



APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS

AN ISSUE BRIEF FROM LEGISLATIVE BUDGET BOARD STAFF

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OBJECTIVE

Appropriations Limited to Revenue Collection (ALRC) riders require an agency to generate revenue to cover the cost of appropriation and other direct and indirect costs for that agency or program.

KEY FACTS

- ◆ Statute requires 20 agencies to fully fund all operations through revenue collection (see **Figure 1**).
- ◆ Statute requires specific programs at 12 other agencies to be self-supporting (see **Figure 2**).

BUDGETARY IMPACT

ALRC riders result in a net zero or positive budget impact to the state. Riders authorize a reduction in appropriations if the revenue does not cover costs; therefore, the net impact to the state of the agency's appropriations will remain zero. However, if the agency generates General Revenue Funds receipts greater than the amounts required for compliance, the budget impact to the state is positive.

Certain agencies, or certain programs within an agency, are statutorily required to be self-sustaining. This requirement is incorporated into the General Appropriations Act (GAA) through Appropriations Limited to Revenue Collections (ALRC) riders or special provisions. In most cases, ALRC riders or provisions are associated with regulatory or licensing agencies or for certain programs that have a regulatory purpose. These riders and provisions require the agency to generate revenue—authorized fines, fees, or other collected receipts—in an amount sufficient to cover appropriations of the entire agency or for the associated program and associated other direct and indirect costs (ODIC).

Required ODIC are based on employee benefits contributions, statewide fixed costs, and any applicable revenue bond costs. Employee benefits contributions include Social Security, retirement, group insurance, and benefit replacement pay. These benefits contributions are calculated by the Legislative Budget Board (LBB) based on the number of full-time-equivalent positions and salaries affected by ALRC riders. This methodology also considers expected growth in benefits costs for the upcoming biennium.

If projected or actual revenues are insufficient to offset all corresponding costs, the LBB and the Office of the Governor may direct the Comptroller of Public Accounts to reduce appropriation authority proportionally. For ALRC agencies or programs funded by General Revenue Funds, revenue generated greater than the threshold (direct appropriations and ODIC) established by ALRC rider is deposited into the General Revenue Fund and can be used for any purpose. This structure ensures that agencies are incentivized to price fees for these programs at the actual cost to administer them.

Figure 1 shows state agencies that are entirely subject to an ALRC rider. **Figure 2** shows agencies with specific programs subject to an ALRC rider.

FIGURE 1

AGENCIES WITH APPROPRIATIONS ENTIRELY SUBJECT TO ALRC RIDERS, FISCAL YEARS 2022 AND 2023

Article V – Public Safety and Criminal Justice Agencies

Commission on Fire Protection (Rider 2)

Alcoholic Beverage Commission (Rider 7)

Article VIII – Regulatory Agencies (Special Provisions, Rider 2)

Texas Behavioral Health Executive Council

Texas Medical Board

Board of Chiropractic Examiners

Texas Board of Nursing

Texas State Board of Dental Examiners

Optometry Board

Funeral Service Commission

Board of Pharmacy

Board of Professional Geoscientists

Executive Council of Physical Therapy and Occupational Therapy Examiners

Office of Public Insurance Counsel

Board of Plumbing Examiners

Office of Injured Employee Counsel

Racing Commission

Department of Insurance

Securities Board

Department of Licensing and Regulation

Board of Veterinary Medical Examiners

NOTE: ALRC=Appropriations Limited to Revenue Collections.

SOURCE: Eighty-seventh Legislature, General Appropriations Act, 2022–23 Biennium.

FIGURE 2
AGENCIES CONTAINING PROGRAMS SUBJECT TO ALRC RIDERS, FISCAL YEARS 2022 AND 2023

AGENCY (GENERAL APPROPRIATIONS ACT ALRC RIDER)	PROGRAM(S)
Article I – General Government	
Texas Facilities Commission (Rider 12)	Federal Surplus Property (1)
Article II – Health and Human Services	
Health and Human Services Commission (Rider 118)	Interpreter Certification Program Health Care Facilities Program Health Care Professionals and Other
Department of State Health Services (Rider 3)	Food (Meat) and Drug Safety Environmental Health Radiation Control
Article III – Education	
Texas Education Agency (Rider 24)	Guaranteed Program for School District and Charter School Bonds Texas Certificate of High School Equivalency Educator Certification Criminal History Background Check Educator Preparation Program Approval and Accountability Texas High Performance Schools Consortium Fee
Article IV – Judiciary	
Office of Court Administration, Texas Judicial Council (Rider 6)	Judicial Branch Certification Commission
Article V – Public Safety and Criminal Justice	
Department of Public Safety (Rider 20)	Private Security Program
Article VI – Natural Resources	
Texas Department of Agriculture (Rider 20)	Livestock Export Pens International and Domestic Trade Plant Health Hemp Egg Quality Regulation Grain Warehouse Handling and Marketing of Perishable Commodities Program Grain Warehouse Agricultural Pesticide Organic Certification Prescribed Burn Structural Pest Control Program Weights, Measures, and Metrology
Texas Commission on Environmental Quality (Rider 12)	Vehicle Emissions Inspection and Maintenance
Railroad Commission of Texas	Alternative Fuels Licensing Program (Rider 3) Coal/Uranium Mining Applications and Permits Program (Rider 5) Pipeline Safety and Regulatory Program (Rider 6)
Article VII – Business and Economic Development	
Texas Department of Housing and Community Affairs (Rider 4)	Manufactured Housing
Texas Lottery Commission (Rider 6)	Enforce Bingo Laws
Department of Transportation (Rider 20)	Rail Safety

NOTES:

- (1) The Federal Surplus Property Program is treated as an individual agency for some portions of the calculation of other direct and indirect costs.
(2) Appropriations Limited to Revenue Collections (ALRC) provisions related to central administration costs assessed for some agencies are not included.
SOURCE: Eighty-seventh Legislature, General Appropriations Act, 2022–23 Biennium.

USEFUL REFERENCES

Eighty-seventh Legislature, General Appropriations Act, 2022–23 Biennium:

www.lbb.texas.gov/Documents/GAA/General_Appropriations_Act_2022_2023.pdf

CONTACT

George Purcell Email: IssueBrief@lbb.texas.gov