100.0%)
Total, All Methods of Finance	**$35.0**	**$54.4**	**$41.5**	**$54.8**	**56.6%**

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

Figure 325 shows the Recreation Grants Assistance program performance measures for fiscal years 2019 to 2021.

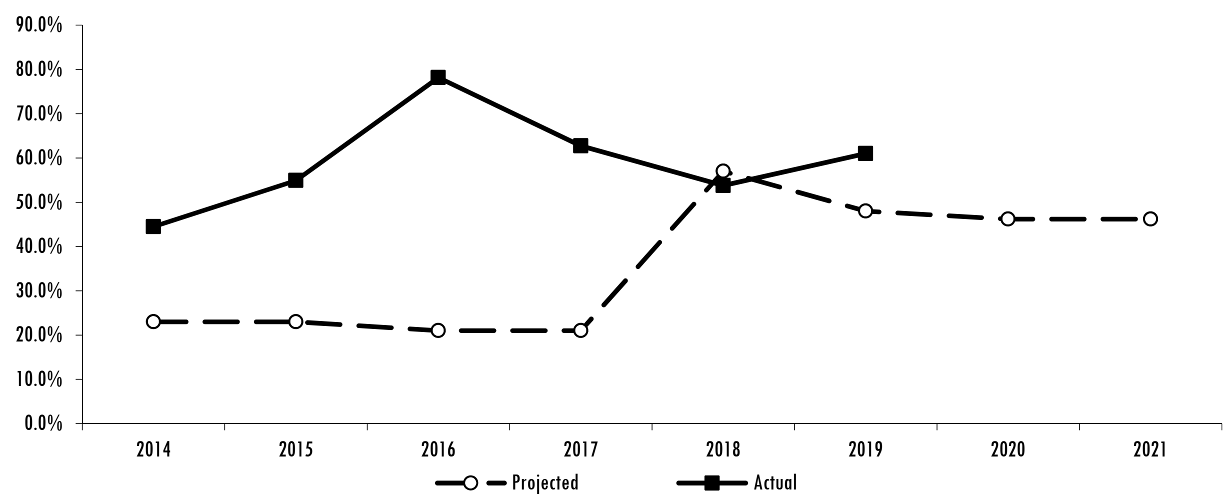
FIGURE 325
RECREATION GRANTS ASSISTANCE PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Grant-Assisted Projects Completed	27	22	81.48%	28/28

SOURCE: Texas Parks and Wildlife Department.

Figure 326 shows projected and actual local grant dollars awarded as a percentage of local grant dollars requested from fiscal years 2014 to 2021.

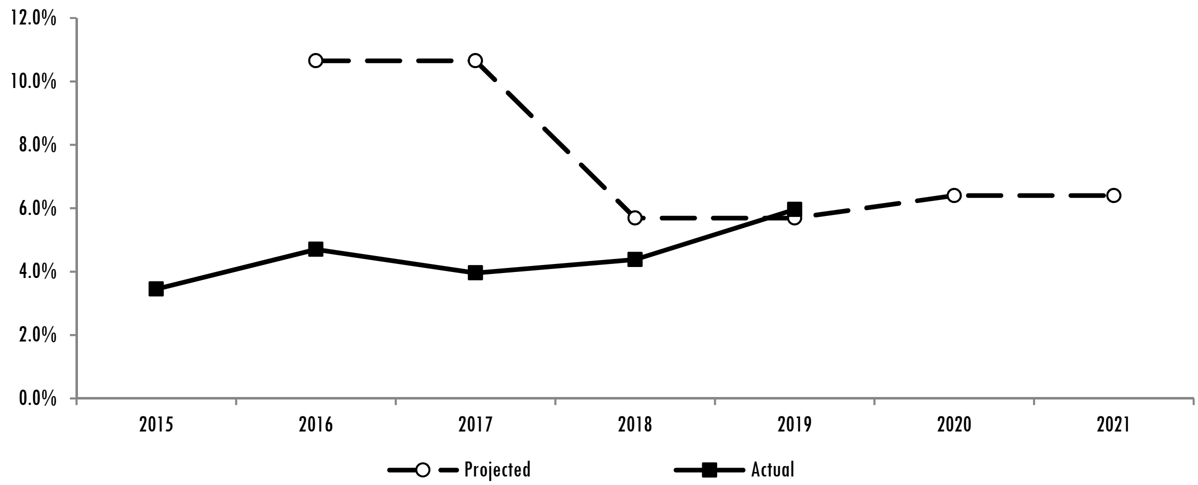
FIGURE 326
RECREATION GRANTS ASSISTANCE PROGRAM LOCAL GRANT DOLLARS AWARDED AS A PERCENTAGE OF LOCAL GRANT DOLLARS REQUESTED
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 327 shows projected and actual program costs as a percentage of total grant dollars awarded from fiscal years 2015 to 2021.

FIGURE 327
RECREATION GRANTS ASSISTANCE PROGRAM COSTS AS A PERCENTAGE OF TOTAL GRANT DOLLARS AWARDED
FISCAL YEARS 2015 TO 2021



SOURCE: Texas Parks and Wildlife Department.

UNEXPENDED BALANCE AUTHORITY FOR SGST RELATED TO RECREATION GRANTS

The Legislature could consider adding a rider to the agency's bill pattern to provide unexpended balance (UB) authority from any remaining SGST funding not expected to be available at the end of the 2020–21 biennium used for the purposes of recreation grant funding so that funds would be carried forward into the 2022–23 biennium instead of lapsing back to the Treasury. These constitutionally appropriated funds require appropriation bill direction and do not count toward certification. This authority would provide an opportunity for the funds to be used for the purposes originally intended by the Legislature.

The agency reports experiencing funding losses through the lapsing of SGST funding allocated to the General Revenue–Dedicated Accounts No. 467, Texas Recreation and Parks, and No. 5150, Large County and Municipality Recreation and Parks, due to late cancellations outside the biennium in which the award was granted. If a grantee cancels its grant, TPWD is unable to reallocate funds from these accounts to another grantee if the cancellation occurs outside the biennium in which the award was granted. The agency would require UB authority across biennia to regrant the funds. SGST funding will not count toward certification beginning in fiscal year 2022 and will be appropriated automatically pursuant to the Texas Constitution, Article 8, Section 7-d, but will require GAA direction.

LOCAL MATCH REQUIREMENT

The Legislature could consider lowering the matching requirement for the Small Communities Park Grant from 50.0 percent to 25.0 percent. According to TPWD, many small local communities with fewer than 20,000 have requested such a change as they would be better positioned to participate in the program with a lower financial threshold for entry.

The agency reports that many smaller local communities are unable to meet the statutory 50.0 percent match required in the Texas Parks and Wildlife Code, Section 24.005 for Small Communities Park Grants. TPWD notes that a statutory change lowering the matching requirement to 25.0 percent would enable more small communities to participate in the program.

POST-COMPLETION INSPECTIONS

The annual reporting requirements in the Texas Parks and Wildlife Code, Sections 24.009 and 24.059, charge grant recipients with conducting annual inspections of the project for five years after the grant is made. The agency reports that this requirement places an unnecessary administrative burden on local governments and agency staff. If the statutory requirements were changed, these resources could be directed toward other duties.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Recreation Grants Assistance program would reduce the ability to acquire much needed public parkland in a state where 95.0 percent land of is owned privately, with only 2.5 percent dedicated for public recreation and conservation. It would reduce the ability to provide for new state and local park development to accommodate changing community needs and to renovate aging existing state and local park facilities and infrastructure. If the program were eliminated, TPWD would be unable to meet legal obligations to approximately 400 active grant projects across the state, of which roughly 84.0 percent are multi-year construction projects.

Additionally, TPWD estimates an annual loss of more than $20.0 million in Federal Funds for state and local park capital and acquisition projects if the program were discontinued.

TEXAS FARM AND RANCHLANDS

The Texas Parks and Wildlife Code, Chapter 84

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Texas Farm and Ranchlands program 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.

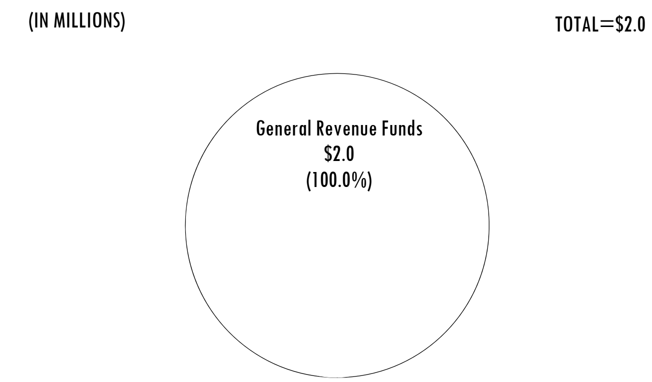
The program partners with and leverages funds provided by the Natural Resources Conservation Service (NRCS). Funds are provided through the Agricultural Conservation Easement Program (ACEP) and administered by NRCS staff. Funds are paid directly to the landowner. TPWD receives no funding from NRCS.

The program serves the general public and private landowners by protecting viewsheds, open spaces, wildlife habitat, water quality, and watersheds for future generations. The program helps to ensure that Texas continues to produce crops, cattle, timber, and fiber in a manner protective of associated natural resources.

The program was implemented in 2005 at the General Land Office and transferred to TPWD in 2016 pursuant to House Bill 1925, Eighty-fourth Legislature, 2015. To date, appropriated funds have been leveraged approximately $1-to-$8 with other grants and in-kind contributions. Since fiscal year 2016, 13 projects covering roughly 24,600 conserved acres, out of 29 applications, have been approved for funding. In fiscal year 2017, the program hired a full-time coordinator.

Figure 328 shows Texas Farm and Ranchlands program funding sources for the 2020–21 biennium.

FIGURE 328
TEXAS FARM AND RANCHLANDS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 329 shows funding for the Texas Farm and Ranchlands program from the 2014–15 to the 2020–21 biennia.

FIGURE 329
TEXAS FARM AND RANCHLANDS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$1.9	$1.9	$2.0	N/A
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.0**	**$1.9**	**$1.9**	**$2.0**	**N/A**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The Farm and Ranch Program is the only state funding program that makes funds available for the due diligence and administrative costs of acquiring and holding conservation easements from willing donors and sellers on private working lands in Texas. Without this program, fewer conservation easements would be granted 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.

LAND CONSERVATION

The Texas Constitution, Article 3, Section 49-e; the Texas Parks and Wildlife Code, Section 11.043; Sections 13.001, 13.002, 13.005, 13.008, and 13.009; Sections 81.102, 81.103, and 81.401; the U.S. Code, Title 33, Section 1321 and Section 2706; the U.S. Code, Title 42, Section 9607; the U.S. Code, Title 54, Ch. 2003; the Code of Federal Regulations, Title 2, Part 200; the Code of Federal Regulations, Title 15, Part 990; the Code of Federal Regulations, Title 43, Part 11; and the Code of Federal Regulations, Title 49, Part 24

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

The Land Conservation program carries out capital budget authority for acquisition of land and real property and negotiates and manages property rights transactions. Acquisitions are focused on expanding existing sites and on conservation of habitats. Agreements and easements aim to minimize harm to resources and protect public use. The program serves the public by acquiring, enhancing, and protecting state parks, state historic sites, state natural areas, wildlife management areas, and coastal management areas held in the public trust to meet the outdoor recreation needs of hunters, anglers, boaters, and nonconsumptive users, including day-users and overnight users. It also seeks to conserve permanently critical habitat for fish and wildlife, including species in decline and Species of Greatest Conservation Need identified by TPWD.

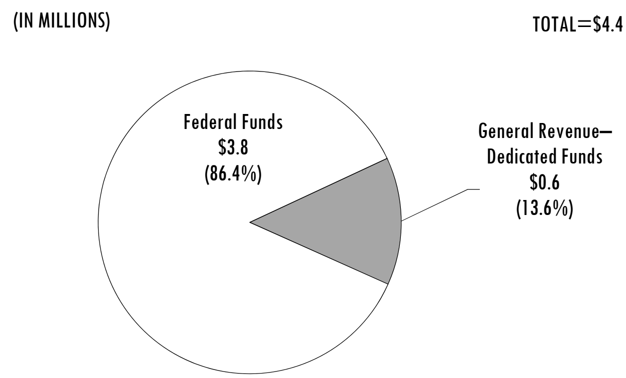
The most significant program changes since the program's inception include assuming primary responsibility for protecting agency lands by enforcing the Texas Parks and Wildlife Code, Chapter 26, negotiating stringent easements and surface use agreements, mapping owned properties and resolving boundary conflicts, and organizing land-related records from an 80-year period.

According to the agency, the demand for access to outdoor recreation opportunities has increased far more rapidly than the increase in actual opportunities. Changing demographics and recreation trends are driving the demand for TPWD facilities within day-use access of urban centers. Agency-managed lands serve as a refuge for plants and animals across the state, and those lands have increased in importance as the number of plants and animals designated as being of Greatest Conservation Need has increased. The proliferation of infrastructure, such as pipelines and utilities, makes it increasingly challenging to minimize impacts to existing conservation lands and open space.

The ability to acquire inholdings and strategic tracts of land for expansion of recreation opportunities and protection of aesthetic, operational, and resource values of TPWD sites is limited by funding and the lack of authority to acquire land using state funds.

Figure 330 shows Land Conservation program funding sources for the 2020–21 biennium.

FIGURE 330
LAND CONSERVATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 331 shows funding for the Land Conservation program from the 2014–15 to the 2020–21 biennia.

FIGURE 331
LAND CONSERVATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	(100.0%)
General Revenue–Dedicated Funds	$0.9	$0.7	$1.3	$0.6	(25.1%)
Federal Funds	$10.2	$4.3	$3.2	$3.8	(63.3%)
Other Funds	$3.6	$0.5	$0.7	$0.0	(100.0%)
Total, All Methods of Finance	**$14.7**	**$5.5**	**$5.2**	**$4.4**	**(70.0%)**

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

Figure 332 shows Land Conservation program performance measures for fiscal years 2019 to 2021.

FIGURE 332
LAND CONSERVATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Acres in Public Lands System per 1,000 Texans	51.75	50.45	97.49%	49.80/49.20

NOTE: Not a key measure.
SOURCE: Texas Parks and Wildlife Department.

ALTERNATIVES TO AUTHORIZE INCREASED LAND ACQUISITION

Increasing land fragmentation and soaring land prices, especially near urban centers, make it challenging to meet demand for access to open space and outdoor recreation opportunities. Program staff frequently receives information regarding strategic tracts of land available from willing sellers. These tracts may be small but provide significant operational, management, or recreational advantages. TPWD reports that opportunities to acquire these tracts frequently are lost because of lack of resources. A GAA rider that authorizes the agency to request the use of available SGST revenue in its budget during a biennium for acquiring newly available land could address this issue.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Land Conservation program would compromise TPWD's mission to protect resources and provide outdoor recreation opportunities for present and future generations. It would result in a net negative impact to resources and recreational opportunities on land TPWD holds in the public's trust. Without the program, enforcement of the Texas Parks and Wildlife Code, Chapter 26, would not occur. This enforcement includes the agency's primary responsibility for protecting agency lands, negotiating stringent easements and surface use agreements, mapping owned properties and resolving boundary conflicts, and organizing land-related records from an 80-year period.

Without this program, addition of lands to the TPWD system essentially would cease. Access would suffer as the carrying capacity of existing parks was exceeded in the absence of additional space for outdoor recreation. Increasing demands from the public for access to state parks and wildlife management areas for outdoor recreation make critical the enlargement of many of these areas to accommodate increased usage to prevent significant impacts to resources bases and deterioration of the recreation experience for visitors. This includes the steady need to acquire inholdings and tracts of land that would facilitate efficient site operation and management.

CAPITAL CONSTRUCTION AND PROJECT DELIVERY

The Texas Constitution, Art. 3, Sections 49-e and 50-f; the Texas Parks and Wildlife Code, Title 2, Section 11.043; Title 2, Sections 13.002 and 13.0045; Title 3, Chapter 22; Title 5, Sections 81.101 to 81.102; provisions of the Texas Government Code and the Texas Occupations Code

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

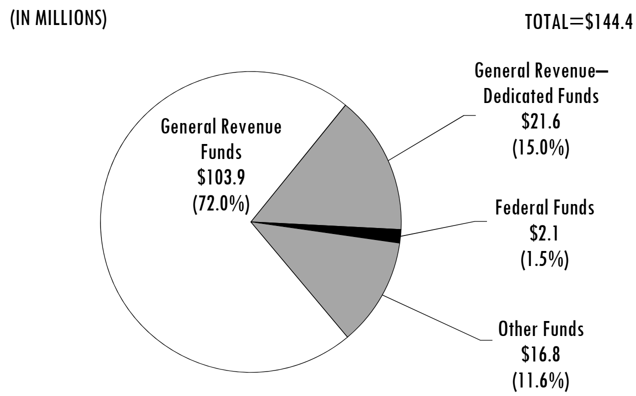
The Capital Construction and Project Delivery program carries out capital improvements and major repairs to facilities and sites throughout the agency. The program includes architectural design, engineering design, project management, a memorandum of understanding agreement between TPWD and the Texas Department of Transportation (TxDOT), and other related activities. The agency is responsible for maintaining and developing more than 144 different locations throughout the state. Building structures do not account for all the utility and road systems, which include wastewater treatment plants, water distribution systems, bridges, dams, and boat ramps. TPWD's portfolio includes more than 3,000 buildings statewide, more than 1,300 miles of roads, more than 30 bridges, and hundreds of boat ramps. The program serves state park, historic site, and state natural area visitors, as well as hunters, anglers, boaters, and nonconsumptive users.

Although the program previously relied heavily on internal TPWD design staff, the current model places external architects and engineers under the management of TPWD design staff. This change was driven by an increase in the number of projects, project values, and project complexity.

Because of the increasing use of park facilities by visitors, TPWD reports that the quality of its built infrastructure has eroded. Natural disasters also present ongoing challenges to TPWD's built infrastructure. Emergency and critical restorative repairs ultimately deplete funding allocated to scheduled deferred maintenance projects. In the absence of contingency funds, the agency defers other construction priorities to address urgent issues. As a result, the backlog of deferred maintenance continues to grow.

Figure 333 shows Capital Construction and Project Delivery program funding sources for the 2020–21 biennium.

FIGURE 333
CAPITAL CONSTRUCTION AND PROJECT DELIVERY PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 334 shows funding for the Capital Construction and Project Delivery program from the 2014–15 to the 2020–21 biennia.

FIGURE 334
CAPITAL CONSTRUCTION AND PROJECT DELIVERY PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$15.6	$6.2	$53.1	$103.9	564.6%
General Revenue–Dedicated Funds	$18.9	$109.9	$20.8	$21.6	14.1%
Federal Funds	$4.5	$9.9	$12.5	$2.1	(53.4%)

Other Funds	$29.5	$36.7	$51.3	$16.8	(3.1%)
Total, All Methods of Finance	**$68.6**	**$162.7**	**$137.7**	**$144.4**	**110.5%**

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

Figure 335 shows Capital Construction and Project Delivery program performance measure data for fiscal years 2019 to 2021.

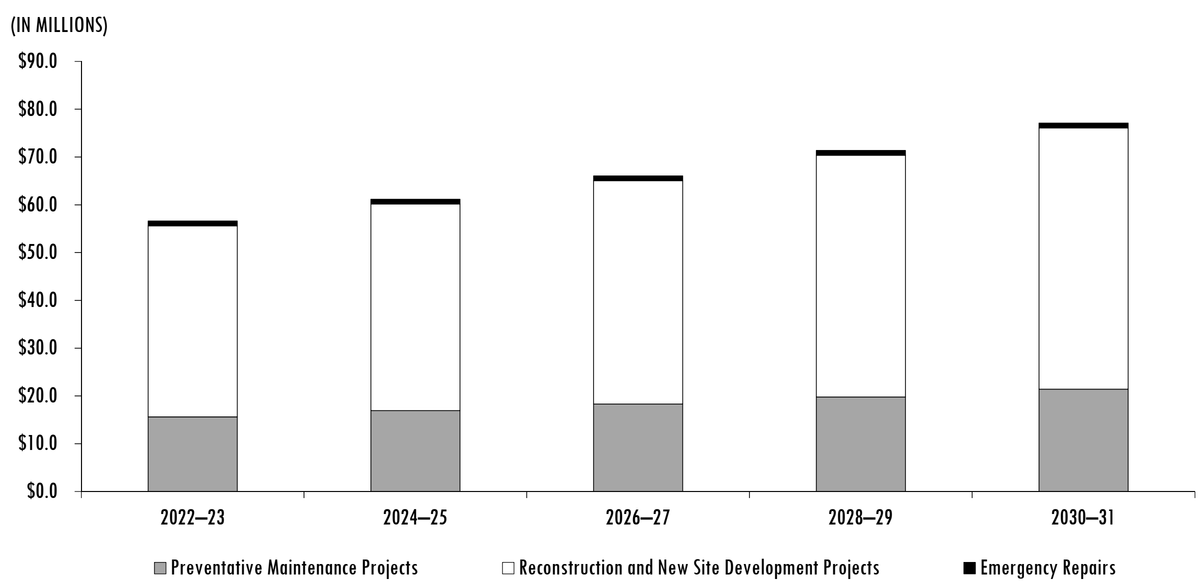
FIGURE 335
CAPITAL CONSTRUCTION AND PROJECT DELIVERY PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Major Repair/Construction Projects Completed	82.28%	65.08%	79.10%	70.00%/70.00%

SOURCE: Texas Parks and Wildlife Department.

Figure 336 shows TPWD's projected road and bridge costs from the 2022–23 to the 2030–31 biennia.

FIGURE 336
TEXAS PARKS AND WILDLIFE DEPARTMENT PROJECTED ROAD AND BRIDGE COSTS IN ALL FUNDS
2022–23 TO 2030–31 BIENNIA



SOURCE: Texas Parks and Wildlife Department.

UNEXPENDED BALANCES OF GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS

According to the agency, three challenges affecting the program's project execution include: (1) a lack of UB authority across biennia for General Revenue Funds and General Revenue–Dedicated Funds reduces time for contract bid approvals and reduces the time to encumber appropriations before they are lapsed, as well as resulting in funds lapsing if contracts have to be canceled after funds are encumbered; (2) the location and type of work needed in projects often results in a smaller bidding pool, which inflates project bids beyond the level planned or budgeted by the agency; and (3) the public view of park down-time due to construction and repairs may divert potential park visitors to other locations.

The agency experienced a lack of UB authority for General Revenue Funds and General Revenue–Dedicated Funds across biennia, resulting in a shorter period to decide either to accept a project contract bid at a higher price than planned or budgeted or to divert available funding to smaller projects to establish contracts within appropriation timelines Subsequent contract cancelations can result in lapses when the funds that are not covered through UB authority have been encumbered. Additionally, the agency identified a lack of flexibility to respond to disasters, resulting in additional unforeseen or critical repairs. The 2018–19 and 2020–21 GAAs, Article VI, TPWD, Rider 4, Appropriation: Unexpended Balance for Construction Projects, provides UB authority across biennia for Federal Funds and Other Funds without limitation, and for General Revenue Funds and General Revenue–Dedicated Funds with a 45-day notification to the Legislative Budget Board and the Office of the Governor. Before enactment of the 2018–19 GAA, General Revenue Funds and General Revenue–Dedicated Funds amounts were included specifically in the rider. Although the rider included the same UB language governing these funds across multiple biennia, it applied only to the General Revenue Funds and General Revenue–Dedicated Funds specified in the rider while that specification was made. With the removal of the specification, the authority expanded to any General Revenue Funds and General Revenue–Dedicated Funds appropriated for construction projects. A constant limitation on UB authority for these funds prohibits them from being carried forward into a biennium if they originally were appropriated four years or more previously. Additionally, the agency also received specific UB authority to carry forward SGST appropriations, which are a type of General Revenue Funds, from the 2018–19 biennium into the 2020–21 biennium through Rider 32, Appropriation: Unexpended Balances for Deferred Maintenance.

Senate Joint Resolution 24, Eighty-sixth Legislature, 2019, approved by voters in November 2019, amended the Texas Constitution to automatically appropriate the net revenue received each fiscal year from SGST to TPWD and the Texas Historical Commission (THC). The amendment will take effect September 1, 2021. In accordance with the resolution, SGST no longer will count toward budget certification beginning in fiscal year 2022; however, all other General Revenue Funds and General Revenue–Dedicated Funds sources of funding, including Account No. 9, continue to count toward certification. The GAA's direction is required regarding through which SGST account the funds are appropriated.

Several options are available to the Legislature regarding the UB authority for non-SGST General Revenue Funds and General Revenue–Dedicated Funds. These options include: (1) continuing the existing authority; (2) increasing the UB authority for the funds and accepting the additional cost for the estimated amount to be carried forward into the next biennium; or (3) establishing a new fund outside the General Revenue Fund in the Treasury to receive amounts appropriated each biennium for capital construction, repair, and maintenance projects so the full cost would be realized in the biennium of appropriation and funds could be carried forward with UB authority between biennia without an additional cost each legislative session. The third option also would establish additional criteria similar to the current methodology used in the 2020–21 GAA, Article VI, TPWD, Rider 4, Appropriation: Unexpended Balance for Construction Projects, for limiting the amount of time funds could be carried forward without being returned to their fund of origin to prohibit carrying funds forward in perpetuity without spending them for purposes intended by the Legislature.

STATE PARK ROAD REPAIRS

State park road repairs and construction are funded each biennium through a $20.0 million State Highway Fund No. 6 (SHF) appropriation made in a rider in TxDOT's bill pattern. According to the agency, this amount is insufficient to address all of the needed road and bridge construction and repair costs in the state park system.

PERFORMANCE BONDS

The Texas Government Code, Section 2253.021, requires any government entity that makes a public award contract to require the contractor to obtain a performance bond if the contract exceeds of $100,000. TPWD reports that amending the statute to raise the minimum amount to $150,000 before a performance bond is required could result in increased market competition and cost savings. Obtaining a bond can be a significant barrier for new and/or small contractors attempting to bid for state work. When small contractors cannot obtain a bond, they must find a larger general contractor to serve as the prime for the use of their bonding capacity. Raising the limits could open the door for many small contractors, including Historically Underutilized Businesses, to perform as prime contractors rather than subcontractors. Increasing this threshold would thus allow more small contractors to pursue contracts, resulting in a larger pool of bidders, increasing competition, and possibly resulting in lower bids to the state.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Capital Construction and Project Delivery program would result in agency assets becoming further deteriorated and ultimately unusable. The agency reports that deferring repairs typically results in higher costs, asset failures, and even health and safety implications or lack of regulatory compliance in some cases.

DEBT SERVICE

Texas Constitution, Article 3, Sections 49-e and 50-f

Mission Centrality – Weak; Authority – Strong

PROGRAM DESCRIPTION

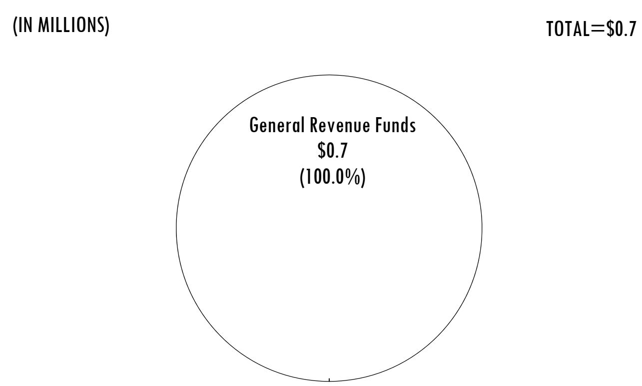
The Debt Service program manages debt service requirements related to revenue bonds issued for infrastructure improvements and maintenance.

Through the financing of debt service on bonds, this program serves state park, historic site, and state natural area visitors, as well as hunters, anglers, boaters, and nonconsumptive users.

The Seventy-fifth Legislature, 1997, authorized $60.0 million in revenue bonds. The bonds were approved in four issues from fiscal years 1998 to 2001. This amount represents debt service on revenue bonds for critical facility repairs. Debt service for these bonds will be paid off in fiscal year 2020. Debt service amounts for other bonds are appropriated directly to the Texas Public Finance Authority.

Figure 337 shows Debt Service program funding sources for the 2020–21 biennium.

FIGURE 337
DEBT SERVICE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 338 shows funding for the Debt Service program from the 2014–15 to the 2020–21 biennia.

FIGURE 338
DEBT SERVICE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$6.8	$6.2	$5.1	$0.7	(89.6%)
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$6.8**	**$6.2**	**$5.1**	**$0.7**	**(89.6%)**

SOURCE: Legislative Budget Board.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Debt Service program would make the agency unable to meet debt service obligations on revenue bonds.

OUTREACH AND EDUCATION

The Texas Parks and Wildlife Code, Sections 11.0181 and 11.033, Sections 31.108 to 31.110, and Section 62.014; the U.S. Code, Title 16, Sections 669 to 669i and Section 777.7775

Mission Centrality – Strong; Authority – Strong

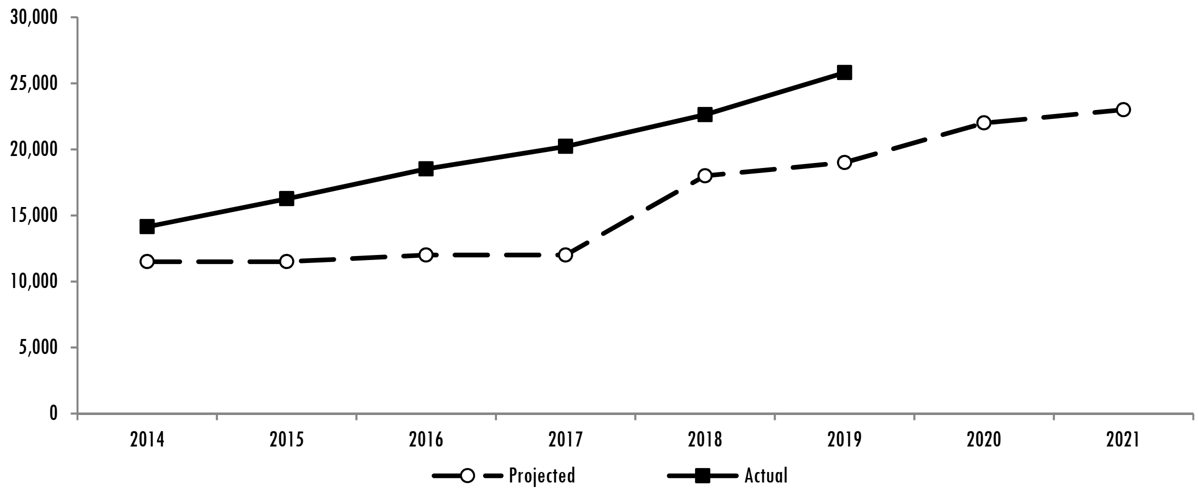
PROGRAM DESCRIPTION

The Outreach and Education program instructs hunters, boaters, and other water users to be safe, knowledgeable, and responsible while pursuing outdoor recreation activities and fosters 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. In fiscal year 2019, the Outreach and Education program reached 593,146 Texans and utilized the work of more than 7,000 active volunteers, who generated 57,832 volunteer hours.

The program serves hunters; anglers; private landowners; boaters; state park, historic site and state natural area visitors; nonconsumptive users; and educators. Instructors teach outdoor enthusiasts how to hunt, fish, and boat safely, responsibly, lawfully, and ethically, while encouraging the conservation and enjoyment of the state's natural and cultural resources. In addition, the program educates the public on the science behind wildlife and habitat management through several school- and community-based curricula, including Project WILD, Texas Aquatic Science, and Texas Waters: Exploring Water and Watersheds. Through the agency's Urban Outreach programs, it attempts to engage new users, especially youth, women, and minorities, in natural resource outdoor recreation, and to retain existing outdoor users, and reactivate returning users, who fund the agency through purchases of licenses and sporting goods.

Figure 339 shows the projected and actual number of students trained in boater education from fiscal years 2014 to 2021.

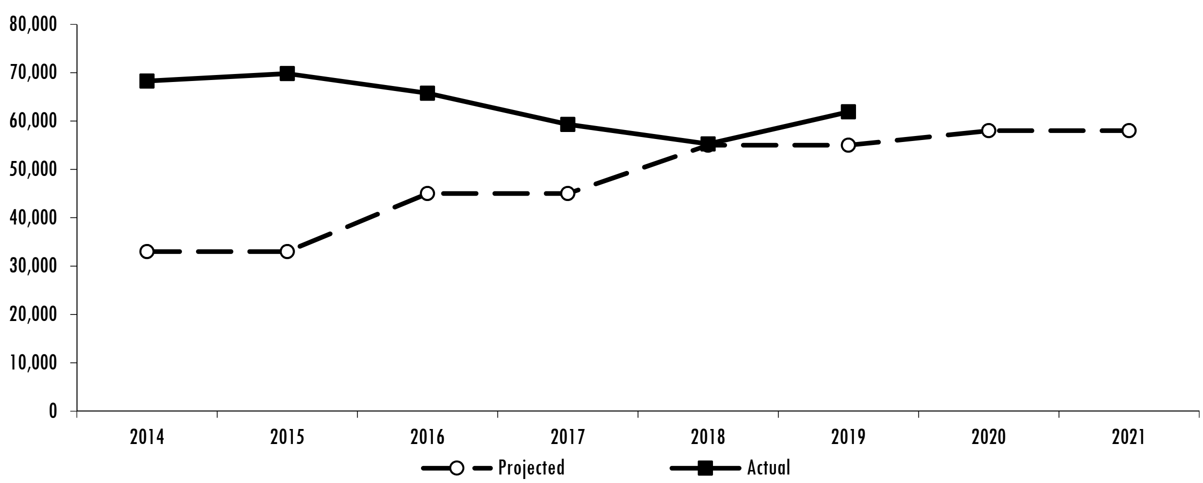
FIGURE 339
STUDENTS TRAINED IN TEXAS PARKS AND WILDLIFE DEPARTMENT BOATER EDUCATION COURSES
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 340 shows the projected and actual number of students trained in hunter education from fiscal years 2014 to 2021.

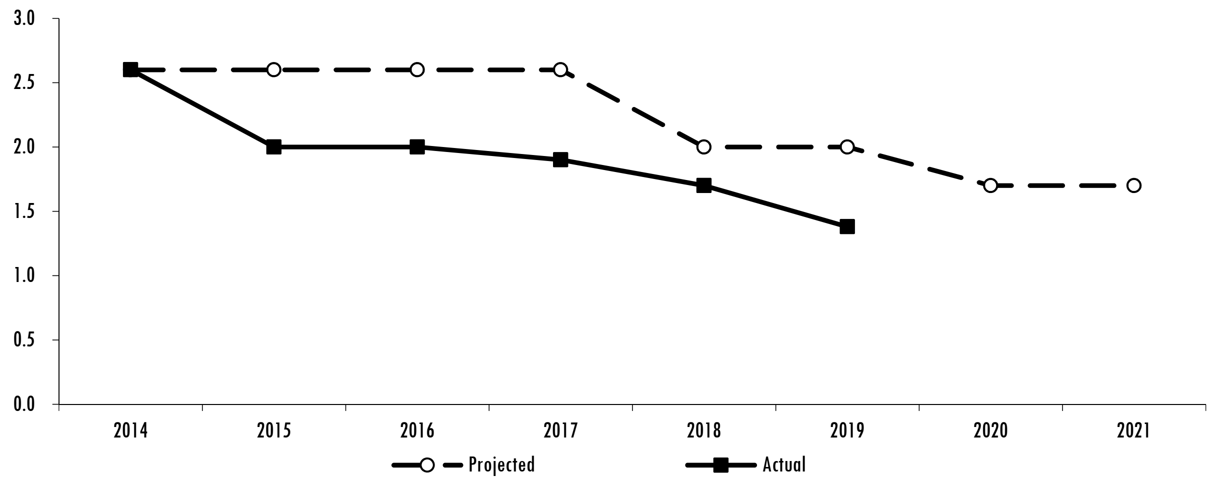
FIGURE 340
STUDENTS TRAINED IN TEXAS PARKS AND WILDLIFE DEPARTMENT HUNTER EDUCATION COURSES
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 341 shows the projected and actual hunting accident rate per 100,000 from fiscal years 2014 to 2021.

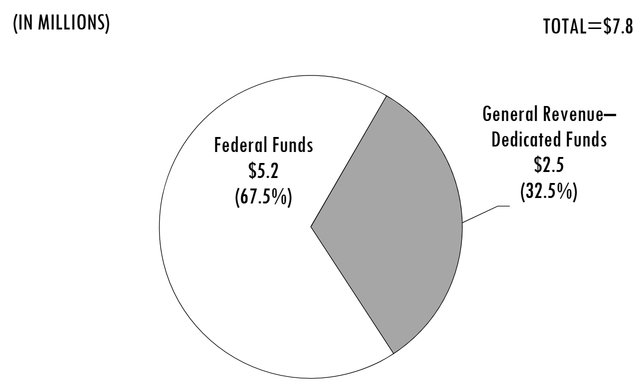
FIGURE 341
TEXAS PARKS AND WILDLIFE DEPARTMENT PROJECTED AND ACTUAL HUNTING ACCIDENT RATE
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

Figure 342 shows the Outreach and Education program funding sources for the 2020–21 biennium.

FIGURE 342
OUTREACH AND EDUCATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 343 shows funding for the Outreach and Education program from the 2014–15 to the 2020–21 biennia.

FIGURE 343
OUTREACH AND EDUCATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15 (IN MILLIONS)	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$1.9	$2.8	$2.3	$2.5	35.5%
Federal Funds	$2.8	$2.5	$4.6	$5.2	84.5%
Other Funds	$0.3	$0.3	$0.4	$0.0	(100.0%)
Total, All Methods of Finance	**$5.0**	**$5.6**	**$7.2**	**$7.8**	**55.0%**

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

Figure 344 shows Outreach and Education program performance measures for fiscal years 2019 to 2021.

FIGURE 344
OUTREACH AND EDUCATION PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Students Trained in Hunter Education	55,000	61,890	112.53%	58,000/58,000
Number of Students Trained in Boater Education	19,000	25,806	135.82%	22,000/23,000

SOURCE: Texas Parks and Wildlife Department.

BOATER EDUCATION FOR PADDLECRAFT OPERATORS

Paddlecraft, or human propelled vessels (e.g., kayaks, canoes, stand-up paddleboards) is one of the fastest-growing niches in the recreational boating market, and has become a gateway to the outdoors for water activities. Currently, paddlecraft do not have to be registered in Texas or pay into the traditional user pay, user benefit system of recreational boating safety, but operators still have the benefits of vessel access, education, law enforcement presence, and search and rescue. TPWD's conservative estimate of the number of paddlecraft in Texas is approximately 290,000. Currently, boater education is not required for paddlecraft operation. TPWD reports that paddlecraft account for up to 40.0 percent of Texas boating-related fatalities, even though they account for only 2.0 percent of overall accidents. Additionally, game wardens spend hundreds of hours annually performing search and rescue for overdue paddlers or paddlecraft found adrift. If paddlecraft were required to be registered and TPWD assessed the $32 two-year registration fee currently assessed for boats with lengths less than 16 feet, the state would collect approximately $4.7 million in revenue each year.

REQUIRED STATE MATCHING FUNDS

Federal Funds constitute a large portion of funding for the Hunter Education and Boater Education programs, and these funds require a state match. The aquatic education program is appropriated very few state dollars, requiring it to use other sources, such as volunteer hours, as match toward the federal grant it has access to. Without directing adequate state funding into this program, the department runs the risk of losing access to mainstay funding for aquatic educational programs. The Hunter Education program uses as its state match the revenue generated from student certification fees, without which it also would have to use volunteer hours as the state match.

RECREATIONAL WATER SAFETY

The Texas Parks and Wildlife Code, Section 31.002, directs the state to promote recreational water safety, but there is no funding appropriated to support this requirement even as participation in recreational water activities has steadily increased statewide. Nationally and in Texas, participation and fatality rates of non-motorized paddlecraft users have continued to increase. TPWD reports that increased funding for boater education programs is needed to respond appropriately.

BOATER EDUCATION FEES

The Texas Parks and Wildlife Code, Section 31.108, requires TPWD to administer a boater education program and to approve boater education courses that meet or exceed the minimum instruction requirement. Section 31.109 requires certain boat operators to complete a boater education course. TPWD is required to charge $5 for completion of the course, and it collected $33,790 in fiscal year 2019 for courses it offered directly.

Section 31.108 also authorizes an approved agent to offer boater education courses, and requires that $10 of the amount charged for the course be remitted to TPWD. Until November 2019, when the Parks and Wildlife Commission voted to change the rules, all vendors of online boater courses were exempted from having to remit the $10 fee to the state because TPWD sought to increase the number of online providers and allow more people to be trained in boater education. The rule change, effective January 1, 2020, requires these vendors to remit the $10 fee to the state, and TPWD estimates that it will collect $255,000 in fiscal year 2021 from this fee.

As this program continues to grow along with the number of boaters in Texas, funding resources may be inadequate. A statutory change to direct boater education revenues to Account No. 9 could enable the agency to use these funds for the program.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Outreach and Education program could result in an increase in boating-related and hunting-related accidents resulting in damage to property and loss of life. Data on Texas hunter education and hunting accidents spanning decades show a correlation between increasing numbers of hunter education certifications and decreasing rates of hunting accidents and deaths.

Discontinuation also would result in declines in revenue generated by participant fees, license, and permit sales; loss of the ability to provide state matching dollars for federal funding; and declines in the positive economic impact TPWD activities bring to local economies.

PROVIDE COMMUNICATION PRODUCTS AND SERVICES

The Texas Parks and Wildlife Code, Sections 11.0181, 11.033, and 11.035; Section 12.006; and Section 13.017; the U.S. Code, Title 16, Sections 669 to 669i and Section 777.7775

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

The Provide 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, the *Under the Sky* podcast, video news reports, news releases, marketing, website development, social media, and creative and interactive services.

The program serves the general population, including hunters; anglers; boaters; private landowners; visitors to state parks, state historic sites, and state natural areas; nature tourists; and other outdoor enthusiasts. According to the agency, the program recruits outdoor users of all ages, ethnicities, and abilities who can benefit physically, mentally, and emotionally from spending time in nature. The program also serves the agency's mission by increasing hunting and fishing license sales, state park entry fees, and other revenue-generating efforts.

Since the program began in 1942, the agency has added new sections with specialized communication expertise in areas such as website development, mobile applications, marketing, and social media.

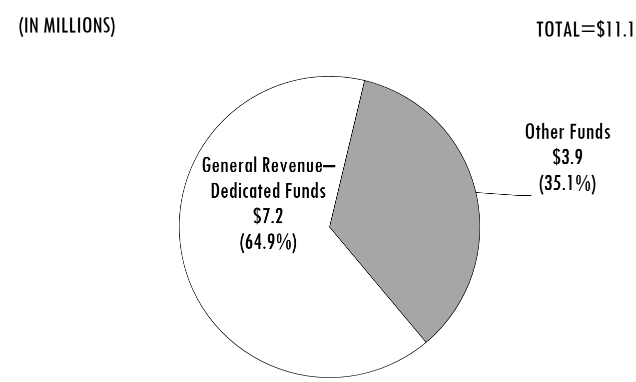
The program tracks website traffic statistics, including the number of visitors, user origin, and referral sources. Analytics are used to identify key indicators, including engagement, user preference, campaign effectiveness, and usability. As of April 2020, the program measures e-commerce for park and license sales resulting from online advertising, email marketing, and social media posts. The program also uses tracking systems and database analysis to measure effectiveness, including mobile application downloads and sales conversion; social media reach and engagement and traffic to webpages, and revenue to transactional webpages; number of television viewers and podcast downloads; number of magazine subscribers and revenue generated by subscription and advertising sales; net revenue and return on investment from marketing campaigns for Big Time Texas Hunts and conservation license plates; and participation in the Great Texas Birding Classic and funds raised by the program's sponsorship agreements.

The agency reports that new approaches are required to serve traditional customers and reach new audiences. For example, to improve business modernization and customer engagement, a single platform or technology to connect the disparate customer databases and provide advanced email and text communication would enable the agency to deploy strategic communications that engage and activate current and potential customers in a more cost-effective manner.

Texas' continued population growth, demographic shifts, and urbanization have challenged TPWD's ability to inform and engage the public about outdoor recreational activities, especially those related to hunting and fishing. Although the agency is challenged with stabilizing the decrease of traditional users such as hunters and anglers, TPWD reports also having opportunities to more effectively recruit, retain, and engage diverse outdoor enthusiasts while preserving the critical revenue sources that make outdoor opportunities and stewardship of natural and cultural resources possible.

Figure 345 shows the Provide Communication Products and Services program funding sources for the 2020–21 biennium.

FIGURE 345
PROVIDE COMMUNICATION PRODUCTS AND SERVICES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 346 shows funding for the Provide Communication Products and Services program from the 2014–15 to the 2020–21 biennia.

FIGURE 346
PROVIDE COMMUNICATION PRODUCTS AND SERVICES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.02	$0.0	$0.0	$0.0	(100.0%)
General Revenue–Dedicated Funds	$6.5	$6.5	$6.4	$7.2	10.0%
Federal Funds	$0.8	$0.4	$0.4	$0.0	(100.0%)
Other Funds	$4.6	$4.7	$4.7	$3.9	(14.6%)
Total, All Methods of Finance	**$11.9**	**$11.5**	**$11.5**	**$11.1**	**(7.2%)**

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

Figure 347 shows Provide Communication Products and Services program performance measures for fiscal years 2019 to 2021.

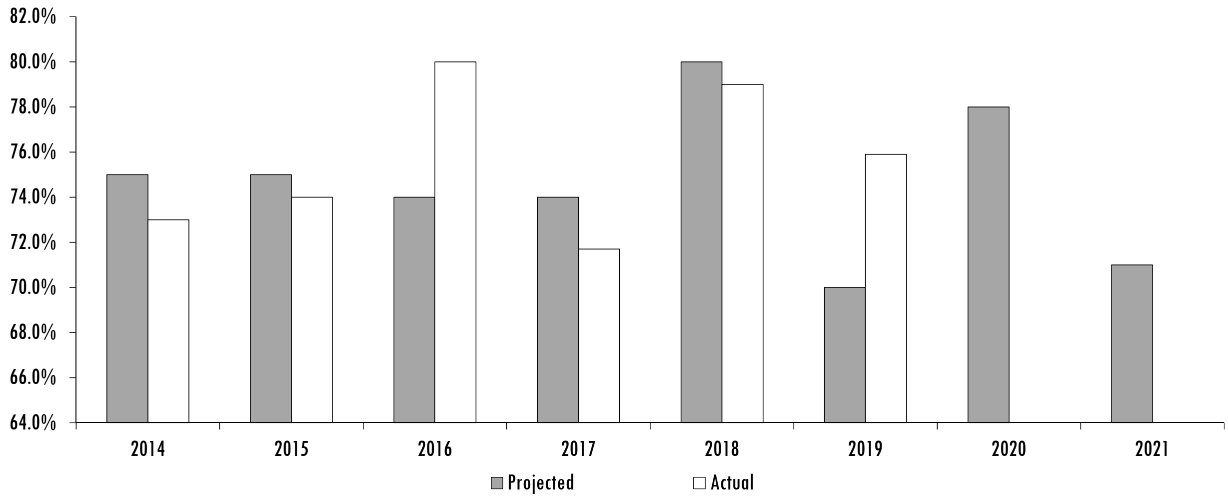
FIGURE 347
PROVIDE COMMUNICATION PRODUCTS AND SERVICES PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Students Trained in Hunter Education	591,546	1,065,519	180.12%	1,011,560/1,112,719

SOURCE: Texas Parks and Wildlife Department.

Figure 348 shows the projected and actual percentage of magazine expenditures recovered from revenue from fiscal years 2014 to 2021.

FIGURE 348
TEXAS PARKS AND WILDLIFE DEPARTMENT PERCENTAGE OF MAGAZINE EXPENDITURES RECOVERED FROM REVENUE
FISCAL YEARS 2014 TO 2021



SOURCE: Texas Parks and Wildlife Department.

LICENSE PLATE REVENUE

Through the Provide Communication Products and Services program, TPWD offers Texans the opportunity to purchase conservation license plates for a fee of $30, of which the agency keeps $22. The 2020–21 GAA, Article VI, TPWD, Rider 33, Appropriation: License Plates, includes 15 available license plate designs. For the 2020–21 biennium, TWPD is appropriated $1.8 million from the License Plate Trust Fund, of which $0.1 million is appropriated to the Provide Communication Products and Services program.

The Texas Transportation Code, Section 504.851, authorizes TxDOT to contract with a private vendor for the sale of personalized license plates, and it prohibits any other entity from offering specialized license plates with a background color other than white. TPWD reports that amending statute to allow it to offer license plates with colored backgrounds could generate increased revenues from the sale of license plates for the program.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Provide Communication Products and Services program could reduce Texans' engagement in nature-based outdoor recreation and natural resources conservation, potentially reducing state economic benefits from nature-based tourism and eroding agency funding sources and state taxes. Without this program's outreach, Texans would be less informed and engaged in natural resource stewardship and healthy outdoor recreation.

INFORMATION TECHNOLOGY, ACCOUNTING CONTROL, AND AGENCY SERVICES

The Texas Parks and Wildlife Code; the Texas Government Code, Chapters 403, 404, 660, 2052, 2056, 2101 to 2116, 2151 to 2176, 2201 to 2206, 2251 to 2272; Sections 441.183, 441.184, 447.002, 447.009; Sections 2052.103, 2054.071, 2171.101, 2171.104, 2171.1045, 2175.908, and 2262.055; the Texas Labor Code, Section 412.051; the Texas Tax Code, Chapter 160; U.S. Code, Title 7, Section 2131; U.S. Code, Title 16 USC, Sections 1531 and 3501; U.S. Code, Title 29, Sections 651 and 701; U.S. Code, Title 33, Sections 403 and 1251; U.S. Code, Title 42, Sections 4151, 4321, 4331 to 4335, and 12101; U.S. Code, Title 54, Section 300101; U.S. Executive Order 11988 – Floodplain Management, 1977; U.S. Executive Order 11990 – Protection of Wetlands, 1977; U.S. Executive Order 13112 – Invasive Species, 1999; federal Civil Rights Act of 1964

Mission Centrality – Moderate; Authority – Moderate

PROGRAM DESCRIPTION

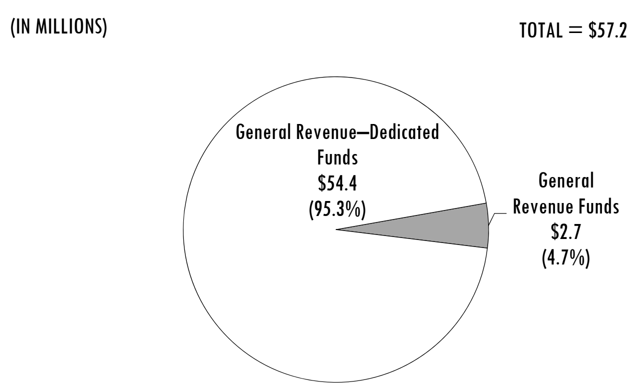
The Information Technology (IT), Accounting Control, and Agency Services program provides the agency's primary administration and management. The executive office coordinates activities related to the Parks and Wildlife Commission and outside entities, such as the Legislature and the Texas Parks and 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 (HUB) program, headquarters complex facility management, risk management, and agency-wide records management.

The program began in 1963 when the State Park Board and the Game and Fish Commission were merged to form TPWD. Specific support areas (IT, Legal, HUB, Records Management, etc.) were established at various dates thereafter. As support functions, the various divisions and activities within this program directly support all TPWD staff and divisions, and indirectly serve all individuals that use or otherwise benefit from TPWD programs.

Support functions subsequently have evolved to meet changing funding constraints, legislative/other requirements, and technological advances. With the agency's transition to the statewide Centralized Accounting and Payroll/Personnel System (CAPPS), the Human Resources Division's functions have expanded to include payroll. In addition, the implementation of the CAPPS-Financials module in fiscal year 2021 will result in changes to financial processes agencywide, with particular implications for organization, staffing, and operations in the Financial Resources (FR) Division. As a result, some functional areas within FR and other divisions may merge, expand, or develop new responsibilities to accommodate the use of the new system.

Figure 349 shows IT, Accounting Control, and Agency Services program funding sources for the 2020–21 biennium.

FIGURE 349
INFORMATION TECHNOLOGY, ACCOUNTING CONTROL, AND AGENCY SERVICES PROGRAM FUNDING SOURCES 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 350 shows funding for the IT, Accounting Control, and Agency Services program from the 2014–15 to the 2020–21 biennia.

FIGURE 350
INFORMATION TECHNOLOGY, ACCOUNTING CONTROL, AND AGENCY SERVICES PROGRAM HISTORICAL FUNDING 2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$5.6	$0.4	$0.8	$2.7	(52.5%)
General Revenue–Dedicated Funds	$41.5	$51.0	$48.8	$54.5	31.5%
Federal Funds	$0.6	$0.3	$0.1	$0.0	(100.0%)
Other Funds	$0.0	$0.2	$0.1	$0.0	(100.0%)
Total, All Methods of Finance	**$47.8**	**$51.8**	**$49.7**	**$57.2**	**19.8%**

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

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the IT, Accounting Control, and Agency Services program would result in decreased efficiency and increased costs agency-wide, reduced oversight and standardization, increased risk of noncompliance with various state and federal requirements, and greater exposure to audit and legal issues and cybersecurity threats.

APPENDIX TPWD–A – GENERAL REVENUE–DEDICATED ACCOUNT NO. 9 SUBACCOUNT DETAILS

The Texas Parks and Wildlife Department (TPWD) maintains subaccounts for all revenues deposited into the General Revenue–Dedicated Account No. 9, Game, Fish, and Water Safety (Account No. 9), to ensure expenditures are made from allowable sources and to comply with laws and conditions established in the Code of Federal Regulations (CFR), Title 50, Part 80. **Appendix TPWD–A** shows these subaccounts, their allowable uses, and the 2020–21 biennial appropriated amounts.

FIGURE TPWD–A–1
GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY, SUBACCOUNT DETAILS
FISCAL YEAR 2020

SUBACCOUNT	STATUTORY REFERENCE	REVENUE SOURCES	ALLOWABLE USES	PROGRAMS FUNDED BY REVENUE SOURCE
Unrestricted General Account No. 9 Related Subaccount Nos. 0009, 0090, 0911, 0912, 0913, 0915, 0930, 0950, 0990, 0991, 0992, 0993, 0994, 0999, 8009, 9000, 9001	Various	Hunting and Fishing Licenses (recreational and commercial), boat titling and registration fees, and any revenue to the account not statutorily dedicated to another purpose.	Enforcement of game, fish, and water safety laws; wildlife and fisheries management; research; construction of boat ramps; other uses authorized by statute. Federal requirements (50 CFR, Part 80) prohibit the use of hunting and fishing license and related fees for purposes other than administration of the state's fish and wildlife agency.	Capital Construction Project and Delivery; Coastal Fisheries Resource Management; Coastal Fisheries Science and Policy Resources; Coastal Hatcheries Operations; Enforcement Programs; Freshwater Fisheries Conservation; Game Warden Training; Hunting and Wildlife Recreation; Inland Habitat Conservation; Inland Hatcheries Operations; Information Technology, Accounting Control, and Agency Services; Land Conservation; License and Boat Revenue; Law Enforcement Support; Outreach and Education; Provide Communications Products and Services; Recreation Grants Assistance; Technical Guidance; Wildlife Conservation
Subaccount No. 0910, Big Time Texas Hunts	The Texas Parks and Wildlife Code, §11.0271	Entry fees for specialty hunt packages.	Management and restoration of specific wildlife programs that offer special hunt events.	Hunting and Wildlife Recreation, Wildlife Conservation

Subaccount No. 0917, Freshwater Fish Stamp	The Texas Parks and Wildlife Code, §43.805	$5 fee for each stamp for recreational freshwater fishing.	Maintenance, repair, renovation, or construction of freshwater fish hatcheries; facilities supporting the management of and research related to freshwater fisheries; purchase of game fish that are stocked into the public water of this state; restoration, enhancement, or management of freshwater fish habitats; development of shoreline-based projects allowing freshwater angler access; and administration and operation of freshwater fish hatcheries in an amount not to exceed 20.0% of the average annual net receipts in a state fiscal biennium.	Capital Construction Project and Delivery; Inland Hatcheries Operations
Subaccount No. 0918, Saltwater Sportfishing Stamp	The Texas Parks and Wildlife Code, §43.405	$10 fee for each stamp for recreational saltwater fishing.	Coastal fisheries enforcement and management.	Coastal Fisheries Resource Management; Coastal Fisheries Science and Policy Resources; Coastal Hatcheries Operations
Subaccount No. 0920, Migratory Game Bird Stamp	The Texas Parks and Wildlife Code, §43.655	$7 fee for each stamp to take waterfowl, coot, rail, gallinule, snipe, dove, sandhill crane, and woodcock.	Management and research of migratory game bird species and acquisition, lease, and development of relevant habitats.	Hunting and Wildlife Recreation; Wildlife Conservation
Subaccount No. 0921, Upland Game Bird Stamp	The Texas Parks and Wildlife Code, §43.657	$7 fee for each stamp to take turkey, pheasant, quail, or chachalaca.	Management and research of upland game bird species and acquisition, lease, and development of relevant habitats.	Wildlife Conservation
Subaccount No. 0926, Oyster Shell Recovery and Replacement	The Texas Parks and Wildlife Code, §§76.021 and 76.0205		May be used only for the recovery and enhancement of public oyster reefs.	Coastal Fisheries Resource Management

Subaccount No. 0927, Oyster License Buy Back	The Texas Parks and Wildlife Code, §76.405(d)		May be used only to buy back commercial oyster boat licenses from willing license holders.	Coastal Fisheries Resource Management
Subaccount No. 0928, Commercial License Buy Back	The Texas Parks and Wildlife Code, §47.041		May be used only to buy back a commercial license from a willing license holder.	Coastal Fisheries Resource Management
Subtotal, Other Account No. 9 Restricted (Subaccount Nos. 0923, 0924, 0926, 0927, 0928)	Various	Other subaccounts include the transfer to the Department of Agriculture for shrimp marketing; sale of sand, shell, and gravel for fish hatcheries; oyster shell recovery and replacement; oyster license buy back; general commercial license buy back.	Restricted to the specific purpose for each of the specified subaccounts.	
Appropriated Receipts/ Donations Fund (Subaccount Nos. 0092, 0932, and 0952)	The Texas Parks and Wildlife Code, §§11.026 and 12.018; the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article IX, provisions authorizing additional appropriation authority for specific revenues	Gifts, donations, and reimbursements for various projects.	Included in recommendations as Appropriated Receipts. Restricted to uses specified by donor or in agreement with reimbursing entity.	Capital Construction Project and Delivery; Coastal Hatcheries Operations; Game Warden Training; Inland Hatcheries Operations; License and Boat Revenue; Provide Communications Products and Services; Wildlife Conservation
Unrestricted General Account No. 9 Related Subaccount Nos. 0009, 0090, 0911, 0912, 0913, 0915, 0930, 0950, 0990, 0991, 0992, 0993, 0994, 0999, 8009, 9000, 9001		Other amounts restricted by contractual agreements.	Receipts to Account No. 9 but appropriated as Appropriated Receipts or Interagency Contracts. Uses as specified by contract/agreement.	Enforcement Programs

SOURCE: Texas Parks and Wildlife Department, July 2020.

APPENDIX TPWD–B – GENERAL REVENUE–DEDICATED ACCOUNT NO. 9 SUBACCOUNT REVENUES

The Texas Parks and Wildlife Department (TPWD) maintains subaccounts for all revenues deposited into General Revenue–Dedicated Account No. 9, Game, Fish, and Water Safety (Account No. 9), to ensure expenditures are made from allowable sources and to comply with laws and conditions established in the Code of Federal Regulations (CFR), Title 50, Part 80. In addition, the agency reports in its Strategic Fiscal Review submissions for the 2020–21 biennium that it anticipates using these revenues to fund 20 programs shown in **Appendix TPWD–B**.

FIGURE TPWD–B–1
GENERAL REVENUE–DEDICATED ACCOUNT NO. 9, GAME, FISH, AND WATER SAFETY, SUBACCOUNT REVENUES
FISCAL YEARS 2019 TO 2021

SUBACCOUNT	STATUTORY REFERENCE	ESTIMATED 2019 ENDING BALANCE	REVENUE ESTIMATE 2020–21 BIENNIUM	RECOMMENDED 2020–21 BIENNIUM	ESTIMATED BENEFIT AND OTHER COSTS	ESTIMATED 2021 ENDING BALANCE
Unrestricted General Account No. 9 Related Subaccount Nos.: 0009, 0090, 0911, 0912, 0913, 0915, 0930, 0950, 0990, 0991, 0992, 0993, 0994, 0999, 8009, 9000, 9001	Various	$28,768,860	$240,072,843	($185,236,787)	($48,284,355)	$35,320,561
Subaccount No. 0910, Big Time Texas Hunts	The Texas Parks and Wildlife Code, §11.0271	$1,449,558	$2,358,970	($1,917,250)	($17,500)	$1,873,778
Subaccount No. 0917, Freshwater Fish Stamp	The Texas Parks and Wildlife Code, §43.805	$27,494,481	$13,245,774	($6,500,000)	($501,584)	$33,738,671
Subaccount No. 0918, Saltwater Sportfishing Stamp	The Texas Parks and Wildlife Code, §43.405	$6,067,639	$18,563,934	($14,332,837)	($3,114,836)	$7,183,900
Subaccount No. 0920, Migratory Game Bird Stamp	The Texas Parks and Wildlife Code, §43.655	$15,851,378	$7,108,844	($8,624,792)	($947,026)	$13,388,404
Subaccount No. 0921, Upland Game Bird Stamp	The Texas Parks and Wildlife Code, §43.657	$254,090	$3,572,512	($2,609,160)	($388,034)	$829,408
Subaccount No. 0923, Shrimp Marketing	The Texas Parks and Wildlife Code, §77.002	$106,447	$321,105	-	($321,105)	$106,447

Subaccount No. 0924, Sand, Shell, and Gravel for Fish Hatcheries	The Texas Parks and Wildlife Code, §86.017	$2,125,657	$97,560	-	-	$2,223,217
Subaccount No. 0926, Oyster Shell Recovery and Replacement	The Texas Parks and Wildlife Code, §§76.021 and 76.0205	$422,187	$1,055,781	($1,259,884)	-	$218,084
Subaccount No. 0098, Crab License Buy Back	The Texas Parks and Wildlife Code, §78.111(d); Commission Action, April 1998	-	-	-	-	-
Subaccount No. 0099, Finfish License Buy Back	The Texas Parks and Wildlife Code, §47.081(d); Commission Action, April 2000	-	-	-	-	-
Subaccount No. 0927, Oyster License Buy Back	The Texas Parks and Wildlife Code, §76.405(d)	$83,581	$134,881	($179,409)	-	$39,053
Subaccount No. 0928, Commercial License Buy Back	The Texas Parks and Wildlife Code, §47.041	$1,794,906	$311,434	($841,051)	-	$1,265,289
Subtotal, Other Account No. 9 Restricted: Subaccount Nos. 0923, 0924, 0926, 0927, 0928	**Various**	**$4,532,778**	**$1,920,761**	**($2,280,344)**	**($321,105)**	**$3,852,090**
Appropriated Receipts/ Donations Fund (Subaccount Nos. 0092, 0932, and 0952)	The Texas Parks and Wildlife Code, §§11.026 and 12.018; the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article IX, provisions authorizing additional appropriation authority for specific revenues	$1,060,411	$16,200,242	($12,763,692)	($261,612)	$4,235,349

Other Restricted: Interagency Contract, Insurance and Damages, etc., in Subaccount Nos. 0096, 0919, 0925, 0934, 0954	($749,608)	$1,586,368	($699,938)	($157,646)	($20,824)
Total, Account No. 9, Game, Fish, and Water Safety	**$84,729,587**	**$304,630,248**	**($234,964,800)**	**(S53,993,698)**	**$100,401,337**

SOURCE: Texas Parks and Wildlife Department, July 2020.

APPENDIX TPWD–C – PUBLIC DRAWN HUNTS AND AVAILABLE PERMITS

TYPE OF DRAWN HUNT	AVAILABLE PERMITS IN FISCAL YEAR 2019	APPLICATIONS PER AVAILABLE PERMIT IN FISCAL YEAR 2019
Guided Bighorn Sheep Hunt Package	1	4,574
Alligator	160	17
Alligator Management	10	44
Archery Deer	304	22
Archery Exotic	7	388
Archery Mule Deer	47	67
E-Postcard Archery Deer	276	6
E-Postcard Feral Hog	141	7
E-Postcard Feral Hog/Predator	16	23
E-Postcard Multi-species	22	49
E-Postcard Quail	40	17
E-Postcard Squirrel	111	3
E-Postcard Waterfowl	600	4
E-Postcard Youth Archery Deer	10	6
E-Postcard Youth Deer	32	7
E-Postcard Youth Deer Antlerless/Spike	8	16
E-Postcard Youth/Adult Feral Hog	45	3
Exotic	117	112
Feral Hog	103	18
Guided Gemsbok Hunt Package	2	2,360

Guided Scimitar-horned Oryx Hunt Package	2	2,245
Gun Deer – Antlerless/Spike	566	21
Gun Deer – Either Sex	496	47
Gun Deer – Management	190	27
Gun Mule Deer	43	399
Javelina	144	13
Private Lands – Antlerless/Spike	98	15
Private Lands – Either Sex	41	73
Private Lands – Pronghorn	5	898
Pronghorn	12	313
Spring Turkey	76	44
Youth Only Alligator	35	26
Youth Only Feral Hog	108	8
Youth Only Gun Deer – Antlerless/Spike	786	4
Youth Only Gun Deer – Either Sex	1,138	5
Youth Only Gun Deer – Management	95	30
Youth Only Javelina	113	7
Youth Only Spring Turkey	33	30

SOURCE: Texas Parks and Wildlife Department, July 2020.

APPENDIX TPWD–D – NONCOMMERCIAL HUNTING AND FISHING LICENSES, PERMITS, AND STAMPS

LICENSE, PERMIT, OR STAMP	RATE STRUCTURE	THE TEXAS PARKS AND WILDLIFE CODE STATUTORY AUTHORITY
Resident Hunting	Statutorily established at $8 or amount set by the Texas Parks and Wildlife Commission, whichever is more	§42.012
General Nonresident Hunting	Statutorily established at $100.75 or amount set by Commission, whichever is more	§42.0141
Nonresident Special Hunting	Statutorily established at $37.75 or amount set by Commission, whichever is more	§42.014
Super Combination Package	Statutorily established at $12 or amount set by Commission, whichever is more	Chapter 50
Senior Super Combination Hunting and Fishing	Statutorily established at $12 or amount set by Commission, whichever is more	Chapter 50
Nonresident Spring Turkey Hunting	Statutorily established at $75 or amount set by Commission, whichever is more	§42.0144
Archery Hunting Stamp	Statutorily established at $6, or amount set by Commission, whichever is more	§§43.201–203
Saltwater Sportfishing Stamp	Statutorily established at $5 or amount set by Commission, whichever is more	§43.403
Saltwater Trotline Tag	Statutorily established at $2 or amount set by Commission, whichever is more	§66.206
Lifetime Combination License Purchase	Statutorily established at $500, or amount set by Commission, whichever is more	§§50.001–50.002
Lifetime Hunting License Purchase	Statutorily established at $300, or amount set by Commission, whichever is more	§42.0121
Lifetime Fishing License Purchase	Statutorily established at $300, or amount set by Commission, whichever is more	§46.004(d)
Depredation Permit	Statutorily established at $50 or amount set by Commission, whichever is more	§43.153

Resident Freshwater Fishing Package	Freshwater (FW) Stamp $5; license $8 or amount set by Commission, whichever is more	§§46.004 and 43.804
Resident Saltwater Fishing Package	Saltwater (SW) Stamp $5 or amount set by Commission, license $8 or amount set by Commission, whichever is more	§§46.004 and 43.403
Resident All Water Fishing Package	FW Stamp $5; SW Stamp $5 or amount set by Commission; license $8 or amount set by Commission, whichever is more	§§46.004, 43.804, and 43.403
Resident Year-From-Purchase All Water Package	FW Stamp $5; SW Stamp $5 or amount set by Commission; license $8 or amount set by Commission, whichever is more	§§46.004, 43.403, 43.804, and 46.007
Nonresident Freshwater Fishing Package	FW Stamp $5; license $15 or amount set by Commission, whichever is more	§§46.004 and 43.804
Nonresident Saltwater Fishing Package	SW Stamp $5 or amount set by Commission, license $15 or amount set by Commission, whichever is more	§§46.004 and 43.403
Nonresident All Water Fishing Package	FW Stamp $5; SW Stamp $5 or amount set by Commission; license $15 or amount set by Commission, whichever is more	§§46.004, 43.804, and 43.403
Senior Resident Hunting	Statute provides that Commission may set a lower fee or waive for those age 65 and older	§42.012
Youth Hunting	Commission may set lower fees or waive for those younger than age 17	§42.012
Special Resident All Water Fishing License	Commission may set lower or waive fee for certain residents	§§46.004, 43.804, and 43.403
Disabled Veteran Hunting And Fishing License	Commission shall waive hunting fee for qualified disabled veterans	§42.012
Resident Military Super Combination	Commission shall waive hunting fee for active military	§42.012
Resident Active Military All-Water Fishing Package	Commission shall waive hunting fee for active military	§42.012
Resident Active Military Hunting Package	Commission shall waive hunting fee for active military	§42.012

Nonresident Five-day Special Hunting	Fee set by Commission, not to exceed 50% of fee for nonresident special hunting license	§42.0143
Lifetime Combination License Drawing	Commission may set fee not to exceed $25	§§11.0271 and 11.0272
Hunter Education	Commission may charge fee not to exceed $15	§62.014
Nonresident Banded Bird Hunting	Commission may set fees	§42.0142
Wild Caught Alligator Hide Tags	Commission may set fees	§§65.003 and 65.006
Alligator Management Tag	Commission may set fees	§§65.003 and 65.006
Farm Raised Alligator Hide Tag	Commission may set fees	§§65.003 and 65.006
Resident One Day All Water Fishing License	Commission may set fees	§46.005
Nonresident One Day All Water Fishing License	Commission may set fees	§46.0051
Exempt Angler Tag	Commission may set fees	§46.004
Resident Combination Hunting and Freshwater Fish Package	Commission may set fees	§50.001
Resident Combination Hunting and Saltwater Fish Package	Commission may set fees	§50.001
Resident Combination Hunting and All Water Fish Package	Commission may set fees	§50.001
Resident Combination Senior Hunting and Freshwater Fish	Commission may set fees	§50.001
Resident Combination Senior Hunting and Saltwater Fish	Commission may set fees	§50.001
Resident Combination Senior Hunting and All Water Fish	Commission may set fees	§50.001
Bonus Red Drum Tag	Commission may set fees	§46.005
Lifetime Hunting to Combination Upgrade	Commission may set fees	§50.001
Lifetime Fishing to Combination Upgrade	Commission may set fees	§50.001

Double-Crested Cormorant Control	Commission may set fees	§67.0041
Nonresident Raptor Trapping Permit	Commission may set fees	§49.014
Nonresident Peregrine Raptor Trapping Permit	Commission may set fees	§49.014
Falconry (Apprentice)	Commission may set fees	§49.014
Falconry (General)	Commission may set fees	§49.014
Falconry (Master)	Commission may set fees	§49.014
Alligator Nest Stamp	Commission may set fees	§§65.006 and 65.003
Deferred Hunter Education Option	Commission may set fees	§62.014
Senior Resident Freshwater Fishing Package	FW stamp $5, license set by Commission	§§46.004 and 43.804
Senior Resident Saltwater Fishing Package	SW stamp $5 or amount set by Commission, license set by Commission	§§46.004 and 43.403
Senior Resident All Water Fishing Package	FW Stamp $5; SW Stamp $5 or amount set by Commission; license set by Commission	§§46.004, 43.804, and 43.403
Federal Duck Stamp	Applicable federal fees plus additional administrative fee as set by Commission	N/A
Upland Game Bird Stamp	Set in statute at $7	§43.654
Migratory Game Bird Stamp	Set in statute at $7	§43.654
Reptile and Amphibian Stamp	Set in statute at $10	§43.902
Freshwater Fishing Stamp	Set in statute at $5	§43.804

SOURCE: Texas Parks and Wildlife Department, July 2020.

TEXAS DEPARTMENT OF LICENSING AND REGULATION

The Texas Occupations Code, Chapter 51

AGENCY DESCRIPTION

The Texas Department of Licensing and Regulation (TDLR) is the primary state agency responsible for the oversight of businesses, industries, general trades, and occupations that are regulated by the state. **Figure 351** shows the occupations, businesses, facilities, and equipment that TDLR regulates as of fiscal year 2021.

FIGURE 351
LICENSURE PROGRAMS REGULATED BY TEXAS DEPARTMENT OF LICENSING AND REGULATION
2020–21 BIENNIUM

Air Conditioning and Refrigeration	Midwives
Athletic Trainers	Mold Assessors and Remediators
Auctioneers	Motor Fuel Metering and Quality (1)
Barbering	Motorcycle and All-Terrain Vehicle Operator Safety (2)
Behavior Analysts	Offender Education Programs
Boiler Safety	Orthotists and Prosthetists
Code Enforcement Officers	Podiatric Medicine
Combative Sports	Polygraph Examiners
Cosmetology	Professional Employer Organizations
Dietitians	Property Tax Consultants
Driver Education and Safety	Property Tax Professionals
Dyslexia Therapy	Sanitarians
Electricians	Service Contract Providers
Elevator, Escalator, and Related Equipment	Speech-language Pathologists and Audiologists
Elimination of Architectural Barriers	Tow Trucks and Operators
Hearing Instrument Fitters and Dispensers	Transportation Network Companies
Industrialized Housing and Buildings	Used Automotive Parts Recyclers
Laser Hair Removal	Vehicle Storage Facilities
Licensed Breeders	Water Well Drillers and Pump Installers
Massage Therapy	Weather Modification

NOTES:
(1) Program transferred from the Texas Department of Public Safety, effective September 1, 2020. As of June 2020, TDLR has begun the Administrative Rulemaking process for the program.
(2) Program transferred from the Texas Department of Agriculture as of September 1, 2019.
SOURCE: Texas Department of Licensing and Regulation.

The Legislature established TDLR's predecessor, the Texas Bureau of Labor Statistics, in 1909 to collect and report statistical information to the Governor regarding labor and industry within the state. The Legislature gradually added powers of administration and enforcement of certain labor laws until a 1989 Sunset Advisory Commission review of the Texas Bureau of Labor Statistics led to the establishment of TDLR as an oversight agency for occupational licensing and regulatory programs. TDLR's mission is to provide "innovative regulatory solutions for our licensees and those they serve." The Texas Occupations Code, Chapter 51, authorizes the agency.

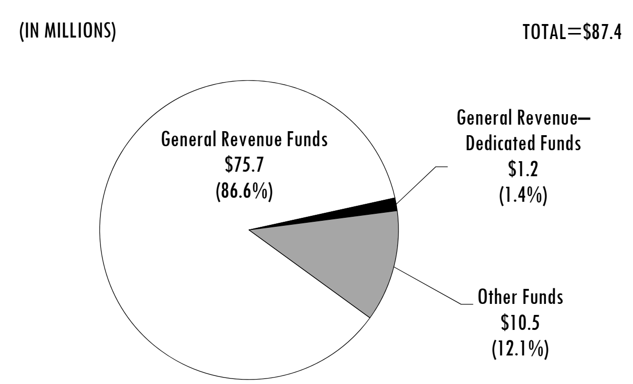
The Texas Commission of Licensing and Regulation governs TDLR. The commission consists of seven members appointed by the Governor with the advice and consent of the Senate. The commission serves as TDLR's policy-making body. Commissioners are statutorily prohibited from engaging in any of the businesses or trades regulated by TDLR. The commission and TDLR rely on input about the regulated programs from 31 advisory boards. The commission appoints these advisory boards' members, who include licensees, representatives from regulated businesses and industries, public representatives, and other professionals. The commission and the advisory boards regularly hold public meetings and publish meeting information on the agency's website.

The agency is organized into functionally aligned divisions, or programs, rather than regulating each license by type. The nine programs analyzed for this Strategic Fiscal Review (SFR) reconcile with the agency's State Budget by Program. The agency has strong authority and mission centrality for six of the programs reviewed. The remaining programs have strong authority and moderate mission centrality. The mission centrality and authority of the Indirect Administration program were not examined for this review.

The SFR process analyzed agency funding and performance from fiscal years 2014 to 2021. During fiscal year 2014, TDLR regulated 25 licensing programs with approximately 630,000 licensees. Since then, each Legislature has changed the programs that TDLR regulates through deregulation, transfers from other agencies, or the establishment of new regulatory programs. These statutory changes have resulted in corresponding changes to the agency's appropriations. The Eighty-sixth Legislature, 2019, transferred two programs to TDLR from other state agencies. With these additions, TDLR will regulate 40 licensure programs, made up of 238 different license types, with an estimated 1.2 million licensees by the end of fiscal year 2021.

TDLR is funded primarily through appropriations of General Revenue Funds. **Figure 352** shows the agency's funding by method of finance for the 2020–21 biennium. The agency was appropriated $87.4 million in All Funds for the biennium.

FIGURE 352
TEXAS DEPARTMENT OF LICENSING AND REGULATION FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 353 shows the agency funding by method of finance and a comparison from the 2018–19 to the 2020–21 biennia. TDLR historically has been appropriated General Revenue–Dedicated Funds from accounts used for restitution in the barbering, cosmetology, and auctioneers licensure programs only. Beginning in fiscal year 2021, when the Motorcycle and All-Terrain Vehicle Operator Safety program transfers to TDLR, the agency was appropriated General Revenue–Dedicated Funds from Account No. 501, Motorcycle Education (Account No. 501), to administer the program. The agency's appropriations increased by $15.4 million in All Funds from the 2018–19 to the 2020–21 biennia; $12.3 million of that increase is attributable to the transfer of two regulatory programs from other state agencies to TDLR for the 2020–21 biennium.

FIGURE 353
TEXAS DEPARTMENT OF LICENSING AND REGULATION FUNDING BY METHOD OF FINANCE
2018–19 TO 2020–21 BIENNIA

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$60.1	$75.7	$15.6	26.0%
General Revenue–Dedicated Funds	$0.1	$1.2	$1.1	1,948.4%
Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$11.9	$10.5	($1.4)	(11.7%)
Total, All Methods of Finance	**$72.1**	**$87.4**	**$15.4**	**21.3%**

NOTE: The Eighty-sixth Legislature, 2019, transferred two regulatory programs to the agency, resulting in an increase of $12.3 million in All Funds for the 2020–21 biennium.
SOURCE: Texas Department of Licensing and Regulation.

The Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VIII, Section 2, Appropriations Limited to Revenue Collections, requires TDLR to generate sufficient fees, fines, and miscellaneous revenues from the industries it regulates to cover the agency's appropriations and other direct and indirect costs. If revenue collections and fund balances are insufficient to offset the appropriations, the Legislative Budget Board (LBB) and the Office of the Governor may direct the Comptroller of Public Accounts to decrease the amount that the agency is authorized to spend to correspond to expected fee revenue. TDLR estimates generating $111.6 million in revenue from fees, taxes, and administrative penalties for the 2020–21 biennium, $24.0 million more than the All Funds appropriations to the agency for the biennium. The excess revenue collections are deposited to General Revenue Funds.

Figure 354 shows an overview comparing program funding from the 2018–19 to the 2020–21 biennia. The program with the largest funding increase during that period was Conduct Inspections. The only program with a decrease in funding during that period was License, Register, and Certify. **Figure 355** shows revenue collections by program for fiscal years 2017 through 2021. The agency estimates some decreases in revenue collections across programs for fiscal years 2020 and 2021. See **Appendix TDLR–A** for Revenue Objects collected by program.

FIGURE 354
TEXAS DEPARTMENT OF LICENSING AND REGULATION PROGRAM FUNDING OVERVIEW
2018–19 TO 2020–21 BIENNIA

		(IN MILLIONS)			
RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21 (1)	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	License, Register, and Certify	$11.5	$10.3	($1.1)	(9.9%)
2	Examinations/Continuing Education	$2.9	$4.2	$1.2	41.0%
3	License Business and Facilities	$2.5	$3.0	$0.6	23.0%
4	Building Plan Reviews	$2.5	$2.8	$0.2	9.6%
5	Conduct Inspections	$16.6	$23.7	$7.1	42.4%
6	Customer Service	$5.1	$5.6	$0.5	10.1%
7	Investigation	$6.3	$6.8	$0.4	6.6%
8	Resolve Complaints	$7.9	$8.8	$0.9	11.6%
	Indirect Administration (2)	$16.7	$22.2	$5.6	33.3%

NOTES:
(1) The Eighty-sixth Legislature, 2019, transferred two regulatory programs to the agency, resulting in an increase of $12.3 million in All Funds for the 2020–21 biennium.
(2) The Strategic Fiscal Review does not include Indirect Administration in the program rankings.
SOURCE: Texas Department of Licensing and Regulation.

FIGURE 355
TEXAS DEPARTMENT OF LICENSING AND REGULATION REVENUE COLLECTIONS BY PROGRAM
FISCAL YEARS 2017 TO 2021

PROGRAM	2017	2018	2019	2020	2021
License, Register, and Certify	$28,300	$32,100	$32,700	$30,400	$30,400
Examinations/Continuing Education	$0	$0	$73	$0	$0
License Business and Facilities	$10,000	$9,700	$9,900	$17,100	$17,100
Building Plan Reviews	$4,500	$4,900	$4,900	$4,700	$4,600

Conduct Inspections	$900	$1,500	$1,400	$1,300	$1,300
Customer Service	$0	$0	$0	$0	$0
Investigation	$17	$9	$10	$10	$10
Resolve Complaints	$3,500	$2,300	$2,400	$2,300	$2,300
Indirect Administration	$11	$11	$11	$11	$11

NOTES:
(1) Collections for fiscal years 2020 and 2021 are estimated.
(2) See Appendix TDLR–A for Revenue Objects collected by program.
SOURCE: Texas Department of Licensing and Regulation.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded SFR requirements to include estimates for the expenditures needed to maintain the minimum level of statutorily required service in each of the agency's programs. Fiscal amounts for the minimum level of service could be higher or lower than existing funding levels. LBB staff asked the agency to provide a methodology or justification for determining these amounts. TDLR reported that the agency's appropriations match minimum funding needs for all programs.

LICENSE, REGISTER, AND CERTIFY

The Texas Occupations Code, Chapters 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 1151, 1152, 1202, 1302, 1305, 1601, 1602, 1603, 1703, 1802, 1952, 1953, 1958, 2052, 2303, 2308, 2309, and 2310; the Texas Health and Safety Code, Chapters 401, 754, and 755; the Texas Education Code, Chapter 1001; the Texas Government Code, Chapter 469; the Texas Alcoholic Beverage Code, Chapter 106; the Texas Transportation Code, Chapters 521 and 662; the Texas Code of Criminal Procedure, Chapter 42A; the U.S. Code, Title 15, Section 6305(b)(1)

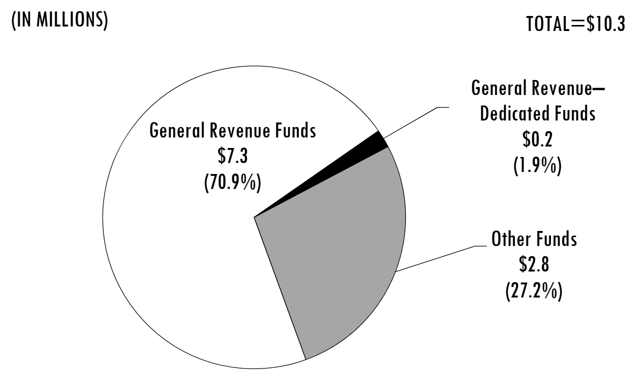
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The License, Register, and Certify program issues licenses to qualified individuals in 34 of TDLR's 40 regulatory programs, an increase from 18 of 25 regulatory programs during fiscal year 2014. Through fiscal year 2019, TDLR licensed 613,971 individuals. The key activities in this program include: initial application processing; renewal processing; criminal background checks; online application processing; online renewal; military experience, service, training, or education verification; and expediting applications from military spouses, military service members, and veterans.

Figure 356 shows the program funding sources. The program is funded primarily through appropriations from General Revenue Funds. For fiscal year 2021, the agency was appropriated General Revenue–Dedicated Funds from Account No. 501 to operate the motorcycle safety training program that was transferred to the agency from the Department of Public Safety. Funding in this program also includes Appropriated Receipts, which are funds collected by the agency and deposited to the General Revenue Fund before they can be expended by the agency, and pass-through funds for fees paid by licensees who use the online service Texas.gov for license renewals.

FIGURE 356
LICENSE, REGISTER, AND CERTIFY PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

The Eighty-sixth Legislature, 2019, appropriated an additional $2.0 million in General Revenue Funds to TDLR to develop the first phase of a new licensing system that will replace nine disparate legacy systems. According to the agency, development began in June 2020 with an expected completion by August 31, 2021; the agency anticipates no change requests for the project at this time. The agency anticipates requesting an estimated $1.6 million in General Revenue Funds from the Eighty-seventh Legislature, 2021, for the second phase of the project. According to the agency, applicants' and licensees' use of electronic forms and submissions enables efficient and effective issuance of licenses. These technologies help to outsource data entry, ensure complete application information, minimize errors and incorrect fee payments, and shorten overall application processing time. Certain applications are not eligible to be submitted using online technology because TDLR does not have the capability to receive documents online. For example, license applications that require submission of documentation such as proof of education, training, experience, or insurance are not available online. TDLR reports that the goal to update the system to accept documents online frequently is set aside by the prioritization of incorporating new and transferred programs and their associated licensing systems.

Figure 357 shows historical funding for this program from the 2014–15 biennium to the 2020–21 biennium. Funding for the License, Register, and Certify program increased by 51.8 percent in All Funds from the 2014–15 biennium to the 2020–21 biennium. The number of full-time-equivalent (FTE) positions in this program also has increased from 43.7 positions during fiscal year 2014 to 68.0 FTE positions appropriated for fiscal year 2021.

FIGURE 357
LICENSE, REGISTER, AND CERTIFY PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$6,350,244.0	$7,140,362.0	$6,694,761.0	$7,279,886.0	14.6%
General Revenue–Dedicated Funds	$32,390.0	$0.0	$0.0	$215,609.0	565.7%

Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$416,508.0	$2,717,015.0	$4,755,998.0	$2,825,534.0	578.4%
Total, All Methods of Finance	**$6,799,142.0**	**$9,857,377.0**	**$11,450,759.0**	**$10,321,029.0**	**51.8%**

NOTE: The Eighty-sixth Legislature, 2019, transferred two regulatory programs to the agency, resulting in an increase in appropriations for several programs for fiscal years 2020 and 2021.
SOURCE: Texas Department of Licensing and Regulation.

Several factors can affect the workload of the License, Certify, and Register program. A significant challenge for program staff is transitioning a new licensing program into the agency. As the agency's fiscal years 2021 to 2025 Strategic Plan notes, TDLR's functional business model removes program isolation to eliminate redundancies; however, frequent changes to the programs that the agency regulates results in staff estimating the behaviors of new licensees and how new programs will affect workload. For example, when 13 health-related programs were transferred from the Department of State Health Services during fiscal years 2017 and 2018, TDLR staff used renewal rates of existing licensees to estimate the renewal rate of the new licensees and the associated workload for staff. However, the new licensees renewed at a significantly higher rate of 82.4 percent compared to the estimated 68.8 percent. See **Appendix TDLR–B** for a timeline of deregulations, new regulations, and licensure program transfers to TDLR from fiscal years 2014 to 2021.

According to the agency, new requirements from the Legislature to add fingerprint background checks to existing licensure programs also may lengthen licensing output times and result in licensing backlogs. The agency noted that this negative effect occurred during fiscal 2019 with the added requirement to fingerprint massage therapists and massage establishment owners. Workload also is affected by economic conditions that increase or decrease demand for licenses in certain occupations regulated by the agency. **Figure 358** shows the agency's actual performance in key measures for fiscal year 2019 and the target performance for fiscal years 2020 and 2021. TDLR began oversight of the Motor Fuel Metering and Quality program September 1, 2019, and will begin regulating the Motorcycle, All-Terrain Vehicle and Off-Highway Vehicle Operator Safety programs September 1, 2020.

FIGURE 358
LICENSE, REGISTER, AND CERTIFY PROGRAM KEY PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET (1)	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET (2)
Number of New Licenses Issued to Individuals	128,008	127,148	99.3%	124,994/126,244
Number of Licenses Renewed for Individuals	270,231	304,621	112.7%	298,140/302,227
Total Number of Licenses Held by Individuals	582,653	613,971	105.4%	611,213/619,333
Percentage of Licensees with No Recent Disciplinary Actions	97.0%	98.4%	101.4%	97.0%/97.0%
Percentage of Licenses Renewed Online	94.0%	95.6%	101.7%	95.0%/95.0%
Percentage of New Individual Licenses Issued Online	87.0%	89.4%	102.8%	87.0%/87.0%

NOTES:
(1) The Eighty-fifth Legislature, Regular Session, 2017, deregulated the For-Profit Legal Service Contracts salespersons and companies as of September 1, 2019, and the agency stopped accepting new and renewal license applications on March 31, 2019.
(2) The Eighty-sixth Legislature, 2019, transferred two regulatory programs to the agency, resulting in an increase in the number of licensees served in fiscal years 2020 and 2021.
SOURCE: Texas Department of Licensing and Regulation.

Analysis of TDLR's performance in measures related to this program from fiscal years 2014 to 2021 shows that the agency typically meets or exceeds targets. The agency reported that variances of 5.0 percent less than or greater than the targets were due either to not adjusting targets after certain license types were deregulated or to inexperience with new licensee populations after program transfers.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

TDLR's License, Register, and Certify program ensures the competency of licensees in various occupations. Without this program, TDLR would not be able to verify the work experience or education of license applicants and would not be able to conduct criminal background checks on licensees. If the program were discontinued, TDLR no longer would issue law and rule books that help licensees remain compliant with occupational license requirements or publish its Parent-taught Drivers Education packets. Individuals needing licensure to work in any of the regulated occupations would not be able to meet those requirements. According to the agency, without this program, the statutory and rule requirements for obtaining individual licenses that were established to protect the health, safety, and finances of consumers would not be verified for compliance, and the consequences these requirements were intended to prevent would occur. Discontinuance of this program would affect the protection of the public health and safety adversely and limit the agency's ability to respond to emergencies and disasters.

EXAMINATIONS AND CONTINUING EDUCATION

The Texas Health and Safety Code, Chapters 401 and 755; the Texas Government Code, Chapter 469; the Texas Occupations Code, Chapters 202, 203, 401, 402, 403, 451, 455, 605, 701, 1302, 1305, 1601, 1602, 1603, 1703, 1802, 1901, 1902, 1952, 1953, 1958, and 2310; and the Texas Transportation Code, Chapters 662 and 663

Mission Centrality – Strong; Authority – Strong

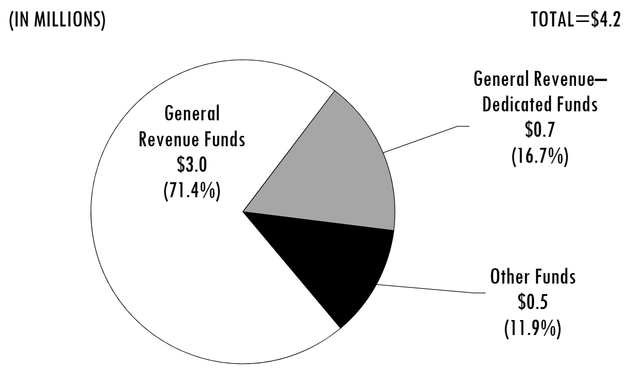
PROGRAM DESCRIPTION

The Examinations and Continuing Education program tests all applicants applying for licenses, certifications, or registrations that require an examination to ensure that applicants have the minimum level of competency and that licensees meet continuing education (CE) requirements to renew licenses. The primary customers for this program are individuals required to pass an examination or complete CE hours to receive or renew an occupational license. Key services provided by the Examinations and Continuing Education program include statewide electronic delivery of examinations; special accommodations for examinations, including those offered in other languages; online posting of Candidate Information Bulletins and pass rates; online reporting of student hours; approval of CE providers and courses; online posting of licensees' completion of CE hours; and auditing of CE hours. As of fiscal year 2020, 26 of TDLR's 40 licensure programs require CE. During fiscal year 2019, the agency administered 68,137 exams.

The agency reports that occupational laws and rules and some federal codes are updated periodically, requiring the agency to revise related examinations. TDLR updates examinations with input from advisory boards and industry subject matter experts. TDLR contracts with a third-party vendor to administer most exams to potential licensees, and some programs, such as Behavior Analysts and Massage Therapy, use national exams administered by other entities. In certain programs, TDLR licenses CE providers, and in other programs, TDLR accepts CE provided by universities, national organizations, or other authorized entities.

The Examinations and Continuing Education program has grown to accommodate the licensure programs transferred and added to TDLR since fiscal year 2014. **Figure 359** shows the program funding sources for the 2020–21 biennium. This program is funded primarily through appropriations of General Revenue Funds.

FIGURE 359
EXAMINATIONS AND CONTINUING EDUCATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 360 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the Examinations and Continuing Education program has increased by 286.5 percent in All Funds during this period. The number of FTE positions in the program also has increased from 8.3 positions during fiscal year 2014 to 25.0 positions appropriated for fiscal year 2021.

FIGURE 360
EXAMINATIONS AND CONTINUING EDUCATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.1	$2.2	$2.6	$3.0	177.7%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.1	$0.7	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.4	$0.3	$0.5	N/A
Total, All Methods of Finance	**$1.1**	**$2.6**	**$2.9**	**$4.2**	**286.5%**

NOTE: The percentage change cannot be calculated for General Revenue–Dedicated Funds and Other Funds because the agency did not receive funds from these methods of finance during the 2014–15 biennium.
SOURCE: Texas Department of Licensing and Regulation.

TDLR reports that external factors, such as the number of course submissions made by providers seeking course approvals, can affect workload in this program. The Examinations and Continuing Education program has no key performance measures. This program has one non-key performance measure related to the CE functions of the agency; however, examinations administered by a third-party vendor have no performance measures related to that function. **Figure 361** shows the agency's actual performance in the nonkey performance measure for fiscal year 2019 and the target performance for fiscal years 2020 and 2021.

FIGURE 361
EXAMINATIONS AND CONTINUING EDUCATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Courses Approved	860	2,020	234.9%	2,200/2,000

SOURCE: Texas Department of Licensing and Regulation.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Examinations and Continuing Education program at TDLR would place consumers who conduct business with individuals and businesses regulated by TDLR at risk because licensees could operate without demonstrating knowledge of the subject matter for licensure or renewal. Consumers would be uncertain if the individual they hire meets minimum competency requirements to perform their duties. Schools providing education required for licensure or renewal would not be reviewed and approved by TDLR, leaving consumers at risk of fraudulent or poorly run schools that take financial advantage of students and produce illegitimate credentials. Additionally, without this program, the state would have no oversight of or payments from the Barber School Protection Account or the Private Beauty Culture School Protection Account, which refund students' tuition when barber or beauty culture schools suddenly close.

LICENSE BUSINESSES AND FACILITIES

The Texas Government Code, Chapter 469; the Texas Occupations Code, Chapters 203, 402, 455, 605, 802, 1151, 1202, 1304, 1305, 1601, 1602, 1958, 2052, 2303, 2308, 2309, 2310, and 2402; the Texas Health and Safety Code, Chapters 401, 754, and 755; the Texas Education Code, Chapter 1001; the Texas Labor Code, Chapter 91; the Texas Agriculture Code, Chapters 301 and 302; the Texas Alcoholic Beverage Code, Chapter 106; the Texas Transportation Code, Chapters 521, 662, and 663; and the Texas Code of Criminal Procedure, Chapter 42A

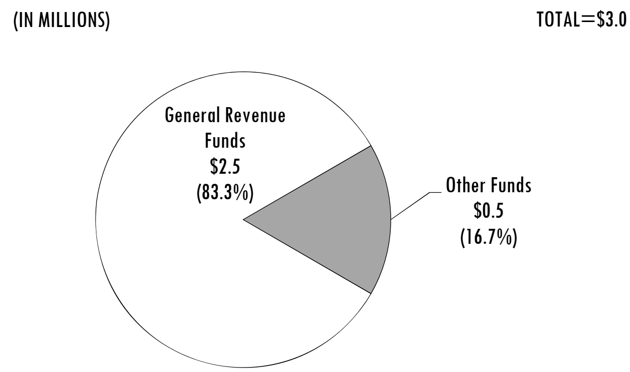
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The License Businesses and Facilities program issues licenses to businesses that meet the requirements to hold a license and to facilities and equipment that are deemed safe for the public. TDLR's primary customers for this program are owners of businesses, facilities, and equipment that are required to be licensed or registered in 27 of the agency's 40 regulatory programs, an increase from 18 of 25 regulatory programs during fiscal year 2014. Key services of the program include initial application processing, renewal processing, processing of online applications and insurance filings, and online renewal.

Figure 362 shows that the program funding sources for the 2020–21 biennium are primarily appropriations of General Revenue Funds.

FIGURE 362
LICENSE BUSINESSES AND FACILITIES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 363 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the License Businesses and Facilities program has increased by 72.3 percent in All Funds during this period. The number of FTE positions in this program also has increased from 17.0 positions during fiscal year 2014 to 24.0 positions appropriated for fiscal year 2021. The significant increase in Other Funds is due to an increase in Appropriated Receipts that began during fiscal year 2016 when TDLR began regulating the Driver Education and Safety licensure program. Parents that want to instruct a student are required to purchase a Parent-Taught Education packet, and the revenue from these sales is considered Appropriated Receipts.

FIGURE 363
LICENSE BUSINESSES AND FACILITIES PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1,718,698.0	$1,946,451.0	$2,009,856.0	$2,534,959.0	47.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$37,600.0	$354,000.0	$450,400.0	$492,000.0	1,208.5%
Total, All Methods of Finance	**$1,756,298.0**	**$2,300,451.0**	**$2,460,256.0**	**$3,026,959.0**	**72.3%**

SOURCE: Texas Department of Licensing and Regulation.

Figure 364 shows the agency's actual performance in the key performance measure for this program during fiscal year 2019 and the target performance for fiscal years 2020 and 2021. Analysis of TDLR's performance in this measure from fiscal years 2014 to 2021 shows that the agency typically meets or exceeds the target.

FIGURE 364
LICENSE BUSINESSES AND FACILITIES PROGRAM KEY PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Total Number of Licenses Held by Businesses	219,360	218,622	(0.3%)	425,967/429,875

SOURCE: Texas Department of Licensing and Regulation.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

TDLR's License Businesses and Facilities program verifies the financial security and insurance policies of the businesses it licenses. Consumers would be at risk of financial harm without the program verifying these proper business practices. TDLR's program also conducts criminal background checks on business applicants, without which company owners that have criminal histories involving fraud, theft, embezzlement, and other financial crimes could continue to harm consumers. Discontinuance of this program would diminish the protection of public health and safety and limit the agency's ability to respond to emergencies and disasters.

BUILDING PLAN REVIEWS

The Texas Government Code, Chapter 469; the Texas Health and Safety Code, Chapter 754; and the Texas Occupations Code, Chapter 1202

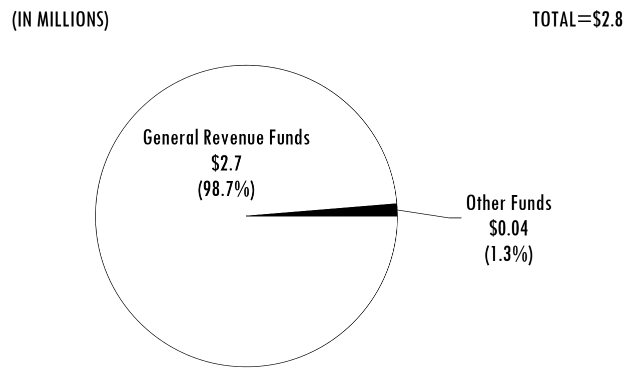
Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Building Plan Reviews program reviews all plans for new and renovated equipment, facilities, and housing to ensure that they meet all safety codes and legal requirements. The Texas Government Code, Chapter 469, the Texas Health and Safety Code, Chapter 754, and the Texas Occupations Code, Chapter 1202, require review of the following construction plans, respectively, before construction or installation: Elimination of Architectural Barriers (EAB); Elevators, Escalators and Related Equipment (ELE); and Industrialized Housing and Buildings (IHB). The agency's primary customers for this program are individuals and businesses that are building, renovating, or modifying commercial facilities; elevator and escalator owners; and manufacturers and owners of industrialized (modular) houses and buildings. Customers also include the third-party plan reviewers; Registered Accessibility Specialists (RAS); design review agencies; and people with disabilities who use these facilities. Key activities in this program include the certification of RAS, approval of design review agencies, and the development of standards and procedures.

Figure 365 shows the program's funding sources for the 2020–21 biennium. This program is funded primarily through appropriations of General Revenue Funds.

FIGURE 365
BUILDING PLAN REVIEWS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 366 shows historical funding for this program from the 2014–15 biennium through the 2020–21 biennium. The Building Plan Reviews program All Funds funding has increased by 29.5 percent from the 2014-15 biennium to the 2020–21 biennium. The number of FTE positions in this program has decreased from 16.2 positions during fiscal year 2014 to 15.0 positions appropriated for fiscal year 2021.

FIGURE 366
BUILDING PLAN REVIEWS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$2,080,777.0	$2,895,439.0	$2,438,439.0	$2,715,278.0	30.5%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0	$0.0	$0.0	N/A
Other Funds	$43,900.0	$29,246.0	$72,766.0	$35,576.0	(19.0%)
Total, All Methods of Finance	**$2,124,677.0**	**$2,924,685.0**	**$2,511,044.0**	**$2,750,854.0**	**29.5%**

SOURCE: Texas Department of Licensing and Regulation.

Figure 367 shows the agency's actual performance in the single, non-key performance measure for this program during fiscal year 2019 and the target performance for fiscal years 2020 and 2021. According to the agency, the EAB, IHB, and ELE programs are affected directly by the economy and corresponding trends in construction activity. A slowdown in construction activity decreases the number of plan reviews performed in these programs, and an increase in construction activity increases the workloads. Unpredictable natural disasters such as hurricanes can hinder construction activity, but significantly increase plan review workloads for the EAB, IHB, and ELE programs as reconstruction begins. TDLR's enforcement efforts against unreported construction activity and its ongoing education outreach on statutory requirements to design professionals, building officials, and building owners also help to maintain the number of plans submitted for review.

FIGURE 367
BUILDING PLAN REVIEWS PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Plan Reviews Completed	22,065	26,029	118.0%	26,200/26,800

SOURCE: Texas Department of Licensing and Regulation.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

TDLR's Building Plan Reviews program is required to review and approve the plans for certain buildings to be built, constructed, or manufactured, and for elevators, escalators, and other equipment to be installed or altered. TDLR staff or registered third-party entities perform the reviews in this program. Without these reviews, the state would have no oversight of the plans for the equipment or these buildings, which could pose danger, hazards, inconvenience, or liability to those who own or are in contact with the buildings or equipment. Discontinuing the program also would discontinue TDLR's monitoring of third-party plan reviewers who conduct many of the plan reviews. Discontinuance of this program will affect the protection of public health and safety adversely.

CONDUCT INSPECTIONS

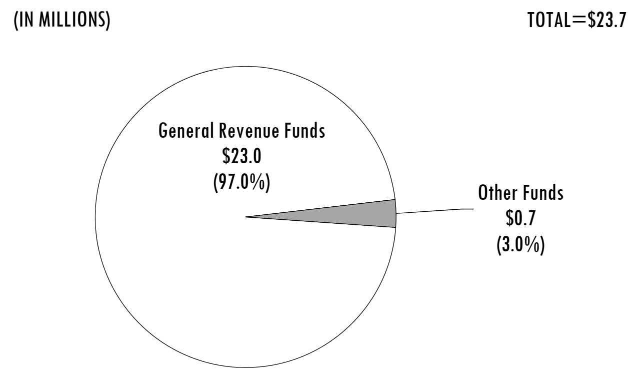
The Texas Occupations Code, Chapters 51, 203, 455, 605, 802, 1601, 1602, 1603, 1958, 2303, 2308, and 2309; and the Texas Education Code, Chapter 1001

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Conduct Inspections program inspects facilities, businesses, and equipment through routine, complex, and special inspections, including a specialized Human Trafficking team, to ensure the safety and health of Texans that use them. TDLR's primary customers for this strategy are the following businesses and equipment: barber shops and schools; boilers; combative sports events; cosmetology salons and schools; driver education schools; industrialized (modular) builders and manufacturers; licensed dog and cat breeder facilities; massage establishments and schools; midwifery schools; mold remediation projects; orthotic and prosthetic facilities; used automotive parts recyclers; and vehicle storage facilities. The program includes the following key activities: inspections of businesses and equipment; online availability of architectural barriers project registrations; online availability of boiler and elevator inspection reports; online access of inspection results by vehicle storage facilities; and technical memoranda and staff assistance to help building owners, building officials, and local law enforcement understand laws and rules. In addition, TDLR staff provide training and services for third-party inspectors that conduct inspections for the following TDLR programs: architectural barriers, boilers, combative sports, elevator safety, industrialized housing and buildings, and mold remediation. **Figure 368** shows the program funding sources for the 2020–21 biennium. This program is funded primarily through appropriations of General Revenue Funds.

FIGURE 368
CONDUCT INSPECTIONS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 369 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the Conduct Inspections program has increased by 82.0 percent in All Funds from the 2014–15 to the 2020–21 biennia. The number of FTE positions in this program also has increased from 84.4 positions during fiscal year 2014 to 157.7 positions appropriated for fiscal year 2021, an 86.8 percent increase. The appropriation to Conduct Inspections contributes 27.1 percent of the agency's 2020–21 biennial appropriation, the largest share of funds among the nine programs reviewed.

FIGURE 369
CONDUCT INSPECTIONS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$12.6	$13.8	$16.4	$23.0	82.1%
General Revenue–Dedicated Funds	$0.1	$0.2	$0.0	$0.0	(100.0%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.3	$0.2	$0.3	$0.7	106.2%
Total, All Methods of Finance	**$13.0**	**$14.2**	**$16.6**	**$23.7**	**82.0%**

SOURCE: Texas Department of Licensing and Regulation.

The 2020–21 General Appropriations Act, Article VIII, Texas Department of Licensing and Regulation, Riders 3, 11, and 12, provide contingent rider appropriations to the agency. Rider 3 authorizes the Comptroller of Public Accounts (CPA) to verify TDLR's collection of excess revenue, which consists of amounts greater than CPA's Biennial Revenue Estimate, from travel expenses and special inspection fees for boiler inspections and to appropriate those excess funds to the agency for the same purpose. During fiscal year 2019, TDLR received approximately $131,000 from the Rider 3 appropriation. Similarly, Rider 11 authorizes the CPA to release additional appropriations from excess revenue collections related to elevator, escalator, and related equipment inspections. Although the agency has collected revenue in excess of the Rider 11 threshold, the excess revenue has not been needed for the inspections to continue. The excess collections have lapsed to the General Revenue Fund since fiscal year 2014. Rider 12 uses a similar contingency rider appropriation mechanism. If the agency manages a combative sports event for which ticket sales exceed $2.0 million, resulting in assessing fees and taxes in excess of the CPA's Biennial Revenue Estimate, the agency may be appropriated $30,000 per fiscal year if CPA verifies the contingencies. TDLR received the $30,000 appropriation during fiscal year 2019, but the agency does not anticipate meeting the threshold for fiscal year 2020 due to event cancellations caused by the COVID-19 pandemic.

Like other programs at TDLR, the Conduct Inspections program can be affected by external factors including economic growth, demand in the construction industry, building safety and maintenance, and public health issues. The program also is affected by natural disasters, due to suspensions of routine inspections in disaster areas and increased demand for inspections when construction resumes. Additionally, the massage therapy program did not include an inspections component before it was transferred to TDLR from the Department of State Health Services. As TDLR inspections of massage therapy establishments began, enforcement activity related to human trafficking increased for the inspections program. This increase prompted the agency to request exceptional item funding to establish an Anti-Trafficking Unit (ATU). The Eighty-sixth Legislature, 2019, appropriated the agency $1.5 million in General Revenue Funds for the ATU, which focuses on identifying and reporting signs of human trafficking, offers education and training to TDLR staff, and conducts outreach to local, state, and federal partners. According to the agency, the connection between human trafficking and illicit massage establishments results in complexity that is not found in the agency's standard inspections.

Figure 370 shows the agency's actual performance in the key performance measures for this program during fiscal year 2019 and the target performance for fiscal years 2020 and 2021. The Sunset Advisory Commission Staff Report on TDLR published June 4, 2020, found that the agency's underlying data for the Total Number of Inspections Completed and Inspection Coverage Rate measures were inconsistent. Each measure requires the agency to aggregate data across licensure programs. Sunset Advisory Commission staff recommended a Management Action directing TDLR to work with the LBB to develop consistent definitions for inspection-related performance measures. The agency contacted LBB staff to begin making these changes in June 2020 to correct measure definitions for the 2022–23 biennium.

FIGURE 370
CONDUCT INSPECTIONS PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Total Number of Inspections Completed	127,075	145,600	114.6%	149,063/152,608
Inspection Coverage Rage	86.0%	90.1%	104.7%	85.1/85.9%

SOURCE: Texas Department of Licensing and Regulation.

TDLR has struggled to meet targets for the total number of inspections completed each year since fiscal year 2014. From fiscal years 2014 to 2017, the agency's actual performance for this measure typically was 90.0 percent or less than the targets. The agency said that these performance variances were due to vacancies in inspector positions for several years, implementation of a new inspection program for Orthotics and Prosthetics facilities, and an overestimation of inspection projections for another new program, the mini-salon and shop license. The agency filled the inspector positions and, during fiscal years 2018 and 2019, TDLR's actual performance was about 14.0 percent more than targets. The agency attributed this variance to an increase in construction and reconstruction activity after Hurricane Harvey.

SIGNIFICANT FINDING

As part of the SFR information request, the agency was asked to identify specific statutory changes that could improve the program's effectiveness. For the Conduct Inspections program, TDLR identified the statute governing mold remediators as a potential area of improvement. According to TDLR, Texas is one of four states to adopt licensing requirements for mold remediation businesses. The agency reports that the U.S. Environmental Protection Agency provides guidance for mold remediation in structures, the American Industrial Hygiene Association provides certification of mold assessors, and multiple private sector trade groups train and certify mold remediators. The agency recommends either deregulation of the program or transferring it back to the Department of State Health Services (DSHS), from which it was transferred during fiscal year 2018. TDLR currently has a memorandum of understanding with DSHS to conduct inspections for the mold program because DSHS has the industry expertise.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The Conduct Inspections program inspects facilities, businesses, and equipment to ensure the safety and health of Texans that use them. Discontinuance of this program would result in significant risk to the public in the following situations: no verification that boilers, elevators, escalators, and related equipment are operating safely; no verification that new or modified buildings and facilities are compliant with the Texas Accessibility Standards; no verification of meeting license requirements for experience, education, financial security, or insurance; no oversight of combative sports events for compliance with safety and fiscal requirements; no subject matter expertise for questions from licensees and the public related to technical issues, code of conduct, and standard of care; no onsite checks for unlicensed activity and human trafficking at locations offering agency-regulated activities; and no monitoring of third-party inspectors for the Industrialized Housing and Buildings, Elevators, Escalators and Related Equipment, and Elimination of Architectural Barriers, Boiler Safety, and Fuel Metering and Quality occupational areas. Additionally, discontinuing this program would result in no collection of the statutory tax of 3.0 percent on gross receipts of all combative sports events and telecasts.

CUSTOMER SERVICE

The Texas Agriculture Code, Chapters 301 and 302; the Texas Education Code, Chapter 1001; the Texas Health and Safety Code, Chapters 401, 754, and 755; the Texas Government Code, Chapter 469; the Texas Labor Code, Chapter 91; the Texas Occupations Code, Chapters 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 802, 1151, 1152, 1202, 1302, 1304, 1305, 1601, 1602, 1603, 1703, 1802, 1901, 1902, 1952, 1953, 1958, 2052, 2303, 2308, 2309,2310, and 2402; the Texas Alcoholic Beverage Code, Chapter 106; the Texas Transportation Code, Chapters 521, 662, and 663; and the Texas Code of Criminal Procedure, Chapter 42A

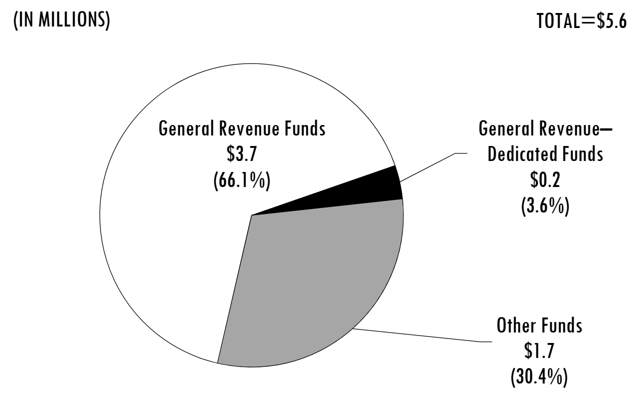
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Customer Service program delivers information and service to all customers that contact the agency, primarily licensees that require assistance. Key activities in the program include responding to phone calls, emails, social media posts, and walk-in visits. Customer Service representatives maintain a knowledge base of TDLR's 40 regulated programs and the ongoing changes to these programs through statutory amendments, rule updates, and process improvements. Customer service representatives must remain knowledgeable regarding the various requirements to obtain original and renewal licenses in all programs. TDLR reports that the Customer Service program continues to experience an increase in the number of contacts regarding regulated programs.

Figure 371 shows the program's funding sources for the 2020–21 biennium. This program is funded primarily through appropriations of General Revenue Funds.

FIGURE 371
CUSTOMER SERVICE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 372 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the Customer Service program has increased by 73.9 percent in All Funds during this period. The number of FTE positions in this program also has increased from 34.5 positions during fiscal year 2014 to 57.7 positions appropriated for fiscal year 2021, a 66.7 percent increase.

FIGURE 372
CUSTOMER SERVICE PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$3,240,341.0	$3,340,873.0	$3,883,075.0	$3,744,399.0	15.6%
General Revenue–Dedicated Funds	$0.0	$19,944.0	$0.0	$173,434.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$1,281,643.0	$1,233,169.0	$1,716,400.0	N/A
Total, All Methods of Finance	**$3,240,341.0**	**$4,642,460.0**	**$5,116,244.0**	**$5,634,233.0**	**73.9%**

NOTE: The percentage change cannot be calculated for General Revenue–Dedicated Funds and Other Funds because the agency did not receive funds from these methods of finance during the 2014–15 biennium.
SOURCE: Texas Department of Licensing and Regulation.

Figure 373 shows the agency's actual performance in the measures for this program during fiscal year 2019 and the target performance for fiscal years 2020 and 2021.

FIGURE 373
CUSTOMER SERVICE PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Contacts Received	582,139	568,323	97.6%	630,000/640,000
Percentage of Contacts Responded to by Staff	90.0%	81.8%	90.9%	85.0%/85.0%

SOURCE: Texas Department of Licensing and Regulation.

SIGNIFICANT FINDING

As part of the SFR information request, the agency was asked to identify specific statutory changes that could improve the program's effectiveness. For the Customer Service program, the agency identified statutory changes that could align statute for court-ordered programs. The Eighty-fourth Legislature, 2015, transferred these programs to TDLR, but the agency reports that statutory authority for the programs is located within several statutes. A unified statute for the programs would make it easier for Customer Service representatives to provide assistance to individuals required to complete the court-ordered courses.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Without the Customer Service program, the agency reports that the public and licensees could not contact the agency easily. According to TDLR, in a typical day, Customer Service representatives answer 1,850 phone calls and 400 questions via email; monitor and engage the public through social media; assist walk-in customers in the Austin office; and provide multilingual assistance to customers in Spanish and Vietnamese. Additionally, statute requires TDLR to assist the public with licensing-related questions for all Texas licensing entities, not just TDLR programs. The agency would not be able to perform this function efficiently without a dedicated customer service program.

INVESTIGATION

The Texas Agriculture Code, Chapters 301 and 302; the Texas Education Code, Chapter 1001; the Texas Health and Safety Code, Chapters 401, 754, and 755; the Texas Government Code, Chapter 469; the Texas Labor Code, Chapter 91; the Texas Occupations Code, Chapters 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 802, 1151, 1152, 1202, 1302, 1304, 1305, 1601, 1602, 1603, 1703, 1802, 1901, 1902, 1952, 1953, 1958, 2052, 2303, 2308, 2309, 2310, and 2402; the Texas Alcoholic Beverage Code, Chapter 106; the Texas Transportation Code, Chapters 521, 662, and 663; and the Texas Code of Criminal Procedure, Chapter 42A

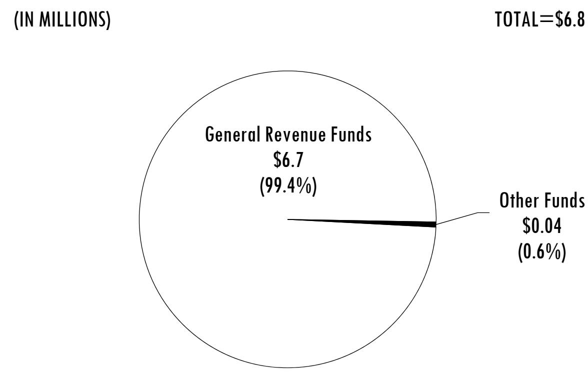
Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Investigation program reviews complaints to determine whether they allege violations of laws or rules and investigates jurisdictional complaints to identify and document violations. Key activities of the program include accepting complaints filed in person, in writing, or electronically; intake and investigation of complaints related to TDLR's 40 licensure programs; and investigation of licensee or applicant criminal history.

Figure 374 shows the program funding sources for the 2020–21 biennium. This program is funded primarily through appropriations of General Revenue Funds.

FIGURE 374
INVESTIGATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 375 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the Investigation program has increased by 13.5 percent in All Funds during that period. The number of FTE positions in this program also has increased from 47.1 positions during fiscal year 2014 to 53.0 positions appropriated for fiscal year 2021.

FIGURE 375
INVESTIGATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$5,931,051.0	$6,094,924.0	$6,269,289.0	$6,715,166.0	13.2%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$17,941.0	$36,746.0	$62,724.0	$37,222.0	107.5%
Total, All Methods of Finance	**$5,948,992.0**	**$6,131,570.0**	**$6,332,013.0**	**$6,752,388.0**	**13.5%**

SOURCE: Texas Department of Licensing and Regulation.

Figure 376 shows the agency's actual performance in the single, key performance measure for this program during fiscal year 2019 and the target performance for fiscal years 2020 and 2021. The agency's performance in this measure was 90.0 percent or less than the targets for fiscal years 2018 and 2019. During fiscal year 2016, the agency reported that enforcement staff had opened fewer than the projected number of complaints cases because of a shortage of staff. These vacancies included crucial positions in the program's Intake Section and attorney shortages in the Prosecution Section. The positions were vacant for an extended period due to the statewide hiring freeze during fiscal year 2017. These long-term vacancies led to a complaint case backlog; in response, the agency narrowed its focus of enforcement activities to violations that involve consumer harm or a threat to public safety. Additionally, due to the impact of Hurricane Harvey, TDLR ceased periodic inspections of facilities in the 60 affected counties for several months, which also decreased the number of complaints cases opened.

FIGURE 376
INVESTIGATION PROGRAM PERFORMANCE MEASURE
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Complaints Opened	12,265	10,902	88.9%	11,962/12,354

SOURCE: Texas Department of Licensing and Regulation.

SIGNIFICANT FINDING

Although these policy changes helped the agency manage its workload, Sunset Advisory Commission staff found that the agency overcorrected, resulting in a protocol that enables licensees to commit certain violations without facing enforcement consequences from TDLR. Sunset Advisory Commission staff's management action recommendation is for TDLR to develop consistent protocols and identify common risk factors to help inspectors determine enforcement actions.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Investigation program at TDLR would inhibit the agency's ability to prosecute licensees for violations of laws and rules. The program's intake and investigator staff provide facts and information about complaints to the attorneys, who pursue prosecution. The Investigation program also provides information for denial of license applications or revocation of licenses when an applicant or licensee has a criminal background that determines the individual ineligible for a license.

RESOLVE COMPLAINTS

The Texas Agriculture Code, Chapters 301 and 302; the Texas Education Code, Chapter 1001; the Texas Health and Safety Code, Chapters 401, 754, and 755; the Texas Government Code, Chapter 469; the Texas Labor Code, Chapter 91; the Texas Occupations Code, Chapters 202, 203, 401, 402, 403, 451, 455, 506, 605, 701, 802, 1151, 1152, 1202, 1302, 1304, 1305, 1601, 1602, 1603, 1703, 1802, 1901, 1902, 1952, 1953, 1958, 2052, 2303, 2308, 2309,2310, and 2402; the Texas Alcoholic Beverage Code, Chapter 106; the Texas Transportation Code, Chapters 521, 662, and 663; and the Texas Code of Criminal Procedure, Chapter 42A

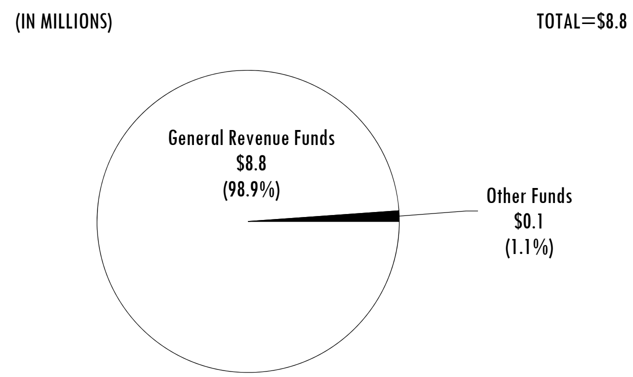
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The agency's Resolve Complaints program resolves complaints through prosecution or settlement of cases, sometimes assessing penalties and sanctions. Complaints may be entered by consumers, through inspections, and from license applications. The program includes the following key activities: processing, evaluating, and resolving complaints through negotiation or formal prosecution; providing information about the complaint investigation and resolution process; developing and applying criminal conviction guidelines for the issuance and renewal of licenses; developing and implementing penalty matrices for uniform assessment of sanctions and penalties; and publishing enforcement actions. Eight license programs contain a health-related, standard-of-care element that increases complaint complexity and requires consultation with external subject matter experts.

Figure 377 shows the program's funding sources for the 2020–21 biennium, which consist primarily of appropriations of General Revenue Funds.

FIGURE 377
RESOLVE COMPLAINTS PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 378 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the Resolve Complaints program has increased by 47.8 percent in All Funds during this period. The number of FTE positions in this program has increased from 50.2 positions during fiscal year 2014 to 61.0 positions appropriated for fiscal year 2021.

FIGURE 378
RESOLVE COMPLAINTS PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$5.9	$7.1	$7.9	$8.8	48.1%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.1	$0.4	$0.1	$0.1	10.5%
Total, All Methods of Finance	**$6.0**	**$7.6**	**$7.9**	**$8.8**	**47.8%**

SOURCE: Texas Department of Licensing and Regulation.

According to the agency, the increase in licensees from transferred programs has added to the number of criminal history complaints that originate from license applications and renewals. Additionally, field efforts such as sting operations and license sweeps continue to generate greater numbers of unlicensed activity cases, which also are resolved by this program. Similarly to other TDLR programs at the agency, the workload is affected by construction trends, natural disasters, changes in building and energy codes, and economic trends.

Figure 379 shows the agency's actual performance in measures during fiscal year 2019 and the target performance for fiscal years 2020 and 2021. The Sunset review on TDLR found that the agency calculates its recidivism rates inaccurately, skewing the data downward. Sunset Advisory Commission staff recommended a Management Action directing TDLR to correct the measure's methodology to represent accurately the number of individuals, not cases, that commit multiple violations within and across fiscal years. The agency contacted LBB staff to begin making these changes in June 2020, and **Figure 379** shows the corrected data for actual performance during fiscal year 2019.

FIGURE 379
RESOLVE COMPLAINTS PROGRAM PERFORMANCE MEASURES
FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Complaints Closed (key)	13,080	10,113	77.3%	11,188/11,565
Average Time for Closing Complaints (Days)	181	152	84.0%	176/168
Percentage of Complaints Resulting in Disciplinary Action	30.5%	21.1%	69.1%	26.1%/26.2%
Recidivism Rate of Those Receiving Disciplinary Action	9.8%	8.9%	102.4%	9.0%/9.0%

SOURCE: Texas Department of Licensing and Regulation.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Similarly to the effects of discontinuing the Investigations program, discontinuing the Resolve Complaints program at TDLR would prevent the agency from prosecuting licensees for violations of laws and rules. Attorneys in this program develop the cases for denial of license applications or revocation of licenses when an applicant or licensee has a criminal background that renders the individual ineligible for a license. Without the Resolve Complaints program, the agency would not be able to comply with the federal Administrative Procedures Act for providing an individual due process before denying or revoking a license. According to the agency, removing TDLR's ability to prevent individuals who could be a danger from holding a license would put the public at risk. Additionally, without this recourse, licensed and unlicensed individuals and businesses that violate laws and rules would have no consequences, which could cause harm to consumers and result in a public health risk.

INDIRECT ADMINISTRATION

The Texas Occupations Code, Chapter 51

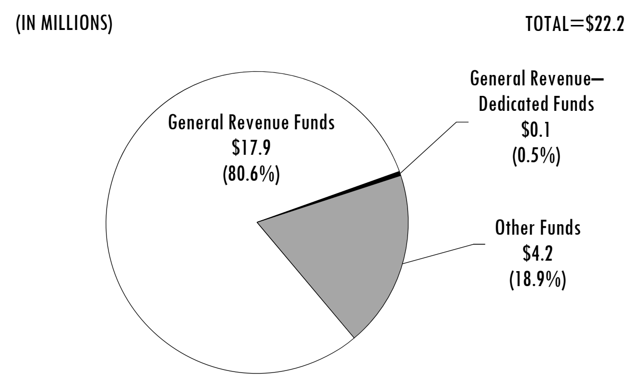
PROGRAM DESCRIPTION

The Indirect Administration program at TDLR includes Central Administration, Information Resources, and Other Support Services. This program provides financial services, human resources, electronic infrastructure, leadership, direction, oversight, support, mail services, purchasing, contract administration, risk management, vehicle fleet compliance, and management of agency programs. The program oversees all administrative functions for the agency and, therefore, the primary customers for the program include the following stakeholders individuals and businesses that may interact with the agency: licensees; registrants; third-party inspectors; applicants; building and business owners; city building officials; the public; elected officials; commissioners; legislative and other government oversight agencies; advisory board members; and public–private partners, including historically underutilized businesses.

Key activities in this program include communicating with governmental partners and industry and trade groups; providing information regarding the agency's programs; providing legal counsel support to the agency, commission, and advisory boards; ensuring agency compliance with ethics laws; responding to requests in accordance with the Texas Public Information Act; administering the agency's websites; evaluating and analyzing data and input to identify process improvements; responding to media inquiries; managing the agency's daily operations and fiscal resources; developing workforce planning; developing, implementing, and maintaining licensing software systems; developing and implementing information technology security measures; supporting online and contact center services; procurement processes; state property accounting and management; facilities and vehicle management; and inventory controls.

Figure 380 shows the program's funding sources. This program is funded primarily through appropriations of General Revenue Funds. The funding for the first phase of the agency's new licensing system is included in this program. The Eighty-sixth Legislature, 2019, appropriated the agency $2.0 million in General Revenue Funds for this purpose.

FIGURE 380
INDIRECT ADMINISTRATION PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Department of Licensing and Regulation.

Figure 381 shows historical funding for this program from the 2014–15 to the 2020–21 biennia. Funding for the Indirect Administration program increased by 86.5 percent in All Funds during this period. The number of FTE positions in this program also has increased from 56.3 positions during fiscal year 2014 to 103.0 positions appropriated for fiscal year 2021, an 82.9 percent increase.

FIGURE 381
INDIRECT ADMINISTRATION PROGRAM HISTORICAL FUNDING
2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$8.5	$12.8	$12.0	$17.9	109.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.1	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$3.4	$5.1	$4.7	$4.2	25.5%
Total, All Methods of Finance	**$11.9**	**$17.8**	**$16.7**	**$22.2**	**86.5%**

NOTE: The percentage change cannot be calculated for General Revenue–Dedicated Funds and Other Funds because the agency did not receive funds from these methods of finance during the 2014–15 biennium.
SOURCE: Texas Department of Licensing and Regulation.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The Indirect Administration program provides leadership, oversight, support, and management for the entire agency. Discontinuing this program would result in inefficiencies throughout the other programs because the agency would have no executive services, financial services, or oversight of the agency's budget. Consumers could be affected by a lack of transparency because this program would not be able to release reports such as a strategic plan, legislative appropriations request, operating budget, annual financial reports, or other statutorily required reports. Public information requests would not be fulfilled, and no general counsel's office would be available to provide legal advice to the commission. Discontinuing this program would eliminate the agency's information technology services team, which would result in delays in issuing licenses, among other issues.

APPENDIX TDLR–A – DEPARTMENT OF LICENSING AND REGULATION REVENUE COLLECTIONS

FIGURE TDLR–A–1
DEPARTMENT OF LICENSING AND REGULATION REVENUE COLLECTIONS BY PROGRAM
FISCAL YEARS 2017 TO 2021

REVENUE OBJECT		2017	2018	2019	2020	2021
License, Register and Certify Program						
3035	Commercial Transportation Fees	$4,422,314	$3,966,150	$3,805,336	$3,869,855	$3,869,855
3147	Combative Sports Licenses	$98,486	$81,265	$90,785	$111,936	$111,936
3175	Professional Fees	$15,716,263	$17,027,806	$17,339,825	$15,957,121	$15,984,521
3180	Health Regulation Fees	$0	$265,868	$327,743	$296,806	$296,806
3366	Business Fees-Natural Resources	$530,808	$525,589	$495,210	$520,681	$520,681
3560	Medical Exam and Registration	$76,010	$74,342	$93,110	$76,652	$76,652
3562	Health-related Profession Fees	$1,933,679	$4,229,020	$4,563,702	$4,252,318	$4,252,318
3719	Fees/Copies or Filing of Records	$243,417	$276,424	$296,598	$243,200	$243,200
3727	Fees – Administrative Services	$139,434	$145,900	$145,820	$143,672	$143,672
3752	Sale of Publications/Advertising	$5,171,184	$5,529,239	$5,517,213	$4,931,800	$4,931,800
Program Total		**$28,331,595**	**$32,121,603**	**$32,675,342**	**$30,404,041**	**$30,431,441**
Examinations/Continuing Education Program						
3722	Conference, Seminar, and Training Registration Fees	$0	$0	$72,925	$0	$0

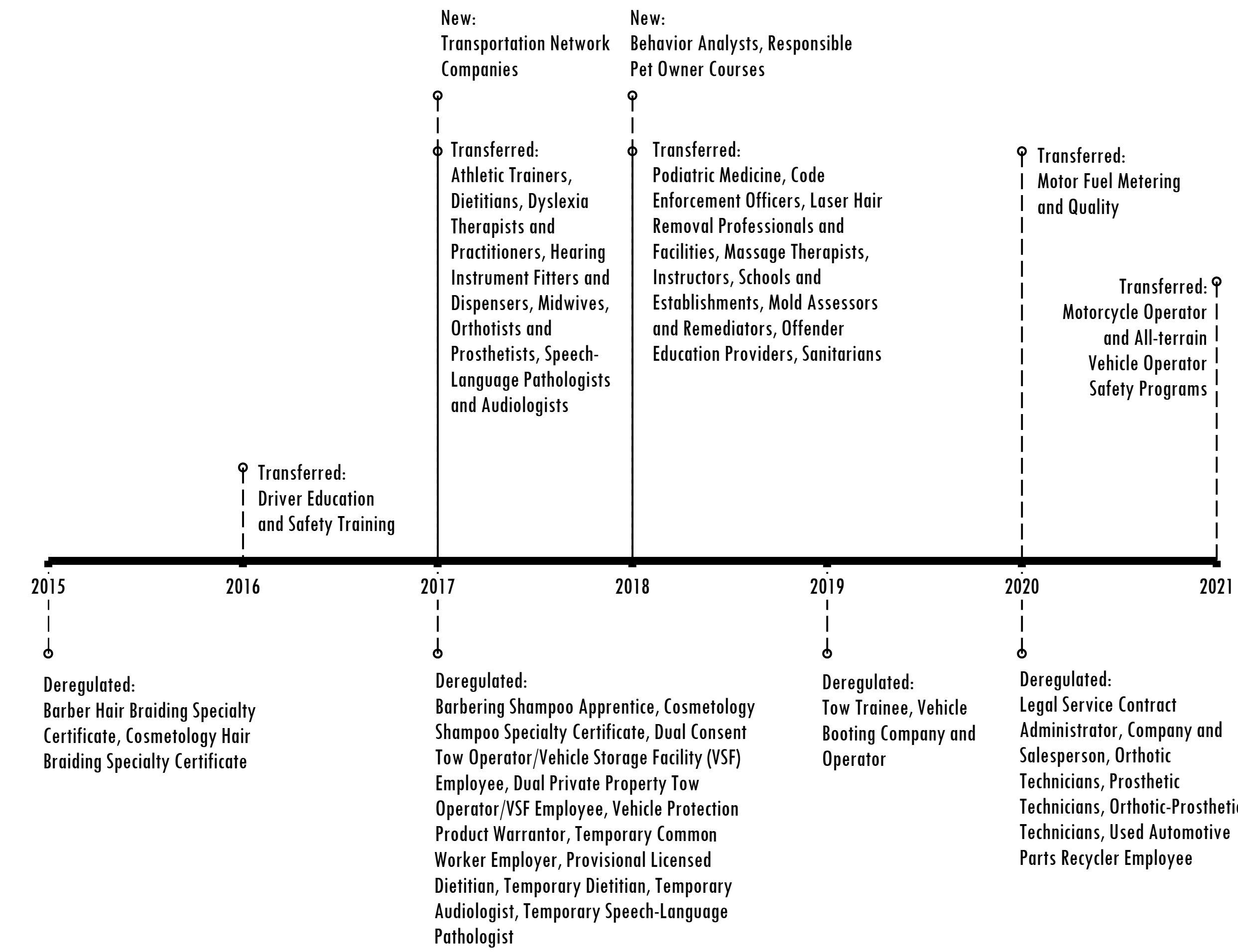
License Businesses and Facilities Program						
3015	Gasohol Pump Labeling Fee	$0	$0	$0	$1,580,837	$1,580,837
3030	Commercial Driver Training School Fees	$1,512,101	$1,757,900	$1,704,611	$1,580,653	$1,580,653
3146	Combative Sports Admissions Tax	$731,099	$544,611	$956,025	$579,800	$579,800
3147	Combative Sports Licenses	$90,265	$52,463	$58,610	$72,264	$72,264
3160	Manufacturing/Industrial Housing Regulatory Fees	$270,220	$293,433	$317,950	$288,286	$288,286
3164	Boiler Inspection Fees	$3,280,278	$3,170,928	$2,908,035	$3,280,250	$3,280,250
3175	Professional Fees	$4,098,676	$3,897,387	$3,968,803	$3,652,324	$3,659,424
3366	Business Fees – Natural Resources	$20,241	$24,700	$23,273	$24,469	$24,469
3414	Agriculture Inspection Fees	$0	$0	$0	$6,021,288	$6,021,288
3752	Sale of Publications/Advertising	$0	$0	$0	$51,026	$57,026
Program Total		**$10,002,880**	**$9,741,422**	**$9,937,307**	**$17,131,197**	**$17,144,297**
Building Plan Reviews Program						
3161	Manufacturing/Industrial Housing Inspect Fees	$298,448	$344,385	$425,851	$318,250	$318,250
3175	Professional Fees	$11,190	$79,245	$34,650	$72,000	$11,240
3727	Fees – Administrative Services	$4,199,635	$4,329,484	$4,327,087	$4,263,366	$4,263,366
3802	Reimbursements – Third-Party	$23,715	$100,437	$133,383	$52,000	$52,000
Program Total		**$4,532,988**	**$4,853,551**	**$4,920,971**	**$4,705,616**	**$4,644,856**

Conduct Inspections Program						
3035	Commercial Transportation Fees	$798,221	$1,282,909	$1,230,891	$1,251,762	$1,251,762
3164	Boiler Inspection Fees	$130,600	$175,261	$131,100	$0	$0
Program Total		**$928,821**	**$1,458,170**	**$1,361,991**	**$1,251,762**	**$1,251,762**
Investigation Program						
3740	Grants/Donations	$16,528	$9,044	$10,069	$10,000	$10,000
Resolve Complaints Program						
3163	Penalties Manufacturing/Industrial Housing Violation	$5,625	$15,250	$13,500	$4,000	$4,000
3770	Administrative Penalties	$3,448,952	$2,263,442	$2,420,991	$2,266,000	$2,266,000
3802	Reimbursements – Third-Party	$520	$240	$60	$360	$360
3851	Interest on State Deposits and Treasury Investments	$3,828	$5,278	$8,571	$4,600	$4,900
Program Total		**$3,458,925**	**$2,284,210**	**$2,443,122**	**$2,274,960**	**$2,275,260**
Indirect Administration Program						
3765	Supplies/Equipment/ Services	$10,882	$10,882	$10,882	$10,882	$10,882
Total Revenue Collections		**$47,282,619**	**$50,478,882**	**$51,432,609**	**$55,788,458**	**$55,768,498**

NOTE: Collections reported for fiscal years 2020 and 2021 are estimates.
SOURCE: Texas Department of Licensing and Regulation.

APPENDIX TDLR–B – TRANSFERS, NEW REGULATIONS, AND DEREGULATIONS

FIGURE TDLR–B–1
TEXAS DEPARTMENT OF LICENSING AND REGULATION TRANSFERRED AND NEW LICENSURE PROGRAMS AND DEREGULATED LICENSE TYPES
FISCAL YEARS 2015 TO 2021



NOTE: Licensure programs consist of multiple license types. As of fiscal year 2021, the Texas Department of Licensing and Regulation will regulate 40 licensure programs with 238 license types.
SOURCE: Texas Department of Licensing and Regulation.

TEXAS RACING COMMISSION

The Texas Racing Act, the Texas Occupations Code, Title 13, Subtitle A-1

AGENCY DESCRIPTION

The mission of the Texas Racing Commission (TRC) is to enforce the Texas Racing Act and the Rules of Racing to ensure the safety, integrity, and fairness of Texas pari-mutuel racing. The Sixty-ninth Legislature, Second Called Session, 1986, authorized the TRC, but it did not take effect until voters approved a statewide referendum in 1987. A funding structure was provided in which the agency would repay all startup costs with future revenues, plus 12.0 percent interest. The first racetracks were granted licenses in fiscal year 1989.

The commission consists of seven members appointed by the Governor and two ex officio members, the chair of the Public Safety Commission or a member designated by the chair, and the Commissioner of Agriculture or designee.

TRC regulates all aspects of pari-mutuel horse and greyhound racing through licensing, onsite monitoring, and enforcement. The agency licenses the following entities and individuals: (1) racetracks that offer racing with pari-mutuel wagering; (2) individuals that participate in racing with pari-mutuel wagering; and (3) individuals directly involved with pari-mutuel wagering that work at the racetracks.

TRC allocates race dates, supervises and officiates the conduct of all races, monitors the health and safety of the race animals, and conducts drug tests to ensure that the animals race without prohibited substances. The agency oversees all pari-mutuel wagering activity, approves simulcasts, tests the totalisator systems (complex computer systems that register and calculate pari-mutuel payoffs), and ensures the proper allocation and distribution of revenue generated by pari-mutuel wagering.

Additionally, TRC administers the Texas Bred Incentive Program, which is funded with wagering-related revenue and provides economic incentives to support the horse and greyhound breeding industries in the state. It also oversees the Horse Industry Escrow Account, which is funded by sales taxes on certain horse-breeding-related items and is used to support the horse-breeding and racing industries. Although the Texas Bred program's funding is within the Treasury, all funds are passed through to the breeding industry. The Horse Industry Escrow Account is outside of the Treasury, and up to 70.0 percent of funds may be allocated to horse racetrack associations for use as purses, which are winnings for the top race finishers. Horse breed registries may apply for the remaining funds for an event that promotes the horse industry.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include estimates for the expenditures necessary to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be greater than or less than current funding levels. The agency was asked to provide a methodology or justification for determining these amounts. The agency chose to maintain the current level of funding for this exercise. The agency stated that "current levels of funding are sufficient to maintain" certain programs, while noting that several programs would require funding increases to sustain its oversight and regulatory role.

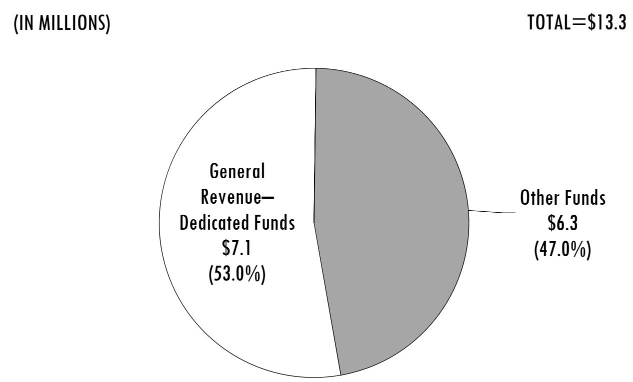
SIGNIFICANT FINDINGS

- Demand, wagering, and overall revenue in the racing industry have decreased during the past decade. When these decreases are combined with the current agency funding methods, TRC has had difficulty earning enough revenue to support the agency's statutorily required regulatory functions.
- The combined effects of House Bill 1995 and House Bill 2463, Eighty-sixth Legislature, 2019, enabled a reduction in racetrack license fees and provided racetracks an economic stimulus of sorts, due to enhanced racetrack access to funds for support of the industry.
- The overall decrease in racing participation requires consistent and effective oversight, as TRC notes that participants "feel driven to take risks as they push to survive in the industry."
- The existence of unlicensed racetracks is an ongoing concern regarding illegal activities and unregulated racing.

- Approximately 30.0 percent of TRC's workforce is eligible for retirement by fiscal year 2023, and another 30.0 percent consists of return-to-work retirees. Therefore, the agency projects a shortage in staffing and skill levels necessary to meet future requirements.
- The agency is having difficulty sustaining the administrative responsibilities related to the Texas Bred Incentive Program and the Horse Industry Escrow Account, which was expanded by the Eighty-sixth Legislature, 2019.
- Because the racing industry tries to be responsive to customer demand for racing events, the TRC is often reactive in responding to the changing circumstances and need for regulation.
- TRC proposed several alternative funding scenarios, some or all of which could provide more solvency for the agency's required regulatory operations.

Figure 382 shows that the agency's funding includes General Revenue–Dedicated Funds from Account No. 597, Texas Racing Commission (Account No. 597), and Other Funds from the Texas-bred Incentive Fund, which includes revenue for the Texas Bred Incentive Program, a pass-through funding incentive for the horse and greyhound breeding industries. Dedicated funding from Account No. 597 may be used only for administration and enforcement of laws governing horse racing and greyhound racing. **Figure 383** shows that the majority of the $0.8 million increase in All Funds is due to the projected increase in Texas Bred awards. However, current decreases in the racing industry indicate that this increase will not materialize. **Figure 384** shows a $5.5 million decrease in funding from Account No. 597 from the 2018–19 to the 2020–21 biennia, which is due to the reclassification of revenues for the Texas Bred Incentive Program into the Texas-bred Incentive Fund, pursuant to House Bill 3366, Eighty-sixth Legislature, 2019.

FIGURE 382
TEXAS RACING COMMISSION FUNDING SOURCES, 2020–21 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Texas Racing Commission.

FIGURE 383
TEXAS RACING COMMISSION PROGRAM FUNDING OVERVIEW, 2018–19 TO 2020–21 BIENNIA

		(IN MILLIONS)			
RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Supervise and Conduct Live Races	$0.9	$0.9	$0.0	0.0%
2	Inspect and Provide Emergency Care	$0.7	$0.6	$-0.1	(14.3%)
3	Monitor Licensee Activities	$0.5	$0.6	$0.1	20.0%
4	Administer Drug Tests	$0.4	$0.4	$0.0	0.0%
5	Occupational Licensing Program	$0.7	$0.7	$0.0	0.0%
6	License/Regulate Racetracks	$0.7	$0.7	$0.0	0.0%
7	Monitor Wagering and Compliance	$0.5	$0.5	$0.0	0.0%
8	Information Resources	$1.0	$1.1	$0.1	10.0%
9	Central Administration and Other Support	$1.3	$1.5	$0.2	15.4%
10	Texas Bred Incentive Program	$5.8	$6.3	$0.5	8.6%
	Total	**$12.6**	**$13.3**	**$0.8**	**6.1%**

NOTE: Totals may not sum due to rounding.
SOURCE: Texas Racing Commission.

FIGURE 384
TEXAS RACING COMMISSION FUNDING BY METHOD OF FINANCE, 2018–19 TO 2020–21 BIENNIA

	(IN MILLIONS)			
METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$12.6	$7.1	($5.5)	(43.7%)

Federal Funds	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$6.3	$6.3	N/A
Total, All Methods of Finance	**$12.6**	**$13.3**	**$0.8**	**6.1%**

NOTE: Totals may not sum due to rounding.
SOURCE: Texas Racing Commission.

FUNDING OPTIONS TO CONSIDER

TRC is statutorily required to raise its own revenue, which is deposited into Account No. 597. All of the Texas Bred Incentive Program funding is passed through the agency from racetracks to eligible recipients. If General Revenue–Dedicated Funds revenues fall short of the appropriations, no other funding provides the difference. The agency also is subject to a requirement in the Eighty-sixth Legislature, General Appropriations Act, 2020–21 Biennium, Article VIII, Special Provisions, Section 2, which limits the agency's appropriations to the amounts of revenue actually collected.

During fiscal year 2016, three racetracks stopped paying their license fees. This cessation led to a $690,000 shortfall in funding and necessitated a fee restructuring. Additionally, House Bill 1995, Eighty-sixth Legislature, 2019, amended the Texas Racing Act to provide access to simulcast race pool revenues, which decreased the agency's reliance on racetrack license fees. However, with the ongoing decrease in the number of race days, the simulcast revenue pool may prove to be unreliable. Furthermore, the COVID-19 pandemic has decreased racing-related revenues because racetracks have been closed temporarily. See **Appendix TRC–B** for more information on racing-related revenues.

Considering TRC's challenges regarding earning enough revenue to perform its regulatory functions adequately, the agency has proposed several alternative funding options for the Legislature's consideration.

OPTION 1 – EXPAND ALLOWABLE USES OF THE HORSE INDUSTRY ESCROW ACCOUNT

Direct a portion of the proceeds from sales taxes on the sale, storage, or use of horse feed, horse supplements, horse track, and other related items currently allocated to this account and outside the Treasury to TRC for administrative purposes. Funds could be directed to the existing Account No. 597. Current statute provides up to $50.0 million for the biennium, which must be used for the horse industry. Of this amount, 70.0 percent is allocated for race purses, and 30.0 percent is allocated for the industry via an application process. If racetrack license fees and the simulcast tax revenue currently directed to TRC were replaced with this funding source, TRC would require $7.0 million for the biennium. However, this option is scalable, and a lower amount still would help to address funding concerns.

OPTION 2 – ADDITIONAL FUNDS FROM SIMULCAST POOLS

Deduct an additional 0.5 percent from the current 1.0 percent of each simulcast pool and the current 1.25 percent of each cross-species simulcast pool. These simulcast revenues are deducted and distributed to TRC for administration of the Texas Racing Act. The simulcast wagering pool in fiscal year 2019 was $251.9 million (see **Appendix TRC–B**). An additional 0.5 percent would provide approximately $2.9 million for the biennium.

OPTION 3 – LIVE WAGERING POOL

Require the live wagering pool to support TRC by deducting 2.0 percent of the live wagering pool. Current statute requires the live racing wagering handle, which is the dollar amount of wagers placed on live races, to reach $100.0 million during a calendar year before revenue may be set aside for the state. Considering the decreases in the live wagering pool, it may be prudent to remove the threshold and authorize the agency to receive 2.0 percent. The live wagering pool in fiscal year 2019 was $19.1 million (see **Appendix TRC–B**). Based on this amount, 2.0 percent for the biennium would provide $765,200.

OPTION 4 – UNCLAIMED WINNING TICKETS

Provide TRC the revenue from unclaimed winning tickets and vouchers, known as outs. Racetracks currently retain the outs funding that remains after their costs for drug testing is deducted. The agency received these revenues before fiscal year 2012, and racetrack license fees replaced the funding source to establish a more equitable obligation across racetracks. However, considering recent issues of nonpayment of racetrack license fees, providing these revenues to TRC with an understanding that license fees would be adjusted may help with cash flow. TRC estimates that outs would provide $605,000 for the biennium.

OPTION 5 – CONSOLIDATE THE GENERAL REVENUE–DEDICATED FUNDS ACCOUNT INTO GENERAL REVENUE FUNDS

Remove the General Revenue–Dedicated Account No. 597, direct the agency's existing revenue streams into General Revenue Funds, and appropriate General Revenue Funds to TRC instead. The Legislature would have to amend the current statutory restriction on the use of General Revenue Funds by the Racing Commission. However, this option would enable the agency to begin operations each year without relying on a balance from the previous year. This option also would align TRC with most other regulatory agencies, whose General Revenue–Dedicated Funds accounts have been consolidated into General Revenue Funds. If options 2, 3, and 4 also were adopted, the total of these revenues could be deposited to the General Revenue Fund. Note that the racetracks are required to make up shortages of simulcast tax revenue, pursuant to the Texas Administrative Code, Title 16, Part 8, Section 309.8(c)(2).

SUPERVISE AND CONDUCT LIVE RACES

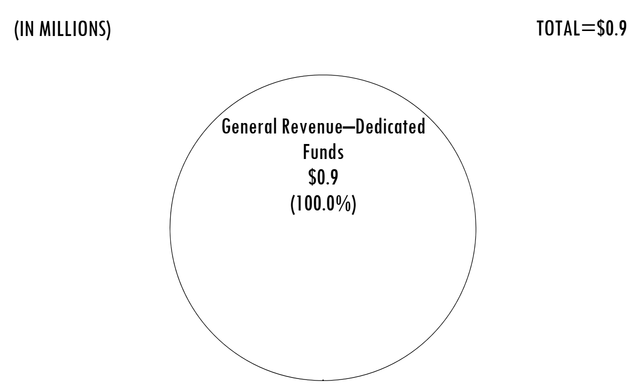
The Texas Racing Act, the Texas Occupations Code, Sections 2023.001, 2023.101, 2025.251, and 2025.262

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The agency regulates and supervises each greyhound or horse race meet involving pari-mutuel wagering to ensure fair racing activities. Certain officials are present at each race meet, responsible for regulation of all racing officials, and track management and all other licensed personnel. This program has not changed significantly since its inception. **Figures 385** and **386** show the program's current and historical funding by method of finance.

FIGURE 385
SUPERVISE AND CONDUCT LIVE RACES PROGRAM FUNDING SOURCES
2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 386
SUPERVISE AND CONDUCT LIVE RACES PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$1.3	$1.1	$0.9	$0.9	(26.3%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.3**	**$1.1**	**$0.9**	**$0.9**	**(26.3%)**

SOURCE: Texas Racing Commission.

Figure 387 shows the Supervise and Conduct Live Races program's performance and targets for fiscal years 2019 to 2021.

FIGURE 387
SUPERVISE AND CONDUCT LIVE RACES PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Average Number of Rulings Per Occupational Licensee	0.04	0.03	75.0%	0.04/0.04
Recidivism Rate for Those Receiving Disciplinary Action	26.25%	22.78%	86.8%	26.25%/26.25%
Percentage of Investigations Resulting in Disciplinary Action	95.0%	96.96%	102.1%	95.0%/95.0%
Percentage of Licensees with No Recent Violations	97.0%	97.52%	100.5%	97.0%/97.0%
Number of Live Races Conducted	1,855	1,776	95.7%	1,495/1,855
Number of Rulings Issued Against Occupational Licensees	262	212	80.9%	257/343
Number of Occupational Licenses Suspended or Revoked	106	114	107.5%	115/154

SOURCE: Texas Racing Commission.

SIGNIFICANT FINDINGS

STAFFING CHALLENGES

According to the agency, TRC has experienced difficulty meeting its obligations to provide adequate supervision of racetracks due to decreased staff and salary resources. Stewards, racing judges, and most of the other staff dedicated to regulating live racing are an integral part of each day of live racing. Most of the hours they work are dedicated to the supervision of the race performance. As the agency has had increased difficulty overseeing tracks, TRC staff have less communication with occupational licensees, including racetrack personnel, horsemen, jockeys, veterinarians, kennelmen, and other racing participants. This decreased communication in turn decreases the ability of the agency to fully monitor and supervise racing activities.

UNREGULATED TRACKS

Unregulated tracks are a continual problem in the state. TRC collaborates with local, state, and federal law enforcement to track and investigate these operations, which have been found to be conducting illegal wagering on races with many different kinds of animals. TRC has statutory authority to regulate tracks that do not offer pari-mutuel wagering. However, it likely would be difficult to enforce these largely underground operations to submit to licensure.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Loss of government regulatory oversight and enforcement by judges and stewards could lead to increased criminal activity at racetracks and may endanger the lives of individuals and race animals. Individuals that wish to influence racing illegally could use this lack of oversight as increased opportunity. Additionally, the wagering public may lose confidence in the fairness of their wagers. State and local revenue may be lost due to diminished wagering.

INSPECT AND PROVIDE EMERGENCY CARE

The Texas Racing Act, the Texas Occupations Code, Section 2023.103

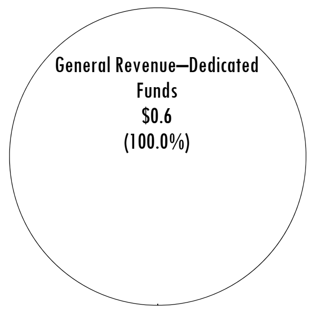
Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

Veterinarians inspect each animal before it races to safeguard the health of racing participants and ensure a fair race for the wagering public. During each race, a veterinarian provides emergency care and attention as needed and inspects the barns and kennel areas for health and safety issues. In addition to the training oversight program, the TRC, in partnership with the Texas A&M School of Veterinary Medicine, has an equine necropsy program to reduce the number of catastrophic injuries. The program's goal is to identify risk factors that veterinarians can assess and detect in pre-race examinations. **Figures 388** and **389** show the program's current and historical funding by method of finance.

FIGURE 388
INSPECT AND PROVIDE EMERGENCY CARE PROGRAM FUNDING SOURCES
2020–21 BIENNIUM

(IN MILLIONS) TOTAL=$0.6



SOURCE: Texas Racing Commission.

FIGURE 389
INSPECT AND PROVIDE EMERGENCY CARE PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.5	$0.6	$0.5	$0.6	23.9%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.5**	**$0.6**	**$0.5**	**$0.6**	**23.9%**

SOURCE: Texas Racing Commission.

Figure 390 shows the Inspect and Provide Emergency Care program's performance and targets for fiscal years 2019 to 2021.

FIGURE 390
INSPECT AND PROVIDE EMERGENCY CARE PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Race Horses that Sustain a Catastrophic Injury	0.14%	0.06%	42.9%	0.14%/0.14%
Number of Horses Inspected Pre-Race	11,160	10,618	95.1%	7,884/10,512
Number of Greyhounds Inspected Pre-Race	2,757	3,319	120.4%	2,757/2,757
Number of Horses that Expire or Must Be Euthanized	16	14	87.5%	16/16
Number of Greyhounds that Expire or Must Be Euthanized	2	2	100.0%	2/2
Percentage of Greyhounds that Sustain a Catastrophic Injury	0.20%	0.13%	65.0%	0.73%/0.73%

SOURCE: Texas Racing Commission.

SIGNIFICANT FINDING

Fourteen horses expired or were euthanized last year at Texas racetracks. The oversight of morning training sessions enables veterinarians to identify horses at risk of injury due to possible pre-existing conditions. Veterinarians observe horses with weight-on, before and after exercise, and while on the track surface.

The agency contracts with four veterinarians that provide testing, medical observation, and medical assistance to race horses and greyhounds at racetracks on live race days. The Eighty-sixth Legislature, 2019, provided the agency $36,000 to increase veterinarian services at live race meets. This funding is used for contract services, but the agency has indicated that additional funding is necessary to address animal health and safety needs adequately.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Impartial racing officials, such as TRC veterinarians, would not be able to inspect, monitor, and enforce policies against physical abuse and drug abuse against racing animals, thus endangering individuals and animals. Owners, trainers, and the wagering public would not be protected sufficiently from illicit activity by organized crime and others that seek to influence racing illegally for financial gain. Loss of confidence in the health and welfare of individuals and racing animals likely would diminish the value of racing overall, incite the protests of animal activists, and may cause the closure of racetracks. This lost confidence or closure of tracks could cause the loss of revenue to the state and to local economies.

MONITOR LICENSEE ACTIVITIES

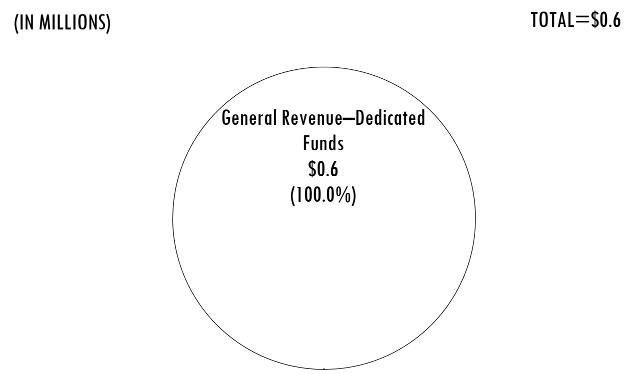
The Texas Racing Act, the Texas Occupations Code, Chapters 2022, 2023, and 2025

Mission Centrality – Strong; Authority – Moderate

PROGRAM DESCRIPTION

Investigators monitor licensee activities, conduct racetrack facilities inspections, conduct investigations on positive animal drug tests, review criminal histories returned on license applicants, and detect illegal wagering, contraband, human drug abuse, narcotics trafficking, and other illicit activities. **Figures 391** and **392** show the program's current and historical funding by method of finance.

FIGURE 391
MONITOR LICENSEE ACTIVITIES PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 392
MONITOR LICENSEE ACTIVITIES PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.5	$0.6	$0.5	$0.6	23.9%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.5**	**$0.6**	**$0.5**	**$0.6**	**23.9%**

SOURCE: Texas Racing Commission.

Figure 393 shows the Monitor Licensee Activities program's performance and targets for fiscal years 2019 to 2021.

FIGURE 393
MONITOR LICENSEE ACTIVITIES PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Investigations Completed	141.0	91.0	64.5%	180/240
Number of Complaints Received Against Licensees	2.0	0.0	0.0%	2.0/2.0

SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Loss of regulatory oversight and enforcement could lead to increased criminal activity at racetracks and may endanger the lives of individuals and race animals. Additionally, the wagering public may lose confidence in the fairness of their wagers, which could lead to decreased revenue for racetracks. This decreased industry revenue likely will result in decreased revenue for the state and local economy. Costs likely would increase for the Department of Public Safety and local police departments that address increased organized crime and illegal activity at racetracks. In addition, the loss of oversight could increase risk of injury or loss of life to race animals and individuals including trainers, jockeys, and owners.

ADMINISTER DRUG TESTS

The Texas Racing Act, the Texas Occupations Code, Section 2034.002

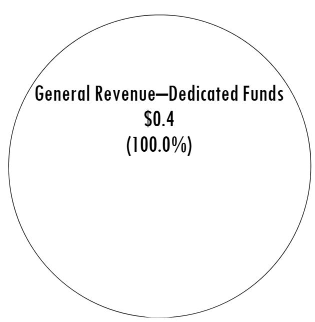
Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

Veterinarians and test barn staff collect blood and urine samples from race animals for laboratory testing. This program is intended to protect the health and welfare of animals by detecting any inappropriate use of a range of drugs and substances, both therapeutic and nontherapeutic. Pursuant to the Texas Racing Act, the Texas A&M Veterinary Medical Diagnostic Laboratory (TVMDL) must perform all animal drug testing for the Texas Racing Commission. TRC has a contract with TVMDL for up to $5,000 per year. **Figures 394** and **395** show the program's current and historical funding by method of finance.

FIGURE 394
ADMINISTER DRUG TESTS PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM

(IN MILLIONS) TOTAL=$0.4



SOURCE: Texas Racing Commission.

FIGURE 395
ADMINISTER DRUG TESTS PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.6	$0.4	$0.4	$0.4	(32.3%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.6**	**$0.4**	**$0.4**	**$0.4**	**(32.3%)**

SOURCE: Texas Racing Commission.

Texas has made significant progress in adopting national regulatory standards, particularly in the area of identifying and correcting the use of prohibited drugs in racing. The agency's Administer Drug Tests program detected prohibited substances or overages of therapeutic medications in horses in 20.1 per 1,000 specimens tested during fiscal year 2019, as shown in **Figure 396**. Aligning the state's rules and policies to match those of other national leaders should improve licensees' ability to comply with those expectations as they move their racing operations among states. However, established rules and regulations are not sufficient to prevent the illegal activities of participants that continue to experiment with new drugs and substances that could harm an animal, alter the outcome of a race, or interfere with the detection of illegal drugs. The agency continues to collaborate with TVMDL to stay ahead of this problem. Any significant change in TVMDL's budget and operations could affect TRC's drug testing program.

FIGURE 396
ADMINISTER DRUG TESTS PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Ratio of Drug Positive Tests for Prohibited Substances in Horses	20.0	20.1	100.5%	15.0/20.0
Ratio of Drug Positive Tests for Prohibited Substance in Greyhounds	20.7	2.4	11.6%	42.6/42.6
Number of Horse Specimens Collected for Drug Testing	2,922	2,740	93.8%	2,191/2,922
Number of Greyhound Specimens Collected for Drug Testing	350	418	119.4%t	350/350

SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing this program could lead to safety issues for jockeys, horses, and greyhounds. Drugs used to enhance the performance of animals are unfair to owners, trainers, and the wagering public. Additionally, the influence of organized crime could increase if drug testing were not conducted. Racing animals that are drugged with performance enhancement or pain-killing drugs are more likely to become injured and die. Animals that are artificially induced with performance-enhancing drugs can fail on the racetrack and fall, causing harm or death to jockeys. TRC investigates and prosecutes several cases of illegal drug activity at racetracks each year.

OCCUPATIONAL LICENSING

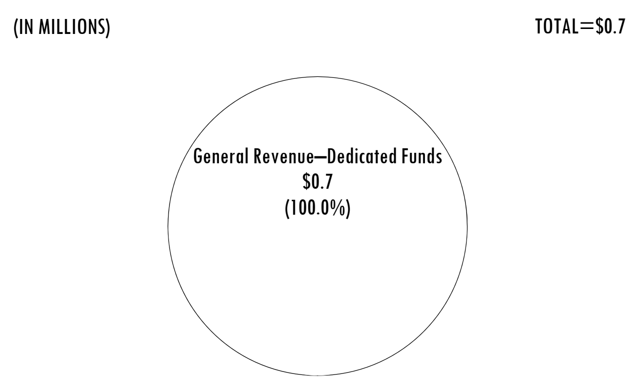
The Texas Racing Act, the Texas Occupations Code, Chapter 2025; the Texas Government Code, Section 2054.111

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

TRC has more than 50 occupational categories for which it issues license certificates in the form of identification cards showing a licensee's photograph and other information. All applicants must submit fingerprints that are forwarded to the Department of Public Safety and the Federal Bureau of Investigation for a criminal background check. Several state regulatory agencies provide similar licensing functions. For example, the Texas Department of Licensing and Regulation (TDLR) provides licensing for various professions. The main difference between TRC's licensing functions and TDLR's is TRC's ability to provide the services onsite at the licensed racetracks. TRC's licensing technicians coordinate with racetrack stewards and judges to determine who meets the eligibility requirements, verify that an individual has passed any required examination, and issue photo identification cards. Additionally, the licensing technicians are responsible for ensuring that all racing participants are licensed before the races begin. The state government website Texas.gov provides online licensing applications for certain types of occupational licenses issued by TRC. **Figures 397** and **398** show the Occupational Licensing program's current and historical funding by method of finance.

FIGURE 397
OCCUPATIONAL LICENSING PROGRAM FUNDING, 2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 398
OCCUPATIONAL LICENSING PROGRAM, HISTORICAL FUNDING 2014–15 TO 2020–21 BIENNIA

	(IN MILLIONS)				
METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	\$0.0	\$0.0	\$0.0	\$0.0	N/A
General Revenue–Dedicated Funds	\$0.9	\$0.8	\$0.7	\$0.7	(21.7%)
Federal Funds	\$0.0	\$0.0	\$0.0	\$0.0	N/A
Other Funds	\$0.0	\$0.0	\$0.0	\$0.0	N/A
Total, All Methods of Finance	**\$0.9**	**\$0.8**	**\$0.7**	**\$0.7**	**(21.7%)**

SOURCE: Texas Racing Commission.

Figure 399 shows the Occupational Licensing program's performance and targets for fiscal years 2019 to 2021.

FIGURE 399
OCCUPATIONAL LICENSING PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of New Eligible Individual Licenses Issued Online	13.0%	11.7%	89.6%	16.0%/14.0%
Percentage of Licensees Who Renew Online	19.0%	19.6%	102.9%	25.4%/20.5%
Number of New Occupational Licenses Issued	1,850	1,583	85.6%	1,038/1,800
Number of Occupational Licenses Renewed	4,000	3,720	93.0%	2,625/3,500
Average Regulatory Cost Per Licensee	\$21.1	\$19.5	92.4%	15.5/15.5
Total Number of Individuals Licensed	5,500	4,571	83.1%	2,851/5,500

SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

TRC conducts background checks and monitors licensees. This service is impartial to the business of racing and seeks to protect the wagering public, race animals, and the owners, jockeys, and other individuals who handle those animals. The revenue from this program, which partially supports the functions of the agency, could be lost.

LICENSE/REGULATE RACETRACKS

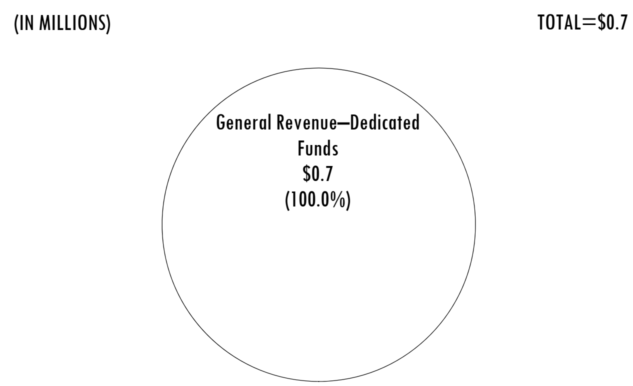
The Texas Racing Act, the Texas Occupations Code, Chapters 2021, 2023, and 2025

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

This program is responsible for approval of new racetrack applications, totalisator and concession contracts, applications for racetrack construction, determination of active or inactive racetrack status, review and renewal of inactive licenses, monitoring racetrack conditions, approving changes in ownership, and explaining commission decisions. **Figures 400** and **401** show the License/Regulate Racetracks program's current and historical funding by method of finance.

FIGURE 400
LICENSE/REGULATE RACETRACKS PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 401
LICENSE/REGULATE RACETRACKS PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$0.7	$0.7	$0.7	$0.7	7.2%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$0.7**	**$0.7**	**$0.7**	**$0.7**	**7.2%**

SOURCE: Texas Racing Commission.

Figure 402 shows the License/Regulate Racetracks program's performance and targets for fiscal years 2019 to 2021.

FIGURE 402
LICENSE/REGULATE RACETRACKS PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage Racetrack with Inspection Score of 100 Percent	75.0%	83.3%	111.1%	75.0%/75.0%
Percentage of Deficiency Items Closed	95.0%	87.5%	92.1%	95.0%/95.0%
Number of Racetrack Operation Complaints Closed	2	0	0.0%	2.0/2.0
Number of Racetrack Inspections	12	6	50.0%	12/12
Number of Horse Racetracks Regulated	7	7	100.0%	7/7
Number of Greyhound Tracks Regulated	3	3	100.0%	3/3

SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

This program collects racetrack licensing revenue and is the administrative arm for licensing and regulatory functions required by the Texas Racing Act. These functions include Supervise and Conduct Live Racing, Administer Drug Tests, Inspect and Provide Emergency Care, Monitor Licensee Activity, and Occupational Licensing. If the License/Regulate Racetracks program were discontinued, revenue from racetrack licenses would be lost, and the regulatory oversight of racetrack operations and certain contracts would cease.

MONITOR WAGERING AND COMPLIANCE

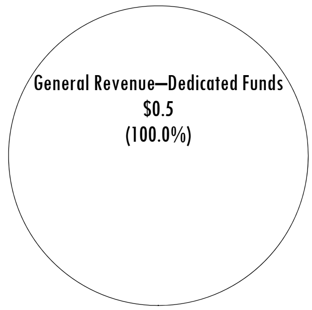
The Texas Racing Act, the Texas Occupations Code, Chapters 2027, 2028, and 2030, and Section 2026.007

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Monitor Wagering and Compliance program conducts audits on pari-mutuel wagering; audits the racetracks' state Treasury deposits; maintains pari-mutuel data; audits simulcast requests and contracts for compliance; assists the public with questions or complaints; and serves as liaison between the agency and the racetracks' pari-mutuel and accounting divisions. This program also administers the Texas Bred Incentive Program and the Horse Industry Escrow Account, both of which are pass-through funding programs, as previously discussed. **Figures 403** and **404** show the Monitor Wagering and Compliance program's current and historical funding by method of finance.

FIGURE 403
MONITOR WAGERING AND COMPLIANCE PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 404
MONITOR WAGERING AND COMPLIANCE PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$1.0	$0.8	$0.5	$0.5	(49.9%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.0**	**$0.8**	**$0.5**	**$0.5**	**(49.9%)**

SOURCE: Texas Racing Commission.

Figure 405 shows the Monitor Wagering and Compliance program's performance and targets for fiscal years 2019 to 2021.

FIGURE 405
MONITOR WAGERING AND COMPLIANCE PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage of Scenarios Within Tote Tests Passed on the First Run	98.0%	97.3%	99.2%	98.0%/98.0%
Percentage of Compliance Audits Passed	97.0%	99.0%	102.0%	98.0%/98.0%
Number of Live and Simulcast Races Audited and Reviewed	640,000	632,494	98.8%	382,800/638,000
Number of Compliance Audits Completed	2,000	1,677	83.9%	1,120/1,300
Number of Tote Tests Complete	6.0	8.0	133.3%	4.0/5.0
Average Cost to Audit and Review a Live or Simulcast Race	$0.70	$0.66	94.3%	0.97/0.69
Total Pari-mutuel Handle (in Millions)	$300.0	$275.6	91.9%	$197.4/$282.0
Total Take to the State Treasury from Pari-mutuel Wagering	$2,929,000	$2,675,235	91.3%	$1,350,000/$2,700,000
Ratio of Simulcast Handle to Live Handle	11.0	13.7	124.6%	17.3/11.7

NOTE: A tote test is a simulation of wagering activity to determine whether the computer equipment that records wagers, totals wagering pools, and calculates payoffs is operating in compliance with Texas Racing Commission and Comptroller of Public Accounts rules.
SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Racetracks are places of gambling. The audit and compliance function protects the wagering public and race animal owners and trainers. Loss of this program could reduce confidence of the wagering public and race participants. Opportunities for organized crime or other criminal elements could increase if wagers are not monitored and audited adequately.

INFORMATION RESOURCES

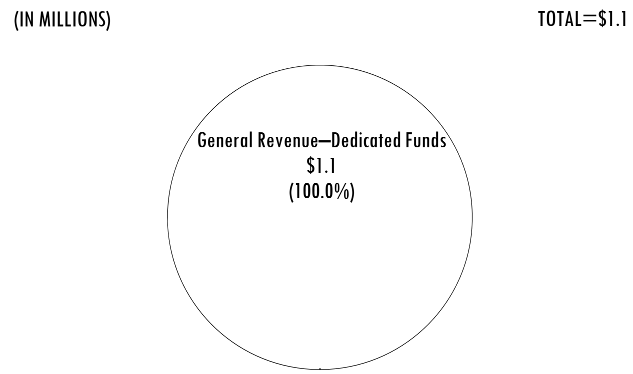
The Texas Racing Act, the Texas Occupations Code, Chapter 2022

PROGRAM DESCRIPTION

TRC's regulatory approach and program relies on effective information technology. The agency uses its technology for licensing, enforcement, veterinary services, drug testing, pari-mutuel monitoring, and information distribution.

The agency has begun an update of its database management system. The database maintains licensing, veterinary, wagering, audit, and investigations data, which are integral to the agency's regulatory and monitoring functions. The cost of this software upgrade has been absorbed partially with current resources, but it requires an additional $60,000 to complete. The agency reports that efficiencies provided by the upgrade could reduce employee time researching data. Additionally, migrating most of the agency's files digitally to cloud-based computing, which is on-demand computer system resources, will save on the cost of server space and of additional programming. **Figures 406** and **407** show the Information Resources program's current and historical funding by method of finance.

FIGURE 406
INFORMATION RESOURCES PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 407
INFORMATION RESOURCES PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$1.0	$1.0	$1.0	$1.1	4.2%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.0**	**$1.0**	**$1.0**	**$1.1**	**4.2%**

SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

The agency cannot function daily without the ability to communicate, collect revenue, and report data. Discontinuing the Information Resources program would cause the loss of administrative functionality in the agency's main office and in the field. The agency would lose the ability to effectively communicate, report, collect data, investigate, monitor, and support its regulatory and enforcement functions. The agency would not be able to support and advise commissioners reliably, nor to budget, purchase, or pay for services.

CENTRAL ADMINISTRATION AND OTHER SUPPORT

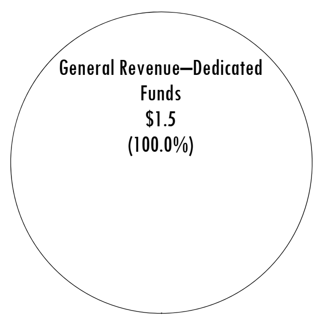
The Texas Racing Act, the Texas Occupations Code, Chapter 2022

PROGRAM DESCRIPTION

Executive management and administrative support services include top-level regulatory functions such as enforcement actions, overseeing the development of regulatory policies, budget and finance, purchasing, human resources, public information requests, and reporting requirements. Central Administration also includes contracts such as the agency's building lease, shipping and postage costs, utilities, copier leases, phone system, internal auditing, and TRC's membership in the Association of Racing Commissioners International, which provides access to international racing rules, rulings, judgements, and other information used by racing organizations worldwide. **Figures 408** and **409** show the Central Administration and Other Support program's current and historical funding by method of finance.

FIGURE 408
CENTRAL ADMINISTRATION AND OTHER SUPPORT PROGRAM FUNDING, 2020–21 BIENNIUM

(IN MILLIONS) TOTAL=$1.5



SOURCE: Texas Racing Commission.

FIGURE 409
CENTRAL ADMINISTRATION AND OTHER SUPPORT PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$1.4	$1.4	$1.3	$1.5	6.6%
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A

Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.4**	**$1.4**	**$1.3**	**$1.5**	**6.6%**

SOURCE: Texas Racing Commission.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Central Administration provides the core state management, administrative, and reporting functions for all financial, licensing, policy, human resources, accounts payable, purchasing, auditing, and information technology functions of the Texas Racing Commission. Without this program, the oversight, regulatory, and enforcement functions of the agency could not be conducted by staff at the racetracks. Without administrative support functions, technology, personnel, or financial accountability, the agency cannot support field staff at the racetracks to monitor, regulate, and enforce racing rules.

TEXAS BRED INCENTIVE

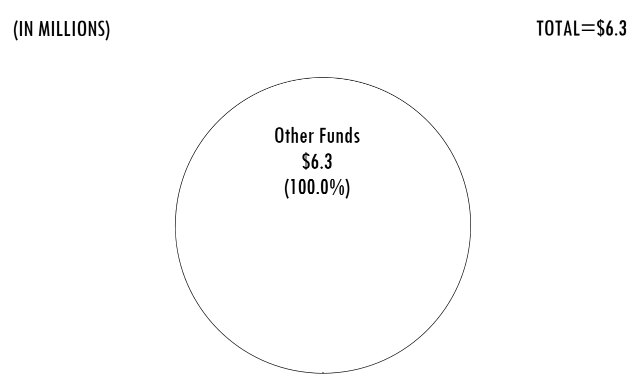
The Texas Racing Act, the Texas Occupations Code, Section 2028.103

Mission Centrality – Moderate; Authority – Strong

PROGRAM DESCRIPTION

The Texas Bred Incentive Program includes the following major activities: reconciling funds received from the racetracks into the Texas Bred accounts; allocating funds in accordance with TRC-approved criteria; issuing payments to the official breed organizations as provided in rule; and auditing the recipients of those payments for compliance. The program affects multiple individuals and entities, including the racetracks, various official breed organizations across the state, racing horse owners, stallion and broodmare owners, breeders, and greyhound owners. The racetracks must meet eligibility requirements set in the Texas Racing Act and rules governing the ownership and operations of a pari-mutuel facility in the state. The animal owners must be licensed by TRC, including completing a criminal background investigation and paying a licensing fee. **Figures 410** and **411** show the Texas Bred Incentive Program's current and historical funding by method of finance.

FIGURE 410
TEXAS BRED INCENTIVE PROGRAM FUNDING, 2020–21 BIENNIUM



SOURCE: Texas Racing Commission.

FIGURE 411
TEXAS BRED INCENTIVE PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

(IN MILLIONS)

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$0.0	$0.0	$0.0	$0.0	N/A
General Revenue–Dedicated Funds	$6.7	$6.3	$5.8	$0.0	(100.0%)
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$6.3	N/A
Total, All Methods of Finance	**$6.7**	**$6.3**	**$5.8**	**$6.3**	**(6.8%)**

SOURCE: Texas Racing Commission.

Figure 412 shows the Texas Bred Incentive Program's performance and targets for fiscal years 2019 to 2021.

FIGURE 412
TEXAS BRED INCENTIVE PROGRAM PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Percentage Increase in Texas Bred Incentive Program Accredited Horses	(5.0%)	(3.2%)	63.0%	(5.0%)/(5.0%)
Percentage Increase in Texas Bred Incentive Program Accredited Greyhounds	(3.0%)	6.7%	(222.7%)	(10.0%)/(10.0%)
Number of Texas Bred Incentive Program Awards for Horses	6,500	4,568	70.3%	3,200/6,400
Number of Texas Bred Incentive Program Awards for Greyhounds	1,920	1,505	78.4%	1,100/1,100

SOURCE: Texas Racing Commission.

SIGNIFICANT FINDING

TRC provides administrative support for the Texas Bred Incentive Program. Texas Bred funding is a pass-through function for the Racing Commission. Moving the program outside the GAA would represent the nature and function of this program accurately.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuing the Texas Bred Incentive Program would have no impact on TRC. All funds are passed through to the various breed registries. However, the Texas breed organizations that use these funds would lose revenue.

APPENDIX TRC–A – REVENUES

Figure TRC–A–1 shows revenue collected by or passed through the Texas Racing Commission (TRC) inside the Treasury. These revenue sources may be expended by TRC or collected by TRC and passed through to the Texas Bred Incentive Program recipients in the breeding industry. These funding sources are appropriated in the General Appropriations Act through the agency's bill pattern as General Revenue–Dedicated Funds from Account No. 597, Texas Racing Commission, or as Other Funds from the Texas-bred Incentive Fund.

Figure TRC–A–2 shows revenue sources that are not appropriated to TRC. They either are retained directly by the racing industry or administered by TRC on behalf of the racing industry.

FIGURE TRC–A–1
REVENUE COLLECTED BY OR PASSED THROUGH THE TEXAS RACING COMMISSION INSIDE THE TREASURY
FISCAL YEARS 2017 TO 2021

REVENUE SOURCE	2017	2018	2019	2020 PROJECTED	2021 PROJECTED
Race Track Licenses – Horse	$2,589,973	$3,230,687	$2,835,592	$1,338,437	$910,000
Racing and Wager Licenses	$717,040	$681,214	$577,343	$525,000	$600,000
Race Track Licenses – Greyhound	$1,080,000	$612,525	$846,262	$585,000	$420,000
Breakage – Horse Racing (Texas Bred Incentive Program)	$2,642,147	$2,669,035	$2,399,286	$1,871,721	$2,729,068
Race Pool/State/Greyhound/Simulcast	$0	$0	$0	$332,680	$462,280
Breakage – Greyhound Racing (Texas Bred Incentive Program)	$386,469	$376,346	$369,944	$287,290	$400,932
Race Pool/State/Horse/Simulcast	$0	$0	$0	$1,515,544	$2,105,944
Fees/Copies or Filing of Records	$37	$391	$1,284	$0	$0
Reimbursements – Third Party	$14,469	$16,669	$14,730	$14,400	$14,400
Total	**$7,430,135**	**$7,586,867**	**$7,044,441**	**$6,470,072**	**$7,642,624**

SOURCE: Texas Racing Commission.

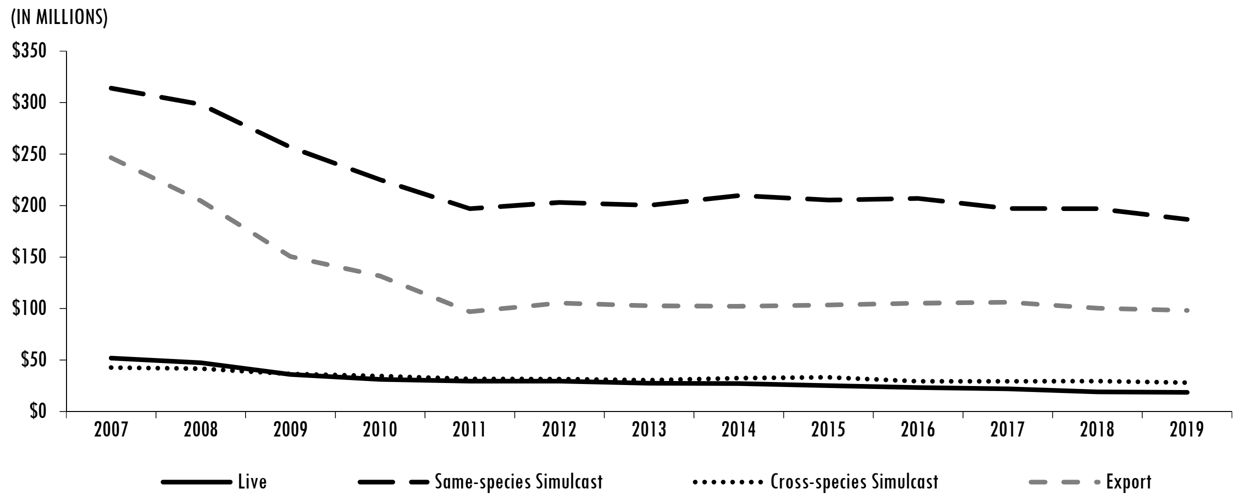
FIGURE TRC–A–2
REVENUE COLLECTIONS ACCESSIBLE TO THE RACING INDUSTRY OUTSIDE THE TREASURY, FISCAL YEARS 2017 TO 2021

REVENUE SOURCE	2017	2018	2019	2020 PROJECTED	2021 PROJECTED
Breakage – Horse Racing	$694,395	$644,577	$646,715	$500,000	$650,000
Interest on State Deposits and Treasury Investments	$934	$1,392	$2,044	$97,600	$97,600
Horse Industry Escrow Account (Sales Tax from Fund 001)	$0	$0	$0	$25,000,000	$25,000,000
Total	**$695,329**	**$645,969**	**$648,759**	**$25,597,600**	**$25,747,600**

SOURCE: Texas Racing Commission.

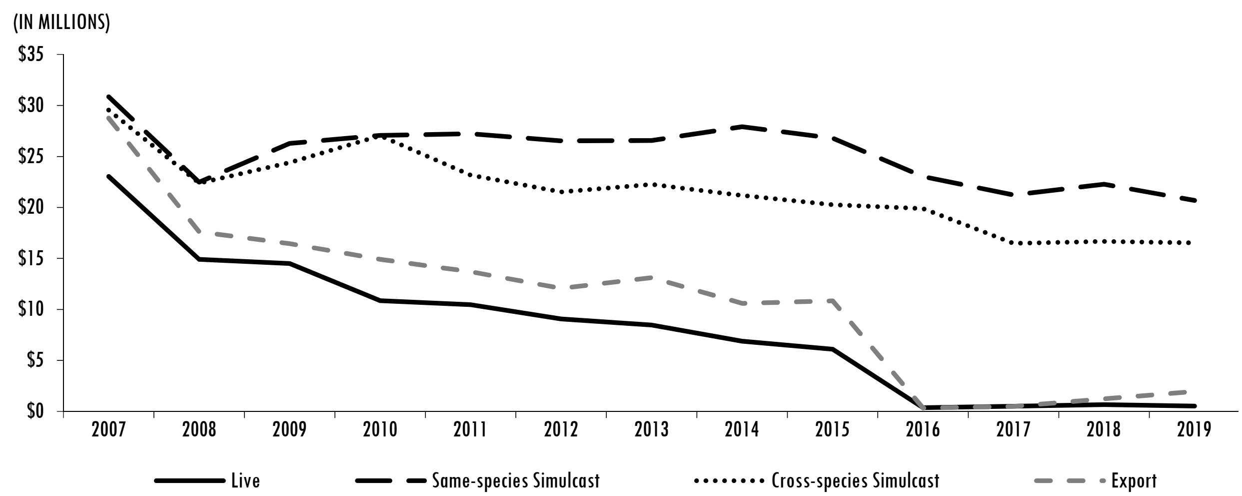
APPENDIX TRC–B – TEXAS WAGERING HANDLE

FIGURE TRC–B–1
HISTORICAL WAGERING AT TEXAS HORSE RACETRACKS
FISCAL YEARS 2007 TO 2019



SOURCE: Texas Racing Commission.

FIGURE TRC–B–2
HISTORICAL WAGERING AT TEXAS GREYHOUND RACETRACKS
FISCAL YEARS 2007 TO 2019



SOURCE: Texas Racing Commission.

APPENDIX TRC–C – SIGNIFICANT LEGISLATION OF THE EIGHTY-SIXTH LEGISLATURE, 2019

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 Texas 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 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 promotes 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 now are deposited to the new fund and made available for the same or similar purposes.

STATE BOARD OF VETERINARY MEDICAL EXAMINERS

The Texas Occupations Code, Chapter 801

AGENCY DESCRIPTION

The stated mission of the State Board of Veterinary Medical Examiners (BVME) is to establish and enforce policies to ensure the best possible quality of veterinary and equine dental provider services for Texas.

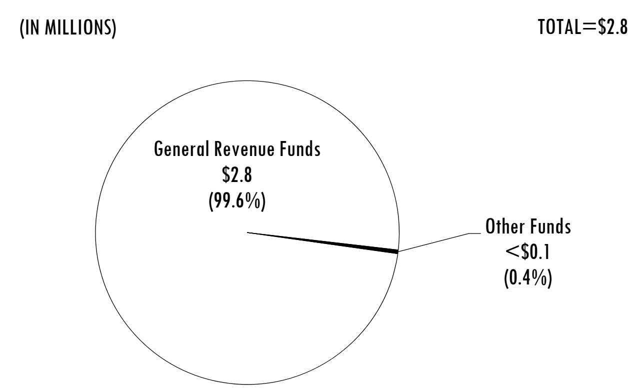
The Legislature established the BVME in 1911 to regulate the practice of veterinary medicine, surgery, and dentistry. The Legislature added responsibilities for the licensure and regulation of equine dental providers in 2011 and veterinary technicians in 2013.

BVME's primary purpose is to ensure that individuals that enter the veterinary practice or provide equine dental services have demonstrated the ability to meet or exceed the state's minimum qualifications required to be a licensed veterinarian, veterinary technician, or equine dental provider. The agency carries out its responsibilities through its four programs, including Enforcement, Licensing, Peer Assistance, and Indirect Administration.

The agency's governing board consists of nine members appointed by the Governor with the advice and consent of the Senate and includes five veterinarians, one licensed veterinary technician, and three public representatives. Board members are appointed for staggered six-year terms.

The agency's enabling statute and the General Appropriations Act require BVME to establish and assess fees in amounts that are reasonable and necessary to generate revenue sufficient to cover the costs of implementing its responsibilities. BVME rules set licensing fees to meet these requirements. **Figure 413** shows the agency's funding sources for the 2020–21 biennium, which consist primarily of agency fee-generated General Revenue Funds.

FIGURE 413
BOARD OF VETERINARY MEDICAL EXAMINERS FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Legislative Budget Board.

Figure 414 shows the agency's funding by program from the 2018–19 to the 2020–21 biennia.

FIGURE 414
BOARD OF VETERINARY MEDICAL EXAMINERS FUNDING BY PROGRAM, 2018–19 TO 2020–21 BIENNIA

RANKING	PROGRAM	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
1	Enforcement	$1,604,090.0	$1,731,176.0	$127,086.0	7.9%
2	Licensing	$701,180.0	$741,724.0	$40,544.0	5.8%
3	Indirect Administration	$200,593.0	$216,682.0	$16,089.0	8.0%
4	Peer Assistance	$80,514.0	$90,000.0	$9,486.0	11.8%

SOURCE: Board of Veterinary Medical Examiners.

Figure 415 shows the agency's funding by method of finance for the 2018–19 and 2020–21 biennia.

FIGURE 415
BOARD OF VETERINARY MEDICAL EXAMINERS FUNDING BY METHOD OF FINANCE, 2018–19 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2018–19	APPROPRIATED 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$2,586,377.0	$2,768,528.0	$182,151.0	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	$11,054.0	$11,054.0	100%
Total, All Methods of Finance	**$2,586,377.0**	**$2,779,582.0**	**$193,205.0**	**7.5%**

NOTES: The agency was appropriated $2.9 million in All Funds for the 2018–19 biennium.
SOURCES: Legislative Budget Board; Board of Veterinary Medical Examiners.

SIGNIFICANT FINDING

The agency has experienced significant employee turnover during recent fiscal years and vacancies in key positions, which the agency reports was initiated by the BVME's last Sunset review process during the 2016–17 biennium. Sunset Advisory Commission staff identified significant operational and administrative issues at BVME, including poor financial management. As a result, the Eighty-fifth Legislature, Regular Session, 2017, continued the agency until September 1, 2021, and the agency is subject to a limited-scope review by Sunset Advisory Commission staff during the 2020–21 biennium.

BVME reports that when the agency's new executive administration started in fiscal year 2018, the agency had seven key vacancies, and four additional separations followed. According to the Legislative Workforce Summary prepared by the

State Auditor's Office (SAO) for the Eighty-sixth Legislature, 2019, BVME's turnover rate was 41.2 percent in fiscal year 2018. The agency's turnover rate in fiscal year 2019 was 27.4 percent.

The Sunset review during the 2016–17 biennium included a management directive for BVME to review the job description for the chief financial officer position and modify the qualifications, responsibilities, and job duties as needed to ensure that the job description accurately represents the position's requirements. Subsequently, the agency's executive director would ensure that the agency hires an individual who is qualified and properly trained to perform these duties. The agency reports that, to date, it has not been able find a suitable candidate for the chief financial officer position.

As of June 2020, the agency reported that all but two of the 21.0 full-time-equivalent (FTE) positions were staffed. The two vacant positions included 1.0 FTE legal assistant position in the Enforcement program and the chief financial officer (1.0 position). In anticipation of potential reductions to General Revenue Funds appropriations for the 2020–21 biennium, the agency has proposed leaving the legal assistant position vacant.

Based on program budget information submitted by the agency for this review, salaries and wages and other personnel costs make up 79.1 percent (or $2.2 million) of the agency's total budget for the 2020–21 biennium, compared to 73.1 percent of total expenditures for the 2018–19 biennium. The SAO's Workforce Summary for fiscal year 2018 reported that 98.4 percent of BVME's staff were paid below the midpoint of the salary range in which they were assigned, and the agency's average salary amount of $46,836 was below the average salary amount of $60,376 for all agencies included in the General Appropriations Act, Article VIII, Regulatory function. The agency reports having few internal advancement opportunities, but the administration has used merit salary increases, onetime merit increases, and professional advancement to encourage staff's tenure with the agency. Because of the agency's small size and budget, BVME has limited additional capacity to use merit salary increases as an employee retention option.

In information submitted by the agency for the Strategic Fiscal Review, BVME reported minimum program funding amounts greater than the amounts appropriated for the 2020–21 biennium to recruit and retain qualified staff, including the chief financial officer position.

ENFORCEMENT

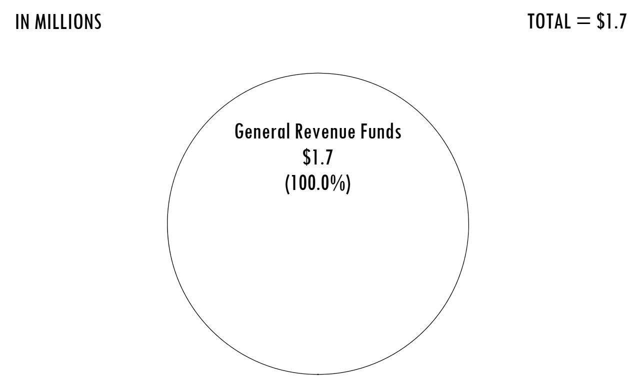
The Texas Occupations Code, Chapter 801, Subchapters I, J, and K

Mission Centrality – Strong; Authority – Strong

PROGRAM DESCRIPTION

The Board of Veterinary Medical Examiners' Enforcement program conducts inspections and investigations of complaints to ensure compliance with the state Veterinary Licensing Act and BVME rules. This program also monitors licensee compliance with disciplinary orders. The Enforcement program is the agency's largest program in budget and allocation of FTE positions. The program includes the agency's Enforcement and Legal divisions. The agency allocates 14.0 of its 21.0 authorized FTE positions to the Enforcement program. **Figure 416** shows that the program is funded with $1.7 million in General Revenue Funds, which is 62.3 percent of the agency's total appropriated funding for the 2020–21 biennium.

FIGURE 416
ENFORCEMENT PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Board of Veterinary Medical Examiners.

Figure 417 shows the program's historical funding by method of finance from the 2014–15 to the 2020–21 biennia.

FIGURE 417
ENFORCEMENT PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15 (IN MILLIONS)	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$1.4	$1.5	$1.6	$1.7	19.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$1.4**	**$1.5**	**$1.6**	**$1.7**	**19.4%**

SOURCE: Board of Veterinary Medical Examiners.

The agency's Enforcement division conducts investigations based on complaints received from the public and from other local, state, and federal agencies, and complaints generated from the division's compliance inspections. BVME investigators review complaints, complete investigations, and determine whether jurisdictional violations have occurred. After completion of an investigation, the complaint is routed to the Legal division with a recommendation for prosecution or dismissal.

The Legal division prosecutes cases against licensees, license applicants, and unlicensed individuals that have violated the state Veterinary Licensing Act. The Legal division may resolve cases informally after either a staff conference or an informal conference produces a proposed agreed order for disciplinary action or an order to cease and desist. If a proposed agreed order is not agreed to mutually by both parties in the complaint, then the matter is referred to the State Office of Administrative Hearings (SOAH) for formal adjudication. The Legal division is responsible for conducting legal research and prosecution for cases referred to SOAH. **Figure 418** shows the program's targeted performance measures for fiscal years 2019 to 2021.

FIGURE 418
ENFORCEMENT PROGRAM PERFORMANCE MEASURES, 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Jurisdictional Complaints Received	420	263	62.6%	420/420
Number of Complaints Resolved	430	213	49.5%	430/430
Average Time for Complaint Resolution (Days) (1)	180	502	278.9%	180/180
Percentage of Complaints Resulting in Disciplinary Action	34.0%	34.6%	101.8%	34.0%/34.0%

NOTE: (1) The agency reported that the Average Time for Complaint Resolution exceeded the target in fiscal year 2019 due to the resolution of a large backlog of cases that resulted from high staff turnover and agency restructuring that occurred during fiscal years 2017 and 2018.
SOURCE: Board of Veterinary Medical Examiners.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuation of the Enforcement program would eliminate the agency's Enforcement and Legal divisions, leaving the agency without investigators to conduct compliance inspections and complaint investigations and without legal staff to take action on violations of the Veterinary Licensing Act. According to the agency, the absence of compliance inspections would enable noncompliant, isolated licensees to remain unidentified for lengthy periods, which would pose risks to the public due to their noncompliance with BVME rules and lack of knowledge of changing veterinary practice standards. The agency reports that the most serious and most common cases generated from inspections involve violations related to controlled substances.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

As shown in **Figure 419**, the agency reported a biennial minimum funding amount that is $110,136 (or 6.4 percent) greater than 2020–21 biennial appropriated amounts for the Enforcement program. The difference primarily consists of additional funding for salaries and wages and other personnel costs for 1.0 additional FTE position and to retain qualified staff.

FIGURE 419
ENFORCEMENT PROGRAM EXPENDITURE FOR MINIMUM LEVEL OF SERVICE, 2020–21 BIENNIUM

METHOD OF FINANCE	APPROPRIATED 2020–21	MINIMUM 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
General Revenue Funds	$1,731,176.0	$1,841,312.0	$110,136.0	6.4%
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	N/A
Total, All Methods of Finance	**$1,731,176.0**	**$1,841,312.0**	**$110,136.0**	**6.4%**

SOURCE: Board of Veterinary Medical Examiners.

During the Strategic Fiscal Review for fiscal year 2020, the agency posted a position for a legal assistant (1.0 FTE position) to support the Legal division in the Enforcement program; however, the agency was not able to find a suitable candidate. The agency has decided to leave the position vacant in anticipation of potential reductions to General Revenue Funds appropriations for the 2020–21 biennium.

LICENSING

The Texas Occupations Code, Chapter 801, Subchapters F and G

Mission Centrality – Strong; Authority – Strong

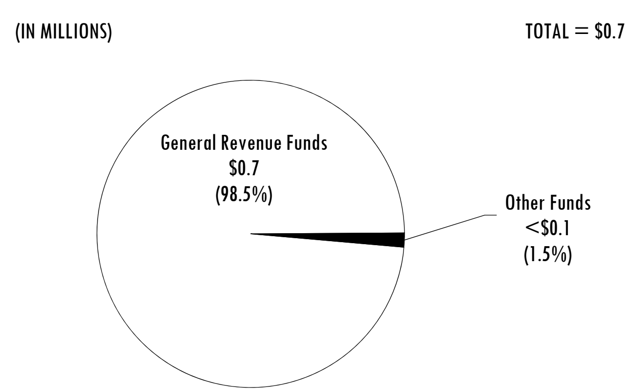
PROGRAM DESCRIPTION

The Board of Veterinary Medical Examiners is required to provide for the licensure and examination of veterinarians, licensed veterinary technicians (LVT), and equine dental providers (EDP). An individual may not practice veterinary medicine, perform equine dentistry, or act as an LVT in Texas without the appropriate BVME-issued license.

The agency's Licensing program is responsible for reviewing license applications and documentation, performing criminal history checks, administering jurisprudence examinations, and issuing licenses to individuals who meet the qualifications. The Licensing program also processes applications for annual license renewal, which includes ensuring that licensees meet continuing education requirements, are in compliance with applicable laws, and have submitted the renewal fees. As of the end of fiscal year 2019, the agency reported 10,818 active licenses, including 8,885 veterinarian, 1,873 LVT, and 60 EDP licenses.

Figure 420 shows total funding of $741,724 for the Licensing program for the 2020–21 biennium, which includes $730,670 in General Revenue Funds and $11,054 in Other Funds from Appropriated Receipts.

FIGURE 420
LICENSING PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCES: Legislative Budget Board; Board of Veterinary Medical Examiners.

Figure 421 shows the program's historical funding by method of finance from the 2014–15 to the 2020–21 biennia.

FIGURE 421
LICENSING PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$616,109.0	$461,975.0	$701,180.0	$730,670.0	18.6%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$11,054.0	100.0%
Total, All Methods of Finance	**$616,109.0**	**$461,975.0**	**$701,180.0**	**$741,724.0**	**20.4%**

NOTE: Appropriations for the 2020-21 biennium included $11,054 in Other Funds from Appropriated Receipts.
SOURCES: Legislative Budget Board; Board of Veterinary Medical Examiners.

The agency allocates 5.0 of its 21.0 authorized FTE positions to the Licensing program. **Figure 422** shows actual and targeted performance for Licensing program key performance measures, including the number of new licenses issued to individuals and number of licenses renewed, for fiscal years 2019 to 2021.

FIGURE 422
LICENSING KEY PERFORMANCE MEASURES, FISCAL YEARS 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of New Licenses Issued to Individuals	700.0	795.0	113.6%	700.0/700.0
Number of Licenses Renewed (Individuals)	10,200.0	9,975.0	97.8%	10,200.0/10,200.0

SOURCE: Board of Veterinary Medical Examiners.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

Discontinuation of the Licensing program would eliminate the agency's ability to process applications for licensure and renewals, and the ability to ensure that individuals meet the minimum qualifications to practice veterinary medicine and equine dentistry in Texas. Additionally, BVME is required statutorily to set fees in amounts reasonable and necessary to generate revenue sufficient to cover the costs of its operations and administering its responsibilities. The agency generates revenue to cover the cost of direct appropriations for all BVME programs and other indirect costs (e.g., employee benefits) through the assessment and collection of fees on license renewals and new license applications. Past Legislatures, with evidence of the agency's licensee associations' support for fee increases, have used provisions of contingent revenue in the General Appropriations Act to require the agency to increase fee revenue in amounts sufficient to offset increases in General Revenue Funds for the agency's exceptional item requests and appropriations increases for implementing requirements of new legislation. Therefore, discontinuation of the licensing program would limit the Legislature's ability to use contingent revenue requirements to offset increases in General Revenue Funds appropriations to BVME.

The Comptroller of Public Accounts' January 2019 Biennial Revenue Estimate projected that the agency would collect $3.8 million in General Revenue Funds from professional licensing fees and Peer Assistance program fees for the 2020–21 biennium, which is $0.2 million greater than the agency's total General Revenue Funds appropriations and estimated employee benefits costs for the 2020–21 biennium.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

The agency reported a biennial minimum funding amount that is $29,818 (or 4.0 percent) greater than 2020–21 biennial appropriated amount for the Licensing program. The difference consists primarily of additional funding for salaries and wages and other personnel costs to retain qualified staff. In accordance with the agency's current budget methodology, salaries and other personnel costs for certain executive administration staff, including the Executive Director and the chief financial officer, are allocated among the Licensing and Enforcement programs.

PEER ASSISTANCE

The Texas Health and Safety Code, Chapter 467; the Texas Occupations Code, Section 801.157

Mission Centrality – Moderate; Authority – Strong

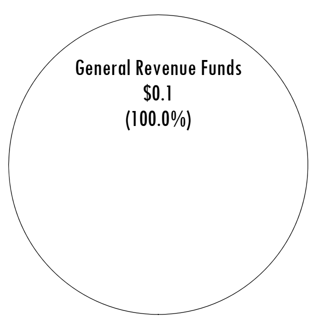
PROGRAM DESCRIPTION

The Board of Veterinary Medical Examiners is required to establish or approve a Peer Assistance program to help professionals whose ability to perform is impaired by dependency on drugs or alcohol or by mental illness. The agency contracts with a vendor to provide peer assistance services for impaired licensees, and no agency FTE positions are funded through this program.

Pursuant to the Texas Health and Safety Code, Chapter 467, the agency may add a surcharge of up to $10 to its license fee or license renewal fee to fund an approved peer assistance program. The agency currently includes a surcharge of $6 on each veterinarian and equine dental provider license renewal. The General Appropriations Act requires the agency to collect revenue from peer assistance surcharges sufficient to cover the amounts appropriated for the program. **Figures 423** and **424** show funding of $90,000 in General Revenue Funds for the 2020–21 biennium, $45,000 each fiscal year, for the Peer Assistance program. The agency collected $49,931 from Peer Assistance program fees during fiscal year 2019 and projects similar revenue collections sufficient to cover appropriations for each fiscal year of the 2020–21 biennium.

FIGURE 423
PEER ASSISTANCE PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM

(IN MILLIONS) TOTAL = $0.1



SOURCE: Board of Veterinary Medical Examiners.

FIGURE 424
PEER ASSISTANCE PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$60,000.0	$54,398.0	$80,514.0	$90,000.0	50.0%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A
Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$60,000.0**	**$54,398.0**	**$80,514.0**	**$90,000.0**	**50.0%**

SOURCE: Board of Veterinary Medical Examiners.

A licensee may participate voluntarily in the Peer Assistance program. However, if a licensee is subject to disciplinary action based on a finding that the individual is impaired by chemical dependency or mental illness, BVME may order the licensee to submit to care, counseling, or treatment through the program. During fiscal year 2019, 22 individuals participated in the Peer Assistance program. As of the second quarter of fiscal year 2020 ending February 2020, the agency reported 19 licensees participating in the program, including eight voluntary participants and 11 board-ordered participants. **Figure 425** shows the program's targeted performance measures for fiscal years 2019 to 2021.

FIGURE 425
PEER ASSISTANCE KEY PERFORMANCE MEASURES, 2019 TO 2021

MEASURE	2019 TARGET	2019 ACTUAL PERFORMANCE	PERCENTAGE OF ANNUAL TARGET	2020/2021 TARGET
Number of Individuals Participating in a Peer Assistance Program	22	22	100.0%	22/22
Recidivism Rate for Peer Assistance Programs	6.0%	2.0%	33.3%	6.0%/6.0%

NOTE: The Recidivism Rate for Peer Assistance Programs is the percentage of individual program participants who receive related disciplinary action within three years of completion of participation in the peer assistance program.
SOURCE: Board of Veterinary Medical Examiners.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to BVME, the Peer Assistance program helps to avoid potential complaints against licensees, disciplinary actions, and license revocations by providing services to assist impaired licensees in their recovery.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

Senate Bill 68, Eighty-sixth Legislature, 2019, expanded Strategic Fiscal Review requirements to include fiscal estimates for the expenditures needed to maintain the minimum level of statutorily required service. Fiscal amounts for the minimum level of service could be higher or lower than existing funding levels. The agency was asked to provide a methodology or justification for determining these amounts. The agency chose to maintain the current level of funding for the Peer Assistance program for this exercise.

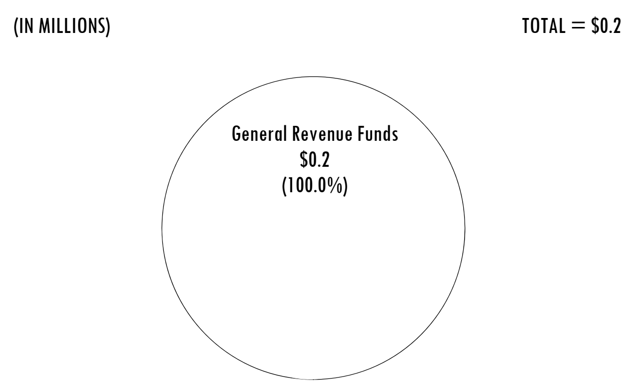
INDIRECT ADMINISTRATION

The Texas Occupations Code, Chapter 801

PROGRAM DESCRIPTION

The agency's Indirect Administration program provides support for human resources, purchasing, and administrative support for customer service. The agency currently allocates 2.0 full-time-equivalent positions to Indirect Administration, which includes 1.0 FTE position for a staff services officer, and partial allocation of 0.5 FTE position for a purchaser and 0.5 position for an administrative assistant. The remainder of the FTE allocations for the purchaser and administrative assistant positions are allocated to the Licensing and Enforcement programs for direct administrative support. **Figure 426** shows that the Indirect Administration program is funded with $216,682 in General Revenue Funds for the 2020–21 biennium.

FIGURE 426
INDIRECT ADMINISTRATION PROGRAM FUNDING SOURCES, 2020–21 BIENNIUM



SOURCE: Board of Veterinary Medical Examiners.

Figure 427 shows the program's historical funding from the 2014–15 to the 2020–21 biennia.

FIGURE 427
INDIRECT ADMINISTRATION PROGRAM HISTORICAL FUNDING, 2014–15 TO 2020–21 BIENNIA

METHOD OF FINANCE	EXPENDED 2014–15	EXPENDED 2016–17	EXPENDED 2018–19	APPROPRIATED 2020–21	PERCENTAGE CHANGE 2014–15 TO 2020–21
General Revenue Funds	$172,820.0	$238,189.0	$200,593.0	$216,682.0	25.4%
General Revenue–Dedicated Funds	$0.0	$0.0	$0.0	$0.0	N/A
Federal Funds	$0.0	$0.0	$0.0	$0.0	N/A

Other Funds	$0.0	$0.0	$0.0	$0.0	N/A
Total, All Methods of Finance	**$172,820.0**	**$238,189.0**	**$200,593.0**	**$216,682.0**	**25.4%**

SOURCE: Board of Veterinary Medical Examiners.

ADVERSE EFFECT OF DISCONTINUING PROGRAM

According to BVME, discontinuing the Indirect Administration program would negatively impact funding for three administrative support positions at the agency. Discontinued funding would leave the agency without a dedicated staff services officer that oversees employee benefits, personnel issues, basis of employment law, agency reports, and payroll. Other affected positions would include a purchaser in charge of purchasing for all agency programs and processing board member vouchers and an administrative assistant that assists in customer service for the Licensing and Enforcement programs by directing calls in a timely manner.

EXPENDITURES REQUIRED FOR MINIMUM LEVEL OF SERVICE

The agency reported a biennial minimum funding amount that is $3,248 (or 1.5 percent) greater than 2020–21 biennial appropriated amounts for the Indirect Administration program. The agency did not provide a detailed methodology to support the minimum funding level but indicated that additional funding would be used for costs associated with relocation of the agency's headquarters to a new facility in the Capitol Complex and for advertising open positions in Human Resources.

APPENDIX A – INDEX OF STRATEGIC FISCAL REVIEW OF AGENCIES BY PROGRAM

AGENCY PROGRAMS