Fiscal Size-up

2010–11 BIENNIUM

LEGISLATIVE BUDGET BOARD

LEGISLATIVE BUDGET BOARD
FISCAL SIZE-UP

2010–11 BIENNIUM

SUBMITTED TO THE 81ST TEXAS LEGISLATURE
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FISCAL SIZE-UP: 2010–11 BIENNIUM

Five years ago a Legislative Budget Board looked up from the complex detail of appropriations and revenues and asked its staff for a "size up" of the total state government. The first size-up report back in 1952 led the Budget Board to instruct the staff to continue from time to time the effort to compute a total "score."

That effort was given no deadline. The Board's original instruction was to keep an eye on the problem, work on it when possible, and report back periodically.

This is one of those periodic reports. Unlike runs and hits in baseball, or first downs and touchdowns in football, governments have never devised an accurate and acceptable way of scoring its progress.

Instead of absolute standards, comparative data appear to be more indicative of how Texas State Government is doing. On a cloudy day in the western plains, a cowboy often turned in his saddle for a backward look. By knowing where he had come from, he got a clearer idea of where he was heading.

This report, then, is merely an effort to turn in the saddle and get a sense of direction in Texas State Government.

Legislative Budget Office, August 1957

December 2009

Fiscal Size-up is a report produced biennially by the staff of the Legislative Budget Board. Production of this report involves thousands of staff hours. The 2010–11 edition, like previous editions, contains a wealth of information about the structure and operation of Texas state government. Through its comprehensive descriptions of state programs and services, including more than 350 figures, the 2010–11 *Fiscal Size-up* provides Texas taxpayers with a more complete understanding of how their tax dollars are being used.

The first three chapters of *Fiscal Size-up* include an overview of the 2010–11 state budget, a description of the major state revenue sources and funds, the economic outlook for Texas, and detailed information on population, income, taxes, governmental expenditures, and employment for Texas and other states. The remaining chapters of *Fiscal Size-up* provide an in-depth examination of the major functions of state government and discuss the significant budget issues, programs, and activities of the agencies and institutions that support each function.

Appendices A–C contain a listing of state agencies, institutions, and other budgetary units by function as well as a summary of their estimated expenditures for the 2008–09 biennium and legislative appropriations for the 2010–11 biennium. Appendices D–G list the members of the House Committee on Appropriations, the Senate Committee on Finance, the staff of the Legislative Budget Board, and abbreviations and acronyms used in the 2010–11 *Fiscal Size-up*.

Along with other Legislative Budget Board publications and reports, the 2010–11 *Fiscal Size-up* is available on the Legislative Budget Board's website (http://www.lbb.state.tx.us).

I want to express my gratitude to the staff of the Legislative Budget Board and to the many state agency officials and staff who provided the information necessary to compile this report. The interpretation and presentation of this information is solely the responsibility of the staff of the Legislative Budget Board.

John O'Brien

Director

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1. STATE BUDGET OVERVIEW

2010–11 BIENNIAL BUDGET

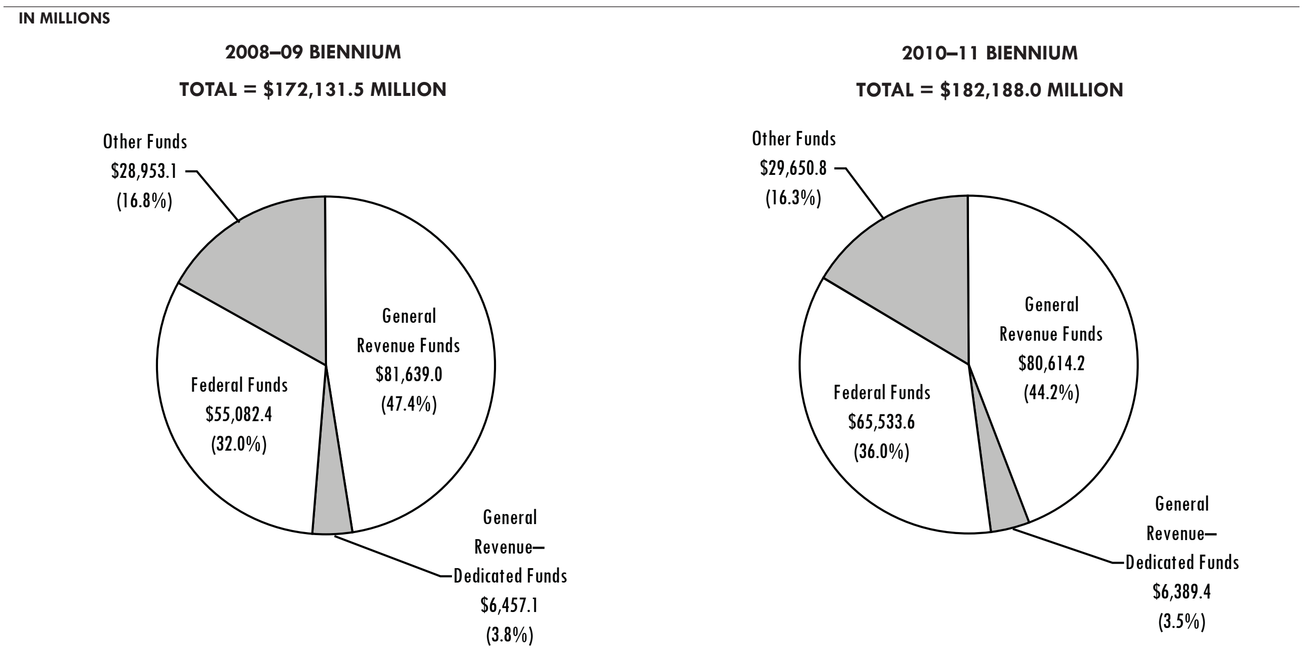
The 2010–11 biennial budget includes appropriations for state government operations that total $182.2 billion in All Funds. The 2010–11 biennial budget includes estimated appropriations of $80.6 billion from General Revenue Funds, $6.4 billion from General Revenue–Dedicated Funds, $65.5 billion from Federal Funds, and $29.7 billion from Other Funds.

All amounts shown in the 2010–11 budget for All Funds, General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds are the amounts appropriated by the Eighty-first Legislature in the 2010–11 General Appropriations Act, as adjusted for contingency appropriations, other bills making appropriations in fiscal years 2010 and 2011 and/or affecting fund type, and Governor's vetoes. Budgeted amounts for fiscal year 2009 have been adjusted for the Supplemental Appropriations Bill, House Bill 4586, Eighty-first Legislature, Regular Session, 2009.

ALL FUNDS BUDGET

The All Funds budget includes General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds. A description of each of these method-of-financing categories appears later in this chapter, prior to the discussion of the respective fund budget. Federal Funds represent a larger slice of the state budget for the 2010–11 biennium than in the 2008–09 biennium, increasing by 4 percent, due to the American Recovery and Reinvestment Act of 2009 (**Figure 1**).

FIGURE 1
ALL FUNDS BUDGET, BY FUND SOURCE, 2008–09 AND 2010–11 BIENNIA



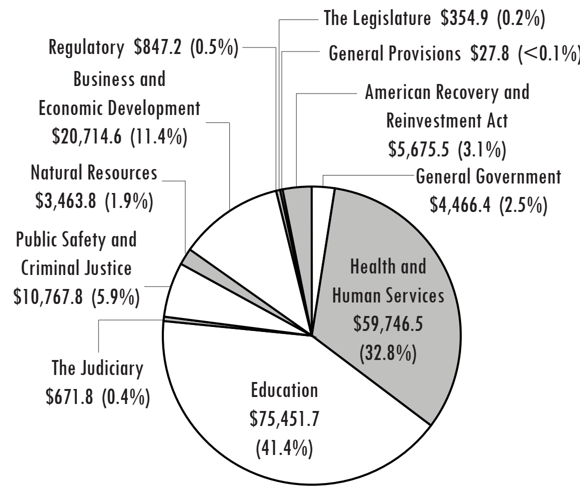
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

The All Funds budget (**Figure 2** and **Figure 3**) shows an increase of $10.1 billion, or 5.8 percent, from the 2008–09 biennium. The General Government function accounts for the largest percentage increase, 10.7 percent, or $431.6 million, primarily due to funding for the Cancer Prevention and Research Institute of Texas. The Regulatory function has the second largest percentage increase, 10.2 percent, or $78.6 million, from the 2008–09 biennium, primarily due to an increase in funding for the Low-income Discount Program at the Public Utility Commission.

The two greatest dollar amount increases in the All Funds budget (**Figure 3**) occur in the Health and Human Services, and Education functions. The $4.4 billion increase for Health and Human Services is primarily due to increased funding for the state's Medicaid program. The $1.2 billion increase for higher education is primarily due an increase in formula funding, student financial aid, higher education group insurance, and patient income. Appropriations for the Business and Economic Development function were reduced by $795.7 million, or 3.7 percent, from the 2008–09

FIGURE 2
ALL FUNDS
2010–11 BIENNIUM

IN MILLIONS TOTAL = $182,188.0 MILLION



SOURCE: Legislative Budget Board.

FIGURE 3
ALL FUNDS – STATEWIDE SUMMARY, 2008–09 AND 2010–11 BIENNIA

IN MILLIONS

ALL FUNCTIONS	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,034.8	$4,466.4	$431.6	10.7
Article II – Health and Human Services	55,376.4	59,746.5	4,370.1	7.9
Article III – Education	74,442.2	75,451.7	1,009.6	1.4
Public Education	*52,956.4*	*52,722.1*	*(234.4)*	*(0.4)*
Higher Education	*21,485.7*	*22,729.7*	*1,243.9*	*5.8*
Article IV – The Judiciary	624.2	671.8	47.6	7.6
Article V – Public Safety and Criminal Justice[3]	10,874.3	10,767.8	(106.4)	(1.0)
Article VI – Natural Resources[3]	3,494.6	3,463.8	(30.8)	(0.9)
Article VII – Business and Economic Development	21,510.3	20,714.6	(795.7)	(3.7)
Article VIII – Regulatory	768.6	847.2	78.6	10.2
Article IX – General Provisions	0.0	27.8	27.8	NA
Article X – The Legislature	344.0	354.9	10.9	3.2
Article XII – The American Recovery and Reinvestment Act	662.2	5,675.5	5,013.3	757.1
TOTAL, ALL FUNCTIONS	**$172,131.5**	**$182,188.0**	**$10,056.5**	**5.8**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

biennium due to Federal Funds for disaster relief for Hurricanes Katrina and Rita no longer being available, in addition to reductions in bond proceeds and federal reimbursements for transportation projects.

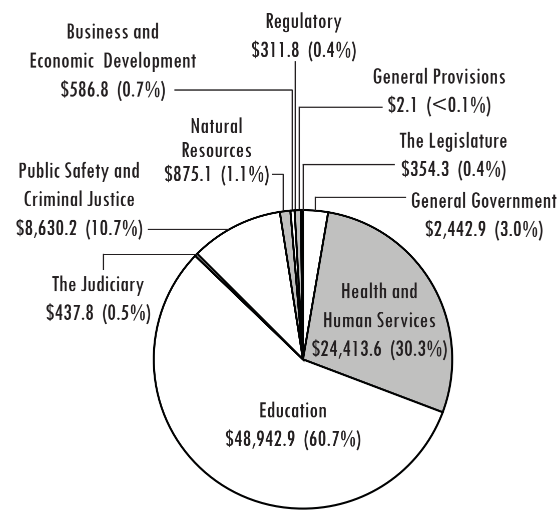
GENERAL REVENUE FUNDS BUDGET

The General Revenue Funds budget for the 2010–11 biennium is shown in **Figure 4** and **Figure 5**. For definition purposes, the method-of-financing category "General Revenue Funds" as used in *Fiscal Size-up* includes the nondedicated portion of the General Revenue Fund, as well as three education funds: the Available School Fund, the State Textbook Fund, and the Foundation School Fund.

The term "General Revenue Fund" appears throughout *Fiscal Size-up*. In 1991, the Legislature initiated a process of fund consolidation under which most statutory special funds were brought into the General Revenue Fund and many statutory dedications expired. As a result of the fund-consolidation process, the General Revenue Fund now consists of nondedicated and dedicated accounts. The nondedicated portion of the General Revenue Fund serves as the state's primary operating fund. The dedicated portions are discussed

FIGURE 4
GENERAL REVENUE FUNDS
2010–11 BIENNIUM

IN MILLIONS TOTAL = $80,614.2 MILLION



NOTE: Figure does not account for the $6,383.3 million reduction in General Revenue Funds in Article XII; the total of $80,614.2 million does make the adjustment.
SOURCE: Legislative Budget Board.

FIGURE 5
GENERAL REVENUE FUNDS – STATEWIDE SUMMARY, 2008–09 AND 2010–11 BIENNIA

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$2,242.4	$2,442.9	$200.5	8.9
Article II – Health and Human Services	21,776.3	24,413.6	2,637.3	12.1
Article III – Education	48,484.4	48,942.9	458.5	0.9
Public Education	*35,762.7*	*35,219.1*	*(543.6)*	*(1.5)*
Higher Education	*12,721.6*	*13,723.8*	*1,002.1*	*7.9*
Article IV – The Judiciary	402.9	437.8	34.8	8.6
Article V – Public Safety and Criminal Justice[3]	8,293.2	8,630.2	337.0	4.1
Article VI – Natural Resources	755.2	875.1	119.9	15.9
Article VII – Business and Economic Development	648.3	586.8	(61.6)	(9.5)
Article VIII – Regulatory	339.9	311.8	(28.1)	(8.3)
Article IX – General Provisions	0.0	2.1	2.1	NA
Article X – The Legislature	343.5	354.3	10.8	3.2
Article XII – The American Recovery and Reinvestment Act	(1,647.1)	(6,383.3)	(4,736.1)	287.5
TOTAL, ALL FUNCTIONS	**$81,639.0**	**$80,614.2**	**($1,024.8)**	**(1.3)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

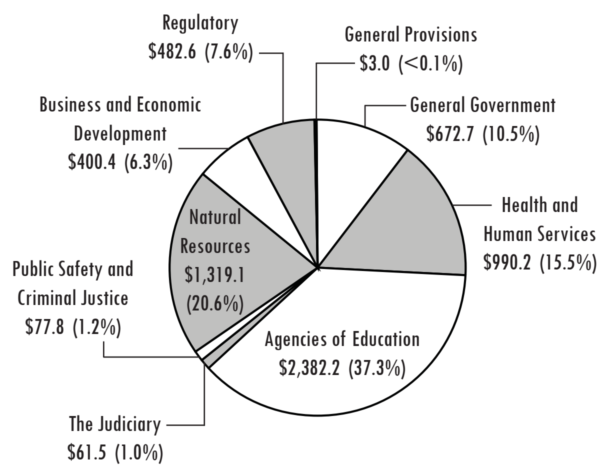
in the next section; more detailed descriptions of the types of revenue deposited to the General Revenue Fund are included in Chapter 2.

GENERAL REVENUE–DEDICATED FUNDS BUDGET

The General Revenue–Dedicated Funds budget for the 2010–11 biennium is shown in **Figure 6** and **Figure 7**. The term "General Revenue–Dedicated Funds" appears throughout *Fiscal Size-up* and describes a method of financing that includes accounts within the General Revenue Fund dedicated as a result of the fund-consolidation process or subsequent legislation affecting revenue dedication within the General Revenue Fund, including House Bill 3050, Seventy-fourth Legislature, 1995; House Bill 2948, Seventy-fifth Legislature, 1997; House Bill 3084, Seventy-sixth Legislature, 1999; House Bill 3088, Seventy-seventh Legislature, 2001; House Bill 3318, Seventy-eighth Legislature, Regular Session, 2003; Senate Bill 1605, Seventy-ninth Legislature, Regular Session, 2005; House Bill 3107, Eightieth Legislature, 2007; and House Bill 4583, Eighty-first Legislature, Regular Session, 2009.

FIGURE 6
GENERAL REVENUE–DEDICATED FUNDS
2010–11 BIENNIUM

IN MILLIONS TOTAL = $6,389.4 MILLION



SOURCE: Legislative Budget Board.

FIGURE 7
GENERAL REVENUE–DEDICATED FUNDS – STATEWIDE SUMMARY, 2008–09 AND 2010–11 BIENNIA

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$719.8	$672.7	($47.1)	(6.5)
Article II – Health and Human Services	967.5	990.2	22.7	2.3
Article III – Education	2,354.5	2,382.2	27.7	1.2
Public Education	*96.7*	*0.2*	*(96.5)*	*(99.7)*
Higher Education	*2,257.8*	*2,381.9*	*124.1*	*5.5*
Article IV – The Judiciary	53.7	61.5	7.7	14.4
Article V – Public Safety and Criminal Justice	28.4	77.8	49.4	174.2
Article VI – Natural Resources[3]	1,501.1	1,319.1	(182.1)	(12.1)
Article VII – Business and Economic Development	423.8	400.4	(23.4)	(5.5)
Article VIII – Regulatory	408.3	482.6	74.2	18.2
Article IX – General Provisions	0.0	3.0	3.0	NA
Article X – The Legislature	0.0	0.0	0.0	NA
Article XII – The American Recovery and Reinvestment Act	0.0	0.0	0.0	NA
TOTAL, ALL FUNCTIONS	**$6,457.1**	**$6,389.3**	**($67.8)**	**(1.0)**

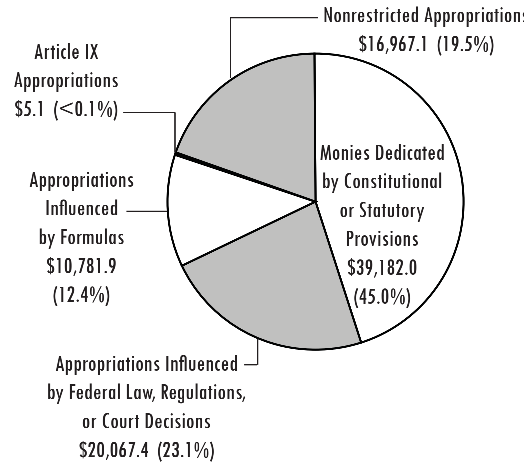
[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

As noted earlier, the General Revenue Fund consists of nondedicated and dedicated accounts. Prior to the fund-consolidation process that was initiated in 1991, most of the accounts that are now dedicated accounts within the General Revenue Fund were separate special funds outside of the General Revenue Fund. During fund consolidation, some special funds were abolished, but most were brought into the General Revenue Fund as dedicated accounts. There are approximately 200 dedicated accounts maintained in the General Revenue Fund, including for example, the State Parks Account, college operating accounts (which receive tuition revenue), and the Department of Insurance Operating Account. Revenue that is dedicated for a particular purpose is deposited to these dedicated accounts, and in most cases, the Texas Legislature may appropriate revenue from these accounts only for the purpose to which the revenue is dedicated by law.

As **Figure 8** and **Figure 9** show, 19.5 percent of the total General Revenue Funds and General Revenue–Dedicated Funds budget for the 2010–11 biennium consists of non-restricted appropriations. This amount is slightly above the level of 17 percent for the 2008–09 biennium.

FIGURE 8
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS BUDGET 2010–11 BIENNIUM

IN MILLIONS TOTAL = $87,003.5 MILLION



SOURCE: Legislative Budget Board.

FIGURE 9
RESTRICTED APPROPRIATIONS FROM GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS BUDGET 2010–11 BIENNIUM

IN MILLIONS

FUNCTION	APPROPRIATION	PERCENTAGE OF TOTAL APPROPRIATION
Appropriations or allocations of revenue dedicated by constitutional or statutory provisions	$39,182.0	45.0
Appropriations influenced by federal law, regulation, or court decisions	20,067.4	23.1
Appropriations influenced by formulas	10,781.9	12.4
TOTAL RESTRICTED APPROPRIATIONS	**$70,031.3**	**80.5**
Article IX appropriations	$5.1	0.0
Nonrestricted appropriations	16,967.1	19.5
TOTAL, GENERAL REVENUE AND GENERAL REVENUE–DEDICATED APPROPRIATIONS	**$87,003.5**	**100.0**

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

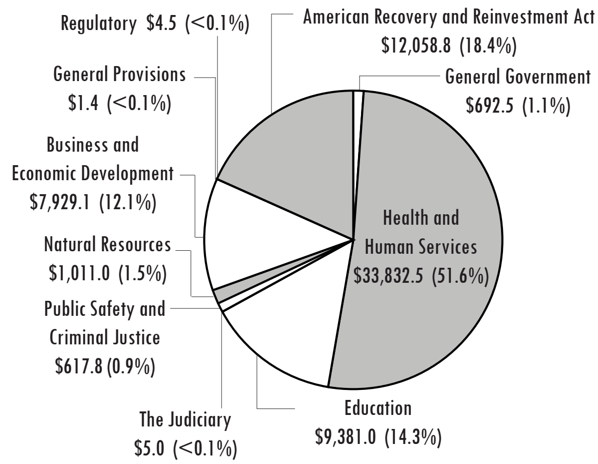
FEDERAL FUNDS BUDGET

Federal Funds include grants, allocations, payments, or reimbursements received from the federal government by state agencies and institutions named in the General Appropriations Act. As a method of financing, “Federal Funds” also includes the cost of employee benefits associated with federal programs, but does not include “Earned Federal Funds.” Earned Federal Funds are funds the state receives through a federally funded program that are not required by the governing agreement to be expended on that program. Earned Federal Funds are categorized as General Revenue Funds.

The 2010–11 Federal Funds budget (**Figure 10** and **Figure 11**) increased $10.5 billion, or 19 percent, from the 2008–09 biennial level. A significant amount of this increase is due to Federal Funds distributed from economic stimulus legislation passed by the U.S. Congress. The American Recovery and Reinvestment Act of 2009 (ARRA) provided a total of $12.1 billion in Federal Funds for the 2010–11 biennium for the following functions within the General Appropriations Act: General Government, Health and Human Services,

FIGURE 10
FEDERAL FUNDS
2010–11 BIENNIUM

IN MILLIONS TOTAL = $65,533.6 MILLION



SOURCE: Legislative Budget Board.

FIGURE 11
FEDERAL FUNDS – STATEWIDE SUMMARY, 2008–09 AND 2010–11 BIENNIA

IN MILLIONS

ALL FUNCTIONS	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$715.4	$692.5	($22.9)	(3.2)
Article II – Health and Human Services	32,149.5	33,832.5	1,683.0	5.2
Article III – Education	8,827.6	9,381.0	553.4	6.3
Public Education	*8,518.7*	*9,076.6*	*557.9*	*6.5*
Higher Education	*309.0*	*304.4*	*(4.5)*	*(1.5)*
Article IV – The Judiciary	3.6	5.0	1.4	37.2
Article V – Public Safety and Criminal Justice[3]	899.3	617.8	(281.5)	(31.3)
Article VI – Natural Resources[3]	1,017.0	1,011.0	(6.0)	(0.6)
Article VII – Business and Economic Development	9,156.3	7,929.1	(1,227.2)	(13.4)
Article VIII – Regulatory	4.3	4.5	0.2	4.5
Article IX – General Provisions	0.0	1.4	1.4	NA
Article X – The Legislature	0.0	0.0	0.0	NA
Article XII – American Recovery and Reinvestment Act	2,309.3	12,058.8	9,749.4	422.2
TOTAL, ALL FUNCTIONS	**$55,082.4**	**$65,533.6**	**$10,451.3**	**19.0**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

Education, Natural Resources, and Business and Economic Development. Federal funding for the Public Safety and Criminal Justice function decreased by almost one third of the 2008–09 level to $617.8 million. This decrease of $281.5 million is primarily because Federal Funds provided in 2008–09 for public assistance grants had been for rescue and rebuilding needs caused by hurricanes, floods, and wildfires. The Business and Economic Development function decreased by 13.4 percent from the 2008–09 level; this is a higher dollar decrease in Federal Funds ($1.2 billion) than in any other area. This decrease is primarily attributed to federal highway funding rescissions and disaster relief for hurricanes. Despite this decline, funding for the Business and Economic Development function (**Figure 12**) still increased by 7.8 percent, or $0.8 billion, primarily due to ARRA Federal Funds for Transportation, Weatherization, and Child Care Development Block Grant programs. The Health and Human Services function grew by 8.3 percent, or $2.8 billion (**Figure 12**). This increase is primarily related to funding caseload and acute care cost growth in the Medicaid program.

OTHER FUNDS BUDGET

Other Funds consist of any funds not included in the other methods of financing. Other Funds include the State Highway Fund, the Texas Mobility Fund, trust funds, bond proceeds, interagency contracts, certain revenue held in higher education "local" accounts, and constitutional funds (except the Available School Fund).

Figure 13 and **Figure 14** show an increase in the Other Funds budget of $697.8 million, or 2.4 percent, from the 2008–09 biennial level.

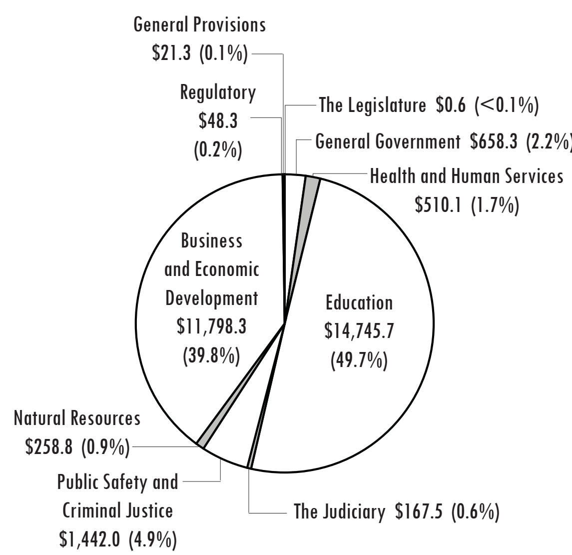
FIGURE 12
FEDERAL FUNDS – STATEWIDE SUMMARY
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

IN MILLIONS FUNCTIONS	EXPENDED/ BUDGETED 2008–09	APPROPRIATED 2010–11
Article I – General Government	$27.3	$431.0
Article II – Health and Human Services	1,619.8	2,731.0
Article III – Education	0.0	6,202.3
Public Education	*0.0*	*5,875.4*
Higher Education	*0.0*	*326.9*
Article VI – Natural Resources	0.0	35.3
Article VII – Business and Economic Development	662.2	2,659.2
TOTAL, ALL FUNCTIONS	**$2,309.3**	**$12,058.8**

SOURCE: Legislative Budget Board.

FIGURE 13
OTHER FUNDS
2010–11 BIENNIUM

IN MILLIONS TOTAL = $29,650.8 MILLION



SOURCE: Legislative Budget Board.

FIGURE 14
OTHER FUNDS – STATEWIDE SUMMARY, 2008–09 AND 2010–11 BIENNIA

IN MILLIONS ALL FUNCTIONS	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PRECENTAGE CHANGE
Article I – General Government	$357.2	$658.3	$301.1	84.3
Article II – Health and Human Services	483.1	510.1	27.1	5.6
Article III – Education	14,775.7	14,745.7	(30.0)	(0.2)
Public Education	*8,578.3*	*8,426.1*	*(152.2)*	*(1.8)*
Higher Education	*6,197.4*	*6,319.6*	*122.2*	*2.0*
Article IV – The Judiciary	163.9	167.5	3.7	2.2
Article V – Public Safety and Criminal Justice[3]	1,653.5	1,442.0	(211.4)	(12.8)
Article VI – Natural Resources	221.4	258.8	37.4	16.9
Article VII – Business and Economic Development	11,281.9	11,798.3	516.4	4.6
Article VIII – Regulatory	16.0	48.3	32.3	201.7
Article IX – General Provisions	0.0	21.3	21.3	NA
Article X – The Legislature	0.5	0.6	0.1	20.6
Article XII – American Recovery and Reinvestment Act	0.0	0.0	0.0	NA
TOTAL, ALL FUNCTIONS	**$28,953.1**	**$29,650.8**	**$697.8**	**2.4**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

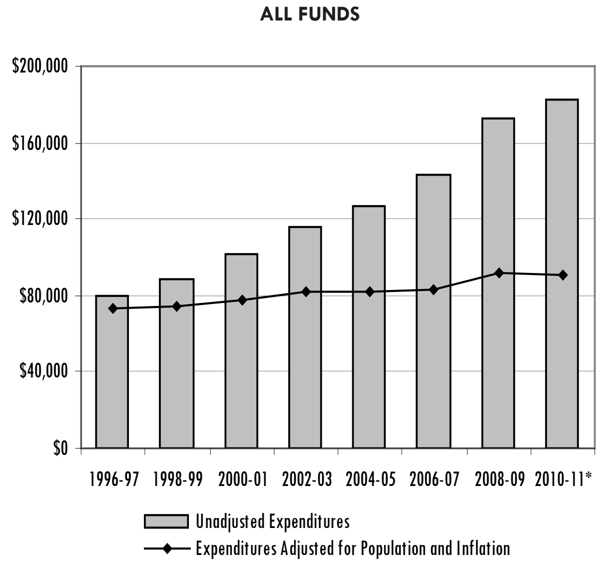
TRENDS IN STATE GOVERNMENT EXPENDITURES

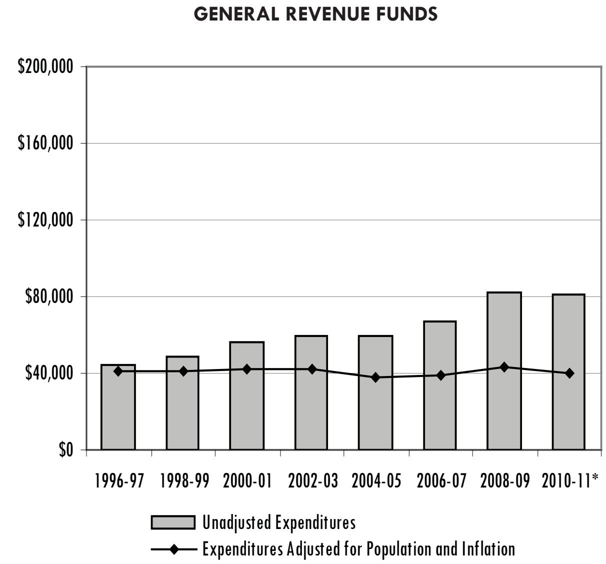
Figure 15 and **Figure 16** show that state government All Funds spending in the 2010–11 biennium is projected to exceed spending in the 1996–97 biennium by 127.4 percent. When adjusted for population growth and inflation, expenditures for the 2010–11 biennium are 24.4 percent greater than expenditures for the 1996–97 biennium, resulting in an average biennial increase of 3.1 percent.

General Revenue Funds expenditures increased more gradually than All Funds expenditures during the same 1996–97 to 2010–11 period—80.4 percent in current dollars and decreased by 1.4 percent after adjusting for population and inflation, resulting in a flat average biennial growth rate. From the 2002–03 to 2010–11 biennia, General Revenue Funds expenditures adjusted for population growth and inflation decreased 5.3 percent.

FIGURE 15
TRENDS IN STATE GOVERNMENT EXPENDITURES, 1996–97 TO 2010–11 BIENNIA

IN MILLIONS





*Estimated.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

FIGURE 16
TRENDS IN STATE GOVERNMENT EXPENDITURES, 1996–97 TO 2010–11 BIENNIA

IN MILLIONS	ALL FUNDS				GENERAL REVENUE FUNDS			
	UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION		UNADJUSTED		ADJUSTED FOR POPULATION AND INFLATION	
BIENNIUM	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE	AMOUNT	PERCENTAGE CHANGE
1996–97	$80,109	NA	$72,821	NA	$44,686	NA	$40,620	NA
1998–99	$88,293	10.2	$74,106	1.8	$48,890	9.4	$41,034	1.0
2000–01	$101,798	15.3	$77,721	4.9	$55,747	14.0	$42,561	3.7
2002–03	$115,916	13.9	$81,866	5.3	$59,918	7.5	$42,317	(0.6)
2004–05	$126,634	9.2	$82,190	0.4	$58,956	(1.6)	$38,264	(9.6)
2006–07	$142,744	12.7	$83,231	1.3	$67,208	14.0	$39,188	2.4
2008–09	$172,132	20.6	$91,726	10.2	$81,639	21.5	$43,504	11.0
2010–11*	$182,188	5.8	$90,559	(1.3)	$80,614	(1.3)	$40,071	(7.9)

*Estimated.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

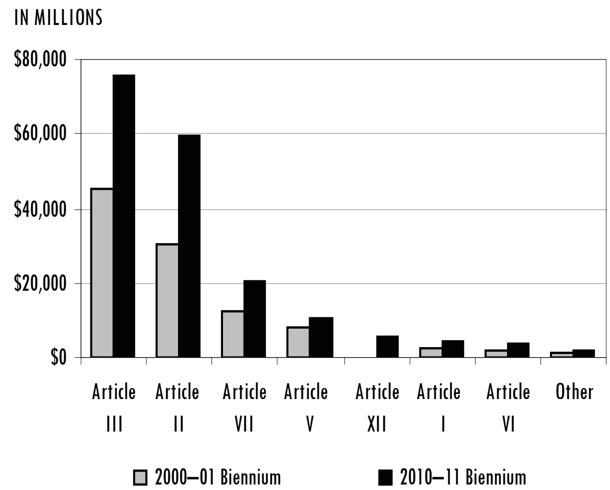
BUDGET ALLOCATION

Figure 17 and **Figure 18** show the distribution of the state budget by function for the 2000–01 and the 2010–11 biennia. Distribution percentages remained fairly constant during the decade with the articles retaining the same order in relative magnitude, excluding 2010–11 Article XII appropriations which changed as a result of the American Recovery and Reinvestment Act of 2009.

STATE GOVERNMENT EMPLOYMENT

Figure 19 and **Figure 20** show the number of full-time-equivalent (FTE) state government employees (positions) for fiscal years 2006 to 2011. The state budget provides for 238,404 FTE positions in fiscal year 2010 and 238,490 FTE positions in fiscal year 2011 from appropriated funds. These totals are above the actual fiscal year 2008 amount of 228,628, and the actual amount of 230,476 for fiscal year 2009. Section 6.10 of Article IX (General Provisions) of the General Appropriations Act (GAA), 2010–11 Biennium, establishes a cap on the number of FTE positions for each state agency and institution of higher education and includes a requirement that agencies seek the approval of the Governor and the Legislative Budget Board prior to exceeding the cap. This cap includes certain positions filled by temporary or contract workers. The cap applies only to employees paid with appropriated state and federal funds.

FIGURE 17
ALLOCATION OF STATE ALL FUNDS BUDGET
2010–11 BIENNIUM



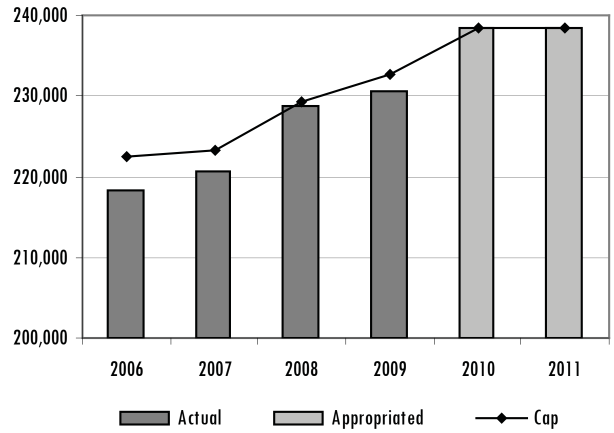
NOTE: Other includes appropriations for Article IV, The Judiciary; Article VIII, Regulatory; and Article X, The Legislature.
SOURCE: Legislative Budget Board.

FIGURE 18
BUDGET ALLOCATION PERCENTAGES
2000–01 AND 2010–11 BIENNIA

IN MILLIONS	2000–01 BIENNIUM		2010–11 BIENNIUM	
FUNCTION	EXPENDED	PERCENTAGE OF TOTAL	APPROPRIATED	PERCENTAGE OF TOTAL
Article III – Education	$45,380.7	44.6	$75,451.7	41.4
Article II – Health and Human Services	30,322.0	29.8	59,746.5	32.8
Article VII – Business and Economic Development	12,694.8	12.5	20,714.6	11.4
Article V – Public Safety and Criminal Justice	7,994.9	7.9	10,767.8	5.9
Article XII – American Recovery and Reinvestment Act	NA	NA	5,675.5	3.1
Article I – General Government	2,459.6	2.4	4,466.4	2.5
Article VI – Natural Resources	1,822.2	1.8	3,463.8	1.9
All Other (IV, VIII, IX, X)	1,123.4	1.1	1,901.7	1.0
TOTAL, ALL ARTICLES	**$101,797.7**	**100.0**	**$182,188.0**	**100.0**

NOTES: All Other includes appropriations for Article IV, The Judiciary; Article VIII, Regulatory; Article IX, General Provisions; and Article X, The Legislature.
SOURCE: Legislative Budget Board.

FIGURE 19
STATE GOVERNMENT EMPLOYEES
FISCAL YEARS 2006 TO 2011



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

EMPLOYEE BENEFITS/ PAYROLL EXPENSES

Employee benefit costs (shown in **Figure 21** and **Figure 22**) include contributions for state employee and judicial retirement programs, group insurance premiums, Social Security matching (employer and a portion of employee payments), and death benefits for survivors of law enforcement and retired state employees. Combined, these expenditures total $4.9 billion, or approximately 2.7 percent of the 2010–11 state budget. Amounts in **Figure 21** exclude biennial appropriations for the Teacher Retirement System ($4 billion), the Optional Retirement Program ($0.3 billion) and Higher Education Group Insurance ($1.1 billion). Additionally, amounts in **Figure 21** and **Figure 22** exclude the increase in the state retirement contribution ($34.7 million) pursuant to Article IX, Section 17.13 of the 2010–11 GAA.

Benefit costs shown in **Figure 21** and **Figure 22** are projected to be 9.7 percent higher in the 2010–11 biennium than in the 2008–09 biennium. This increase is due primarily to the increase in health insurance costs caused by medical inflation. Other factors that contribute to higher benefit costs include payroll growth for general state employees, higher than average growth in full-time-equivalent positions at certain state agencies, and growth in the number of retirees from state government.

As shown in **Figure 22**, two functions of state government—Health and Human Services and Public Safety and Criminal Justice—comprise 57.3 percent of the state's costs for employee benefits. Benefit costs for other government functions range from 1.3 percent (Legislature) to 12.8 percent (Business and Economic Development).

FIGURE 20
STATE GOVERNMENT EMPLOYEES
FISCAL YEARS 2006 TO 2011

	FULL-TIME-EQUIVALENT POSITIONS					
FUNCTION	ACTUAL 2006	ACTUAL 2007	ACTUAL 2008	ACTUAL 2009	APPROPRIATED 2010	APPROPRIATED 2011
General Government	9,270	9,302	9,256	9,468	10,083	10,094
Health and Human Services	45,436	47,700	54,024	54,687	57,353	57,493
Education	80,177	81,133	83,771	83,392	85,654	85,680
The Judiciary	1,317	1,318	1,347	1,360	1,399	1,420
Public Safety and Criminal Justice	52,206	51,537	50,969	52,804	53,324	53,263
Natural Resources	8,018	8,015	8,265	8,484	8,824	8,848
Business and Economic Development	18,563	18,269	17,608	16,742	18,246	18,244
Regulatory	3,353	3,298	3,388	3,539	3,522	3,448
General Provisions	NA	NA	NA	NA	NA	NA
TOTAL EMPLOYEES (APPROPRIATED FUNDS)	**218,342**	**220,573**	**228,628**	**230,476**	**238,404**	**238,490**

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

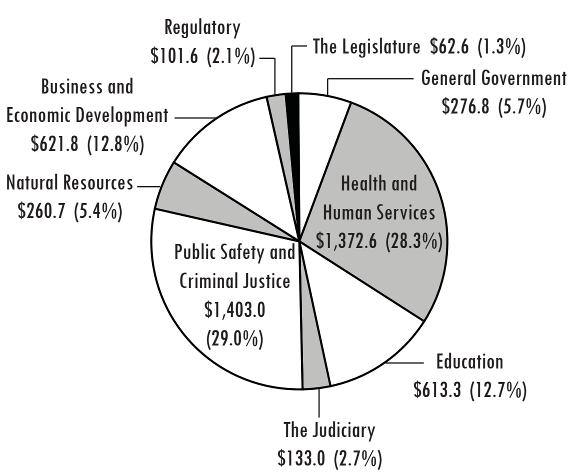
FIGURE 21
ALL FUNDS EMPLOYEE BENEFITS/PAYROLL EXPENSES, 2010–11 BIENNIUM

IN MILLIONS FUNCTION	EMPLOYEES RETIREMENT SYSTEM	COMPTROLLER BENEFITS TOTAL	TOTAL EMPLOYEE BENEFITS	PERCENTAGE OF TOTAL BENEFITS FOR ALL FUNCTIONS
Article I – General Government	$197.3	$79.5	$276.8	5.7
Article II – Health and Human Services	1,043.2	329.4	1,372.6	28.3
Article III – Education	58.4	554.9	613.3	12.7
Article IV – The Judiciary	113.6	19.4	133.0	2.7
Article V – Public Safety and Criminal Justice	1,070.0	333.0	1,403.0	29.0
Article VI – Natural Resources	191.1	69.6	260.7	5.4
Article VII – Business and Economic Development	486.5	135.2	621.8	12.8
Article VIII – Regulatory	73.2	28.4	101.6	2.1
Article X – The Legislature	46.6	16.0	62.6	1.3
TOTAL, ALL ARTICLES	**$3,279.9**	**$1,565.3**	**$4,845.2**	**100.0**

NOTES: Includes allocations for pay raises in Article IX, 2010–11 General Appropriations Act, death benefits and post-retirement health benefits. Excludes Teacher Retirement System, Optional Retirement Program, and Higher Education Group Insurance. Excludes appropriation increase for retirement made in Article IX, Section 17.13 of Senate Bill 1.
Total may not sum due to rounding.
SOURCE: Legislative Budget Board.

FIGURE 22
ALL FUNDS EMPLOYEE BENEFITS/PAYROLL EXPENSES 2010–11 BIENNIUM

IN MILLIONS TOTAL = $4,845.2 MILLION



NOTES: Total may not sum due to rounding.
Excludes appropriation increase for retirement made in Article IX, Section 17.13 of Senate Bill 1.
SOURCE: Legislative Budget Board.

ONE-TIME PAYMENTS FOR ANNUITANTS

The General Appropriations Act (GAA), 2010–11 Biennium, appropriated to the Comptroller of Public Accounts $120.5 million for the Teacher Retirement System and $34.7 million for the Employees Retirement System to provide a one-time payment, equivalent to an annuitant's monthly benefit not to exceed $500, to eligible members of each retirement system. These payments were contingent upon the Texas Attorney General issuing an opinion that stated the payments were constitutionally permissible. Since the Texas Attorney General did not provide a conclusive opinion that the one-time payments were constitutionally permissible, the appropriated amounts will be transferred to the respective retirement systems, increasing the state's retirement contribution for the 2010–11 biennium.

ONE-TIME RETENTION PAYMENTS

Enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, appropriated $88.3 million in All Funds for a one-time $800 retention payment to general state employees earning less than $100,000 annually who were not already authorized a pay raise by the Legislature for the 2010–11 biennium. Included in this appropriation is approximately $6.3 million in All Funds for Social Security contributions associated with the retention payments. This appropriation is included in the Office of the Comptroller – Fiscal Programs throughout this document, and not allocated to state agencies.

SCHEDULE C PAY RAISE

Article IX of the 2010–11 GAA includes appropriations of $27.8 million in All Funds to provide a pay raise for state employees in Schedule C. Schedule C employees include commissioned peace officers at the Department of Public Safety, the Texas Department of Criminal Justice, the Texas Alcoholic Beverage Commission, and the Texas Parks and Wildlife Department. Included is $3.8 million in All Funds for the employee benefits associated with this pay raise. These benefits consist of $1.8 million for the state match for Social Security, $1.5 million for the state contribution to the Employee Retirement Program, and $0.4 million for the state contribution to the Law Enforcement and Custodial Officer Supplemental Retirement Fund.

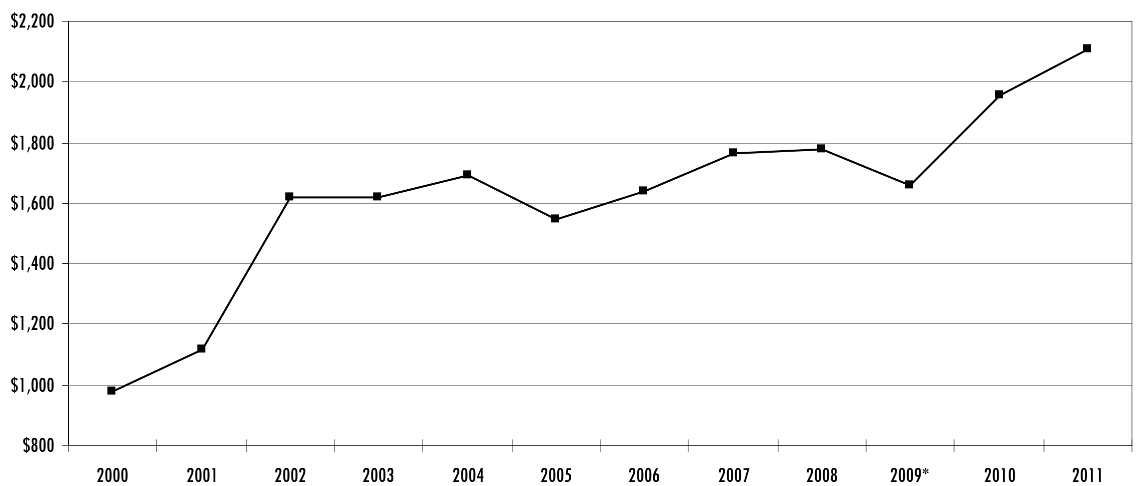
EMPLOYEE GROUP HEALTH INSURANCE COSTS

State contributions for employee and retiree group health insurance total $4.1 billion for the 2010–11 biennium, approximately 2.2 percent of the state budget. Appropriations for employer contributions to employee and retiree group insurance increased by $2 billion, or 94.1 percent, from the 2000–01 biennium. This is an average biennial increase of 18.8 percent. **Figure 23** shows recent trends in employee insurance program expenditures in All Funds.

The primary cost-drivers affecting employee group insurance state contributions are the average cost of health insurance per participant, the degree of cost-sharing between employees and the state, and the number of participants covered. **Figure 24** and **Figure 25** show information on plan design and premiums for a sample of state-supported healthcare plans. **Figure 26** shows the average monthly state-paid contribution per enrollee for the Employees Retirement System, the University of Texas System, and the Texas A&M University System. The trend line for unadjusted contributions in **Figure 26** shows that after several years of moderate growth, average costs began to increase significantly in fiscal year 1999, which mirrors healthcare cost increases experienced nationwide for large employers. The contribution has been adjusted for medical inflation as shown in **Figure 26**. The medical inflation measure used here reflects only consumer paid expenditures and premiums, and is the most readily available and reliable data factor for this measurement.

FIGURE 23
TOTAL ALL FUNDS STATE CONTRIBUTIONS FOR EMPLOYEE AND RETIREE GROUP HEALTH INSURANCE
FISCAL YEARS 2000 TO 2011

IN MILLIONS



*Amount reflects Governor's veto of community college health insurance funding in fiscal year 2009.
NOTE: Combines Teacher Retirement System (retiree insurance only), Employees Retirement System, and higher education contributions. Excludes group health insurance contributions made by institutions of higher education.
SOURCES: Employees Retirement System; Teacher Retirement System; The University of Texas System; Texas A&M University System.

FIGURE 24
TEXAS GROUP INSURANCE PROGRAMS FOR GENERAL STATE AND EDUCATION EMPLOYEES
SUMMARY OF BENEFITS
FISCAL YEAR 2010

	ERS HEALTH SELECT IN-NETWORK	UT SELECT	A&M CARE PLAN 350	TRS-CARE 3 TRS PUBLIC SCHOOL RETIREES, IN-NETWORK
Deductible	None	$250/person $750/family	$350/person $1,050/family	$300/person $600/family
General Coinsurance	20%	20%	20%	20%
Office Visit Copay	$20 PCP	$30 FCP	$25	Under 65: $25 Over 65: 20% after Medicare portion
Specialist Visit Copay	$30 with PCP referral	$35	$45	
Emergency Room Copay	20% + $100/visit (applied to hospital copay if admitted)	$100 (waived if admitted)	20% after deductible	20% after deductible
Hospital Care	$100/day + 20%; $1,500 annual cap	$100/day ($500 copay cap/person) + 20%	20% after deductible	20% after deductible
Annual Out-of-Pocket Maximum	$1,000/person	$1,750/person; $5,250/family	$3,000/person $9,000/family	$3,000/person; $6,000/family
Lifetime Maximum Coverage	Unlimited	Unlimited	Unlimited	Unlimited
Prescription Drugs	After $50 deductible:	After $100 deductible:	After $50 deductible:	No deductible
Non-maintenance Retail				
Retail (<=30 day supply)	$10/25/40	$10/35/50	$10/25/50	$10/25/40
Mail Order (<=90-day supply)	$30/75/120	$20/87.50/125	$20/50/100	$20/50/80
Maintenance Retail				
Retail (<=30 day supply)	$10/35/55	$10/30/50	$10/25/50	$10/25/40
Mail Order (<=90-day supply)	$30/75/120	$20/87.50/125	$20/50/100	$20/50/80

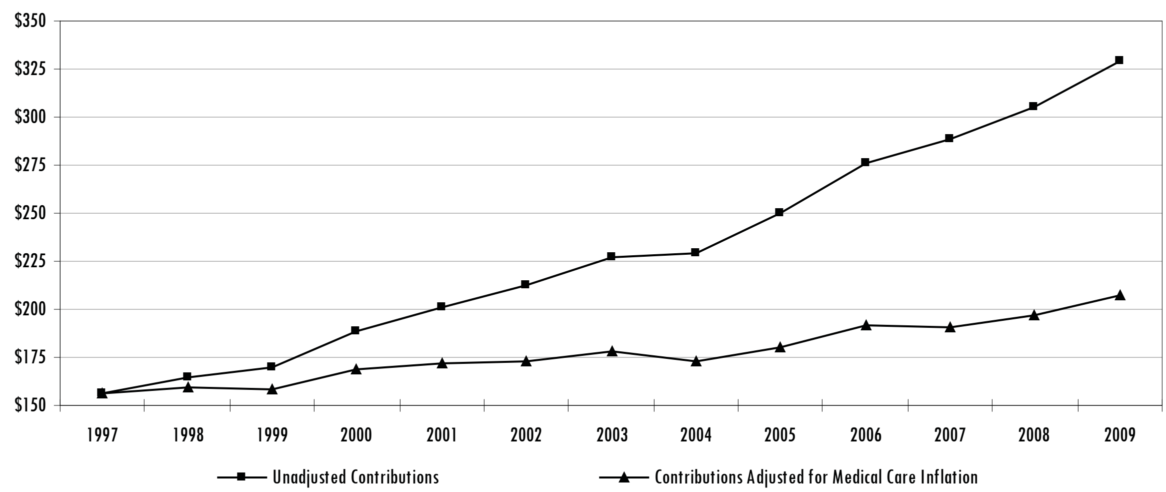
Note: PCP= Primary Care Physician; FCP = Family Care Physician.
Sources: Legislative Budget Board; Teacher Retirement System; Employees Retirement System; The University of Texas System; Texas A&M University System.

FIGURE 25
TEXAS GROUP INSURANCE PROGRAMS FOR GENERAL STATE AND EDUCATION EMPLOYEES
SUMMARY OF PREMIUMS, FISCAL YEAR 2010

	ERS HEALTH SELECT	UT SELECT	A&M CARE PLAN 350	TRS PUBLIC SCHOOL RETIREES
FULL-TIME EMPLOYEE PREMIUM CONTRIBUTIONS				
Employee Only	$0.00	$0.00	$57.87	
Employee & Spouse	$220.32	$169.23	$239.86	
Employee & Child(ren)	$147.52	$177.00	$171.60	
Employee & Family	$367.84	$333.28	$330.86	
PART-TIME EMPLOYEE PREMIUM CONTRIBUTIONS				
Employee Only	$192.69	$196.54	$258.41	
Employee & Spouse	$523.17	$468.80	$531.39	
Employee & Child(ren)	$413.97	$439.45	$429.02	
Employee & Family	$744.45	$699.37	$667.89	
RETIREE PREMIUM CONTRIBUTIONS				
Retiree Premium Contributions				Retiree Premiums*
Retiree w/ Medicare	$0.00	$0.00	$57.87	$100.00
Retiree/Spouse w/ Medicare	$220.32	$169.23	$57.87	$255.00
Retiree w/o Medicare	$0.00	$0.00	$239.86	$295.00
Retiree/Spouse w/o Medicare	$220.32	$169.23	$239.86	$635.00
Plus $96.40/person monthly for Medicare Part B				

* Under the TRS-Care program, retirees pay a monthly premium determined by plan choice, years of service, and Medicare Part A and Part B participation. Premium amounts shown above are for the TRS-Care 3 plan for a retiree with 20 to 29 years of service credit.
Sources: Legislative Budget Board; Teacher Retirement System; Employees Retirement System; The University of Texas System; Texas A&M University System.

FIGURE 26
AVERAGE MONTHLY STATE-PAID CONTRIBUTION PER ENROLLEE FOR ERS, THE UNIVERSITY OF TEXAS SYSTEM, AND THE TEXAS A&M UNIVERSITY SYSTEM
FISCAL YEARS 1997 TO 2009



Sources: Employees Retirement System; The University of Texas System; Texas A&M University System.

CONSTITUTIONAL SPENDING LIMITS

Texas has four constitutional limits on spending: a "pay-as-you-go," or balanced budget limit; a limit on welfare spending; a limit on the rate of growth of appropriations from certain state taxes; and a limit on debt service. The 2010–11 budget is within all of these limits.

THE "PAY-AS-YOU-GO" LIMIT

Article III, Section 49a of the Texas Constitution sets out the "pay-as-you-go" limit. It requires that legislation authorizing appropriations be sent to the Comptroller of Public Accounts (CPA) for certification that appropriations are within available revenue. In summer 2009, CPA certified that the 2010–11 General Appropriations Act and other appropriations bills complied with the "pay-as-you-go" limit. The CPA estimates that revenue will exceed spending from General Revenue Funds and General Revenue–Dedicated Funds for the 2010–11 biennium by approximately $84 million.

LIMITATION ON THE GROWTH OF CERTAIN APPROPRIATIONS

Article VIII, Section 22 of the Texas Constitution limits the biennial rate of growth of appropriations from state tax revenue not dedicated by the Constitution to the estimated rate of growth of the state's economy. On November 14, 2008, the Legislative Budget Board (LBB) established the following elements of the Article VIII spending limit: (1) the estimated rate of growth of the state's economy; (2) the level of 2008–09 appropriations from state tax revenue not dedicated by the Constitution; and (3) the resulting 2010–11 limit. LBB instructed its staff to adjust the level of 2008–09 appropriations from state tax revenue not dedicated by the Constitution and the resulting 2010–11 spending limit calculation to reflect subsequent appropriations certified by CPA and official revenue estimate revisions by CPA.

Actions taken by the Eighty-first Legislature, Regular Session, 2009, affected the 2008–09 level of appropriations from state tax revenue not dedicated by CPA. After adjusting for these actions and revenue estimate revisions by CPA, the adjusted 2010–11 biennial limit on appropriations from state tax revenue not dedicated by the Constitution is $78.3 billion. Appropriations for 2010–11 from state taxes not dedicated by the Constitution are estimated to be $73.1 billion, $5.3 billion below the amount of authorized appropriations. Nontax revenue and constitutionally dedicated tax revenue not subject to the Article VIII limit provide funding for the remainder of the state's 2010–11 budget of $182.2 billion.

WELFARE SPENDING LIMIT

Article III, Section 51-a of the Texas Constitution provides that the amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers (i.e., Temporary Assistance for Needy Families [TANF]) shall not exceed 1 percent of the state budget in any biennium. The total state budget as adopted in Senate Bill 1 (as modified by other legislation), by the Eighty-first Legislature, 2009, is $182.2 billion. Accordingly, the 1 percent welfare spending limit is $1.8 billion. The total amount of state funds appropriated for TANF grants is $131.4 million, which is $1,691.7 million below the 1 percent limit.

DEBT LIMIT

Article III, Section 49(j) of the Texas Constitution limits the authorization of additional state debt if in any fiscal year the resulting annual debt service payable from the unrestricted General Revenue Fund—excludes revenues constitutionally dedicated for purposes other than payment of state debt—exceeds 5 percent of the average annual unrestricted General Revenue Funds for the previous three years. To monitor the constitutional limit, the Bond Review Board (BRB) calculates two debt ratios. The first debt ratio is the debt service on outstanding (issued) debt as a percentage of unrestricted General Revenue Funds. For the end of fiscal year 2009, the issued debt calculation is 1.22 percent, which is a decrease from the fiscal year 2008 calculation of 1.30 percent. The second debt ratio is the debt service on outstanding debt, and estimated debt service for authorized but unissued debt as a percentage of unrestricted General Revenue Funds. For this second ratio, at the end of fiscal year 2009, BRB reports that the state is at 4.09 percent of unrestricted General Revenue Funds, reflecting essentially no change from fiscal year 2008.

Any significant change in any of the following three components will affect the constitutional debt limit: (1) the amount of General Obligation (GO) Bond debt authorized by voters; (2) the three-year average of unrestricted General Revenue Funds; and (3) interest rates on issued GO bond debt.

STATE INDEBTEDNESS

Texas continues to have a low state debt burden compared with other states, ranking last among the 10 most-populous states in state debt per capita in 2006 and 2007, according to the U.S. Census Bureau. The U.S. Census Bureau further indicates Texas' per capita debt burden was $1,000 in 2007 while the U.S. average was $3,445.

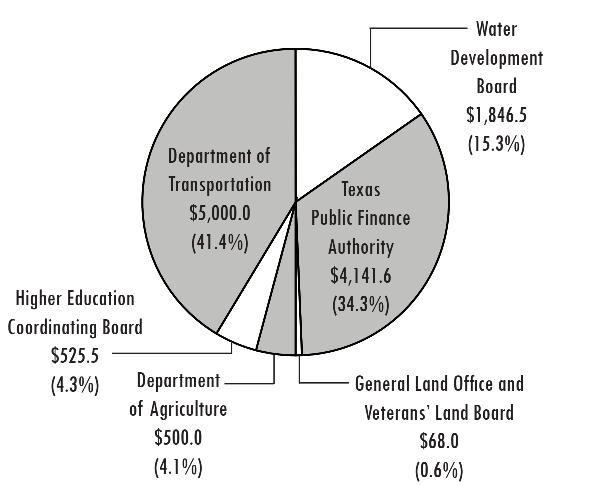
Texas had approximately $34 billion in state bonds outstanding as of August 31, 2009. General Obligation (GO) bonds, which depend on the General Revenue Fund for debt service, account for an estimated 36.5 percent of the total bonds outstanding. Non-GO, or revenue, bonds comprise the remaining 63.5 percent. Approximately 79 percent of the outstanding GO bond indebtedness is designed to be self-supporting, although the full faith and credit of the state is pledged for its payment.

Figure 27 and **Figure 28** show, by issuing agency, estimated GO bonds that have been authorized but unissued, and outstanding (issued) GO bonds, respectively, as of August 2009.

Debt service costs included in the state budget for the 2010–11 biennium total $3,327.1 million, or 1.8 percent of total appropriations. The increase in debt service costs from the 2008–09 biennial level is $893.3 million, or 36.7 percent (**Figure 29**), and is primarily due to increases in debt

FIGURE 27
GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED BY ISSUING AGENCY
AUGUST 2009

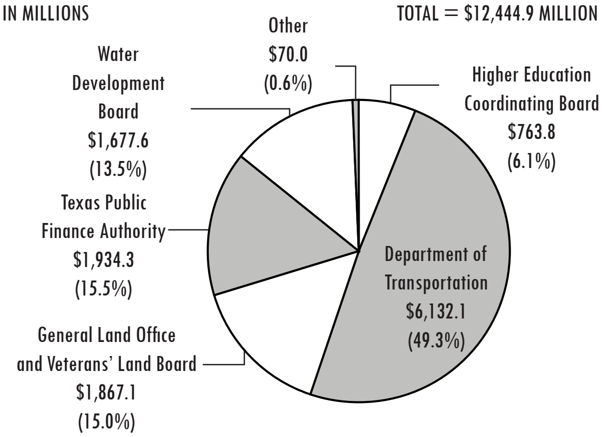
IN MILLIONS TOTAL = $12,081.6 MILLION



Note: Does not reflect bond authorizations that are only limited by debt service payments.
Sources: Legislative Budget Board; Bond Review Board.

FIGURE 28
GENERAL OBLIGATION BONDS OUTSTANDING, BY ISSUING AGENCY
AUGUST 2009

IN MILLIONS TOTAL = $12,444.9 MILLION



Other = Department of Agriculture $30.0; Parks and Wildlife Department $18.4; Trusteed Programs Within the Office of the Governor $45.0.
Sources: Legislative Budget Board; Bond Review Board; Texas Public Finance Authority.

service requirements out of the State Highway and Texas Mobility funds for transportation construction. Also, included in the debt service costs shown in **Figure 29** is approximately $35.5 million in General Revenue Funds to the Texas Public Finance Authority for debt service related to $450 million in GO bond proceeds for cancer prevention and research initiatives; approximately $100 million in General Revenue Funds to the Texas Department of Transportation for debt service related to $2 billion in GO bond proceeds for highway construction; and approximately $143 million in General Revenue Funds to the Texas Water Development Board for debt service on $782.8 million in GO bond proceeds for the Water Infrastructure Fund, the State Participation, and the Economically Distressed Areas Program water programs.

Debt service reimbursements for tuition revenue bonds (TRB) are funded at institution-requested levels and overall are a net reduction as compared to the 2008–09 expended levels, primarily due to the retirement of debt. Included in appropriations for the 2010–11 biennium is $9.9 million related to enactment of Senate Bill 629, Eighty-first Legislature, Regular Session, 2009, which removed enrollment threshold contingencies for three TRB authorizations made in House Bill 153, Seventy-ninth Legislature, Third Called Session, 2006. Debt service reimbursements are appropriated for those TRB authorizations as follows: Texas A&M University–Central

FIGURE 29
DEBT SERVICE PAYMENTS APPROPRIATIONS, 2008–09 AND 2010–11 BIENNIA

IN MILLIONS AGENCY/TYPE OF DEBT	EXPENDED/ BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Public Finance Authority[1,2]	$615.3	$693.8	$78.5	12.8
Historical Commission/National Museum of the Pacific War - Lease Payments	2.0	1.9	(0.1)	(5.0)
Facilities Commission - Lease Payments	95.0	86.0	(9.0)	(9.5)
Preservation Board/History Museum - Lease Payments	12.6	12.3	(0.3)	(2.4)
Department of State Health Services - Lease Payments	5.8	5.8	0.0	0.0
Tuition Revenue Bonds[3]	676.3	649.9	(26.4)	(3.9)
Adjutant General/Military Facilities Commission	5.0	4.6	(0.4)	(8.0)
Department of Criminal Justice - Private Prison Lease/Purchase	22.8	19.9	(2.9)	(12.7)
Parks and Wildlife - Lease Payments	15.3	14.9	(0.4)	(2.6)
Water Development Board - Water Bonds	81.1	199.5	118.4	146.0
Department of Transportation - State Highway Fund	392.4	847.5	455.1	116.0
Department of Transportation - Texas Mobility Fund	510.2	691.0	180.8	35.4
Department of Transportation - Highway Construction	0.0	100.0	100.0	NA
TOTAL, DEBT SERVICE PAYMENTS	**$2,433.8**	**$3,327.1**	**$893.3**	**36.7**
Method of Financing:				
General Revenue Funds	$1,590.2	$1,722.9	$132.7	8.3
General Revenue–Dedicated Funds	22.0	18.2	(3.8)	(17.5)
Federal Funds	4.7	4.7	0.0	0.0
Other Funds	816.8	1,581.3	764.5	93.6
TOTAL, ALL FUNDS	**$2,433.8**	**$3,327.1**	**$893.3**	**36.7**

[1]Reflects supplemental appropriations of $3.2 million for fiscal year 2009 pursuant to House Bill 4568, Eighty-first Legislature, Regular Session, 2009.
[2]Reflects emergency transfers of appropriations in the net amount of $64 million in fiscal year 2009 pursuant to Article IX, Sec. 14.04, General Appropriations Act, 2008–09 Biennium.
[3]Reflects supplemental appropriations of $0.5 million for fiscal year 2009 pursuant to House Bill 4586, Eighty-first Legislature, Regular Session, 2009.
NOTE: Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Texas Public Finance Authority.

Texas ($2.2 million in fiscal year 2011); Texas A&M University–San Antonio ($3.5 million in fiscal year 2011); and the University of North Texas–Dallas ($2.1million in fiscal year 2010 and $2.1 million in fiscal year 2011.)

The Eighty-first Legislature, Regular Session, 2009, also enacted House Bill 51, which provides new TRB authorizations for Texas A&M University at Galveston ($5 million) and the University of Texas Medical Branch at Galveston ($150 million) for various infrastructure repairs or replacement to assist the institutions in recovering from Hurricane Ike related damages. Additionally, Texas A&M University at Galveston received an appropriation of $0.5 million in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, for debt service reimbursement for the new authorization.

SENATE BILL 1 RECONCILIATION

Amounts included in the 2010–11 *Fiscal Size-up* have been adjusted to include all actions taken by the Eighty-first Legislature, 2009, that affect appropriations and gubernatorial vetoes of certain line items of appropriation. **Figure 30** summarizes the major changes for All Funds and General Revenue Funds. The All Funds amount in the 2010–11 *Fiscal Size-up* is $122.3 million less than the amount included in Senate Bill 1 (2010–11 General Appropriations Act), Eighty-first Legislature, 2009.

The General Revenue Funds amount is $84.9 million less than the amount included in Senate Bill 1.

FIGURE 30
2010–11 APPROPRIATIONS AMOUNTS
RECONCILED TO SUMMARY OF CONFERENCE COMMITTEE REPORT ON SENATE BILL 1

IN MILLIONS

FUND TYPE	SENATE BILL 1 SUMMARY	ADJUSTED APPROPRIATIONS	CHANGE
All Funds	$182,310.3	$182,188.0	($122.3)
General Revenue Funds	$80,699.1	$80,614.2	($84.9)

SOURCE: Legislative Budget Board.

2. REVENUE SOURCES AND ECONOMIC OUTLOOK

The Eighty-first Texas Legislature, 2009, began in January 2009 with a budget surplus of $5.1 billion in General Revenue Funds, General Revenue–Dedicated Funds, and the Property Tax Relief Fund, as total state revenue collections exceeded expectations in the 2008–09 biennium. In addition, the state received $14.4 billion from the federal government in accordance with the American Recovery and Reinvestment Act of 2009. Therefore, forecasted state revenue, as shown in **Figure 31** *and* **Figure 32**, *is expected to increase in the 2010–11 biennium despite the lingering effects of the global recession, that continue to adversely affect the Texas economy.*

FIGURE 31
STATE REVENUE BIENNIAL COMPARISON, BY SOURCE
2008–09 AND 2010–11 BIENNIA

IN MILLIONS

SOURCE	2008–09 BIENNIUM	2010–11 BIENNIUM	PERCENTAGE CHANGE	PERCENTAGE OF 2010–11 TOTAL REVENUE	PERCENTAGE OF 2010–11 TOTAL TAXES
Tax collections	$79,180.4	$77,726.7	(1.84)	43.11	100.00
Federal receipts	57,098.3	67,335.5	17.93	37.34	NA
Fees, fines, licenses, and penalties	17,426.0	13,795.1	(20.84)	7.65	NA
Interest and investment income	3,655.6	6,309.3	72.59	3.50	NA
Lottery	3,179.4	3,194.0	0.46	1.77	NA
Land income	1,838.1	1,740.5	(5.31)	0.97	NA
Other revenue sources	8,890.8	10,215.2	14.90	5.67	NA
TOTAL, NET REVENUE	**$171,268.5**	**$180,316.2**	**5.28**	**100.00**	**NA**
Sales tax	$42,618.2	$43,788.5	2.75	24.28	56.34
Oil production taxes	2,321.4	1,829.6	(21.19)	1.01	2.35
Natural gas production tax	4,092.4	1,993.7	(51.28)	1.11	2.57
Motor fuel taxes	6,134.3	6,300.1	2.70	3.49	8.11
Motor vehicle sales and rental taxes	5,942.5	5,710.5	(3.90)	3.17	7.35
Franchise tax	8,701.7	8,702.3	0.01	4.83	11.20
Cigarette and tobacco taxes	3,003.7	2,957.7	(1.53)	1.64	3.81
Alcoholic beverage taxes	1,581.0	1,703.2	7.73	0.94	2.19
Insurance occupation taxes	2,707.5	2,677.2	(1.12)	1.48	3.44
Utility taxes	1,022.8	1,045.3	2.20	0.58	1.34
Inheritance tax	7.6	0.0	(100.00)	0.00	0.00
Hotel occupancy tax	714.5	724.8	1.44	0.40	0.93
Other taxes	332.9	293.9	(11.73)	0.16	0.38
TOTAL, TAX COLLECTIONS	**$79,180.4**	**$77,726.7**	**(1.84)**	**43.11**	**100.00**

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all tables and graphics in this chapter. Table and graphic totals may not sum because of rounding.
SOURCE: Comptroller of Public Accounts 2010–11 Certification Revenue Estimate, November 2009.

FIGURE 32
STATE REVENUE BY SOURCE
FISCAL YEARS 2007 TO 2011

IN MILLIONS	REVENUE					PERCENTAGE CHANGE				PERCENTAGE OF TOTAL	
SOURCE	2007	2008	2009	2010	2011	2008	2009	2010	2011	2007	2011
REVENUE											
Tax collections	$36,955.6	$41,357.9	$37,882.5	$37,304.4	$40,422.3	11.9	(8.4)	(1.5)	8.4	47.9	45.4
Federal receipts	24,376.1	26,238.3	30,859.9	36,512.6	30,822.9	7.6	17.6	18.3	(15.6)	31.6	34.6
Fees, fines, licenses, and penalties	6,914.3	10,227.9	7,198.1	6,825.5	6,969.6	47.9	(29.6)	(5.2)	2.1	9.0	7.8
Interest and investment income	2,372.7	2,309.0	1,346.5	3,053.6	3,255.7	(2.7)	(41.7)	126.8	6.6	3.1	3.7
Lottery	1,552.0	1,597.5	1,582.0	1,608.4	1,585.6	2.9	(1.0)	1.7	(1.4)	2.0	1.8
Land income	751.4	1,050.0	788.0	906.8	833.6	39.7	(25.0)	15.1	(8.1)	1.0	0.9
Other revenue sources	4,267.3	4,202.3	4,688.5	5,080.5	5,134.6	(1.5)	11.6	8.4	1.1	5.5	5.8
TOTAL, NET REVENUE	**$77,189.3**	**$86,983.0**	**$84,285.5**	**$91,291.9**	**$89,024.3**	**12.7**	**(3.1)**	**8.3**	**(2.5)**	**100.0**	**100.0**
TAX COLLECTIONS											
Sales tax	$20,270.5	21,604.1	$21,014.1	$21,161.1	$22,627.4	6.6	(2.7)	0.7	6.9	54.9	56.0
Oil production taxes	835.0	1,436.9	884.5	874.4	955.2	72.1	(38.4)	(1.1)	9.2	2.3	2.4
Natural gas production tax	1,895.5	2,684.6	1,407.7	587.0	1,406.7	41.6	(47.6)	(58.3)	139.7	5.1	3.5
Motor fuel taxes	3,053.8	3,101.5	3,032.8	3,111.3	3,188.8	1.6	(2.2)	2.6	2.5	8.3	7.9
Motor vehicle sales and rental taxes	3,325.6	3,341.6	2,600.9	2,742.8	2,967.7	0.5	(22.2)	5.5	8.2	9.0	7.3
Franchise tax	3,144.1	4,451.3	4,250.3	4,294.2	4,408.1	41.6	(4.5)	1.0	2.7	8.5	10.9
Cigarette and tobacco taxes	1,334.0	1,446.9	1,556.8	1,399.0	1,558.7	8.5	7.6	(10.1)	11.4	3.6	3.9
Alcoholic beverage taxes	731.7	784.1	796.9	828.1	875.1	7.2	1.6	3.9	5.7	2.0	2.2
Insurance occupation taxes	1,346.6	1,450.2	1,257.3	1,307.9	1,369.3	7.7	(13.3)	4.0	4.7	3.6	3.4
Utility taxes	506.1	503.9	518.9	506.8	538.6	(0.4)	3.0	(2.3)	6.3	1.4	1.3
Inheritance tax	5.3	5,6	2.0	0.0	0.0	5.7	(64.3)	(100.0)	0.0	0.0	0.0
Hotel occupancy tax	340.6	371.0	343.5	348.1	376.7	8.9	(7.4)	1.3	8.2	0.9	0.9
Other taxes	166.9	176.3	156.6	143.7	150.2	5.6	(11.2)	(8.2)	4.5	0.5	0.4
TOTAL, TAX COLLECTIONS	**$36,955.6**	**$41,357.9**	**$37,822.5**	**$37,304.4**	**$40,422.3**	**11.9**	**(8.5)**	**(1.4)**	**8.4**	**100.0**	**100.0**

SOURCE: Comptroller of Public Accounts.

This chapter examines Texas' current state and local government revenue structure. It concentrates on state revenue by examining the Comptroller of Public Accounts' Certification Revenue Estimate released in November 2009 for the 2010–11 biennium. Included is a summary of the major legislative changes affecting state and local government revenue that were adopted by the Eighty-first Legislature, Regular Session, 2009.

STATE REVENUE

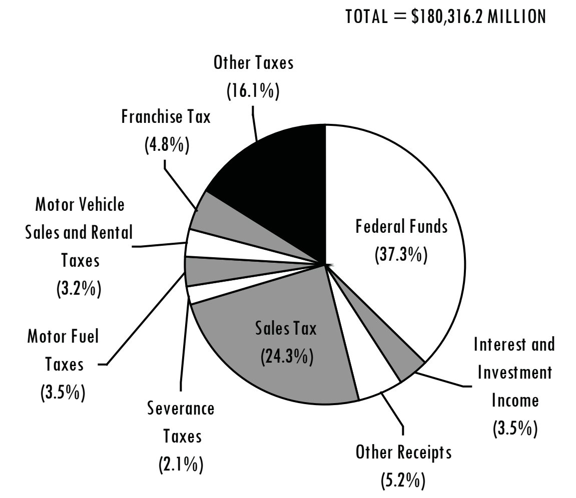
Revenue Collections totaled $171.3 billion during the 2008–09 biennium. Revenue collections for the 2010–11 biennium are estimated to total $180.3 billion, a 5.3 percent increase from the 2008–09 biennium. (See **Figure 31, Figure 32,** and **Figure 33**.)

STATE TAXES

Taxes accounted for less than half of the state's estimated revenue in the 2008–09 biennium (**Figure 34**) as well as in the preceding three biennia. Prior to the previous three biennia, the state's share of revenue from taxes had been fairly constant, with taxes contributing approximately half of all revenue since 1992.

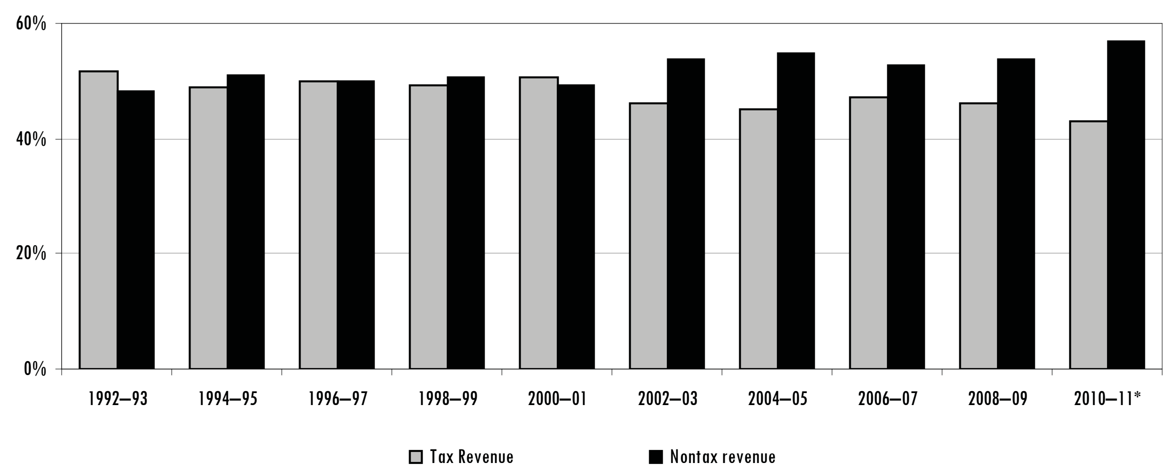
According to the Comptroller of Public Accounts (CPA), state tax collections for the 2010–11 biennium are estimated to total $77.7 billion, a decrease of $1.5 billion, or 1.8 percent, from the 2008–09 biennium. This estimate is less than the actual growth rate of 12.3 percent in 2008–09 due to changes in economic conditions. Receipts from the federal government in the 2010–11 biennium are expected to increase by $10.2 billion, or 17.9 percent, from the 2008–09 biennium.

FIGURE 33
ESTIMATED STATE REVENUE COLLECTIONS
2010–11 BIENNIUM



SOURCE: Comptroller of Public Accounts.

FIGURE 34
TAX AND NONTAX REVENUE COMPOSITION
1992–93 TO 2010–11 BIENNIA



*Estimated.
SOURCE: Comptroller of Public Accounts.

SALES TAX

The sales and use tax continues to comprise most of the state's tax revenue (**Figure 31, Figure 32,** and **Figure 33**). CPA estimates that sales tax revenue for the 2010–11 biennium will be $43.8 billion, a 2.8 percent increase from 2008–09 collections of $42.6 billion. The sales tax is expected to comprise 56.3 percent of total tax collections in the 2010–11 biennium.

The current state tax rate is 6.25 percent, the same rate in place since 1990. Subject to certain exemptions, the state sales and use tax is imposed on retail sales, leases, and rentals of goods purchased within or brought into the state, as well as taxable services.

OIL AND GAS PRODUCTION TAXES

The state levies an oil production tax at 4.6 percent of value, a natural gas production tax at 7.5 percent of value, and an oil regulation tax of three-sixteenths of one cent per barrel of oil produced. During the 2008–09 biennium, annual oil production was approximately 319 million barrels, and oil was taxed at an average price of approximately $79 per barrel. Annual natural gas production averaged nearly 4 trillion cubic feet, while taxable natural gas prices averaged $9.01 per thousand cubic feet (mcf) in fiscal year 2008, and approximately $4.15 per mcf in fiscal year 2009.

Oil production is expected to continue to decline for the 2010–11 biennium. Whereas 2008–09 biennial revenues from oil production and regulation taxes were $2.3 billion, the Comptroller of Public Accounts estimates the 2010–11 biennial revenues will be $1.8 billion.

For the 2008–09 biennium, natural gas tax collections totaled $4.1 billion. CPA estimates 2010–11 biennial revenues from natural gas will be about $2 billion.

MOTOR FUEL TAXES

Texas taxes three major types of motor fuel: gasoline, diesel fuel, and liquefied petroleum gas (LPG—propane, butane, or compressed natural gas). Currently, gasoline and diesel fuel are taxed $0.20 per gallon; LPG is taxed at a rate of $0.15 per gallon. In the 2008–09 biennium, motor fuels tax collections totaled $6.1 billion. The Comptroller of Public Accounts estimates that fuel tax collections will grow 2.7 percent, forecasting $6.3 billion in revenue during the 2010–11 biennium. Historically, motor fuel taxes have accounted for about 10 percent to 12 percent of total state tax collections; however, in the 2008–09 biennium the motor fuel taxes accounted for only 7.8 percent of total tax collections. Motor fuel taxes are expected to comprise 8.1 percent of total tax collections in the 2010–11 biennium as other revenue sources experience slower growth.

Approximately 75 percent of motor fuel tax revenues are dedicated for the construction, maintenance, and policing of public roads and are appropriated to the Texas Department of Transportation and the Department of Public Safety of the State of Texas for these purposes. Most of the remaining 25 percent of collections is dedicated to public education.

MOTOR VEHICLE SALES AND RENTAL TAX

The motor vehicle sales tax is levied at a rate of 6.25 percent on the price of a vehicle, less the value of any trade-in. The rental tax rate is 10 percent for rentals of 30 days or fewer, and 6.25 percent for rentals exceeding 30 days. Also included in motor vehicle sales and rental taxes is the tax on manufactured housing. This tax is levied at a rate of 5 percent of 65 percent of the manufacturer's selling price.

Motor vehicle sales and rental taxes declined sharply in the 2008–09 biennium, bringing in $5.9 billion in revenue, 7.2 percent less than the previous biennium. Estimates by CPA are that revenue from motor vehicle sales and rental taxes will decline 3.9 percent to $5.7 billion during the 2010–11 biennium.

FRANCHISE TAX

In fiscal year 2008, the state converted from imposing a franchise tax that was based on taxable capital (net worth) and on earned surplus to a margins tax, which is based on "taxable margin." There were a number of expected transitional issues, which resulted in a revenue shortfall during the first year of implementation. In fiscal year 2009, the first year of full conformity with the margins tax, the actual revenue was $4.3 billion, which was 2.5 percent below the forecast of $4.4 billion.

The margins tax was enacted by the Seventy-ninth Legislature, Third Called Session, 2006, to pursue two goals: to make the tax on business activity in Texas more comprehensive, since many corporations and businesses could legally escape the previous franchise tax, and to increase state tax revenues to provide property tax relief to Texas households and businesses.

The name "franchise tax" remains in the new statute, but it is more commonly called the "margins tax" because a business entities' taxable base is redefined as the "taxable margin." The taxable margin is the lesser value of three methods of calculation: (1) 70 percent of total revenue; (2) total revenue minus costs of goods sold; or (3) total revenue minus total compensation and benefits. Most entities pay at a rate of 1 percent on their taxable margin. The exception is a lower tax rate of one-half of 1 percent applied to any taxable entity engaged primarily in retail or wholesale trade. The original legislation in 2006 and subsequent legislation in 2007 also provided added relief for small businesses.

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 4765 to provide further relief for small businesses by increasing the threshold of total revenue at which a taxable entity would owe no tax from the current amount of $300,000 to a temporary threshold of $1 million for calendar years 2010 and 2011 and then to a permanent threshold of $600,000 thereafter. These changes are expected to provide tax relief of $172.1 million during the 2010–11 biennium.

Estimates by CPA indicate that the margins tax will grow 1 percent in fiscal year 2010 and will generate $4.3 billion; in fiscal year 2011, it will grow 2.7 percent and generate $4.4 billion. The companion legislation in 2006 (House Bill 2, Seventy-ninth Legislature, Third Called Session, 2006) established the Property Tax Relief Fund and stipulated that the amount that would have been collected under the old franchise tax every fiscal year would go into the General Revenue Fund, while the remainder of the margins tax would be dedicated to the Property Tax Relief Fund. Thus, of the $4.3 billion collected under the margins tax in fiscal year 2009, $2.8 billion was allocated to General Revenue Funds and $1.5 was allocated to the Property Tax Relief Fund.

CIGARETTE AND TOBACCO TAXES

Cigarette, cigar, and tobacco excise tax revenue totaled $3,003.7 million in the 2008–09 biennium. Revenue for the 2010–11 biennium is estimated by CPA to total $2,957.7 million, a decrease of $46 million, or 1.53 percent, from the 2008–09 level.

The cigarette tax comprised approximately 93.5 percent of total tobacco tax revenue in the 2008–09 biennium. Effective January 1, 2007, cigarettes are taxed at a rate of $1.41 per pack of 20 and $1.76 per pack of 25. The tax rate in Texas is higher than the U.S. median state cigarette tax rate of $0.80 per pack.

Legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006, established the Property Tax Relief Fund. Revenue that would have been collected under the previous tax rates prior to January 1, 2007, is credited to the General Revenue Fund, while the excess above this amount generated by the increased tax rates is dedicated to the Property Tax Relief Fund. In the 2008–09 biennium, transfers to the Property Tax Relief Fund from cigarette tax revenue totaled $1,846.3 million. Fiscal year 2010–11 transfers from cigarette tax revenue are estimated by CPA to be $1,794.9 million.

The tobacco products tax is levied on cigars, snuff, chewing tobacco, and smoking tobacco. House Bill 2154, enacted by the Eighty-first Legislature, Regular Session, 2009, modified the base used to calculate the tax imposed on tobacco products (other than cigars) from the manufacturer's listed price to the manufacturer's listed net weight. Beginning in fiscal year 2010, the rate per ounce is $1.10 and will increase three cents per ounce each fiscal year to September 1, 2012. In fiscal year 2013, the rate will be $1.22 per ounce. A portion of the revenue generated above the previous tax rate will be deposited to the Physician Education Loan Repayment Program; the remainder of the revenue increase will be deposited to the Property Tax Relief Fund to offset the loss from the new Franchise Tax exemption threshold authorized by enactment of House Bill 4765, Eighty-first Legislature, Regular Session, 2009. CPA estimates increased revenue of $104.8 million from changes made to statute by enactment of House Bill 2154.

Transfers to the Property Tax Relief Fund from the cigar and tobacco products tax totaled $38.5 million in the 2008–09 biennium. Transfers from the cigar and tobacco revenue in the 2010–11 biennium are estimated by CPA to be $23.2 million.

ALCOHOLIC BEVERAGE TAXES

Alcoholic beverage taxes consist of the mixed beverage gross receipts tax; volume-based taxes imposed on ale, beer, liquor, and wine; and a 5-cent per drink tax on beverages served on airlines and passenger trains. Alcoholic beverage tax revenue totaled $1.6 billion in the 2008–09 biennium. Revenue for the 2010–11 biennium is estimated by CPA to increase by $122.2 million, or 7.7 percent, from the 2008–09 biennium.

INSURANCE OCCUPATION TAXES

Insurance occupation taxes comprise insurance premium taxes and insurance maintenance taxes. Insurance-related entities must remit a percentage of their gross premiums to pay insurance premium taxes. Insurers pay 1.75 percent of accident, health, and life insurance gross premiums; 1.6 percent of property and casualty insurance gross premiums; 1.35 percent of title insurance premiums; and 4.85 percent of independently procured insurance premiums. Insurance maintenance taxes are also based on premiums. Insurance maintenance taxes are levied on insurance-related entities to cover the state's cost of regulating the industry. These regulatory costs are incurred primarily by the Texas Department of Insurance and the Texas Workers' Compensation Commission. Maintenance tax rates are reviewed annually and are based on the funding needs of the regulatory agencies. In addition to these taxes, retaliatory taxes are imposed on insurers from outside Texas to assist Texas-based companies operating in other states. If a Texas-based company pays a higher proportion of taxes to another state than domestic companies pay to that state, the insurance companies from the other state that compete in Texas must pay a retaliatory tax.

Insurance taxes and fees are forecast by CPA to total $2.68 billion in the 2010–11 biennium, a decrease of 1.1 percent from the 2008–09 biennium level of $2.7 billion.

UTILITY TAX

Texas has three forms of utility gross receipts taxes: the gas, electric, and water tax; the public utility gross receipts tax; and the gas utility administration tax. The largest revenue generator is the gas, electric, and water tax, which has averaged almost $363 million since fiscal year 2002, providing approximately 85.3 percent of the state's total utility tax revenues. This tax is imposed on utility gross receipts at rates ranging from 0.581 percent to 1.997 percent, depending on city population. The public utility gross receipts tax is levied at a rate of 0.001667 percent of gross receipts. The gas utility administration tax is a levy of 0.5 percent on gas utility gross receipts less the cost of gas sold.

During the 2008–09 biennium, utility taxes generated $1.02 billion in revenue. CPA estimates that utility taxes will generate $1.0 billion in the 2010–11 biennium, a 2.2 percent increase.

INHERITANCE TAX

Texas' inheritance tax liability equals the maximum federal credit allowed for state death taxes paid. Under federal law, the federal credit that Texas "picks-up" was reduced from 2001 levels by 25 percent in 2002, by 50 percent in 2003, and by 75 percent in 2004, with full repeal in 2005. As a result, Texas inheritance tax collections are dormant during the 2010–11 biennium, and therefore there will be no inheritance tax collected during the 2010–11 biennium, which is a 100 percent decrease from the 2008–09 collections of $7.6 million. All 2010–11 collections result from taxpayer liabilities incurred during previous biennia. However, the federal law will sunset in 2011, thereby reinstating the federal credit and, consequently, reinstating the Texas inheritance tax liability. Because inheritance tax liability is not due until nine months after the date of death, collections will not occur until September 1, 2011, which is the beginning of the 2012–13 biennium.

HOTEL OCCUPANCY TAX

The hotel occupancy tax is estimated by CPA to generate $724.8 million in the 2010–11 biennium, which is 1.4 percent above 2008–09 collections of $714.5 million. Hotel tax revenues increased an average of 5.5 percent per year during fiscal years 1992–2000, but began declining in September 2001 as a result of the nationwide slump in tourism. Starting in fiscal year 2004, collections increased as higher rates of tourism and business travel resumed. However, due to changes in economic conditions, fiscal year 2009 collections decreased 7.4 percent from fiscal year 2008 collections.

OTHER TAXES

"Other taxes" are levied on a variety of items such as cement, sulphur, attorney services, coin-operated machines, and bingo rental receipts. CPA estimates these taxes will generate $293.9 million in the 2010–11 biennium, a decrease of 11.7 percent from 2008–09 collections of $332.9 million.

NONTAX REVENUES

In addition to tax revenues, the state receives revenue from a variety of other sources.

FEDERAL RECEIPTS

Federal receipts constitute the state's largest source of nontax revenue. CPA estimates that collections for the 2010–11 biennium will total $67.3 billion, 37.3 percent of all revenue for the biennium, which is an increase of 17.9 percent from 2008–09 receipts.

FEES, FINES, LICENSES, AND PENALTIES

Fees, fines, licenses, and penalties comprise the state's second largest source of nontax revenue. According to CPA, the state is projected to receive $13.8 billion from this revenue category in the 2010–11 biennium. This represents a decline of 20.8 percent from 2008–09 collections of $17.4 billion. This revenue category is expected to contribute 7.7 percent of all state revenue during the biennium.

INTEREST AND INVESTMENT INCOME

Most interest on fund balances and investment revenue in General Revenue Funds is composed of income deposited to the Available School Fund (ASF) from Permanent School Fund (PSF) investments. Funds distributed from the PSF to the ASF during a 10-year period may not exceed the total return on all PSF investment assets during the same period. Investment revenue to the Available School Fund decreased to $716.5 million in fiscal year 2008. As a result of recent losses to the PSF, there was no distribution to the ASF in fiscal year 2009. The CPA estimates a transfer of $60.7 million in fiscal year 2010. No transfer is expected in fiscal year 2011.

All Funds total investment revenue in the 2010–11 biennium is expected to be $6.3 billion, an increase of $2.7 billion, or 72.6 percent, from the 2008–09 biennium.

LOTTERY REVENUE

Lottery ticket sales totaled $3.7 billion in fiscal year 2009, an increase of $48.6 million or 1.3 percent above fiscal year 2008 sales. Of the fiscal year total sales, $2.29 billion was paid out to players, $0.2 billion was paid to retailers in the form of commissions and bonuses, and $1 billion was transferred to the Foundation School Account. Of the remaining $222 million of fiscal year 2009 sales, $179 million was used to fund administrative expenses and $43 million of unclaimed prizes was transferred to the State.

CPA estimates that $1 billion in fiscal year 2010 and $998.5 million in fiscal year 2011 will be available for transfer to the Foundation School Account.

LAND INCOME

Land income is derived from mineral royalties and leases, land sales, and the sale of timber and sand. CPA estimates the state will collect $1.7 billion in income from state lands in the 2010–11 biennium. This is a decrease of 5.3 percent from 2008–09 collections of $1.8 billion. This revenue category constitutes about 1 percent of all state revenue.

TOBACCO SETTLEMENT REVENUE

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

During the 2008–09 biennium, the state received $1,041.6 million as a result of the Tobacco Settlement agreement. For the 2010–11 biennium, $1,012.3 million is expected as the volume of domestic cigarette sales declines.

OTHER REVENUE

The remaining $10.2 billion, or 5.7 percent, of state revenue comes from a variety of sources: sales of goods and services, child support collections, revenue from unclaimed property, settlement of claims, and various federal programs. CPA estimates that collections of other revenue in the 2010–11 biennium will be 14.9 percent higher than 2008–09 collections.

SIGNIFICANT LEGISLATIVE REVENUE ACTIONS

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect state revenue.

Enactment of House Bill 1801 expands the sales tax exemption to certain school supplies during the three-day sales tax holiday each August. The Texas sales tax holiday began in August 1999, and provides a state and local sales tax break on most clothing and footwear priced under $100. Backpacks for elementary and secondary school students priced under $100 are also exempt.

Enactment of House Bill 469 establishes a tax credit for an entity that implements a clean energy project when constructing a new facility. The franchise tax credit is set at an amount equal to the lesser of 10 percent of the capital cost of the project or $100 million, and is limited to the total amount of franchise tax due had the entity not qualified for the credit. CPA will not issue credits until September 1, 2013. A sales and use tax exemption is also established for certain components installed in connection with the project. The severance tax rate reduction and the time frame for the project to make a qualified investment in a reinvestment zone are extended for a project meeting the clean energy requirements.

Enactment of House Bill 2154 sets the tax rate for a tobacco product, other than a cigar, at a rate per ounce rather than a percentage of the manufacturer's list price. The tax rate will incrementally increase $0.03 per ounce in each state fiscal year beginning September 1, 2009 and ending September 1, 2012. The rate expires on December 1 of the following year until the rate is set at $1.22 per ounce. The legislation also establishes the Physician Education Loan Repayment Program Account in the General Revenue Fund. Transfers of taxes on cigar/tobacco products to the Property Tax Relief Fund and the General Revenue Fund based on the previous tax rate will not change. The loan repayment program is appropriated $22 million of the new tax rate collections in the 2010–11 biennium. Additional revenue collections above this amount will be transferred to the Property Tax Relief Fund to offset the loss in franchise tax revenue resulting from enactment of House Bill 4765, Eight-first Legislature, Regular Session, 2009.

Enactment of House Bill 4765 authorizes an increase in the amount of total revenue at which a taxable entity owes no franchise tax from $300,000 to $1 million for fiscal years 2010 and 2011, and to $600,000 beyond that. As a result of this increase, the franchise tax transfer to the Property Tax Relief Fund will decrease. To offset the loss, a portion of the additional revenue collections resulting from the change in tobacco products taxes authorized by enactment of House Bill 2154, Eighty-first Legislature, Regular Session, 2009, will be deposited to the Property Tax Relief Fund.

Enactment of House Bill 2654 limits the use of the $10 gift tax on a motor vehicle. If a person receives a vehicle as a gift from a spouse, parent, stepparent, grandparent, child, stepchild, sibling, grandchild, guardian, an estate, or a not for profit organization recognized under federal law they are permitted to pay the $10 gift tax. If a person receives a motor vehicle as a gift from someone not listed, they would pay the greater of either 80 percent of the standard presumptive value or 6.25 percent of the price paid for the vehicle when it was originally purchased.

MAJOR STATE FUNDS

Although there are more than 400 funds in the State Treasury, the General Revenue Fund and a few closely related special funds and accounts play key roles in state finance. These key funds and accounts are described in this section.

GENERAL REVENUE FUND

The General Revenue Fund consists of non-dedicated General Revenue and General Revenue–Dedicated accounts. The non-dedicated portion of the General Revenue Fund serves as the state's primary operating fund. Most state tax revenue, many state fees, and various other sources of revenue are deposited as non-dedicated General Revenue. Among the taxes deposited initially to the non-dedicated General Revenue Fund are the state sales tax, the franchise tax, motor vehicle sales taxes, alcohol and tobacco taxes, the oil production tax, the natural gas tax, and motor fuel taxes. Expenditures may be made directly from non-dedicated General Revenue Funds, or in some cases, revenue may be transferred from non-dedicated General Revenue Funds to special funds or accounts.

Prior to 1991, most of the accounts that now compose dedicated General Revenue Funds existed as separate special funds outside the General Revenue Fund. A fund consolidation process initiated in 1991 brought almost 200 special funds into the General Revenue Fund as General Revenue–Dedicated accounts. There is an important distinction between special funds and General Revenue–Dedicated accounts: cash balances in the General Revenue–Dedicated accounts are counted as part of the General Revenue Fund balance in determining the amount of cash available for certification of appropriations from the General Revenue Fund; special fund account balances do not affect the amount of cash available for certification for the General Revenue Fund.

AVAILABLE SCHOOL FUND

The Available School Fund (ASF) receives interest and dividend income from the Permanent School Fund (PSF) and one-quarter of net motor fuel taxes. A portion of ASF revenue is transferred to the State Textbook Fund and used to provide free textbooks and technology to children attending Texas public schools. Remaining revenue in the ASF is allocated to school districts on a per-pupil basis.

In September 2003, voters approved an amendment to the state constitution that changes the methodology used to distribute funds to the ASF from the PSF. Previously, all investment income earned by the PSF was distributed to the ASF. Now the distribution amount is based upon a total return methodology, or a percentage of the average market value of the PSF. The distribution rate cannot exceed 6 percent of the average market value. The distribution rate is established by the State Board of Education (SBOE), or by the Texas Legislature in biennia when the SBOE fails to establish a rate.

FOUNDATION SCHOOL ACCOUNT

One-quarter of occupation taxes, such as the oil production tax, the natural gas production tax, and the gas, water, and electric utility tax, are constitutionally dedicated to public education. The revenue from these taxes is initially deposited to the General Revenue Fund and then transferred to the Foundation School Account. Enactment of legislation by the Seventy-fifth Legislature, 1997, statutorily dedicated net lottery proceeds to public education, and those proceeds are deposited to the Foundation School Account. The Foundation School Account also receives the revenue from attendance credits purchased by local school districts under the public school finance system. Revenue from the account is distributed to school districts using Foundation School Program formulas.

TEACHER RETIREMENT SYSTEM TRUST FUND

The Teacher Retirement System Trust Fund is used to pay retirement, disability, and death benefits to former employees of public schools, junior colleges, and universities, and to the beneficiaries of those former employees. The state's contribution to the fund comes in the form of an appropriation from the General Revenue Fund. In addition, the fund receives member contributions and membership fees. Expenditures from the fund are made without legislative appropriation.

PARKS AND WILDLIFE ACCOUNTS

The State Parks Account, the Local Parks Account, and the Parks and Wildlife Capital and Conservation Account share a portion of 94 percent of the proceeds from the collection of taxes on the sale, storage, or use of sporting goods.

COMPTROLLER ENFORCEMENT ALLOCATION

One percent of gross motor fuel tax collections is allocated to the Comptroller of Public Accounts for enforcement of fuel tax laws.

COUNTY AND ROAD DISTRICT FUND

A transfer of $7.3 million in gasoline tax revenue is made to the County and Road District Fund each year. Revenue from the fund is allocated to counties for the construction and maintenance of lateral roads and debt service related to lateral roads.

STATE HIGHWAY FUND

The State Highway Fund is used for highway construction and maintenance, acquisition of rights-of-way, and the policing of public roads. The major revenue sources deposited directly to the fund include motor vehicle registration fees, federal highway funds, and the sales tax on motor lubricants. Motor fuel tax revenue is deposited to the General Revenue Fund, and a portion of that is allocated to the State Highway Fund.

HOTEL OCCUPANCY TAX FOR ECONOMIC DEVELOPMENT ACCOUNT

The Economic Development and Tourism office within the Office of the Governor receives one-twelfth of state hotel occupancy tax collections each year for advertising and other marketing activities. The hotel tax is deposited to the General Revenue Fund; all but the portion dedicated to the Economic Development and Tourism office is non-dedicated General Revenue Funds.

TEXAS MOBILITY FUND

Article 3, Section 49-k, of the Texas Constitution was added by amendment in November 2001, establishing the Texas Mobility Fund (TMF). The fund is a revolving fund in the State Treasury and is administered by the Texas Transportation Commission and the Texas Department of Transportation for the design, construction, reconstruction, acquisition, and expansion of state highways. The TMF can also be used in the construction of publicly owned toll roads and other public transportation projects. Subject to Comptroller approval and the implementation of a strategic plan that outlines the use of TMF revenues, the Texas Transportation Commission is authorized to sell debt obligations of the state to construct highways, toll roads, or other transportation projects. These obligations are guaranteed with a pledge of the state's full faith and credit should the TMF balance prove insufficient to pay outstanding obligations. In that circumstance, the Texas Legislature must appropriate funds from the State Treasury to pay any outstanding obligations. The proceeds of debt issuances are to be deposited in the TMF, and fund proceeds are pledged to the payment of any outstanding obligations or credit agreements. The Texas Legislature may dedicate any taxes or other revenues to the TMF that otherwise are not dedicated by the Texas Constitution, namely, motor fuel taxes, lubricant sales taxes, title fees, and motor vehicle registration fees. Current deposits include portions of fees for the registration, titling, and inspection of motor vehicles, driver record information, and driver licenses, as well as fees for state traffic fines and penalties.

PROPERTY TAX RELIEF FUND

A portion of all revenue collected under the motor vehicle sales and use tax, cigarette and tobacco products tax, and the franchise tax is deposited to the Property Tax Relief Fund. Fiscal year 2009 transfers to the Property Tax Relief Fund totaled $2.5 billion. The fund ended fiscal year 2009 with a balance of $3 billion. Amounts transferred to the fund during the 2010–11 biennium are estimated by the Comptroller of Public Accounts to total $2.6 billion in fiscal year 2010 and $2.8 billion in fiscal year 2011.

ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF), or "Rainy Day Fund," is a constitutional fund created by the voters in 1988. Whenever collections are sufficient, the fund receives an amount of General Revenue Funds equal to 75 percent of the amount of oil production tax collections in excess of 1987 levels, and 75 percent of the amount of natural gas tax collections in excess of 1987 levels. The fund also receives one-half of any unencumbered General Revenue Funds balance at the end of each biennium. The Texas Legislature may also appropriate revenue to the fund.

Appropriations may be made from the ESF with a three-fifths vote of the members present in each house under certain circumstances, such as when a budget deficit develops in a biennium or when the Comptroller estimates that revenue will decline from one biennium to the next. Appropriations may be made from the ESF for any purpose at any time with a two-thirds vote of the members present in each house of the Legislature.

The ESF ended fiscal year 2009 with a balance of $6.7 billion. Fiscal year 2010 transfer amounts, based on fiscal year 2009 oil production and natural gas tax collections are expected to total $869.9 million. With projected interest earnings and no expected appropriations, the Comptroller of Public Accounts estimates that the ESF balance will reach $8.2 billion by the end of the 2010–11 biennium.

FEDERAL FUNDS APPROPRIATIONS

Appropriated Federal Funds for the 2010–11 biennium total $65.5 billion, a 19 percent increase from the 2008–09 total of $55 billion (**Figure 35** and **Figure 36**). This $10.5 billion increase constitutes 99 percent of the increase between the biennia in the All Funds budget. Federal Funds make up 36 percent of the 2010–11 All Funds budget (**Figure 37**), an increase from the 32 percent share in the 2008–09 biennium.

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

The American Recovery and Reinvestment Act of 2009 (ARRA) provided a total of $12 billion in Federal Funds for the 2010–11 biennium (**Figure 38**). These appropriations were made in Article XII of the General Appropriations Act (GAA), 2010–11 Biennium.

Most of the Federal Funds Texas receives (95.8 percent) are for services provided through the Health and Human Services, Business and Economic Development, and Education functions within the 2010–11 GAA. **Figure 37** shows the amount of Federal Funds (including one-time ARRA funding) received by each of the functions as a percentage of Federal Funds included in the 2010–11 GAA. **Figure 39** shows each function's Federal Funds as a percentage of the function's All Funds budget. As shown in **Figure 39**, the following discussion is all inclusive of ARRA funding.

HEALTH AND HUMAN SERVICES

In the 2010–11 biennium, the Legislative Budget Board (LBB) estimates that Health and Human Services agencies will receive $36.6 billion in Federal Funds, which is 55.8 percent of the state's total Federal Funds. Federal Funds for these agencies are expected to increase by $2.8 billion above 2008–09 biennial levels. This increase is primarily attributable to Medicaid healthcare services. The Health and Human Services Commission, which administers the state's Medicaid program and Children's Health Insurance Program, receives more than 61.4 percent of the function's total Federal Funds.

FIGURE 35
FEDERAL FUNDS
(ARRA FUNDS SHOWN AS A SEPARATE FUNCTION)
STATEWIDE SUMMARY
2008–09 AND 2010–11 BIENNIA

IN MILLIONS FUNCTION	EXPENDED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$715.4	$692.5	($22.9)	(3.2)
Article II – Health and Human Services	32,149.5	33,832.5	1,683.0	5.2
Article III – Education	8,827.6	9,381.0	553.4	6.3
Public Education	*8,518.7*	*9,076.6*	*557.9*	*6.5*
Higher Education	*309.0*	*304.4*	*(4.6)*	*(1.5)*
Article IV – The Judiciary	3.6	5.0	1.4	38.9
Article V – Public Safety and Criminal Justice	899.3	617.8	(281.5)	(31.3)
Article VI – Natural Resources	1,017.0	1,011.0	(6.0)	(0.6)
Article VII – Business and Economic Development	9,156.3	7,929.1	(1,227.2)	(13.4)
Article VIII – Regulatory	4.3	4.5	0.2	4.7
Article IX – General Provisions	0.0	1.4	1.4	NA
Article X – The Legislature	0.0	0.0	0.0	NA
Article XII – American Recovery and Reinvestment Act	2,309.3	12,058.8	9,749.5	422.2
TOTAL, ALL FUNCTIONS	**$55,082.4**	**$65,533.6**	**$10,451.3**	**19.0**

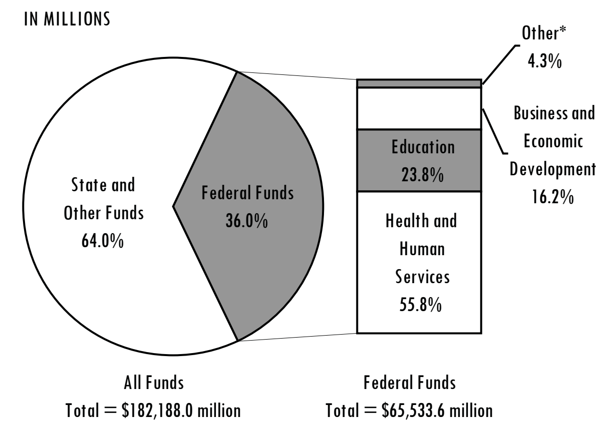
SOURCE: Legislative Budget Board.

FIGURE 36
FEDERAL FUNDS
(ARRA FUNDS INCLUDED BY FUNCTION)
STATEWIDE SUMMARY
2008–09 AND 2010–11 BIENNIA

IN MILLIONS FUNCTION	EXPENDED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$742.7	$1,123.5	$380.8	51.3
Article II – Health and Human Services	33,769.3	36,563.5	2,794.1	8.3
Article III – Education	8,827.6	15,583.3	6,755.7	76.5
Public Education	*8,518.7*	*14,952.0*	*6,433.3*	*75.5*
Higher Education	*309.0*	*631.3*	*322.3*	*104.3*
Article IV – The Judiciary	3.6	5.0	1.4	37.2
Article V – Public Safety and Criminal Justice	899.3	617.8	(281.5)	(31.3)
Article VI – Natural Resources	1,017.0	1,046.3	29.3	2.9
Article VII – Business and Economic Development	9,818.5	10,588.3	769.8	7.8
Article VIII – Regulatory	4.3	4.5	0.2	4.5
Article IX – General Provisions	0.0	1.4	1.4	NA
Article X – The Legislature	0.0	0.0	0.0	NA
TOTAL, ALL FUNCTIONS	**$55,082.4**	**$65,533.6**	**$10,451.3**	**19.0**

SOURCE: Legislative Budget Board.

FIGURE 37
FEDERAL FUNDS AS PERCENTAGE OF ALL FUNDS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

FIGURE 38
ARRA FEDERAL FUNDS BY FUNCTION
STATEWIDE SUMMARY
2008–09 AND 2010–11 BIENNIA

IN MILLIONS FUNCTIONS	EXPENDED/ BUDGETED 2008–09	APPROPRIATED 2010–11
Article I – General Government	$27.3	$431.0
Article II – Health and Human Services	1,619.8	2,731.0
Article III – Education	0.0	6,202.3
Public Education	0.0	5,875.4
Higher Education	0.0	326.9
Article VI – Natural Resources	0.0	35.3
Article VII – Business and Economic Development	662.2	2,659.2
TOTAL, ALL FUNCTIONS	**$2,309.3**	**$12,058.8**

SOURCE: Legislative Budget Board.

EDUCATION

The education agencies account for the second-largest portion of Federal Funds in the state budget. The LBB estimates education agencies to receive $15.6 billion in Federal Funds during the 2010–11 biennium, or 23.8 percent of the state's total Federal Funds, an increase of $6.8 billion from 2008–09 levels. Federal funding to support state obligations in the Foundation School Program and for instructional materials account for most of the increase attributable to ARRA; the ARRA distribution totals $6.2 billion. One agency, the Texas Education Agency, receives 95.6 percent of the function's appropriated Federal Funds.

FIGURE 39
FEDERAL FUNDS (INCLUDING ARRA FUNDS)
AS PERCENTAGE OF ALL FUNDS BUDGET
2008–09 AND 2010–11 BIENNIA

FUNCTION	PERCENTAGE OF 2008–09 ALL FUNDS BUDGET THAT IS FEDERAL FUNDS	PERCENTAGE OF 2010–11 ALL FUNDS BUDGET THAT IS FEDERAL FUNDS
Article I – General Government	18.4	23.1
Article II – Health and Human Services	61.0	61.2
Article III – Education	11.9	20.0
Public Education	16.1	28.4
Higher Education	1.4	2.8
Article IV – The Judiciary	0.6	0.7
Article V – Public Safety and Criminal Justice	8.3	5.7
Article VI – Natural Resources	29.1	29.9
Article VII – Business and Economic Development	44.3	45.3
Article VIII – Regulatory	0.6	0.5
Article IX – General Provisions	0.0	5.0
Article X – The Legislature	0.0	0.0
TOTAL, ALL FUNCTIONS	**32.0**	**37.0**

SOURCE: Legislative Budget Board.

BUSINESS AND ECONOMIC DEVELOPMENT

The LBB estimates that business and economic development agencies will receive $10.6 billion in Federal Funds; an increase of 7.8 percent. This change is primarily attributed to federal highway funding rescissions and the lack of need for funding for disaster relief for hurricanes for which the state received funding in the previous biennium, offset by ARRA funds for Transportation, Weatherization, and Child Care Development Block Grant programs. Approximately 51.1 percent of the total budget for the Business and Economic Development function is expected to come from federal sources. Two agencies, the Department of Transportation and the Texas Workforce Commission, receive 89.6 percent of the function's Federal Funds.

OTHER FUNCTIONS

Federal Funds for the remaining functions (General Government, Judiciary, Public Safety and Criminal Justice, Natural Resources, and Regulatory), including General Provisions, are estimated by the LBB to total $2.8 billion (2 percent) of the state's federal receipts during the 2010–11 biennium.

LOCAL REVENUE

This section discusses property taxes and local sales and use taxes levied by school districts, counties, cities, metropolitan transit authorities, and special districts.

PROPERTY TAXES

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

TAXABLE VALUES

Gross taxable property values, adjusted for productivity valuation, totaled $680.4 billion in calendar year 1988. (Productivity valuation is a measure of land value based on the land's ability to produce income from agriculture or timber operations.) By calendar year 2008, adjusted gross property values stood at $1,904 billion, an increase of 179.8 percent above the 1988 level. In calendar year 2008, net taxable property values increased by $160.6 billion, or 10.6 percent above the 2007 amount (**Figure 40**). Calendar year 2008 is the sixteenth year in a row that net taxable property value increased (**Figure 41**). The increase would have been greater had the growth in the value of school district property tax exemptions not been significant and if appraisal value increases had not been limited.

In calendar year 1998, school district exemptions accounted for $99.2 billion of reduced taxable value. By calendar year 2008, this figure had grown to $224.5 billion, a $125.3 billion increase from 1998 levels. In calendar year 2008, about 77.1 percent of the total exemption amount was attributable to the state-mandated residential homestead exemptions, the 10 percent residential homestead appraisal valuation cap, and the property tax freeze for qualified homeowners aged 65 or older (see **Figure 42**).

FIGURE 40
SCHOOL DISTRICT NET TAXABLE PROPERTY VALUES CALENDAR YEARS 2007 TO 2008

(IN BILLIONS) PROPERTY CATEGORY		2007 FINAL VALUE	2008 FINAL VALUE	PERCENTAGE CHANGE
A.	Single-family Residences	$847.0	$919.0	8.5
B.	Multi-family Residences	76.8	84.9	10.6
C.	Vacant Platted Lots & Tracts	37.8	42.9	13.4
D.	Rural Real (Taxable)	70.3	76.1	8.2
F1.	Commercial Real	251.2	283.0	12.7
F2.	Industrial Real	85.9	91.8	6.9
G.	Oil, Gas, Minerals	95.2	121.1	27.2
J.	Utilities	44.7	47.1	5.4
L1.	Commercial Personal	111.1	122.5	10.2
L2.	Industrial Personal	82.8	95.0	14.6
M.	Other Personal	5.6	5.7	1.7
N.	Intangible Personal	0.0	0.0	311.5
O.	Residential Inventory	9.4	10.0	6.1
S.	Special Inventory	4.6	4.8	4.3
TOTAL MARKET VALUE		**$1,722.7**	**$1,904.0**	**10.5**
Less Exemptions		(203.8)	(224.5)	10.1
NET TAXABLE VALUE		**$1,518.8**	**$1,679.5**	**10.6**

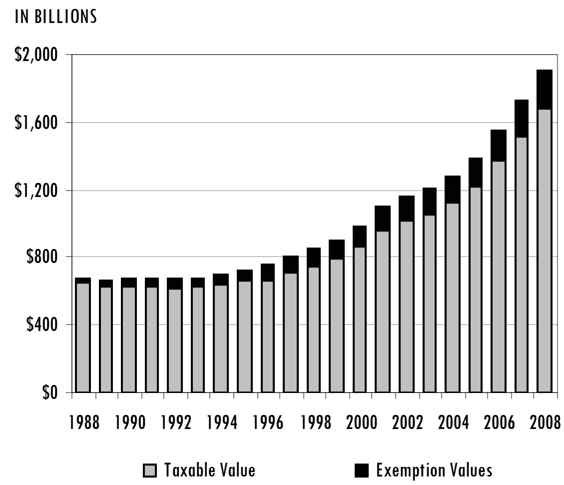
Source: Comptroller of Public Accounts.

PROPERTY TAX LEVIES

In calendar year 2007, the most recent year for which complete property tax data is available, 3,794 local taxing units levied $35.1 billion in property taxes, a decrease of $0.4 billion, or 1.2 percent from the 2006 level. As depicted in **Figure 43**, school districts levied the highest amount of property taxes in calendar year 2007 with $18.9 billion, followed by cities at $5.9 billion, counties at $5.8 billion, and special districts with $4.5 billion. The levy imposed by school districts in calendar year 2007 was 9.8 percent lower than in 2006, due to statutory changes resulting from legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006.

From calendar years 1988 to 2007, statewide property tax levies grew by $24.6 billion, or 232.9 percent. School district

FIGURE 41
SCHOOL DISTRICT PROPERTY VALUES
CALENDAR YEARS 1988 TO 2008



SOURCE: Comptroller of Public Accounts.

levies increased by the largest amount, $13.3 billion, accounting for almost 54.1 percent of the total increase. In calendar year 1988, a total of 1,056 school districts levied approximately $5.6 billion in property taxes, 52.9 percent of all property taxes levied in the state. By calendar year 2007, there were 1,026 school districts and they levied $18.9 billion in property taxes, for a 53.8 percent share of total property taxes. Between calendar years 1988 and 2007, school district levies grew at an average annual rate of 6.8 percent, which is 0.1 percent higher than the 6.7 percent average annual increase in personal income in Texas (**Figure 44**).

SIGNIFICANT PROPERTY TAX LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted 44 property tax and property tax-related bills. These bills address property tax administration, exemptions, the appraisal process, tax rate adoptions, and tax collections. The most significant of those 44 bills are discussed here.

Enactment of House Bill 8 changes the frequency of the Property Value Study from every year to every other year, unless the study reveals invalid findings, in which case the study is conducted every year until the school district receives valid findings. The legislation directs CPA to review each county appraisal district concerning governance, taxpayer assistance, and compliance with generally accepted appraisal standards, procedures, and methodology.

Enactment of House Bill 770 provides an exemption for property owned by qualified nonprofit community business organizations that provide economic development services to a local community. The legislation, along with enactment of House Bill 1257, requires the continuation of a homestead exemption when a residence is temporarily uninhabitable due to a casualty or to wind or water damage, if a homeowner begins repairs within one year. The legislation also prevents a tax ceiling from expiring because the property has been rendered uninhabitable and specifies that a replacement structure meeting certain requirements is not to be treated as a new improvement for the purpose of calculating the tax ceiling.

Enactment of House Bill 1038 provides that a chief appraiser, in appraising a residence homestead, may not exclude from consideration other property in the neighborhood that sold at foreclosure in any of the three years preceding the tax year and was comparable at the time of sale, or declined in value because of the economy.

Enactment of House Bill 2555 changes the exemption for organizations engaged primarily in performing charitable functions from optional to mandatory. The bill allows corporations that do not qualify as a charitable organization

FIGURE 42
SCHOOL PROPERTY TAX EXEMPTION BREAKDOWN
CALENDAR YEARS 2007 AND 2008

IN MILLIONS EXEMPTION TYPE	2007 AMOUNT	PERCENTAGE OF TOTAL	2008 AMOUNT	PERCENTAGE OF TOTAL
State Homestead and Disabled Veterans	$85,915	42.1	$88,310	39.3
Homestead Cap Value Loss	20,718	10.2	22,869	10.2
Tax Limit on Over-65 Homesteads	53,384	26.2	61,893	27.6
Subtotal, Homestead Exemption Value	$160,017	78.5	$173,071	77.1
Other	$43,816	21.5	$51,432	22.9
TOTAL EXEMPTIONS	**$203,832**	**100.0**	**$224,503**	**100.0**

SOURCE: Comptroller of Public Accounts.

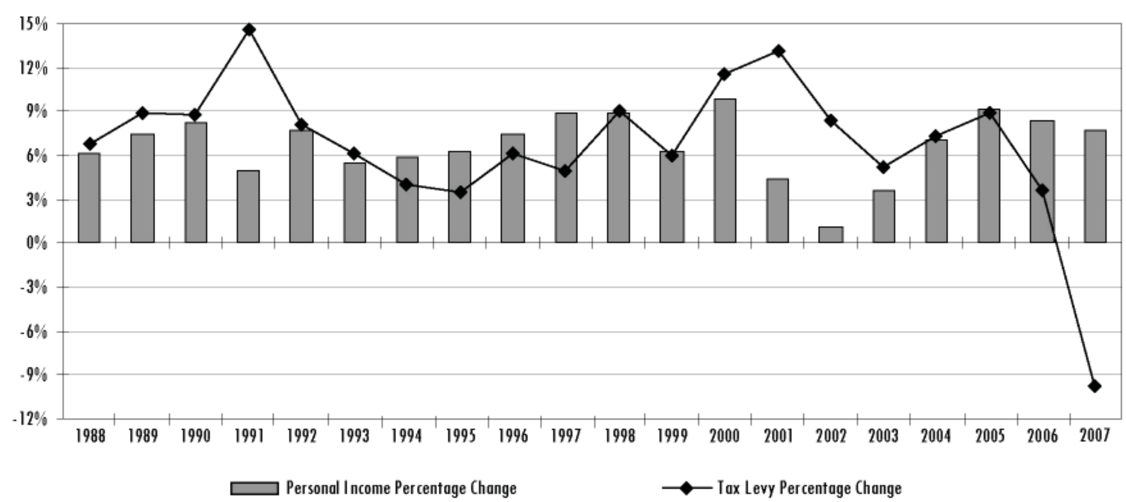
FIGURE 43
PROPERTY TAX LEVIES
CALENDAR YEARS 1988 TO 2007

IN MILLIONS

TAX YEAR	SCHOOL DISTRICT	CITY	COUNTY	SPECIAL DISTRICT	TOTAL PROPERTY TAXES	PERCENTAGE CHANGE
1988	$5,575.8	$2,145.7	$1,595.2	$1,232.4	$10,549.2	NA
1989	6,072.2	2,200.4	1,715.7	1,284.2	11,272.5	6.9
1990	6,605.4	2,219.0	1,743.2	1,354.6	11,922.2	5.8
1991	7,566.0	2,303.6	1,894.0	1,459.6	13,223.3	10.9
1992	8,181.3	2,311.6	1,996.1	1,492.0	13,981.1	5.7
1993	8,681.9	2,362.4	2,177.0	1,535.8	14,757.0	5.5
1994	9,024.9	2,493.6	2,311.4	1,620.5	15,450.3	4.7
1995	9,341.0	2,596.7	2,392.0	1,628.2	15,957.9	3.3
1996	9,910.2	2,701.2	2,537.2	1,698.6	16,847.2	5.6
1997	10,394.5	2,847.1	2,658.3	1,759.6	17,659.5	4.8
1998	11,334.6	3,006.0	2,828.3	1,889.1	19,058.0	7.9
1999	12,009.9	3,248.0	2,979.3	2,041.0	20,278.2	6.4
2000	13,392.3	3,530.9	3,200.9	2,389.1	22,513.2	11.0
2001	15,155.2	3,884.8	3,566.9	2,703.5	25,310.4	12.4
2002	16,418.8	4,186.8	3,849.7	2,864.5	27,319.8	7.9
2003	17,264.2	4,415.2	4,121.8	3,092.3	28,893.4	5.8
2004	18,534.0	4,607.8	4,462.8	3,369.1	30,973.6	7.2
2005	20,194.9	4,901.8	4,772.7	3,609.6	33,479.0	8.1
2006	20,918.1	5,323.0	5,339.6	3,972.2	35,552.9	6.2
2007	18,874.2	5,890.3	5,837.0	4,513.1	35,114.6	(1.2)

SOURCE: Comptroller of Public Accounts.

FIGURE 44
ANNUAL SCHOOL DISTRICT TAX LEVY AND ANNUAL PERSONAL INCOME PERCENTAGE CHANGES
CALENDAR YEARS 1988 TO 2007



SOURCE: Comptroller of Public Accounts.

to qualify for an exemption if they are exempt from federal income taxation under certain provisions of the Internal Revenue Code.

Enactment of House Bill 3611 allows the boards of directors of two or more adjoining central appraisal districts to form a consolidated appraisal review board. This legislation was contingent on voter approval of House Joint Resolution 36, which occurred on November 3, 2009.

Enactment of House Bill 3612 directs the State Office of Administrative Hearings (SOAH) to develop a pilot program for a property owner to appeal to SOAH an appraisal review board decision regarding a protest of appraised or market value if the appraised or market value is more than $1 million. The pilot program will cover Bexar, Cameron, Dallas, El Paso, Harris, Tarrant, and Travis counties for a three-year period beginning January 1, 2010. The program will cover real or personal property, not including industrial property or minerals. The program expires in 2013.

Enactment of House Bill 3613 requires an exemption of the total appraised value of homesteads of Texas veterans who receive 100 percent disability compensation from the U.S. Department of Veterans Affairs and have either a 100 percent disability rating or individual unemployability as determined by the U.S. Department of Veterans Affairs. The legislation also requires that the market value of a residence homestead be determined solely on the basis of the current use of the property regardless of its highest and best use. This section of legislation was contingent on voter approval of House Joint Resolution 36, which occurred on November 3, 2009.

Enactment of House Bill 3676 extends the expiration date from calendar year 2011 to calendar year 2014 for value-limitation agreements under Tax Code Chapter 313 (the Texas Economic Development Act), which authorizes school districts to agree to limit the appraised value of certain property in the district for economic development purposes. Without the extension, the last Chapter 313 projects commencing would be those approved before December 31, 2011 and starting in calendar year 2012. The extension allows three more years of projects starting in calendar years 2013, 2014, and 2015. The associated state impact through the Foundation School Program will occur in fiscal years 2016, 2017, and 2018. According to the Comptroller of Public Accounts, the costs associated with Chapter 313 exemptions will total $465.4 million in calendar years 2010–11.

Enactment of Senate Bill 771 requires that all available evidence specific to a property's value be taken into account in determining its market value. The legislation sets the appraised value of a property at the value finally determined by an appraisal review board, an arbitrator, or a court. The legislation prohibits the chief appraiser from increasing the appraised value of the property in the following tax year unless the increased value is reasonably supported by substantial evidence or by presenting evidence showing that an inequality in the appraisal of property was corrected. The burden of proof is on the chief appraiser to support an increase in the appraised value of property under the circumstances. The legislation also provides that a sale may not be considered a comparable sale unless it occurred within 24 months of the appraisal date. In addition, the legislation allows binding arbitration for appraisal review board orders determining a protest on real and personal property valued at $1 million or less and allows binding arbitration for all residence homesteads, including those valued at more than $1 million.

LOCAL SALES TAX

Local governmental entities, such as cities, counties, metropolitan transit authorities, and special districts, may impose local sales and use taxes. State law caps the combined rate set by local jurisdictions at 2 percent. The taxes are administered and collected by the Comptroller of Public Accounts and then remitted back to the local jurisdiction. **Figure 45** shows the remittances for fiscal years 2007 to 2009. Sales tax remittances to local government entities for the 2008–09 biennium were up from the preceding biennium by 23.9 percent.

FIGURE 45
LOCAL SALES TAX REMITTANCES
FISCAL YEARS 2007 TO 2009

IN MILLIONS TAXING UNIT	2007 REMITTED	PERCENTAGE OF TOTAL	2008 REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE	2009 REMITTED	PERCENTAGE OF TOTAL	PERCENTAGE INCREASE
Cities	$3,744.7	68.1	$3,964.5	67.5	5.9	$3,976.1	67.4	0.3
Transit authorities	1,258.4	22.9	1,351.3	23.0	7.4	1,330.9	22.5	(1.5)
Counties	329.0	6.0	355.6	6.1	8.1	366.3	6.2	3.0
Special districts	169.5	3.1	201.5	3.4	18.9	230.2	3.9	14.3
TOTAL	**$5,501.6**		**$5,872.8**		**6.7**	**$5,903.5**		**0.5**

Source: Comptroller of Public Accounts.

ECONOMIC OUTLOOK

The U.S. and international financial systems nearly collapsed during the 2008–09 biennium, placing the global economy into a crisis of historical levels not seen in decades. Officially, the National Bureau of Economic Research declared the United States has been in recession since the fourth month of the 2008–09 biennium, December 2007. During calendar years 2008 and 2009, there was a loss of consumer wealth estimated by the Federal Reserve in the trillions, the failure of numerous large companies and small businesses, substantial financial commitments incurred by federal, state, and local governments, and significant declines in almost all areas of economic activity, including steep drops in gross domestic product, employment, international trade, business investment, consumer spending, housing prices, and asset values. While several economic statistics and measures indicate the worst difficulty has passed and that the economy began to turn the corner from recession to recovery sometime in late fiscal year 2009, economic conditions are expected to remain weak in the near future, hindering growth in both the U.S. and Texas economies for several months, if not years, to come.

The roots of the crisis can be traced to the bursting of the United States housing bubble, which peaked in early 2006; however, several contributing factors combined to help exacerbate problems facing the economy and eventually served as a catalyst for the financial crisis. Interest rates remained extremely low throughout the early to mid-2000s as the Federal Reserve left the federal funds rate target at near historic lows for several years in response to weakened economic conditions caused by the "Dot Com" stock market collapse and the September 11, 2001 terrorist attacks. Also, the federal government initiated several policies to increase home ownership rates in the U.S., including offering tax incentives for home buyers and encouraging, through lowered capital reserve requirements, government-sponsored enterprises such as Fannie Mae and Freddie Mac to increase mortgage lending. Decreased and lax underwriting standards by lenders, along with enticingly low rates offered at the front end of adjustable rate mortgages led to a large increase in the number of loans made to sub-prime borrowers; the percentage of all mortgage originations made to subprime borrowers peaked at just above 20 percent in calendar year 2006, up from its historical average of slightly below 5 percent. All of the above factors led to unprecedented increases in demand for housing, with new home sales peaking at 1.3 million per year in calendar year 2005, an 83 percent increase above average annual sales throughout the 1990s, as well as an historic high in the U.S. home ownership rate of 69 percent. In mid-2006, housing prices reached an all time high, with the ratio of national median home price to median household income peaking at 4.6, up from the average of 2.9 from 1980 to 2000.

In an effort to seek increased yields over slow earning assets tied to the prevailing low interest rates at the time, many financial institutions packaged and sold their growing portfolio of mortgage and consumer debt into complex financial derivatives known as collateralized debt obligations, with an underlying value indirectly tied to the repayment of the debt pooled into the security. This also allowed the issuing institution to distribute credit risk to investors and obtain new funds to originate additional mortgages since institutions were no longer required to hold mortgages to maturity. New issuance of these assets gained immense popularity and reached a high of $520 billion in calendar year 2006. Other complex derivatives, such as credit default swaps that essentially provide an opportunity to hedge or speculate on various credit events, also became widely traded during the early to mid-2000s. However, because of their vast complexity, valuing and assessing the risk of these assets became an exceedingly difficult task. This led to many large financial institutions amassing large quantities on their balance sheets without fully understanding the risk they entailed. Falling home prices coupled with rising foreclosure rates starting in early calendar year 2007, initiated a domino effect ending with a rapid decline in the value of many of these assets. Many banks and financial firms were overexposed and forced to take huge write-downs in value on their balance sheets.

Ultimately, this led to the collapse of large financial firms such as Lehman Brothers and Washington Mutual, acquisitions of firms such as Merrill Lynch and Bear Stearns, and several other firms, such as AIG, Bank of America, and Citigroup, requiring government funds to avoid failure. The failure of several non-financial companies, most notably General Motors and Chrysler, are also indirectly attributable to the financial crisis. In September and October 2008, this turbulence in the financial sector of the economy caused credit markets to freeze to a near complete halt. Banks became almost completely unwilling to lend, sending interest rates soaring, and crippling businesses who rely on credit lines to finance day to day operations. Consumers were also forced to reign in spending as credit became exceedingly expensive or unavailable. This ripple effect caused the financial crisis to spread throughout every sector of the economy by the end of calendar year 2008, enlarging the effects and difficulties associated with the already growing recession.

U.S. ECONOMIC PERFORMANCE

As can be expected during a recession, most all U.S. economic indicators measured sharp declines throughout the 2008–09 biennium. Most statistics began to trend negative in late calendar year 2007 or early 2008 as the financial crisis spread throughout the entire economy. While several measures began to register slightly positive values during final months of the biennium, based on aggregate levels, the country continued to face negative economic conditions.

U.S. real gross domestic product (GDP) began to decline in the first quarter of calendar year 2008. One year later, in the first quarter of calendar year 2009, real GDP recorded the largest drop since 1982, falling at an annualized rate of 6.4 percent. The worst declines in domestic production appear to have passed, however, as the reduction slowed to a negative 0.7 percent annually in the most recent quarter for which data is available (second quarter, 2009), and positive growth in GDP is expected to return in the third quarter of 2009. Looking closely at the individual components of GDP gives an idea of which areas were hit hardest by the recession. Real gross private domestic investment was hit the hardest, declining 3.8 percent in 2007 and 7.3 percent in 2008. This fall was caused mostly by the drop in residential investment that coincided with the decline in the housing market. However, U.S. businesses also decreased investment in non-residential structures, equipment, and software in response to declining consumer demand and uncertainty about future economic conditions. Real U.S. exports remained strong in 2007 and early 2008, but rapidly contracted at the end of the year, posting a 19.5 percent annualized decline in the fourth quarter of 2008, as the recession quickly spread throughout the globe, reducing foreign demand for U.S. goods and services.

Real personal consumption expenditures, by far the largest component of GDP, held up well relative to investment and exports. Nevertheless, those expenditures shrank in 2008, with annual growth of negative 0.2 percent that followed a 2.7 percent gain in 2007. Consumers were forced to reign in spending as layoffs and declining wages and asset values, shrunk budgets, savings rates increased, and credit became more expensive among rising interest rates in 2008. Real government expenditures were the only component of GDP to experience gains throughout the recession, increasing by 1.7 percent in 2007 and 3.1 percent in 2008. Increased spending by federal, state, and local governments lessened the impact of the recession on GDP. Similar spending patterns by governments will likely be required to continue into the near future.

Labor markets deteriorated rapidly during the recession and will remain weak with persistent unemployment for some time, as job losses have historically been a lagging indicator of recessions. Business and industry managers typically wait for strong signs that a recession has abated and consumer demand is increasing before they discontinue or reduce layoffs and resume hiring, therefore unemployment will remain a problem well after other indicators of economic activity start to show signs of improvement. According to the Bureau of Labor Statistics, the U.S. economy lost 6.3 million jobs and the national unemployment rate rose to 9.7 percent during the 2008–09 biennium. This rate is expected to reach and exceed 10 percent well into the next biennium, a level not seen in more than two decades. The largest losses occurred in the construction, manufacturing, and financial services industries, while the government and healthcare sectors performed relatively well, actually posting job gains throughout 2007 and 2008. Real wage growth, which began to decline at the beginning of 2009, is also anticipated to remain depressed, a typical result of high unemployment, allowing businesses to hold compensation relatively low in response to slack in the labor market.

The U.S. housing market was the hardest hit sector of the economy during the 2008–09 biennium. After reaching a record high of approximately 2 million per year in fiscal year 2005, average annual new home sales plunged during the next four years, declining 70.5 percent to an annual average of 599,000 in fiscal year 2009. Existing home sales in the U.S. fared slightly better, averaging 4.8 million annually in fiscal year 2009, down 31.6 percent from 2005 levels of 7 million in average annual sales. In addition to this weak demand, excessive supply added to the troubles in the housing sector. Housing starts in the U.S. were averaging well over 2.1 million per year at the end of 2005, as construction companies speculated the housing boom would continue into the foreseeable future. When demand began to rapidly fall off, many of these projects were already underway. In addition, the number of foreclosures in the U.S. spiked rapidly during the last several years. The number of U.S. properties that were in some stage of foreclosure proceedings rose 79 percent in 2007 to just under 1.3 million, and 81 percent in 2008 to 2.3 million. A large majority of these foreclosures involved "subprime" borrowers who were lured into buying homes by rapidly increasing prices during the early 2000s and adjustable rate mortgages that offered low payments during the initial period of the loan. When the initial period expired, housing prices began to decline and interest rates increased, leaving many of these borrowers unable to pay their mortgage and forcing them into foreclosure.

Weak demand, excess supply, and rising foreclosures all combined to exert a dramatic downward pressure on housing prices. After record gains from 2001 to 2005, average annual home prices (as measured by the Case-Shiller National U.S. Home Price Index) declined 4.6 percent in 2007 and 15.8 percent in 2008. However, the decline in home prices and sales has not been uniformly distributed across the country. States hit hardest by the crisis include California, Nevada, Arizona, Florida, and much of the northeast, while midwestern and southern states, including Texas, have fared relatively well in terms of losses associated with the housing market. Similar to unemployment, housing prices will be one of the last economic indicators to recover from the recession and are expected to decline until the middle of 2010. Falling prices have left a substantial number of U.S. homeowners with negative home equity (defined as an outstanding mortgage balance greater than the value of the home), thus decreasing consumer wealth and further exacerbating problems throughout the economy.

Other sectors performing poorly during the recession include the retail sales and automotive industries. Total retail and food sales in the U.S. held up well in fiscal year 2008, totaling just over $4.5 trillion on a seasonally adjusted basis, a 2.9 percent gain over the previous fiscal year. However, these sales fell sharply with the onset of the financial crisis and recession, registering a 7.9 percent decline in fiscal year 2009. This drop was predicated on a 45.2 percent fall during the 2008–09 biennium in the Consumer Confidence Index, a leading indicator of consumer spending and sales. The index reached 25.3 in February 2009, the lowest recorded level in the 30-year history of the measure, a sign consumers were worried about prevailing economic conditions and consequently responded by curtailing purchases. U.S. automotive sales were also hit hard as an effect of this cut in spending. Vehicle sales (automobile and lightweight trucks) fell 8 percent in fiscal year 2008, to a seasonally adjusted annual average of 14.9 million units, and dropped an additional 29.3 percent in fiscal year 2009, selling only 10.5 million units. Both retail and automotive sales are expected to pick up in the 2010–11 biennium as consumer confidence increases and the economy emerges from recession.

Conditions in U.S. and global financial markets deteriorated rapidly during the 2008–09 biennium, closely tracking the course of the recession. Equity markets were highly volatile during the course of the biennium. Stock market indices rose to historical records in October 2007 and declined to levels not seen in more than a decade by March 2009 before beginning an upward swing in the last several months of the biennium. The Dow Jones Industrial Average, the S&P 500, and the NASDAQ Composite declined 29.4 percent, 31.5 percent, and 23.6 percent, respectively, throughout the 2008–09 biennium. The panic of the financial crisis pushed investors out of equities and other risky assets towards safer investments such as U.S. treasuries and investment grade corporate bonds, inducing upward movement in their prices and corresponding downward pressure on yields. At the end of fiscal year 2009, 3-month U.S. Treasury bills, 10-year U.S. Treasury notes, and class AAA corporate bonds were yielding 0.17 percent, 3.59 percent, and 5.25 percent, respectively. This demand for near riskless assets, combined with the Federal Reserve's decision at the end of 2008 to drop the federal funds rate to less than 0.25 percent, is expected to keep interest rates low in the near future, which is anticipated to help the struggling economy.

Overall inflation in the U.S. remained relatively moderate during the 2008–09 biennium, with the average monthly change in the Consumer Price Index for all Urban Consumers at 0.2 percent in fiscal years 2008 and 2009. Energy and commodity prices rose sharply in the summer of 2008, moving an already faltering economy further toward recession. Consumers, faced with higher gasoline and food prices, were forced to reign in spending on other items, damaging sectors of the economy that depend on household discretionary spending. However, these prices quickly fell to historical levels in late 2008 as economic activity slowed around the globe. According to the Federal Reserve, inflation is not expected to be a problem in the near term; however, loose monetary policies employed by most central banks around the world and large government budget deficits could cause inflationary problems over a longer period.

In addition to other economic changes, U.S. exchange rates fluctuated during the course of the 2008–09 biennium as well. The value of the U.S. dollar (as measured by the Federal Reserve Trade Weighted Exchange Index, a weighted average of the exchange value of the dollar against several major foreign currencies) depreciated 2.4 percent in fiscal year 2008. When the financial panic took hold in early fiscal year 2009, global investors flocked to the relative safety of dollar denominated assets, such as U.S. treasuries, increasing the value of the dollar by 13.2 percent by February 2009. However, the flood of dollars entering the market from the Federal Reserve's expansionary policies, coupled with investors' increased appetite for risk in response to financial markets stabilizing in the latter half of fiscal year 2009 sent the dollar's value back down to pre-crisis levels. An expected weak dollar in the early half of the 2010–11 biennium will help boost exports by making U.S. goods relatively cheaper for foreigners, but could negatively affect capital inflows from foreign countries worried that dollar exchange imbalances will adversely affect investments purchased in U.S. dollars.

TEXAS ECONOMIC PERFORMANCE

The Texas economy has performed relatively well compared with other states in the nation during the 2008–09 biennium, but has not been able to avoid the economic difficulties facing the country during the current recession. A large industrial base combined with an expanding workforce, relatively low costs, business friendly regulatory environment, and strong export location will help the length and depth of the economic decline in the state of Texas remain significantly smaller than the nation as a whole.

GROSS STATE PRODUCT

Economic growth in the state of Texas, as measured by gross state product (GSP), slowed during the 2008–09 biennium, but still outpaced the corresponding national measure, GDP. Real GSP increased by 4.4 percent in calendar year 2007 and 2 percent in calendar year 2008, compared with national GDP increases of 2.1 percent and 0.4 percent during the same periods, although the measure began to decline in the last quarter of 2008. GSP totaled $1.2 trillion at the end of 2008, making Texas the second largest state economy in the country, behind only California. Financial and economic analysis and forecasting firms, Moody's and IHS Global Insight, on average, are forecasting real Texas GSP to decline in calendar year 2009 by 1.2 percent before returning to positive growth in calendar year 2010, with an annual 2.8 percent increase in GSP.

PERSONAL INCOME

State personal income is another measure of the overall status of the Texas economy. While state personal income continued to grow during the 2008–09 biennium, it was at a much slower pace than earlier in the decade. Total personal income in the state of Texas was $943 billion through the first quarter of 2009. After accounting for inflation, this measure recorded average annual increases of 4.8 percent and 2.8 percent in calendar years 2007 and 2008, respectively. Growth in personal income is expected to remain positive, but much slower in the upcoming biennium. An average of forecasts predicts a 0.7 percent increase in calendar year 2009 and a 1.6 percent increase in calendar year 2010.

EMPLOYMENT

Texas did not experience a drop in employment until May 2008, 10 months after the national economy began shedding jobs. On a seasonally adjusted annual average basis, Texas nonfarm industry employment gained 2.9 percent in fiscal year 2008 and declined 0.2 percent in fiscal year 2009. Overall, the state had a net job loss of 50,100 nonfarm jobs during the 2008–09 biennium, which was only 0.8 percent of all job losses in the country in the same period. At the end of fiscal year 2009, the unemployment rate in Texas was 8 percent, a full 1.7 percent below the national rate during the same period, ranking Texas twentieth out of all 50 states in terms of lowest unemployment. According to forecasts from Moody's and IHS Global Insight, the employment situation in Texas will continue to worsen through the early months of the 2010–11 biennium, bottoming out near the end of fiscal year 2010. An average of their forecasts predicts nonfarm employment in Texas will decrease by 0.9 percent in fiscal year 2010 and increase by 2.2 percent in fiscal year 2011, while the unemployment rate will average 8.3 percent in fiscal year 2010 and 7.9 percent in fiscal year 2011.

Figure 46 shows the distribution of employment growth among industries in the state of Texas during the previous eight fiscal years. The three largest sectors of the labor market continue to be professional services; trade, transportation, and utilities; and government. Texas continues the move towards a more service oriented economy, with the service sector now comprising 86.5 percent of all state employment. Meanwhile, industries included in the goods sector cut employee payrolls by 4.2 percent in fiscal year 2009, with the manufacturing and construction sectors bearing the brunt of the economic recession in Texas.

HOUSING

Mirroring the U.S., the Texas housing market led the decline of the state economy. Rapidly decelerating demand for new homes pushed the annual number of residential construction permits issued in Texas down 22.6 percent in fiscal year 2008 and 38.8 percent in fiscal year 2009, to a total of just above 87,000. This drop in demand, along with excessive inventories, combined to push down home prices in Texas throughout the previous two fiscal years. The median price for existing home sales in the state was $138,000 in fiscal year 2008 and $134,000 in fiscal year 2009, with prices expected to continue to decline during the 2010–11 biennium. Moody's and IHS Global Insight expect construction activity to pick up in the next biennium, with

FIGURE 46
TEXAS NONAGRICULTURAL EMPLOYMENT BY SECTOR
FISCAL YEARS 2001 TO 2009

IN THOUSANDS	2001	2002	2003	2004	2005	2006	2007	2008	2009
SERVICE SECTOR	**7,755.0**	**7,741.9**	**7,764.8**	**7,864.9**	**8,051.1**	**8,286.7**	**8,479.7**	**8,720.9**	**8,775.7**
PERCENTAGE CHANGE		**(0.2)**	**0.3**	**1.3**	**2.4**	**2.9**	**2.3**	**2.8**	**0.6**
Professional Services	2,498.7	2,492.9	2,520.2	2,579.7	2,662.8	2,768.4	2,856.5	2,971.0	3,002.4
Percentage Change		(0.2)	1.1	2.4	3.2	4.0	3.2	4.0	1.0
Trade, Transportation, and Utilities	1,995.3	1,957.1	1,920.1	1,937.1	1,980.0	2,037.4	2,061.5	2,133.5	2,101.9
Percentage Change		(1.9)	(1.9)	0.9	2.2	2.9	1.2	3.5	(1.5)
Government	1,576.3	1,615.3	1,647.3	1,650.1	1,676.5	1,704.2	1,732.8	1,741.1	1,796.1
Percentage Change		2.5	2.0	0.2	1.6	1.7	1.7	0.5	3.2
Information	274.0	254.6	237.3	226.7	223.3	222.8	221.3	220.5	209.7
Percentage Change		(7.1)	(6.8)	(4.5)	(1.5)	(0.2)	(0.7)	(0.3)	(4.9)
Financial Activities	576.4	579.4	584.0	592.5	605.5	623.0	635.5	649.0	647.2
Percentage Change		0.5	0.8	1.4	2.2	2.9	2.0	2.1	(0.3)
Leisure and Hospitality	834.4	842.6	856.0	878.9	903.1	930.9	972.0	1,005.5	1,018.4
Percentage Change		1.0	1.6	2.7	2.8	3.1	4.4	3.4	1.3
GOODS SECTOR	**1,777.0**	**1,684.3**	**1,610.3**	**1,585.5**	**1,616.5**	**1,693.9**	**1,749.0**	**1,808.9**	**1,733.5**
PERCENTAGE CHANGE		**(5.2)**	**(4.4)**	**(1.5)**	**2.0**	**4.8**	**3.2**	**3.4**	**(4.2)**
Manufacturing	1,046.2	964.5	909.6	889.7	894.8	919.0	929.6	931.7	883.1
Percentage Change		(7.8)	(5.7)	(2.2)	0.6	2.7	1.2	0.2	(5.2)
Construction	579.5	571.8	555.1	544.7	559.7	595.1	620.4	660.4	630.2
Percentage Change		(1.3)	(2.9)	(1.9)	2.7	6.3	4.3	6.4	(4.6)
Natural Resources and Mining	151.4	148.0	145.6	151.0	162.1	179.8	199.0	216.7	220.2
Percentage Change		(2.2)	(1.6)	3.7	7.3	10.9	10.6	8.9	1.6
TOTAL NONAGRICULTURAL EMPLOYMENT	**9,532.0**	**9,426.2**	**9,375.2**	**9,450.4**	**9,667.7**	**9,980.6**	**10,228.7**	**10,529.8**	**10,509.2**
PERCENTAGE CHANGE		**(1.1)**	**(0.5)**	**0.8**	**2.3**	**3.2**	**2.5**	**2.9%**	**(0.2)**

SOURCE: Comptroller of Public Accounts.

growth in construction permits forecast to equal 11 percent in fiscal year 2010 and 10.5 percent in fiscal year 2011.

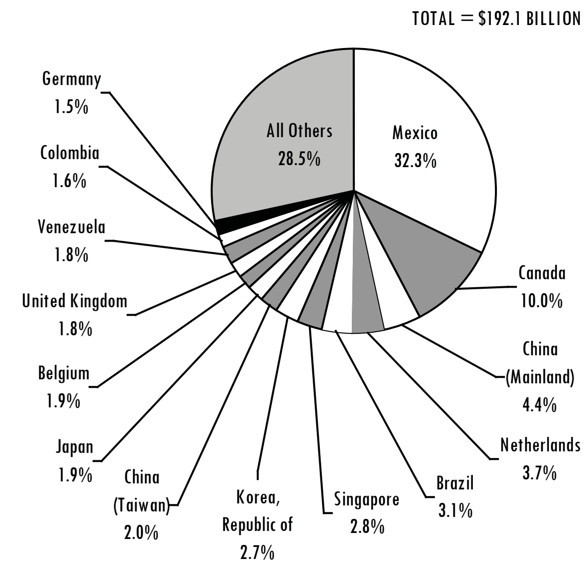
OIL AND GAS ACTIVITY

Energy prices were highly volatile during the 2008–09 biennium, leading to large swings in energy sector employment and severance tax revenues in Texas. The price per barrel of West Texas Intermediate crude oil reached a record high of $147 in July 2008, before falling to less than $40 at the beginning of calendar 2009. During the biennium, the price averaged $82.90 per barrel and is forecast by Moody's and IHS Global Insight to fall to an annual average of $71.74 per barrel in fiscal year 2010 before rising economic activity and global demand pushes the price higher to an estimated annual average of $86.08 per barrel in fiscal year 2011. Drilling activity in the state fell during the latter half of the biennium, with the number of active rotary rigs in the state totaling 355 at the end of fiscal year 2009, down from a record high of 927 in September 2008. The monthly average of natural gas prices ranged from a high of $12.69 per thousand cubic feet (mcf) in June 2008 to a low of $3.15 per mcf in August 2009. Moody's and IHS Global Insight forecasts indicate rising prices throughout the 2010–11 biennium, with annual average natural gas prices expected to equal $5.42 per mcf in fiscal year 2010 and $7.30 per mcf in fiscal year 2011.

TEXAS EXPORTS

Texas continues to lead the country in the value of export of goods and services to foreign countries. **Figure 47, Figure 48,** and **Figure 49** show a detailed breakdown of the Texas export market. In calendar year 2008, Texas exports totaled $192.1 billion, a 14.2 percent increase above 2007, which accounted for 15.5 percent of total Texas GSP. Mexico continues to rank as the state's largest trading partner. The leading export industries in 2008 were chemicals, computer/electronic products, and machinery, which accounted for 20 percent, 18.4 percent, and 14.1 percent of total Texas exports, respectively. Decreasing global demand during the recession hit the Texas export markets extremely hard, with total exports during the first two quarters of 2009 down 23.1 percent from the same period one year earlier. Exports will represent a declining share of the overall Texas economy in the first half of the upcoming biennium, but are forecast by Moody's and IHS Global Insight to increase beginning in fiscal year 2011, when global orders of Texas goods and services should return to pre-recession levels.

FIGURE 47
TEXAS' EXPORT MARKET PERCENTAGES
CALENDAR YEAR 2008



SOURCE: World Institute for Strategic Economic Research.

FIGURE 48
TEXAS' EXPORT MARKETS
CALENDAR YEARS 2007 AND 2008

IN BILLIONS MARKET	EXPORTS 2007	EXPORTS 2008	PERCENTAGE CHANGE
Mexico	$56.0	$62.1	10.9
Canada	16.9	19.2	13.9
China (Mainland)	8.3	8.4	2.0
Netherlands	5.3	7.1	33.5
Brazil	3.9	6.0	52.7
Singapore	4.5	5.5	20.7
Korea, Republic of	5.6	5.2	(7.4)
China (Taiwan)	5.1	3.9	(23.6)
Japan	3.4	3.6	5.4
Belgium	3.2	3.6	12.9
United Kingdom	3.3	3.5	8.2
Venezuela	2.8	3.5	24.7
Colombia	2.3	3.0	32.0
Germany	2.9	2.9	(0.3)
All Others	44.8	54.7	22.0
TOTAL	**$168.2**	**$192.1**	**14.2**

SOURCE: World Institute for Strategic Economic Research.

FIGURE 49
EXPORTS OF THE 15-MOST POPULOUS STATES
CALENDAR YEARS 2007 AND 2008

IN BILLIONS STATE	EXPORTS 2007	EXPORTS 2008	PERCENTAGE CHANGE
Texas	$168.2	$192.1	14.2
California	$134.3	$144.8	7.8
New York	$71.1	$79.6	11.9
Florida	$44.9	$54.3	21.0
Illinois	$48.9	$53.4	9.3
Pennsylvania	$29.2	$34.4	18.0
Ohio	$42.6	$45.5	6.9
Michigan	$44.6	$44.9	0.7
Georgia	$23.4	$27.5	17.7
North Carolina	$23.4	$25.1	7.4
New Jersey	$30.8	$35.5	15.1
Virginia	$16.9	$18.9	12.3
Washington	$66.4	$66.9	0.8
Arizona	$19.2	$19.7	2.7
Massachusetts	$25.4	$28.3	11.6
50-STATE AVERAGE	**$22.1**	**$24.6**	**11.5**

SOURCE: World Institute for Strategic Economic Research.

3. POPULATION, INCOME, AND TAXES

Unless otherwise noted, in all figures, biennial change and percentage change have been calculated on actual amounts before rounding. Totals may not sum because of rounding.

POPULATION

Second to California, Texas is the nation's most populous state. Texas' 2008 population totaled more than 24 million. From 1998 to 2008, Texas' population continued to grow steadily, increasing by 4.6 million, or 23.4 percent. In comparison, the population of the United States increased by 12.5 percent during the same period. Changes in a state's population result from two factors: net migration and the number of births relative to deaths. In 2008, because of a large natural increase (births over deaths) and a positive migration into the state, Texas ranked second among the 50 states, trailing only California in total population growth (**Figure 50**).

From 2007 and 2008, the state's total population increased by 483,542 residents. The U.S. Census Bureau estimates that net migration to Texas accounts for 48 percent of this increase; births relative to deaths account for 52 percent. More than one-third of the increase in Texas' population since 1998 occurred in the over-45 age group, which increased by 35.9 percent during the decade (**Figure 51**).

FIGURE 50
RESIDENT POPULATION RANKINGS
JULY 1998 AND JULY 2008

50-STATE RANKING	STATE	POPULATION JULY 1, 1998 (IN MILLIONS)	POPULATION JULY 1, 2008 (IN MILLIONS)	POPULATION CHANGE (IN MILLIONS)	PERCENTAGE CHANGE
1	California	32.7	36.8	4.1	12.5
2	**TEXAS**	**19.7**	**24.3**	**4.6**	**23.4**
3	New York	18.2	19.5	1.3	7.3
4	Florida	14.9	18.3	3.4	22.9
5	Illinois	12.1	12.9	0.8	6.9
6	Pennsylvania	12.0	12.4	0.4	3.7
7	Ohio	11.2	11.5	0.2	2.2
8	Michigan	9.8	10.0	0.2	1.9
9	Georgia	7.6	9.7	2.0	26.8
10	North Carolina	7.5	9.2	1.7	22.2
11	New Jersey	8.1	8.7	0.6	7.3
12	Virginia	6.8	7.8	1.0	14.4
13	Washington	5.7	6.5	0.9	15.1
14	Arizona	4.7	6.5	1.8	39.3
15	Massachusetts	6.1	6.5	0.4	5.8
	U.S. TOTAL	**270.2**	**304.1**	**33.8**	**12.5**

SOURCE: U.S. Census Bureau.

FIGURE 51
TEXAS RESIDENT POPULATION BY AGE GROUP
JULY 1998 AND JULY 2008

	POPULATION (IN THOUSANDS)			
AGE GROUP	JULY 1998	JULY 2008	CHANGE	PERCENTAGE CHANGE
0 to 4	1,625	2,027	402	24.8
5 to 17	4,031	4,698	668	16.6
18 to 44	8,074	9,472	1,399	17.3
45 to 64	3,989	5,657	1,668	41.8
65 and over	1,994	2,472	478	24.0
TOTAL	**19,712**	**24,327**	**4,615**	**23.4**

Source: U.S. Census Bureau.

Because the over-45 age group is reaching or has reached retirement age, its large rate of increase may affect state services. Despite this aging trend, however, Texas continues to add residents on the younger end of the age scale. In 2007, Texas' rate of births per 1,000 population was 17, second only to Utah's rate of 20.6. The national rate was 14.3 (**Figure 52**).

FIGURE 52
15 MOST-POPULOUS STATES
BIRTHRATE PER 1,000
CALENDAR YEAR 2007

50-STATE RANKING	STATE	BIRTHRATE
2	**TEXAS**	**17.0**
4	Arizona	16.3
8	California	15.6
9	Georgia	15.5
19	North Carolina	14.5
22	Illinois	14.2
22	Virginia	14.2
30	Washington	13.9
35	New Jersey	13.3
35	New York	13.3
37	Florida	13.1
37	Ohio	13.1
42	Michigan	12.5
43	Pennsylvania	12.1
44	Massachusetts	12.0
1	Highest: Utah	20.6
50	Lowest: Vermont	10.5
	U.S. AVERAGE	**14.3**

Source: U.S. Census Bureau.

The annual growth rate of Texas' population remained relatively constant in the 1990s and into this decade. **Figure 53** shows, the state's population grew at a rate of 2 percent from 2007 to 2008, compared with an average annual increase of 2.1 percent from 1998 to 2008.

Moody's, a nationally known econometric forecasting firm, estimates that Texas' population will increase about 1.8 percent per year from 2009 to 2018. During the same period, Moody's projects the total U.S. population to increase at 1 percent per year.

FIGURE 53
15 MOST-POPULOUS STATES
AVERAGE ANNUAL CHANGE IN RESIDENT POPULATION
1998 TO 2008 AND 2007 TO 2008

STATE	AVERAGE ANNUAL PERCENTAGE INCREASE 1998–2008	STATE	POPULATION PERCENTAGE GROWTH 2007–08
Arizona	3.3	Arizona	2.3
Georgia	2.4	**TEXAS**	**2.0**
TEXAS	**2.1**	North Carolina	2.0
Florida	2.1	Georgia	1.7
North Carolina	2.0	Washington	1.5
Washington	1.4	California	1.0
Virginia	1.3	Virginia	0.9
California	1.2	Florida	0.7
Massachusetts	0.8	Illinois	0.6
New Jersey	0.7	Massachusetts	0.5
New York	0.7	New Jersey	0.3
Illinois	0.7	New York	0.3
Pennsylvania	0.3	Pennsylvania	0.2
Ohio	0.2	Ohio	0.1
Michigan	0.2	Michigan	(0.5)
U.S. AVERAGE	**1.2**		**0.9**

Note: Percentage change calculated on actual amounts before rounding.
Source: U.S.Census Bureau.

PERSONAL INCOME

Personal income is a widely used measure of economic well-being. It consists of wages and salaries, other labor income, proprietors' income, dividends, interest, rent, and transfer payments (e.g., Social Security and unemployment insurance benefits). Per capita personal income (total personal income divided by resident population) is commonly used to compare the relative well-being of residents in the states. It is affected by growth or decline in the wage-earning population (ages 18 to 64) relative to overall population. Texas' per capita personal income was $38,575 in 2008, and ranked twenty-third among the states (**Figure 54**). Texas ranked tenth among the 15 most-populous states, ahead of Ohio, Michigan, North Carolina, Georgia, and Arizona.

Texas' cost of living is also low, at 90.5 percent of the national average in 2008 (**Figure 55**). Texas ranked forty-seventh among the states and ranked fifteenth of the 15 most-populous states on this measure. Over the past 25 years, personal income in Texas has fluctuated, but remained below the U.S. average (**Figure 56**). In 2008, the per capita personal income in Texas was approximately 97 percent of the U.S. average.

FIGURE 54
15 MOST-POPULOUS STATES
PER CAPITA PERSONAL INCOME
CALENDAR YEAR 2008

50-STATE RANKING	STATE	PER CAPITA PERSONAL INCOME
2	New Jersey	$50,919
3	Massachusetts	$50,735
6	New York	$48,076
8	Virginia	$42,876
11	California	$42,696
12	Illinois	$42,397
14	Washington	$42,356
19	Pennsylvania	$40,265
21	Florida	$39,070
23	**TEXAS**	**$38,575**
32	Ohio	$35,511
28	Michigan	$35,299
36	North Carolina	$34,439
40	Georgia	$33,975
42	Arizona	$32,953
1	Highest: Connecticut	$56,248
50	Lowest: Mississippi	$29,569
	U.S. AVERAGE	**$39,751**

SOURCE: U.S. Department of Commerce.

FIGURE 55
15 MOST-POPULOUS STATES
COST OF LIVING AS PERCENTAGE OF NATIONAL AVERAGE
CALENDAR YEAR 2009

50-STATE RANKING	STATE	PERCENTAGE COST OF LIVING
2	California	135.1
3	New Jersey	126.5
7	New York	125.2
8	Massachusetts	123.3
15	Arizona	104.6
16	Washington	104.5
20	Pennsylvania	102.4
22	Florida	101.1
25	Virginia	99.3
27	North Carolina	96.4
29	Illinois	96.2
30	Michigan	96.0
36	Ohio	92.8
44	Georgia	90.9
47	**TEXAS**	**90.5**
1	Highest: Hawaii	164.9
50	Lowest: Oklahoma	88.1
	U.S. AVERAGE	**100.0**

SOURCE: Council for Community and Economic Research.

FIGURE 56
PER CAPITA PERSONAL INCOME
TEXAS AND THE UNITED STATES

CALENDAR YEAR	PER CAPITA TEXAS	PER CAPITA U.S.	TEXAS AS PERCENTAGE OF U.S. PER CAPITA INCOME
1984	$13,471	$13,891	97.0
1985	$14,272	$14,758	96.7
1986	$14,215	$15,442	92.1
1987	$14,479	$16,240	89.2
1988	$15,325	$17,331	88.4
1989	$16,312	$18,520	88.1
1990	$17,421	$19,477	89.4
1991	$17,929	$19,892	90.1
1992	$18,916	$20,854	90.7
1993	$19,503	$21,346	91.4
1994	$20,189	$22,172	91.1
1995	$21,003	$23,076	91.0
1996	$22,120	$24,175	91.5
1997	$23,616	$25,334	93.2
1998	$25,186	$26,883	93.7
1999	$26,250	$27,939	94.0
2000	$28,310	$29,843	94.9
2001	$29,012	$30,562	94.9
2002	$28,793	$30,795	93.5
2003	$29,340	$31,466	93.2
2004	$30,887	$33,072	93.4
2005	$33,160	$34,685	95.6
2006	$34,257	$36,629	93.5
2007	$37,083	$38,615	96.0
2008	$38,575	$39,751	97.0

SOURCE: U.S. Department of Commerce.

STATE TAXES

Two measures are commonly used to compare tax burdens across state lines: state tax revenue per $1,000 of personal income and per capita state tax revenues. Texas ranks low relative to other states on both measures. In 2007, Texans paid $45.60 in state taxes for each $1,000 of personal income, about 71 percent of the $64.45 national average (**Figure 57**).

The state ranked forty-eighth among the states in state tax revenue per $1,000 of personal income in 2007. That same year, Texas ranked fifteenth among the 15 most-populous states in per capita state tax revenue per $1,000 (**Figure 58**).

FIGURE 57
STATE TAX REVENUE PER $1,000 OF PERSONAL INCOME
CALENDAR YEAR 2007

RANKING	STATE	TAX REVENUE PER $1,000 OF PERSONAL INCOME
1	Alaska	$126.24
2	Vermont	$109.97
3	Hawaii	$101.62
4	West Virginia	$87.52
5	Arkansas	$86.54
6	New Mexico	$86.30
7	Delaware	$84.05
8	Minnesota	$83.47
9	Wyoming	$82.26
10	Maine	$80.11
11	North Dakota	$77.47
12	Mississippi	$76.70
13	Kentucky	$75.78
14	California	$75.45
15	Idaho	$74.32
16	North Carolina	$74.13
17	Utah	$73.97
18	Montana	$72.99
19	Wisconsin	$71.31
20	Louisiana	$70.77
21	New York	$70.12
22	Michigan	$68.94
23	Kansas	$67.95
24	New Jersey	$67.94
25	Connecticut	$66.96
26	Washington	$66.58
27	Indiana	$66.56
28	Rhode Island	$65.94
29	Oklahoma	$65.47
30	Massachusetts	$65.22
31	Pennsylvania	$64.00
32	South Carolina	$63.42
33	Nebraska	$63.25
34	Ohio	$62.71
35	Iowa	$62.11
36	Nevada	$61.93
37	Arizona	$59.43
38	Alabama	$59.13
39	Oregon	$58.98
40	Illinois	$58.13
41	Virginia	$57.81
42	Maryland	$57.81
43	Georgia	$56.96
44	Tennessee	$55.37
45	Missouri	$53.62
46	Florida	$51.11
47	Colorado	$46.15
48	**TEXAS**	**$45.60**
49	South Dakota	$44.18
50	New Hampshire	$39.81
	U.S. AVERAGE	**$64.45**

SOURCES: U.S. Census Bureau; U.S. Department of Commerce.

FIGURE 58
15 MOST-POPULOUS STATES
PER CAPITA STATE TAX REVENUE
FISCAL YEAR 2007

STATE	PER $1,000 OF PERSONAL INCOME	PER CAPITA	AS PERCENTAGE OF STATE-LOCAL TAX 2007
Arizona	$59.43	$1,951.17	62.2
California	$75.45	$3,154.06	70.1
Florida	$51.11	$1,963.69	53.6
Georgia	$56.96	$1,908.05	58.6
Illinois	$58.13	$2,384.10	58.6
Massachusetts	$65.22	$3,195.31	67.5
Michigan	$68.94	$2,373.06	66.2
New Jersey	$67.94	$3,363.73	61.5
New York	$70.12	$3,250.84	51.1
North Carolina	$74.13	$2,500.97	75.3
Ohio	$62.71	$2,161.64	57.4
Pennsylvania	$64.00	$2,482.92	62.9
TEXAS	**$45.60**	**$1,690.81**	**53.2**
Virginia	$57.81	$2,412.22	61.8
Washington	$66.58	$2,743.27	70.3
U.S. AVERAGE	**$64.45**	**$2,488.58**	**62.7**
Texas Percentage of U.S.	70.8%	67.9%	84.9%

SOURCES: U.S. Census Bureau; U.S. Department of Commerce.

STATE TAX REVENUE

Figure 59 shows the percentage distribution of state tax revenue by source for the 15 most-populous states.

In 2007, Texas received 50.7 percent of its state tax revenue from the general sales tax, ranking it third behind Washington and Florida. Selective sales taxes, such as those collected on motor vehicles, motor fuels, cigarettes, and alcoholic beverages, produced 28.2 percent of Texas' total state tax revenue during 2007, compared with the 50-state average of 14.6 percent. License taxes, which by the U.S. Census Bureau's definition includes the corporation franchise tax, accounted for 14.2 percent of the state's tax revenue. Texas received 6.9 percent of its 2007 state tax revenue from other taxes, which in Texas consists of taxes levied on such varied items as cement, sulphur, attorneys' fees, coin-operated machines, and bingo rental receipts. The percentage of revenues collected from state taxes as opposed to local taxes varies from state to state. Some states have relatively low state tax burdens, in part because collections by state government account for a below-average portion of total state and local tax revenues raised. Among the 15 most-populous states, the per capita state tax revenue as a percentage of state and local tax dollars is second-lowest in the state of Texas (**Figure 58**). Texas is restricted to assessing property taxes only at the local level. Property tax revenue relative to personal income from 1997 to 2007 increased in the state by 12.3 percent (**Figure 60**).

PER CAPITA STATE TAX REVENUE

Given the differences among the states in taxes levied, the rate of taxation, and the calculation of the tax base, it is difficult to compare state tax burdens except in the broadest terms. For example, general sales tax revenues, either per capita or as a percentage of personal income, vary among the states because of differences in tax rates. Whether the tax base includes such major items as groceries, industrial machinery, or services also affects revenue, as does citizens' propensity for buying taxable items. Comparing two other states helps illustrate this point. New Jersey has the second-highest per capita personal income among all the states and a retail sales tax rate slightly higher than that of Texas (**Figure 54** and **Figure 61**). New Jersey residents have a lower sales tax burden as a percentage of personal income than do Texans, yet New Jersey and Texas have very similar levels of sales tax revenue per capita (**Figure 62**).

Californians also earn a higher personal income per capita than do Texans (**Figure 54**). California's sales tax rate is 7.25 percent, 1 percent higher than Texas' (**Figure 61**). Despite California's higher per capita income, its state general sales tax revenue is similar to Texas' (**Figure 62**) because each state includes different items in its tax bases.

FIGURE 59
15 MOST-POPULOUS STATES
PERCENTAGE DISTRIBUTION OF STATE TAX REVENUE BY MAJOR TAXES
CALENDAR YEAR 2007

STATE	TOTAL SALES TAX	GENERAL SALES TAX	SELECTIVE SALES TAX	LICENSE TAXES	INDIVIDUAL INCOME TAX	CORPORATION NET INCOME	OTHER TAXES
Arizona	59.2	45.9	13.4	3.2	25.8	8.0	3.8
California	35.2	28.5	6.8	6.5	46.5	9.7	2.0
Florida	77.0	60.9	16.2	5.2	0.0	6.8	10.9
Georgia	42.6	32.6	10.1	2.7	48.4	5.6	0.6
Illinois	46.8	25.6	21.2	8.0	34.2	9.6	1.4
Massachusetts	29.0	19.7	9.3	3.3	55.2	10.2	2.4
Michigan	48.6	33.5	15.2	5.8	27.0	7.5	11.1
New Jersey	41.0	28.7	12.4	5.2	39.6	9.9	4.2
New York	30.9	17.2	13.7	2.1	54.7	8.6	3.7
North Carolina	39.2	23.0	16.2	5.9	46.8	6.9	1.1
Ohio	45.2	31.4	13.9	8.6	40.4	5.3	0.5
Pennsylvania	47.0	28.1	18.9	9.2	31.8	7.4	4.6
TEXAS	**78.9**	**50.7**	**28.2**	**14.2**	**0.0**	**0.0**	**6.9**
Virginia	32.3	19.1	13.3	3.6	55.1	4.7	4.2
Washington	78.3	61.4	16.9	5.0	0.0	0.0	16.7
U.S. AVERAGE	**46.1**	**31.5**	**14.6**	**6.2**	**35.5**	**7.1**	**5.1**

SOURCE: U.S. Census Bureau.

FIGURE 60
PROPERTY TAX REVENUE PER $1,000 OF PERSONAL INCOME
CALENDAR YEARS 1997 TO 2007

	1997		2007		1997–2007	
STATE	REVENUE	RANKING	REVENUE	RANKING	PERCENTAGE CHANGE	RANKING
Alabama	$10.92	50	$12.85	50	17.6	7
Alaska	$41.47	9	$35.54	14	(14.3)	46
Arizona	$30.07	23	$26.48	29	(11.9)	45
Arkansas	$14.79	47	$15.45	47	4.5	19
California	$26.47	30	$24.48	37	(7.5)	41
Colorado	$26.33	31	$26.41	30	0.3	28
Connecticut	$40.45	10	$39.43	10	(2.5)	34
Delaware	$15.04	45	$15.35	48	2.1	23
Florida	$31.75	19	$32.96	18	3.8	20
Georgia	$26.21	32	$28.04	26	7.0	14
Hawaii	$19.76	40	$19.60	43	(0.8)	31
Idaho	$25.69	33	$26.03	31	1.3	26
Illinois	$37.02	13	$37.18	12	0.4	27
Indiana	$29.03	24	$39.95	8	37.6	1
Iowa	$34.90	14	$32.56	19	(6.7)	40
Kansas	$31.36	20	$32.27	20	2.9	21

FIGURE 60 (CONTINUED)
PROPERTY TAX REVENUE PER $1,000 OF PERSONAL INCOME
CALENDAR YEARS 1997 TO 2007

	1997		2007		1997–2007	
STATE	REVENUE	RANKING	REVENUE	RANKING	PERCENTAGE CHANGE	RANKING
Kentucky	$17.11	44	$18.54	44	8.3	12
Louisiana	$14.86	46	$16.09	45	8.3	13
Maine	$48.59	4	$49.44	2	1.8	24
Maryland	$25.67	34	$22.83	40	(11.1)	44
Massachusetts	$34.10	16	$34.17	16	0.21	29
Michigan	$28.53	27	$39.10	11	37.1	2
Minnesota	$32.06	18	$25.07	33	(21.8)	49
Mississippi	$23.44	36	$24.90	35	6.2	16
Missouri	$20.13	39	$24.97	34	24.1	4
Montana	$43.86	6	$33.31	17	(24.1)	50
Nebraska	$38.90	11	$34.71	15	(10.8	43
Nevada	$18.54	42	$24.65	36	33.0	3
New Hampshire	$54.47	1	$50.89	1	(6.6)	39
New Jersey	$48.65	3	$47.97	4	(1.41)	32
New Mexico	$13.55	49	$15.82	46	16.8	8
New York	$41.76	8	$40.45	6	(3.1)	36
North Carolina	$19.19	41	$22.90	39	19.3	6
North Dakota	$30.69	22	$27.56	27	(10.2)	42
Ohio	$28.65	26	$31.84	21	11.13	10
Oklahoma	$14.54	48	$14.27	49	(1.84)	33
Oregon	$28.85	25	$28.07	25	(2.69)	35
Pennsylvania	$27.89	28	$29.50	22	5.77	17
Rhode Island	$44.28	5	$45.01	5	1.64	25
South Carolina	$24.11	35	$28.90	23	19.86	5
South Dakota	$34.14	15	$26.96	28	(21.03)	48
Tennessee	$18.17	43	$20.09	41	10.58	11
TEXAS	**$32.71**	**17**	**$36.74**	**13**	**12.33**	**9**
Utah	$23.09	37	$23.57	38	2.10	22
Vermont	$49.52	2	$49.35	3	(0.33)	30
Virginia	$26.98	29	$28.74	24	6.53	15
Washington	$31.13	21	$26.01	32	(16.45)	47
West Virginia	$20.76	38	$19.91	42	(4.08)	37
Wisconsin	$42.13	7	$39.51	9	(6.21)	38
Wyoming	$38.00	12	$40.01	7	5.30	18
U.S. AVERAGE	**$30.32**		**$30.87**		**1.80**	
Texas as Percentage of U.S.	107.9%		119.0%			

SOURCE: U.S. Census Bureau.

FIGURE 61
15 MOST-POPULOUS STATES
STATE TAX RATES
AS OF JANUARY 1, 2009

STATE	RETAIL SALES TAX (PERCENTAGE)	CIGARETTE TAX RATE (PER PACK)	GASOLINE TAX (PER GALLON)
Arizona	5.60	$2.000	$0.180
California	7.25	$0.870	$0.180
Florida	6.00	$0.339	$0.156
Georgia	4.00	$0.370	$0.185
Illinois	6.25	$0.980	$0.201
Massachusetts	5.00	$1.510	$0.210
Michigan	6.00	$2.000	$0.190
New Jersey	7.00	$2.575	$0.145
New York	4.00	$1.500	$0.244
North Carolina	4.25	$0.035	$0.302
Ohio	5.50	$1.250	$0.280
Pennsylvania	6.00	$1.350	$0.312
TEXAS	**6.25**	**$1.410**	**$0.200**
Virginia	5.00	$0.300	$0.175
Washington	6.50	$2.025	$0.350

	RETAIL SALES TAX	CIGARETTE TAX RATE (PER PACK)	GASOLINE TAX (PER GALLON)
Number of States of the 15 most-Populous:			
With higher rate than Texas’	3	4	6
With same rate as Texas’	1	0	0
With lower rate than Texas’	10	10	8
Number of all 50 States:			
Using the tax	45	50	50
With higher rate than Texas’	7	16	23
With same rate as Texas’	2	0	3
With lower rate than Texas’	35	33	23

SOURCE: Federation of Tax Administrators.

FIGURE 62
15 MOST-POPULOUS STATES
GENERAL SALES TAX REVENUES
CALENDAR YEAR 2007

50-STATE RANKING	STATE	SALES TAX REVENUE AS PERCENTAGE OF PERSONAL INCOME
2	Washington	4.09
7	Florida	3.11
10	Arizona	2.72
17	**TEXAS**	**2.31**
18	Michigan	2.31
23	California	2.15
29	Ohio	1.97
30	New Jersey	1.95
31	Georgia	1.85
32	Pennsylvania	1.80
34	North Carolina	1.71
39	Illinois	1.49
42	Massachusetts	1.29
43	New York	1.21
45	Virginia	1.10
	U.S. AVERAGE	**2.03**

50-STATE RANKING	STATE	SALES TAX PER CAPITA
2	Washington	$1,684.05
5	Florida	$1,195.03
9	New Jersey	$964.46
11	California	$898.06
12	Arizona	$894.62
16	**TEXAS**	**$857.04**
24	Michigan	$794.35
29	Pennsylvania	$697.40
30	Ohio	$677.95
32	Massachusetts	$630.12
34	Georgia	$621.16
36	Illinois	$609.50
38	North Carolina	$575.39
39	New York	$559.97
44	Virginia	$459.69
	U.S. AVERAGE	**$782.86**

NOTE: Five states have no general sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon.
SOURCES: U.S. Census Bureau; U.S. Department of Commerce.

TAX POLICY

A comparison of tax rates and amounts collected from the major taxes, shown in **Figure 61**, provides some insight into Texas' relative standing in terms of tax policy.

Forty-five states collect a retail sales tax. As of January 1, 2009, seven states impose a levy that is higher than Texas' 6.25 percent; two states use the same rate, and 35 states impose a lower sales tax. Among the 15 most-populous states, three states impose a levy higher than Texas' (California, New Jersey, and Washington), one state uses the same rate (Illinois), and 10 states apply lower rates. All 50 states collect a cigarette tax. As of January 1, 2009, there were 16 states that imposed a higher cigarette tax than Texas' $1.41 per pack; no other states that imposed the same rate, and 33 states that levied lower rates. Among the 15 most-populous states, four have a cigarette tax rate higher than Texas' (**Figure 61**). Twenty-three states impose a higher tax on gasoline than Texas' $0.20 per gallon; three impose the same rate, and 23 states impose a lower rate. The average rate nationwide is $0.244 per gallon. Additional detail on motor fuel tax rates is shown in **Figure 63**.

STATE EXPENDITURES

Comparing state expenditures in Texas with spending in other states provides an overview of the Texas state government's relative expenditure level and of the distribution of expenditures among major services. The states vary in the proportion of expenditures on certain functions borne by local governments, in service delivery methods, in service needs, and in significant cost factors such as salary levels.

PER CAPITA EXPENDITURES

Expenditures per capita provide a basis for comparing major categories of state government spending. Texas spends significantly less per capita than most other states. In fact, in 2007, Texas' total per capita spending for all functions ranked fiftieth of all the states (**Figure 64**).

Texas' total 2007 per capita state government expenditures equaled 70 percent of the 50-state amount. Additionally, in 2007, Texas ranked forty-second out of all 50 and twelfth out of the 15 most populous states in terms of per capita federal government expenditures (**Figure 65**).

In 2007, Texas' expenditures per capita on hospitals were 86 percent of the 50-state amount, a decrease from 2005 levels. Per capita expenditures for education and public welfare were 84.4 percent and 66.4 percent of the national amount,

FIGURE 63
MOTOR FUEL TAX RATES BY STATE
CALENDAR YEAR 2008

	TAX PER GALLON	
STATE	GASOLINE	DIESEL
Alabama	$0.1800	$0.1900
Alaska	$0.0800	$0.0800
Arizona	$0.1800	$0.1800
Arkansas	$0.2150	$0.2250
California	$0.1800	$0.1800
Colorado	$0.2200	$0.2050
Connecticut	$0.2500	$0.3700
Delaware	$0.2300	$0.2200
Florida	$0.1560	$0.2900
Georgia	$0.1850	$0.1980
Hawaii	$0.1700	$0.1700
Idaho	$0.2600	$0.2600
Illinois	$0.2010	$0.2260
Indiana	$0.1800	$0.1600
Iowa	$0.2070	$0.2250
Kansas	$0.2400	$0.2600
Kentucky	$0.2100	$0.1800
Louisiana	$0.2000	$0.2000
Maine	$0.2760	$0.2880
Maryland	$0.2350	$0.2425
Massachusetts	$0.2100	$0.2100
Michigan	$0.1900	$0.1500
Minnesota	$0.2000	$0.2000
Mississippi	$0.1840	$0.1840
Missouri	$0.1755	$0.1755
Montana	$0.2700	$0.2775
Nebraska	$0.2390	$0.2330
Nevada	$0.2406	$0.2700
New Hampshire	$0.1963	$0.1963
New Jersey	$0.1450	$0.1750
New Mexico	$0.1888	$0.2288
New York	$0.2440	$0.2265
North Carolina	$0.3015	$0.3015
North Dakota	$0.2300	$0.2300
Ohio	$0.2800	$0.2800
Oklahoma	$0.1700	$0.1400
Oregon	$0.2400	$0.2400
Pennsylvania	$0.3120	$0.3810
Rhode Island	$0.3100	$0.3100
South Carolina	$0.1600	$0.1600
South Dakota	$0.2200	$0.2200
Tennessee	$0.2140	$0.1840
TEXAS	**$0.2000**	**$0.2000**
Utah	$0.2450	$0.2450
Vermont	$0.2000	$0.2600
Virginia	$0.1750	$0.1750
Washington	$0.3600	$0.3600
West Virginia	$0.3220	$0.3220
Wisconsin	$0.3290	$0.3290
Wyoming	$0.1400	$0.1400
U.S. AVERAGE	**$0.1840**	**$0.2440**

SOURCE: Federation of Tax Administrators.

FIGURE 64
15 MOST-POPULOUS STATES
PER CAPITA STATE GOVERNMENT EXPENDITURES, SELECTED FUNCTIONS
FISCAL YEAR 2007

STATE	TOTAL EXPENDITURES	EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	ALL OTHERS
Arizona	$4,459	$1,442	$310	$11	$1,141	$1,556
California	$6,421	$2,001	$251	$172	$1,548	$2,449
Florida	$3,999	$1,223	$377	$38	$953	$1,408
Georgia	$4,394	$1,636	$526	$77	$1,017	$1,138
Illinois	$4,624	$1,197	$366	$74	$1,214	$1,773
Massachusetts	$6,810	$1,648	$268	$79	$1,885	$2,930
Michigan	$5,447	$2,131	$279	$205	$1,263	$1,569
New Jersey	$6,480	$1,718	$302	$226	$1,375	$2,860
New York	$7,789	$1,909	$219	$237	$2,399	$3,026
North Carolina	$4,867	$1,830	$332	$152	$1,214	$1,340
Ohio	$5,768	$1,716	$303	$171	$1,425	$2,153
Pennsylvania	$5,499	$1,470	$482	$203	$1,542	$1,802
TEXAS	**$3,801**	**$1,443**	**$341**	**$138**	**$866**	**$1,013**
Virginia	$4,777	$1,713	$342	$330	$907	$1,485
Washington	$5,755	$2,020	$429	$248	$1,083	$1,976
U.S. AVERAGE	**$5,426**	**$1,709**	**$342**	**$160**	**$1,305**	**$1,909**
Texas as Percentage of US	70.0%	84.4%	99.6%	86.0%	66.4%	53.0%

50-STATE RANKING

STATE	TOTAL EXPENDITURES	EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	ALL OTHERS
Arizona	42	45	37	49	31	33
California	11	12	45	20	9	13
Florida	49	49	22	45	44	40
Georgia	44	33	8	32	40	48
Illinois	38	50	24	33	24	27
Massachusetts	8	32	42	31	5	6
Michigan	27	8	41	17	20	32
New Jersey	10	27	39	15	16	8
New York	5	17	49	14	1	5
North Carolina	33	19	31	23	25	43
Ohio	19	28	38	21	14	19
Pennsylvania	26	43	13	18	10	25
TEXAS	**50**	**44**	**28**	**24**	**48**	**50**
Virginia	35	29	27	6	45	38
Washington	20	11	16	12	35	23

SOURCE: U.S. Census Bureau.

FIGURE 65
15 MOST-POPULOUS STATES
PER CAPITA FEDERAL GOVERNMENT EXPENDITURES
FISCAL YEAR 2007

50-STATE RANKING	STATE	PER CAPITA FEDERAL SPENDING
1	Virginia	$14,277
12	Massachusetts	$9,462
14	Pennsylvania	$9,423
17	Ohio	$9,175
27	New York	$8,177
28	Washington	$8,109
29	Florida	$8,059
33	Arizona	$7,574
35	Georgia	$7,447
37	New Jersey	$7,365
39	North Carolina	$7,269
42	**TEXAS**	**$7,186**
44	California	$7,124
45	Michigan	$7,114
46	Illinois	$6,899
1	Highest: Virginia	$14,277
50	Lowest: Nevada	$6,032
	U.S. AVERAGE	**$8,339**

SOURCE: U.S. Census Bureau.

respectively. Highway expenditures decreased to approximately 99.6 percent of the 50-state amount. Texas ranked fiftieth in per capita spending for all other items, spending approximately 53 percent of the 50-state amount. **Figure 66** shows per capita state government expenditures in three major categories in 2007. "Direct general expenditures" are payments to employees, suppliers, beneficiaries, and other final recipients of state government payments. This category includes capital outlay and interest on debt, but avoids double-counting by excluding principal payments on debt. Texas ranked forty-eighth in direct per capita expenditures. "Intergovernmental expenditures" are payments by the state government to county or local governments (including public school districts) as fiscal aid in the form of shared revenues and grants-in-aid, as reimbursements for performance of general government activities, for specific services (e.g., care of prisoners or contractual research), or in lieu of taxes. Texas ranked forty-eighth in fiscal year 2007 in expenditures per capita for aid to local governments. "Trust fund expenditures" include payments of unemployment compensation, payments from state retirement systems, utility expenditures, and expenditures of state-operated liquor stores. Texas' state trust fund expenditures per capita among the states ranked forty-third in 2007.

FIGURE 66
15 MOST-POPULOUS STATES
PER CAPITA STATE GOVERNMENT EXPENDITURES, BY CATEGORY
FISCAL YEAR 2007

STATE	TOTAL STATE EXPENDITURES	DIRECT GENERAL EXPENDITURES[1]	INTERGOVERNMENTAL EXPENDITURES[2]	TRUST FUND EXPENDITURES[3]
Arizona	$4,459	$2,457	$1,552	$450
California	$6,421	$2,917	$2,540	$964
Florida	$3,999	$2,531	$1,081	$387
Georgia	$4,394	$2,860	$1,104	$430
Illinois	$4,624	$2,867	$1,112	$645
Massachusetts	$6,810	$4,649	$1,448	$713
Michigan	$5,447	$2,847	$1,933	$667
New Jersey	$6,480	$3,958	$1,233	$1,289
New York	$7,789	$3,825	$2,600	$1,364
North Carolina	$4,867	$2,996	$1,399	$472
Ohio	$5,768	$3,154	$1,547	$1,067
Pennsylvania	$5,499	$3,487	$1,223	$789
TEXAS	**$3,801**	**$2,468**	**$919**	**$414**
Virginia	$4,777	$3,015	$1,356	$406

FIGURE 66 (CONTINUED)
15 MOST-POPULOUS STATES
PER CAPITA STATE GOVERNMENT EXPENDITURES, BY CATEGORY
FISCAL YEAR 2007

STATE	TOTAL STATE EXPENDITURES	DIRECT GENERAL EXPENDITURES[1]	INTERGOVERNMENTAL EXPENDITURES[2]	TRUST FUND EXPENDITURES[3]
Washington	$5,755	$3,618	$1,340	$797
U.S. AVERAGE	**$5,426**	**$3,206**	**$1,518**	**$702**
Texas as Percentage of U.S.	70.1%	77.0%	60.5%	59.0%
50-STATE RANKING				
Arizona	42	49	11	38
California	11	38	3	7
Florida	49	46	39	46
Georgia	44	42	37	41
Illinois	38	40	35	23
Massachusetts	8	8	15	15
Michigan	27	43	8	19
New Jersey	10	15	29	3
New York	5	18	2	1
North Carolina	33	36	17	37
Ohio	19	30	12	5
Pennsylvania	26	22	31	12
TEXAS	**50**	**48**	**48**	**43**
Virginia	35	35	20	44
Washington	20	21	23	11

[1]Direct governmental expenditures include payments to employees, suppliers, beneficiaries, and other final recipients of governmental payments.
[2]Intergovernmental expenditures include amounts paid to local government as grants-in-aid or for specific services.
[3]Trust fund expenditures include payments from unemployment compensation trust funds, state retirement systems, and state-owned utilities and liquor stores.
Source: U.S. Census Bureau.

GOVERNMENT EMPLOYMENT

In fiscal year 2007, 44 states had more state government full-time-equivalent (FTE) positions (employees) in proportion to their populations than Texas; five had fewer (**Figure 67**).

Since more-populous states tend to have fewer state FTE positions in proportion to population than do less-populous states, however, it is more meaningful to compare Texas with the 15 most-populous states. Among these, Texas ranks eleventh in terms of state FTE positions per 10,000 population (**Figure 68**).

Texas spends nearly 15 percent of its overall state budget on salaries and wages, which ranks it twenty-second among the 50 states and fifth among the 15 most-populous states (**Figure 69**).

According to U.S. Census Bureau classifications, approximately 79 percent of Texas' state government FTE employees work in five major functions: higher education, highways, public hospitals, public welfare, and corrections. The state's FTE levels are below the 50-state average in higher education and highways, the same as the 50-state average for public hospitals, and above the 50-state average for public welfare and corrections. Texas' FTE levels are at 125 percent of the 50-state number for public welfare. The state has 26 FTE positions per 10,000 population in all other state government positions, which is approximately 57.6 percent of the 50-state number.

FIGURE 67
FULL-TIME EQUIVALENT POSITIONS PER 10,000 POPULATION
FISCAL YEAR 2007

RANKING	STATE	FTE POSITIONS PER 10,000 POPULATION
1	Hawaii	448
2	Alaska	377
3	Delaware	303
4	North Dakota	281
5	New Mexico	266
6	Wyoming	245
7	Vermont	238
8	West Virginia	210
9	Arkansas	210
10	Montana	209
11	Rhode Island	194
12	Oklahoma	194
13	Louisiana	193
14	Alabama	192
15	Mississippi	191
16	Utah	191
17	Kentucky	190
18	Washington	186
19	Nebraska	183
20	New Jersey	180
21	Iowa	179
22	Connecticut	177
23	South Dakota	175
24	Maine	174
25	South Carolina	173
26	Kansas	162
27	Virginia	162
28	Maryland	161
29	Oregon	160
30	North Carolina	158
31	Missouri	152
32	Minnesota	151
33	New Hampshire	149
34	Massachusetts	149
35	Idaho	148
36	Michigan	144
37	Indiana	141
38	Colorado	140
39	Tennessee	138
40	Georgia	133
41	New York	130
42	Pennsylvania	129
43	Ohio	125
44	Wisconsin	123
45	**TEXAS**	**122**
46	Nevada	112
47	Arizona	107
48	California	106
49	Florida	104
50	Illinois	97
	U.S. AVERAGE	**143**

Source: U.S. Census Bureau.

FIGURE 68
15 MOST-POPULOUS STATES
FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION, SELECTED FUNCTIONS
FISCAL YEAR 2007

		FTE POSITIONS PER 10,000 POPULATION					
STATE	TOTAL	HIGHER EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	CORRECTIONS	ALL OTHERS
Arizona	107	45	4	1	9	14	34
California	106	39	6	11	1	15	34
Florida	104	31	4	2	5	16	45
Georgia	133	54	6	7	10	21	35
Illinois	97	42	5	8	8	9	25
Massachusetts	149	47	6	12	11	9	65

FIGURE 68 (CONTINUED)
15 MOST-POPULOUS STATES
FULL-TIME-EQUIVALENT POSTIIONS PER 10,000 POPULATION, SELECTED FUNCTIONS
FISCAL YEAR 2007

		FTE POSITIONS PER 10,000 POPULATION					
STATE	TOTAL	HIGHER EDUCATION	HIGHWAYS	HOSPITALS	PUBLIC WELFARE	CORRECTIONS	ALL OTHERS
Michigan	144	70	3	18	10	17	26
New Jersey	180	36	8	21	11	12	91
New York	130	26	7	23	3	18	53
North Carolina	158	60	12	19	2	24	41
Ohio	125	60	6	13	3	15	27
Pennsylvania	129	46	11	10	10	14	39
TEXAS	**122**	**46**	**7**	**14**	**10**	**19**	**26**
Virginia	162	67	12	20	3	19	41
Washington	186	82	12	15	15	14	49
U.S. AVERAGE	**143**	**53**	**8**	**14**	**8**	**16**	**45**
Texas as Percentage of U.S.	85.2%	87.5%	85.5%	103.0%	125.0%	121.1%	57.6%

NOTE: Totals may not sum due to rounding.
SOURCE: U.S. Census Bureau.

FIGURE 69
15 MOST-POPULOUS STATES
SALARIES AND WAGES AS PERCENTAGE OF STATE EXPENDITURES
CALENDAR YEAR 2007

50-STATE RANKING	STATE	SALARIES AND WAGES AS PERCENTAGE OF TOTAL
10	North Carolina	17.2
14	Virginia	15.8
15	New Jersey	15.7
16	Washington	15.6
22	**TEXAS**	**14.6**
34	Illinois	13.7
40	Pennsylvania	11.5
41	Florida	11.4
42	Ohio	11.3
43	Arizona	11.1
45	California	10.9
46	Massachusetts	10.9
47	New York	10.6
48	Georgia	10.3
49	Michigan	10.2

SOURCE: U.S. Census Bureau.

HIGHER EDUCATION

One of the factors affecting state employment levels in higher education is the number of students enrolled relative to the total population. Texas ranks fifteenth among the 15 most-populous states in the percentage of individuals ages 18 to 24 completing high school, with 79.1 percent of that age group receiving diplomas (**Figure 70**).

Another factor affecting higher education employment levels is the availability of and enrollment in private institutions in each state. Texas has the highest proportion of students enrolled in public universities and the lowest proportion in private universities of the 15 most populous states. The difference is most dramatic when comparing the percentage of students in public higher education in Texas (88.1 percent), New York (56.7 percent), Pennsylvania (56 percent), and Massachusetts (46.5 percent). **Figure 71** shows the percentage for this measure for the 15 most-populous states in the 2006–07 academic year. How states allocate responsibility for higher education between state and local governments also influences the state employment level.

Figure 72 shows the percentages of public higher education FTE positions in state and local governments for the 15 most-populous states. In California, which ranks lowest, state higher education FTE positions account for 67.1 percent of the total number of FTE positions, whereas in

FIGURE 70
15 MOST-POPULOUS STATES
INDIVIDUALS AGES 18 TO 24 COMPLETING HIGH SCHOOL
2006–07 SCHOOL YEAR

STATE	PERCENTAGE COMPLETION RATE
Washington	89.3
Massachusetts	88.4
Michigan	87.4
Ohio	87.1
New Jersey	87.0
Pennsylvania	86.8
Virginia	85.9
Illinois	85.7
Florida	84.9
New York	84.1
Arizona	83.5
North Carolina	83.0
Georgia	82.9
California	80.2
TEXAS	**79.1**
U.S. AVERAGE	**84.5**

Source: U.S. Census Bureau.

FIGURE 71
15 MOST-POPULOUS STATES
PUBLIC AND PRIVATE HIGHER EDUCATION ENROLLMENT
ACADEMIC YEAR 2006–07

	PERCENTAGE OF TOTAL ENROLLMENT	
STATE	PUBLIC	PRIVATE
TEXAS	**88.1**	**11.9**
Washington	87.5	12.5
California	85.6	14.4
North Carolina	82.8	17.2
New Jersey	81.3	18.7
Michigan	81.3	18.7
Georgia	80.4	19.6
Virginia	77.7	22.3
Ohio	73.2	26.8
Florida	72.6	27.4
Illinois	70.9	29.1
Arizona	59.7	40.3
New York	56.7	43.3
Pennsylvania	56.0	44.0
Massachusetts	46.5	53.5
U.S. AVERAGE	**75.0**	**25.0**

Source: U.S. Department of Education.

FIGURE 72
15 MOST-POPULOUS STATES
STATE AND LOCAL PUBLIC HIGHER EDUCATION
FTE POSITIONS
FISCAL YEAR 2007

	PERCENTAGE OF TOTAL	
STATE	STATE	LOCAL
Georgia	100.0	0.0
Washington	100.0	0.0
Massachusetts	99.8	0.2
Virginia	97.4	2.6
Ohio	92.8	7.2
Pennsylvania	85.8	14.2
Michigan	83.7	16.3
New Jersey	74.2	25.8
TEXAS	**73.4**	**26.6**
North Carolina	73.3	26.7
Illinois	70.9	29.1
Arizona	69.8	30.2
Florida	68.6	31.4
New York	67.6	32.4
California	67.1	32.9

Source: U.S. Census Bureau.

Texas, which ranks ninth, state FTE positions account for 73.4 percent of the total.

In the 2007–08 academic year, Texas ranked thirty-first among the 50 states, and thirteenth among the 15 most-populous states in the percentage of persons age 25 or older with a bachelor's degree or greater (**Figure 73**). Texas' rate of 25.2 percent is lower than only the states of Ohio and Michigan.

FIGURE 73
15 MOST-POPULOUS STATES
PERCENTAGE OF PERSONS AGE 25 OR OLDER WITH A BACHELOR'S DEGREE OR GREATER
2007–08 ACADEMIC YEAR

50-STATE RANKING	STATE	PERCENTAGE COMPLETION RATE
1	Massachusetts	37.9
5	New Jersey	33.9
7	Virginia	33.6
9	New York	31.7
11	Washington	30.3
13	California	29.5
14	Illinois	29.5
20	Georgia	27.1
25	Florida	25.8
26	Pennsylvania	25.8
28	North Carolina	25.6
30	Arizona	25.3
31	**TEXAS**	**25.2**
34	Michigan	24.7
38	Ohio	24.1
1	Highest: Massachusetts	37.9
50	Lowest: West Virginia	17.3
	U.S. AVERAGE	**27.5**

Source: U.S. Census Bureau.

HIGHWAYS

Factors affecting the number of state highway FTE positions per 10,000 population include the distribution of responsibilities between state and local governments, the amount and quality of services provided, and the amount of work the state contracts to the private sector. Texas ranked eighth among the 15 most-populous states in the total number of highway FTE positions per 10,000 population in 2007 (**Figure 74**).

The use of private contractors to perform construction and maintenance work affects the number of state highway FTE positions. Construction work on state highways in Texas traditionally has been performed by private contractors. In recent years, however, contractors have been more involved in maintenance work, partly because in 1991 the Texas Legislature mandated increased levels of private contracting for maintenance. Contractors perform more than 85 percent of highway maintenance work, up from 61 percent in fiscal year 1996, according to the Texas Department of Transportation. **Figure 75** shows how Texas compares to the U.S. average in number of vehicle miles traveled per capita, number of registered vehicles, and number of road miles under state control. Texas ranks higher than the U.S. average on miles under state control and vehicle miles traveled per capita; however, it ranks below the U.S. average on the number of highway FTE positions per 10,000, in the per capita number of registered vehicles, in vehicle miles traveled, and in licensed drivers per 1,000 population.

FIGURE 74
15 MOST-POPULOUS STATES
HIGHWAY EMPLOYEES PER 10,000 POPULATION
FISCAL YEAR 2007

	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
STATE	STATE	LOCAL	TOTAL
Arizona	4	8	12
California	6	6	12
Florida	4	9	13
Georgia	6	9	15
Illinois	5	9	14
Massachusetts	6	9	15
Michigan	3	9	12
New Jersey	8	13	21
New York	7	15	21
North Carolina	12	4	17
Ohio	6	11	18
Pennsylvania	11	9	19
TEXAS	**7**	**9**	**16**
Virginia	12	6	18
Washington	12	11	23
U.S. AVERAGE	**8**	**10**	**18**

Note: Totals may not sum due to rounding.
Source: U.S. Census Bureau.

FIGURE 75
HIGHWAY STATISTICS
2007

STATISTIC	TEXAS	U.S.
Average number of state highway employees per 10,000 population*	6.7	7.9
Average number of local government highway employees per 10,000 population*	8.9	10.0
Average number of state and local government highway employees per 10,000 population*	15.6	17.9
Percentage of highway and road miles under state control†	26.1	19.3
Highway and road miles under state control per 10,000 population†	33.5	25.9
Vehicle miles traveled per capita†	10,184	10,045
Registered motor vehicles per 1,000 population†	739	807
Licensed drivers per 1,000 population†	635	682

*Represents full-time equivalents. Fiscal Year.
†Calendar Year.
Sources: U.S. Census Bureau; U.S. Department of Transportation.

PUBLIC HOSPITALS

The U.S. Census Bureau's public hospital FTE category includes government-operated facilities that provide inpatient care; employees of private corporations that operate government-owned hospital facilities are excluded. In hospitals associated with government-operated medical schools, the instructional staff is included under higher education; all other hospital employees are included in the hospital category. In Texas, most healthcare providers in the state's correctional healthcare system are employees of one of two state-operated medical schools. **Figure 76** shows the number of state hospital FTE positions per 10,000 population in the 15 most-populous states. Texas ranked fourth among these states in 2007. The number of state hospital FTE positions is affected by policies such as the distribution of responsibilities among state and local governments and hospitals and community-based services, the quality of service as indicated in staffing ratios and professional quality of the personnel, and the extent to which service is provided by the private sector.

PUBLIC WELFARE

The distribution of responsibility between state and local governments in the administration of public welfare affects the number of state welfare FTE positions. Included in this category are various public assistance programs for the needy, homes for the elderly, indigent care institutions, and programs that provide payments for medical care and other services for the needy, excluding hospital services. In general, states that administer public welfare through state agencies employ fewer total welfare workers than do states that administer welfare locally. In Texas, state government administers most public welfare. Consequently, in fiscal year 2007, Texas ranked fourteenth among the 15 most-populous states in the total number of welfare FTE positions per 10,000 population. Texas was fifth in the number of state welfare FTE positions (9.8 per 10,000 population) and fifteenth in the number of local welfare workers (1.5 per 10,000 population). In contrast, more than half the states with a higher total number of welfare FTE positions (New York, Pennsylvania, Ohio, New Jersey, North Carolina, California, and Virginia) administer welfare predominantly through local government (**Figure 77**).

FIGURE 76
15 MOST-POPULOUS STATES
PUBLIC HOSPITAL EMPLOYEES PER 10,000 POPULATION
FISCAL YEAR 2007

	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
STATE	STATE	LOCAL	TOTAL
Arizona	1	9	10
California	11	19	30
Florida	2	27	29
Georgia	7	21	28
Illinois	8	10	18
Massachusetts	12	6	18
Michigan	18	11	28
New Jersey	21	3	24
New York	23	27	51
North Carolina	19	41	60
Ohio	13	10	24
Pennsylvania	10	1	10
TEXAS	**14**	**21**	**35**
Virginia	20	3	23
Washington	15	23	38
U.S. AVERAGE	**14**	**19**	**33**

Source: U.S. Census Bureau.

FIGURE 77
15 MOST-POPULOUS STATES
PUBLIC WELFARE EMPLOYEES PER 10,000 POPULATION
FISCAL YEAR 2007

	FULL-TIME-EQUIVALENT POSITIONS PER 10,000 POPULATION		
STATE	STATE	LOCAL	TOTAL
Arizona	9	4	13
California	1	19	20
Florida	5	4	9
Georgia	10	2	12
Illinois	8	5	13
Massachusetts	11	3	14
Michigan	10	3	13
New Jersey	11	14	25
New York	3	25	28
North Carolina	2	17	19
Ohio	3	22	24
Pennsylvania	10	17	27
TEXAS	**10**	**2**	**11**
Virginia	3	11	14
Washington	15	3	17
U.S. AVERAGE	**8**	**9**	**17**

NOTE: Totals may not sum due to rounding.
SOURCE: U.S. Census Bureau.

CORRECTIONS

In 2007, Texas employed 19 state FTE positions per 10,000 population in corrections, the third-highest ratio among the 15 most-populous states (**Figure 68**). With 669 inmates per 100,000 population in 2007, Texas had the second-highest ratio of prisoners to population of all 50 states (**Figure 78**). (The highest was Louisiana, with 865.) This incarceration rate is a 3.2 percent decrease from the 2005 rate of 691 per 100,000 population.

Nationally, the incarceration rate increased by 2.8 percent from calendar years 2005 to 2007. In 2007, the crime rate in Texas ranked sixth among all states, and was the third highest among the 15 most-populous states (**Figure 79**).

FIGURE 78
15 MOST-POPULOUS STATES
PRISON INMATES PER 100,000 POPULATION
CALENDAR YEAR 2007

50-STATE RANKING	STATE	INMATES PER 100,000 POPULATION
3	**TEXAS**	**669**
6	Georgia	563
7	Arizona	554
8	Florida	535
14	Michigan	499
15	Virginia	490
18	California	471
21	Ohio	442
30	Pennsylvania	365
31	North Carolina	361
35	New York	322
38	New Jersey	308
40	Washington	273
42	Massachusetts	246
1	Highest: Louisiana	865
49*	Lowest: Maine	159
	U.S. AVERAGE	**447**

*Data for Illinois was not available.
SOURCE: Congressional Quarterly's Crime State Rankings 2009.

The rate of 4,632 crimes per 100,000 population in Texas in 2007 is a 4.7 percent decrease from the rate of 4,862 in 2005. Nationally, the crime rate decreased 4 percent, from 3,899 in 2005 to 3,730 in 2007. Texas' violent crime rate decreased, from 530 per 100,000 population in 2005 to 510 per 100,000 population in 2007. The state ranks fourteenth among all states, and fifth among the 15 most-populous states, in violent crime. In Texas, this rate decreased by 3.6 percent from 2005 to 2007; the national rate decreased 0.5 percent.

FIGURE 79
15 MOST-POPULOUS STATES
CRIME RATES PER 100,000 POPULATION
CALENDAR YEAR 2007

STATE	ALL CRIME	50-STATE RANKING	VIOLENT CRIME	50-STATE RANKING	PROPERTY CRIME	50-STATE RANKING
Arizona	4,896.7	2	482.7	18	4,414.0	1
California	3,555.6	26	522.6	13	3,033.0	29
Florida	4,811.9	4	722.6	5	4,089.3	5
Georgia	4,394.2	12	493.2	17	3,901.0	12
Illinois	3,469.0	28	533.2	11	2,935.8	31
Massachusetts	2,823.0	37	431.5	22	2,391.5	42
Michigan	3,601.7	25	536.0	10	3,065.7	27
New Jersey	2,542.4	44	329.3	29	2,213.1	46
New York	2,392.7	47	414.1	24	1,978.6	47
North Carolina	4,553.7	7	466.4	19	4,087.3	7
Ohio	3,798.4	22	313.2	26	3,455.2	20
Pennsylvania	2,777.8	40	416.5	23	2,361.3	43
TEXAS	**4,631.8**	**6**	**510.6**	**14**	**4,121.2**	**4**
Virginia	2,736.1	41	269.7	40	2,466.4	39
Washington	4,363.9	14	333.1	28	4,030.8	9
UNITED STATES	**3,730.4**		**466.9**		**3,263.5**	

SOURCE: Congressional Quarterly's Crime State Rankings 2009.

STATE AND LOCAL GOVERNMENT EMPLOYEES

Comparing state FTE positions per 10,000 population and excluding local employees is difficult because, as noted earlier, each state allocates responsibilities between state and local governments differently. Therefore, analysts often recommend that comparisons be based on the total number of state and local FTE positions, rather than on just the number of state FTE positions. In 2007, Texas ranked eleventh among the 15 most populous states with regard to the number of state FTE positions per 10,000 population (**Figure 68**). However, the state had the fifth-highest number of state and local FTE positions per 10,000 population of the 15 most-populous states (**Figure 80**).

In addition, Texas had more state and local government FTE positions per 10,000 population in 2007 than the 50-state average number in elementary and secondary schools and public hospitals. Even more significant is that among the 15 most-populous states, Texas had the highest number of state and local government FTE positions working in elementary and secondary schools in proportion to the state's total population.

FIGURE 80
15 MOST-POPULOUS STATES
STATE AND LOCAL GOVERNMENT EMPLOYEES PER 10,000 POPULATION
FISCAL YEAR YEAR 2007

	FULL-TIME-EQUIVALENTS PER 10,000 POPULATION				
STATE	ELEMENTARY AND SECONDARY SCHOOLS	HIGHER EDUCATION	PUBLIC HOSPITALS	ALL OTHER FUNCTIONS	TOTAL FTES
Arizona	192.3	63.7	9.7	207.3	473.1
California	192.5	58.7	29.6	223.8	504.6
Florida	184.3	45.3	28.6	231.3	489.5
Georgia	252.7	53.8	28.3	210.9	545.7
Illinois	220.1	59.4	18.1	205.5	503.1
Massachusetts	233.6	46.8	17.8	219.3	517.5
Michigan	209.5	83.8	28.5	169.2	491.0
New Jersey	265.9	48.8	24.3	254.1	593.0
New York	252.1	38.7	50.6	293.1	634.5
North Carolina	240.7	81.4	60.4	217.2	599.7
Ohio	216.8	65.1	23.7	229.0	534.6
Pennsylvania	207.9	53.2	10.1	207.2	478.4
TEXAS	**272.9**	**63.2**	**34.9**	**192.8**	**563.9**
Virginia	256.1	69.3	22.6	226.1	574.0
Washington	157.1	82.2	37.8	250.1	527.3
U.S. AVERAGE	**226.2**	**63.8**	**32.8**	**223.3**	**546.1**

SOURCE: U.S. Census Bureau.

4. GENERAL GOVERNMENT

*As shown in **Figure 81**, All Funds appropriations (excluding American Recovery and Reinvestment Act funds) for General Government for the 2010–11 biennium total $4.5 billion, or 2.5 percent of all state appropriations. This amount is an increase of $431.6 million, or 10.7 percent, from the 2008–09 biennium. **Figure 82** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal years 2006 to 2011 for all General Government agencies.*

FIGURE 81
ALL FUNDS APPROPRIATIONS FOR GENERAL GOVERNMENT
2010–11 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$9.9	$14.8	$5.0	50.6
Office of the Attorney General	984.8	1,009.6	24.8	2.5
Bond Review Board	1.2	1.2	0.0	0.7
Cancer Prevention and Research Institute of Texas	7.8	448.2	440.3	5,630.8
Comptroller of Public Accounts	440.6	464.4	23.8	5.4
Fiscal Programs – Comptroller of Public Accounts	739.0	868.9	129.9	17.6
Commission on State Emergency Communications	152.3	142.5	(9.8)	(6.4)
Employees Retirement System	15.2	15.2	0.0	0.0
Texas Ethics Commission	4.2	4.1	(0.0)	(0.9)
Facilities Commission	214.3	136.7	(77.6)	(36.2)
Public Finance Authority	1.8	6.7	4.8	264.0
Fire Fighter's Pension Commissioner	10.0	1.6	(8.4)	(84.4)
Office of the Governor	22.2	23.7	1.5	6.8
Trusteed Programs Within the Office of the Governor	828.5	633.7	(194.8)	(23.5)
Historical Commission	99.0	100.2	1.1	1.1
Department of Information Resources	464.6	535.1	70.5	15.2
Library & Archives Commission	66.4	70.8	4.4	6.6
Pension Review Board	1.4	1.5	0.0	2.2
Preservation Board	36.6	34.0	(2.6)	(7.0)
State Office of Risk Management	16.5	17.8	1.3	8.1
Workers' Compensation Payments	90.9	98.1	7.3	8.0
Secretary of State	108.1	96.1	(12.0)	(11.1)
Office of State-Federal Relations	1.6	0.0	(1.6)	(100.0)
Veteran's Commission	32.0	34.1	2.1	6.6
SUBTOTAL, GENERAL GOVERNMENT	**$4,348.9**	**$4,759.0**	**$410.1**	**9.4**
Retirement and Group Insurance	$173.3	$197.3	$24.0	13.8
Social Security and Benefit Replacement Pay	81.3	79.5	(1.7)	(2.2)
SUBTOTAL, EMPLOYEE BENEFITS	**$254.6**	**$276.8**	**$22.2**	**8.7**

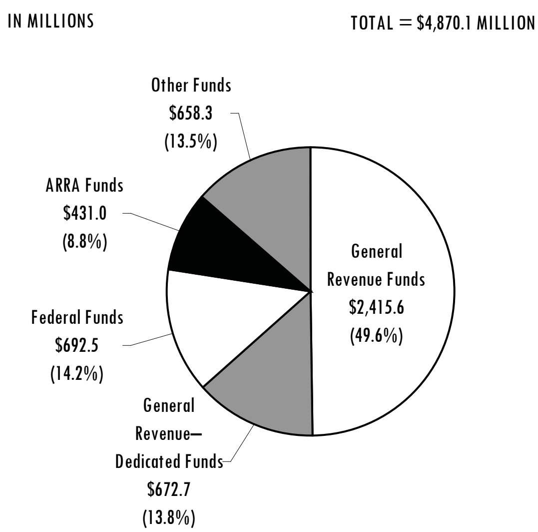
FIGURE 81 (CONTINUED)
ALL FUNDS APPROPRIATIONS FOR GENERAL GOVERNMENT
2010–11 BIENNIUM

IN MILLIONS

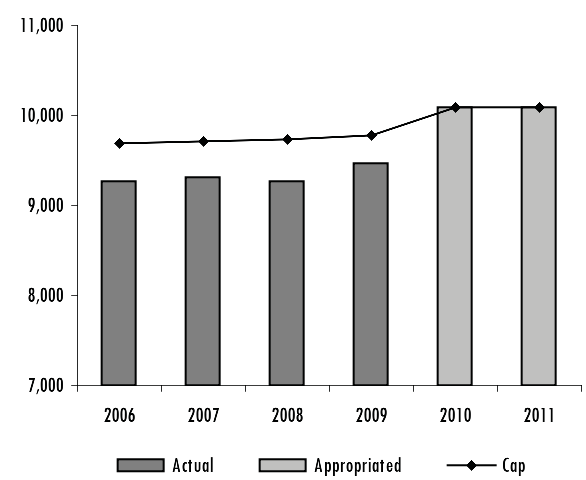
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Bond Debt Service Payments	$15.9	$80.9	$65.1	410.5
Lease Payments	24.6	23.2	(1.5)	(5.9)
SUBTOTAL, DEBT SERVICE	**$40.5**	**$104.1**	**$63.6**	**157.2**
Less Interagency Contracts	$609.2	$673.5	$64.3	10.6
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$4,034.8**	**$4,466.4**	**$431.6**	**10.7**
ARRA Appropriations, Article XII[3]	$0.0	$403.7	403.7	NA
GRAND TOTAL, GENERAL GOVERNMENT	**$4,034.8**	**$4,870.1**	**835.3**	**20.7**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs within the Office of the Comptroller and are not allocated to state agencies.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 82
GENERAL GOVERNMENT APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

FIGURE 83
THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA) APPROPRIATIONS FOR GENERAL GOVERNMENT 2010–11 BIENNIUM

IN MILLIONS AGENCY	REGULAR ALL FUNDS APPROPRIATIONS	ARRA (ART. XII) APPROPRIATIONS FEDERAL FUNDS	ARRA (ART. XII) APPROPRIATIONS GENERAL REVENUE	TOTAL ARRA (ART. XII) APPROPRIATIONS[1]	TOTAL APPROPRIATIONS
Commission on the Arts	$14.8	$1.4	$0.0	$1.4	$16.3
Office of the Attorney General	$1,009.6	$37.4	($27.3)	$10.1	$1,019.7
Fiscal Programs – Comptroller of Public Accounts	$868.9	$284.8	$0.0	$284.8	$1,153.7
Trusteed Programs Within the Office of the Governor	$633.7	$106.4	$0.0	$106.4	$740.1
Historical Commission	$100.2	$1.0	$0.0	$1.0	$101.2
TOTAL, ARRA APPROPRIATIONS FOR GENERAL GOVERNMENT		**$431.0**	**($27.3)**	**$403.7**	

[1]ARRA appropriations reflected above include both appropriations made to agencies in Article XII, Section 1, as well as the appropriate allocation to agencies of "Higher Education and Other Government Programs" appropriations as outlined by Article XII, Section 25.
Source: Legislative Budget Board.

General Government agencies provide a wide array of public and state administrative support services. Included in the General Government functional area are executive branch offices established by the Texas Constitution such as the Governor, Comptroller of Public Accounts, and the Attorney General.

In addition to the executive offices, other General Government agencies are responsible for oversight of state debt; administration of employee healthcare and retirement benefits; oversight of state and federal election laws; preservation of the state's cultural and historic resources; claims administration for veterans federal benefits and veterans' education and job training programs; management of information technology and telecommunications services; oversight of building construction and maintenance programs; as well as administration of cancer prevention and research programs.

MAJOR FUNDING ISSUES

The funding levels of several General Government programs and agencies changed significantly for the 2010–11 biennium.

ACROSS ARTICLE APPROPRIATIONS

EMPLOYEE BENEFITS

State contributions for retirement total $726.9 million in All Funds for the 2010–11 biennium. This amount is an increase of $36.2 million, or 5.2 percent, above the 2008–09 expenditure level for general state employees' retirement. This increase is due primarily to 1.5 percent growth in the annual payroll for general state employees, as well as higher than average growth in full-time-equivalent (FTE) positions at several state agencies. In addition, approximately $1.9 million in All Funds is appropriated for retirement contributions associated with the pay raise authorized by the Eighty-first Legislature, Regular Session, 2009, to various state law enforcement positions classified in the Schedule C state employees' schedule.

The state's retirement contribution rate for the 2010–11 biennium established by the Eighty-first Legislature, Regular Session, 2009, was 6.45 percent of total payroll. However, this contribution increased to 6.95 percent for the 2010–11 biennium due to a November 23, 2009 Texas Attorney General opinion that stated that the one-time payments in the General Appropriations Act, 2010–11 Biennium, to retired state employees and retired teachers may be

Note: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

unconstitutional. This increase will result in a transfer of $34.7 million appropriated for the state retirees' one-time payments to the Employees Retirement System retirement trust fund as a state contribution increase. House Bill 2559, Eighty-first Legislature, Regular Session, 2009, increased the member contribution from 6.45 percent to equal the state contribution rate, not to exceed 6.5 percent.

Appropriations for employee group insurance benefits total $2.4 billion and increased by $313.8 million above the 2008–09 expenditure level. This amount is a 6.5 percent and 6.8 percent state contribution increase in fiscal years 2010 and 2011, respectively, which covers a 7.5 percent healthcare inflation rate when combined with spending down the insurance fund balance. The funding increase is a continuation of an annual state employee retirement rate of 5 percent, combined with the higher than average FTE growth at certain state agencies.

Appropriations for the state match for Social Security total $1.5 billion, an increase of $83.2 million from 2008–09 expenditure levels. This amount is a projected 1.5 percent annual payroll increase for general state employees and a 3.5 percent payroll increase for higher education employees. In addition, approximately $1.8 million is appropriated for Social Security contributions for the Schedule C employee pay raises.

Lastly, enactment of House Bill 4586 authorized appropriations of $88.3 million in All Funds for a one-time $800 retention payment to general state employees earning less than $100,000 annually who were not already authorized a pay raise by the Eighty-first Legislature Regular Session, 2009. Included in this appropriation is approximately $6.3 million in All Funds for Social Security contributions associated with the payments.

STATE DEBT SERVICE ON GENERAL OBLIGATION BONDS

Debt service requirements for existing and new General Obligation bonds issued by the Texas Public Finance Authority total $693.8 million for the 2010–11 biennium, an increase of $78.6 million from the 2008–09 biennium. Appropriations include $35.5 million for debt service on $450 million of newly authorized bonds for cancer prevention and research grants and administration. The Eighty-first Legislature, Regular Session, 2009, also appropriated $26.4 million for debt service to finance $284.5 million in bond proceeds—Proposition 8 bonds ($58.3 million) and Proposition 4 bonds ($226.2 million)—to several state agencies for improvements relating to deferred maintenance on state facilities; renovation of courthouses, mental health facilities, and state schools; and repair of state park weather-related damages.

ENTERPRISE RESOURCE PROJECT

The Enterprise Resource Planning (ERP) project is planned to be an information system based on a common database and common software tools that will allow real-time information to be accessed, shared and compared across organizations, agencies, divisions and departments, and is intended to provide a single set of books for financial and human resources-related transactions. In response to enactment of House Bill 3106, Eightieth Legislature, 2007, the Comptroller of Public Accounts (CPA) will enter into interagency contracts with several state agencies, including the Health and Human Services Commission, the Department of Transportation, and the Department of Information Resources to manage the development and implementation of the ERP project during the 2010–11 biennium. In addition, CPA is required to report annually to the Legislative Budget Board and the Office of the Governor on the status of the implementation as well as any savings or benefits realized due to implementation of the project.

DATA CENTER CONSOLIDATION

Funding for data center consolidation services increased $61.9 million for the 27 affected state agencies to maintain current obligations. Included in this amount is $43 million for certain agencies to complete existing projects during the 2010–11 biennium. Consolidated data center services include mainframe, server, bulk print/mail operations; standardization of security and disaster recovery plans and annual testing; and replacement of older technology, including a hardware/software refresh schedule.

GENERAL GOVERNMENT AGENCIES

AMERICAN REINVESTMENT AND RECOVERY ACT OF 2009 (ARRA) FUNDING

As shown in **Figure 83**, several General Government agencies are expected to receive a total of $403.7 million in Federal Funds (ARRA) during the 2010–11 biennium for various state and local programs:

- $1.4 million to the Commission on the Arts (TCA) to preserve jobs in nonprofit arts organizations ($427,300) and financial support to the Texas Cultural Trust Council, which is a nonprofit organization that partners with TCA to support the arts in Texas ($1 million);

- $10.1 million to the Office of the Attorney General for the child support program due to the temporary reversal of certain provisions of the 2005 Federal Deficit Reduction Act ($27.3 million in ARRA funds offset by a decrease of $27.3 million in General Revenue Funds); for crime victims' compensation payments ($7.8 million); and for investigating internet crimes against children ($2.3 million);
- $284.8 million to the Fiscal Programs – Comptroller of Public Accounts for energy programs ($218.8 million); energy efficiency and conservation grants ($45.6 million); and an appliance rebate program ($20.4 million);
- $106.4 million to Trusteed Programs within the Office of the Governor, which includes Byrne Justice Assistance grants for criminal justice activities such as law enforcement programs and prevention and education programs ($90.3 million); Violence Against Women grants for items such as training law enforcement on how to respond to violent crimes against women and developing programs that address violent crimes ($9 million); and Crime Victims Assistance grants for items such as responding to the emotional and physical needs of crime victims and assisting victims to understand and participate in the criminal justice system ($2.1 million); and Defense Economic Adjustment Assistance Grants for economic development in defense dependent communities ($5 million); and
- $1 million to the Texas Historical Commission to renovate the Presidio de San Saba, which is an archeological site located in Menard County that contains remnants of an eighteenth-century colonial fortification and elements of its 1937 replica.

OTHER FUNDING ISSUES

House Bill 2242, enacted by the Eighty-first Legislature, Regular Session, 2009, abolishes the Texas Cultural Endowment Fund (CEF), a trust fund outside the State Treasury, which was established in 1993 by the Seventy-third Legislature to provide a sustaining funding source for TCA. Private donations subject to donor restrictions deposited to the CEF will be returned to donors along with any interest and income earnings generated by those donations. The remaining funds in the CEF, estimated to be $5.4 million, will be transferred to the Commission on the Arts Operating Account (General Revenue–Dedicated Funds) and are appropriated for the agency to award Arts Create grants in fiscal years 2010 and 2011.

Funding for Trusteed Programs within the Office of the Governor comprises $1.2 million in General Revenue Funds and $0.3 million in Other Funds related to the transfer of functions for the Office of State-Federal Relations as provided by Senate Bill 1003, Eighty-first Legislature, Regular Session, 2009.

The Eighty-first Legislature, Regular Session, 2009 appropriated a total of $22 million for restoration of the Governor's mansion, which was destroyed by fire in June 2008. The restoration is scheduled for completion by November 2011.

COMMISSION ON THE ARTS

The Texas Commission on the Arts (TCA), established in 1965 and governed by 17 commission members, was created to promote a receptive climate for the arts and preserve Texas' rich and diverse heritage. To achieve these goals, the agency develops and monitors various arts programs to ensure that residents and visitors have access to arts programs, services, and exhibits. In addition, the agency provides financial and technical assistance to nonprofit arts organizations, schools, school districts, government entities, and individuals to support the arts, arts education, and cultural events.

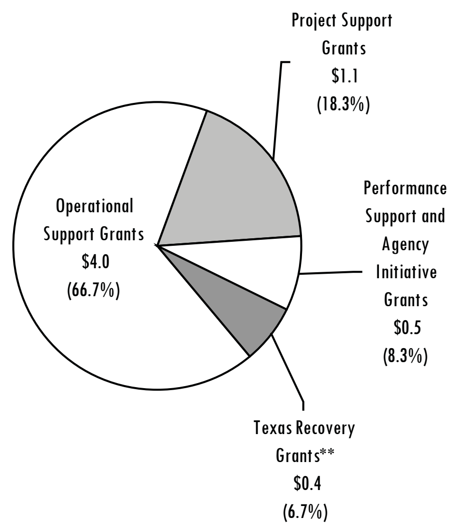
Appropriations for the 2010–11 biennium total $16.3 million and support 18 full-time-equivalent (FTE) positions. This is an increase of $6.4 million or 65.1 percent above 2008–09 funding levels primarily due to the appropriation of $5.4 million transferred from the agency's endowment outside the State Treasury to the agency's General Revenue–Dedicated Fund as required by House Bill 2242, enacted by the Eighty-first Legislature, 2009. Of the total appropriations, $10.8 million, or 66.4 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. These amounts also include $1.4 million in Federal Funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to preserve jobs in nonprofit arts organizations ($0.4 million) and provide financial support for the Texas Cultural Trust Council, a nonprofit 501(c)(3) organization that partners with TCA to support the arts in Texas ($1 million).

GRANTS

Providing financial assistance through grants is the primary mission of TCA. The majority of grants are awarded in two distinct categories: operational support grants and project support grants. However, additional grants are awarded for various purposes such as performance support, scholarships, and special agency initiatives. In addition, the agency will award one-time Texas Recovery grants from Federal Funds (ARRA) distributed by the National Endowment for the Arts (NEA) to nonprofit arts organizations statewide to maintain jobs in jeopardy due to the 2008–09 economic recession. **Figure 84** shows the funding allocation for the separate grant categories in fiscal year 2010.

FIGURE 84
GRANT AWARD ALLOCATIONS
FISCAL YEAR 2010*

IN MILLIONS TOTAL = $$6.0



*Estimated.
**Funded through the American Recovery and Reinvestment Act of 2009.
Source: Texas Commission on the Arts.

The Arts Create program includes operational support grants and is the agency's largest grant program. It provides nonprofit and local government arts organizations with financial support for administration, exhibits, performances, production, touring exhibitions, and other core programs. Arts Create grants are awarded to arts organizations in six categories: established arts organizations with operating budgets greater than $5 million; those with operating budgets between $1 and $5 million; and those with budgets between $50,000 and $1 million; established minority arts organizations with budgets of at least $50,000; local arts organizations; and local arts organizations for subgranting purposes. Awards typically range from $6,000 to $25,000, with an equal match required.

The Arts Respond program includes project support grants and provides financial support for specific projects proposed by the grantee. Arts Respond grants are awarded in five categories based on the state's priorities: economic development, education, health and human services, natural resources and agriculture, and public safety and criminal justice. Economic development grants are awarded to projects that focus on job growth or cultural tourism, such as festivals, fairs, and marketing campaigns. Education project grants are awarded to projects that use art in a K–12 school setting or during the school day. Examples include creative writing workshops, outreach programs targeted at students from low-income families, and teacher resource programs. Health and human services project grants address health-related topics, serve specific populations, or occur in a healthcare or human services setting, such as workshops or outreach programs at hospitals, senior activity centers or women's shelters. Natural resources and agricultural grants support projects relating to ecological or agricultural issues and those which occur in rural counties, such as exhibitions highlighting indigenous and folk arts or environmental topics. Public safety and criminal justice grants address projects that use art to prevent juvenile delinquency and recidivism in youth and adults, including programs for at-risk youth, juvenile offenders, or incarcerated offenders. Arts Respond grants also require a one-to-one match with awards typically ranging from $1,000 to $8,000.

In addition to Arts Create and Arts Respond programs, the agency administers smaller grant programs, such as Arts Respond Performance Support and Young Masters. Arts Respond Performance Support grants assist organizations with providing for the fees of artists or companies on the TCA Touring Artists and Companies Roster to perform or present at events, including those for schools and school districts. The TCA Touring Artists and Companies Roster is a roster of Texas-based artists and companies willing to perform outside their community on a regular basis that maintain reasonable artistic fees for performances. The Young Masters program awards scholarships to eighth to twelfth grade students to develop their skills in their chosen arts discipline. The agency also awards grants from other funding sources—including those from NEA or private donors—for various purposes or initiatives, including Poetry Out Loud, a poetry recitation competition for high school students.

To promote effective grant distribution, agency staff consults with grant recipients on grant-writing procedures and presents workshops and seminars on issues of particular relevance to applicants. Agency staff also conduct site visits of grant recipients to monitor and evaluate the use of grant funds. In July 1997, the agency initiated TCAnet, a website that links arts information and services throughout the state. In addition, TCAnet provides online technical assistance, an online grant application system, and online evaluation report forms.

In fiscal year 2009, the agency received an estimated 1,462 applications requesting over $11.8 million in grants; of these amounts, the agency awarded $3.4 million to 1,376 applicants. In fiscal year 2010, the agency estimates it will process 1,200 grant applications and distribute $6 million in grant awards, an increase of $2.6 million or 77 percent from the previous fiscal year. These amounts include one-time grants awarded from NEA that use ARRA funding.

CULTURAL TOURISM AND MARKETING

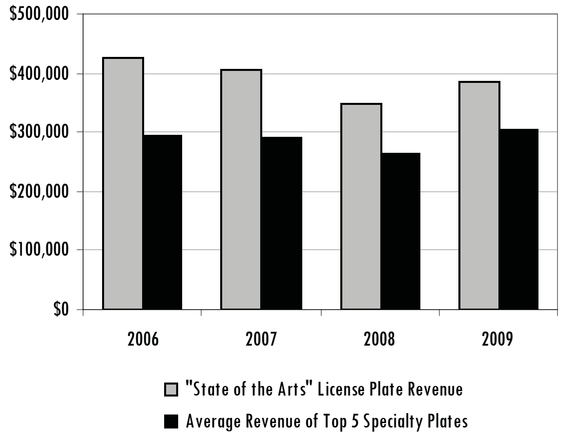
TCA also promotes cultural performance and art exhibitions to Texas residents and visitors. By doing this promotion, the agency assists with economic development by increasing the number of visitors to various regions of the state. TCA works under a memorandum of understanding with the Texas Economic Development Tourism Office within the Office of the Governor, the Texas Department of Transportation, the Texas Parks and Wildlife Department, and the Texas Historical Commission to achieve this objective. Along with grants, the agency helps create and sustain arts venues and performances that are attractive tourist destinations through workshops, seminars, and promotional and marketing programs. The agency instituted the Cultural Districts Designation program to designate areas within cities as cultural districts. This program recognizes areas with a concentration of arts and cultural venues and markets these areas as cultural tourist destinations. Through the Texas Originals program, the agency promotes Texas' arts and crafts heritage by marketing crafts such as pottery, furniture, jewelry, and textiles, produced by featured Texas artisans.

The agency also supports cultural tourism through its website by providing access to information on cultural tourism development and support. TCA's *Tools for Results Toolkit* contains information on a number of development topics for arts and cultural organizations, such as marketing and fundraising. The agency also hosts the *Art on Art* blog, which provides information on arts and cultural events throughout the state for both the public and arts organizations.

"STATE OF THE ARTS" LICENSE PLATE

In 1993, the Seventy-third Legislature authorized the "State of the Arts" license plate, a specialty license plate promoting the arts in Texas and creating a revenue source for the agency. Revenue received from the sale of these license plates is deposited into the Commission on the Arts Operating Account (General Revenue–Dedicated Funds), which the agency uses for operations and grants. Since the license plate became available for purchase in 1995, it remains a top-selling state specialty plate. In fiscal year 2009, the "State of the Arts" license plate generated $384,930 in revenue and is expected to generate approximately $200,000 in fiscal year 2010. **Figure 85** compares revenue generated by the "State of the Arts" license plate to the average top sales of other plates from fiscal years 2006 to 2009.

FIGURE 85
"STATE OF THE ARTS" LICENSE PLATE REVENUE
FISCAL YEARS 2006 TO 2009



SOURCE: Legislative Budget Board.

SIGNIFICANT LEGISLATION

House Bill 2242, enacted by the Eighty-first Legislature, Regular Session 2009, abolishes the Texas Cultural Endowment Fund (CEF), a trust fund outside the State Treasury, which was established in 1993 by the Seventy-third Legislature to provide a sustaining funding source for TCA. The CEF is primarily composed of legislative appropriations from previous biennia and private donations. As required by the legislation, all private donations subject to donor restrictions deposited to the CEF will be returned to donors along with any interest and income earnings generated by those donations. The remaining funds in the CEF, estimated to be $5.4 million, will be transferred to the Commission on the Arts Operating Account and are appropriated for the agency to award Arts Create grants in fiscal years 2010 and 2011.

OFFICE OF THE ATTORNEY GENERAL

The Office of the Attorney General (OAG), established in 1876 as an elective office by Article IV, Sec. 1, of the Texas Constitution, defends the Constitution and laws of the State of Texas and serves as the legal counsel to the Governor, the Legislature, and the more than 250 state agencies, commissions, and institutions of higher education. OAG, through agency staff, also represents the state in civil and criminal cases in federal appellate courts, issues advisory opinions in response to inquiries from certain state officials, and investigates and approves public bond issuances. The agency also may assist local jurisdictions with prosecution of criminal cases or pursue prosecution of certain cases with local prosecutors' consent.

OAG is also responsible for consumer protection, investigation of Internet crimes against children, the state's child support program, victims' compensation payment program, and investigation of Medicaid fraud. In its role as the state agency responsible for the child support program, the agency provides services to custodial parents in obtaining child support for their children, enforces state and federal child support laws and regulations, and collects and distributes child support payments. As the state agency responsible for the victim services payment program, OAG administers the Compensation to Victims of Crime Fund and assists eligible victims in paying for medical and counseling bills incurred due to acts of violent crime. In its capacity as an investigatory agency related to Medicaid fraud, the agency reviews allegations of fraud against Medicaid providers.

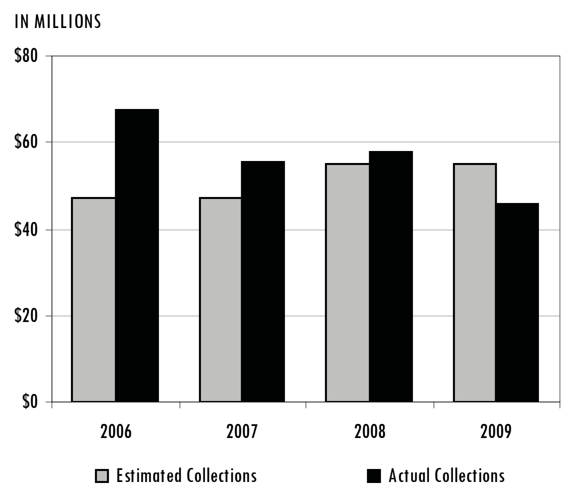
Appropriations for the 2010–11 biennium total $1,019.7 million and provide for 4,213.6 full-time-equivalent (FTE) positions. The appropriations include $546.4 million in General Revenue Funds and General Revenue–Dedicated Funds, or approximately 54 percent. These amounts include $37.4 million in Federal Funds provided through the Federal American Recovery and Reinvestment Act of 2009 (ARRA), which includes an increase of $27.3 million for the agency's child support program offset by a decrease of $27.3 million in General Revenue Funds due to the temporary reversal of the 2005 Federal Deficit Reduction Act related to using child support incentive payments to receive matching Federal Funds; an increase of $7.8 million for the Crime Victims Compensation program; and $2.3 million for investigation of Internet crimes against children.

LEGAL SERVICES

As the state's legal counsel, OAG provides a wide array of legal and investigatory services. The agency defends state officials and agencies in lawsuits, provides general counsel upon request, issues opinions interpreting state law, rules on public information requests made to and disputed by governmental bodies, and approves bond issuances for state agencies and other political subdivisions of the state. OAG also investigates and prosecutes violations of anti-trust activities; banking and securities activities; environmental protection activities; labor, agriculture, and housing activities; and health and safety codes. The agency operates seven regional legal offices, located in Austin, Dallas, El Paso, Houston, Lubbock, McAllen, and San Antonio. Appropriations for the legal services function total $168.6 million for the biennium and provide for 1,066.6 FTE positions.

OAG is responsible for collecting certain delinquent judgments and debts owed the state. The agency receives a portion of the delinquent funds that it collects and utilizes those funds for financing administrative and legal operations. For fiscal years 2006 to 2009, the agency estimated collections of approximately $214 million and collected $226.7 million. For fiscal year 2010, the agency is estimating collection of approximately $55 million, a decrease from past collections which, according to the agency, can be attributed to the downturn in the economy. **Figure 86** shows the estimated and actual collections for fiscal years 2006 to 2009.

FIGURE 86
DEBT COLLECTIONS
FISCAL YEARS 2006 TO 2009



SOURCE: Office of the Attorney General.

In fiscal year 2003, the agency established the Cyber Crimes Unit, responsible for investigation of Internet crimes against children. Law enforcement officers, posing as children in Internet chat rooms and social networking sites, actively seek out child predators that victimize children by soliciting sex online. In addition, the agency investigates individuals who create, share, and distribute images of child sexual violence and exploitation. Since the unit's inception, law enforcement officers within the agency conducted more than 110 arrests of individuals who solicited sex online from persons they believed to be children and assisted in more than 100 convictions for distribution or possession of child pornography. The unit also provides information and training to law enforcement agencies around the state; various interest groups; school administrators; students; and the public in regards to child exploitation crimes and cyber safety.

Consumer protection and education is also an important role for the agency. OAG files civil lawsuits against companies in violation of the state Deceptive Trade Practices Act and other consumer protection laws. Agency staff also receive and process consumer complaints into a company's business practices, which may result in lawsuits filed on behalf of the state. These lawsuits are not filed on behalf of individual complainants, but rather to enforce state law and the public good. However, some legal actions do produce restitution for individual consumers and information and complaints from individuals is vital for the agency to protect the public from fraudulent companies. The agency also provides public awareness by posting consumer rights and common scams on its website and offers information on a wide range of consumer issues.

CHILD SUPPORT PROGRAM

OAG is the state agency responsible for the Child Support Enforcement Program, as provided in Title IV-D of the federal Social Security Act, and provides services that locate delinquent parents, establish paternity and court-ordered support obligations, and enforce collection of established support obligations. These activities are supported by state funds, which are matched by federal funds. The Legislature appropriated $522.5 million and 2,735.5 FTE positions for the 2010–11 biennium for child support enforcement activities.

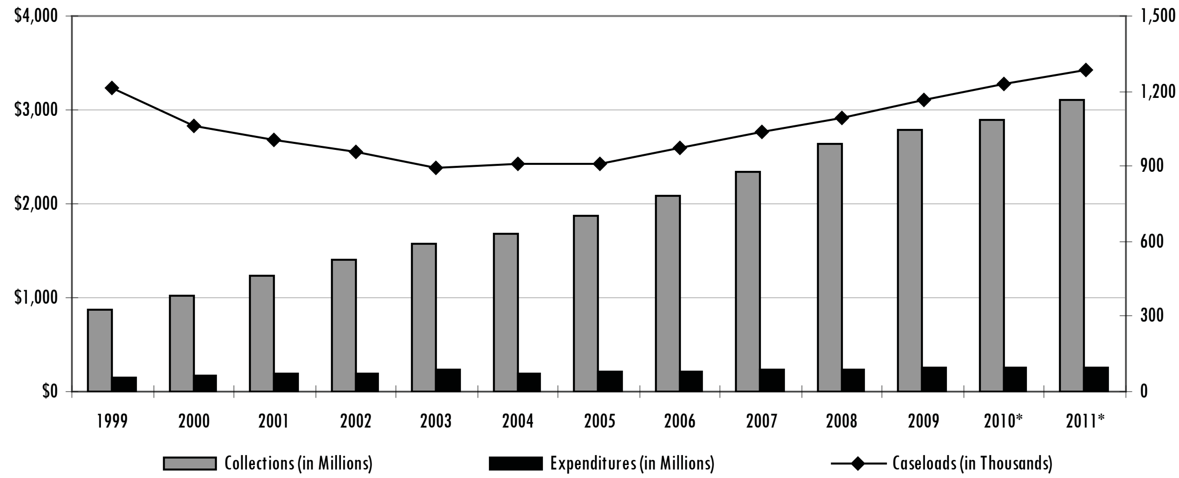
Over 83 percent of child support cases filed with the agency obtain child support orders, one of the highest ratios in the nation for state child support programs. As a result, the agency is focusing greater resources on enforcement of child support orders, as opposed to establishing paternity and court ordered support obligations. In fiscal year 2007, the agency collected $2.3 billion in child support payments and, as a result of increased efforts on collection, is projecting to reach $3.1 billion in fiscal year 2011. Child support operations are conducted in nine regional offices which operate in Austin, Dallas, El Paso, Fort Worth, Houston, Lubbock, McAllen, San Antonio, and Tyler; each region is served by a call center to respond to inquiries from custodial parents and child support obligors. In addition, over 2,100 agency staff members directly serve child support customers through 66 field offices around the state. **Figure 87** shows the child-support enforcement expenditures, collections, and caseloads for fiscal years 1999 to 2011. San Antonio is also the location of the State Disbursement Unit (SDU). The SDU, which is required by federal welfare reform legislation passed in 1996, provides a central location for employers to send child support payments that are withheld from employees' paychecks. Since 2001, the SDU has operated in San Antonio through a contract with a private vendor. The appropriation for the 2010–11 biennium totals $33.5 million. OAG projects that the SDU will process over 37 million payments during the biennium.

CRIME VICTIMS' SERVICES

OAG administers several programs designed to assist victims of crime, which includes crime victims' compensation, grants to state and local programs that assist victims, and programs that address confidentiality for victims of family violence, stalking, and sexual assault. Much of the funding for these programs comes from the Compensation to Victims of Crime Fund, which is constitutionally dedicated to provide payments and services to crime victims. Revenues, which come from court costs assessed against persons convicted of felonies and certain misdemeanors, are collected in municipal and county treasuries and deposited in the State Treasury.

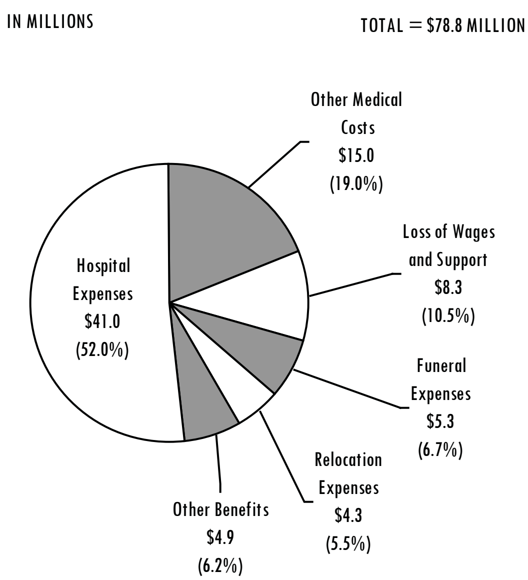
The largest of the OAG victims' assistance programs is the Crime Victims' Compensation Program. The program pays for a variety of expenses ranging from medical expenses to loss of wages incurred by victims of violent crimes. Appropriations for the 2010–11 biennium for the Crime Victims' Compensation Program total $173.8 million in All Funds and include 139.9 FTE positions. The program is expected to pay out more than $149.9 million in compensation during the biennium. **Figure 88** shows the distribution of fiscal year 2009 awards among various categories. **Figure 89** shows the trend in compensation awarded and the trend in the number of victims receiving awards. **Figure 90** shows the

FIGURE 87
CHILD SUPPORT ENFORCEMENT
FISCAL YEARS 1999 TO 2011



*Estimated.
SOURCE: Office of the Attorney General.

FIGURE 88
CRIME VICTIMS' FUND AWARDS
FISCAL YEAR 2009



NOTE: Totals may not sum due to rounding.
SOURCE: Office of the Attorney General.

distribution of the Compensation to Victims of Crime appropriations among agencies receiving an appropriation during the 2010–11 biennium.

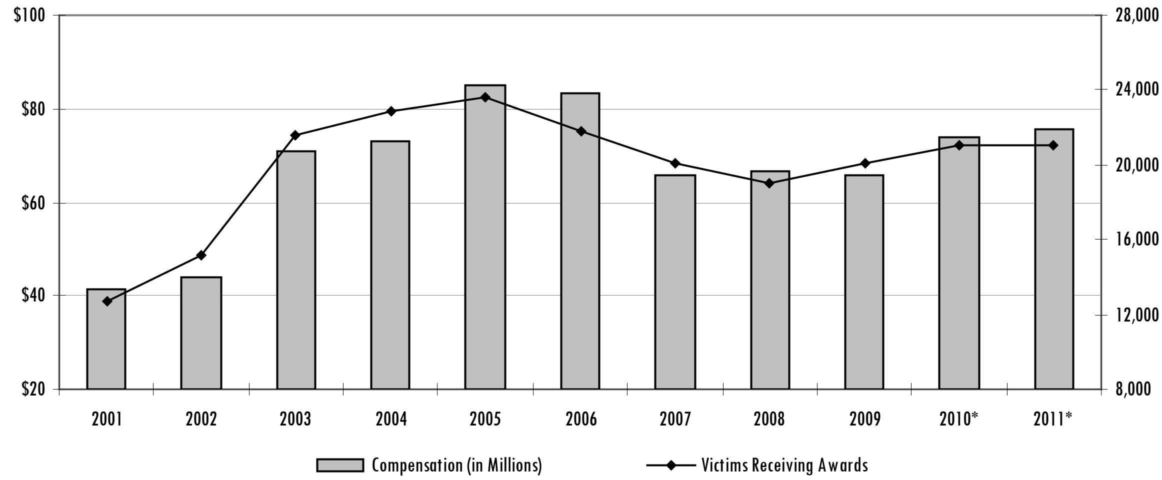
OAG is appropriated funds to make grants to local programs that assist sexual assault victims, train sexual assault nurse examiners, and help local governments cover the costs of victims' assistance coordinators. In addition, the agency contracts with the Court Appointed Special Advocate (CASA) Program, which provides volunteer guardian assistance to abused and neglected children, and with Children's Advocacy Centers, which provide services to victims of child abuse. Grants are available to local organizations that provide legal services to crime victims and to other organizations in the state that assist crime victims.

The agency also administers an address confidentiality program for victims of family violence, stalking, and sexual assault. This program, started in fiscal year 2008, assists victims by keeping their actual addresses confidential. The Texas Address Confidentiality Program (ACP) provides a substitute address and mail forwarding service for these victims and members of their household. Applicants in the ACP must meet with a local domestic violence shelter, sexual assault center, or law enforcement staff member to discuss a safety plan and enroll in the program. Funding for these various grants, contracts, and programs total approximately $89 million for the 2010–11 biennium.

MEDICAID FRAUD INVESTIGATION

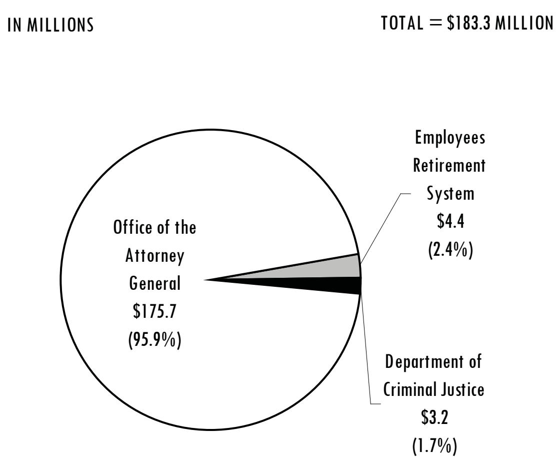
OAG is the agency responsible for conducting a statewide program of criminal Medicaid fraud investigation. This responsibility includes referring for prosecution all

FIGURE 89
CRIME VICTIMS' COMPENSATION PROGRAM
FISCAL YEARS 2001 TO 2011



*Projected.
SOURCE: Office of the Attorney General.

FIGURE 90
COMPENSATION TO VICTIMS OF CRIME APPROPRIATIONS TO ALL STATE AGENCIES
2010–11 BIENNIUM



NOTE: Funding to Office of the Attorney General is for Grants, Victim Compensation Program, and Administrative Costs; funding to Employees Retirement System is for Public Safety Officer Death Benefits; and funding to Department of Criminal Justice is for Victim Services Coordination.
SOURCE: Legislative Budget Board.

violations of laws pertaining to fraud or misconduct in the administration of the Texas Medicaid Program and identifying overpayments obtained through fraudulent provider activity. OAG is appropriated $29.8 million and 218.3 FTE positions for the 2010–11 biennium for Medicaid fraud investigation. The agency anticipates identifying overpayments totaling $62.9 million in each fiscal year of the biennium.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 865, which requires OAG to develop and implement a statewide program to address the healthcare needs of children in the child support program when private insurance is otherwise not available at reasonable cost. The legislation further directs the agency to maximize private and federal funding and to contract with a vendor to administer the program. The agency anticipates enrolling children into this program by August of 2010.

BOND REVIEW BOARD

The Bond Review Board (BRB) was established in 1987 to review and approve the issuance and refundings of all state debt and lease-purchase projects proposed by state agencies and universities with a principal amount greater than $250,000 or a term longer than five years. The agency is governed by a board of directors composed of the Governor as Chairman, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller of Public Accounts, or their respective designees.

BRB's mission is to ensure debt financing is used prudently to meet Texas' infrastructure needs and other public purposes; to support and enhance the debt issuance and debt management functions of state and local entities; and to administer the state's Private Activity Bond Program. Appropriations for the 2010–11 biennium total $1.2 million in General Revenue Funds and provide for 9.5 full-time-equivalent positions.

The agency carries out its responsibilities through three major functions: (1) protecting Texas' bond rating; (2) providing local government bond debt support; and (3) administration of Private Activity Bonds.

BOND RATING PROTECTION

BRB works to ensure that Texas state bonds attain the highest possible rating and are issued in the most cost-effective manner. Agency initiatives to accomplish this include the creation of debt issuing guidelines, review of state debt issuance, and statewide capital planning. The agency verifies the legal authorization for all bond issues proposed by state agencies and educational institutions and evaluates the proposed use of the proceeds, investment provisions, debt-administration provisions, market conditions for timing the sale of the bonds, and issuance costs. In addition, the agency studies economic and financial conditions and trends, the outlook for the U.S. economy, and developments in national and world credit markets.

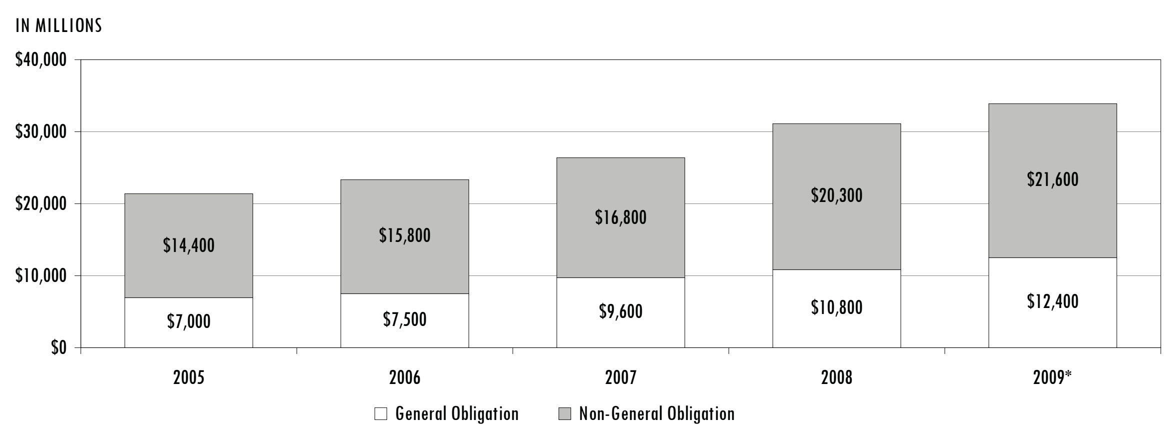
BRB staff produce reports for the Legislature, local public officials, investors, rating agencies, and other interested parties. These reports provide information on Texas' debt burden and credit-worthiness and include recommendations to ensure cost-effective capital financing practices to raise the state's bond rating and lower its borrowing costs. During fiscal year 2009, the agency reviewed 44 proposed bond applications and six lease-purchase agreements to ensure proper legal authorization, accurate and adequate disclosure, appropriate use of call provisions, bond insurance, and other provisions of the projects.

BRB is required to submit a biennial report to the Legislature on state and local debt burdens and the aggregate impact of all recommended state debt issuance on the state's debt burden. **Figure 91** shows the state's total outstanding debt in bonds for fiscal years 2005 to 2009, including both General Obligation (GO) bonds, which are legally backed by the full faith and credit of the state, and non-GO bonds.

CONSTITUTIONAL DEBT LIMIT

The Texas Constitution limits the authorization of additional state debt if the percentage of debt service payable from

FIGURE 91
OUTSTANDING BOND DEBT FOR ALL STATE AGENCIES AND UNIVERSITIES
FISCAL YEARS 2005 TO 2009



*Estimated.
Source: Bond Review Board.

General Revenue Funds in any fiscal year exceeds 5 percent of the average annual unrestricted General Revenue Fund revenues from the previous three fiscal years. Unrestricted General Revenue Funds are the amount of funds available after constitutional allocations and other restrictions. As part of the agency's annual report, BRB calculates two constitutional debt limit (CDL) ratios to track where the state stands in relation to this debt limit. **Figure 92** shows these calculations for fiscal years 2007 and 2008, and estimated for fiscal year 2009. The first debt ratio applies to outstanding or issued debt, and as of the end of fiscal year 2009, the issued debt ratio is 1.22 percent, which is a decrease from the fiscal year 2008 limit of 1.30 percent. The second debt ratio includes both issued and projected debt for authorized but unissued debt. BRB reports that, for this second ratio, the state is at 4.09 percent of unrestricted General Revenue Funds for the end of fiscal year 2009, which is essentially no change from fiscal year 2008. Any significant increase or decrease of the following components will affect the CDL ratio: the amount of GO bond debt authorized by voters; the three-year average of unrestricted General Revenue Fund revenues; and interest rates on issued bond debt.

An additional tool used by the agency to achieve its goal to protect the state's bond rating is the annual Debt Affordability Study (DAS). The DAS provides the current debt position of the state and estimates the state's debt burden and in particular, not self-supporting debt. Not self-supporting debt primarily relies on General Revenue Funds and does not have a designated revenue source to repay the debt. The DAS calculates five debt burden ratios, including "Debt Service as a Percent of Unrestricted Revenues." **Figure 93** shows this ratio is expected to reach 2.47 percent by the end of fiscal year 2011.

FIGURE 92
CONSTITUTIONAL DEBT LIMIT

DATE	OUTSTANDING OR ISSUED DEBT	ISSUED AND AUTHORIZED BUT UNISSUED DEBT
As of August 31, 2007	1.32%	1.82%
As of August 31, 2008	1.30%	4.09%
As of August 31, 2009	1.22%	4.09%

SOURCE: Bond Review Board.

LOCAL BOND DEBT

The agency ensures that local public officials have access to current information regarding debt issuance, finance, and debt management. Beginning in 1995, the Legislature authorized the Office of the Attorney General to collect information on more than 4,000 bond-issuing entities in the state and to forward the information to BRB. The agency analyzes the information to ensure reporting accuracy, prepares detailed fiscal year-end reports on tax-supported and revenue debt outstanding that include debt trends and debt ratios (debt to assessed value, debt per capita, debt per student), and provides its findings to bond-issuing entities and state officials. During fiscal year 2009, the agency analyzed 1,137 local government financings.

BRB is available to provide technical assistance to school districts entering into bonded indebtedness or lease-purchase agreements. Information related to the cost and structure of debt transactions is available on the agency's website as well as through agency staff to assist school districts that issue some form of debt. Additionally, agency staff are available in the exhibitor area at each year's annual conference of the Texas Association of School Business Officials to maintain visibility and availability of information. Out of 1,026 school districts with taxing authority, 251 districts issued debt in fiscal year 2008 and 207 districts issued debt in fiscal year 2009.

PRIVATE ACTIVITY BONDS

The Private Activity Bond (PAB) Program is a federal program, authorized by the Federal Tax Reform Act of 1986. It regulates the amount of tax-exempt bonds that may be issued in the state and restricts the type of privately owned, public-use projects that may take advantage of this tax-exempt financing authority. The agency must ensure that issuance of tax-exempt bonds by public and private entities is consistent with federal law and is in the best interest of Texas citizens.

BRB administers the Private Activity Bond Program, regulates the "state ceiling" for issuance of tax-exempt bonds, and monitors the amount of demand for and the use of private activity bonds each year. (The state ceiling is a per capita amount based upon the most recent census estimates of the resident population of the state published by the U.S. Census Bureau.) Federal law imposes a "volume ceiling" (an amount based on a state's annual population census) on the aggregate principal amount of tax-exempt private activity bonds that may be issued within each state during any calendar year.

FIGURE 93
DEBT SERVICE AS A PERCENTAGE OF STATE UNRESTRICTED REVENUES
FISCAL YEARS 2002 TO 2011

*Estimated
SOURCE: Legislative Budget Board.

Total issuance authority for private activity bonds is derived from a federal formula that, for calendar year 2009, is set at a ceiling of $90 per capita and indexed for inflation; Texas' state ceiling totaled $2.19 billion for 2009.

Public and private entities in Texas are authorized to issue the following types of tax-exempt bonds: mortgage revenue bonds; small-issue industrial development bonds; certain state-voted bond issues; student loan bonds; and bonds for various exempt facilities, such as residential rental projects, sewage facilities, solid waste disposal facilities, and hazardous waste disposal facilities. According to the U.S. Census Bureau, Texas has the second largest state ceiling in the nation, second only to California.

Using the categories of bonds eligible under the program, the state divides its ceiling into several categories (or subceilings) that receive annual allocations, or set-asides, based on percentages established by state law. **Figure 94** shows the subceiling authorizations for the Private Activity Bond Program for calendar years 2007 to 2009 and the actual allocations made in each subceiling. Eligible entities may apply for private activity bonds and receive authorization (i.e., reservations) based on a lottery system beginning in October of each year.

Additionally, as a result of the federal Housing and Economic Recovery Act of 2008 (HERA), the amount of volume cap available to Texas increased by $748 million for the exclusive use of single-family and multi-family housing issuers. HERA is a one-time increase and must be used by the end of calendar year 2010. BRB allocated approximately $730 million of this cap to eligible entities as of calendar year 2008.

OTHER TAX-EXEMPT BONDING AUTHORITY

The Eighty-first Legislature, 2009, enacted Senate Bill 2064 in the Regular Session, which expanded BRB's authority to administer any current or future tax-exempt bonding programs established by federal legislation such as the Heartland Disaster Tax Relief Act (HDTRA) of 2008, the American Recovery and Reinvestment Act of 2009 (ARRA), and HERA.

HDTRA provided $1.9 billion in tax-exempt bonding authority for the 34 Texas counties declared by the Governor as disaster areas as a result of Hurricane Ike. HDTRA authority can be used for private business use in disaster areas to replace or rebuild a business destroyed by Hurricane Ike. BRB will begin to allocate this authority in fiscal year 2010, which expires December 31, 2012.

ARRA funding provided new bond programs that may affect Texas and could be administered by BRB, specifically the Recovery Zone Economic Development Bond (RZEDB) program and the Recovery Zone Facility Bond (RZFB) program.

The RZEDB program authorizes $10 billion in direct subsidy bonds nationwide that may be issued in calendar years 2009 and 2010 by counties and large municipalities with a

FIGURE 94
PRIVATE ACTIVITY BOND SUBCEILING AUTHORIZATIONS AND ALLOCATIONS
CALENDAR YEARS 2007 TO 2009

STATUTORY SUBCEILING REQUIREMENT	2007 STATUTORY SET-ASIDE	2008 STATUTORY SET-ASIDE	2009 STATUTORY SET-ASIDE
Single-family housing	28.0%	28.0%	28.0%
State-voted constitutional amendments	8.0%	8.0%	8.0%
Small-issue industrial development bonds and empowerment zones	2.0%	2.0%	2.0%
Multifamily housing	22.0%	22.0%	22.0%
Student loan bonds	10.5%	10.5%	10.5%
All other issues	29.5%	29.5%	29.5%
TOTAL AUTHORITY AVAILABLE FOR ALL SUBCEILINGS (IN MILLIONS)	**$1,998.2**	**$2,031.9**	**$2,189.4**

Source: Bond Review Board.

population in excess of 100,000 to promote economic activity in a recovery zone. RZEDBs provide the issuer a federal subsidy payment in an amount equal to 45 percent of interest payable on the bonds. Out of this $10 billion in volume cap, Texas is allocated the minimum of $90 million to be spread across 16 large municipalities and 52 counties. A qualified economic development purpose includes expenditures that promote development or economic activity such as capital expenditures to property located in a recovery zone; public infrastructure and construction of public facilities; and job training and educational programs. A recovery zone is any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress; any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990; and any area designated under federal law as an empowerment zone.

The RZFB program provides a new category of tax-exempt private activity bonds. The RZFB program authorizes $15 billion in volume cap that may be issued in calendar years 2009 and 2010 by counties and large municipalities to finance eligible facilities for the benefit of private businesses in recovery zones mentioned above. Texas is allocated the minimum of $135 million in private activity bond volume cap spread across 16 large municipalities and 52 counties.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 2064, which authorizes an increase of the per project reservation limits for single family housing projects from $25 million to $40 million and multi-family housing projects from $15 million to $20 million applicable to the Private Activity Bond program. Provisions of the legislation also remove the set-aside for the Texas Agricultural Finance Authority and reduce the utilization penalty for single-family issuers.

CANCER PREVENTION AND RESEARCH INSTITUTE

The Cancer Prevention and Research Institute (CPRIT) is the successor to the Cancer Council and was established with the passage and ratification by voters of a constitutional amendment (House Joint Resolution 90, Eightieth Legislature, 2007). In addition to establishing the Institute, the amendment authorized the issuance of up to $3 billion in General Obligation bonds over a 10-year period to fund grants for cancer prevention and research, particularly research that improves clinical treatment or prevention of cancers. The Institute is governed by the CPRIT Oversight Committee which consists of 11 members composed of three appointees each from the Governor, Lieutenant Governor, and Speaker of the House of Representatives, who serve staggered six-year terms and may include cancer survivors and family members of cancer patients. In addition, both the Comptroller and Attorney General, or their respective designees, are members of the Oversight Committee.

Total appropriations to CPRIT for the 2010–11 biennium are approximately $450 million, and consist almost entirely of General Obligation bond proceeds authorized by Texas voters in November 2007. However, from these appropriations, CPRIT was directed to transfer approximately $1.9 million in bond proceeds to the Department of State Health Services to enhance the infrastructure of the cancer registry. The cancer registry is a statewide population-based registry that serves as the foundation for measuring the Texas cancer burden, comprehensive cancer control efforts, health disparities, progress in prevention, diagnosis, treatment and survivorship, as well as supports a wide variety of cancer-related research. CPRIT also receives revenue generated through the sale of the Texans Conquer Cancer license plate and during the 2010–11 biennium, it is projected that approximately $42,000 in license plates revenue will be deposited to the Cancer Prevention and Research Fund (General Revenue–Dedicated Funds) to support nonprofit organizations in Texas that provide services to cancer patients. CPRIT is authorized 36 full-time-equivalent positions each fiscal year of the 2010–11 biennium.

Each year, cancer costs Texas $22 billion in medical expenses and lost productivity. According to the American Cancer Society, for 2009 an estimated 36,000 Texans will die from cancer, and 98,000 new cancer cases will be diagnosed. Cancer is the second leading cause of death among Texans, causing one out of every four deaths. The mission of the Cancer Prevention and Research Institute is to create and expedite innovation in the area of cancer research and to enhance the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer; attract, create, or expand research capabilities of public or private institutions of higher education and other public or private entities that promote substantial increases in cancer research and in the creation of high-quality new jobs in Texas; and develop and implement the Texas Cancer Plan. CPRIT primarily accomplishes its directives by providing grants for cancer prevention and research.

CANCER PLAN

The *Texas Cancer Plan* serves several roles including functioning as a statewide blueprint for cancer prevention and control; a consensus-based, strategic document for public and private sector cancer control programs; and a planned evidence-based approach to reducing the cancer burden in Texas. The plan establishes several goals to help state and local communities, cancer experts, and medical professionals address cancer prevention and control issues in Texas: distribution of cancer prevention information services; early detection and treatment; professional education and practice; cancer data acquisition and utilization; and survivorship.

GRANT PROGRAMS

Grant applications for cancer research and prevention projects are reviewed and evaluated by the Scientific Research and Prevention Programs committees, which subsequently recommend eligible grant awards to the executive director. Unless overturned by a two-thirds vote, the oversight committee accepts the executive director's priority listing of grant awards. Eligible research and prevention grant recipients must be a Texas-based entity, including a public or private institution of higher education; academic health institution; university; government organization; non-governmental organization; other public or private company; or an individual residing in or relocating to Texas upon receipt of grant awards. Grants are made in various amounts and over multi-year periods as shown in **Figure 95** and **Figure 96**.

CANCER RESEARCH GRANTS

Cancer research grants provide financial support for research topics or issues related to cancer biology, causation, prevention, detection or screening, treatment or cure. Funded projects should directly or indirectly benefit subsequent cancer research efforts, cancer public health policy, or the

FIGURE 95
CANCER RESEARCH GRANTS
2010–11 BIENNIUM

TYPE	PURPOSE	MAXIMUM GRANT AWARD
Individual Investigator Research	Proposals that will significantly advance knowledge of the causes, prevention and/or treatment of cancer.	$1 million annually for 4 years
High Impact/High Risk Research	Short-term, high-impact /high-risk projects that are innovative, developmental or exploratory in targeting new avenues of cancer research.	$200,000 over a 2-year period
Recruitment of First-time, Tenure-track Faculty Members	Support emerging investigators able to make contributions to the field of cancer research, promote inquiry into new areas, foster collaboration and stimulate growth in the field.	$2 million over a 4-year period
Rising Stars	Recruitment of investigators to Texas who are at a relatively early stage in their cancer research careers.	$4.5 million over a 5-year period
Established Investigators	Recruitment of senior research faculty with established cancer research programs to academic institutions of Texas.	No maximum award up to 5 years
Multi-investigator Research	Supports creation of integrated programs of collaborative and cross-disciplinary research among multiple investigators.	No maximum award up to 5 years

Source: Cancer Prevention and Research Institute.

FIGURE 96
CANCER PREVENTION GRANTS
2010–11 BIENNIUM

TYPE	PURPOSE	MAXIMUM GRANT AWARD
Evidence-based Prevention Programs and Services	Services geared toward prevention and reduction of the risk of cancer, early detection, and improving the quality of life of cancer patients.	$1 million for up to 24 months
Health Promotion, Public Education, and Outreach Programs	Education and outreach programs that demonstrate change in behaviors that prevent or reduce the risk of cancer.	$300,000 over a 24-month period
Patient Support Services	Services (e.g., transportation, lodging, grocery assistance) to support cancer patients in Texas.	Dependent on revenue generated from sale of Texans Conquer Cancer license plates

Source: Cancer Prevention and Research Institute.

continuum of cancer care from prevention to treatment and cure. Appropriations for cancer research grants total $389.2 million for the 2010–11 biennium out of bond proceeds and support the cancer research initiatives shown in **Figure 95**.

CANCER PREVENTION GRANTS

Cancer prevention grants should demonstrate an impact on the incidence, mortality or morbidity of cancer, and should impact personal behaviors leading to prevention, risk reduction, early detection of cancer and improve the quality of life for survivors. Appropriations for cancer prevention grants total $43.5 million for the 2010–11 biennium primarily from bond proceeds, including $42,000 in General Revenue–Dedicated Funds (Cancer Prevention and Research Fund) for the cancer prevention grant programs shown in **Figure 96**.

In addition to the cancer prevention grant programs identified above, the CPRIT is considering development of additional requests for proposals relating to collaboration, professional education, and innovation awards.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 1358, which authorizes salary supplements for the executive director and other senior agency staff members out of legislative appropriations, gifts, grants, and donations; extends the terms for oversight committee members from four-year to six-year staggered terms; allows the executive director to appoint research and prevention programs committees; and authorizes the creation of the University Advisory Committee and an ad hoc committee on childhood cancers.

COMPTROLLER OF PUBLIC ACCOUNTS AND FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER

COMPTROLLER OF PUBLIC ACCOUNTS

The elective office of Comptroller of Public Accounts was established in 1850 by the Texas Constitution and serves as the state's chief fiscal officer responsible for regulating and collecting taxes and fees. The Comptroller serves as the chief revenue-forecasting officer and reports the state's financial condition to the Legislature at the end of each fiscal year and provides estimates of revenue for the coming year. As a state agency, the Comptroller of Public Accounts' (CPA) mission is to serve the people of Texas by applying tax and fiscal laws fairly and consistently while improving services to taxpayers through innovative management and technology at the least cost to the taxpayer.

Appropriations for the 2010–11 biennium total $464.4 million, which provides for 3151.6 full-time-equivalent positions each fiscal year. This amount includes $460.4 million in General Revenue Funds, or 99 percent of the total appropriation.

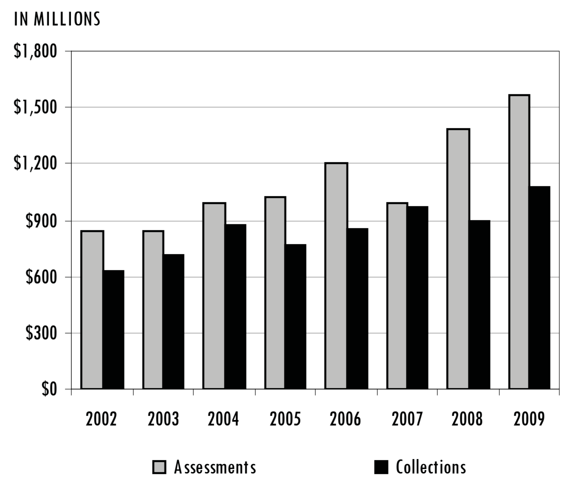
To carry out its primary functions, the agency has three goals: (1) Compliance with Tax Laws; (2) Manage Fiscal Affairs; and (3) Tax and Financial Information Technology. All of these goals are instrumental in obtaining fair tax collection, forecasting revenue, and providing assistance to governmental offices and the taxpayers of the state.

COMPLIANCE WITH TAX LAWS

CPA's principal duty is to administer, enforce, and collect the state's taxes, including the sales, franchise, minerals, crude oil, natural gas, fuels, and motor vehicle sales taxes. CPA also collects and remits local sales taxes on behalf of 1,423 Texas cities and county governments, special districts, and transit authorities. With the Texas population continuing to grow and expand, CPA relies on its field offices in 25 cities throughout the state that allow taxpayers to conduct business readily with the agency. In addition to the agency's field offices within the state, offices are located in New York, Los Angeles, Tulsa, and Chicago to assist in the audit and collection of taxes owed to the state by large national companies.

The agency's tax administration area includes audit, criminal investigation, tax policy, and enforcement functions. The Tax Audit and Enforcement divisions review taxpayer records to determine compliance with sales tax laws, educate taxpayers about tax requirements, and track delinquent taxpayer accounts for collection. In conjunction with the Tax Audit Division, the Criminal Investigations Division detects, investigates, and prosecutes tax-related fraud. As a result of these combined efforts, the agency's delinquent tax collections increased from $610.9 million in fiscal year 2000 to an estimated $1 billion in fiscal year 2009. **Figure 97** shows tax audit assessments (the difference between what the taxpayer owes and what is reported) as compared to delinquent tax collections for fiscal years 2002 to 2009. The agency projects more than $2.5 billion in tax audit assessments and estimates collections of approximately $2.1 billion, or approximately 84 percent, for the 2010–11 biennium.

FIGURE 97
COMPTROLLER OF PUBLIC ACCOUNTS DELINQUENT TAX COLLECTIONS
FISCAL YEARS 2002 TO 2009



SOURCE: Comptroller of Public Accounts.

All divisions in the tax administration area are involved in educating taxpayers, a vital role for the agency, which offers seminars throughout the state four times a year. All taxpayers are encouraged to attend these overviews of the tax responsibilities of buyers, sellers, and service providers. Seminars are also provided for organizations by request. The agency responds to correspondence and telephone inquiries related to tax questions, and handled more than 600,000 calls from taxpayers and issued more than 40,000 responses by mail or email in fiscal year 2009.

MANAGE FISCAL AFFAIRS

The agency's fiscal affairs function includes the Fiscal Integrity Division, the Statewide Fiscal Services Division, the Property Tax Program, Treasury Operations, and Texas Procurement and Support Services. These areas assist the state with financial monitoring, management, reporting, and state procurement and support services.

FISCAL INTEGRITY DIVISION

The Fiscal Integrity Division serves as the primary contact between CPA and accounting and budget personnel at approximately 188 state agencies and institutions of higher education. Division personnel establish and monitor approximately 12,583 appropriations for more than 620 funds in the Uniform Statewide Accounting System each year. During the 2010–11 biennium, the Fiscal Integrity Division plans to conduct 90 post-payment audits of agencies' purchase, travel and payroll expenditures to ensure compliance with the state's laws governing expenditures. The division also analyzes appropriations bills to determine whether the funds appropriated are within the amount of revenue certified to be available. Additionally, the Fiscal Integrity Division prepares the state's Annual Cash Report and the Texas Comprehensive Annual Financial Report.

Along with other CPA divisions, Fiscal Integrity closely monitors the impact of the American Recovery and Reinvestment Act of 2009 (ARRA). The Fiscal Integrity Division coordinates with oversight and other state and federal agencies to provide appropriate transparency and accountability for ARRA funds used by state government. The division provides specific guidance on recording, tracking, and reporting ARRA activity and uses field audits to ensure appropriate processes and policies are in place for required federal reporting and compliance with state policy related to ARRA activities. The "Window on State Government" website offers information on federal stimulus funds coming to Texas and is updated regularly with the latest information on ARRA expenditures by the state.

STATEWIDE FISCAL SERVICES DIVISION

The Statewide Fiscal Services Division processes payments for the State of Texas; establishes payment and claims policy; educates and assists state agencies concerning fiscal issues; and processes and issues payments. Furthermore, the division distributes state payments by warrant and direct deposit; promotes and administers the state's direct deposit program; provides tax information to the public regarding tax payments via telephone, e-mail, and a variety of web-based applications; ensures compliance with statutes that prohibit CPA from issuing a warrant to anyone indebted to the state; and coordinates the annual printing of W2 and 1099 forms for state employees.

PROPERTY TAX PROGRAM

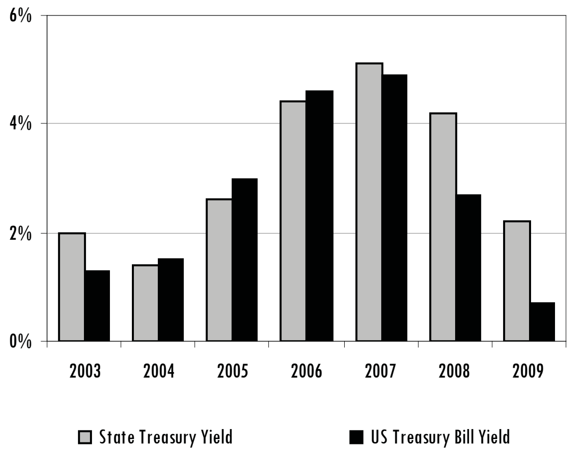
The Property Tax Program prepares the annual Property Value Study, which estimates the taxable value of all property in the state's 1,025 school districts to determine funding allocations. Agency staff, or field appraisers, inspect and appraise properties; verify the condition, description, and terms of properties sold; obtain warranty deed information from county clerks; and collect sales data from multiple listing services, real estate brokers, and fee appraisers. The CPA also develops values for railroads, pipelines, and utility companies, oil and gas properties, and agricultural and timber lands. In fiscal year 2009, the CPA reviewed almost 150,000 properties within the Property Value Study.

TREASURY OPERATIONS

By voter approval, the functions of the State Treasury were integrated into the CPA in 1996, giving the Comptroller authority to protect and manage the Treasury, invest state cash and securities, pay state warrants, and enforce the state's cigarette and tobacco product laws. A primary function of the Treasury Operations Division is to manage and ensure the safety of the state's cash and securities while maximizing the return on investments. In fiscal year 2009, the average treasury portfolio balance was $28.2 billion. This amount includes an average of $617.5 million in state funds deposited at financial institutions throughout the state. More than $567 million in interest was earned from the portfolio balance in fiscal year 2009. **Figure 98** shows the yields on annual State Treasury investments as compared to the U.S. Treasury Bill interest rate yield for fiscal years 2003 to 2009.

The Treasury Operations Division is the custodian of securities owned by participating state agencies for investment or other purposes. Funds are also invested for over 2,200 local governments through TexPool and TexPool Prime, which are managed by the CPA. These programs allow local governments to pool investments and use a contracted vendor to manage those assets. TexPool strives to offer cities, counties, school districts, and other local government entities a safe, efficient, and liquid investment option for local dollars. In fiscal year 2009, TexPool assets averaged more than $19 billion and TexPool Prime assets averaged more than $1.6 billion.

FIGURE 98
AVERAGE YIELD ON STATE FUNDS IN THE STATE TREASURY
FISCAL YEARS 2003 TO 2009



SOURCE: Comptroller of Public Accounts.

The banking and electronic processing function of the Treasury Operations Division ensures that all legitimate warrants are paid expeditiously and that all revenues are deposited within legally required timeframes to maximize interest earnings and minimize collection overhead. In fiscal year 2009, an average of 0.5 million warrants per month were presented for payment, a decrease of approximately 0.3 million from fiscal year 2007. As with past years, this decrease is a result of the continuing shift to electronic payment methods as opposed to issuing traditional paper warrants. Total warrants presented for payment in fiscal year 2009 amounted to approximately $17.8 billion. Also, in fiscal year 2009, the State Treasury received approximately 5.6 million checks worth approximately $5.9 billion and more than 26 million electronic fund transfer/electronic data interchange transactions worth approximately $74.7 billion.

TEXAS PROCUREMENT AND SUPPORT SERVICES DIVISION

CPA is also responsible for statewide procurement and support services duties for state and local government agencies. As the state's purchasing manager, CPA awards and manages hundreds of statewide contracts on behalf of more than 200 state agencies and 1,700 local government agencies. The Texas Procurement and Support Services (TPASS) Division manages the state's procurement and contracting programs and services. TPASS works with state entities and more than 12,000 state vendors and awards hundreds of contracts for goods and services. TPASS duties range from administering the Centralized Master Bidders List to processing hundreds of bid invitations, tabulations and awards for all statewide term, Texas Multiple Award Schedules, or TXMAS, and open market contracts. TPASS also provides a statewide training and certification program for state agencies; a state credit card account for travel and vehicle management; state mail services contract administration; and support for the Statewide Historically Underutilized Business Program.

The Support Services function consists of the State Mail Office and Office of Vehicle Fleet Management.

The State Mail Office supports statewide mail related initiatives such as postage, as well as mail equipment and service reviews to other agencies. The Office of Vehicle Fleet Management is primarily charged with the administration and management of the State Vehicle Fleet Management Plan, which details recommendations for improving the administration and operation of the state's vehicle fleet, and the statewide vehicle data reporting system, which assists agencies in the management of their vehicle fleets.

STATEWIDE FINANCIAL SYSTEMS AND INFORMATION TECHNOLOGY

The Uniform Statewide Accounting System (USAS) integrates the state's accounting, budgeting, and financial reporting responsibilities. The Uniform Statewide Payroll/Personnel System (USPS), Human Resource Information System, and the Standardized Payroll/Personnel Reporting System allow agencies to process payroll and personnel information. The Texas Identification Number System provides a database of information about entities and individual payees who receive payment from the State of Texas. The State Property Accounting System provides a central repository of agency property records. Finally, the Integrated Statewide Administrative System (ISAS) supports the accounting, general ledger, asset management, purchasing, and accounts payable functions of state agencies. To date, nine of the larger state agencies use ISAS, which include the Health and Human Services Commission, the CPA, the Texas Workforce Commission, and the Texas Education Agency. The agency is currently modernizing information technology systems, including USAS, USPS, ISAS, the statewide procurement system, and the State Treasury system. The existing systems use outdated technology and will be replaced by systems that will make it easier for state agencies and local governments to interact and conduct business.

Information technology is also used to improve service and voluntary compliance with tax laws through a variety of automated systems. Those systems include access to self-service options either through the Internet or over automated voice systems, which provides an easy method for taxpayers to register, pay, and file taxes. These systems also improve staff efficiency and reduce the costs associated with handling a large amount of paper tax returns.

Advanced document management systems help staff support a high-volume, paper-intensive, and time-sensitive operation. Instead of manually processing millions of tax returns, documents, and payments, processing occurs through a scanning and imagining system, which allows timely and accurate processing resulting in fewer taxpayer data errors. The Advanced Database System (ADS) enhances state tax collections by identifying entities that appear to have tax responsibility in Texas but do not have permits to operate in the state. By identifying patterns of noncompliance, such as underreporting of taxes, the system maximizes the recovery of tax revenues owed the state. The ADS generated a net revenue gain of $190.5 million in General Revenue Funds during the 2008–09 biennium. The agency estimates that the ADS will enable it to collect $165 million in additional tax revenue during the 2010–11 biennium.

CPA has the responsibility for entering into separate interagency contracts to manage the development and implementation of an Enterprise Resource Planning (ERP) Project with the Health and Human Services Commission, the Texas Department of Transportation, and the Department of Information Resources. CPA is required to adopt standards for implementation and modification of state agency ERP systems; to provide guidance on the scope and budget of the project, the timeline, and the modification of business processes; to coordinate efforts; to manage the contractors working on the systems; and to develop the Request for Proposals. Starting in 2010, the CPA reports annually on the implementation status of each of the ERP projects, including any savings or benefits realized.

TEXAS TOMORROW FUNDS

The Comptroller of Public Accounts (elected position) serves as the presiding officer of the Texas Prepaid Higher Education Tuition Board (board), which administers several college savings programs, including the Texas Guaranteed Tuition Plan (formerly the Texas Tomorrow Fund), which opened for enrollment in January 1996. Under the program, a contract purchaser entered into a prepaid tuition contract with the board under which the purchaser agreed to prepay the tuition and required fees for a beneficiary to attend an institution of higher education, with the future cost of tuition and fees locked in at the current cost. The plan name was changed to the Texas Guaranteed Tuition Plan in 1997 when Texas voters approved a proposition to guarantee the plan with the full faith and credit of the State of Texas. In 2003, Texas public colleges and universities were authorized to set and vary tuition rates to most effectively manage their institutions. That same year, the Legislature authorized the board to suspend new enrollment in the Texas Guaranteed Tuition Plan to protect the actuarial soundness of the fund. The plan was closed to new enrollments in June 2003. Approximately 158,500 contracts were sold.

The Eightieth Legislature, 2007, enacted legislation that established the Texas Tuition Promise Fund, formerly known as the Texas Tomorrow Fund II, a new prepaid tuition plan that allows families to lock in today's rates for tuition and required fees for their children's future by purchasing "units," each of which is worth 1 percent of one year's tuition and required fees. Once a child enters an institution of higher education, the fund uses the principle investment and any returns made on that investment to pay the tuition. A total of 13,027 individuals enrolled in the plan during its initial enrollment period beginning in September 2008 and ending February 2009. A total of $241 million in contracts were sold. For both the Texas Guaranteed Tuition Plan and the Texas Tuition Promise Fund, current audited assets as of August 31, 2009, total more than $2.3 billion.

FISCAL PROGRAMS WITHIN THE OFFICE OF THE COMPTROLLER

FISCAL OPERATIONS

Additional spending authority totaling $1,153.7 million for the 2010–11 biennium, which includes $865.6 million in General Revenue Funds and General Revenue–Dedicated Funds, or 75 percent. These amounts include $284.8 million in Federal Funds provided through the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA funding includes $218.8 million for the energy programs within the agency's State Energy Program; $45.6 million for energy efficiency and conservation grants; and $20.4 million for an appliance rebate program. Appropriations to the agency are used for the following statewide functions and state obligations:

- payments to counties for voter registration costs;
- payment of claims against state agencies;

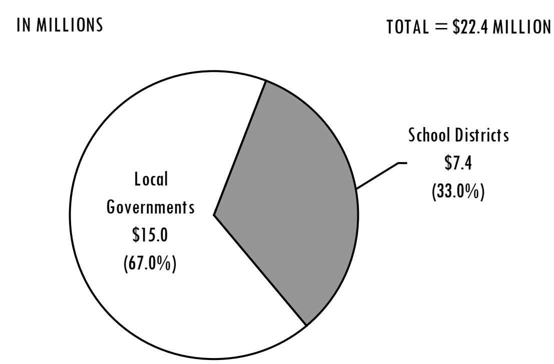
- reimbursement to counties for the cost of commitment hearings under the federal Mentally Retarded Persons Act;
- reimbursement of taxes received under the Texas Alcoholic Beverage Code;
- payment in lieu of county taxes to counties in which University of Texas endowment lands are located;
- payments for tort claims and federal court judgments against state agencies;
- allocations to the Lateral Road Fund;
- payment of claims for previously unclaimed property;
- allocation of grants to local law enforcement agencies for the Underage Tobacco Program;
- allocation of grants to local law enforcement agencies to provide continuing education;
- expanding advanced database technology to modernize tax administration;
- payments to victims of crime who have not made a claim for restitution from local probation departments;
- distribution of the gross weight/axle fee to counties;
- allocation of Jobs and Education for Texans grants to education programs, non-profit organization, and scholarships for students in high-demand occupations;
- allocation of funding to a city or county that hosts a major sporting or non-sporting event to assist in paying expenses incurred in connection with the event;
- one-time payments to retirees; and
- administration of the State Energy Conservation Office and distribution of Oil Overcharge Funds.

OIL OVERCHARGE FUNDS

Oil Overcharge Funds became available to states as a result of federal court settlements dealing with violations of price controls in effect for crude oil and refined petroleum products between 1973 and 1981. In Texas, the State Energy Conservation Office (SECO) administers the Oil Overcharge Funds, which are used to fund various energy-efficiency programs. Loans to Save Taxes and Resources (LoanSTAR) is the largest program, which is a revolving loan program that finances energy-efficient facility retrofits for state agencies, public schools, hospitals, and other entities. The program's revolving loan mechanism allows borrowers to repay loans through cost savings generated by the funded projects. The current value of the LoanSTAR program is $122 million. **Figure 99** shows the distribution of LoanSTAR financing by entity type for fiscal year 2009. As of October 2009, 199 loans totaling $268 million have been issued to these entities:

- cities, 29 loans, totaling $54 million;
- community colleges, 7 loans, totaling $11 million;
- counties, 13 loans, totaling $15 million;
- public hospitals, 13 loans, totaling $7 million;
- school districts, 81 loans, totaling $72 million;
- state agencies, 17 loans, totaling $39 million; and
- state universities, 39 loans, totaling $70 million.

FIGURE 99
LOANSTAR PROGRAM DISTRIBUTION OF APPROPRIATIONS
FISCAL YEAR 2009



SOURCE: Legislative Budget Board.

For the 2010–11 biennium, all Overcharge Funds total $54.4 million, of which $48.9 million is for the LoanSTAR program. Of the remaining Oil Overcharge Funds appropriated, $4.4 million is allocated to schools/local governments, state agencies/higher education, renewable energy programs, and alternative fuels programs and $1.1 million is allocated to existing program obligations.

SECO is scheduled to receive approximately $290.2 million in Federal Funds (ARRA) to support energy efficiency and renewable energy initiatives. This amount comprises $5.4 million in Article I and $284.8 million appropriated in Article XII of the General Appropriations Act. SECO will administer the State Energy Program (SEP), Energy Efficiency and Conservation Block Grant (EECBG), Energy Efficient Appliance Rebate Program, and the Energy Assurance (EA) Program.

ARRA funding allocated to SEP ($218.8 million) will fund five program areas: Building Efficiency and Retrofit Program, Transportation Efficiency Program, Distributed Renewable Energy Technology Program, Energy Sector Training Centers, and Public Education and Outreach. Allocations for the Building Efficiency and Retrofit Program ($157.7 million), similar to the existing LoanSTAR program, will provide revolving loans for energy-saving programs for state and local government as well as public schools, colleges, hospitals, prisons, and municipal utilities. The Transportation Efficiency Program ($17 million) will be available for projects such as synchronizing traffic signals and replacing traffic lights with longer-lasting LED bulbs, as well as provide for the incremental costs of purchasing alternative fuel vehicles and/ or equipment necessary for the development of alternative fuel refueling stations for public entities. Approximately $30 million is allocated for the Distributed Renewable Energy Technology Program to encourage renewable energy, including solar, wind, biomass and geothermal, by providing grants of up to $2 million to public entities for the installation of renewable energy technologies for electricity generation. The Energy Sector Training Centers program will contribute $6 million for equipment to help the Texas Workforce Commission provide training in energy efficiency, transportation efficiency, and renewable energy technologies. SECO also has set aside $5 million for a public outreach and education campaign to encourage renewable energy use and support energy efficiency efforts.

SECO will receive approximately $45.6 million under the EECBG to administer to cities and counties not receiving direct EECBG allocations from the U.S. Department of Energy. The EECBG program provides funds to units of local and state government, Indian tribes, and territories to develop and implement projects to improve energy efficiency and reduce energy use and fossil fuel emissions in their communities.

Texas will receive formula-based funding for the Energy Efficient Appliance Rebate Program. SECO's estimated allocation for this program is $23.3 million to establish or enhance established ENERGY STAR appliance rebate programs.

The EA Program will provide funding to update the Energy and Utilities portion, Annex L, of the State of Texas Emergency Management Plan. SECO will serve as the lead on the EA Program and will work in partnership, through sub-awards, with the Public Utility Commission of Texas (PUC) and the Railroad Commission of Texas (RRC). The SECO Team, consisting of the PUC and the RRC, will partner and coordinate with the following entities: the Texas Governor's Division of Emergency Management; the Electric Reliability Council of Texas; the Southwest Power Pool; the Texas Engineering Extension Service; the Texas Department of Information Resources; investor-owned utilities, power generation companies, municipal utilities, river authorities, and wind providers; and city, county, and federal government officials. Funding for this program totals approximately $2.4 million.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3, which requires CPA to identify school districts and campuses with resource allocation practices that contribute to high student achievement and cost-effective operations. CPA will rank the performance of school districts and campuses and identify areas needing improvement.

Provisions of the legislation also provide for a new Jobs and Education for Texas (JET) program to help high school students get the technical training they need for careers in fast-growing, high-demand occupations, including fields such as high-tech manufacturing, computer support, nursing, and allied health professions. Within the JET program, CPA will administer three distinct programs: (1) a $10 million Job Building program that finances equipment purchases for new career and technical education programs started throughout the state that support high-growth industries and requires matching local funds awarded on a competitive basis; (2) a $10 million Launchpad program that supports and expands existing nonprofit programs with a record of good performance; and (3) a $5 million Career and Technical Scholarship program that allocates funding for students in approved training programs for high-demand occupations.

SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

SOCIAL SECURITY

The Comptroller of Public Accounts (CPA) is responsible for the payment of state and employee Social Security taxes to the federal government. Appropriations to cover the state's employer share of payments for Social Security total $1.5 billion for the 2010–11 biennium. General Revenue Funds comprise $971.5 million, or 65.6 percent, of total Social Security appropriations. General Revenue–Dedicated Funds account for $145.7 million, or 9.8 percent of the total appropriation.

Figure 100 shows the appropriations for Social Security contributions. This appropriation funds the 6.2 percent employer payroll tax contribution for the Social Security program and the 1.45 percent tax for the state Medicare program. As with Employees Retirement System contributions, the General Appropriations Act allocates the Social Security appropriation by functional area of state government.

BENEFIT REPLACEMENT PAY

CPA is also appropriated funds to provide Benefit Replacement Pay (BRP) to certain general state employees. (BRP funding for employees of higher education institutions is appropriated directly to the institutions.) Prior to fiscal year 1996, the state paid for a portion of the employees' Social Security obligations. The Seventy-fourth Legislature, 1995, repealed the additional state-paid contribution for the Social Security obligation for employees on the payroll as of August 31, 1995 and replaced it with a benefit supplement

FIGURE 100
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY
2008–09 AND 2010–11 BIENNIA

IN MILLIONS	EXPENDED 2008–09 BIENNIUM[1]	APPROPRIATED 2010–11 BIENNIUM	BIENNIAL CHANGE	PERCENTAGE CHANGE
Social Security				
General Government	$74.5	$73.4	($1.1)	(1.5)
Health and Human Services	281.2	302.4	21.3	7.6
Education	517.3	553.5	36.2	7.0
The Judiciary	17.8	18.4	0.6	3.3
Public Safety and Criminal Justice[2]	293.6	306.7	13.1	4.5
Natural Resources	61.0	63.8	2.8	4.6
Business and Economic Development	117.1	121.0	3.9	3.3
Regulatory	24.6	26.2	1.6	6.3
The Legislature	14.6	15.1	0.5	3.3
Subtotal, Social Security	**$1,401.8**	**$1,480.5**	**$78.7**	**5.6**
Benefit Replacement Pay				
General Government	$6.7	$6.1	($0.7)	(9.7)
Health and Human Services	29.9	27.0	(2.9)	(9.7)
Education	1.6	1.4	(0.2)	(9.8)
The Judiciary	1.1	1.0	(0.1)	(9.7)
Public Safety and Criminal Justice	29.1	26.3	(2.8)	(9.8)
Natural Resources	6.4	5.8	(0.6)	(9.8)
Business and Economic Development	15.7	14.2	(1.5)	(9.8)
Regulatory	2.5	2.2	(0.2)	(9.8)
The Legislature	0.9	0.8	(0.1)	(9.8)
Subtotal, Benefit Replacement Pay	**$94.0**	**$84.8**	**($9.2)**	**(9.8)**
TOTAL, SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY	**$1,489.5**	**$1,563.5**	**$74.0**	**5.0**

[1]Reflects appropriations in House Bill 4586, Eighty-first Legislature, Regular Session, 2009.
[2]Reflects appropriations made in Article IX of the 2010–11 General Appropriations Act.
SOURCE: Legislative Budget Board.

to ensure that take-home pay was not reduced. Employees retain BRP as long as they do not have a break in service from the state for 30 days. Employees hired after August 31, 1995 are not eligible to receive the benefit supplement or the additional state-paid Social Security.

Appropriations for the 2010–11 biennium for Benefit Replacement Pay total $84.8 million for general state employees. General Revenue Funds comprise $44.8 million, or 52.9 percent of the total BRP appropriation, and General Revenue–Dedicated Funds comprise $5.6 million, or 6.6 percent of the total appropriation.

COMMISSION ON STATE EMERGENCY COMMUNICATIONS

The Commission on State Emergency Communications (CSEC) was established in 1987 to administer the implementation of statewide 9-1-1 emergency call service. At that time, the agency was not subject to the General Appropriations Act, and its funds were deposited in accounts outside the State Treasury. In 1993, the agency's statute was amended by the Seventy-third Legislature to require the deposit of the equalization surcharge revenues, which are currently 1 percent (maximum of 1.3 percent) of the charges for intrastate long-distance phone service, to a dedicated account in the General Revenue Fund and to include the agency's budget within the state appropriations process. In the same year, the agency received statutory responsibility, shared with the Department of State Health Services (formerly the Texas Department of Health), for implementing a statewide poison control program through six regional centers. Legislation enacted by the Eighty-first Legislature, Regular Session, 2009, amended statute to remove joint responsibility of the poison control program, requiring CSEC to oversee and administer the program.

The agency's mission is to protect and enhance public safety and health through reliable access to emergency telecommunications services. Agency functions are organized to support two broad strategic policy goals: to provide high quality, standardized 9-1-1 emergency communications services statewide and to maintain the state's poison control network. To meet the first goal, the agency assists local governments through Regional Planning Commissions (RPCs) as they develop and implement regional plans and maintenance for 9-1-1 services. The agency fulfills its second goal by administering grants to and overseeing the six regional poison control centers throughout the state and by providing the telecommunications network. The agency's 9-1-1 program serves 8 million Texans, or about one-third of the state's population; it does not provide 9-1-1 service to emergency communications districts (most major metropolitan areas) and municipal emergency communications districts, in which the cities provide 9-1-1 service. The three largest emergency communications districts by population are Greater Harris County 9-1-1 Emergency Network, Tarrant County 9-1-1 District, and Bexar Metro 9-1-1 Network District. The poison control program serves all residents of the state.

Appropriations for the 2010–11 biennium total $142.5 million and provide for 25 full-time-equivalent positions. Appropriations from General Revenue–Dedicated Funds comprise 99.7 percent of the agency's budget. Appropriations to the agency are derived from three telecommunications fees: the 9-1-1 equalization surcharge, the emergency service fee, and the wireless emergency service fee. Currently the agency has set the 9-1-1 equalization surcharge at 1 percent, with 0.5 percent of the surcharge funding poison control program activities and 0.5 percent funding 9-1-1 emergency communications activities. **Figure 101** and **Figure 102** show an overview of each telecommunications fee for the 2010–11 biennium.

STATEWIDE 9-1-1 SERVICES

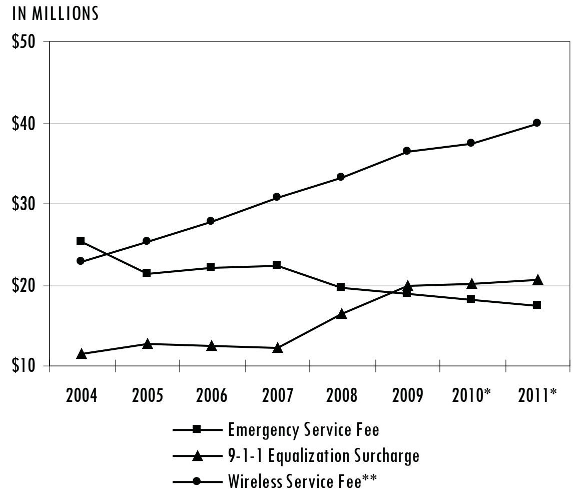
The agency achieves its goal of providing 9-1-1 emergency communication services statewide primarily by administering grants to RPCs. The agency also undertakes public education efforts, reviews regional plans for compliance with statewide standards and funding allocations, coordinates 9-1-1 activities with national organizations, and participates in state and federal regulatory proceedings.

FIGURE 101
TELECOMMUNICATIONS FEES
2010–11 BIENNIUM

FEE CHARACTERISTIC	EMERGENCY SERVICE FEE	WIRELESS SERVICE FEE	9-1-1 EQUALIZATION SURCHARGE
Levied on	Standard telephone service	Wireless telephone service	Intrastate long-distance calls
Rate	Maximum of $0.50 per telephone line per month; may vary by RPC, but currently at $0.50 in all 24 RPCs	$0.50 per wireless connection per month or 2 percent of the retail sale of prepaid wireless service*	Maximum of 1.3 percent of toll; currently set at 1.0 percent with 0.5 percent for 9-1-1 services and 0.5 percent for poison control services
Rate set by	Agency, with review and comment by PUC	Statute	Agency, with review and comment by PUC

*Fee on prepaid wireless service will be collected beginning June 1, 2010.
Notes: RPC = Regional Planning Commission; PUC = Public Utility Commission.
Source: Commission on State Emergency Communications.

FIGURE 102
TELECOMMUNICATIONS FEE REVENUE
FISCAL YEARS 2004 TO 2011



*Estimated.
**Amounts shown in 2010 and 2011 include projected revenue from prepaid wireless service fees.
Source: Commission on State Emergency Communications.

Appropriations for 9-1-1 activities total $124.5 million in the 2010–11 biennium, which is a decrease of $11 million from the 2008–09 biennial funding level. The decrease is due to the completion of Wireless Phase II upgrades to services to provide automatic location identification of callers to public safety answering points (PSAPs). Appropriations primarily fund grants to the RPCs for 9-1-1 network operation costs ($99.6 million) and PSAP equipment ($20.6 million).

STATUS OF WIRELESS PHASE I AND PHASE II 9-1-1 IMPROVEMENTS

Texas residents who use landline telephones in their homes or businesses to place 9-1-1 calls can be located immediately because their address appears on a computer display at a 9-1-1 PSAP. Likewise, wireless carriers are required to provide the wireless telephone number from which the 9-1-1 call is made to the PSAP in addition to the location of the cell tower receiving the call. This service is referred to as Phase I Enhanced 9-1-1 Service and assists emergency responders by providing a call-back number in the event of a dropped call.

Nationally, Texas is among the leaders for Phase I deployments. All counties in Texas have Phase I service and according to a national survey conducted by the National Emergency Number Association in 2005, Texas is among 26 states with 100 percent of their counties deployed with Phase I service. Approximately 5 million wireless subscribers are in the statewide 9-1-1 program area. All of the 352 PSAPs in the 224 counties participating in the statewide 9-1-1 program have Phase I capability and have deployed Wireless Phase I Enhanced 9-1-1 Service with wireless carriers.

Wireless Phase II Enhanced 9-1-1 Service provides all of the information required in Phase I. In addition, Phase II service assists emergency responders with locating callers by providing the approximate latitude and longitude of their location. While it is the wireless carrier's responsibility to deploy wireless Phase II service upon request, a public safety entity must have implemented Phase I and have a 9-1-1 network capable of processing data from a wireless carrier and displaying the callers' location on a map at the 9-1-1 operators' workstation. The Federal Communications Commission (FCC) requires that a public safety entity must be capable of receiving and using Phase II data prior to placing a request with a wireless carrier for that service.

Within the statewide 9-1-1 program, at the end of fiscal year 2009, there were 351 PSAPs located in 224 counties that were capable of receiving and using the additional data provided with Phase II service. According to a recent survey by the National Emergency Number Association, Texas is among 30 states that have 90 percent or more of their counties deployed with Phase II service. All of the RPCs have requested Phase II service from all wireless carriers that operate in the statewide 9-1-1 program area, and 95 percent of the requests have been completed. The FCC allows wireless carriers from 6 to 15 months to deploy the requested service.

POISON CONTROL SERVICES

The agency's second goal is to provide a statewide poison control center network that aids in the treatment and prevention of poisonings throughout the state. The Texas Poison Control Network provides information to citizens who suspect they have been exposed to toxic substances and call the poison control toll-free telephone number. The network is composed of six geographically diverse poison centers residing within medical facilities and linked by a telecommunications network. Individuals calling the poison control network speak directly with a healthcare professional trained in various aspects of toxicology and poison control and prevention. The aim is to provide sufficient information to treat a poison incident at home, precluding the dispatch of emergency medical services or a visit to a healthcare facility. According to CSEC, research shows that poison centers save $7 in healthcare expense for every $1 spent.

Due to enactment of legislation by the Eighty-first Legislature, Regular Session, 2009, CSEC operates a program to award grants to the six regional poison control centers defined in the statute (see **Figure 103**), oversees poison center operations, and administers the telecommunications network operations. The regional centers are located at The University of Texas Medical Branch at Galveston, the Parkland Memorial Hospital in Dallas, The University of Texas Health Science Center at San Antonio, the University Medical Center of El Paso, the Texas Tech University Health Science Center at Amarillo, and the Scott and White Memorial Hospital at Temple.

Appropriations for the poison control center program total $17.8 million in General Revenue–Dedicated Funds for the 2010–11 biennium. This amount includes $1.6 million that is contingent upon the equalization surcharge generating additional revenue above the amount projected in CPA's Biennial Revenue Estimate. These appropriations consist primarily of grants to the regional poison control centers and are used to pay the salaries of the call takers and purchase call-taker equipment. The poison control centers anticipate approximately 412,470 calls will be processed in fiscal year 2010 and 415,769 calls in fiscal year 2011.

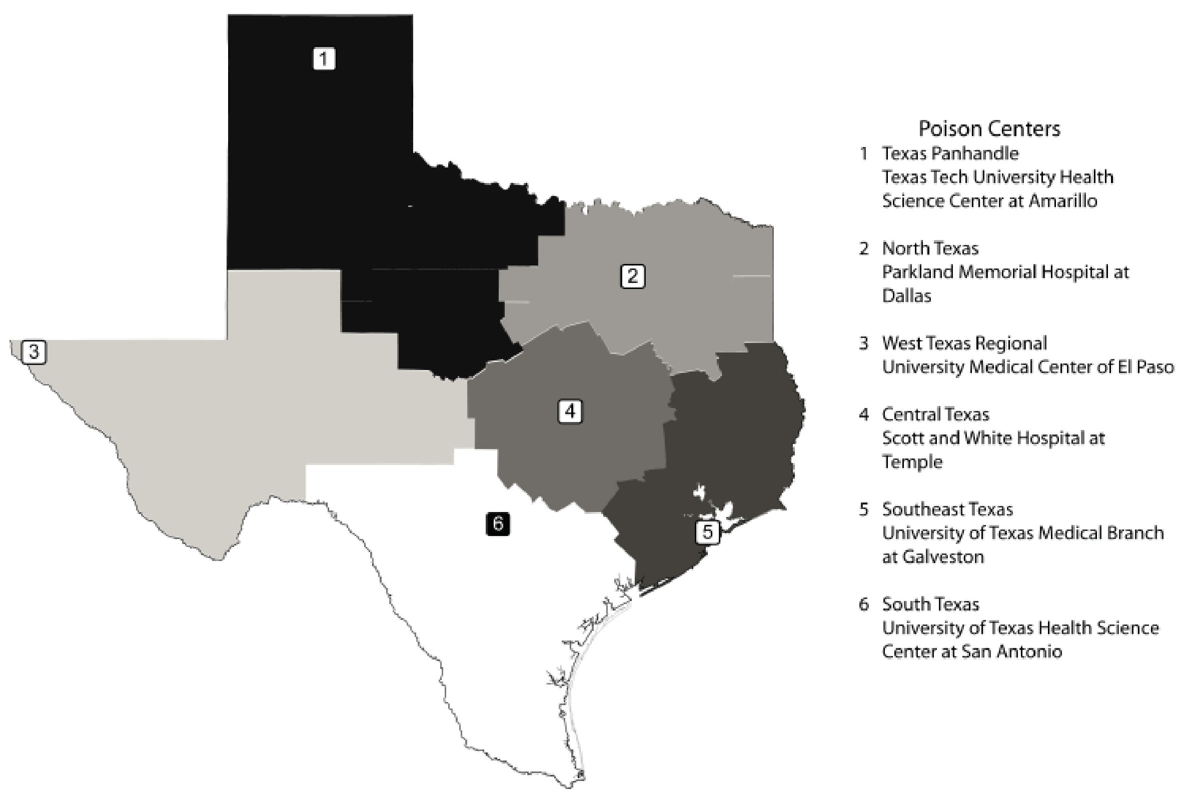
SIGNIFICANT LEGISLATION

House Bill 1093 and House Bill 1831 were enacted by the Eighty-first Legislature, Regular Session, 2009. This legislation affects the poison control center program and funding for 9-1-1 services, respectively.

The enactment of House Bill 1093 transfers oversight of the regional poison control center operations from the Department of State Health Services (DSHS) to CSEC. Beginning May 2010, all functions and activities of DSHS relating to the regional poison control centers will transfer to CSEC, including the administration of grants to fund operations of the six centers.

Enactment of House Bill 1831, relating to disaster preparedness and emergency management, requires collection of 9-1-1 service fees on prepaid wireless service. Beginning June 2010, sellers will be required to collect an emergency services fee of 2 percent of each retail transaction for prepaid

FIGURE 103
TEXAS POISON CONTROL NETWORK



Source: Commission on State Emergency Communications.

wireless telecommunications service. The collections, excluding amounts distributed to emergency communication districts and municipal emergency communication districts based on population proportion, will be deposited to an existing account (General Revenue–Dedicated Fund) that funds the statewide 9-1-1 program.

EMPLOYEES RETIREMENT SYSTEM

The Employees Retirement System (ERS) was established in 1947 to provide retirement benefits for state employees. Agency operations are governed by a six-member Board of Trustees. Three members are elected by state employees participating in the system, one is appointed by the Governor, another is appointed by the Chief Justice of the Supreme Court, and one member is appointed by the Speaker of the House of Representatives.

ERS is responsible for the state employees' and elected officials' retirement program, two judicial retirement programs, and a supplemental retirement program for state commissioned peace officers and custodial officers. In addition to retirement benefits, ERS administers the Texas Employees Group Benefits Program (GBP), TexFlex and Texa$aver programs, and a death benefits program for state and local public safety employees. The GBP is the group insurance plan (health, dental, life, and disability); TexFlex is the federal program that allows employees to set aside pre-tax money for day-care and health expenses; and Texa$aver is a voluntary retirement savings program that allows employees to grow their own savings with pre-tax money in a 401(k) or 457 plan.

The total ERS appropriation is an estimated $3.3 billion for the 2010–11 biennium, a $352.3 million increase in All Funds and a $223.6 million increase in General Revenue Funds compared to the 2008–09 biennium funding level. This increase is due primarily to payroll growth for state employees, growth in full-time-equivalent (FTE) positions at state agencies, and annual increases in the state contributions for group insurance benefits. General Revenue Funds comprise $2 billion, or 59.7 percent, of total appropriations, and General Revenue–Dedicated Funds comprise $122.5 million, or 3.7 percent, of the total appropriation. These appropriations include an estimated $15.2 million in General Revenue Funds for retiree death benefits. ERS uses interest earnings from the various program funds to pay for administrative expenses, which are not funded with state appropriations.

EMPLOYEES RETIREMENT SYSTEM

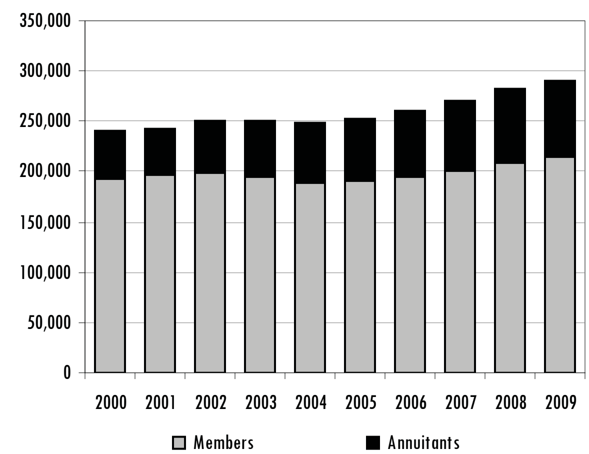
Under provisions of the Texas Constitution, the state's contribution for employees' retirement may not exceed 10 percent of total payroll except in an emergency declared by the Governor, nor may it be less than 6 percent. The state's retirement contribution rate for the 2010–11 biennium established by the Eighty-first Legislature, Regular Session, 2009, is 6.45 percent of total payroll. This contribution will increase to 6.95 percent for the 2010–11 biennium due to a November 23, 2009 Texas Attorney General opinion that stated that the one-time payments in the General Appropriations Act, 2010–11 Biennium, to retired state employees and retired teachers may be unconstitutional. This increase will result in a transfer of $34.7 million appropriated for the state retirees' one-time payments to the ERS retirement trust fund as a state contribution increase. House Bill 2559, Eighty-first Legislature, Regular Session, 2009, increased the member contribution from 6.45 percent to equal the state contribution rate, not to exceed 6.5 percent.

An actuarial valuation report is completed annually for the ERS retirement trust fund, and an additional valuation update is completed during each legislative session. An actuarial valuation is a report on the financial status of the pension plan at a given point in time. The valuation includes a measurement of the plan's accrued liability and compares it to the plan's assets, then analyzes the reasons for changes from the previous year. The valuation also determines the actuarial soundness of the total contribution rate to the pension plan. For the plan to be actuarially sound, contributions must be sufficient to fund the normal cost (the cost of benefits being earned during the year by current active members) plus amortize the unfunded accrued liability over no more than 31 years. According to the August 31, 2009 actuarial valuation, the combined state and employee contribution rate of 12.9 percent at that time was below the contribution required for the fund to be actuarially sound, which is 15.84 percent. According to the same valuation, the total normal cost rate was 12.38 percent, which was lower than the current combined contribution rate. The excess contribution will partially amortize the unfunded liability. The August 31, 2009 actuarial valuation does not assume the retirement contribution increase resulting from Article IX, Section 17.13 in Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.

The 2010–11 biennial appropriation for retirement contributions is an estimated $726.9 million, which is $36.2 million, or 5.2 percent, above the 2008–09 biennium funding level. In addition to these amounts, an estimated $1.5 million in All Funds is appropriated for retirement benefits related to a pay raise authorized by the Eighty-first Legislature, Regular Session, 2009, for various state law enforcement positions included in the Schedule C classified state employees schedule. The August 31, 2009 actuarial valuation of the ERS retirement trust fund assessed the unfunded actuarial accrued liability—the amount of liabilities in excess of the assets—at $3.4 billion, an increase of $1.5 billion from the August 31, 2008 actuarial valuation. This increase was largely the result of the market declines stemming from the national economic downturn that began in fall 2008.

As of August 31, 2009, ERS had 141,223 contributing members and 72,585 noncontributing members (former state employees who have not withdrawn their retirement funds), for a total ERS membership of 213,808. At that time, 75,722 retirees and beneficiaries were receiving annuities. **Figure 104** shows ERS membership for both current and retired employees, since 2000.

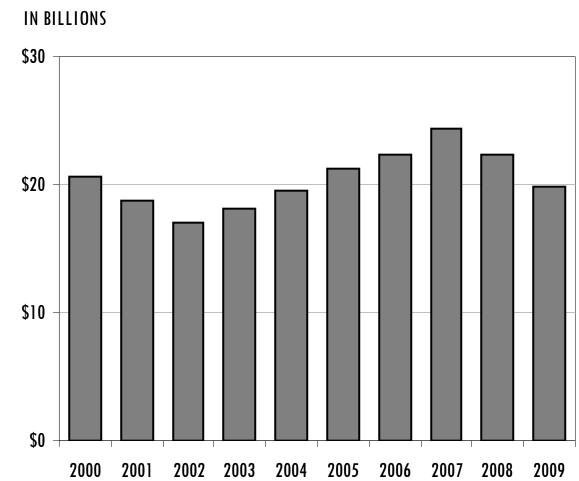
FIGURE 104
EMPLOYEES RETIREMENT SYSTEM MEMBERSHIP
FISCAL YEARS 2000 TO 2009



SOURCE: Employees Retirement System.

Trained professional personnel, in accordance with trustee policies and constitutional and statutory regulations, invest state contributions, member contributions, and investment income. To assist the agency staff with investment recommendations and decisions, the ERS board employs investment managers and has appointed an Investment Advisory Committee composed of members of the financial and business community of Texas. Also, ERS retains an independent consultant to evaluate and analyze investment results. As of August 31, 2009, ERS investments are comprised of 61.9 percent public equities, 35.3 percent public fixed income, 2.1 percent global real estate, and 0.6 percent global private equity. As of August 31, 2009, the market value of the ERS investment pool was $19.8 billion, which was $2.5 billion less than at the end of fiscal year 2008 and can be attributed to the national economic downturn that began in fall 2008. The August 31, 2009 market value of the investment pool was 88.9 percent of the August 31, 2008 market value. **Figure 105** shows the fluctuating market value trend in the assets of the retirement fund since 2000.

FIGURE 105
MARKET VALUE OF ERS CONSOLIDATED
PENSION INVESTMENT FUND ASSETS
FISCAL YEARS 2000 TO 2009



SOURCE: Employees Retirement System.

GROUP BENEFITS INSURANCE PROGRAM

The Texas Employees Group Benefits Act assigns the administration of the Group Benefits Program to the ERS Board of Trustees. This program provides group health insurance, life insurance, dental insurance, accident insurance, and short- and long-term disability income protection insurance to active employees and their dependents. It also provides these same programs to retired state employees and their dependents. State funds pay for the health insurance plan, which includes $5,000 basic life insurance for active full-time members. The state pays 100 percent of the premium for full-time employees and 50 percent of dependent coverage; members pay the other 50 percent of the dependent coverage. Active employees who work part-time receive a state contribution which is 50 percent of the rate of full-time employees for health insurance, and there is a 90-day delay before new hires are eligible to receive health benefits. Employees are fully responsible for the costs of voluntary coverage, such as accidental death insurance, dental insurance, and disability plans.

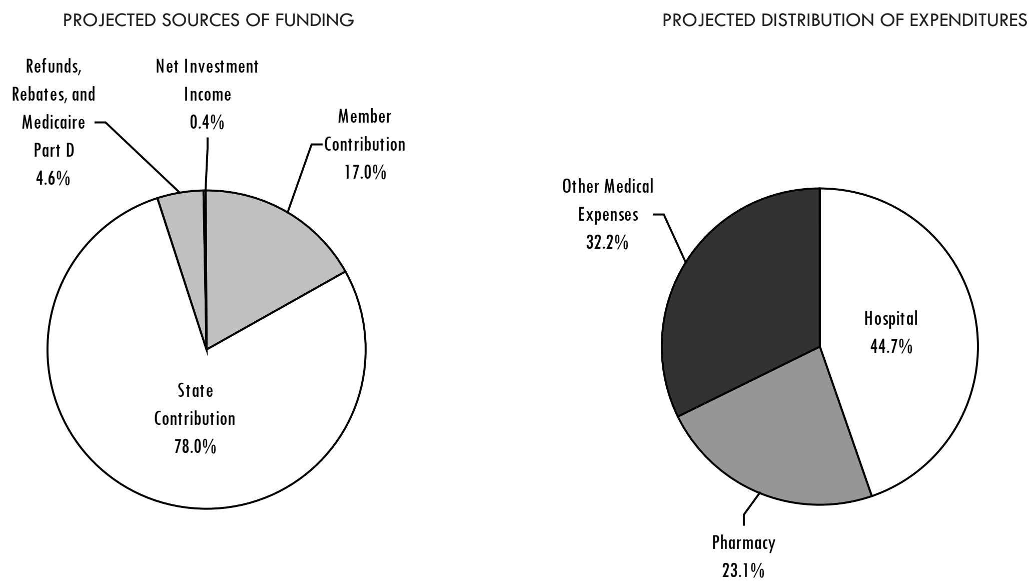
The state will contribute an estimated $2.4 billion for group insurance premiums for general state employees in the 2010–11 biennium, a $313.8 million increase in All Funds and a $193 million increase in General Revenue Funds compared to the 2008–09 biennium. The combination of state contributions, employee premium payments, refunds, rebates, subsidies earned from the federal Medicare Part D prescription drug plan, and net investment income make up the insurance trust fund, and it provides the funding for the expenses paid by the healthcare program. **Figure 106** shows the distribution of funding sources for the benefits, as well as the major categories of expenditures projected for the 2010–11 biennium. The current state contribution rate per member increased from the fiscal year 2009 state contribution rate and includes spending down the ERS projected insurance fund balance by the end of the 2010–11 biennium. ERS projects that, even with using the insurance fund balance, the health insurance plan may face a funding shortfall by the end of the 2010–11 biennium due to a projected higher benefit cost trend than previously assumed.

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

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

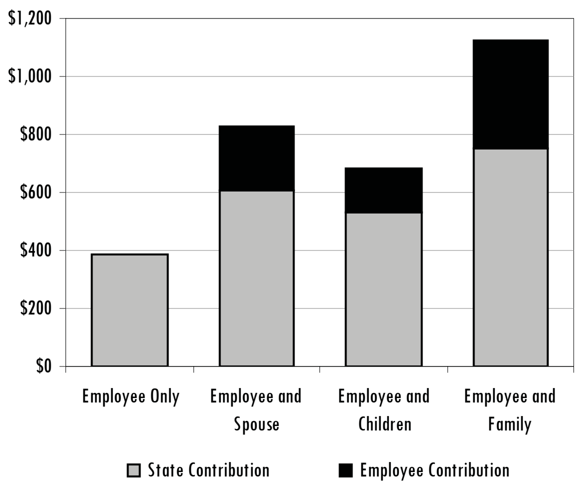
The state contribution for group insurance covers various levels of health coverage, depending on the category of coverage selected by the employee (e.g., employee only, employee and spouse). **Figure 107** shows the employee's contribution as a portion of the total cost in each of the various coverage categories for the HealthSelect plan for fiscal year 2010. The state contribution covers 100 percent of the employee-only monthly premium; in the dependent-coverage categories (employee and children, employee and spouse, and employee and family), the state contribution covers an amount equal to the employee-only contribution plus 50 percent of the cost of dependent coverage. Employees who

FIGURE 106
DISTRIBUTION OF HEALTHCARE FUNDING AND EXPENDITURES
2010–11 BIENNIUM



SOURCE: Employees Retirement System.

FIGURE 107
HEALTHSELECT MONTHLY CONTRIBUTION LEVELS
FISCAL YEAR 2010



SOURCE: Employees Retirement System.

participate in an HMO receive the state contribution in accordance with this formula. Additionally, under the State Kids Insurance Program (SKIP), employees who meet certain income-eligibility guidelines pay a reduced cost for dependent-child coverage (either $15 per month or $25 per month) depending on income. During fiscal year 2009, there were monthly averages of 6,116 employees enrolled in SKIP, and 10,828 children covered by the program.

COMMISSIONED LAW ENFORCEMENT AND CUSTODIAL OFFICER SUPPLEMENTAL RETIREMENT BENEFITS

The Law Enforcement and Custodial Officer Supplement (LECOS) Retirement Fund was established in 1979 and provides an increased retirement benefit for certain employees who are Certified Peace Officers and Custodial Officers. The program funds a 0.5 percent supplement to the principal retirement formula, which increases the retirement formula to 2.8 percent per year of service for those who have completed 20 or more years of service or have become occupationally disabled while serving as commissioned law enforcement officers. Legislation enacted by the Eighty-first Legislature, Regular Session, 2009, authorized a 0.5 percent employee contribution for those employees in the LECOS program. This member contribution will be combined with the state contribution rate of 1.59 percent, resulting in a combined contribution rate of 2.09 percent of payroll. According to the August 31, 2009 actuarial valuation of the LECOS fund, the combined contribution rate of 2.09 percent at that time was below the contribution (2.58 percent) required for the fund to be actuarially sound. According to the same update, the total normal cost rate was 2.07 percent, which was lower than the current combined contribution rate. The excess contribution will partially amortize the unfunded liability.

The 2010–11 biennial appropriation for the LECOS retirement plan is an estimated $40.9 million, which is $0.2 million, or 0.5 percent, above the 2008–09 biennium funding level. In addition, an estimated $0.2 million in All Funds is appropriated for LECOS related to the pay raise authorized by the Eighty-first Legislature, Regular Session, 2009, for Schedule C classified state employees.

As of August 31, 2009, the market value of the LECOS Retirement Fund was $634.8 million, a decrease of $70.1 million from the August 31, 2008 valuation report. The rate of investment return for that six-month period was negative 6.6 percent, which is significantly less than the 8 percent actuarially assumed expected rate of return for that time period, attributable to the national economic downturn.

Eligible employees include law enforcement officers with the Department of Public Safety of the State of Texas, the Texas Alcoholic Beverage Commission, the Texas Parks and Wildlife Department, custodial officers at the Texas Department of Criminal Justice, and parole officers and caseworkers at the Board of Pardons and Paroles. As of August 31, 2009, there were 37,819 active members in the fund and 6,647 retired annuitants receiving supplemental benefits.

JUDICIAL RETIREMENT PROGRAMS

The ERS administers two retirement plans for judges: the Judicial Retirement System Plan One (JRS Plan One) and the Judicial Retirement System Plan Two (JRS Plan Two). Rather than being prefunded on an actuarial basis, JRS Plan One is financed on a pay-as-you-go basis. Funds required for monthly annuity payments and refunds of member contributions are appropriated each fiscal year from the General Revenue Fund. Members contribute 6 percent of their annual compensation, which is deposited in the state General Revenue Fund. As of August 31, 2009, there were 23 contributing members and 7 non-contributing members, for a total JRS Plan One membership of 30 judges. As of the same date, 461 retirees and beneficiaries were receiving annuities.

In 1985, the Sixty-ninth Legislature established an actuarially funded retirement plan, known as JRS Plan Two, for judges who became members of the system on or after September 1, 1985. Judiciary members who were appointed or elected prior to September 1, 1985, continue to participate in JRS Plan One. The state's contribution rate to the JRS Plan Two program is 16.83 percent of payroll for the 2010–11 biennium. The member contribution rate is 6 percent of payroll, with contributions ceasing after members accrue 20 years of service credit or have served 12 years on an appellate court and attained the Rule of 70. According to the August 31, 2009 actuarial valuation of the JRS Plan Two Fund, the combined contribution rate of 22.82 percent (16.83 percent state contribution and a 5.99 member contribution) exceeds the contribution rate required for the fund to be actuarially sound, which is 20.94 percent. According to the same valuation, the normal cost rate is 20.80 percent, with the excess amortizing the unfunded accrued liability. Based on the results of this most current valuation, the unfunded accrued liability is expected to be amortized in 4.8 years. As of August 31, 2009, there were 533 contributing members and 134 non-active members, for a total JRS Plan Two membership of 667. As of the same date, 152 retirees and beneficiaries were receiving annuities.

The Eighty-first Legislature, Regular Session, 2009, appropriated approximately $57.8 million in General Revenue Funds for JRS Plan One for the 2010–11 biennium and an estimated $22.5 million in All Funds ($15.8 million in General Revenue Funds) for JRS Plan Two for the 2010–11 biennium. These appropriations represent no significant growth in the judicial retirement programs from the 2008–09 biennium.

DEATH BENEFITS FOR STATE AND LOCAL PUBLIC SAFETY WORKERS

The Eighty-first Legislature, Regular Session, 2009, appropriated an estimated $13.2 million in All Funds ($8.8 million in General Revenue Funds) for the 2010–11 biennium for death benefits of public safety personnel. Survivors of a law enforcement officer, firefighter, or other public safety employee killed in the line of duty receive a $250,000 payment and other benefits such as funeral expenses and education benefits for surviving children. Funding for public safety death benefits for the 2010–11 biennium is funded with General Revenue Funds and the Compensation to Victims of Crime Account. ERS anticipates that approximately half of the claims it will receive would qualify for funding from the Crime Victims' Compensation Fund.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect ERS. Among the more significant legislation were House Bill 2559, House Bill 4586, House Bill 2283, and Senate Bill 2577.

Provisions of House Bill 2559 authorize the State of Texas to match state employee contributions with contributions up to 6.5 percent, and establishes a new 0.5 percent contribution to the LECOS fund for LECOS members only. The legislation also prohibits current employees who retire on or after May 31, 2009 from returning to work for a state agency for 90 days. For employees hired on or after September 1, 2009, as well as state employees who never contributed to the system or withdrew all of their funds from their ERS retirement account, return to state employment on or after September 1, 2009, precludes use of unused leave as service credit to meet retirement eligibility. In addition, these employees' retirement benefits will be based on the highest 48 months of salary instead of highest 36 months of salary, and the annuity will be reduced by 5 percent for each year an employee retires before age 60, with the reduction capped at 25 percent.

The enactment of House Bill 4586 authorizes ERS to establish a pilot program under which physicians and healthcare providers that provide healthcare services to employees and retirees participating in the Group Benefits Program are compensated under a payment system designed to test alternatives to traditional fee-for-service payments.

House Bill 2283 authorizes the ERS board to implement a Roth 401(k) plan as part of the Texa$aver program. Senate Bill 2577 directs the ERS Board of Trustees to develop a cost-neutral or cost-positive plan for providing bariatric surgery coverage under the Group Benefits Program.

TEXAS ETHICS COMMISSION

The Texas Ethics Commission (TEC), established in 1991, is governed by a commission of eight members: four appointed by the Governor, two appointed by the Lieutenant Governor, and two appointed by the Speaker of the House of Representatives. However, no more than four commission members may be appointed from the same political party. TEC's primary responsibilities include administering and enforcing state laws related to political contributions and expenditures, political advertising, election of the Speaker of the House, lobbyist registration and activities, personal financial disclosure by state officers, and conduct of state officers and employees. In addition, the Texas Constitution provides that the TEC recommend the salary of members of the Legislature, the Lieutenant Governor, and the Speaker of the House of Representatives. These recommendations are subject to approval by the voters at the subsequent general election for state and county officials.

The agency's mission is to promote individual participation and confidence in electoral and governmental processes by enforcing and administering ethics laws and by providing information that enables the public to oversee the conduct of public officials and those attempting to influence public officials. The agency's appropriations for the 2010–11 biennium total $4.1 million and provide for 37 full-time-equivalent positions. Of this amount, approximately 99.6 percent consists of General Revenue Funds. The remaining $0.02 million, or approximately 0.4 percent, is Appropriated Receipts derived from filing fees, copying charges, and other revenues the agency collects from those who file or obtain records it maintains.

FINANCIAL DISCLOSURE REPORTS AND CAMPAIGN REPORTS

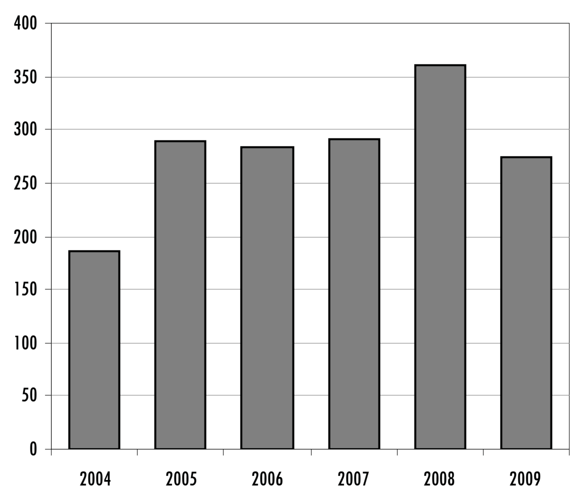
Approximately 60.4 percent of all agency appropriations are for administering and enforcing deadlines related to financial and campaign reports submitted to the agency by elected officials, candidates for elected office, lobbyists, and certain state officials. State law requires that campaign finance reports and lobbyist reports be filed electronically with the agency, which are processed through an agency maintained electronic filing system. In fiscal year 2009, this system processed over 20,000 reports, which were filed by 2,883 public officials and approximately 1,800 registered lobbyists. Furthermore, TEC received over 400,000 inquiries from the public, state officials, and lobbyists related to information and reports filed with the agency.

ENFORCEMENT AND EDUCATION

TEC is responsible for enforcing filing deadlines for individuals submitting reports to the agency and is authorized to impose civil enforcement actions through civil penalties. In fiscal year 2009, the agency assessed 528 penalties for late or corrected reports resulting in approximately $402,000 in fines levied. The agency may initiate investigations, subpoena witnesses, and conduct other discovery as it pertains to violations of state law related to ethics. TEC issues advisory opinions that help the public and those regulated by the agency understand the laws it enforces. In fiscal year 2009, the agency received approximately 266 sworn complaints, a steady rise over the last several years, and issued three advisory opinions. **Figure 108** shows the number of complaints received by the agency from fiscal years 2004 to 2009.

TEC provides ethics law training to state officials, officers, and employees. During fiscal year 2009, the agency conducted 17 educational presentations to universities, public groups, state officials, and their staff. Information and publications are produced by the agency to provide and inform state employees of ethics laws and how they relate to public services. In addition, TEC posts ethics information on its website to inform the public of ethics laws.

FIGURE 108
NUMBER OF SWORN COMPLAINTS RECEIVED
FISCAL YEARS 2004 TO 2009



Source: Texas Ethics Commission.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3445, which amended the requirements governing the registration of lobbyists and acceptance of contingency fees by those conducting business with the State of Texas. The legislation authorizes an additional registration fee, provides exemption for certain persons paid on a contingency fee basis, and establishes limitations on the collection of contingency fees for state contracts exceeding $10 million.

FACILITIES COMMISSION

In 1919, the Texas Legislature mandated consolidation of the state's purchasing, printing, and property-management functions and created the Board of Control, which later became the General Services Commission (GSC). During the 2000–01 biennium, the agency's Sunset legislation, Seventy-seventh Legislature, 2001, abolished the GSC and replaced it with the Texas Building and Procurement Commission (TBPC). House Bill 3560, Eightieth Legislature, 2007, transferred the procurement, fleet management, and support services to the Comptroller of Public Accounts, abolished the TBPC, and created the current Texas Facilities Commission (TFC).

TFC is governed by seven members who serve two-year, staggered terms. The Governor appoints five of those members, two of whom are selected from a list of nominees submitted by the Speaker of the Texas House of Representatives. The remaining two members are appointed by the Lieutenant Governor.

The agency has three primary functions: (1) to provide office space for state agencies through construction and leasing services; (2) to protect and cost-effectively manage and maintain state owned facilities; and (3) to provide support to state agencies, including disposal of state surplus property, recycling, waste management needs, and utilizing federal surplus property for state and local needs.

Appropriations for the 2010–11 biennium total $136.7 million in All Funds and provide for 474.6 full-time equivalent positions. The appropriation includes $66.8 million in General Revenue Funds and General Revenue–Dedicated Funds, which is approximately 49 percent of the agency's total appropriations.

FACILITIES DESIGN AND CONSTRUCTION DIVISION

TFC's Facilities Design and Construction Division assists state agencies with space allocation, which includes new construction, redesign of existing space, and acquisition of private lease space. The division includes four sections: Design and Construction, Facilities Planning and Space Management, Leasing, and Lease Payments.

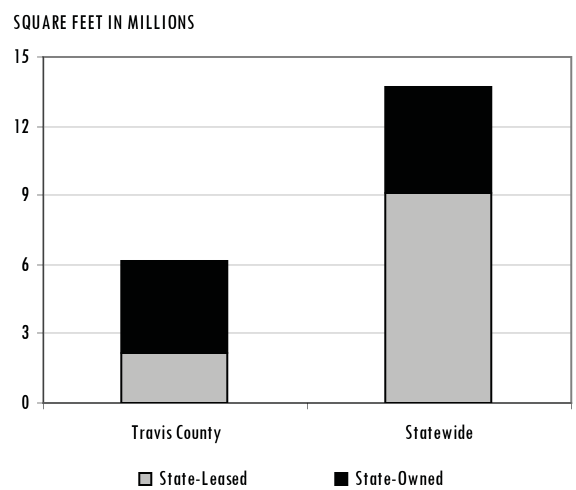
DESIGN AND CONSTRUCTION

The agency's Design and Construction section analyzes and determines the necessity of construction projects based on a state agency's current and future capacity requirements. Cost estimates for construction projects include indirect costs, such as security, support staff, and other overhead items, and a comparative analysis of the most cost effective and sustainable method of heating, ventilating, and air conditioning the building. Agency staff vets the qualifications of private design and construction professionals and contracts with those chosen for design work. The agency oversees these contracts to ensure that the work complies with the contract requirements and that the state's interests are protected during construction. As of September 2009, TFC is actively managing 57 projects throughout the state and reports that 95 percent of construction projects were completed on time and within budget during fiscal year 2009. Of the 24 planned construction projects for the 2010–11 biennium, 22 projects are planned in the Austin area, which is 92 percent of the planned construction budgets.

FACILITIES PLANNING AND SPACE MANAGEMENT

The agency's Facilities Planning and Space Management section is responsible for assigning and allocating office space to state agencies and providing information to the Legislature on future state facility needs. TFC currently has an inventory of 13.7 million square feet of office space (9.1 million square feet leased and 4.6 million square feet state owned). As **Figure 109** shows, approximately 65 percent of all office space occupied by the State of Texas in Travis County consists of state-owned or state-built facilities. Statewide, state-owned space makes up approximately 33 percent of the total statewide leased and owned office space inventory. In

FIGURE 109
STATE OFFICE SPACE
FISCAL YEAR 2009



SOURCE: Texas Facilities Commission.

addition, the Facilities and Space Management section produces the State of Texas Facilities Master Plan, a document that provides information on state agencies' current and future facility needs. The plan contains information on statewide facility costs in contrast to those of commercial real estate markets, recommendations for new strategies to meet facility needs, and itemized requests for new building and capital improvement projects. This section also maintains information on the volume, utilization, and costs of state-owned and state-leased office space that the agency controls. Agency staff evaluates and considers all requests for allocation to, relinquishment of, or modifications to facilities leased or owned by the state and offers limited architectural design and cost-estimating services to tenant agencies requiring interior modifications.

LEASING

TFC's Leasing section plans, manages, organizes, and directs leasing activities for approximately 42 state agencies, which occupy 10.5 million square feet of office, warehouse, and garage space that accounts for approximately 1,018 lease contracts. This section keeps track of rent and operating cost data for real estate markets, procures lease contracts, and evaluates state agency space needs. In fiscal year 2009, the program processed over 1,008 lease revisions. In fulfilling the state's leasing operations, this section's staff responds to space needs in more than 340 cities and towns in the state of Texas. The monetary value of all lease contracts statewide for fiscal year 2009 was $123.9 million.

LEASE PAYMENTS

TFC is responsible for repaying the Texas Public Finance Authority through lease payments for revenue bonds that are issued to construct, renovate, or purchase state buildings. For the 2010–11 biennium, the General Appropriations Act provides $86 million in General Revenue Funds and General Revenue–Dedicated Funds for these lease payments.

FACILITIES MANAGEMENT DIVISION

TFC Facilities are managed by two separate divisions: the Building Operations and Plant Management Division and the Facilities Services Division. These divisions ensure that state office buildings within the agency's inventory are structurally and environmentally safe by providing building and grounds maintenance, energy management, and asbestos abatement. The Facilities Management Division currently maintains 68 buildings, 18 parking garages and 37 parking lots totaling more than 14.8 million square feet. The Facilities Services Division provides routine maintenance, custodial services, ground maintenance and building management and tenant services, while the Building Operations and Plant Management Division handles office complex heating, ventilation and air conditioning (HVAC), electrical, and plumbing issues, as well as plant operations and maintenance issues. Facilities management duties are carried out through various programs, which include TFC's Facilities Operations and Maintenance, Office of Energy Management, Minor Construction, Grounds Maintenance, Custodial Services, Warehouse Operations, Building Management, Building Maintenance, and Deferred Maintenance programs.

FACILITIES OPERATION AND MAINTENANCE

The Facilities Operations and Maintenance section is responsible for maintaining and repairing building systems, which include HVAC, electrical, plumbing, and building automation systems. This section is staffed on a 24-hour work schedule to monitor central power plants that provide chilled water and steam to various buildings. This section is also responsible for 21 stand-alone systems in buildings not receiving chilled water or steam from the central power plants. Agency staff periodically inspects equipment to monitor conditions that might lead to breakdown or harmful depreciation. The Facilities Operations and Maintenance section also manages utilities for approximately 74 state-owned facilities and parking structures and lots totaling over 15 million square feet of space.

OFFICE OF ENERGY MANAGEMENT

TFC created the Office of Energy Management (OEM) to explore ways to lower utilities costs and to conserve energy in state-owned facilities. The OEM is tasked with overseeing the procurement, use, and distribution of TFC's utilities appropriations. These responsibilities include performing cost benefit analysis on equipment, evaluating and improving current business practices, creating and implementing program policies and procedures, and researching and planning for the use of advanced technologies.

MINOR CONSTRUCTION

Minor renovations and rehabilitation for tenants of TFC buildings are performed by the Minor Construction section on a cost-recovery basis. TFC charges agencies $60 per hour for minor construction services. If a private vendor performs the renovation on behalf of TFC, the agency oversees the contract to ensure compliance with the contract's terms. TFC's hourly rate for contract administration is $60 per hour with the total fee varying based on the size and complexity of the contract. TFC provided minor construction services to over 56 state agencies during the 2008–09 biennium at a total cost of $6.6 million.

GROUNDS MAINTENANCE

The Grounds Maintenance section maintains and repairs the grounds, parking facilities, and surface lots of state property in Travis County, which includes 13.4 million square feet of landscaped area, parking lots, and garages. Section staff review landscape plans for new and remodeled buildings on the agency's inventory and oversee special events such as parades and movie production.

CUSTODIAL SERVICES

The Custodial Services section provides daily maintenance of restrooms and public areas, nightly waste disposal and recycling services, and weekly vacuuming and dusting for seven state-owned buildings using TFC staff and for 41 state owned buildings through a private contractor. The private contractor provides custodial services for 5.5 million square feet of space at a cost of $0.07 per square foot, while TFC staff provides custodial services for 232,997 square feet of space at a cost of $0.22 per square foot. Additional related services for government seminars or conferences are provided at a minimal cost to requesting agencies. A quality assurance coordinator inspects TFC state facilities and reports findings to the building supervisors and managers. Inspections are performed randomly on all phases of custodial services to ensure that quality service is provided.

DEFERRED MAINTENANCE

Meeting capital improvement needs for each state-owned facility is the responsibility of the Deferred Maintenance Program as overseen by Facilities Management. Routine projects include repairing or replacing broken critical building systems, upgrading building systems to increase current building capacities, and improving energy conservation by installing high-efficiency equipment to lower utility costs. During the 2010–11 biennium, the agency anticipates expenditures of $28.9 million in deferred maintenance projects that were funded by General Obligation bonds from the Proposition 8 ($23.1 million) and Proposition 4 ($5.8 million) authorizations.

TEXAS STATE CEMETERY

TFC provides funding for the Texas State Cemetery. The cemetery, located in Austin, is the final resting place for governors, senators, legislators, congressmen, judges, and other eligible persons who have made a significant contribution to Texas history. The grounds span 18 acres and include several monuments dedicated to honor different groups of Texans, such as those who died during the September 11 terrorist attacks and during Operation Enduring Freedom in Afghanistan, all World War II veterans, and veterans wounded in combat serving in the United States military. Appropriations for the Texas State Cemetery include $1.1 million in General Revenue Funds for the 2010–11 biennium for daily operations and maintenance of cemetery facilities and development of a master plan for the Texas State Cemetery, and $0.5 million in Transportation Enhancement Program funds administered by the Texas Department of Transportation for beautification, repair, and security projects.

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 2135, which requires the Texas State Cemetery Committee to install a flagpole and appropriate monument dedicated to military personnel from Texas who have been killed during service in a combat zone. This flagpole and monument are to be placed in the military monument area of the cemetery grounds. In addition, upon receiving either verbal or written notification from the Texas Veterans' Commission, the flag shall be displayed at half-staff on the day of the serviceperson's funeral.

SUPPORT SERVICES

The Support Services Division provides disposition of federal and state surplus property and recycling and waste management services to agencies.

SURPLUS PROPERTY DISPOSITION

TFC manages the disposition of surplus and salvage property donated to the state by federal programs on a cost-recovery basis. Participation in the federal Surplus Property Program is open to nonprofit and tax-exempt organizations that meet eligibility by fulfilling federal requirements to receive and use the property. Items such as construction equipment, communications equipment, vehicles, tools, and fire-fighting equipment are available to these eligible organizations. In fiscal year 2009, TFC reported approximately $52.6 million in property was donated to eligible organizations.

TFC also disposes of salvage and surplus personal property from state agencies, such as office furniture, office equipment, heavy equipment, tools and vehicles. State agencies, political subdivisions, and assistance organizations, including providers of services to the homeless or impoverished, may contact the state agency that is offering the property to arrange a transfer at a price set by the owning agency. Property that is not transferred to an eligible entity is disposed of through storefront sales, Internet sales, and public auctions. TFC collects a fee to cover the cost of the sale, and agencies are authorized to expend 25 percent of the receipts from the sales of surplus property, less the TFC fee, for similar property, equipment, or commodities. The remaining proceeds, which totaled approximately $0.3 million in fiscal year 2009, are returned to the credit of the General Revenue Fund.

RECYCLING AND WASTE MANAGEMENT

The TFC manages the state's recycling and waste program, which recycles paper, aluminum cans, and plastic drink bottles through its single stream recycling collection, toner cartridges, wood pallets, scrap metal, and electronic "e" waste such as used or out-dated computers or other electronic devices and associated peripherals, including keyboards, monitors, and batteries. The recycling program provides proper disposal of these items at no cost to tenants in TFC managed buildings. TFC reported that state agencies recycled 2,137 tons of single stream recycling material in fiscal year 2009.

SIGNIFICANT LEGISLATION

The Eighty-first Legislation, Regular Session, 2009, enacted House Bill 4586, which appropriates $2.4 million in General Revenue Funds to TFC for utilities costs in fiscal year 2009.

The enactment of House Bill 2774, relating to self-directed and semi-independent status of state financial regulatory agencies, exempts the Finance Commission building and the Credit Union Department building from TFC's facilities management services. The state agencies within those respective buildings are now responsible for facilities management services.

PUBLIC FINANCE AUTHORITY

The Texas Public Finance Authority (TPFA) was established by the Legislature in 1983 as a bond-issuing agency to provide the most cost-effective financing services available to fund capital projects and equipment acquisitions as designated and authorized by the Legislature. The TPFA is governed by a board of directors composed of seven members appointed by the Governor with the advice and consent of the Senate.

Appropriations to fund the TPFA for the 2010–11 biennium are divided into two components: agency operations and debt service on General Obligation (GO) bonds. Appropriations for the 2010–11 biennium for agency operations total $6.7 million and provide for 15 full-time-equivalent positions. Of these appropriations, $6 million, or approximately 89.2 percent are General Revenue Funds and General Revenue–Dedicated Funds, and the remaining $0.7 million are from cost-recovery fees from the Master Lease Purchase Program. These appropriations represent a $4.8 million increase from the 2008–09 biennium to align with the Comptroller of Public Account's Biennial Revenue Estimate for the State Lease Account (General Revenue–Dedicated Funds). Appropriations for debt service on GO bonds total $693.8 million in All Funds; including $681.7 million in General Revenue Funds and General Revenue–Dedicated Funds, to support debt service on existing and new GO bond debt. In addition, the Eighty-first Legislature, 2009, appropriated $3.2 million in General Revenue Funds for additional debt services needs in fiscal year 2009, for a total of $697 million for debt service obligations.

AGENCY OPERATIONS

TPFA issues GO and revenue bonds for designated state agencies (**Figure 110**) and administers the Master Lease Purchase Program, which is used primarily to finance capital equipment and acquisitions such as computers, telecommunications systems, software, vehicles, and energy performance contracts. TPFA provides financing for construction, repair and renovations, acquisition of capital equipment, and grants for cancer research and prevention through a variety of debt management tools and financing techniques including long-term fixed-rate bonds, short-term debt, and refinancing tools such as cash defeasances and advance and current refunding bonds. The agency monitors all debt obligations to ensure compliance with federal tax laws and bond covenants. The staff manages ongoing bond proceeds and ensures timely payments of principal and interest to the bond holders.

FIGURE 110
PUBLIC FINANCE AUTHORITY CLIENT AGENCIES BY TYPE OF FINANCING
2010–11 BIENNIUM

GENERAL OBLIGATION BONDS	REVENUE BONDS	MASTER LEASE PURCHASE PROGRAM
Texas Facilities Commission	Texas Facilities Commission	All state agencies and institutions of higher education
Texas Historical Commission	Texas Historical Commission	
Texas Military Preparedness Commission (Texas Military Value Revolving Loan Fund)	Preservation Board (State History Museum)	
Department of Aging and Disability Services	Health and Human Services Commission (Texas Integrated Eligibility Redesign System)	
Department of State Health Services		
School for the Blind and Visually Impaired	Department of State Health Services	
School for the Deaf	Texas Military Facilities Commission (now Adjutant General's Department)	
Adjutant General's Department		
Juvenile Probation Commission	Department of Criminal Justice	
Department of Public Safety	Parks and Wildlife Department	
Department of Criminal Justice	Department of Transportation	
Youth Commission	Texas Workforce Commission	
Department of Agriculture	Midwestern State University	
Parks and Wildlife Department	Stephen F. Austin State University	
Department of Transportation	Texas Southern University	
Cancer Prevention and Research Institute of Texas	Texas Windstorm Insurance Association	
Texas Agricultural Finance Authority		

Source: Texas Public Finance Authority.

GENERAL OBLIGATION (GO) BONDS

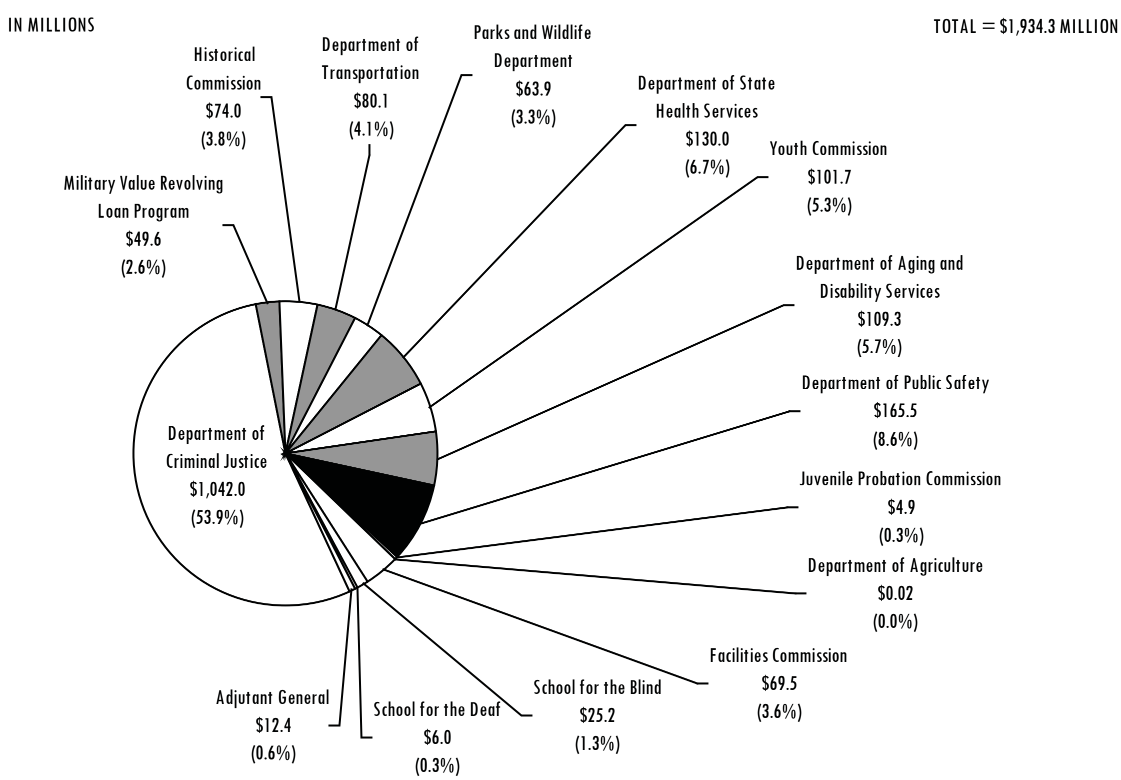
TPFA issues GO bonds on behalf of certain state agencies and institutions of higher education as authorized by statute. GO debt requires a constitutional amendment, approval by two-thirds of the Legislature, and approval by a majority of voters in a statewide election. GO debt is backed by the full faith and credit of the State of Texas, requiring that the first monies coming into the state Treasury not otherwise constitutionally dedicated be used to pay the debt service on these obligations. There are several GO bond programs, including bonds for general state government construction projects on behalf of 13 state agencies, the Colonia Roadway Program, the Texas Military Revolving Loan Fund for loans to defense communities, and cancer prevention and research initiatives.

The agency uses various types of debt instruments to fund GO debt programs, including long-term fixed-rate bonds and short-term variable rate notes, such as commercial paper. Commercial paper is a tool to provide interim financing for construction projects, as well as flexibility in managing the state's debt portfolio.

The federal American Recovery and Reinvestment Act of 2009 established the Build America Bond (BAB) program that authorizes state and local governmental entities to issue two types of taxable bonds with federal subsidies to offset borrowing costs. The first type of BAB program provides federal tax credits to the bond buyers or investors in an amount equal to 35 percent of the total interest payments paid by the issuing agency. The second type of BAB program provides a federal subsidy through a refundable tax credit paid directly to state or local governmental issuers in an amount equal to 35 percent of the total interest payments made to investors. In August 2009, TPFA issued approximately $181.6 million in BAB GO bond debt on behalf of several client agencies and elected to receive a direct subsidy of 35 percent of the interest payments, estimated to be $56.5 million over the 20-year life of the bonds, including $5.8 million in the 2010–11 biennium.

As of August 31, 2009, outstanding non self-supporting GO bonds totaled $1.9 billion, which includes $1.3 billion, or 68.4 percent, for outstanding debt for bonds for construction, repair, and renovation of Texas Department of Criminal Justice facilities. **Figure 111** shows the amount of debt outstanding by agency.

FIGURE 111
OUTSTANDING GENERAL OBLIGATION BOND DEBT
AS OF AUGUST 31, 2009



NOTES: Totals may not sum due to rounding. Includes General Obligation bonds and commercial paper.
SOURCE: Texas Public Finance Authority.

Appropriations for debt service payments for GO bonds total $693.8 million for the 2010–11 biennium, an increase of $78.6 million from the 2008–09 estimated and budgeted primarily due to delayed issuances related to project delays. Included in the appropriations is $35.5 million in debt service for $450 million in GO bonds to the Cancer Prevention and Research Institute, primarily for grants. During fiscal year 2009, the Legislative Budget Board and the Governor, in accordance with the General Appropriations Act (2008–09 Biennium) Article IX, General Provisions, Section 14.04, approved the emergency transfer of $70 million in anticipated lapsed General Revenue Funds from the agency to the General Land Office, Texas Department of Rural Affairs (TDRA—formerly the Office of Rural Community Affairs), Department of Public Safety, and the Office of the Governor–Trusteed Programs primarily for reimbursement of expenditures related to Hurricane Ike. Subsequently, as a result of federal reimbursement, TDRA returned $6 million to TPFA in fiscal year 2009. **Figure 112** shows the appropriations for debt service on GO bonds for the 2010–11 biennium by agency and the amounts of emergency transfers to each agency in fiscal year 2009.

FIGURE 112
GENERAL OBLIGATION BOND DEBT SERVICE APPROPRIATIONS BY AGENCY
2010–11 BIENNIUM

IN MILLIONS	ALL FUNDS			
AGENCY	2008–09 BUDGETED/ EXPENDED	2010–11 APPROPRIATED	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Facilities Commission	$17.0	$18.9	$1.9	11.2
Texas Historical Commission	10.4	21.1	10.7	102.9
Preservation Board	0.0	0.0	0.0	NA
Cancer Prevention and Research Institute	0.0	35.5	35.5	NA
Department of Aging and Disability Services	29.7	31.5	1.8	6.1
Department of State Health Services	28.0	33.7	5.7	20.4
School for the Blind and Visually Impaired	3.8	12.2	8.4	221.1
School for the Deaf	1.5	1.4	(0.1)	(6.7)
Adjutant General's Department	1.2	3.8	2.6	216.7
Juvenile Probation Commission	11.7	1.9	(9.8)	(83.8)
Department of Public Safety	9.4	38.9	29.5	313.8
Youth Commission	37.1	34.7	(2.4)	(6.5)
Department of Criminal Justice	468.6	411.6	(57.0)	(12.2)
Department of Agriculture	0.0	0.0	0.0	NA
Parks and Wildlife Department	15.8	21.8	6.0	38.0
Department of Transportation	39.9	21.4	(18.5)	(46.4)
Texas Military Preparedness Commission	5.1	5.4	0.3	5.9
Emergency Transfer of Debt Service Appropriations from TPFA affecting fiscal year 2009:				
General Land Office	$39.0	–	–	–
Texas Department of Rural Affairs*	6.0	–	–	–
Texas Department of Rural Affairs*	(6.0)	–	–	–
Department of Public Safety	5.0	–	–	–
Trusteed Programs Within the Officer of the Governor	20.0	–	–	–
Total Emergency Transfers	$64.0	–	–	–
TOTAL	**$615.2**	**$693.8**	**$14.6**	**2.4**

*The Texas Department of Rural Affairs returned $6 million to TPFA in fiscal year 2009.
Source: Texas Public Finance Authority.

REVENUE BONDS

Unlike GO bonds, revenue bonds do not require voter approval. TPFA issues lease revenue bonds to fund a project on behalf of another state agency and leases the project to the agency. Funds for debt service payments on revenue bonds are appropriated to the applicable agency as lease payments to TPFA. These appropriations are typically General Revenue Funds. The Legislature appropriated revenue bond proceeds to several agencies including the Texas Facilities Commission to construct, renovate, or purchase state office buildings; the Texas Historical Commission to make improvements to the National Museum of the Pacific War; the Texas Parks and Wildlife Department to construct and equip a new freshwater fish hatchery in East Texas and for infrastructure maintenance of the state parks system; the State Preservation Board for construction of the Bob Bullock Texas State History Museum; the Department of State Health Services for construction of a public health laboratory; and the Texas Department of Criminal Justice to refinance existing leases for additional bed capacity at local correctional facilities. TPFA also issues Tuition Revenue Bonds on behalf of certain institutions of higher education. The Legislature appropriates General Revenue Funds to these institutions for the reimbursement of related debt service.

Appropriations for debt service payments on revenue bonds total $180.5 million for the 2010–11 biennium, a decrease of $13.2 million, or 7.3 percent, from the 2008–09 expenditure level (**Figure 113**). Outstanding revenue bond debt totaled $655.3 million as of August 31, 2009. As **Figure 114** shows, debt issued for the Texas Facilities Commission is $169.3 million, or 25.7 percent of total outstanding revenue bond debt.

MASTER LEASE PURCHASE PROGRAM

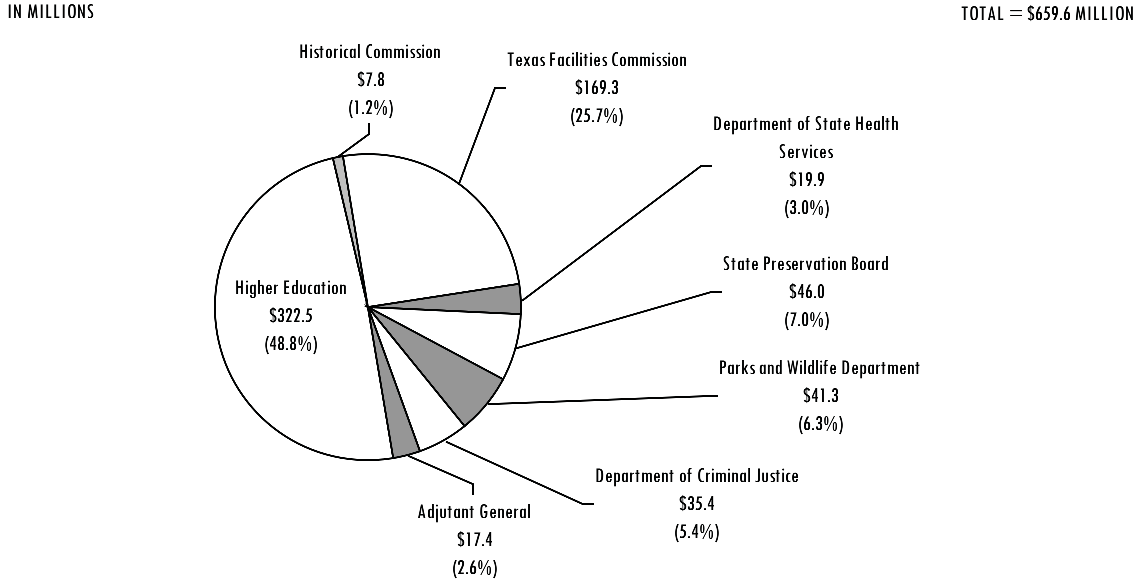
The Master Lease Purchase Program (MLPP) is a lease revenue-financing program authorized by statute to finance equipment acquisitions for state agencies. The program provides financing for computers, telecommunications, and other capital equipment on purchases in excess of $10,000 and for equipment with a useful life of at least three years. MLPP acquisitions are funded with tax-exempt commercial paper, a short-term variable rate financing instrument. The agency charges an administrative fee on the outstanding principal balance of each lease. As of August 31, 2009, there was approximately $107.3 million in outstanding debt for the MLPP. **Figure 115** shows the total amount of assets and type of projects financed since the program's inception in 1992. The agency reports an estimated 42.9 percent decrease in the number of leases processed in fiscal year 2009 from fiscal year 2008, primarily due to delays related to the Bond Review Board accepting applications for energy performance contracts that are primarily financed through the agency's MLPP.

FIGURE 113
REVENUE BOND DEBT SERVICE APPROPRIATIONS
2010–11 BIENNIUM

IN MILLIONS	ALL FUNDS			
AGENCY	2008–09 BIENNIUM	2010–11 BIENNIUM	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Facilities Commission	$95.0	$86.0	($9.0)	(0.09)
Texas Historical Commission	2.0	1.9	(0.1)	(0.05)
State Preservation Board/History Museum	12.6	12.3	(0.3)	(0.02)
Department of State Health Services	5.7	5.8	0.1	0.02
Higher Education Institutions*	31.9	35.1	3.2	0.10
Adjutant General/Military Facilities Commission	4.4	4.6	0.2	0.05
Department of Criminal Justice–Private Prison Lease/Purchase	22.4	19.9	(2.5)	(0.11)
Parks and Wildlife Department	15.3	14.9	(0.4)	(0.03)
TOTAL	**$189.3**	**$180.5**	**($8.8)**	**(0.14)**

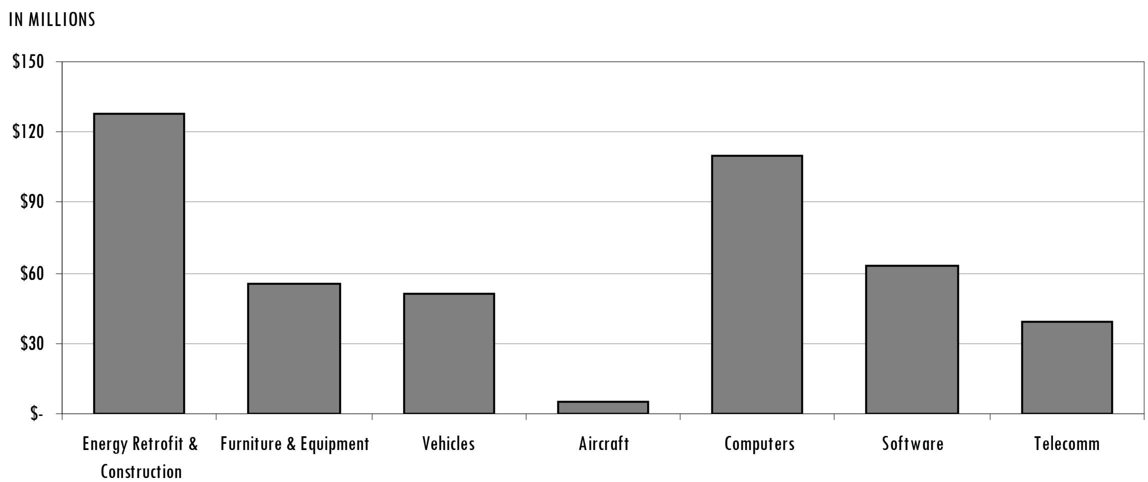
*Includes Texas State Technical College, Stephen F. Austin State University, Midwestern State University, and Texas Southern University.
Source: Texas Public Finance Authority.

FIGURE 114
OUTSTANDING REVENUE BOND DEBT (NON-GENERAL OBLIGATION)
AUGUST 31, 2009



SOURCE: Texas Public Finance Authority.

FIGURE 115
ASSETS FINANCED VIA MASTER LEASE PURCHASE PROGRAM
FISCAL YEARS 1992 TO 2009



SOURCE: Texas Public Finance Authority.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-first Legislature, Regular Session, 2009, that affect TPFA; among this legislation are House Bill 4409 and Senate Bill 1016.

The enactment of House Bill 4409 authorizes TPFA to issue public securities on behalf of the Texas Windstorm Insurance Association (TWIA) on or after the occurrence of a catastrophic event such as hurricanes. Proceeds from these securities can be used to pay claims and TWIA operating expenses; to purchase reinsurance; to pay any cost of issuance and related administrative fees; to provide a public security reserve; and to pay interest and principal on public securities.

Senate Bill 1016 transfers the debt issuance authority from the Texas Agricultural Finance Authority to TPFA as recommended by the Sunset Advisory Commission.

FIRE FIGHTERS' PENSION COMMISSIONER

In 1937, the Forty-fifth Texas Legislature established the Office of the Fire Fighters' Pension Commissioner (FFPC). The Governor appoints the Commissioner for a four-year term and is subject to confirmation by the Texas Senate. The FFPC administers two programs: the Texas Emergency Services Retirement System (TESRS), and the Texas Local Fire Fighters' Retirement Act (TLFFRA) program. The agency's primary mission is to provide an actuarially sound and professionally managed and administered retirement system for the volunteer firefighters and emergency services personnel in the state of Texas. The agency also provides technical assistance, education, and oversight to the locally administered firefighters' pension boards.

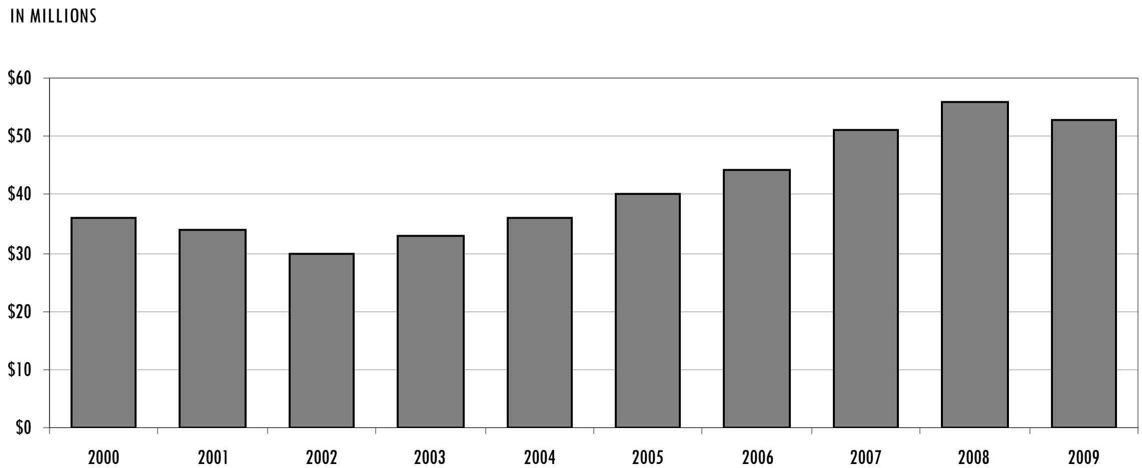
Appropriations for the 2010–11 biennium total $1.5 million in General Revenue Funds and provide for 8.5 full-time-equivalent positions, and include $0.1 million to add one pension specialist for the TLFFRA Program; $0.2 million to transfer pension-related accounting costs from the TESRS fund to the agency; and $0.1 million to comply with website accessibility requirements set by the Department of Information Resources to meet federal Americans with Disabilities Act standards.

The TESRS fund's August 31, 2008 actuarial valuation, which reports the financial soundness of the plan, including its accrued liability assets and the actuarial soundness of contributions, indicated that the TESRS fund had an actuarially sound plan contribution arrangement for a 30-year funding period without requiring the annual maximum state contribution. However, in an addendum to the valuation, the agency's actuaries noted that due to the significant decrease in the equity markets in the two months following the August 31, 2008 valuation date, the TESRS fund would require the maximum annual contributions from the state for the system to maintain an adequate contribution arrangement. However, no additional state contributions to the TESRS fund were made during the 2010–11 biennium.

The TESRS fund was established in 1977 to finance a pension system for volunteer firefighters. TESRS is a pooled investment fund for volunteer firefighters, volunteer emergency medical personnel, and members of part paid/part volunteer fire departments. The FFPC administers the day-to-day operations of the system, and provides a cost-effective means for volunteer fire departments to belong to a professionally managed fund. As the administrator, the FFPC collects contributions of participating members, invests the proceeds, calculates benefits, and issues payments to retirees and their beneficiaries. There are 197 fire departments participating in the TESRS fund, representing 12,000 vested and non-vested members, and 4,397 active volunteer emergency services personnel. As of January 1, 2007, the TESRS vesting requirement is that a member must have 10 qualifying years in TESRS before receiving the right to a pension benefit. On average, the fund provides monthly annuity payments to 2,800 retirees and beneficiaries, which totaled approximately $2.5 million in benefit payments in fiscal year 2009. The fund, which totals approximately $52.8 million, is overseen by the TESRS Board of Trustees, whose members are appointed by the Governor. Working with investment consultants and a contract actuary, the board establishes the asset allocation (the distribution of investments among various classes of investment vehicles) and the investment policies for the fund, and hires and oversees investment managers to invest the assets of the fund in accordance with the board's investment policy. **Figure 116** shows the net value of the TESRS fund's assets from fiscal years 2000 to 2009.

The Texas Local Fire Fighters' Retirement Act (TLFFRA) was established in 1937. Under TLFFRA, the FFPC maintains all of the records for the departments that administer firefighters' pension funds; provides advice concerning interpretation of the statute and local plans; confirms retirement, disability and refund amounts; and resolves benefit disputes between members and local boards after they have had a hearing before a State Office of Administrative Hearings (SOAH) Administrative Law Judge. After receiving SOAH's finding, the Fire Fighters' Pension Commissioner makes the final ruling in the benefit dispute. Of the 121 participating pension funds, 80 are volunteer fire departments, and 41 are paid departments. The combined market value of these funds exceeded $1 billion with 6,556 active members and 3,696 beneficiaries as of December 31, 2008. Of the paid departments, 26 have amortization periods under 30 years, nine departments have amortization periods between 30 and 40 years, five departments are over the 40-year funded level, and one fund has its initial valuation pending. The agency assists local boards of trustees regarding pension-related issues by providing peer review support and training though both personal one-on-one training and web-based

FIGURE 116
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS) FUND NET VALUE OF ASSETS
FISCAL YEARS 2000 TO 2009



SOURCE: Fire Fighters' Pension Commissioner.

assistance. In addition, the FFPC makes concerted efforts to move these departments to the Texas Emergency Services Retirement System to reduce costs and provide increased benefits for the membership. By moving to the TESRS fund, these small volunteer departments have the opportunity to belong to a fund that is managed by the FFPC and is backed by a larger pool of assets.

OFFICE OF THE GOVERNOR AND TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

The Governor is the chief executive officer of the State of Texas and is elected for a four-year term. Duties and responsibilities include beginning each regular legislative session with a report on the fiscal condition of the state and an estimate of the amount of revenue required to be raised through taxation; convening special sessions of the Legislature; and approving or disapproving each bill enacted by the Legislature.

In addition to chief executive officer, the Governor has many constitutional and statutory roles and responsibilities in state government, including the following:

- serves as the state's chief budget officer;
- appoints members of state boards and commissions that provide policy direction to state agencies;
- serves as commander-in-chief of the state's military forces;
- fills vacancies in state or district elective offices, pending the next general election;
- issues writs of election to fill legislative or congressional vacancies; and
- grants reprieves and pardons, commutes pardons and punishments, and revokes conditional pardons.

Appropriations to the Office of the Governor for the 2010–11 biennium are divided into two areas: the Office of the Governor and Trusteed Programs within the Office of the Governor. Together, these appropriations total $763.8 million and provide for 288.5 full-time-equivalent (FTE) positions. Of this amount, $476.9 million, or 62.4 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds and $106.4 million in Federal Funds from the American Recovery and Reinvestment Act of 2009 (ARRA), or 13.9 percent, consists of various criminal justice and military preparedness grants.

OFFICE OF THE GOVERNOR

The formulation of state policy is implemented primarily through operations of five entities within the Office of the Governor: the Governor's Office of Budget, Planning and Policy; the States Grants Team; the Communications Office; the Appointments Office; and the Office of General Counsel. These operations support and assist the Governor in carrying out constitutional and statutory responsibilities as the state's chief executive officer. Appropriations to the Office of the Governor total $23.7 million in All Funds for the 2010–11 biennium and provide for 137.4 FTE positions.

OFFICE OF BUDGET, PLANNING AND POLICY

The Governor's Office of Budget, Planning and Policy advises the Governor on the state's fiscal condition, recommends fiscal policies to the Governor, prepares the Governor's biennial budget recommendation submission to the Legislature, and provides the Governor with information on and analysis of state policy issues. Its budget administration activities include processing agency requests for emergency funds, requests to enter into contracts with consultants, requests to hire staff for bona fide new positions that are not defined in the State Classification Plan, and other agency submissions required by law.

The office provides fiscal information and analysis in support of the Governor's statutory role as the state's chief budget officer. In conjunction with the Legislative Budget Board (LBB), the office coordinates the state agency strategic planning process, develops a long-range strategic plan for state government, issues budget instructions to state agencies, and conducts hearings on agency budget requests.

The Governor and the LBB have budget execution authority to manage the state's appropriations while the Legislature is not in session. Budget execution authority permits the state to reallocate existing appropriations for fiscal emergencies that occur between legislative sessions. Texas Government Code, § 317 authorizes either the Governor or the LBB to propose budget execution actions. In this process, the Governor's Office of Budget, Planning and Policy analyzes the identified budget emergency and may propose alternatives that include the transfer of appropriations from one state agency to another, the use of agency appropriations for another purpose, or a change in the timing of an agency appropriation. For an item to be approved, the Governor and the LBB must concurrently approve the original or modified proposal.

STATE GRANTS TEAM

The State Grants Team provides both public and private grant funding opportunities to governmental and nonprofit entities throughout the state. The Grants Team administers the Texas Review and Comment System (TRACS), which provides state agencies and local governments an opportunity to review and comment on grant applications, state and federal development and environmental assessments, and impact statements before the grants are funded or approved. Through TRACS, grantees submit applications to the appropriate regional planning agency that conducts the grant review, and the Governor's Office serves as the contact for all comments from other local and state governmental entities.

COMMUNICATIONS OFFICE

The Communications Office manages media relations for the Governor and the First Lady or First Gentleman by providing information to print and broadcast media. The office prepares news releases and speeches for the Governor and handles media calls and requests for interviews. The Office of the Governor receives an average of 163,000 constituent contacts annually, and it is the Communications Office's responsibility to respond to these letters, calls, and email messages. The office receives calls from Texans with concerns or issues about state government through its information and referral hotline, refers callers to appropriate agencies for assistance, and reports constituent concerns to the Governor. In addition, the office makes travel arrangements and prepares detailed schedules for the Governor.

APPOINTMENTS OFFICE

The Governor's Appointments Office recruits, screens, selects, and trains individuals appointed to boards, commissions, and advisory committees. This office also supports the processes of filling vacancies in state, district, legislative, and congressionally elected offices. During a four-year term, the Governor makes an average of 3,000 appointments.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

Trusteed Programs within the Office of the Governor are statewide activities that fall under the oversight of the Chief Executive but that in some instances are not assigned by law or executive action to a specific state board or commission for administration. Some of the trusteed programs administered by the Governor include the Agency Grant Assistance Program, the Disaster Assistance Program for state agencies and local governments, the Film and Music Marketing Program, the Criminal Justice Division, the Economic Development and Tourism Division, the Texas Military Preparedness Commission, the Homeland Security Division, the Committee on People with Disabilities, the Commission for Women, County Essential Services, and State–Federal Relations. Appropriations to the Trusteed Programs total $740.1 million in All Funds for the 2010–11 biennium and provide for 151.1 FTE positions. This amount is a $88.4 million decrease, or 10.7 percent, in total funds from the 2008–09 biennial level mainly due to a decrease in Disaster Funds of $98.9 million, Texas Enterprise Funds of $84 million, and Economic Development and Tourism Funds of $63.8 million offset by an increase in Criminal Justice Funds of $38.7 million, Film and Music Marketing Funds of $39.9 million, Military Preparedness Funds of $4.9 million, Homeland Security Funds of $12.8 million, and Emerging Technology Funds of $60.5 million.

GRANT ASSISTANCE

There are several grant assistance programs within the Trusteed Programs. The Agency Grant Assistance Program helps those state agencies that do not have sufficient funds to operate or meet special needs caused by emergency or unforeseen circumstances. The Governor has the authority to consider approval of emergency and deficiency grants for agencies with insufficient funds to operate or meet unanticipated situations. The Disaster Assistance Program provides funds to local governments and state agencies to respond to disasters. These funds are available only after appropriated funds to state and local agencies for disasters are depleted. The Governor has the authority to consider approval of disaster grants for agencies with insufficient funds to operate or meet unanticipated situations. The County Essential Services Grant Program provides financial assistance to counties for essential public services and assists Texas counties with unanticipated criminal justice related expenditures that are beyond the scope of their local budgets. Examples include law enforcement services, jail services, court services, and reimbursements of extraordinary costs incurred for the investigation or prosecution of capital murders or crimes committed because of bias or prejudice. The Eighty-first Legislature, Regular Session, 2009, appropriated $1.6 million in General Revenue Funds for the Agency Grant Assistance Program, $11.2 million in General Revenue Funds for the Disaster Assistance Program, and $1.6 million in General Revenue Funds for the County Essential Services Grant Program for the 2010–11 biennium.

FILM AND MUSIC MARKETING

The Music Office serves as a clearinghouse for Texas music industry information by providing referrals to Texas music businesses, performers, and events to attract new business to

Texas and to encourage and assist in-state music businesses and individuals. The office publishes the annual Texas Music Industry Directory, which contains more than 17,000 Texas music businesses cross-referenced by 96 music categories.

The Film Commission provides information on film locations, crews, talent, state laws, sales tax exemptions, and housing to filmmakers seeking to produce movies or television shows in Texas. Through its Texas Production Manual, the commission maintains a list of 1,400 qualified vendors, crew, and other film and video-related entities at no cost to the Texas residents who list their services. To promote the film industry in Texas, the Moving Image Industry Incentive Program offers grants to production companies that produce films, television programs, video games, instructional and educational videos or commercials in Texas. Enactment of House Bill 873, Eighty-first Legislature, Regular Session, 2009, provides that grant applicants must meet a minimum in-state spending of $250,000 for films and television programs and $100,000 for commercials, educational or instructional videos, and digital interactive media productions. Also, at least 60 percent of the production must be filmed in Texas and wages are capped at $1 million per worker. The Eighty-first Legislature, Regular Session, 2009, appropriated $64.2 million in All Funds for the Moving Image Industry Incentive Program for the 2010–11 biennium, which includes $2.2 million for administration of the program.

CRIMINAL JUSTICE

The Criminal Justice Division (CJD) directs funding to first responders and service providers through the administration of grants from a variety of state and federal sources. Eligible applicants for criminal justice-related funds include state agencies, regional councils of governments, cities, counties, independent school districts, higher education institutions, Native American tribes, and nonprofit organizations. During the 2008–09 biennium, CJD awarded $154 million in grants to local, regional, and statewide projects.

Typically, grant awards fall into one of six service categories or program areas:

- Prevention—school or community-based projects that prevent gang activity, drug use, violence, or neighborhood crime and family violence and child abuse prevention projects;
- Juvenile Justice—juvenile boot camps, juvenile offender employment projects, and juvenile probation casework;
- Law Enforcement—family violence and child abuse investigators, police officer training, and law enforcement technology (e.g., DNA profiling, information systems, crime labs, and automated fingerprint systems);
- Courts and Prosecution—drug courts, teen courts, and special narcotics and juvenile prosecutors;
- Victims' Services—victims' assistance, battered women's shelters, child abuse projects, rape crisis centers, Mothers Against Drunk Driving, and Court Appointed Special Advocates; and
- Texas Crime Stoppers—24-hour toll-free hotline for information on unsolved crimes and state and local programs that accept anonymous tips and provide rewards.

CJD's mission is to establish and support programs that protect people from crime, to reduce the number of crimes committed, and to promote accountability, efficiency, and effectiveness within the criminal justice system. CJD impacts criminal justice trends in several ways:

- promoting and expanding drug court programs;
- supporting prevention programs aimed at reducing juvenile and drug crime;
- supporting border security efforts;
- supporting safe school environments; and
- supporting state planning assistance through grants to the regional councils of governments in Texas to coordinate regional plans and programs with local governments, maximize federal funding within the region, and assist local governments.

Once grants are awarded, they are monitored, evaluated, and audited by CJD. The state and federal funding sources for CJD grants, amounts estimated to be available during the 2010–11 biennium, and eligible uses for each funding source are summarized in **Figure 117**. Appropriations for criminal justice activities for the 2010–11 biennium total $277.2 million in All Funds. These amounts include $74.9 million in General Revenue Funds and General Revenue–Dedicated Funds and $202.3 million in Federal Funds, which includes ARRA Funds of $2.1 million for Crime Victims Assistance Grants, $9 million for Violence Against Women Grants, and $90.3 million for Byrne Justice Assistance Grants (JAG). Article XII, Section 14 of Senate Bill 1, Eighty-first

FIGURE 117
GOVERNOR'S CRIMINAL JUSTICE DIVISION FUNDING PROGRAMS
2010–11 BIENNIUM

IN MILLIONS PROGRAM/FUND	ESTIMATED FUNDING
State Criminal Justice Planning Fund	$56.4
Eligible Uses: Supports programs designed to reduce crime and improve the criminal or juvenile justice system.	
County Essentials Services Program	1.6
Eligible Uses: Assistance to counties for essential public services or reimbursement of extraordinary costs incurred for the investigation or prosecution of a capital murder.	
Crime Stoppers Assistance Fund	1.1
Eligible Uses: Assist community efforts in solving serious crimes through certified Crime Stoppers programs.	
Drug Court Program	3.2
Eligible Uses: Court-supervised substance abuse treatment as an alternative to traditional criminal sanctions.	
State Planning Assistance Fund	5.0
Eligible Uses: Planning assistance to metropolitan and rural regional planning commissions.	
Edward Byrne Justice Assistance Grants	46.1
Eligible Uses: Programs that prevent and control crime and make improvements to the criminal justice system.	
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	90.3
Eligible Uses: Programs that prevent and control crime and make improvements to the criminal justice system.	
Paul Coverdell National Forensic Sciences Improvement Act	1.6
Eligible Uses: Improve the quality, timeliness and credibility of forensic science and medical examiner services.	
Residential Substance Abuse and Treatment Act	1.9
Eligible Uses: Substance abuse treatment projects within state and local correctional facilities, including jails.	
Bullet Proof Vest Partnership Grant	0.1
Eligible Uses: Assistance to local and tribal law enforcement agencies in providing officers with armored vests.	
Juvenile Justice and Delinquency Prevention Act	10.3
Eligible Uses: Improve the juvenile justice system and develop effective education, training, research, prevention, diversion, treatment, and rehabilitation programs in the area of juvenile delinquency.	
Juvenile Accountability Block Grant	6.3
Eligible Uses: Supports projects that promote greater accountability in the juvenile justice system.	
Safe and Drug Free Schools and Communities Act	9.3
Eligible Uses: Prevent violence and the illegal use of alcohol, tobacco, and drugs in and around schools.	
Child ID Program	2.5
Eligible Uses: To deliver Child ID kits to the kindergarten-aged children of Texas.	
Victims of Crime Act Formula Grant Program	53.0
Eligible Uses: Provide services and assistance directly to victims of crime.	
Violence Against Women Act Fund	14.7
Eligible Uses: To develop and strengthen effective criminal justice strategies and victim services programs to combat violent crimes against women.	
Sexual Assault Services and Prevention	0.1
Eligible Uses: To provide direct services to adult and child victims of sexual assault.	

FIGURE 117 (CONTINUED)
GOVERNOR'S CRIMINAL JUSTICE DIVISION FUNDING PROGRAMS
2010–11 BIENNIUM

IN MILLIONS PROGRAM/FUND	ESTIMATED FUNDING
ARRA - Victims of Crime Act Formula Grant Program	$2.1
Eligible Uses: Provide services and assistance directly to victims of crime.	
ARRA - Violence Against Women Act Fund	9.0
Eligible Uses: To develop and strengthen effective criminal justice strategies and victim services programs to combat violent crimes against women.	
TOTAL, ESTIMATED FUNDING	**$314.6**

Source: Office of the Governor.

Legislature, Regular Session, 2009, stipulates that $29.6 million of the $90.3 million in Byrne JAG be allocated for border security operations related to overtime and operational costs, crime mapping and surveillance, multi-agency gang intelligence, patrol boats, radio interoperability, and night vision capabilities.

ECONOMIC DEVELOPMENT AND TOURISM

The mission of the Economic Development and Tourism Division is to enhance the economic growth of Texas communities through marketing and development initiatives for business and tourism. The division administers the Texas Enterprise Fund grants, the Texas Emerging Technology Fund, the Economic Development Bank programs, Texas Military Preparedness, and tourism programs. Appropriations for Economic Development and Tourism, the Texas Enterprise Fund, the Texas Emerging Technology Fund, and Military Preparedness for the 2010–11 biennium total $367.3 million in All Funds.

In addition, the Governor's Office administers grants to regional planning commissions. These grants provide funding for state planning assistance for the purposes of coordinating regional plans and programs with local governments, leveraging federal funding assistance, and assisting local governments. Eligibility requirements and the funding formula for regional grants are set forth in the Local Government Code and are primarily population-driven. The Eighty-first Legislature, Regular Session, 2009, appropriated $5 million in General Revenue Funds during the 2010–11 biennium for providing grants to regional councils of governments.

TEXAS ENTERPRISE FUND

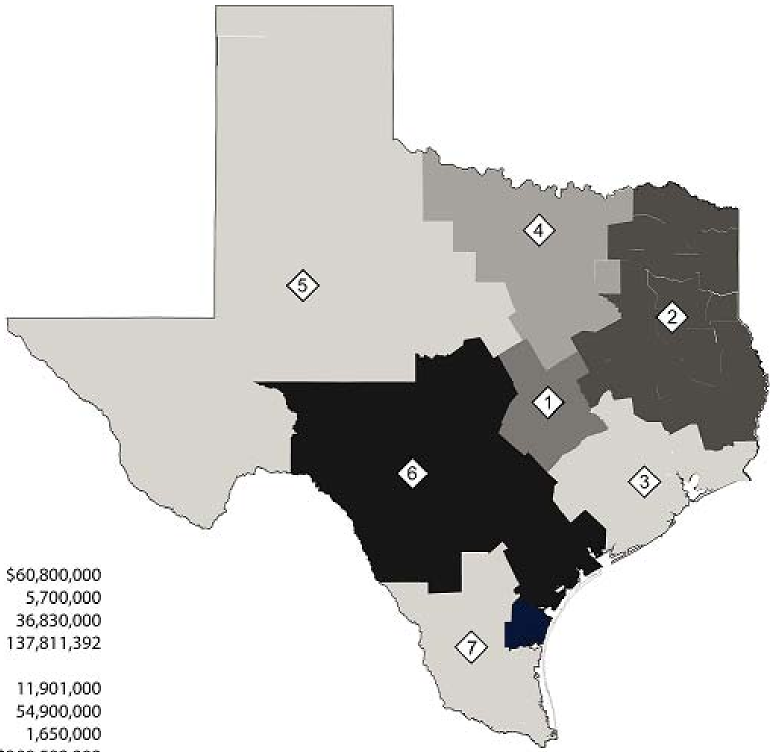
The Texas Enterprise Fund was established by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. The fund is for economic, infrastructure, community development, job training programs, and business incentives. The division reports that since the beginning of fiscal year 2004, $383.5 million in Texas Enterprise Fund grants has been awarded to 53 entities and estimates that 55,587 jobs have been created. The 2010–11 appropriation of $67.6 million for the Texas Enterprise Fund consists of $20 million in General Revenue Funds and $47.6 million in estimated revenue, estimated interest earnings, and unspent appropriations carried forward from fiscal year 2009. **Figure 118** shows the amounts disbursed, announced, and committed from the Texas Enterprise Fund by region since fiscal year 2004.

EMERGING TECHNOLOGY FUND

The Seventy-ninth Legislature, Regular Session, 2005, established the Texas Emerging Technology Fund for the purpose of promoting research and development in emerging technological industries such as semiconductor, nano-technology, biotechnology, or others that could lead to medical or scientific breakthroughs. Statutorily, 50 percent of the fund must be used for incentives for private or nonprofit entities to collaborate with public or private institutions of higher education on the commercialization of emerging technology projects, 16.67 percent must be used to match funding from research sponsors, while the remaining 33.33 percent must be used to acquire new or enhance existing research resources at public institutions of higher education.

During the 2008–09 biennium, $149.2 million in Emerging Technology grants was awarded to 64 entities. **Figure 119** shows amounts granted during the 2008–09 biennium by type of technology industry. As of September 1, 2009, there were 45 investment and grant applicants and $104 million in investment and grant amounts under contract or review by

FIGURE 118
TEXAS ENTERPRISE FUNDS DISBURSED, ANNOUNCED, AND COMMITTED BY REGION
FISCAL YEARS 2004 TO 2009



1 Central	$60,800,000
2 East	5,700,000
3 Gulf Coast	36,830,000
4 North	137,811,392
5 Upper Rio Grande & West Texas	11,901,000
6 South Texas	54,900,000
7 Valley	1,650,000
Subtotal	$309,592,392
+Multi-regional Projects	$73,881,000
Total	$383,473,392

Source: Office of the Governor.

the Economic Development and Tourism Division for potential future award. The 2010–11 appropriation of $203 million for the Emerging Technology Fund consists of $24 million in General Revenue Funds, $70 million in Federal Funds, and $109 million in estimated revenue, estimated interest earnings, and unspent appropriations carried forward from fiscal year 2009.

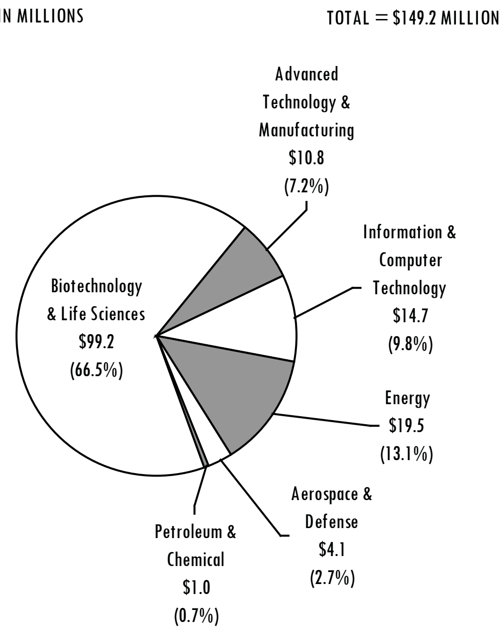
ECONOMIC DEVELOPMENT BANK

The Economic Development Bank consists of 11 separate programs that provide incentives to businesses wishing to relocate to or expand in Texas, and assists local communities in accessing capital for economic development. Under one such program, the Leverage Fund, short-term debt is issued to make loans to communities for certain projects, and in turn communities use their economic development sales tax revenue as security on the loan and to pay back the loan. In the Linked Deposit Program, lending institutions offer lower rate loans to historically underutilized businesses, child-care providers, nonprofit corporations, and small or medium-sized businesses located in an enterprise zone. In exchange, the lender pays less than the market interest rate on state funds deposited with the lender. The Enterprise Zone Program encourages job creation and capital investment in economically distressed areas by providing tax abatements on state sales, use, and franchise taxes for businesses that agree to invest in these areas. In addition, the division processes tax exempt and taxable industrial revenue bonds on behalf of local industrial development corporations that want to finance land and depreciable property for manufacturing facilities. A processing fee is charged to the industrial development corporations of one-tenth of 1 percent of the bond issuance, and this fee is deposited into the Economic Development Bank. Appropriations for the Economic Development Bank total $8.5 million in General Revenue–Dedicated Funds for the 2010–11 biennium.

TOURISM

The Texas Tourism program markets Texas as a tourist destination in out-of-state domestic and international

FIGURE 119
EMERGING TECHNOLOGY FUND GRANTS BY INDUSTRY SECTION 2008–09 BIENNIUM



NOTE: Totals may not sum due to rounding.
SOURCE: Office of the Governor.

markets. The program promotes Texas as a premier travel destination through advertisements in consumer and trade magazines, national cable television, radio, newspaper, the TravelTex.com website, and through its advertising campaign: *Texas. It's Like A Whole Other Country®*. Through trade shows, sales and media missions, educational seminars, and media tours, the program provides the travel trade industry and travel media with information regarding Texas travel. In addition, the program analyzes trends in domestic and international travel and the effectiveness of travel literature, the influence of Texas advertising, and consumers' images of Texas. Funding for the Texas Tourism program is provided by a dedicated portion of Hotel Occupancy Tax revenue equal to one-half of 1 percent of tax collections. Appropriations for tourism activities for the 2010–11 biennium total $62.2 million in General Revenue Funds and provide for 69 FTE positions.

MILITARY PREPAREDNESS

Established by the Seventy-eighth Legislature, Regular Session, 2003, the Texas Military Preparedness Commission consists of 13 members appointed by the Governor and is charged with two core missions. The first is to develop a statewide strategy to assist defense dependent communities to prepare for future federal Base Realignments and Closures (BRAC). The second is to assist defense dependent communities affected by BRAC through the Texas Military Value Revolving Loan Fund and the Defense Economic Adjustment Assistance Grants (DEAAG) program. The commission also administers the DEAAG program that provides grants from $50,000 to $2 million for economic development in defense dependent communities. Enactment of House Bill 2546, Eighty-first Legislature, Regular Session, 2009, combines the Texas Military Preparedness Commission's financial and administrative functions of granting loans to defense communities with the Governor's Economic Development and Tourism Office. The Eighty-first Legislature, Regular Session, 2009, appropriated $5 million in General Revenue Funds and $5 million in Federal Funds (American Recovery and Reinvestment Act of 2009) during the 2010–11 biennium to provide grants to defense dependent communities through the DEAAG program.

HOMELAND SECURITY

The Homeland Security Division assists the Governor in developing a statewide homeland security strategy and coordinating homeland security activities among local, state, and federal agencies. Enactment of House Bill 2730, Eighty-first Legislature, Regular Session, 2009, changes the Governor's Division of Emergency Management to the Texas Division of Emergency Management (TDEM), clarifies that it is a division of the Texas Department of Public Safety (DPS), and specifies that the director of DPS appoints the chief of TDEM with the approval of the Governor. While the Homeland Security Division provides direction on homeland security policy, TDEM is the designated state administrator for homeland security grants and coordinates the federal grant application and disbursement process with local councils of governments, urban areas, and port authorities. The Eighty-first Legislature, Regular Session, 2009, appropriated to the Governor $14.3 million in All Funds for Homeland Security that includes $13.3 million in General Revenue–Dedicated Funds for border security operations and $1 million in All Funds for administrative activities for the 2010–11 biennium.

STATE–FEDERAL RELATIONS

Enactment of Senate Bill 1003, Eighty-first Legislature, Regular Session, 2009, administratively attaches the Office of State–Federal Relations (OSFR) to the Office of the Governor with appropriations made to the Trusteed Programs. OSFR acts as primary liaison to the federal government for the Governor, the Legislature, and state agencies. The mission of the OSFR is to advance the interests of the people of Texas by promoting communications and building relationships between the state and federal governments. OSFR's goal is to increase influence of the Governor and Legislature over federal actions that have a direct or indirect economic, fiscal, or regulatory impact on the state and by maintaining an active role in the national decision-making process. The Eighty-first Legislature, Regular Session, 2009, appropriated $1.6 million in All Funds to the Trusteed Programs within the Office of the Governor for administration of OSFR for the 2010–11 biennium. This appropriation provides for 7 full-time-equivalent positions.

HISTORICAL COMMISSION

The State Historical Survey Committee was established by the Legislature in 1953, with responsibility for overseeing the state's historic preservation programs. Its role in historic preservation steadily expanded, and in 1973 it was renamed the Texas Historical Commission (THC). The agency's mission is to protect and preserve the state's historic and prehistoric resources for the use, education, economic benefit, and enjoyment of present and future generations. Today, THC administers a comprehensive preservation program under a variety of state and federal laws, including Chapter 442 of the Texas Government Code, Chapter 191 of the Texas Natural Resources Code, and the federal National Historic Preservation Act of 1966, as amended.

Appropriations for the 2010–11 biennium total $101.2 million and provide for 221.5 full-time-equivalent (FTE) positions. This amount includes $35.8 million in General Revenue Funds and General Revenue–Dedicated Funds, or 35.4 percent of the total appropriation. General Obligation (GO) bond proceeds comprise $55.5 million of the agency's appropriations, of which $35.5 million are unexpended balances carried forward from fiscal year 2009, for grants for county courthouse renovations and repairs to historic sites. Also included is a one-time appropriation of $1 million in Federal Funds from the federal American Recovery and Reinvestment Act of 2009 for renovation of the Presidio San Sabá, an archeological site located in Menard County containing remnants of an eighteenth-century Spanish colonial fortification and elements of its 1937 replica.

HISTORIC PRESERVATION AND GRANT PROGRAMS

THC assists local communities in historic preservation by providing leadership and training to county historical commissions, heritage organizations, and museums in Texas' 254 counties. Through the state's historical marker program the agency reviews marker requests for three types of historical markers: (1) Recorded Texas Historic Landmarks, (2) educational subject markers; and (3) Historic Texas Cemetery markers. In coordination with the National Park Service, THC also reviews nominations for the federal National Register of Historic Places designations.

In addition to leadership and training services, the agency offers financial assistance for preservation activities through several grant programs. Under the Certified Local Government Program, at least 10 percent of federal Historic Preservation Funds received by the agency must be used for matching grants to communities for the development of preservation programs and planning. Preservation Trust Fund grants, another matching grant program, can be used to pay up to one-half of project costs for the repair and rehabilitation of commercial buildings, public buildings, unique historic structures, archeological site surveys, and preservation training and planning. The Preservation Trust Fund is an endowment of private and public funds managed by the Comptroller of Public Accounts through the Treasury Safekeeping Trust Company. The fiscal year 2009 ending balance of the Preservation Trust Fund is estimated to be $9.3 million. A third matching grant program, the Museum Grants Program, grants up to $1,000 to history museums across the state for the preservation and conservation of museum collections. Beginning in fiscal year 2010, the agency will also begin administering a fourth grant program for county historical commissions, which review applications for the historical marker program, to provide support for training, surveying, and other local preservation activities. **Figure 120** shows the number of grantees and amounts awarded for each of THC's historic preservation grant programs.

HISTORIC SITES AND STRUCTURES

In addition to assisting local communities with the protection of local historic sites and buildings, the agency oversees five historic buildings within the Capitol Complex which house THC staff: Carrington-Covert House; Gethsemane Lutheran Church; Luther Hall; the Elrose Apartment building; and the Christianson-Leberman building. For 2010–11 biennium, the agency was appropriated $500,000 in General Revenue Funds for the repair and improvement of these buildings.

THC also maintains and operates 20 historic sites throughout the state, as shown in **Figure 121**. Since 1975, the agency has administered the Sam Rayburn House Museum in Bonham and beginning in fiscal year 2006, THC assumed responsibility for the operation of the National Museum of the Pacific War in Fredericksburg, which tells the story of Fleet Admiral Chester W. Nimitz and the Pacific Theater battles of World War II. In 2008, an additional 18 sites, including forts, battlegrounds, homes, plantations and other historically significant sites, were transferred from the Texas Parks and Wildlife Department to THC. The agency is appropriated $52.1 million and was authorized 111 FTE positions for the operation of these sites. These amounts include $13.7 million in Sporting Goods Sales Tax receipts, of which the agency is statutorily authorized to receive up to 6 percent, and $33

FIGURE 120
HISTORIC PRESERVATION GRANTS
FISCAL YEARS 2006 TO 2011

	2006	2007	2008	2009	2010*	2011*
Texas Preservation Trust Fund Grants						
Total Amount	$361,390	$407,394	$585,941	$40,000	$396,000	$424,000
Grants Awarded	26	21	32	1	19	21
Certified Local Government Grants						
Total Amount	$92,195	$97,722	$105,676	$117,186	$95,145	$95,145
Grants Awarded	16	15	20	16	15	15
Texas Historic Courthouse Preservation Program						
Total Amount (In Millions)	$2.0	$1.5	$58.5	$0.9	$22.7	$0.0
Grants Awarded	5	7	20	6	15	0
Heritage Tourism Grants						
Total Amount	$477,795	$527,063	$500,000	$750,000	$780,000	$780,000
Grants Awarded	29	17	10	10	16	16
History Museum Grants						
Total Amount	$9,652	$8,340	$9,916	$8,340	$10,000	$10,000
Grants Awarded	11	12	13	10	10	10
County Historical Commissions						
Total Amount	NA	NA	NA	NA	$125,000	$125,000
Grants Awarded	NA	NA	NA	NA	25	25

*Budgeted Amounts.
Source: Texas Historical Commission.

million in unexpended GO bond proceeds carried forward from the previous biennium for the repair and renovation of these sites.

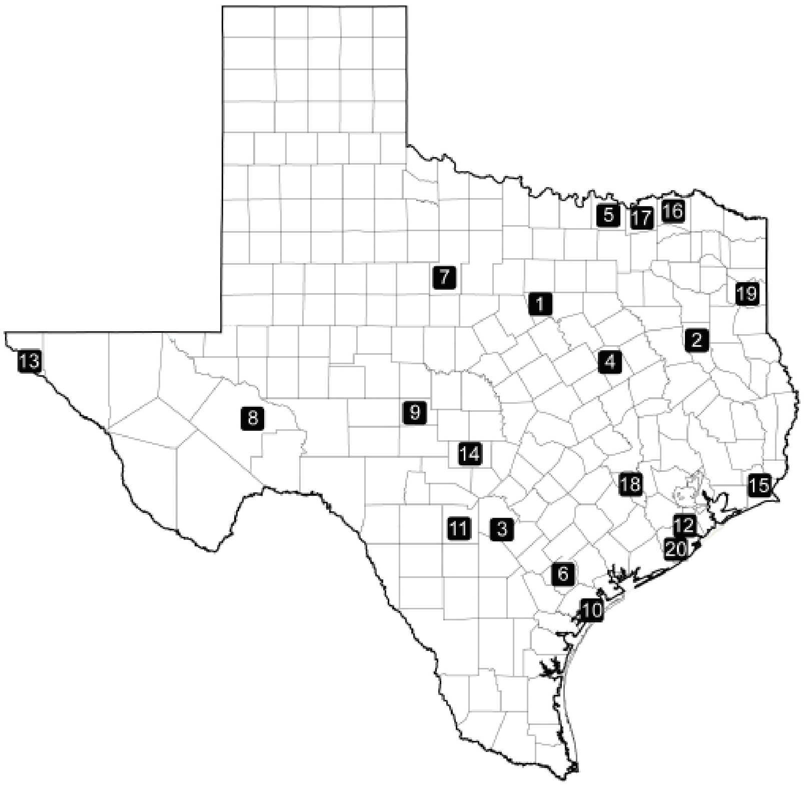
ARCHEOLOGICAL PROJECTS

The agency's Archeology Division performs review and advisory activities to identify, protect, and preserve Texas' archeological heritage. In accordance with the federal National Historic Preservation Act of 1966, the division conducts reviews of public construction projects that may impact an archeological site and is also responsible for designating State Archeological Landmarks. Through the Regional Archeology Program, THC archeologists provide assistance, primarily to private landowners, in identifying, recording, and preserving archeological sites throughout Texas. The regional archeologists also administer the Texas Archeological Stewardship Network in which volunteer avocational archeologists assist in the preservation of archeological sites and artifacts.

THC is charged with ensuring the proper care and management of archeological collections within the public domain of the State of Texas. Due to the vastness of such collections, the agency transfers stewardship of them to various curatorial facilities in Texas. The agency's Curatorial Facility Certification Program ensures that these facilities meet current museum standards related to the care and management of collections.

The agency's Marine Archeology Program's most significant project has been the discovery of the shipwreck of French explorer René-Robert Cavelier, Sieur de La Salle's seventeenth-century ship *Belle*. In Victoria County, archeologists have uncovered eight cannons, skeletons of three French colonists, and ruins of French and Spanish buildings from what is believed to be La Salle's failed French colony, Fort St. Louis. The agency is appropriated $250,000 in General Revenue Funds for the 2010–11 biennium, of which $125,000 must be matched with private donations, to complete work related to the excavation, analysis, interpretation, and display of artifacts from Fort St. Louis and other La Salle-related sites. The agency is also appropriated an additional $1 million in

FIGURE 121
TEXAS HISTORICAL COMMISSION HISTORIC SITES
2010–11 BIENNIUM



1 Acton State Historic Site
Cleburne, Hood County
2 Caddoan Mounds
Alto, Cherokee County
3 Casa Navarro
San Antonio, Bexar County
4 Confederate Reunion Grounds
Mexia, Limestone County
5 Eisenhower Birthplace
Denison, Grayson County
6 Fannin Battleground
Goliad, Goliad County
7 Fort Griffin
Albany, Shackelford County
8 Fort Lancaster
Sheffield, Pecos County
9 Fort McKavett
Fort McKavett, Menard County
10 Fulton Mansion
Fulton, Aransas County
11 Landmark Inn
Castroville, Medina County
12 Levi Jordan
Brazoria County
13 Magoffin Home
El Paso, El Paso County
14 National Museum of the Pacific War
Fredericksburg, Gillespie County
15 Sabine Pass Battleground
Sabine Pass, Jefferson County
16 Sam Bell Maxey House
Paris, Lamar County
17 Sam Rayburn House Museum
Bonham, Fannin County
18 San Felipe
San Felipe, Austin County
19 Starr Family Home
Marshall, Harrison County
20 Varner-Hogg Plantation
West Columbia, Brazoria County

Source: Texas Historical Commission.

General Revenue Funds that will allow the agency to complete the preservation of the hull of the *Belle* shipwreck. Once the preservation is completed, which is estimated to be in 2013, the hull will be placed in the Bob Bullock Texas State History Museum for public viewing.

TEXAS HISTORIC SITES ATLAS

The Texas Historic Sites Atlas is a website THC maintains, which includes more than 300,000 historic and archeological site records documenting Texas history. Included in the website's database is detailed information about Official Texas Historical Markers, the National Register of Historic Places, historic courthouses, museums, and cemeteries. Although originally created to provide state and federal land-use planners with information on the location and condition of Texas' cultural resources, the Atlas provides the public with detailed textual descriptions, historic photographs, and interactive maps of historic sites in Texas.

COURTHOUSE PRESERVATION

After the National Trust for Historic Preservation added Texas courthouses to its list of America's 11 Most Endangered Historic Places in 1998, the Historic Courthouse Preservation Program was established in 1999. Through this program, THC provides matching grants of up to $6 million to counties statewide for the preservation of their courthouses. Since the program was initiated, $204.5 million has been awarded to assist with the restoration and preservation of 70 courthouses, including 52 full restorations. Appropriations for the 2010–11 biennium include $22.5 million in GO bond proceeds, $2.5 million of which are funds remaining from the 2008–09 biennium, and $1.1 million in General

Revenue Funds. THC anticipates making 12 to 15 Courthouse Preservation grants during the 2010–11 biennium (**Figure 120**).

COMMUNITY DEVELOPMENT AND TOURISM

Acting in partnership with communities and regions throughout Texas, the agency works to stimulate tourism and economic development. Through the Main Street Program, THC helps Texas cities revitalize their historic downtowns and commercial districts. Each year, the Main Street Interagency Council recommends to the agency up to five cities to receive services that include on-site evaluations by architects and other experts in historic preservation; marketing programs for heritage tourism; and training for Main Street managers and board members for three years.

Through its Heritage Tourism initiative, the agency works with communities to identify historic resources and develop heritage corridors that stimulate tourism within an area of the state. Although originally developed to stimulate tourism around 10 scenic driving trails developed by the Governor and the Texas Department of Transportation (TxDOT) in 1968, the agency expanded the Heritage Trails Program to include communities on and off of the trails. The agency provides training and grants to the 10 heritage regions and financially supports regional volunteer heritage tourism boards. Appropriations for this program during the 2010–11 biennium include $0.7 million in Sporting Goods Sales Tax receipts to match $3.8 million in federal Transportation Enhancement funds transferred to the agency from TxDOT through an interagency contract (IAC). Additionally, the agency was appropriated $1 million in IACs transferred from TxDOT and $300,000 in IACs transferred from the Office of the Governor, Economic Development and Tourism, for Heritage Tourism.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 482 to create an 18-member Texas Holocaust and Genocide Commission. The commission's primary responsibilities are to advise and assist private and public schools, institutions of higher education, and other organizations with implementation of Holocaust and genocide courses of study and awareness programs. The commission is also required to coordinate events memorializing the Holocaust and other genocide events. The Holocaust and Genocide Commission is administratively attached to THC, and approximately $168,000 in General Revenue Funds for the 2010–11 biennium is appropriated to provide one part-time coordinator for the Holocaust and Genocide Commission, reimbursement for the 15 public members' travel, and support the commission's activities.

House Bill 2642 was also enacted, requiring THC in cooperation with TxDOT to establish a program to identify, designate, interpret, and market historic roads and highways. The legislation also authorizes TxDOT to erect markers identifying the historic roads and highways if donated funds or grants are available for this purpose.

TEXAS EMANCIPATION JUNETEENTH CULTURAL AND HISTORICAL COMMISSION

Juneteenth is a state holiday established to recognize the day slaves in Texas received notice of their emancipation—June 19, 1865. The Emancipation Juneteenth Cultural and Historical Commission was created by the Seventy–fifth Legislature, 1997. The commission's primary responsibilities encompass coordinating state and local activities relating to the cultural and historical celebration of Juneteenth and establishing a Juneteenth memorial monument on the grounds of the State Capitol as well as other Juneteenth memorial monuments at appropriate locations across Texas.

The commission consists of five members from the public appointed by the Governor and five ex-officio members, including two members of the Senate, two members of the House, and the executive director of the Texas Historical Commission. Members serve staggered six-year terms.

Administrative services to the Texas Emancipation Juneteenth Cultural and Historical Commission are provided by THC. For the 2010–11 biennium, THC is appropriated approximately $113,000 in unexpended balances of General Revenue Funds carried forward from fiscal year 2009 to provide for the perpetual care of the Juneteenth Memorial Monument on the State Capitol grounds.

DEPARTMENT OF INFORMATION RESOURCES

The Department of Information Resources (DIR) was established in 1989 by the Information Resources Management Act to address the major aspects of information-technology management. The agency's mission is to support the effective and efficient use of public funds by promoting and achieving a shared vision where the state maximizes the value of its technology investment by identifying common areas of interest, using technology to advance agency-specific missions, and preserving flexibility to innovate.

The agency is governed by a board composed of seven voting members and three ex-officio non-voting members. The Governor, with the advice and consent of the Senate, appoints the seven voting members. Voting members serve staggered six-year terms, with two or three members' terms expiring February 1 of each odd-numbered year. The board also includes two groups of ex officio members that serve two-year terms on a rotating basis. The first group includes the commissioner of the Worker's Compensation division of the Department of Insurance, the executive commissioner of the Health and Human Services Commission, and the executive director of the Texas Department of Transportation. The second group includes the Commissioner of Education, the executive director of the Texas Department of Criminal Justice, and the executive director of the Parks and Wildlife Department. Only one group of ex officio members serves at a time.

Appropriations to DIR for the 2010–11 biennium total $535.1 million in All Funds and provide for 234.9 full-time-equivalent positions. These appropriations are a $70.5 million increase from the 2008–09 expenditure level primarily for consolidated data center services and include $1.5 million in General Revenue Funds for the administration of the TexasOnline project.

DIR is primarily responsible for the following: promoting a statewide environment that encourages efficient use and management of information resources and assists the state leadership in achieving its goals by offering advice on information resources issues; assisting state agencies and other governmental entities in the most cost-effective acquisition of their information resources; assisting governmental entities in cost-effective usage of telecommunications network services; and providing indirect administrative operations.

To accomplish these goals, the agency is organized in four major areas of operations: (1) Statewide Technology Service Delivery; (2) Technology Center Operations; (3) Operations and Statewide Technology Sourcing; and the (4) Chief Information Security Office.

STATEWIDE TECHNOLOGY SERVICE DELIVERY

Statewide Technology Service Delivery is responsible for state communications technology services and e-Government and web services such as the TexasOnline project.

COMMUNICATIONS TECHNOLOGY SERVICES DIVISION

The Communications Technology Services Division provides voice, data, video, Internet, and network security services for the state through the Capitol Complex Telephone Services (CCTS), Network Services, and the Network and Telecommunications Security Services programs. The CCTS operations provide local telephone service for 40 state office buildings in the Capitol Complex and several satellite office buildings in Austin. The CCTS services include installation of new telephones or telephone services; moving and removal of existing telephones; and voice mail installation and training. Network Services operations provide maintenance of the TEX-AN system, which is the long distance, voice and data communication system for state government and offers enhanced Internet and video-teleconferencing capabilities. Through TEX-AN, the agency also offers telecommunication services to other political subdivisions such as cities, counties, councils of governments, public school districts, and public institutions of higher education. The current TEX-AN contract expires August 31, 2010, and DIR will issue a request for proposal in the 2010–11 biennium for the next generation of TEX-AN services.

The Network and Telecommunications Security Services program supports critical security initiatives to better monitor and secure state networks, and manages the day-to-day operation of the Network Security Operations Center, which monitors and defends the state network against cyber attacks.

E-GOVERNMENT AND IT POLICY DIVISION

The e-Government and IT Policy Division is responsible for managing the TexasOnline project and the agency's internal information resource operations. TexasOnline is the state's Internet web portal through which the public can access over 850 state agency and local government services in English and Spanish, such as driver license renewal, vehicle registration, occupational license renewals, property and sale tax payments, and utility bill payments. Under the current contract, which expires December 31, 2009, the state receives a share of total and net revenue from fees collected from drivers' licenses and vehicle registration, occupational and professional licenses, and other licenses and activities. In fiscal year 2009, the state's share of TexasOnline revenues was approximately $15.2 million of the $3.3 billion total revenue from fees generated to the state. **Figure 122** shows the state's revenue share in contrast with total TexasOnline revenues generated from collected fees processed from fiscal years 2001 to 2010.

While the current contract expires in December 2009, DIR executed a new contract for the next generation of TexasOnline in July 2009 to provide a transition period for the new governance and financial models, which are scheduled to begin January 1, 2010. Under the new TexasOnline contract, DIR projects that the state's share of total revenue will increase from approximately 20 percent to an estimated 39.8 percent over the life of the contract. Additionally, the new contract will introduce new services, including a content management system that allows a user to create, edit, and manage information on the TexasOnline website; Internet and intranet web templates for customers to redesign their websites; and Web 2.0 tools and features that let users and customers share information by using social websites.

TECHNOLOGY CENTER OPERATIONS

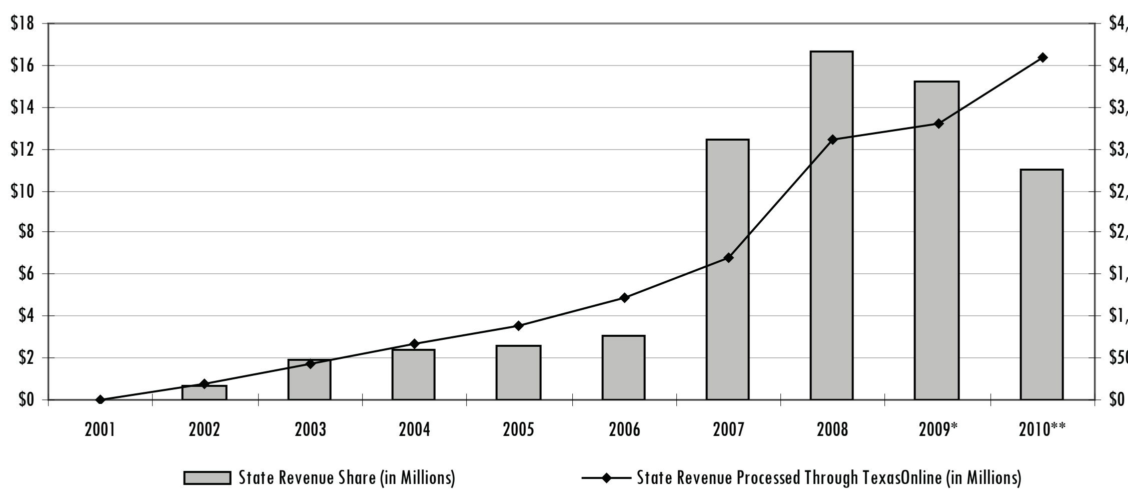
The Technology Center Operations Division is responsible for managing the consolidated data center contract for the state as authorized by legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005. The goal of the consolidation of data centers includes moving 27 state agencies' data centers from 31 statewide locations to two sites in Austin and San Angelo. Consolidated data center services include mainframe, server, and bulk print/mail operations; standardization of security and disaster recovery plans and annual testing; and replacement of older technology, including a hardware/software refresh schedule.

STATUS OF CONSOLIDATION

On October 28, 2008, the Governor suspended the Data Center Services (DCS) contract and directed DIR to address concerns regarding DCS vendor performance, including significant data loss and other customer service concerns expressed by agencies. Since the suspension, DIR has worked with affected agencies and the vendor to address these issues. As of August 2009, 20 agencies have resumed the process of consolidation, and DIR and the DCS vendor continue to work with the remaining seven agencies to address outstanding issues relating to server backups.

As of September 2009, DIR reports that consolidation of mainframes is 100 percent complete and includes migration of mainframes for the following eight agencies: Health and

FIGURE 122
STATE REVENUE SHARE FROM TEXASONLINE
FISCAL YEARS 2001 TO 2010



*Estimated.
**Estimated for September 1, 2009 through contract termination date of December 31, 2009 which reflects a partial year.
SOURCE: Department of Information Resources.

Human Services; Office of the Attorney General; Railroad Commission; Texas Youth Commission; Department of Criminal Justice; Texas Education Agency; Texas Department of Transportation; and the Texas Workforce Commission. DIR reports that the consolidation is approximately 99.5 percent and 98.5 percent complete for print and mail functions, respectively. The 11 agencies that have consolidated print and mail functions are Health and Human Services Commission; Department of State Health Services (print only); Department of Information Resources; Office of the Attorney General (print only); Railroad Commission; Texas Department of Agriculture; Texas Department of Insurance; Texas Education Agency; Texas Higher Education Coordinating Board; Texas Workforce Commission; and Texas Department of Transportation (print only).

In addition, as of September 2009, the Texas State Library and Archives Commission, Department of Information Resources, and the Texas Veterans Commission migrated servers to the state data center. There are approximately 13 agencies that have begun migrating servers to the state data center.

Appropriations to DIR for consolidated data center services for the 2010–11 biennium total approximately $351.5 million in Interagency Contracts, an increase of $61.9 million from the 2008–09 expenditure level due to increased data center services such as storage usage and network costs for participating agencies.

OPERATIONS AND STATEWIDE TECHNOLOGY SOURCING

Operations and Statewide Technology Sourcing provides direction and oversight of technology supply-chain management services through the Contracting and Procurement Services Division and the Supply Chain Support Office.

CONTRACTING AND PROCUREMENT SERVICES DIVISION

The Contracting and Procurement Services Division is responsible for the solicitation, negotiation, and management of the Information and Communication Technology Cooperative Contracting (ICTCC) program. The ICTCC leverages the state's buying power to provide cost-effective information technology commodities and services to state agencies and political subdivisions. All governmental entities in Texas are eligible customers, including state agencies, universities, cities, counties, and public schools. The division provides favorable prices for commodity items such as personal computers, laptops, and related desktop software, hardware, and software maintenance; staffing services; disaster recovery planning; and other associated goods and services with high customer demand. According to DIR, savings and cost avoidance for eligible customers was approximately $124.7 million in fiscal year 2009. This savings was achieved by cooperative contracts, contract management, training offered by vendors, and direct sales. Also for fiscal year 2009, the division managed 505 ICTCC contracts with total sales of $1.6 billion. In addition, this division manages the agency's internal procurement services and the Historically Underutilized Business program for both internal and statewide information technology contracting activities.

SUPPLY CHAIN SUPPORT

The Supply Chain Support Division provides supply chain or vendor-to-customer management services such as analysis on the information technology market, business, and procurement trends; identification of innovative procurement solutions; and benchmarking to support the agency's statewide contracting functions. This division is also responsible for customer and vendor relations, or channel management services, including customer and vendor outreach and education.

OFFICE OF COMMUNICATIONS AND STRATEGIC PARTNERSHIPS

The Office of Communications and Strategic Partnerships manages the agency's internal and external communications with the agency's customers and customer partnerships, including the Legislature and local government associations. The office builds and supports current relationships that further the agency's role in facilitating information technology solutions and providing best value goods and services contracts. This office also provides educational events to the state information resource managers, manages the agency's website, responds to all public information requests, and coordinates the agency's media contacts.

POLICY, PLANNING AND MEASUREMENT OFFICE

The Policy, Planning and Measurement Office provides strategic and policy direction for implementing and managing technology in the state. The office manages one of the agency's core activities in development of the State Strategic Plan for Information Resources Management. Through the State Strategic Plan, the DIR establishes a common direction for all state agencies and universities for implementing technology, thus promoting coordination and eliminating redundancy. In conjunction with the State Strategic Plan, the agency develops the Biennial Report for Information Resources Management, which evaluates the state's progress in information technology. In addition, the office develops the agency's internal performance management program, which includes tracking and reporting measures for both strategic and operational management of DIR initiatives and services.

CHIEF INFORMATION SECURITY OFFICE

The Chief Information Security Office (CISO) develops and implements the State Enterprise Security Plan and provides statewide information technology security policies, procedures, standards, and guidelines to state agencies. The CISO monitors agencies' compliance with state security policies and recommends remedial actions for agencies out of compliance with state security policies. The CISO, in conjunction with the Network Security Operations Center, develops security training and awareness programs and provides guidance on effective management and implementation of privacy protections for electronic data and citizen information on state networks.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 1705, which abolishes the Telecommunications Planning and Oversight Council and transfers its authority to DIR. The legislation requires DIR, in cooperation with the Texas Education Agency, to adopt performance and interoperability standards for software used by public school districts for financial accounting and attendance reporting so districts can share this information. The legislation also repeals the requirement that DIR establish and manage an electronic procurement marketplace and for DIR, in coordination with the Comptroller of Public Accounts and the Legislative Budget Board, to prepare a biennial report assessing the automated information systems of state agencies.

LIBRARY AND ARCHIVES COMMISSION

Established in 1909, the Texas State Library and Archives Commission (TSLAC) is the governing body for the Texas State Library, which consists of seven members of the public appointed by the Governor. Its mission is to safeguard government and historically significant records and to provide information services to support research, education, and individual achievement. To meet these goals, the agency has implemented programs to encourage resource sharing among libraries across the state; aid library development; provide direct library services to individuals with disabilities; provide training and assistance to state agencies and local governments in records management; and to preserve state archives and records for public access.

The 2010–11 biennial appropriations for the agency total $70.8 million and provide for 193 full-time-equivalent (FTE) positions. These appropriations include $40.9 million in General Revenue Funds, or 57.8 percent of its total appropriations. Federal Funds, including those from the Institute of Museum and Library Services, account for $21.9 million, or 31 percent of the agency's total appropriation. The Eighty-first Legislature, Regular Session, 2009, also provided $1.9 million in General Revenue Funds to the agency through supplemental appropriations (House Bill 4586) in fiscal year 2009 for the purchase of compact mobile shelving and furniture for the newly renovated Lorenzo de Zavala State Archives and Library Building. Overall, funding increased by $4.4 million, or 6.6 percent, above 2008–09 biennium levels.

DELIVERY OF SERVICES

The agency achieves its goal of improving the availability and delivery of library and information services in three ways: promotion of resource sharing among libraries statewide, support for the development of local libraries, and direct library services to Texans with disabilities. The agency's $58.3 million appropriation for this includes $31.5 million in General Revenue Funds, or 54 percent of the total appropriation. An additional $21.6 million in Federal Funds, or 37.1 percent of appropriations, are awarded to the agency to implement the five-year state plan to improve library services statewide.

LIBRARY RESOURCE SHARING SERVICES

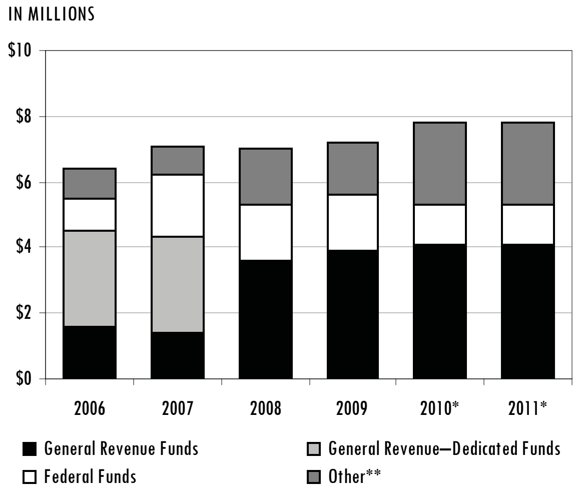
A principal charge of the agency is to expand the availability of library resources among public and private libraries statewide to help libraries provide a broader range of information than any single library can provide individually. The agency oversees programs and services through networks of libraries and the Internet to facilitate cooperation among Texas libraries to ensure that library materials and services are distributed equitably and cost-effectively to libraries of all funding levels, locations, and sizes.

One of the agency's resource-sharing programs is TexShare, a statewide consortium of over 700 academic, public, and clinical medicine libraries. TexShare enhances library services by encouraging cooperative agreements among libraries, such as borrowing privileges between member libraries. The agency also purchases access to electronic databases providing full-text articles from books, journals, newspapers and magazines to TexShare members. In fiscal year 2009, 50 TexShare electronic databases were available 24 hours a day in the homes or offices of registered patrons of participating Texas libraries. In addition to database services, there are several other components to the TexShare program which include the TExpress courier service for library-to-library material delivery; the TexShare Card reciprocal borrowing card service for registered users to directly borrow materials from the libraries of other participating institutions; the TexTreasures grants for the digitization of special library collections; and development of standards for operating an interlibrary loan program. However, most of the funding appropriated to the TexShare program provides the database service. Appropriations for database services total $10.5 million for the 2010–11 biennium, a decrease of $0.4 million compared to the 2008–09 biennium. The total appropriation for the TexShare database program includes $8.1 million in General Revenue Funds, which is 77.2 percent of the total. Funding for TexShare database services for the 2010–11 biennium also includes $5.1 million in fees paid by database subscribers and held outside the State Treasury. **Figure 123** shows the amounts contributing to the TexShare database service by funding source from fiscal years 2006 to 2011, with estimated amounts in fiscal years 2010 and 2011.

Electronic K–12 databases are also available to students of public schools. These databases provide age appropriate content and sources for reliable online information for student learning and research. Available content includes online encyclopedia and reference materials, full-text articles, and resources for teachers. Funding for these databases is from an Interagency Contract with the Texas Education Agency, which provides $2.5 million each fiscal year.

TSLAC's other resource sharing programs include a statewide interlibrary loan network that enables libraries to borrow

FIGURE 123
TEXSHARE DATABASE FUNDING LEVELS
FISCAL YEARS 2006 TO 2011



*Estimated.
**Includes collected fees held outside the Treasury.
SOURCE: Texas State Library and Archives Commission.

from each other when materials are unavailable locally (TexNet Interlibrary Loan); the State Publications Depository Program, a collection of state government publications for public access; Texas Heritage Online, a cooperative project to describe, digitize, and make broadly accessible special collections held by institutions in Texas; and the Texas Records and Information Locator (TRAIL), a web-based index of and search tool for state agency and grant information.

Funding for the agency's library resource sharing services totals $24.6 million, or 34.7 percent of its total appropriations, and provides for 12.5 FTE positions.

AID TO LOCAL LIBRARIES

TSLAC administers a number of programs to aid the development and improvement of library services. The agency provides guidance, consulting services, training, and grants to libraries statewide, as well as collects public and academic library statistics and accredits libraries for membership in the Texas Library System. Training and technical assistance are offered in all areas of library management, particularly in grant writing, establishing libraries, small library management, literacy services to underserved populations, children, and youth, and technology assistance.

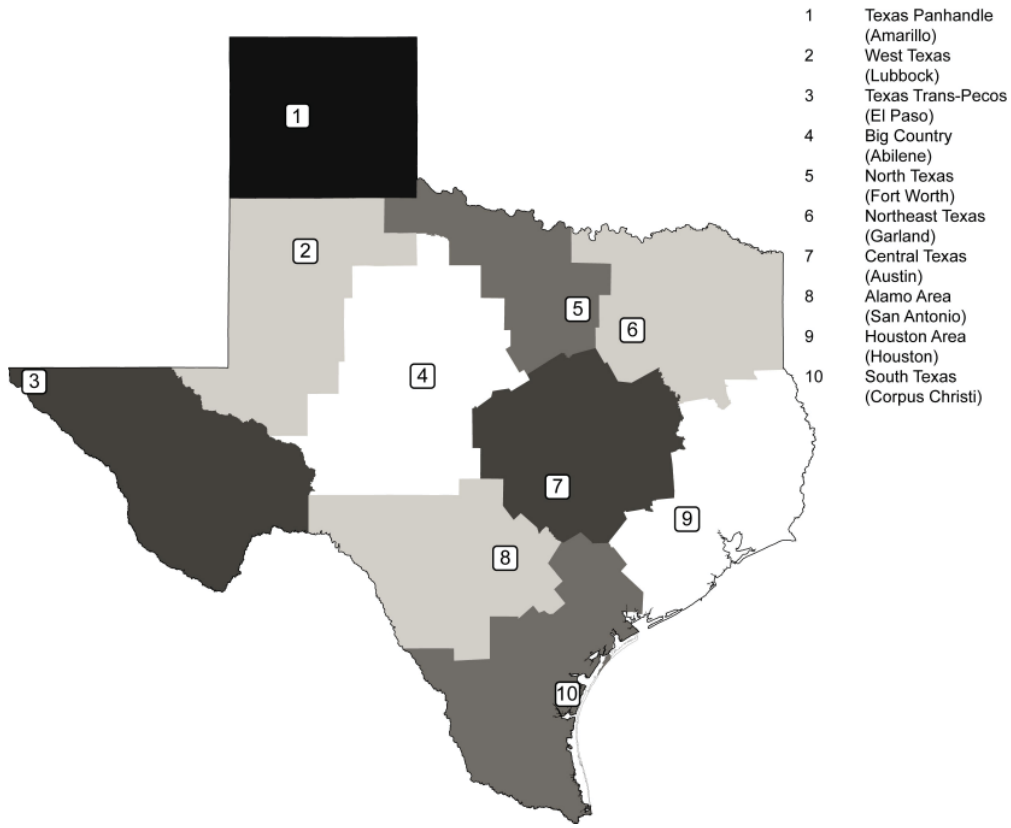
Under the authority of the state Library Systems Act, the agency provides operation, negotiated, and competitive grants to 10 regional library systems located across Texas (**Figure 124**). Operation grants, which are based on population and number of member libraries, are awarded to each library system and provide core services to member libraries, which include continuing education and consulting services. Negotiated grants, which are based on the systems' proposals and available funding, are available to each system to enhance the technological capacity of member libraries and for proposed regional initiatives, which may include programs such as online homework tutoring, English as a Second Language and General Education Development instruction, and outreach services. Competitive grants are also available to systems to plan and develop programs that meet the goals of the agency's five-year state plan under the federal Library Services and Technology Act (LSTA), which include supporting literacy, education attainment, and information technology needs of the members' communities. For the 2010–11 biennium, appropriations include $8.4 million in Federal Funds for operation grants; $1.3 million in General Revenue Funds and $1.6 million in Federal Funds for negotiated grants; and $350,000 in Federal Funds for competitive grants.

Through the Loan Star Libraries Program, TSLAC provides direct grants to assist local libraries in improving or creating services such as expanding technology skills and technological capacity, increasing staffing and hours of operation, enlarging book and reference collections, and providing free library cards to non-residents. The 2010–11 biennial appropriation for the program is $14.8 million in General Revenue Funds, an increase of $3.5 million, or 31 percent above 2008–09 funding levels.

The agency also awards competitive grants to regional systems or directly to local libraries under the provision of LSTA to assist libraries with supporting literacy and educational attainment in their communities, providing programs and services to meet the needs of their populations, and technology to serve the information needs of Texans. For the 2010–11 biennium, $880,000 in Federal Funds was appropriated to award these competitive grants. Another competitive grant program, the Texas Reads grant program, funds public libraries to promote reading and literacy within local communities. This program is supported primarily through the sale of Texas Reads specialty license plates, with estimated appropriations of $10,263 for the 2010–11 biennium.

Funding to aid in the development of local libraries totals $29.7 million, or 41.9 percent of the agency's total appropriations and provides for 18 FTE positions.

FIGURE 124
TEXAS REGIONAL LIBRARY SYSTEMS



Source: Texas State Library and Archives Commission.

SERVICES FOR THE DISABLED

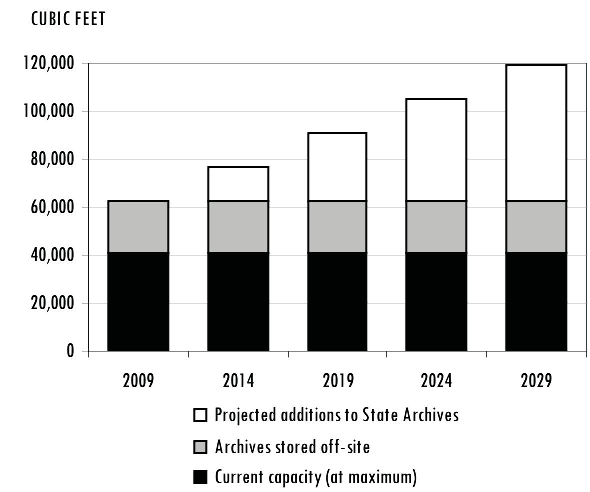
Through the Talking Book Program, TSLAC provides free library service by mail to individuals who cannot read standard print because of visual, physical, or reading disabilities. Items such as large print, recorded, or Braille books and magazines in English and in Spanish, as well as equipment such as cassette players and digital talking book machines, are provided by the federal government through the National Library Service for the Blind and Physically Handicapped (NLS). TSLAC also collaborates with other state programs, libraries, and the NLS in providing a service that delivers narrated downloadable digital audio books directly to blind, low-vision, and otherwise print-impaired users. TSLAC loans and distributes the materials at no cost to qualified, registered persons across the state. In fiscal year 2009, the Talking Book Program circulated 843,701 pieces of reading materials (books and magazines) to 16,664 individuals. Appropriations for this program total $4 million, an increase of 8.5 percent above 2008–09 funding levels, and provides for 50.6 FTE positions. Included in the additional funding is $275,000 in General Revenue Funds for the agency to maintain analog production of recorded books while supporting conversion to a digital format.

INFORMATION SERVICES

To accomplish the goal of providing public access to government and archival records, TSLAC offers telephone and on-site reference and research assistance to the public and state agencies. These services include access to online resources and several agency maintained reference collections, including general reference, genealogy, federal and state documents, and the State Archives. To ensure the preservation and public availability of permanently valuable state and historical records, the agency collects, appraises, and processes state records for the State Archives, located within the Lorenzo de Zavala State Archives and Library Building in the Capitol Complex. Storage at the archives facility is at capacity and the agency currently has an estimated 22,000 cubic feet of archival materials stored off-site at the State Records Center, also located in Austin. Based on a study assessing the archival storage needs of the State Archives, the agency projects that over the next 20 years, another 56,200 cubic feet will be added to the Archives, as shown in **Figure 125**, for an overall space deficit of 78,200 cubic feet.

Appropriations for Information Services total $3 million, or 4.3 percent of the agency's overall budget for the 2010–11 biennium, and provides for 34.9 FTE positions; $2.8 million, or 94.1 percent of this appropriation, is in General Revenue Funds.

FIGURE 125
PROJECTED ARCHIVAL STORAGE NEEDS OF STATE ARCHIVES 2009–2029



SOURCE: Texas State Library and Archives Commission.

RECORDS MANAGEMENT

TSLAC accomplishes its third goal—to provide for the cost-effective management of state and local government records—by offering on a cost-recovery basis records management consulting and training, document imaging services, and records storage services to approximately 9,700 state and local government offices. The agency also provides fee-based storage and retrieval services for state agencies' non-current records at the State Records Center. For fiscal year 2009, the cost per cubic foot of records stored and maintained totaled $0.78 per cubic foot for 347,205 cubic feet of stored records. The Legislature appropriated $4.4 million in All Funds for the 2010–11 biennium for records management services, of which $2.7 million, or 61 percent, consists of fees from cost-recovery operations.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3756, which authorizes the agency to extend membership of regional library systems and the TexShare consortium to other public libraries, including private K–12 libraries and special or research libraries. The legislation also broadens the definition of a state record to include those from pre-statehood periods.

PENSION REVIEW BOARD

The Texas State Pension Review Board (PRB) was established by the Sixty-sixth Texas Legislature in 1979 as an independent state agency to oversee and review state and local government retirement systems in Texas. Its mission is to ensure that the state's public retirement systems are actuarially sound, that benefits are equitable, and that the systems are properly managed. PRB defines a public retirement system as actuarially sound if the fund has sufficient money to pay ongoing normal cost (the cost of benefits being earned during the year by current active members of the system) and amortize the unfunded actuarial accrued liability over a period not to exceed 40 years, preferably 25 to 30 years). In addition, the agency provides information and technical assistance to public retirement systems and recommends public pension policies and legislation. The agency also conducts educational seminars to expand the knowledge and education of administrators, trustees, and members of Texas public pension funds regarding pension law.

PRB is composed of nine board members, seven of whom are appointed by the Governor. These appointees include three members who are not members or retirees of public retirement systems and who have experience in the fields of securities investment, pension administration, or pension law; one active public retirement system member; one retired public system member; one person who has experience in the field of government finance; and an actuary. The Lieutenant Governor appoints a state senator, and the Speaker of the House appoints a state representative for the other two members on the board.

Appropriations for the 2010–11 biennium total $1.4 million in General Revenue Funds, and provide for 13 full-time-equivalent positions. Included in the appropriations is $0.1 million to fund a new database to store the annual financial, actuarial, and plan-specific data that the agency receives from retirement systems.

All public retirement systems in Texas are required to register and file certain reports with PRB. The agency reviews all public pension plans with a market value of assets exceeding $100,000 to detect pensions in need of corrective action and monitors public plans with amortization periods greater than 40 years. PRB has oversight responsibility for 190 defined benefit plans and 187 defined contribution plans with assets totaling $140.7 billion. In defined benefit plans, benefits are defined by a specific formula applied to specific member compensation and/or specific years of service, and the amount of the benefit is not a function of contributions or actual earnings on those contributions. In contrast, defined contribution plans provide pension benefits equal to the combined employer and employee contributions plus interest and minus administrative expenses. (**Figure 126** shows a summary of the 20 largest defined benefit Texas public pension plans monitored by PRB.)

The agency also is responsible for reviewing and commenting on all public pension legislation considered by the Legislature. In reviewing legislation, the agency ensures that actuarial analyses and reviews are attached to the legislation and prepares impact statements commenting on the potential effects of the legislation on Texas' public retirement systems. During the Eighty-first Legislature, Regular Session, 2009, PRB tracked 128 bills and provided 49 actuarial impact statements on proposed legislation.

FIGURE 126
ASSETS OF THE 20 LARGEST DEFINED BENEFIT TEXAS PUBLIC PENSION PLANS
AUGUST 31, 2009*

PLAN NAME	TOTAL NET ASSETS (IN MILLIONS)	ACTIVE MEMBERS	RETIRED MEMBERS	PERCENTAGE FUNDED
Teacher Retirement System of Texas	$70,600.0	966,043	275,228	67.7
Employees Retirement System of Texas	$15,038.7	136,021	74,521	88.9
Texas Municipal Retirement System	$14,609.9	100,459	36,863	74.4
Texas County and District Retirement System	$12,054.8	120,347	36,509	88.6
Dallas Employees' Retirement Fund	$3,185.4	8,249	5,461	109.2
Houston Police Officers Pension System	$3,328.3	5,060	2,752	78.0
Dallas Police and Fire Pension System - Combined Plan	$2,529.5	5,235	3,375	78.4
Houston Firefighters' Relief and Retirement Fund	$3,029.2	3,876	2,421	91.0
San Antonio Fire and Police Pension Fund	$1,875.1	3,622	1,983	89.2
Austin Employees' Retirement Fund	$1,234.5	8,643	3,835	65.9
Fort Worth Employees Retirement Fund	$1,943.6	2,341	818	72.8
Houston Municipal Employees Pension System	$2,262.0	12,653	8,155	70.1
City Public Service of San Antonio Pension Plan	$806.0	3,632	1,556	98.3
Law Enforcement and Custodial Officer Supplemental	$497.0	33,409	6,538	88.1
El Paso Firemen's Pension Fund	$247.9	842	627	73.6
Austin Fire Fighters Relief and Retirement Fund	$468.9	1,029	476	99.6
El Paso City Employees Pension Fund	$516.4	4,122	2,054	87.5
Austin Police Officers' Retirement Fund	$515.0	1,535	454	75.6
Harris County Hospital District Pension Plan	$309.2	5,041	1,939	75.8
El Paso Police Pension Fund	$406.7	1,135	828	83.9

*Based on the most recent data received as of August 31, 2009.
Source: Texas State Pension Review Board.

PRESERVATION BOARD

The State Preservation Board (SPB) was established in 1983 by the Sixty-eighth Legislature to preserve, maintain, and restore the State Capitol and General Land Office Building. In 1989, the Seventy-first Legislature provided SPB with $154.5 million to restore the State Capitol and to construct the underground Capitol extension. Subsequent Legislatures increased the agency's responsibility to include the development and construction of the Bob Bullock Texas State History Museum, oversight and operation of the museum, and the preservation and maintenance of the Governor's Mansion.

SPB is governed by a six-member board including the Governor as the chair; Lieutenant Governor and the Speaker of the House of Representatives who serve as co-vice chairs; one senator appointed by the Lieutenant Governor; one representative appointed by the Speaker of the House of Representatives; and one member of the public appointed by the Governor.

Appropriations for the 2010–11 biennium total $34 million and provide for 97.5 full-time equivalent (FTE) positions for agency operations. In addition, SPB employs approximately 100 FTE positions for its self-funded enterprise operations, which include the Bob Bullock Texas State History Museum, the Capitol gift shops, and the Capitol parking facilities. The agency's operation of these enterprises generates sufficient revenue to maintain operations without significant funding from the state. In fiscal year 2009, enterprise operations generated approximately $8.6 million in revenue and are expected to generate approximately $16.9 million in the 2010–11 biennium.

MAINTENANCE AND PRESERVATION OF BUILDINGS

A primary goal for SPB is to provide maintenance and preservation of historical artifacts and buildings within its purview. As a result, the agency is responsible for approving all repairs and changes involving construction, restoration and repair to the Capitol, Capitol grounds, the Capitol Extension, the Capitol Visitors Center, and the restoration of the Governor's Mansion. SPB employs a Capitol curator who is an expert in historical artifacts to oversee repairs and renovation to these buildings. In fiscal year 2009, the agency repaired or restored approximately 397 historical items that had been damaged and completed approximately 17 building modifications.

The Governor's mansion has been the official residence of 40 Texas governors and their families since 1856. Following a fire in June 2008 that almost destroyed the Governor's Mansion, the Eighty-first Legislature, Regular Session, 2009, provided $22 million to restore the mansion, $11 million in fiscal year 2009 and $11 million for the 2010–11 biennium. Additionally, an estimated $2.1 million in private donations will be available to SPB for the project, which began in August 2009 and is expected to be completed by November 2011.

In addition to providing maintenance and repair of items such as furniture, paintings, monuments, and decorative art, SPB is responsible for general housekeeping of buildings within its purview. Approximately 16 staff members provide housekeeping services and respond to building occupants and visitors during business hours. After hours, a vendor provides housekeeping functions, which includes services such as floor cleaning, waste pick-up, and other general custodial services. In fiscal year 2009, the agency expended approximately $2.09 per square foot for custodial care for buildings. In addition to general housekeeping functions, a vendor provides grounds-keeping services for the Capitol grounds, which includes mowing, hedge cutting, and other general landscaping duties.

SPB also administers the Capitol Fund, which is held outside the State Treasury and supports the costs of the enterprise functions. The Capitol Fund consists of private donations and revenue generated from the Capitol gift shops, Capitol complex parking meters and visitors' parking garage, and lessees of Capitol space (e.g., the cafeteria and the press area). Capitol Fund expenditures are limited by statute to the purpose specified by the donor and to educational programs, acquisition and preservation of historical artifacts, and to the overall benefit of the Capitol buildings and grounds.

Another fund that supports SPB is the Capital Renewal Fund, which is also held outside the State Treasury. The Capital Renewal Fund consists of funds transferred from the Capitol Fund and funds appropriated directly by the Legislature. The Capital Renewal Fund expenditures are for major repairs and replacements at the Capitol, Capitol grounds, and the Capitol Visitors Center.

EDUCATIONAL PROGRAMS

The agency provides educational programs within the Capitol and Capitol Visitors Center, which focus on the unique history of Texas and the Capitol. Programs include interpretation and guided tours of the Capitol, Capitol

Extension, and Capitol Visitors Center. Tours are provided in English and several foreign languages to better serve the international visitors to the state. Other educational programs offered at the Capitol Visitors Center include interactive computer learning stations, multimedia presentations, and traditional exhibits to encourage interest in the diverse history of the state. In fiscal year 2009, over 1,858 tours for students were conducted at the Capitol Visitors Center and approximately 180,050 individuals participated in Capitol tours.

BOB BULLOCK TEXAS STATE HISTORY MUSEUM

The Bob Bullock Texas State History Museum, which opened in Austin on April 21, 2001, was established for the purpose of engaging visitors in the exciting and unique story of Texas and displaying objects and information relating to the state's history. The Seventy-fifth Legislature, 1997, authorized $80 million in bond proceeds to pay for the museum's construction, which began in November 1998. At the project's completion, approximately $82.9 million had been expended, which included both private donations and bond proceeds.

Since opening in 2001, the four-story 175,000 square foot museum has engaged over 4 million visitors through a variety of educational programs and exhibits. A key objective for the museum is to create an environment that encourages learning and participation by a diverse audience of both residents of the state and visitors from abroad. In fiscal year 2009, approximately 83,347 school students visited the museum. To retain and build such audiences, the museum schedules at least eight films per year at its IMAX Theatre and offers ongoing artifact loan rotations in addition to the three floors of permanent exhibit space. Furthermore, the museum presents professional development training for teachers and curriculum-based learning opportunities for students. Revenues generated by the museum from admission fees, parking, gift shop, concessions, and facility rentals are deposited into the Museum Fund, which is used to operate the museum and meet its future needs.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 2307, which designates the responsibility for the preservation, maintenance, and protection of the historical and architectural integrity of the Governor's Mansion and grounds to SPB.

STATE OFFICE OF RISK MANAGEMENT

The State Office of Risk Management (SORM) was established in 1997 by the Seventy-fifth Legislature to combine the functions of risk management and workers' compensation claims administration for state employees into one agency. Previously, risk management services for state agencies were provided by the Workers' Compensation Commission, while the Office of the Attorney General (OAG) handled claims processing and payment. The purpose of SORM is to assist state agencies in developing risk management programs and to administer the state's self-insured workers' compensation program covering state employees.

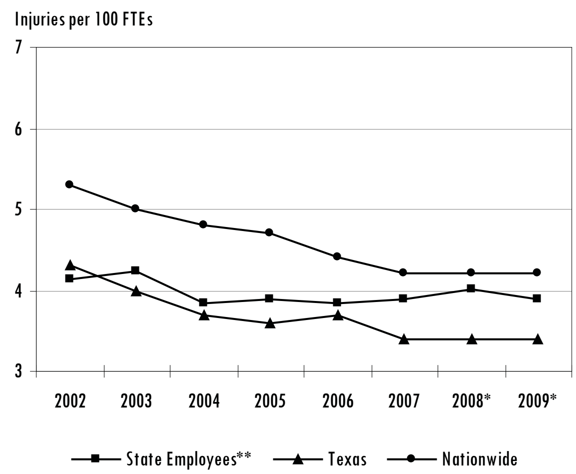
Appropriations for the 2010–11 biennium for SORM total $17.8 million in All Funds and provide for 126 full-time-equivalent (FTE) positions. Agency funding consists solely of Interagency Contract funds that SORM collects from state agencies through its assessments for workers' compensation, risk management, medical cost containment, and administrative services. Certain administrative functions, such as processing payroll, paying vouchers, and budget monitoring are performed by OAG on behalf of SORM and are funded through a separate appropriation of $2.5 million to OAG.

RISK MANAGEMENT PROGRAM

SORM's risk management specialists review existing state agency risk management programs and assist the agencies in establishing employee health and safety programs to ensure a safe environment for state employees and the public served by state agencies. SORM develops and distributes risk management manuals, programs, and procedures for use by smaller agencies and prepares a biennial report to the Legislature on state agencies' risk exposure and related losses in the areas of workers' compensation, unemployment compensation, general liability, and property. The agency approves all purchases of insurance coverage by state agencies, such as property, casualty, and liability, and has the authority to require state agencies to purchase any line of insurance coverage, other than health or life insurance, through policies administered by SORM. The Eighty-first Legislature, Regular Session, 2009, mandated in the General Appropriations Act, 2010–11 Biennium, that SORM, with the assistance of all agencies, prepare a proposal recommending a statewide strategy for ensuring that state assets are adequately insured. The proposal will address various insurance options, including self-insurance, privately placed insurance, and stop-loss insurance. The proposal is required to be completed by January 1, 2011.

Appropriations for the 2010–11 biennium for the risk management function total $4.3 million in Interagency Contracts and provide for 36 FTE positions. **Figure 127** shows a comparison of the number of injuries sustained per 100 FTE positions by state employees at agencies under contract with SORM for risk management services, by Texas private industry employees, and by employees nationwide since fiscal year 2002.

FIGURE 127
INJURY FREQUENCY RATES
PER 100 FULL-TIME-EQUIVALENT POSITIONS
FISCAL YEARS 2002 TO 2009



*State Employees amounts are estimated. Texas and nationwide amounts are carried forward from fiscal year 2007.
**State Employees are only those employed by agencies or entities under contract with SORM.
SOURCE: State Office of Risk Management.

WORKERS' COMPENSATION ADMINISTRATION

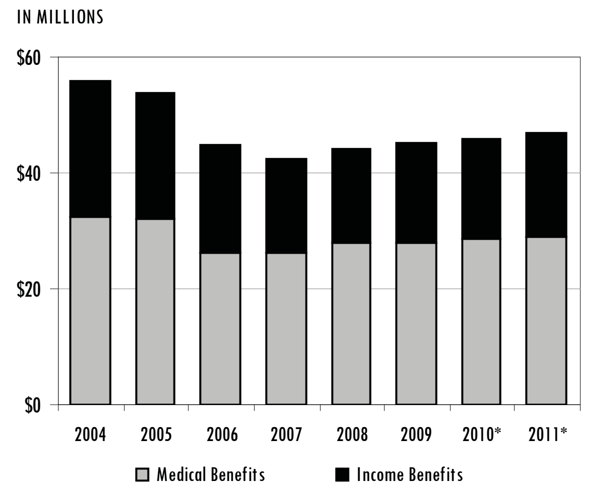
SORM administers the state workers' compensation program, which covers all state employees except those statutorily exempt at The University of Texas System, the Texas A&M University System, the Employees Retirement System, the Teacher Retirement System, and the Texas Department of Transportation. Also covered under the state workers' compensation program are county employees at community supervision and corrections departments and employees of the Windham School District. The Claims Operation Division investigates reported injury claims, determines indemnity, medical benefits for each claim, and maintains a customer service call center to provide claims processing information to state employees. In addition, SORM oversees contracted medical cost containment services, including auditing medical bills, identifying duplicate bills, and ensuring compliance with Texas Department of Insurance, Division of Workers' Compensation requirements.

The Eighty-first Legislature, Regular Session, 2009, appropriated $13.5 million in Interagency Contracts and provided for 90 FTE positions for the biennium to administer claims processing, including contracted medical cost containment services. This includes a method of finance swap from General Revenue Funds to Interagency Contracts to fund administrative costs related to the Workers' Compensation Payments program. The agency projects it will process an average of 120,000 medical bills and 38,500 indemnity bills (income payments) each fiscal year of the 2010–11 biennium.

WORKERS' COMPENSATION PAYMENTS

A separate appropriation of $98.1 million is provided for payments to approved workers' compensation claimants during the 2010–11 biennium. Of this amount, $97 million, or 98.9 percent, is funded by assessments to client agencies for workers' compensation coverage. The annual assessments are based on a formula consisting of payroll size, number of FTE positions, claims costs, number of claims, and injury frequency rate (per 100 full-time employees). The formula determines a proportionate share for each agency of the total workers' compensation costs to the state. SORM anticipates that over time agencies that reduce injuries and losses will see a decrease in their proportionate share while those agencies whose loss performance worsens relative to all other client agencies will be responsible for a larger share of the total. **Figure 128** shows the amount paid in recent years for medical and income benefits. In fiscal year 2009, SORM processed 8,004 claims and payments totaling $45.2 million, which is a 0.1 percent decrease in the number of claims processed and a 2.5 percent increase in the amount of total payments from fiscal year 2008.

FIGURE 128
WORKERS' COMPENSATION BENEFITS PAID
FISCAL YEARS 2004 TO 2011



*Estimated.
SOURCE: State Office of Risk Management.

SECRETARY OF STATE

The Office of the Secretary of State (SOS) was established in 1845 as a constitutional office of the Executive Department appointed by the Governor with the consent of the Senate. The agency serves three primary purposes. One role is to provide a secure and accessible repository for public, business, and commercial records as well as to receive, compile, and provide access to public information the SOS maintains. Additionally, the duties of the agency include ensuring proper conduct of elections, authorizing creation and registration of business entities, and publishing state government rules and notices. The Secretary of State serves as the Chief Elections Officer for Texas. The agency includes the state's international protocol office and serves as the state liaison to Mexico and to the border region of Texas.

All Funds appropriated for the 2010–11 biennium total $96.1 million and provide for 244.9 full-time-equivalent (FTE) positions. The agency receives $40.1 million in Federal Funds, or 41.7 percent of its funding through the federal Help America Vote Act. The agency's remaining appropriations include $42.2 million in General Revenue Funds and General Revenue–Dedicated Funds (43.9 percent) and $13.8 million in Appropriated Receipts (14.4 percent).

SOS operations are organized within three functions: (1) Information Management; (2) Administration of Election Laws; and (3) International Protocol.

INFORMATION MANAGEMENT

The agency's responsibility with regard to information management is to provide accurate, reliable, and timely access to public information; to efficiently process documents; and to ensure compliance with laws and rules relating to filing documents and accessing documents filed with the agency.

The agency's databases contain information relating to corporate, limited-liability, limited-partnership, and assumed-name filings; voter registration information; driver license and voter registration merged jury lists; election data; Uniform Commercial Code (UCC) filings; and notaries public, among other important public records. Direct access to the agency's electronic data is provided to approximately 269,000 governmental and commercial entities. The agency's electronic filing system has a website, the Secretary of State OnLine Access (SOSDirect), which lets external users file documents and obtain information on UCC and business-entity filings. The Information Management goal is organized into two operating strategies: (1) Document Filing and (2) Document Publishing.

DOCUMENT FILING

The Document Filing section accepts or rejects the following types of filings: business-entity documents (including corporations, limited partnerships, limited-liability companies, and registered limited-liability partnerships); UCC documents (including lien notices, financing statements, and utility security instruments); notary public, assumed names, and trademark documents; and other statutory filings, such as those required under various sections of the Texas Occupations Code and the Texas Business and Commerce Code.

SOS is the official custodian of these records and responds to requests to inspect and produce copies of documents, issue certificates of fact, and disseminate information contained in the documents. The agency anticipates processing more than 13.5 million filings and related information requests in the 2010–11 biennium as compared to approximately 14.7 million during the 2008–09 biennium. The biennial appropriation for this strategy totals $22.4 million and provides for 158.9 FTE positions.

DOCUMENT PUBLISHING

The Document Publishing strategy provides for the filing, editing, compiling, and publishing of the Texas Administrative Code and the *Texas Register*. The Texas Administrative Code contains all rules adopted by state agencies along with relevant annotations. The *Texas Register* is a report of notices state agencies must file and includes proposed, emergency, and adopted rules; notices of open meetings; appointments by the Governor; Attorney General opinions; and requests for contract proposals. The *Texas Register* and Texas Administrative Code are updated each business day on SOS's website and are available online at no cost. The agency offers value-added online subscription services, such as e-mail notification when a document is filed by a specified state agency; full-text search of all documents published in the *Texas Register* and Texas Administrative Code; access to documents before they are available in the weekly editions of the *Texas Register*; and access to archived versions of Texas Administrative Code rules. As part of its document publishing function, the agency compiles, indexes, prints, binds, and distributes the laws passed by the Legislature after each regular and special session. The appropriation for this strategy for the 2010–11 biennium is $1.8 million and provides for 14 FTE positions.

ELECTION LAW ADMINISTRATION

The Election Law Administration function is divided into three operating strategies: (1) Elections Administration; (2) Election/Voter Registration Funds; and (3) Constitutional Amendments. As chief elections officer, SOS is responsible for the interpretation and application of the Election Code.

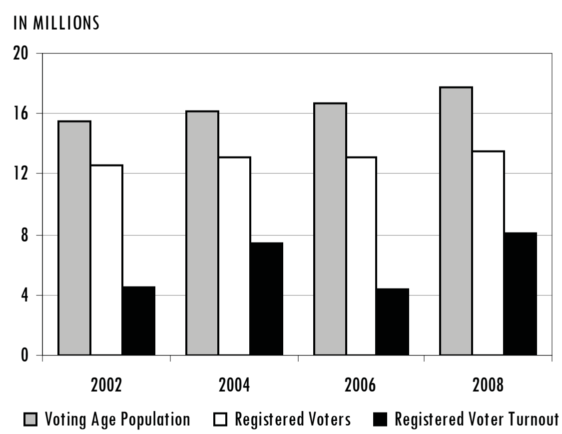
ELECTIONS ADMINISTRATION

The Elections Administration section provides rules, directives, opinions, instructions, and training to election officials; assists voter registrars as requested; and maintains a central database of all registered voters in the state. As of the 2008 General Election, 76.5 percent of the voting age population (VAP) in the State of Texas was registered to vote. VAP refers to the total number of persons in the state who are age 18 or older, regardless of citizenship, military status, felony conviction, or mental state. The turnout of registered voters for the 2008 General Election was 59.5 percent, which is 45.5 percent of the state's VAP. Historical data for turnout and the number of registered voters in the general elections of 2002 to 2008 are shown in **Figure 129**. The appropriation for the 2010–11 biennium for Elections Administration totals $7.8 million and provides for 42.2 FTE positions.

ELECTION/VOTER REGISTRATION FUNDS

The Election Administration section manages funds for the primary election financing program and reimburses counties for postage for voter registration applications. Approximately $14.3 million in state funding is anticipated to be disbursed to county precincts for payment of poll workers and operating costs associated with primary elections in fiscal year 2010. Of the $14.3 million, approximately $8.6 million is expected to be spent on the primary election and approximately $5.7 million on the primary runoff election. This amount includes $1.3 million to increase the hourly reimbursement rate from $7 to $9 per hour for poll workers working primary and primary runoff elections. In addition, an estimated $0.6 million will be paid to voter registrars for postage on return-mail voter registration applications during the biennium. The appropriation for the Election/Voter Registration Funds strategy totals $16.2 million for the 2010–11 biennium and provides for 4 FTE positions.

FIGURE 129
TEXAS GENERAL ELECTION TURNOUT AND VOTER REGISTRATION ELECTION YEARS 2002 TO 2008



SOURCE: Office of Secretary of State.

CONSTITUTIONAL AMENDMENTS

SOS contracts with newspapers throughout the state to publish proposed constitutional amendments. It also translates the proposed amendments into Spanish for publication in Spanish-language newspapers and for direct mailing to Hispanic households. The Eighty-first Legislature, Regular Session, 2009, passed 11 constitutional amendments that Texas voters approved in the November 2009 election. The agency received a $1.3 million appropriation for the 2010–11 biennium to translate and publish the amendments prior to the elections and to provide for 1.3 FTE positions.

ELECTIONS IMPROVEMENT

The agency provides for implementation of the federal Help America Vote Act (HAVA). Enacted in fiscal year 2002 by the federal government, HAVA sets standards for election policy and provides funds to states for election improvements. HAVA requires the state to replace punch card voting systems, amend the voter registration application, create a statewide computerized voter registration system, establish a voter's bill of rights, launch a voter education program, and create a complaint procedure for voter grievances, all of which have been implemented by the agency. HAVA also required modifications to the voter registration system and required each county to obtain at least one accessible voting machine for each election precinct. In the 2010–11 biennium, the appropriation and funding source for elections improvement is $40.1 million in Federal Funds and $4 million in General Revenue–Dedicated Funds from the Elections Improvement Fund; the funding provides for 6 FTE positions.

INTERNATIONAL PROTOCOL

The International Protocol function includes two strategies: (1) Protocol/Border Affairs and (2) Colonias Initiatives.

PROTOCOL/BORDER AFFAIRS

The Secretary of State provides for protocol services and the representation of the Governor and the state at meetings with Mexican officials and at events and conferences involving the diplomatic corps, government officials, and business leaders. The Secretary of State also acts as liaison to foreign governments and business leaders by addressing concerns affecting Texas that have not been resolved through alternative channels. The agency is appropriated $0.9 million for the 2010–11 biennium and is provided 6.5 FTE positions for this strategy.

COLONIAS INITIATIVES

The English translation for the Spanish word colonia is "neighborhood" or "community." In the Texas Colonias Initiative, "colonia" refers to an unincorporated settlement along the Texas–Mexico border that may lack basic water and sewer systems, electricity, paved roads, and safe and sanitary living conditions. According to the agency, there are currently more than 2,294 colonias in Texas, located primarily along the state's 1,248-mile border with Mexico. In excess of 400,000 people live in colonias.

The aim of the Colonias Initiative strategy is to coordinate state activities; to secure funding to improve physical living conditions in colonias through the provision of basic services such as water, wastewater, and solid waste disposal; and to advocate the needs of colonia residents through the Colonia Ombudsman Program, instituted in 1999. Seven colonia coordinators work and serve as ombudsmen in the border counties with the highest colonia populations: Cameron, El Paso, Hidalgo, Maverick, Starr, and Webb. In addition, there is one ombudsman serving Nueces County. During the 2008–09 biennium, ombudsmen worked with state and local officials on several major water and wastewater related projects. The agency is appropriated $1.6 million for the 2010–11 biennium and is provided 12 FTE positions for this strategy.

VETERANS COMMISSION

The Veterans State Service Office, established in 1927, was renamed the Texas Veterans Commission (TVC) in 1985. Its mission and principal function are to guarantee that Texas veterans and their families receive all rights and benefits provided for them by law and that their needs are considered in any proposed legislation. Since its inception, the agency's responsibilities have increased significantly, including the oversight of veterans' employment and training programs and as the state approving agency for the Veterans Education program.

In working toward its mission, TVC provides veterans and their families with counseling, case development, representation, and outreach services regarding benefits claims, and facilitates employment and re-employment services. The agency also administers training on benefits for Veterans County Service Officers; approves education and training programs; authorizes facilities to accept federal Montgomery GI Bill funds; and produces publications concerning veterans' benefits.

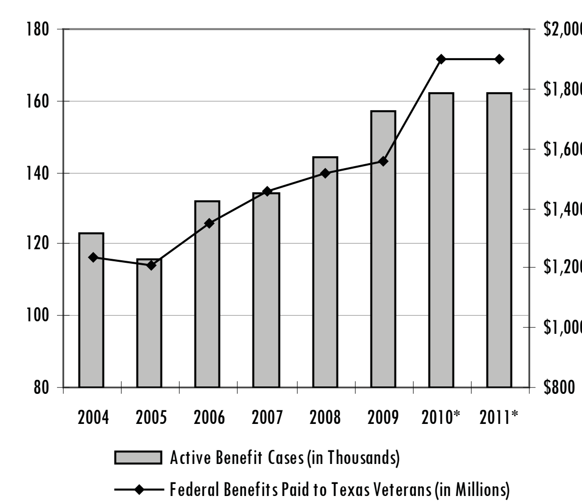
Appropriations for the 2010–11 biennium total $34.1 million and provide for 338.2 full-time-equivalent (FTE) positions. Of the total appropriations, $14.2 million consists of General Revenue Funds and General Revenue–Dedicated Funds and $19.9 million in Federal Funds. Of the agency's total estimated FTE positions, 34 percent provide direct claims assistance to veterans and their families, 54 percent are associated with the veterans' employment and training programs, and 4 percent are associated in evaluating veterans' education and training programs. The remaining staff is at the agency's headquarters in Austin and administers the agency's financial, personnel, marketing, legal, and investigative activities, and process veterans' discharge and death certificates.

BENEFITS FOR VETERANS

TVC's goal is to advocate for veterans, their dependents, and their survivors and to assist them in obtaining benefits. This goal is accomplished through outreach services and claims filing by agency personnel and Veterans County Service Officers. The U.S. Department of Veterans Affairs (VA) implements federal laws regarding veterans' benefits. A U.S. veteran is defined as an individual who has served on active duty in the military under honorable conditions or better. According to *State Rankings 2009, A Statistical View of America*, published by the Congressional Quarterly Press, Texas ranks third nationally for the number of veterans in the state in 2008, which totals 1,705,311, or approximately 7.3 percent of all veterans in the country. According to the TVC, federal compensation and pension benefits for veterans in Texas totaled an estimated $7.2 billion in the 2008–09 biennium, or 9.3 percent of the total U.S. benefit payments made to veterans. Texas veterans represented by the agency received an estimated $3.5 billion of the $7.2 billion total. The agency managed 156,882 cases in fiscal year 2009. The TVC anticipates recovering approximately $3.8 billion in federal benefits during the 2010–11 biennium and estimates that it will manage slightly more than 162,000 active veterans' benefit cases each fiscal year of the biennium. **Figure 130** shows the number of active veterans benefit cases managed by TVC, total federal benefits paid by the VA as a result of agency representation of veterans from fiscal years 2004 to 2009 and the projected amounts for fiscal years 2010 and 2011.

According to TVC, Texas leads the nation in the number of veterans who obtained employment using agency services. During the 2008–09 biennium, TVC Veterans Employment Specialists assisted more than 200,000 veterans in need of employment, of which more than 80,000 were found jobs. Also according to TVC, the number of veterans who found jobs in Texas with the assistance of TVC exceeded the total for the next seven states combined.

FIGURE 130
FEDERAL BENEFITS AND CASE REPRESENTATION BY THE VETERANS' COMMISSION FISCAL YEARS 2004 TO 2011



*Estimated.
SOURCE: Texas Veterans' Commission.

During fiscal year 2008, Texas ranked second in the nation in the number of veterans receiving GI Bill education benefits, totaling approximately $304 million. During the 2008–09 biennium, the Veterans Education program achieved the following:

- received and responded to over 6,500 inquiries regarding education benefits;
- conducted over 1,800 onsite visits to colleges, universities, trade and vocational schools, and training sites throughout the state;
- mailed 37,811 information letters and brochures to recently discharged veterans; and
- investigated and appealed 773 denials of education benefit letters sent to veterans by the Department of Veterans Affairs.

CLAIMS REPRESENTATION AND COUNSELING

The federal government does not automatically grant veterans benefits; therefore, TVC employs 75 veterans' assistance counselors to assist veterans or their survivors in applying for benefits. In addition to assisting veterans or their spouse and dependents with applications for financial benefits, TVC counselors develop veterans' claims, assist in gathering evidence, and provide representation for veterans before the VA. Claims representation and counseling are available statewide in 33 agency offices, two of which are regional offices and 31 are field offices. The regional offices are located in Houston and Waco within the two federal VA offices that serve Texas.

Field offices are located close to or within military installations, veterans' medical facilities, and state veterans' homes operated by the Texas Veterans Land Board. Veterans' assistance counselors offer training to the state's Veterans County Service Officers and represent veterans whose claims are filed at a county office. In addition to the agency's field and regional offices, there are 228 county offices in which 250 Veterans County Service Officers assist with veterans' claims. These county offices rely on TVC for training, technical assistance, and representation of claims before the VA.

VETERANS EMPLOYMENT SERVICES

TVC provides employment assistance to Texas' veterans and eligible spouses through workforce centers, VA facilities, and military installations around the state. These are some of the services provided:

- job matching and referral;
- résumé preparation;
- employer outreach;
- job search workshops;
- vocational guidance;
- labor market information; and
- referrals to training and supportive services.

The agency assists and prepares the transitioning of active duty service members for civilian careers by facilitating two and one-half days Transition Assistance Program employment workshops at 13 military installations. The agency also assists disabled and wounded veterans through the Vocational Rehabilitation and Employment Program and the REALifelines program. Both are geared toward facilitating the re-entry and employment of veterans with special needs back into civilian life.

VETERANS EDUCATION

TVC is the state approving agency for the Veterans Education Program and for the federal Montgomery GI Bill educational benefits. In this role, the agency reviews, evaluates, approves, and oversees education and training programs for veterans and other eligible persons. As of fiscal year 2009, there are 1,100 approved colleges, universities, trade and vocational schools, and training facilities that provide services to more than 45,000 eligible recipients. The number of facilities with approved programs increased by approximately 31 percent since the program transferred to TVC from the Texas Workforce Commission on October 1, 2006.

Most public post-secondary schools such as universities and community colleges, hospitals, police/fire academies, technical institutions, most nonpublic schools such as cosmetology and barber colleges, flight schools, and other vocational schools have approved programs. There are also several approved apprenticeship and on-the-job training programs that allow veterans to earn a wage while in the program.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 1655, which provides for a Veterans lottery game. The legislation also authorizes the proceeds of the lottery game be deposited into the Fund for Veterans Assistance, which is administered by TVC. The Fund for Veterans

Assistance provides a broad range of assistance to Texas veterans and their families, which includes the following:

- grants to organizations to provide direct support to individual veterans and or their families,;
- supplements for veterans or families who can not meet the financial burden of nursing care,;
- assistance to counties for veterans programs,;
- providing transportation to VA Hospitals and clinics,;
- scholarship programs for veterans children;
- grants to support formation of community support groups for veterans, spouses and children; and
- grants for counseling for family members of veterans to include children, for marital counseling for veterans and spouses, for spousal counseling.

5. HEALTH AND HUMAN SERVICES

*Health and Human Services (HHS) is the second-largest function of Texas state government. As shown in **Figure 131**, All Funds appropriations (excluding American Recovery and Reinvestment Act funds) for Health and Human Services for the 2010–11 biennium total $59.7 billion, or 32.8 percent of all state appropriations. This amount is an increase of $4.4 billion, or 8.3 percent, in All Funds, and an increase of $1.8 billion, or 8.3 percent, in General Revenue Funds and General Revenue–Dedicated Funds. **Figure 132** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal years 2006 to 2011 for all HHS agencies. Federal Funds are the largest source of funding for the HHS function. Many federal funding streams require General Revenue Fund (or other state fund) expenditures to draw down Federal Funds. State contributions can be a match, wherein General Revenue Funds comprise a set percentage of total expenditures, or a maintenance of effort, wherein the state expends a set dollar amount that is tied to previous expenditures.*

The 2010–11 GAA establishes the following average monthly service levels for fiscal year 2011:

- *health insurance for almost 3.2 million Medicaid recipients (including 2.2 million children);*
- *health insurance for more than 500,000 Children's Health Insurance Program (CHIP) enrollees;*
- *cash grants to approximately 100,000 Temporary Assistance for Needy Families (TANF) clients;*
- *adoption subsidies for over 30,000 children; and*
- *foster care payments for nearly 15,000 children per month.*

*Eligibility for many of these programs is based on income in relation to the federal poverty level (FPL) (**Figure 134**).*

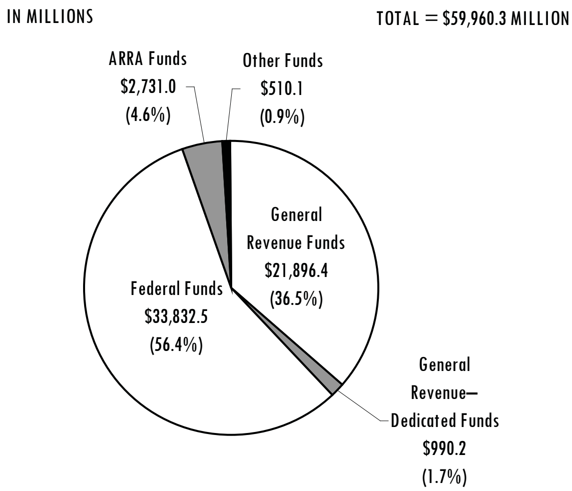
FIGURE 131
ALL FUNDS APPROPRIATIONS FOR HEALTH AND HUMAN SERVICES
2010–11 BIENNIUM

IN MILLIONS

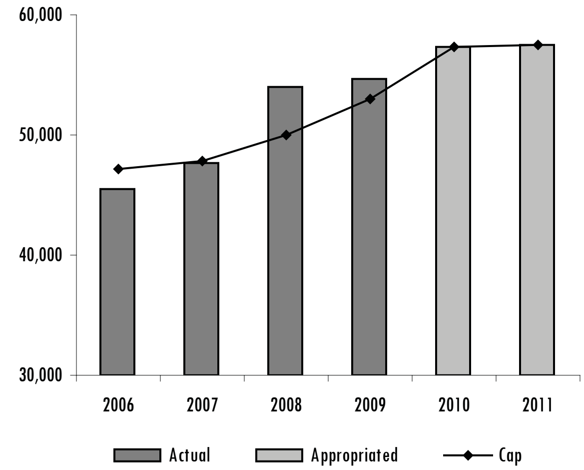
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$11,829.3	$13,380.0	$1,550.7	13.1
Department of Assistive and Rehabilitative Services	1,190.7	1,255.2	64.5	5.4
Department of Family and Protective Services	2,548.2	2,671.6	123.4	4.8
Department of State Health Services	5,626.4	5,853.9	227.5	4.0
Health and Human Services Commission	33,507.8	35,754.8	2,247.0	6.7
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$54,702.4**	**$58,915.5**	**$4,213.1**	**7.7**
Retirement and Group Insurance	$909.9	$1,043.2	$133.3	14.6
Social Security and Benefit Replacement Pay	311.0	329.4	18.3	5.9
SUBTOTAL, EMPLOYEE BENEFITS	**$1,220.9**	**$1,372.6**	**$151.6**	**12.4**
Bond Debt Service Payments	$47.1	$65.2	$18.1	38.4
Lease Payments	13.3	13.9	0.6	4.7
SUBTOTAL, DEBT SERVICE	**$60.3**	**$79.0**	**$18.7**	**31.0**
Less Interagency Contracts	$607.2	$620.6	$13.3	2.2
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$55,376.4**	**$59,746.5**	**$4,370.1**	**7.9**
ARRA Appropriations, Article XII[3]	$0.0	$213.8	$213.8	NA
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$55,376.4**	**$59,960.3**	**$4,583.9**	**8.3**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on acutal amounts before rounding. Therefore, table amounts may not add because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 132
HEALTH AND HUMAN SERVICES APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

FIGURE 133
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) APPROPRIATIONS FOR HEALTH AND HUMAN SERVICES
2010–11 BIENNIUM

IN MILLIONS AGENCY	REGULAR ALL FUNDS APPROPRIATIONS	ARRA (ART. XII) APPROPRIATIONS FEDERAL FUNDS	ARRA (ART. XII) APPROPRIATIONS GENERAL REVENUE	TOTAL ARRA (ART. XII) APPROPRIATIONS[1]	TOTAL APPROPRIATIONS
Department of Aging and Disability Services	$13,380.0	$642.3	($636.3)	$6.0	$13,386.0
Department of Assistive and Rehabilitative Services	$1,255.2	$92.6	($5.0)	$87.6	$1,342.8
Department of Family and Protective Services	$2,671.6	$98.4	($34.0)	$64.4	$2,736.0
Department of State Health Services	$5,853.9	$8.2	$0.0	$8.2	$5,862.1
Health and Human Services Commission	$35,754.8	$1,889.5	($1,841.9)	$47.6	$35,802.4
TOTAL, ARRA APPROPRIATIONS FOR HEALTH AND HUMAN SERVICES		**$2,731.0**	**($2,517.2)**	**$213.8**	

[1]ARRA appropriations reflected above include both appropriations made to agencies in Article XII, Section 1, as well as the appropriate allocation to agencies of "Higher Education and Other Government Programs" appropriations as outlined by Article XII, Section 25.
SOURCE: Legislative Budget Board.

MAJOR FUNDING ISSUES

Major funding issues for the HHS function include increased federal funding related to the American Recovery and Reinvestment Act of 2009 (ARRA) (**Figure 133**), Medicaid, rate enhancements, waiting list reductions, and reforms to the care system for individuals with mental retardation or developmental disabilities.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Appropriations for HHS include amounts from Article XII of the 2010–11 GAA and House Bill 4586 related to federal

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

FIGURE 134
FEDERAL POVERTY GUIDELINES (FEDERAL POVERTY LEVEL), 2009

SIZE OF FAMILY UNIT	100% FPL	14% FPL	21% FPL	74% FPL	133% FPL	185% FPL	200% FPL	218% FPL
1	$10,830	$1,516	$2,274	$8,014	$14,404	$20,036	$21,660	$23,609
2	$14,570	$2,040	$3,060	$10,782	$19,378	$26,955	$29,140	$31,763
3	$18,310	$2,563	$3,845	$13,549	$24,352	$33,874	$36,620	$39,916
4	$22,050	$3,087	$4,631	$16,317	$29,327	$40,793	$44,100	$48,069
5	$25,790	$3,611	$5,416	$19,085	$34,301	$47,712	$51,580	$56,222
6	$29,530	$4,134	$6,201	$21,852	$39,275	$54,631	$59,060	$64,375
7	$33,270	$4,658	$6,987	$24,620	$44,249	$61,550	$66,540	$72,529
8	$37,010	$5,181	$7,772	$27,387	$49,223	$68,469	$74,020	$80,682
For each additional person	$3,740	$524	$785	$2,768	$4,974	$6,919	$7,480	$8,153

NOTE: FPL = Federal Poverty Level.
SOURCES: Legislative Budget Board; U.S. Department of Health and Human Services.

funding provided through ARRA. These amounts include additional appropriations and a method-of-financing swap that replaces $1.6 billion in fiscal year 2009 and $2.5 billion in the 2010–11 biennium in General Revenue Funds with an equal amount of Federal Funds due to a temporary increase in the assumed Federal Medical Assistance Percentage (FMAP). Section 5001 of ARRA includes the following three possible increases to FMAP: (1) a hold harmless provision, which maintains FMAP at a minimum of the federal fiscal year 2008 level; (2) a general 6.2 percentage point increase to FMAP; and (3) additional increases based on increases in the unemployment rate. The first two increases apply to both Medicaid and Title IV-E (foster care and related) programs while the third applies only to the Medicaid program. These increases are for federal fiscal years 2009 and 2010 and the first quarter of federal fiscal year 2011; any adjustments related to unemployment are calculated quarterly, which could result in different FMAPs for different federal fiscal quarters. Temporary increases to FMAP do not affect the Enhanced Federal Medical Assistance Percentage (EFMAP), which is used primarily for the Children's Health Insurance Program (CHIP). It is assumed that Texas will qualify for all three adjustments to FMAP. **Figure 135** shows the effect of each possible increase to Texas' FMAP.

MEDICAID

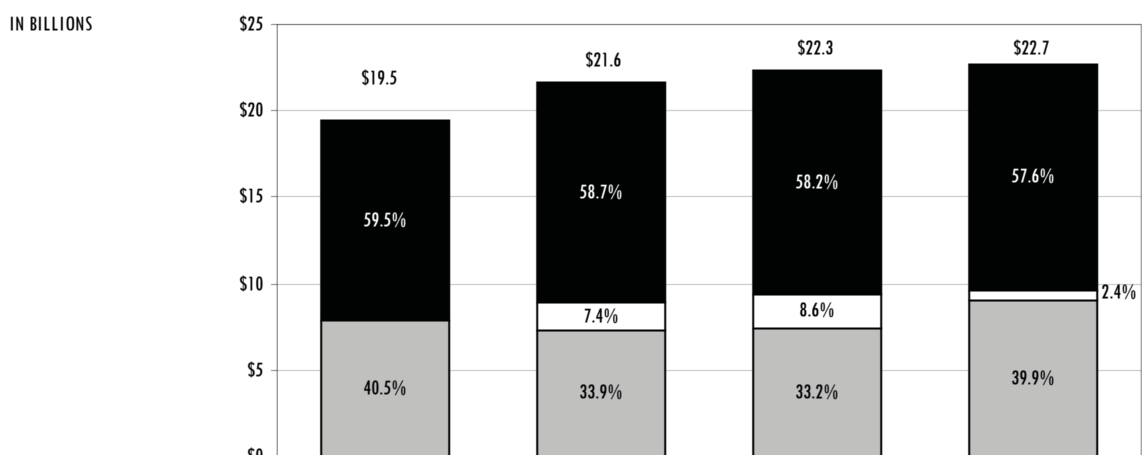
A total of $45.0 billion in All Funds, including $16.3 billion in General Revenue Funds (including Tobacco Settlement Receipts) and General Revenue–Dedicated Funds, is appropriated for the 2010–11 biennium for the operation of the Texas Medicaid program. The appropriated amount includes funding at all five HHS agencies, as well as funding for the Texas Education Agency. These appropriations are an increase of $3.9 billion in All Funds, including an increase of $1.3 billion in General Revenue Funds and General Revenue–Dedicated Funds, above the 2008–09 biennium levels. Funding for the 2008–09 and 2010–11 biennia includes supplemental appropriations made in House Bill 4586. The increase in General Revenue Funds and General Revenue-Dedicated Funds would have been greater without the temporary increase in FMAP included in ARRA. The method-of-financing swap in 2010–11 exceeds that in 2008–09 by $0.9 billion, all of which would have been an increase in General Revenue Funds without the temporary increase in FMAP. Absent an increase in FMAP (unadjusted for ARRA) or an overall reduction in Medicaid funding in the 2012–13 biennium, the full amount of the 2010–11 method-of-financing swap (an estimated $2.5 billion) will need to be replaced with General Revenue Funds or other state funds. **Figure 136** shows Medicaid program funding by major method-of-financing. The decrease for non-Federal Funds, from 40.5 percent in fiscal year 2008 to 33.9 percent in fiscal year 2009 and 33.2 percent in fiscal year 2010 followed by an increase to 39.9 percent in fiscal year 2011 shows the effect of the temporary increase in FMAP. The proportion funded with ARRA Federal Funds in 2010–11 (8.6 percent in fiscal year 2010 and 2.4 percent in fiscal year 2011) reflects the level of funding that will need to be replaced with General Revenue Funds in 2012–13.

FIGURE 135
POSSIBLE FEDERAL MEDICAL ASSISTANCE PERCENTAGES UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, BY FEDERAL FISCAL QUARTER

	POSSIBLE FMAPS AND PERCENTAGE POINT INCREASES FOR TEXAS
Federal Fiscal Year 2008 FMAP (Hold Harmless)*	60.53
General Increase	+ 6.20
Increased FMAP for Title IV-E (foster care and related)	**66.73**
Hurricane Katrina Adjustment**	+ 0.03
Increased FMAP for Medicaid with No Unemployment Adjustment	**66.76**
Tier 1 Unemployment Adjustment (increase in unemployment rate of at least 1.5, but less than 2.5, percentage points)	+ 2.00
Increased FMAP for Medicaid with Tier 1 Unemployment Adjustment	**68.76**
Tier 2 Unemployment Adjustment (increase in unemployment rate of at least 2.5, but less than 3.5, percentage points)***	+ 3.09
Increased FMAP for Medicaid with Tier 2 Unemployment Adjustment	**69.85**
Tier 3 Unemployment Adjustment (increase in unemployment rate of at least 3.5 percentage points)***	+ 4.18
Increased FMAP for Medicaid with Tier 3 Unemployment Adjustment	**70.94**

*Texas' FMAPs for federal fiscal years 2009 and 2010 have already been announced and are lower than the FMAP for federal fiscal year 2008, making this the starting point for any additional adjustments. FMAP for federal fiscal year 2011 has not yet been announced, but is projected to be the same as federal fiscal year 2008; if the final FMAP should be higher than federal fiscal year 2008, the general increase and any unemployment adjustment would be added to the higher level.
**Federal fiscal year 2008 FMAP was increased by 0.03 percentage points due to Hurricane Katrina. This increase applied only to Medicaid and not Title IV-E, resulting in different Hold Harmless FMAPs for the two programs.
***Unemployment adjustments are not additive; each adjustment is applied to the increased FMAP for Medicaid with no unemployment adjustment.
NOTE: FMAP = Federal Medical Assistance Percentage.
SOURCE: Legislative Budget Board.

FIGURE 136
MEDICAID FUNDING BY METHOD OF FINANCING
FISCAL YEARS 2008 TO 2011



	2008	2009*	2010**	2011**
■ Federal Funds	$11.6	$12.7	$13.0	$13.1
□ Stimulus Federal Funds	$0.0	$1.6	$1.9	$0.6
▩ General Revenue/General Revenue Dedicated/Other Funds	$7.9	$7.3	$7.4	$9.1

*Estimated.
**Appropriated.
SOURCE: Legislative Budget Board.

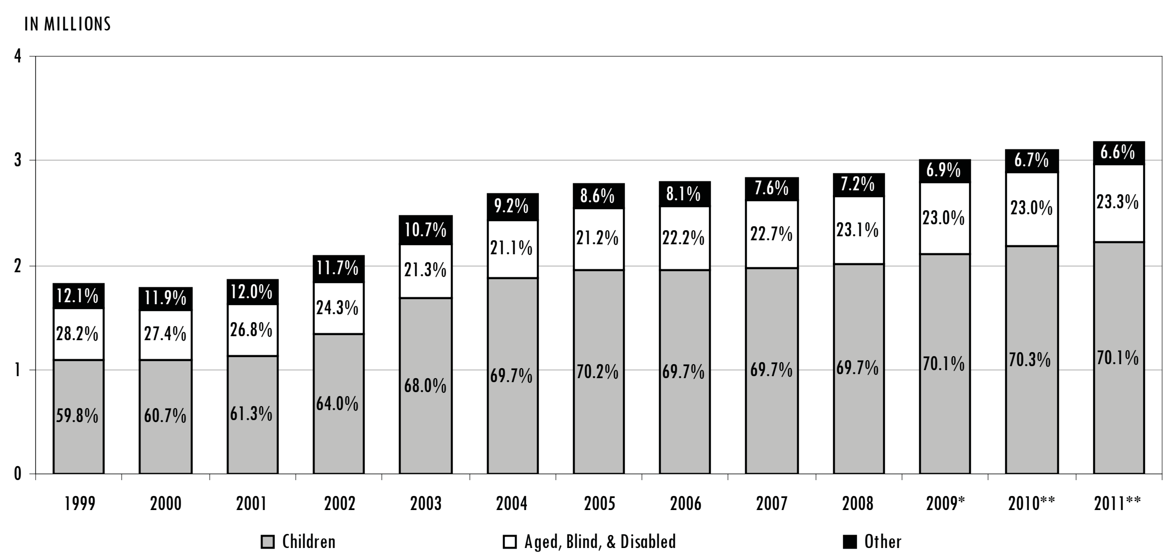
A total of $1.9 billion in All Funds, including $1.2 billion in General Revenue Funds, is appropriated to the Health and Human Services Commission (HHSC) and the Department of Aging and Disability Services (DADS) for fiscal year 2009 Medicaid expenses via House Bill 4586. Also included in House Bill 4586 is a $1.6 billion method-of-financing swap for fiscal year 2009 Medicaid related to the temporary increase in FMAP under ARRA. Finally, House Bill 4586 includes appropriations to DADS and the Department of Family and Protective Services (DFPS) for 2010–11 for the Medicaid program of $144.7 million in All Funds, including $67.2 million in General Revenue Funds. The net result of the provisions related to Medicaid included in House Bill 4586 for all fiscal years is a $2.4 billion increase in Federal Funds and a reduction of $0.4 billion in General Revenue Funds.

The Medicaid program accounts for 84.4 percent of the All Funds growth in Article II, 2010–11 GAA, and 75.2 percent of the growth in General Revenue Funds and General Revenue–Dedicated Funds. Funding increases are primarily related to the following issues:

- allowing for a projected increase in clients entitled to services under federal law;
- funding $1.2 billion in acute care cost growth;
- funding rate increases for certain providers, including increasing attendant care wages;
- expanding community-based services to additional clients;
- implementing a Medicaid Buy-In program for children; and
- providing health care to legal permanent resident children.

Acute care caseloads at HHSC are projected to increase by 5.5 percent from an estimated average of 3,001,993 clients in fiscal year 2009 to a projected average of 3,168,320 clients in fiscal year 2011. The proportion of total Medicaid enrollees that are children, on the rise since fiscal year 1999, has been relatively flat since fiscal year 2004 at approximately 70 percent (**Figure 137**). Although the absolute number of aged, blind, and/or disabled enrollees continued to increase, their proportion of total enrollment steadily decreased from fiscal year 1999 (28.2 percent of total enrollment) through fiscal year 2004 (21.1 percent of total enrollment). Their proportional enrollment began increasing in fiscal year 2005

FIGURE 137
ACUTE CARE MEDICAID AVERAGE MONTHLY CASELOAD
FISCAL YEARS 1999 TO 2011

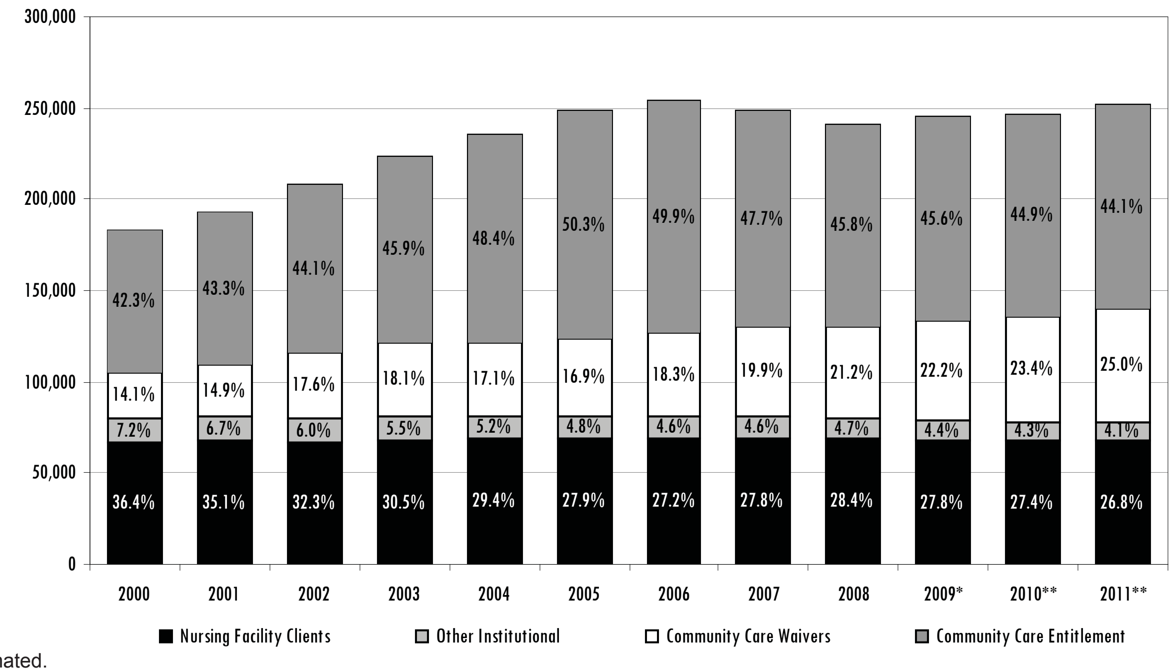


*Estimated.
**Target established in the General Appropriations Act.
Note: Represents average monthly number of clients receiving Medicaid acute care health insurance services through the Health and Human Services Commission. Aged, Blind, and Disabled includes clients enrolled in STAR+PLUS. Other includes TANF Adults, Pregnant Women, and Medically Needy clients.
Sources: Legislative Budget Board; Health and Human Services Commission.

and continued to increase through fiscal year 2008 when it reached 23.1 percent; the proportion is projected to remain at approximately 23 percent, increasing slightly to 23.3 percent in fiscal year 2011 when the "baby boomer" generation begins to turn age 65 (**Figure 137**). This trend will likely amplify itself in future biennia as more "boomers" turn age 65, resulting in an increase in the number of aged enrollees.

Overall, long-term-care caseloads at DADS are also projected to increase during the 2010–11 biennium; projected growth in Medicaid community care waivers is expected to more than offset projected declines in nursing-facility-related caseloads (includes Medicaid, Medicare co-pay, and hospice), other institutional care (includes intermediate care facilities for persons with mental retardation and state supported living centers), and Medicaid community care entitlement. Nursing-facility-related caseloads are projected to decline by 1.2 percent from an estimated average of 68,303 clients in fiscal year 2009 to a projected average of 67,516 clients in fiscal year 2011. Other institutional care caseloads are projected to decline by 6.3 percent from an estimated average of 10,913 clients in fiscal year 2009 to a projected average of 10,225 clients in fiscal year 2011. Medicaid community care entitlement (non-waiver) caseloads are projected to decrease by 0.8 percent from an estimated average of 111,850 clients in fiscal year 2009 to a projected average of 110,971 clients in fiscal year 2011. Medicaid community care waiver caseloads are projected to increase by 15.3 percent from an estimated average of 54,458 clients in fiscal year 2009 to a projected average of 62,791 clients in fiscal year 2011. **Figure 138** shows the shifting proportions of Medicaid long-term-care caseloads from fiscal year 2000 to fiscal year 2011. In fiscal year 2000 community care made up approximately 56 percent of long-term-care clients; this proportion has been growing and community care clients are projected to be approximately 69 percent of long-term-care caseloads by fiscal year 2011. Almost all of the growth in the proportion of clients served in a community care setting can be attributed to growth in community care waivers, which have increased from 14.1 percent of long-term-care caseloads in fiscal year

FIGURE 138
COMMUNITY CARE AND NURSING FACILITY AVERAGE MONTHLY CASELOAD
FISCAL YEARS 2000 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Note: Community Care Entitlement includes Primary Home Care, Community Attendant Services, and Day Activity and Health Services; Community Care Waivers include Community-based Alternatives, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Consolidated, Texas Home Living, and Promoting Independence; Nursing facility includes Medicaid co-payment for Medicare Skilled Nursing Facility Care and Hospice; Other Institutional includes Intermediate Care Facilities for Persons with Mental Retardation and State Supported Living Centers.
Sources: Legislative Budget Board; Department of Aging and Disability Services.

2000 to 25.0 percent in fiscal year 2011. Expansion of the STAR+PLUS program at HHSC during fiscal year 2007 led to declines in community care entitlement caseloads at DADS during fiscal years 2007 and 2008; without those declines there would have been even more significant increases in the proportion of clients receiving care in the community.

RATE ENHANCEMENTS

Appropriations to HHS agencies for rate increases are $524.5 million in All Funds, including $229.2 million in General Revenue Funds. The appropriations include the following funding:

- $300.2 million in All Funds, including $129.5 million in General Revenue Funds, for a one-step and temporary attendant wage increase at DADS and HHSC; and
- $224.3 million in All Funds, including $99.7 million in General Revenue Funds, for provider rate increases at DADS, DFPS, and HHSC.

Additional information is available in Article II, Special Provisions, Section 54, 2010–11 GAA.

EXPAND COMMUNITY-BASED SERVICES

A total of $433.2 million in All Funds, including $190.2 million in General Revenue Funds, is appropriated for the 2010–11 biennium to DADS, the Department of Assistive and Rehabilitative Services (DARS), the Department of State Health Services (DSHS), and HHSC to reduce waiting lists. To address waiting lists, full-time-equivalent (FTE) positions at DADS increased by 70.4 in fiscal year 2010 and 80.9 in fiscal year 2011; FTE positions at HHSC increased by 3.2 in each fiscal year. Affected programs include certain community-based Medicaid waiver programs and non-Medicaid community-care programs at DADS; Children with Special Health Care Needs and community mental health services for children and adolescents at DSHS; and Comprehensive Rehabilitation Services and Independent Living Services at DARS. Appropriations to HHSC address acute care Medicaid costs associated with clients newly eligible for Medicaid waiver services who would also be newly eligible for acute care services. By the end of the 2010–11 biennium, a total of 10,279 additional clients are expected to be enrolled in affected programs. Article II, Special Provisions, Section 52, 2010–11 GAA, governs the expenditure and reporting of the funds allocated to the affected programs; the rider also establishes targeted client levels.

REFORMS TO CARE SYSTEM FOR INDIVIDUALS WITH MENTAL RETARDATION OR DEVELOPMENTAL DISABILITIES

Article II, Special Provisions, Section 48, 2010–11 GAA, makes appropriations to DADS and HHSC totaling $464.5 million in All Funds, including $207.9 million in General Revenue Funds, contingent upon certain changes being made to the care system for services to individuals with developmental disabilities. Funds are appropriated for home and community-based programs and waivers for persons with mental retardation, intellectual disabilities, and developmental disabilities in an effort to reduce the wait time for services, expand waiver-related community services slots, and provide specific direction related to reshaping the system of care for persons with developmental disabilities. Required changes include the following:

- increasing the number of Home and Community-based Services (HCS) waiver slots;
- reducing the number of state school residents and limiting the number of residents residing at each state school;
- identifying state school residents who could move into community programs; and
- transferring the case management function from HCS providers to local mental retardation authorities.

In addition to the requirements found in the 2010–11 GAA, Senate Bill 643, requires additional reforms to the system for providing services to individuals with developmental disabilities in state schools and community settings, including redefining “state schools” as “state supported living centers.” House Bill 4586 appropriates $38.0 million in All Funds, including $19.0 million in General Revenue Funds, to DADS to implement the provisions of Senate Bill 643, install video surveillance cameras in areas defined as non-private space for residents, and monitor video across shifts to detect and prevent abuse and exploitation of residents and clients. FTE positions at DADS are also increased by 186.0 in each year of the 2010–11 biennium. Appropriations and FTE increases were contingent upon passage of Senate Bill 643.

Additional appropriations made through House Bill 4586 are contingent upon the state reaching a settlement agreement with the U.S. Department of Justice related to its investigation of abuse and neglect in state schools. DADS is appropriated $45.1 million in General Revenue Funds and the agency’s

FTE positions increased by 1,160.0 in each year of the 2010–11 biennium. DFPS is appropriated $3.2 million in General Revenue Funds and the agency's FTE positions increased by 37.0 in fiscal year 2010 and 43.0 in fiscal year 2011.

SIGNIFICANT LEGISLATION

House Bill 4586 authorizes supplemental appropriations and reductions to appropriations for a number of state government functions. It also provides direction and adjustment authority and prescribes limits regarding appropriations. All HHS agencies are affected. The legislation appropriates $1.8 billion in All Funds, which includes a reduction of $0.4 billion in General Revenue Funds offset by an increase of $2.3 billion in Federal Funds, to HHS agencies for fiscal year 2009. It also appropriates $163.6 million in All Funds, which includes $78.1 million in General Revenue Funds, for the 2010–11 biennium.

DEPARTMENT OF AGING AND DISABILITY SERVICES

The Department of Aging and Disability Services (DADS) was established in September 2004 as a result of legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, which reorganized all Health and Human Services agencies. This reorganization merged a majority of Department of Human Services programs (including long-term care programs) with the mental retardation component from the Department of Mental Health and Mental Retardation and the Texas Department of Aging to form DADS.

The agency's mission is to provide a comprehensive array of aging and disability services, supports, and opportunities that are easily accessed in local communities.

Appropriations for the 2010–11 biennium total $13.4 billion in All Funds and provide for 17,989.4 full-time-equivalent (FTE) positions in fiscal year 2010 and 18,006.9 FTE positions in fiscal year 2011. Of the appropriated amount, $5.0 billion, or 37.1 percent, is from General Revenue Funds, adjusted for Federal Funds provided through the American Recovery and Reinvestment of 2009 (ARRA), and General Revenue–Dedicated Funds. The appropriations include $8.3 billion in Federal Funds, of which $7.8 billion, or 94.8 percent, is from the federal Title XIX Medicaid program.

SIGNIFICANT FUNDING ISSUES FOR THE 2010–11 BIENNIUM

The following significant funding issues affect the agency's 2010–11 biennium appropriations:

- Funding is appropriated in House Bill 4586 (Sections 68 and 73) of $139.2 million in All Funds, including $64.1 million in General Revenue Funds for the biennium, and 1,346 full-time-equivalent (FTE) positions each fiscal year for the purpose of providing additional staffing, monitoring activities, training, and other one-time costs at State Supported Living Centers (formerly state schools).
- State Supported Living Center funding was increased by $11.4 million in All Funds, $4.7 million in General Revenue Funds, and 142 FTE positions per fiscal year to strengthen facility night shift campus supervision and professional oversight.
- Community-care Waiver funding was increased by $464.5 million in All Funds, $207.9 million in General Revenue Funds, to expand and reshape the system of care for individuals with developmental disabilities and move 7,832 clients from State Supported Living Centers to waiver-related community-based settings by August 2011.
- Funding for DADS includes $249.5 million in All Funds and $107.3 million in General Revenue Funds for the biennium for a one-step rate increase for community care entitlement and community-based providers.
- Funding for DADS includes $43.4 million in All Funds and $19.2 million in General Revenue Funds for the biennium for a one-step attendant wage increase for community care entitlement and community-based providers.

GOALS

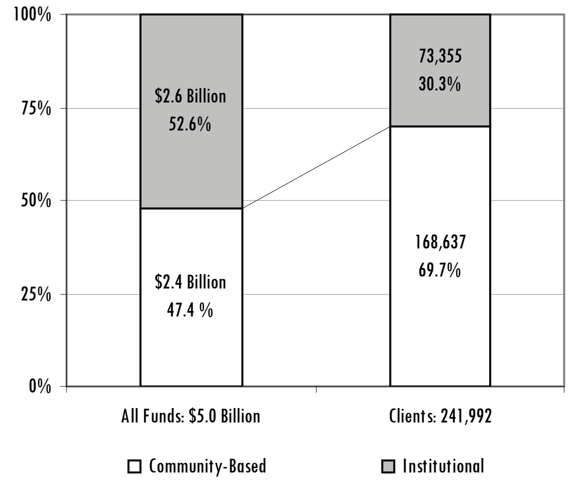
Agency functions are divided into three primary goals, one related to providing long-term services and supports for elderly persons and people with disabilities and a second related to regulation, certification, and outreach services. The third goal is Indirect Administration. Long-term care continuum services receive 97.9 percent of the agency's appropriated funds. Regulation, certification, and outreach receive 1.1 percent of the agency's appropriated funds. Finally, Indirect Administration accounts for 1.0 percent of the agency's appropriated funds.

LONG-TERM SERVICES AND SUPPORTS

The agency's long-term care continuum of services provides appropriate care based on the individual needs of elderly persons and persons with disabilities. The services include assisting clients with daily needs; providing employment services, skills training, and specialized therapies; paying for home improvements, special equipment, and related items; paying for nursing home and hospice care; and paying for State Supported Living Center services. These services are provided within institutional care settings such as nursing facilities or living centers for persons with mental retardation and in non-institutional or in-home settings such as community care programs and Intermediate Care Facilities for persons with Mental Retardation (**Figure 139** and **Figure 140**).

Texas focuses on developing long-term services and supports that are provided in home and community settings. The availability of these services has significantly reduced the number of persons who otherwise would be cared for in a

FIGURE 139
DADS FUNDING AND CASELOAD FOR COMMUNITY-BASED AND INSTITUTIONAL SERVICES
FISCAL YEAR 2008



NOTE: Institutional includes nursing facility, skilled nursing facility, hospice, and mental retardation State Supported Living Center services. Community-based includes community care entitlement, community care waivers, Program of All-inclusive Care for the Elderly (PACE), and ICF–MR.
SOURCE: Legislative Budget Board.

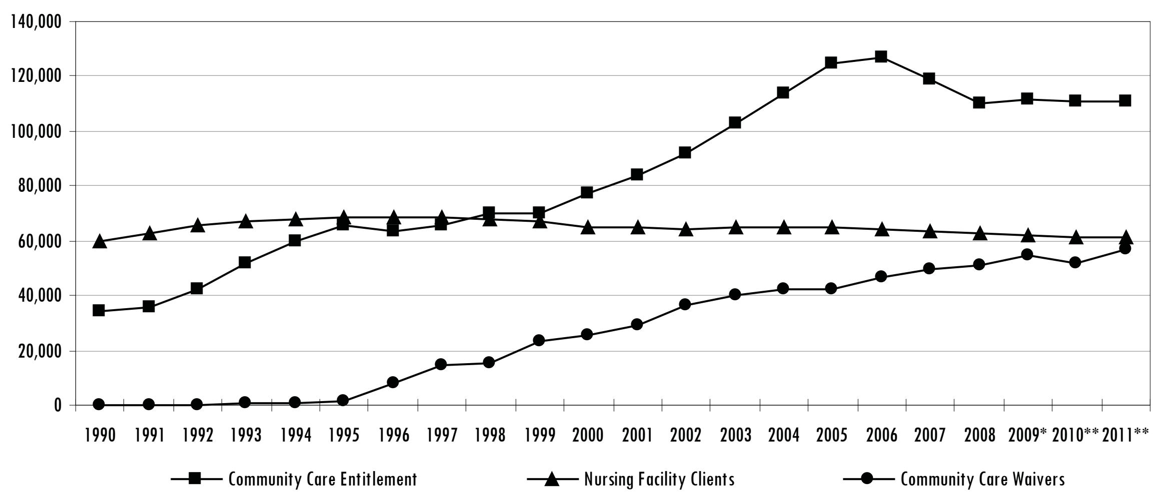
nursing home. **Figure 140** compares the number of clients served in community care services and nursing homes during fiscal years 1990 to 2009, with projections into fiscal year 2011. Similarly, the number of persons receiving community Mental Retardation (MR) services in home and community settings increased significantly from fiscal year 2005 to fiscal year 2011 (**Figure 141**).

Appropriations for long-term services and supports for the 2010–11 biennium total $13.1 billion in All Funds and provide for 16,278.5 FTE positions in fiscal year 2010 and 16,284.4 positions in fiscal year 2011. Of the appropriated amount, $4.9 billion, or 37.1 percent, is General Revenue Funds and General Revenue–Dedicated Funds. Costs and number of clients served are shown in **Figure 142** and **Figure 143** for select program measures for some long-term care services.

INTAKE, ACCESS, AND ELIGIBILITY

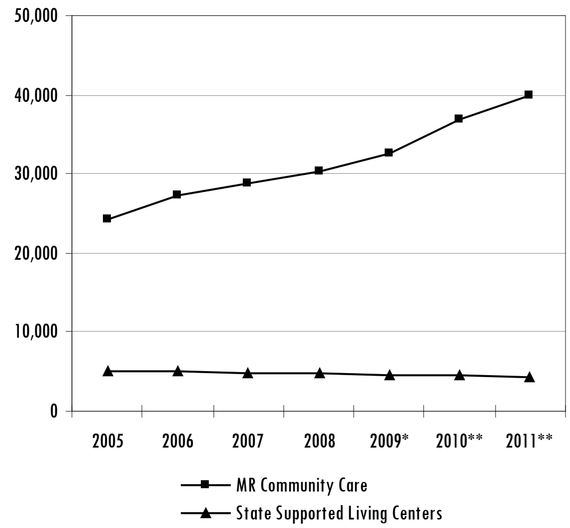
Area Agencies on Aging (AAA) and Mental Retardation Authorities (MRA) provide information and access to services through Intake, Access, and Eligibility to Services and Supports. The AAAs provide (1) assistance to older persons and family members regarding community support,

FIGURE 140
COMMUNITY CARE AND NURSING FACILITY AVERAGE MONTHLY CASELOAD
FISCAL YEARS 1990 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
NOTES: Community Care Entitlement includes Primary Home Care, Community Attendant Services, and Day Activity and Health Services; Community Care Waivers include Community-based Alternatives, Home and Community-based Services, Community Living and Support Services, Deaf-Blind Multiple Disabilities, Medically Dependent Children Program, Consolidated Waiver Program, Texas Home Living, and Promoting Independence; Clients funded through appropriations for waiting lists are not included; Nursing facility includes Medicaid co-payment for Medicare skilled nursing facility care, but excludes Hospice.
SOURCE: Department of Aging and Disability Services.

FIGURE 141
MENTAL RETARDATION COMMUNITY CARE AND STATE SUPPORTED LIVING CENTERS AVERAGE MONTHLY CASELOAD
FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
NOTE: MR Community Care includes Home and Community-based services, Texas Home Living services, MR Community Services (residential and non-residential), and Intermediate Care Facilities for Persons with Mental Retardation. Intake and Access and MR In-Home Services are excluded. Clients funded through appropriations for waiting lists are not included.
SOURCE: Department of Aging and Disability Services.

(2) referrals to programs, and (3) coordination of care and legal assistance. The MRAs determine eligibility and coordinate mental retardation services for eligible persons.

Intake, Access, and Eligibility also focuses on assessing a client's needs and the client's ability to function in a community setting. Clients who are eligible for Medicaid-funded nursing facility care and request community-care waiver services are assessed by DADS staff on daily living skills (non-financial criteria) and are given an eligibility score. This score allows agency staff to tailor various levels of assistance available to the client. Most agency programs also have income-eligibility requirements (**Figure 144**). DADS provides health or functional information about clients to the Health and Human Services Commission, which uses that information and a financial evaluation to determine eligibility for long-term care services. Most clients are eligible for Medicaid coverage that pays for acute care as well as long-term care services.

Funding totals $367.2 million in All Funds and provides for 1,857.4 FTE positions in fiscal year 2010 and 1,863.3 FTE positions in fiscal year 2011. Included in the appropriations for Intake, Access, and Eligibility is $72.3 Million in All Funds, including $36.1 million in General Revenue Funds, and an additional 26.4 FTE positions for fiscal year 2010 and 32.3 FTE positions for fiscal year 2011 for the expansion and reshaping of the system of care for individuals with developmental disabilities and additional community-care waiver capacity.

GUARDIANSHIP

Services provided by DADS for guardianship include but are not limited to providing services for adults with diminished capacity, arranging for placement in facilities (such as long-term care facilities, hospitals, or foster homes), managing estates, and making medical decisions. Adults with diminished capacity are defined as individuals who, because of a physical or mental condition, are substantially unable to provide food, clothing, or shelter for themselves, to care for their physical health, or to manage their financial affairs.

As part of the 2004 Adult Protective Services (APS) reform, guardianship services were transferred from the Department of Family and Protective Services to DADS. When APS validates abuse, neglect, or exploitation of an individual, they first seek less restrictive alternatives (LRA) to guardianship. If none is available, and indications are that the person may lack capacity and no family member is available to serve as guardian, APS makes a referral to DADS' guardianship program. If a child in Child Protective Services (CPS) conservatorship is about to be age 18 and will meet the definition of an incapacitated adult, a referral to DADS is made. DADS' staff has a responsibility to identify LRAs. They conduct a capacity assessment, and if guardianship is needed, the program can apply to a probate court to be appointed guardian or it may refer the case to a local contracted guardianship program. DADS authority to provide permanent guardianship services is limited to individuals referred by either APS or CPS, or that DADS otherwise agrees to serve. A court may not routinely or customarily appoint DADS as temporary guardian and may only do so as a last resort. Funding totals $14.0 million in All Funds and $7.2 million in General Revenue Funds and provides for 108.0 FTE positions in fiscal years 2010 and 2011.

FIGURE 142
DADS, LONG-TERM CARE PROGRAM COSTS, SELECTED PERFORMANCE MEASURES
FISCAL YEARS 2004 TO 2011

PERFORMANCE MEASURE	FISCAL YEAR 2004	2005	2006	2007	2008*	2009*	2010**	2011**
Community Care Entitlement								
Average Monthly Cost Per Client Served: Primary Home Care	$613	$616	$622	$635	$682	$827	$825	$838
Average Monthly Cost Per Client Served: Community Attendant Services	$464	$470	$477	$481	$497	$559	$525	$527
Average Monthly Cost Per Client Served: Day Activity and Health Services	$596	$600	$608	$618	$655	$785	$782	$788
Waivers								
Average Monthly Cost Per Client Served: Medicaid Community-based Alternatives (CBA) Waiver	$1,287	$1,302	$1,293	$1,286	$1,380	$1,594	$1,533	$1,535
Average Monthly Cost Per Client Served: Home and Community-based Services (HCS)	$3,210	$3,229	$3,230	$3,226	$3,422	$3,779	$3,450	$3,474
Average Monthly Cost Per Client Served: Medicaid Related Conditions Waiver (CLASS)	$2,843	$2,992	$2,872	$2,803	$3,101	$3,767	$3,427	$3,417
Average Monthly Cost Per Client Served: Texas Home Living Waiver	$262	$408	$446	$457	$587	$651	$918	$922
Nursing Facility								
Net Nursing Facility Cost Per Medicaid Resident Per Month	$2,303	$2,265	$2,475	$2,566	$2,665	$2,979	$3,077	$3,077
Net Payment Per Client for Co-paid Medicaid/Medicare Nursing Facility Services Per Month	$1,476	$1,540	$1,609	$1,710	$1,803	$1,925	$1,959	$2,065
Average Net Payment Per Client Per Month for Hospice	$2,123	$2,110	$2,327	$2,438	$2,514	$2,776	$2,798	$2,820
Intermediate Care Facilities for Persons with Mental Retardation (ICF/MR) and State Supported Living Centers								
Monthly Cost Per ICF/MR Medicaid Eligible Consumer	$4,199	$4,147	$4,152	$4,178	$4,495	$4,464	$4,590	$4,593
Average Monthly Cost Per Mental Retardation (MR) Campus Resident	$6,390	$6,730	$7,462	$7,959	$8,768	$9,737	$10,581	$10,944

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Source: Department of Aging and Disability Services.

COMMUNITY-CARE SERVICES AND SUPPORTS

Community-care programs support the delivery of long-term care services and supports that assist clients with daily needs. Most community-care services are provided in the home, enabling clients to maintain maximum independence. The 2010–11 GAA provides funding to serve average monthly clients in fiscal year 2010 of 162,885 and 167,622 in fiscal year 2011 in the community (**Figure 143**). DADS provides community-based services through Medicaid-funded entitlement and waiver programs and through state and federally-funded non-Medicaid programs.

MEDICAID COMMUNITY-CARE ENTITLEMENT

The agency provides Medicaid community-care entitlement services through Primary Home Care (PHC), Community Attendant Services (CAS), and Day Activity and Health Services (DAHS). Federal and state governments are obligated to pay for any services covered under the Medicaid entitlement

FIGURE 143
DADS LONG-TERM CARE PROGRAM, SELECTED PERFORMANCE MEASURES
FISCAL YEARS 2004 TO 2011

	FISCAL YEAR							
PERFORMANCE MEASURE	2004	2005	2006	2007	2008*	2009*	2010**	2011**
Community Care Entitlement								
Average Number of Clients Served Per Month: Primary Home Care	56,784	62,085	64,478	59,025	51,577	52,720	52,277	52,599
Average Number of Clients Served Per Month: Community Attendant Services	40,256	44,905	43,798	42,117	42,146	41,974	40,925	40,341
Average Number of Clients Served Per Month: Day Activity and Health Services	16,937	18,032	18,688	17,379	16,605	17,156	17,552	18,031
Average Number of Clients Served Per Month: Entitlement	**113,978**	**125,022**	**126,964**	**118,522**	**110,327**	**111,850**	**110,754**	**110,971**
Waivers								
Average Number of Clients Served Per Month: Medicaid Community-based Alternatives (CBA) Waiver	28,870	28,885	31,401	31,062	29,164	30,142	26,302	26,732
Average Number of Clients Served Per Month: Home and Community-based Services (HCS)	2,138	8,911	10,149	11,795	13,386	15,114	17,017	19,985
Average Number of Clients Served Per Month: Medicaid Related Conditions Waiver (CLASS)	1,822	1,790	2,111	3,094	3,834	3,958	4,671	5,616
Average Number of Clients Served Per Month: Texas Home Living Waiver	66	1,202	1,417	1,404	1,243	1,049	994	994
Average Number of Clients Served Per Month: All Other Waiver Clients[1]	1,295	1,304	1,401	2,047	3,376	4,226	3,147	3,324
Average Number of Clients Served Per Month: Waivers	**34,191**	**42,092**	**46,478**	**49,403**	**51,003**	**54,488**	**52,131**	**56,651**
Nursing Facility								
Average Number of Clients Receiving Medicaid–Funded Nursing Facility Services per Month	59,491	58,935	57,728	56,868	55,950	55,003	54,269	53,827
Average Number of Clients Receiving Co-paid Medicaid/Medicare Nursing Facility Services Per Month	5,563	5,754	6,098	6,372	6,615	6,980	7,014	7,319
Hospice Clients (Monthly Average)	4,199	4,667	5,270	5,829	5,958	6,320	6,221	6,370
Average Number of Clients Served Per Month: Nursing Facility	**69,254**	**69,357**	**69,096**	**69,069**	**68,523**	**68,303**	**67,504**	**67,516**
Intermediate Care Facilities for Persons with Mental Retardation (ICFs-MR) and State Supported Living Centers								
Average Number of Persons in ICF/MR Medicaid Beds Per Month	7,289	7,051	6,798	6,599	6,401	6,286	6,037	5,871
Average Monthly Number of Mental Retardation (MR) Campus Residents	4,985	4,980	4,932	4,909	4,832	4,627	4,512	4,354

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
[1]Includes Medicaid Deaf-blind with Multiple Disabilities Waiver, Medically Dependent Children Program, and Consolidated Waiver Program.
SOURCE: Department of Aging and Disability Services.

FIGURE 144
DADS, SELECTED INCOME-ELIGIBILITY REQUIREMENTS
FISCAL YEARS 2010 AND 2011

	FISCAL YEAR 2010		FISCAL YEAR 2011	
PROGRAM/ELIGIBLE PERSON	MAXIMUM ANNUAL INCOME[1]	PERCENTAGE OF FEDERAL POVERTY GUIDELINES	MAXIMUM ANNUAL INCOME[1]	PERCENTAGE OF FEDERAL POVERTY GUIDELINES
Federal poverty level (family of 1)	$10,813	100	$11,153	100
Federal poverty level (family of 2)	14,413	100	14,879	100
Federal poverty level (family of 3)	18,013	100	18,605	100
Nursing facility (NF) care[2], ICF/MR, Community Attendant Services (CAS), Community Care-Waivers, and Community Care-Title XX				
Individual	$23,652	219	$24,084	216
Couple	$47,304	328	$48,168	324
Supplemental Security Income (SSI)[3]				
Individual	$7,884	73	$8,028	72
Couple	$11,832	82	$12,036	81
STATE-FUNDED				
In-home and family support[4]				
Individual: no co-pay (100% of State Median Income)	$30,883	286	$31,578	283
Individual: full co-pay (150% of State Median Income)	$46,324	428	$47,366	425
Mental Retardation In-home Services[4]				
Individual: no co-pay (100% of State Median Income)	$30,883	286	$31,578	283
Individual: full co-pay (150% of State Median Income)	$46,324	428	$47,366	425

[1]Estimated.
[2]Requires client to contribute all variable income toward cost of care except (a) $60 personal income allowance, or $90 if person receives VA pension; (b) expenditures for dental and specialized medical services not covered by Medicaid; (c) health insurance premiums; and (d) allowances for spouse remaining at home (e) Nursing Facility includes nursing facility, skilled nursing facility and hospice services.
[3]Income level for Primary Home Care and Day Activity and Health Services (Title XIX).
[4]Requires co-payment between 105%-150% of state median income.
NOTE: Poverty levels and data shown for SSI and NF are calendar year amounts, because income levels are adjusted on a calendar year basis. In-home and Family Support amounts are fiscal year amounts.
SOURCE: Department of Aging and Disability Services; Health and Human Services Commission.

programs and cannot limit the number of eligible people who may enroll.

The PHC program provides non-technical, medically related personal care services. Services are provided by an attendant and do not need the supervision of a registered nurse. Services may include personal care (assistance with activities related to physical health, including bathing, dressing, preparing meals, feeding, exercising, grooming, routine hair and skin care, helping with self-administered medication, toileting, and transferring/ambulating); home management (assistance with housekeeping activities supporting health and safety, such as changing bed linens, laundering, shopping, storing purchased items, and dishwashing); and accompanying clients on trips to obtain medical diagnosis or treatment, or both. To meet PHC eligibility requirements, a client must establish Medicaid eligibility and have a practitioner's statement that the client has a current medical need. Clients may receive up to three prescriptions per month and have a choice of client directed attendant personal care services. Starting in January 2006, clients eligible for both Medicaid and Medicare received prescription drugs through the Medicare program.

CAS clients receive the same services as PHC clients; however, clients in the CAS program are not eligible for Medicaid acute care and do not receive any prescriptions through Medicaid.

DAHS provides daytime licensed adult daycare facilities services Monday through Friday. The program addresses the physical, mental, medical, and social needs of clients as an alternative to placement in nursing facilities or other institutions.

DADS estimates that the average number of clients receiving Medicaid community-care entitlement services each month will reach 110,754 in fiscal year 2010 and 110,971 in fiscal year 2011. Changes in caseloads for the community-care entitlement are shown in **Figure 140** and **Figure 145**.

Funding for PHC, CAS, and DAHS totals $2.0 billion in All Funds and $742.4 million in General Revenue Funds and General Revenue–Dedicated Funds. Included in the appropriations for PHC, CAS, and DAHS is $173.2 million in All Funds, including $71.2 million in General Revenue Funds, for an increase in provider rates and community attendant rate enhancement in fiscal years 2010–11.

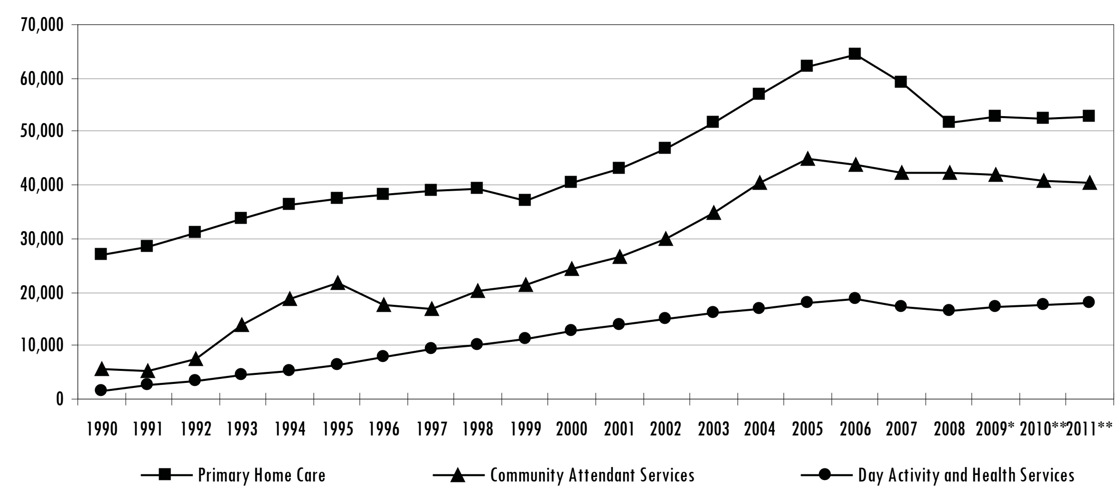
MEDICAID COMMUNITY-CARE WAIVERS

States use home and community-based waivers to obtain federal Medicaid matching funds to provide long-term care to patients in settings other than institutions. Unlike institutional care, there is no federal or state entitlement to waiver services. States can establish waiting lists for waiver programs. The Centers for Medicare and Medicaid Services must approve the waivers, which are valid for three years. After this period, the waivers may be renewed every five years.

The agency uses the following programs to provide intensive services for eligible clients through Medicaid community-care waiver services:

- The Community-based Alternatives (CBA) Waiver Program offers case management, personal assistance, nursing services, adaptive aids, medical supplies, and other services for adults age 21 and older.
- The Home and Community-based Services (HCS) Waiver Program enables persons with mental retardation to remain in a community setting by providing in-home and residential assistance, case management, supported employment, dental treatment, adaptive aids, and minor home modification.
- The Community Living Assistance and Support Services (CLASS) Waiver Program offers case management, habilitation, and other services for persons with severe disabilities, other than mental retardation, such as epilepsy or brain injury that originated before age 22.
- The Deaf Blind/Multiple Disability (DBMD) Waiver Program offers services for adults who are legally blind and have multiple disabilities.

FIGURE 145
COMMUNITY CARE ENTITLEMENT, AVERAGE MONTHLY CASELOAD
FISCAL YEARS 1990 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Source: Department of Aging and Disability Services.

- The Medically Dependent Children's Program (MDCP) offers in-home skilled nursing care for children under the age of 21 and respite services for caregivers.
- The Consolidated Waiver Program combines CBA, HCS, CLASS, DBMD, and MDCP to determine the feasibility of providing an array of services under one waiver program.
- The Texas Home Living Waiver Program provides individualized services to clients who live in their own home or in their family's home.

The 2010–11 GAA provides funding to expand the number of clients such that the average number of clients participating in community-care waiver programs would reach 52,131 in fiscal year 2010 and 56,651 in fiscal year 2011. Clients receiving services at the end of the fiscal year, defined as clients who received one or more services during the last month of a fiscal year, are projected to be 54,375 at the end of fiscal year 2010 and 58,896 at the end of fiscal year 2011.

Funding totals $3.1 billion in All Funds and $1.1 billion in General Revenue Funds and General Revenue–Dedicated Funds. These amounts include $335.7 million in All Funds ($139.5 million in General Revenue Funds) to reshape the system of care for individuals with developmental disabilities and provide community-based services to an additional 7,832 clients and $142.6 million in All Funds ($58.6 million in General Revenue Funds) for provider and attendant rate increases.

EXPANSION OF COMMUNITY-BASED SERVICES

Appropriations for DADS community-based services include a total of $363.3 million in All Funds with $152.7 million in General Revenue Funds for the biennium to reduce waiting lists in Medicaid Waiver and non-Medicaid programs and transition residents of State Supported Living Centers to community-based settings. **Figure 146** shows the additional number of clients anticipated to be served by the end of fiscal year 2011.

NON-MEDICAID SERVICES

The agency provides five non-Medicaid services: (1) Non-Medicaid Services; (2) Mental Retardation Community Services; (3) Promoting Independence Plan; (4) In-home and Family Support; and (5) Mental Retardation In-home Services. The first of the five is funded with Federal Funds (Title XX Social Services block grant and Federal Funds from the Older Americans Act) and General Revenue Funds. The last four of the five services are funded with General Revenue Funds.

FIGURE 146
TARGETED YEAR-END NUMBER OF CLIENTS BY PROGRAM
FISCAL YEAR 2011

PROGRAM	PROGRAM CLIENTS
Community-based Alternatives (CBA)	861
Home and Community-based Services (HCS)	5,936
Community Living Assistance (CLASS)	1,890
Deaf-Blind Multiple Disabilities	6
Medically Dependent Children Program	348
Non-Medicaid Community Services	498
In-home and Family Support	651
TOTAL	**10,190**

SOURCE: Senate Bill 1, Article II, Special Provisions, Section 52 of the General Appropriations Act, 2010–11 Biennium.

Funding for the five totals $540.1 million in All Funds and $269.5 million in General Revenue Funds and General Revenue–Dedicated Funds. Appropriations include $10.2 million in General Revenue Funds for provider and attendant rate increases and $16.9 million in General Revenue Funds to serve additional interest list and mental retardation community services clients.

PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY

Program of All-inclusive Care for the Elderly (PACE) is a Medicaid-funded program that provides comprehensive community-based healthcare for frail, elderly persons. Services include inpatient and outpatient medical care and specialty care (e.g., dentistry, podiatry, and social services in-home care). Services are provided under a capitated rate. Applicants must be over age 55, qualify for nursing facility level of care under both Medicare and Medicaid, and choose to receive PACE services available in the area. Appropriations include $14.5 million in All Funds, including $6.0 million in General Revenue Funds, for additional PACE slots for the El Paso and Amarillo sites and the newly established Lubbock site. Funding for the strategy totals $75.8 million in All Funds and $27.4 million in General Revenue Funds.

NURSING FACILITY SERVICES

The four Nursing Facility Services programs (Nursing Facility Payments, Medicare Skilled Nursing Facility, Hospice, and Promoting Independence Services) provide funding for services to Medicaid-eligible clients living in more than 1,100 nursing facilities throughout Texas. Clients must meet three criteria to be certified for Medicaid coverage: financial need, medical necessity, and placement in an appropriate facility. The average number of clients receiving Medicaid-funded nursing facility and Medicare-skilled nursing services each month is projected to decrease slightly, reaching 61,283 in fiscal year 2010 and 61,146 in fiscal year 2011.

Medicare Skilled Nursing Facility provides funding for skilled nursing facility coinsurance payments for clients who are Medicare and Medicaid eligible. The funding can finance up to the first 120 days of a client's institutional care.

Hospice provides funding for palliative care services and helps clients and their families cope with terminal illness. DADS estimates that the average number of clients receiving Hospice services each month will reach 6,221 in fiscal year 2010 and 6,370 in fiscal year 2011. Hospice is provided in nursing homes as well as in the patient's own home. For fiscal year 2009, about 90.2 percent of Hospice clients and 80.0 percent of Hospice expenditures, were in nursing homes.

Promoting Independence Services provides funding for eligible clients transitioning from institutional care to a community-based setting. Included in the appropriation for Promoting Independence Services is funding for an increase in home health provider rates in fiscal years 2010 and 2011.

Funding for the four services totals $5.0 billion in All Funds and $1.8 billion in General Revenue Funds and General Revenue–Dedicated Funds. These amounts include $156.8 million in All Funds ($64.5 million in General Revenue Funds) to implement a temporary provider rate increase in fiscal years 2010 and 2011.

INTERMEDIATE CARE FACILITIES–MENTAL RETARDATION

The Medicaid Intermediate Care Facilities–Mental Retardation (ICF–MR) program provides residential care and treatment for persons with mental retardation or severe developmental disabilities such as cerebral palsy and head or spinal injuries that occur before age 22 and benefit from a 24-hour supervised residential setting. Residents are served in a community-based facility accommodating four or more individuals. ICF–MR benefits include room, board, and specialized services to help residents function as independently as possible. Specialized services include medical, dental, and habilitative interventions to prevent or slow loss of functional ability. The Medicaid ICF–MR program is expected to serve an average of 6,037 clients per month in fiscal year 2010 and 5,871 in fiscal year 2011 at an expected average monthly cost of $4,590 in fiscal year 2010 and $4,593 in fiscal year 2011.

Appropriations for ICF–MRs total $656.1 million in All Funds and $237.4 million in General Revenue Funds and General Revenue–Dedicated Funds. Appropriations include $53.1 million in General Revenue–Dedicated Funds, primarily derived from Quality Assurance Fees assessed on ICF–MR facilities.

STATE SUPPORTED LIVING CENTERS AND CAPITAL REPAIRS

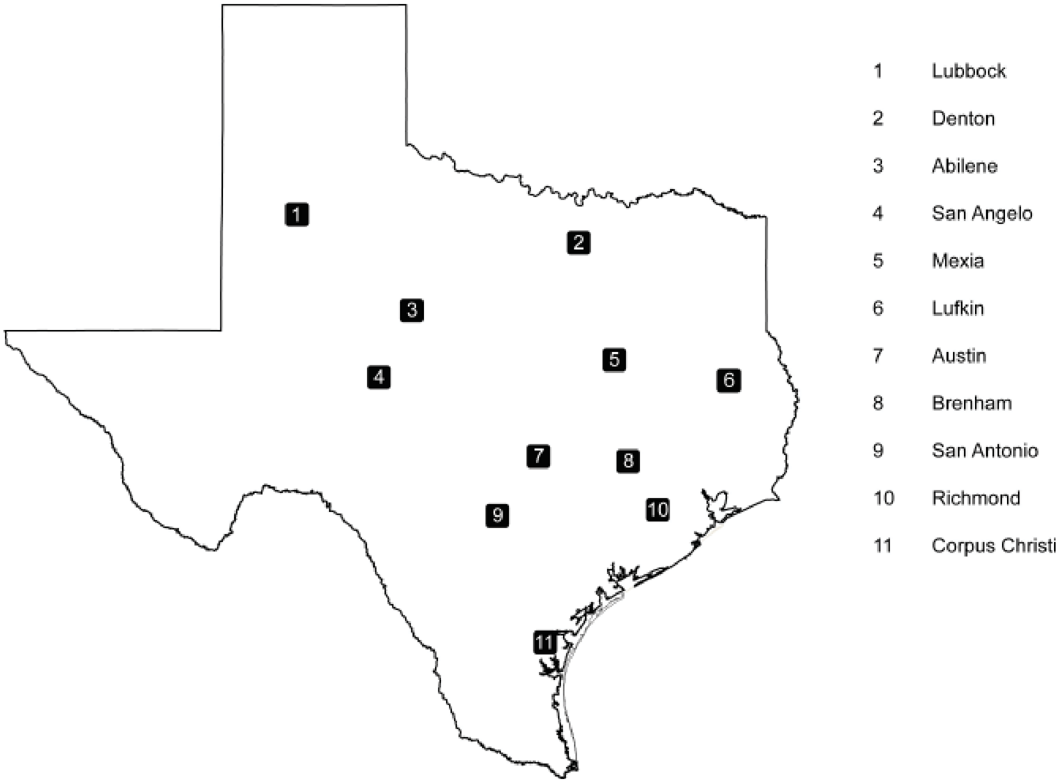
State Supported Living Centers are ICF–MR facilities operated by the state. Appropriations support 11 living centers across Texas, located in Abilene, Austin, Brenham, Corpus Christi, Denton, Lubbock, Lufkin, Mexia, Richmond, San Angelo, and San Antonio (**Figure 147**). The living centers provide residential, behavioral treatment, healthcare, skills training, therapies, and vocational services for residents, most of whom function in the severe to profound range of mental retardation and many of whom have special medical or behavioral conditions. Two state centers, in El Paso and Rio Grande, also provide mental retardation services. DADS contracts with the Department of State Health Services for mental retardation services provided at the Rio Grande State Center.

The average monthly number of living center residents is projected to decrease from 4,546 in fiscal year 2009 to 4,512 in fiscal year 2010 and 4,354 in fiscal year 2011. The average monthly cost per living center resident is projected to increase from $9,444 in fiscal year 2009 to $10,581 in fiscal year 2010 and to $10,944 in fiscal year 2011.

Appropriations for State Supported Living Centers total approximately $1.3 billion in All Funds and provide for 14,284.1 FTE positions. The appropriations include $473.5 million in General Revenue Funds and General Revenue–Dedicated Funds (36.9 percent), of which $52.0 million in General Revenue–Dedicated Funds is from the Quality Assurance Fee assessed on ICF–MR facilities.

This appropriation includes funding increases. Sections 68 and 73 of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relate to a settlement agreement with the Department of Justice (Section 68) and the protection and care of persons with mental retardation (Section 73). Appropriations for the two sections include $139.2 million in All Funds and $64.1 million in General Revenue Funds in

FIGURE 147
LOCATION OF STATE SUPPORTED LIVING CENTERS
FISCAL YEAR 2009



Sources: Legislative Budget Board; Department of Aging and Disability Services.

fiscal year 2010 and 1,346.0 FTE positions for fiscal years 2010 and 2011. The appropriation includes $55.5 million in All Funds and $37.6 million in General Revenue Funds to maintain August 2009 salary and staffing levels and an additional $11.4 million in All Funds with $4.7 million in General Revenue Funds to strengthen facility night shift campus supervision and professional oversight.

The 2010–11 GAA includes $57.4 million in All Funds, including $0.9 million from General Revenue Funds and General Revenue–Dedicated Funds and $56.6 million from General Obligation bond proceeds ($27.0 million of which is new bond authority), for capital repairs and renovations.

Funding is for Life Safety Code and other critical repairs at state facilities, including updating sprinkler systems, replacing plumbing and electrical systems, and repairing roofs.

REGULATION, CERTIFICATION, AND OUTREACH

DADS Regulation, Certification, and Outreach goal seeks to ensure health and safety for consumers of long-term care services. Appropriations for the 2010–11 biennium total $146.0 million in All Funds and provide for 1,200.2 FTE positions in fiscal year 2010 and 1,209.6 FTE positions in fiscal year 2011. The appropriations include $51.2 million in General Revenue Funds and General Revenue–Dedicated Funds (35.1 percent). DADS regulates long-term care in three ways: (1) Facility/Community-based Regulation; (2) Credentialing/Certification; and (3) Long-term Care Quality Outreach.

Facility/Community-based Regulation provides staff that license and/or certify nursing facilities, ICF–MR facilities, assisted-living facilities, and adult day-care facilities. Staff also investigates all allegations of abuse or neglect in long-term care facilities. Funding totals $132.3 million in All Funds and $48.8 million in General Revenue Funds and General Revenue–Dedicated Funds and provides for 1,095.2 FTE positions in fiscal year 2010 and 1,104.6 FTE positions in fiscal year 2011.

Credentialing/Certification provide staff that certify nurse aides, operate the employee misconduct registry, issue medication aide permits, and license nursing facility administrators. The number of nursing facility administrator two-year licenses issued or renewed is expected to be 1,225 licenses for each fiscal year of the 2010–11 biennium. Funding totals $2.6 million and provides for 26.0 FTE positions.

Long-term Care Quality Outreach provides for quality monitoring in long-term care facilities, monitoring of the early warning system, and joint training of providers and regulatory staff. Funding totals $11.1 million and provides for 79.0 FTE positions.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect DADS. Among the more significant legislation are House Bill 4586, Senate Bill 643, Senate Bill 705, and House Bill 1218.

House Bill 4586 included additional funding contingent on the State of Texas and the U.S. Department of Justice reaching a settlement agreement. This funding includes $101.2 million in All Funds and $45.1 million in General Revenue Funds and 1,160.0 FTE positions for additional staffing, monitoring activities, training, and other one-time costs at State Supported Living Centers (Section 68). Included in the contingency for the Department of Family and Protective Services (DFPS) was $3.2 million in General Revenue Funds and 37.0 FTE positions in fiscal year 2010 and 43.0 FTE positions in fiscal year 2011 for incident management and to ensure the protection from harm, abuse, or neglect for residents of state-supported living centers.

The legislation also included funding (Section 73) contingent upon the enactment of Senate Bill 643 or similar legislation relating to the protection and care of persons with mental retardation. Senate Bill 643 was enacted and made available $38.0 million in All Funds including $19.0 million in General Revenue Funds and 186.0 FTE positions for the biennium. This funding is available to DADS to install video surveillance equipment and hire staff to monitor video across shifts to detect and prevent abuse and exploitation of residents and clients in areas defined as non-private space for residents in state developmental centers and the ICF–MR component of the Rio Grande State Center.

The legislation included additional funding for Strategy A.6.1, Nursing Facility Payments of $183.7 million in All Funds and $74.4 million in General Revenue Funds for fiscal year 2009.

Senate Bill 643 made significant changes to state supported living centers (formerly state schools) and ICF–MR, including the following:

- authorizes the Executive Commissioner of the Health and Human Services Commission (HHSC) to develop rules that govern investigations of reports of abuse, neglect, or exploitation of children with mental illness or mental retardation. The Department of Family and Protective Services (DFPS) is required to investigate such reports related to a child receiving services in privately-operated ICF–MRs and Home and Community-Based Services waiver providers;
- authorizes the Department of State Health Services (DSHS) and DADS to obtain criminal history record information from the Department of Public Safety, the Federal Bureau of Investigation, and any other Texas criminal justice agency for specified employees and volunteers;
- authorizes the establishment of an independent mortality review system for ICF–MR and HCS waiver programs;
- requires owners or employees of privately-operated ICF–MRs to report abuse, neglect, and exploitation of residents to DFPS and for DFPS to conduct investigations beginning by June 1, 2010;
- redefines a “state school” as a “state supported living center” and a “state school superintendent” as a “director of a state supported living center,” and renames existing state schools;
- requires DADS to establish a separate forensic state supported living center for the care of high-risk alleged offender residents apart from other clients and residents at the Mexia State Supported Living Center by September 1, 2011;
- requires DADS to develop basic state supported living center employee competency training materials by January 1, 2010 and provide training to all state supported living center employees by September 1, 2010;
- requires DADS and DSHS to install and operate video surveillance equipment in state supported living centers, and the ICF–MR component of the Rio Grande State Center excluding areas defined as private space for residents;

- establishes the office of independent ombudsman at DADS, which will hire and station an assistant ombudsman at each state supported living center, and requires the office to submit a biannual report to specified entities; and
- requires DFPS, DADS, and DSHS to jointly develop and implement a single tracking system for reports and investigations of abuse, neglect, and exploitation, and requires each state agency that may receive reports to adopt rules relating to the investigation and resolution of reports received.

Senate Bill 705 implements recommendations in the report, "Eliminate the Medicaid Consolidated Waiver Program and Transfer Clients to Other Existing Programs," in the Legislative Budget Board's *Government Effectiveness and Efficiency Report submitted to the Eighty-first Texas Legislature, Regular Session, 2009*. The legislation amends Subchapter D of the Texas Human Resources Code to require DADS, in consultation with HHSC, to streamline the administration and delivery of services provided through Medicaid long-term care waiver programs.

The legislation abolishes the Consolidated Waiver Program (CWP) under Section 531.0219 of the Texas Government Code effective September 15, 2009. No later than September 14, 2009, DADS, with assistance from HHSC, is required to determine the Medicaid long-term care waiver program for which CWP clients are eligible and transfer these clients without any break in service from the CWP to an appropriate Medicaid long-term care waiver program. Administrative savings of $706,192 in All Funds, which includes approximately 50 percent in General Revenue Funds, was included in the 2010–11 GAA.

House Bill 1218 requires the executive commissioner of HHSC, if feasible, to establish a quality-of-care health information exchange with nursing facilities that choose to participate in a program designed to improve the quality of care and services provided to Medicaid recipients. The legislation authorizes the Executive Commissioner to contract services for data collection, data analysis, and technical support. The program would provide incentive payments to encourage participation.

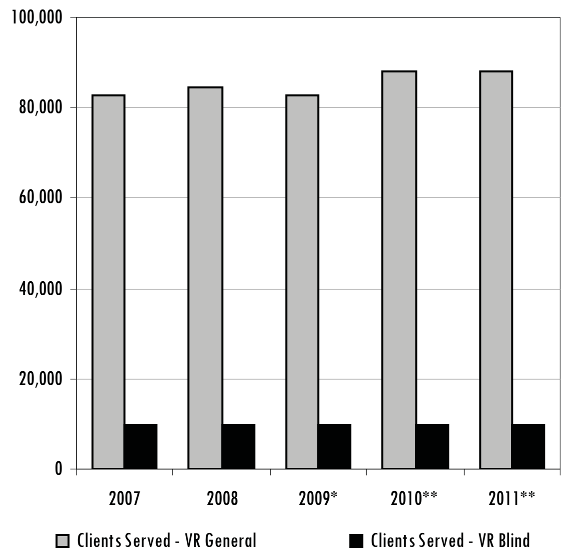
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES

The Department of Assistive and Rehabilitative Services (DARS) was established in 2003 by the Seventy-eighth Legislature by consolidating four legacy health and human services agencies: the Interagency Council on Early Childhood Intervention (ECI), the Commission for the Blind, the Commission for the Deaf and Hard of Hearing, and the Rehabilitation Commission. The agency is assisted by the Assistive and Rehabilitative Services Council, a nine-member council appointed by the Governor and confirmed by the Texas Senate, charged with helping the commissioner of DARS develop rules and policies and making recommendations to the Executive Commissioner of the Health and Human Services Commission (HHSC) regarding the management and operation of DARS. Four federally mandated advisory committees provide additional input on policy in specific program areas. The agency's mission is to work in partnership with Texans with disabilities and families with children who have developmental delays to improve the quality of their lives and to enable their full participation in society.

Appropriations for the 2010–11 biennium total $1.3 billion in All Funds and provide for 3,247.7 full-time-equivalent (FTE) positions in fiscal year 2010 and 3,279.4 FTE positions in fiscal year 2011 and include $92.6 million in Federal Funds through the American Recovery and Reinvestment Act of 2009 (ARRA). These appropriations include $250 million, or 18.6 percent, in General Revenue Funds and General Revenue–Dedicated Funds. More than 71 percent of the General Revenue Funds and General Revenue–Dedicated Funds contribute to matching or a maintenance-of-effort requirement for Federal Funds. Most of the $29.2 million in General Revenue–Dedicated Funds are from the Comprehensive Rehabilitation account, which funds services to individuals with traumatic brain or spinal cord injury. Other Funds account for $37 million, or 2.8 percent of the agency's appropriation. Other Funds include $33 million in funds from the Foundation School Fund transferred via Interagency Contract from the Texas Education Agency to support ECI services.

Federal Funds, the agency's largest method of finance, provide $1,056 million, or 78.6 percent, of agency appropriations. The U.S. Department of Education provides most of the Federal Funds, which the state uses for vocational rehabilitation (VR) and ECI. VR Federal Funds, totaling $479.9 million for the 2010–11 biennium, are allocated to the VR for the Blind program ($118.7 million, or 24.7 percent), the VR for General Disabilities program ($334.9 million, or 69.8 percent), program support ($22.7 million, or 4.7 percent), Business Enterprises of Texas program ($1.3 million, or 0.3 percent), and the Contract Services for the Deaf ($2.3 million, or 0.5 percent). **Figure 148** shows the number of clients served in both VR programs.

FIGURE 148
VOCATIONAL REHABILITATION PROGRAM CLIENTS SERVED FISCAL YEARS 2007 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCES: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

The Eighty-first Legislature, Regular Session, 2009, increased DARS appropriations by $152.1 million in All Funds, or 12.8 percent, as compared to the 2008–09 expenditure level. The increased appropriations are primarily for the following:

- to cover anticipated caseload growth in the ECI program and temporary increases in ECI provider reimbursements—$61.1 million in All Funds, including $39.4 million in ARRA Federal Funds;
- to cover projected caseload growth in the Disability Determination Services (DDS)—$23.5 million in Federal Funds;
- to serve additional VR consumers and provide for contract employees, temporary enhanced services, and one-time equipment purchases—$51.0 million in

All Funds, including $44.8 million in ARRA Federal Funds;

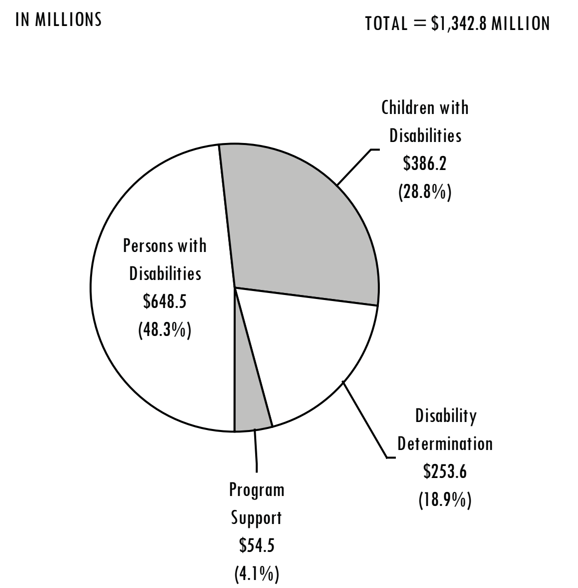
- to serve additional clients on the Comprehensive Rehabilitation Services and Independent Living Services (ILS) programs waiting list—$4.8 million in General Revenue Funds and All Funds;
- to expand ILS services—$3.4 million in ARRA Federal Funds;
- to serve additional children in the Blind Children's program—$1.7 million in General Revenue Funds and All Funds;
- to expand services in the Autism Program—$1.6 million in General Revenue Funds and All Funds;
- to add three new independent living centers—$1.5 million in General Revenue Funds and All Funds;
- to meet current obligations for data centers—$1.5 million in General Revenue Funds and All Funds;
- to expand Business Enterprises of Texas (BET) program services—$0.6 million in General Revenue–Dedicated Funds;
- to sustain services in the Specialized Telecommunications Assistance Program and to assist people with disabilities to select communication technology—$0.6 million in Other Funds and All Funds; and
- to meet state and federal Information Technology (IT) accessibility for Americans with Disabilities Act compliance—$0.4 million in General Revenue Funds and All Funds.

The increase in appropriations also allows the agency to add 85.6 FTE positions for the following:

- to cover DDS anticipated increase in workload—62.5 FTE positions;
- to cover expansion in the Habilitative Services program—20.1 FTE positions; and
- to provide central program support for HHS enterprise IT accessibility for Americans with Disabilities Act compliance—3.0 FTE positions.

The agency's functions are organized according to four goals (**Figure 149**). The first goal is to ensure that families with children with disabilities receive quality services enabling their children to reach their developmental goals, which accounts for 28.2 percent of the agency's appropriation. The second goal of DARS, to which 48.3 percent of appropriations are allocated, is to provide persons with disabilities quality services leading to employment and independent living. The third goal is related to providing timely, accurate and cost-effective services in determining eligibility for federal Social Security Administration benefits, and accounts for 18.9 percent of appropriations to the agency. The fourth goal of DARS is related to the agency's administration costs and accounts for 4.1 percent.

FIGURE 149
DEPARTMENT OF ASSISTIVE AND REHABILITATIVE SERVICES APPROPRIATIONS BY GOAL
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

SERVICES TO CHILDREN WITH DISABILITIES

To ensure that families with children with disabilities receive quality services, DARS offers Early Childhood Intervention Services, Habilitative Services, and Autism Services for children. Habilitative Services are provided to all blind and visually impaired children and autism services are provided to Texas children ages three through eight with autism spectrum disorder. ECI services are provided to eligible Texas children under age three who have a disability or developmental delay.

EARLY CHILDHOOD INTERVENTION SERVICES

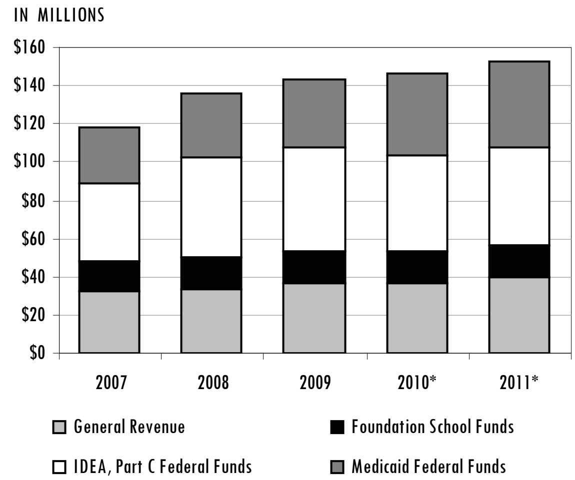
Early Childhood Intervention (ECI) Services are provided to Texas children under age three with developmental needs so they can reach their educational and developmental goals.

Children typically receive services in the places where they spend their day such as at home, at a day-care center, or play groups. Client services are provided through 58 local intervention programs that determine eligibility, assess the child's needs, and coordinate the delivery of comprehensive services, including physical therapy, speech and language therapy, vision services, nutrition services, developmental services, and occupational therapy. Services are also provided for the family, including support groups, education, counseling, transportation, and training in skills to help the child. ECI services are provided through the following programs: ECI Services, ECI Respite Services and Ensure Quality ECI Services.

Appropriations for ECI services for the 2010–11 biennium total $370.4 million in All Funds, including $61.6 million in General Revenue Funds. The agency also receives appropriations of $33 million from the Foundation School Fund, transferred to DARS from the Texas Education Agency through an Interagency Contract to support early childhood intervention eligibility determination, comprehensive services and transition services. Most of the General Revenue Funds and all of the Foundation School funds contribute to the maintenance-of-effort requirement for the federal Special Education Grants for Infants and Families with Disabilities, also known as Individuals with Disabilities Education Act (IDEA) Part C Funds ($140.3 million in Federal Funds, including $39.4 million in ARRA Federal Funds); the state must maintain, at a minimum, total expenditures equal to total expenditures from the prior fiscal year. There are no matching requirements. If, however, non-Federal Fund expenditures are less than the total expenditures from the prior fiscal year, all the IDEA, Part C Funds will be lost. General Revenue Funds are also used as matching funds for Medicaid ($93.3 million in Federal Funds).

The increased funding of $61.1 million in All Funds above the 2008–09 expenditure level is to address anticipated caseload growth in the ECI program (an estimated 4 percent growth per fiscal year) and to provide for temporary increases in ECI provider reimbursements. It is estimated that an average monthly number of 30,766 children will receive comprehensive services in fiscal year 2010, increasing to an average monthly number of 31,880 children in fiscal year 2011. **Figure 150** shows the appropriations of state and federal funding for ECI programs by method of finance from fiscal years 2007 to 2011.

FIGURE 150
EARLY CHILDHOOD INTERVENTION FUNDING BY METHOD OF FINANCE
FISCAL YEARS 2007 TO 2011



*Estimated.
Source: Legislative Budget Board.

HABILITATIVE SERVICES FOR CHILDREN

Habilitative Services for Children provides blind or visually impaired children and their families with services that build a foundation for future employment and independent living. Trained specialists consult with parents of infants with serious visual conditions to help families understand blindness and what to expect. Information is provided about resources and training that will aid in the child's development. When the child is school-age, specialists work with the child's parents, teachers, and school district to make sure the child gains the greatest possible benefit from school activities. Habilitative services may include diagnostic and evaluation services, adaptive aids and equipment, educational toys, educational support services, and counseling and guidance for parents. In response to reduced funding levels, the agency largely eliminated vision screening and restoration services during the 2004–05 biennium. The agency established new priority categories, which focus on more severe visual impairments. Children receiving services in the modified program require more costly treatment, as compared to the cost of vision screening services which are no longer available.

This program is funded almost exclusively from the General Revenue Fund, receiving an appropriation of approximately $9.2 million for the 2010–11 biennium and providing for an increase of 20.1 FTE positions. It is estimated that an average monthly number of 2,796 children will be served in each year of the biennium at an average monthly cost of $137 per child. The Eightieth Legislature, 2007, enacted House Bill

15, and in fiscal year 2009, supplemental appropriations of $1.4 million were transferred from the Health and Human Services Commission (HHSC) to DARS to serve additional children. **Figure 151** shows the estimated average monthly number of children served and the average monthly cost per child.

AUTISM SERVICES FOR CHILDREN

At the conclusion of the Eightieth Legislative Session, HHSC transferred $5 million in General Revenue Funds to DARS to fund autism services for children ages three to eight diagnosed with Autism Spectrum Disorder during fiscal years 2008-09. Appropriations for Autism Services for the 2010–11 biennium total $6.6 million in General Revenue Funds. The increased funding of $1.6 million in General Revenue Funds above the 2008–09 expenditure level will allow DARS to expand the autism program in order to serve additional children. It is estimated that an average monthly number of 127 children will be served in each year of the biennium at an average monthly cost of $2,185 per child.

SERVICES TO PERSONS WITH DISABILITIES

DARS offers a variety of services to individuals who are blind or visually impaired, deaf or hard of hearing, or who have general disabilities. These services include the following programs:

- Independent Living Services for the Blind;
- Blindness, Education, Screening and Treatment Program;
- Vocational Rehabilitation for the Blind;
- Business Enterprises of Texas Program and Trust Fund;
- Deaf and Hard of Hearing Services;
- Vocational Rehabilitation for General Disabilities
- Independent Living Centers and Independent Living Services; and
- Comprehensive Rehabilitation Services Program

INDEPENDENT LIVING FOR THE BLIND

The Independent Living program provides services to individuals who are blind or significantly visually impaired whose disabilities or ages are such that they are not interested in or eligible for employment-related services. Consumers learn how to live at home or in the community without having to rely on family members or friends. As consumers become more self-reliant, they may decrease their dependence on family members or friends, which then may enable family members to seek or maintain employment; the cost of in-home care may be reduced; and custodial or nursing home care may be avoided. In addition to one-on-one training, services provided include information packets, follow-up calls, group training, and peer support.

Appropriations for the 2010–11 biennium total $8.4 million in All Funds, including $2.3 million in ARRA Federal Funds to provide services to individuals age 55 or older who are blind and whose severe visual impairments makes competitive employment extremely difficult to obtain, but for whom independent living goals are feasible. It is estimated that 4,259 individuals will receive services in fiscal year 2010, increasing to 4,891 in fiscal year 2011.

BLINDNESS, EDUCATION, SCREENING AND TREATMENT

The Blindness, Education, Screening and Treatment (BEST) Program was established by the Seventy-fifth Legislature, 1997, to allow a voluntary contribution of $1 when a person renews a driver's license or identification card. The funds are used for (1) public education about blindness and other eye conditions, (2) screenings, (3) eye examinations to identify conditions that may cause blindness, and (4) medical treatments to prevent blindness when an individual is uninsured. During periods when eye-treatment requests exceed donations, a waiting list is established. Approved applicants on the waiting list are served in order by the earliest referral date. Appropriations total $1.1 million for the 2010–11 biennium, and 9,544 individuals are estimated

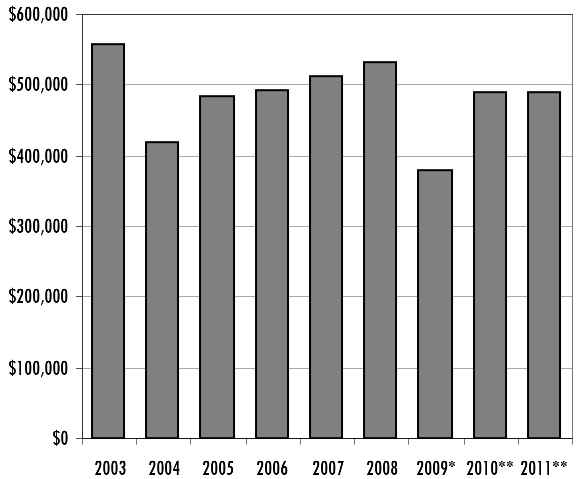
FIGURE 151
HABILITATIVE SERVICES FOR CHILDREN
FISCAL YEARS 2007 TO 2011

HABILITATIVE SERVICES FOR CHILDREN	2007	2008	2009*	2010**	2011**
Average Monthly Number of Children Served	2,655	2,640	2,670	2,796	2,796
Average Monthly Cost per Child	$96	$98	$138	$137	$137

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Sources: Legislative Budget Board; Department of Assistive and Rehabilitative Services.

to be served in fiscal year 2010, increasing to 9,717 in fiscal year 2011. **Figure 152** shows the BEST donations from fiscal years 2003 to 2011. The change from a four-year to a six-year license renewal cycle has reduced donation opportunities.

FIGURE 152
BLINDNESS, EDUCATION, SUPPORT, AND TRAINING (BEST) DONATIONS
FISCAL YEARS 2003 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of Assistive and Rehabilitative Services.

VOCATIONAL REHABILITATION FOR THE BLIND

The Vocational Rehabilitation (VR) program helps consumers who are blind, or significantly visually impaired, to establish and achieve vocational goals by providing a wide range of personalized assistance. Once determined eligible, the consumer's needs determine the type of services provided. To become job-ready, a consumer may receive a wide range of services, including vocational rehabilitation counseling and guidance, eye medical assistance (under defined circumstances), vocational and other training services, reader services, orientation and mobility services, job search and placement assistance, job retention services, and assistive technology training and equipment specifically designed for people who are blind. VR counselors work not only with consumers but also with employers to ensure that there is a good job match for both the employer and the employee. Specialized services are available to individuals who are blind and deaf with multiple disabilities. Supported employment services place individuals with the most significant disabilities in competitive jobs with qualified job coaches/trainers to provide individualized, ongoing support.

As part of this function, the agency operates the Criss Cole Rehabilitation Center, a residential training program in Austin. The center provides a comprehensive array of specialized services and intensive training in vocational and independent living skills needed by blind and visually impaired consumers to live and work independently. Typical classes include Braille instruction, money skills, business writing, computer skills, diabetes life management, first aid training, nutrition, orientation and mobility, and housekeeping. The use of computers and adaptive technology is emphasized. The center trains staff and professionals to provide these services.

The Transition Services Program is a subset of the VR program that prepares blind students age 10 and older to make the transition from school to work or from secondary school to college or vocational school. Transition services are based on the individual needs, interests, and preferences of the student. Transition services strike a balance between independent living skills training and vocational skills training and involve the family, educational partners, community resources, and other networks of support. Transition services for youth typically include vocational awareness, career planning, coordination with academic counselors, and other age-appropriate vocational rehabilitation services.

Appropriations for the VR for the Blind total $138 million for the 2010–11 biennium, 88.4 percent of which are Federal Funds, including $44.8 million in ARRA Federal Funds which may be allocated between the general rehabilitation services to assist persons with disabilities to become gainfully employed. The appropriations also ensure that the state maintenance-of-effort requirement for the federal Vocational Rehabilitation grant is met. The increased funding above the 2008–09 expenditure level is to serve additional VR consumers and provides for contract employees, temporary enhanced services, and one-time equipment purchases. Approximately 9,748 individuals are estimated to be served in fiscal year 2010, increasing to 9,940 in fiscal year 2011.

BUSINESS ENTERPRISES OF TEXAS PROGRAM AND TRUST FUND

The Business Enterprises of Texas (BET) Program develops and maintains business-management opportunities for legally blind persons, who are accorded priority under the federal Randolph Sheppard Act and state law to operate food-service and vending facilities located on state and federal properties throughout Texas. Approximately

1,281individuals (managers and employees) in fiscal year 2011 are estimated to benefit from employment opportunities created as a result of the BET program. This program generates revenue of more than $1.8 million in General Revenue–Dedicated Funds annually from vending machines not assigned to BET managers and located on state property. The revenue is deposited into the Business Enterprise Program Account and funds program operations and is used to match VR Federal Funds. Appropriations for the 2010–11 biennium total $5.0 million in General Revenue–Dedicated Funds and VR Federal Funds. The increased funding of $0.6 million in General Revenue–Dedicated Funds will allow the agency to add three blind food service facility managers for the 2010–11 biennium.

The Business Enterprises of Texas Trust Fund provides for the administration of funds for retirement and benefits authorized under the Randolph-Sheppard Act for active and retired individuals employed through the BET program. Revenue is generated from vending machines located on federal property. Legislation enacted by the Seventy-seventh Legislature, 2001, authorizes the agency to contract with a professional management service to administer the BET retirement and benefits plan for blind and visually impaired persons who are currently in or have retired from the BET Program. The agency contracted with a consulting firm to explore options for managing the plan and to present the options to the BET managers. The managers chose to terminate the current retirement and benefits plan and replace it with an arrangement that distributes available revenue to eligible participants. Revenues will continue to be deposited into the Business Enterprise Program Trust Fund Account; however, there will be an annual payment to blind licensed managers for the purchase of health insurance, retirement, or vacation pay. Additionally, only 80 percent of the Business Enterprise Program Trust Fund Account will be paid out, in a formula agreed to by the blind licensed managers. The other 20 percent will remain in the account and accrue interest. Appropriations for the 2010–11 biennium total $1.6 million in General Revenue–Dedicated Funds from the Business Enterprise Program Trust Fund Account. The decrease in appropriations is attributed to a one-time partial distribution of $3.9 million of General Revenue–Dedicated Funds from the Business Enterprise Program Trust Fund Account to the BET Managers in the 2008–09 biennium.

DEAF AND HARD OF HEARING SERVICES

The agency provides Deaf and Hard of Hearing Services in three ways: (1) Contract Services for the Deaf; (2) Education, Training, and Certification for the Deaf; and (3) Telephone Access Assistance. The combined appropriation totals $7.7 million in All Funds for the 2010–11 biennium.

The Eighty-first Legislature, Regular Session, 2009, replaced approximately $1 million in Interagency Contracts (Other Funds) with General Revenue Funds for the Regional Specialist Program, a program within Contract Services for the Deaf. The agency uses these funds to contract with specialists throughout the state to ensure that state services are provided and accessible to individuals who are deaf or hard of hearing. Previously, these funds were collected via Interagency Contract (Other Funds) with the 20 largest state agencies, through a provision in Article IX of the General Appropriations Act.

To promote and regulate an effective system of services for individuals who are deaf or hard of hearing, DARS holds contracts, administered through the Contract Services function, with community-based councils for the deaf and hard of hearing. These community-based councils provide interpreter services, information and referral services, advocacy services, and services to the elderly deaf and hard of hearing. Through this council network, the agency also facilitates the provision of interpreting services to other state agencies. Appropriations for Contract Services for the Deaf, including the Regional Specialist Program, total $4.4 million for the biennium.

The agency's Board for Evaluation of Interpreters evaluates and certifies interpreters, including Hispanic trilingual interpreters, according to skill level. The agency maintains lists of certified interpreters for courts, schools, service providers, and other interested entities. A provision in the 2010–11 General Appropriations Act, Rider 16, Appropriations Limited to Revenue Collections, requires the agency to collect revenue from fees or fines to cover appropriations of at least $130,000 in General Revenue Funds in each fiscal year in the Education, Training, and Certification for the Deaf function. Over 1,900 interpreter certificates are expected to be issued in each fiscal year of the biennium.

DARS provides consumer education and interpreter training through the Office for Deaf and Hard of Hearing Services, including a week-long "Camp Sign" for deaf and hard of hearing children. Legislation enacted by the Seventy-eighth

Legislature, 2003, authorized the sale of specialized "I Love Texas" license plates, which produces approximately $28,000 for the biennium in General Revenue–Dedicated Funds for each year of the biennium, which is expended in the Education, Training, and Certification for the Deaf function. Appropriations for this function total approximately $1.3 million for the biennium, primarily in General Revenue Funds.

DARS administers the Specialized Telecommunication Assistance Program, authorized by legislation enacted by the Seventy-fifth Legislature, 1997. This voucher program provides telecommunication access equipment for persons who are deaf or hard of hearing, speech impaired, or have any other disability that interferes with telephone access. Vouchers are funded through the Texas Universal Service Fund, for which revenue is generated by the Universal Service Charge on telephone services. Appropriations for the 2010–11 biennium in the Telephone Access Assistance function total $2.0 million in Other Funds, and approximately 22,600 vouchers are estimated to be provided in each year of the biennium. Increased funding of $0.6 million in Other Funds will allow DARS to maintain services and to increase assistance to people with disabilities selecting communication technology devices from 10 hours per week to 30 hours per week.

VOCATIONAL REHABILITATION FOR GENERAL DISABILITIES

Vocational Rehabilitation for General Disabilities helps people with a wide variety of disabilities enter or return to gainful employment. Disabilities may include mental illness, mental retardation, neurological disorders, amputations and other orthopedic impairments, speech or hearing limitations, heart ailments, epilepsy, cerebral palsy, diabetes, tuberculosis, or behavioral problems associated with alcoholism or drug addiction. As a part of the VR program, transition planning services are available to eligible students with disabilities to assist them in the transition from high school to the work world.

Eligibility for VR is based on the presence of a physical or mental disability that results in a substantial impediment to securing employment and the determination that VR services are required to allow the individual to prepare for, obtain, retain, or regain employment. In general, individuals are presumed to be capable of gaining employment. Recipients of Social Security disability benefits, either Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI), are presumed eligible for VR services.

The Eighty-first Legislature, Regular Session, 2009, appropriated $431.3 million in All Funds for VR services for the 2010–11 biennium. This includes additional General Revenue Funds to meet the state maintenance-of-effort requirement for the federal VR grant and to match additional VR Federal Funds. The VR program benefits from a favorable federal match, with each dollar of General Revenue Funds generating $3.69 in Federal Funds. Consequently, the program receives approximately 78.7 percent of its funding from the federal government, with the remaining 21.3 percent in General Revenue Funds. Funding for VR allowed approximately 88,024 clients to receive services in fiscal year 2009, of which an estimated 12,323 were successfully rehabilitated and employed.

The increased funding of $9.4 million above the 2008–09 expenditure level is to serve additional VR consumers and provides for contract employees, temporary enhanced services, and one-time equipment purchases. DARS also received $44.8 million in ARRA Federal Funds which may be allocated between blind and general rehabilitation services to assist persons with disabilities to become gainfully employed.

INDEPENDENT LIVING

Independent Living Centers and Independent Living Services provide nonresidential services to assist individuals in obtaining as much independence as possible within the family and the community. These services typically include peer counseling, advocacy, information and referral, and independent-living skills training. Grants are provided to twelve Centers for Independent Living (CILs) which serve various parts of the state. Case service funds for independent living services support rather than duplicate services provided by centers. Case service funds can provide assistive technology, therapy services, medical equipment, and adaptive modification of vehicles for people with severe disabilities who may not be able to secure competitive employment.

A total of approximately $18.4 million was appropriated for the 2010–11 biennium for Independent Living Centers and services, including an increase of $1.5 million in General Revenue Funds to provide for three new CILs and $1.1 million in ARRA Federal Funds which may be allocated between blind and general services to provide, expand, and improve the provision of independent living services. An estimated average monthly number of 227 individuals are expected to receive DARS independent living services; approximately 9,153 individuals in fiscal year 2010 and 10,170 individuals in fiscal year 2011 are estimated to receive services from independent living centers. Funding is predominantly Federal Funds, with a smaller share of General Revenue Funds. Historically, the Independent Living functions have been funded primarily with General Revenue Funds. A method of finance change moved General Revenue Funds to the Vocational Rehabilitation functions to generate additional matching Federal Funds, and replaced the General Revenue Funds in the Independent Living functions with federal Social Security Vocational Rehabilitation Reimbursement Funds.

COMPREHENSIVE REHABILITATION

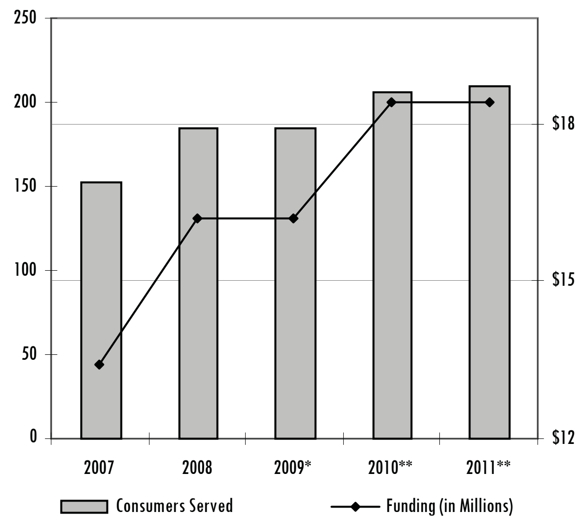
The Comprehensive Rehabilitation Services Program provides rehabilitation services to persons with traumatic spinal cord and/or traumatic brain injuries. Services include inpatient comprehensive medical rehabilitation, outpatient rehabilitation services, and services for post-acute brain injury rehabilitation.

Comprehensive rehabilitation services are necessary to increase an individual's ability to function as independently as possible within the family and the community. These time-limited services assist the client with daily living skills and prevent secondary disabilities such as respiratory problems, pressure sores, and urinary tract infections, thereby increasing the client's ability to function independently.

Legislation enacted by the Seventy-second Legislature, 1991, required certain revenue collected from court costs assessed on misdemeanor and felony convictions to provide funding for Comprehensive Rehabilitation Services. The legislation also established the General Revenue–Dedicated Comprehensive Rehabilitation Fund in which to deposit the designated revenue. Appropriations for the 2010–11 biennium total $36.9 million. In addition to $23.9 million in General Revenue–Dedicated funds, the Eighty-first Legislature, Regular Session, 2009, appropriated $12.7 million in General Revenue Funds. Subrogation receipts (Other Funds) collected through cost recovery legal action was added during the 2006–07 biennium. The agency is authorized to expend all subrogation receipts received; it is estimated that $353,200 will be collected and expended during the biennium. DARS will serve an average monthly number of 206 consumers in fiscal year 2010 and 209 consumers in fiscal year 2011 in this program. **Figure 153** shows the appropriations and consumers served from fiscal years 2007 to 2011.

Due to an increase in funding to expand community services in fiscal year 2007, more consumers were served.

FIGURE 153
COMPREHENSIVE REHABILITATIVE SERVICES FUNDING AND CONSUMERS SERVED FISCAL YEARS 2007 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Source: Department of Assistive and Rehabilitative Services.

DISABILITY DETERMINATION

The third goal of DARS, achieving accuracy and timeliness within the Social Security Administration Disability Program guidelines and improving the cost-effectiveness of the decision-making process in the disability determination services, is implemented through the Disability Determination Services. The federal government contracts with DARS to evaluate and determine the eligibility of persons applying for federal Social Security disability benefits. Services are provided to Texans under age 65 who are unemployed because of severe physical or mental impairments and may be eligible for federal assistance from one of two programs administered by the Disability Determination Program: Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI). SSDI benefits are based on an individual's work experience and are funded by Social Security taxes, while SSI benefits are based on financial need.

In addition to processing SSDI and SSI claims, Disability Determination staff review cases to determine whether a disability, as defined by the Social Security Administration, still exists. Through this process, persons no longer qualified for benefits are removed from the disability rolls. Each applicant denied Social Security benefits and each person removed from the disability rolls must be notified in writing of the reason for denial or termination of benefits. Claimants may then appeal these decisions.

The Disability Determination Program processed 289,612 claims in fiscal year 2009. The program is 100 percent federally funded. The agency anticipates processing 298,301 claims in fiscal year 2010 and 307,520 in fiscal year 2011. Appropriations for the program total $253.6 million in Federal Funds for the 2010–11 biennium. All Funds increased by $23.5 million, or 10.2 percent, to accommodate an estimated increase in workload. The increase will also allow the agency to add 62.5 FTE positions in the Disability Determination Services Division for the anticipated increase in workload.

DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

The Department of Protective and Regulatory Services was established in 1992 and renamed the Department of Family and Protective Services (DFPS) in 2004. Its mission is to protect children, the elderly, and people with disabilities from abuse, neglect, and exploitation by working with clients, families, and communities. The agency provides protective services, regulates child-care operations and child-placing agencies, and manages community-based prevention programs.

Appropriations to DFPS for the 2010–11 biennium total $2.7 billion and provide for 11,451.1 full-time-equivalent (FTE) positions in fiscal year 2010 and 11,476.1 FTE positions in fiscal year 2011. This amount includes $1.1 billion in General Revenue Funds and General Revenue–Dedicated Funds, or 39.2 percent.

The 2010–11 appropriation includes $1.6 billion in Federal Funds. The following federal programs contribute most of these funds: Title IV-A Temporary Assistance for Needy Families (TANF)—$666.4 million; Title IV-E Foster Care—$466.9 million; Title IV-E Adoption Assistance—$195.1 million; Title IV-B Promoting Safe and Stable Families—$83.0 million; the Child Care and Development Block Grant—$76.4 million; and the Title XX Social Services Block Grant—$64.1 million. All of these federal programs fall under the federal Social Security Act.

The Eighty-first Legislature, Regular Session, 2009, funded several initiatives for the 2010–11 biennium. Some of the more significant changes include:

- $32.2 million for foster care rate increases, starting on September 1, 2009;
- $17.7 million for 152 additional child protective services direct delivery staff;
- $12.4 million to provide foster care and adoption assistance benefits for older children, and to implement a permanency care assistance program for relatives who assume permanent legal guardianship of children leaving DFPS conservatorship;
- $12.0 million to increase the availability of day care services for children who live at home or with relatives while receiving protective services;
- $5.5 million to implement a U.S. Department of Justice settlement agreement relating to state-supported living centers (formerly state schools); and
- $5.5 million to expand Preparation for Adult Living (PAL) services for foster care youth.

The agency's goals are (1) to ensure access to and information on services offered by agency programs; (2) to protect children from abuse and neglect by providing an integrated service delivery system that results in quality outcomes; (3) to prevent child abuse or neglect and juvenile delinquency by providing contracted services for at-risk children, youth, and families; (4) to protect the elderly and adults with disabilities from abuse, neglect, and exploitation by conducting investigations and providing or arranging for services; and (5) to protect the health, safety, and well-being of children in out-of-home care by achieving a maximum level of compliance with regulations. The agency accomplishes these goals through five major programs: Statewide Intake Services, which receives 1.3 percent of the agency's appropriated funds; Child Protective Services (CPS), which receives 82.1 percent; Prevention and Early Intervention, which receives 3.4 percent; Adult Protective Services, which receives 4.9 percent; and Child Care Regulation, which receives 2.6 percent.

Indirect administration accounts for 5.7 percent of appropriated funds. **Figure 154** shows the appropriations by program.

STATEWIDE INTAKE SERVICES

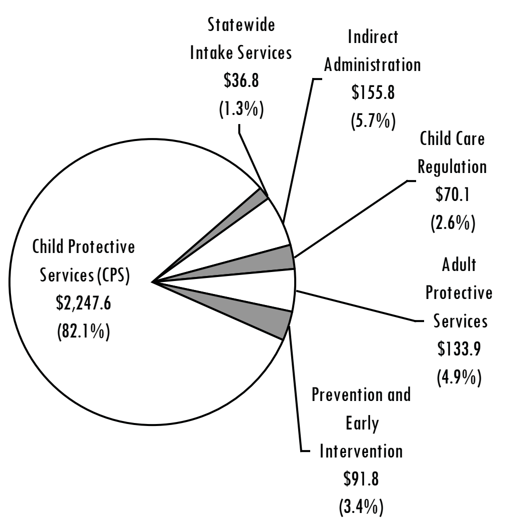
Statewide Intake Services provides funding for the statewide centralized intake center, which is located in Austin. The center receives, assesses, prioritizes, and routes reports of abuse, neglect, and exploitation of children, elder adults, and persons with disabilities. It also provides information and referral services.

Appropriations for Statewide Intake Services for the 2010–11 biennium total $36.8 million in All Funds and provide for 427.4 FTE positions in fiscal year 2010 and 445.6 FTE positions in fiscal year 2011. The appropriation includes $7.2 million in General Revenue Funds (19.4 percent). Statewide Intake Services relies heavily on Federal Funds from the TANF block grant program, which provides 65.2 percent of the appropriation.

CHILD PROTECTIVE SERVICES

The Child Protective Services (CPS) Program investigates reports of suspected abuse or neglect of children and takes

FIGURE 154
FAMILY AND PROTECTIVE SERVICES APPROPRIATIONS BY PROGRAM 2010–11 BIENNIUM



Source: Legislative Budget Board.

action to protect abused and neglected children from further harm. Program staff also works with children and their families to help alleviate the effects of abuse.

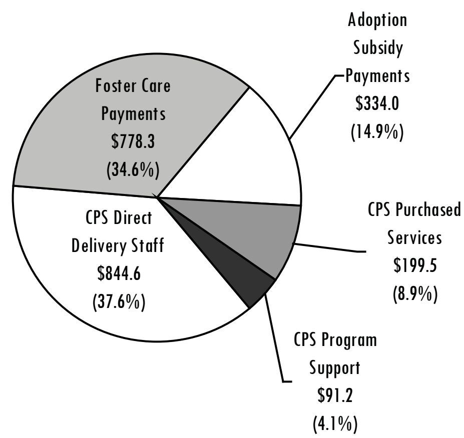
Appropriations for child protective services for the 2010–11 biennium total $2.2 billion in All Funds and provide for 8,890.5 FTE positions in fiscal year 2010 and 8,891.3 FTE positions in fiscal year 2011. The appropriation includes $847.9 million in General Revenue Funds (37.7 percent). CPS relies heavily on Federal Funds from the TANF block grant and Title IV-E foster care and adoption assistance funding streams, which together provide 54.8 percent of the appropriation.

CPS provides protective services through five primary programs: CPS Direct Delivery Staff; CPS Program Support; CPS Purchased Services; Foster Care Payments; and Adoption Subsidy Payments. **Figure 155** shows the appropriations by program. **Figure 156** shows selected measures for child protective services from fiscal years 2006 to 2011.

CPS DIRECT DELIVERY STAFF

CPS Direct Delivery Staff provides most of the direct client services associated with the CPS program. These services include investigating reports of suspected abuse or neglect; developing and implementing protective service plans; placing children in temporary care or permanent homes; providing long-term substitute care; and serving families in crisis to help prevent the out-of-home placement of children. The number of completed investigations of child abuse and neglect is expected to increase from an estimated 167,933 investigations in fiscal year 2010 to an estimated 171,137 investigations in fiscal year 2011. The number of children who are adopted from DFPS conservatorship is also expected to increase from an estimated 4,752 adoptions in fiscal year 2010 to an estimated 4,990 adoptions in fiscal year 2011. Biennial funding totals $844.6 million and provides for 8,254.8 FTE positions in fiscal year 2010 and 8,255.6 FTE positions in fiscal year 2011.

FIGURE 155
CHILD PROTECTIVE SERVICES (CPS) APPROPRIATIONS BY STRATEGY 2010–11 BIENNIUM



Source: Legislative Budget Board.

Funding in the 2010–11 biennium includes $14.2 million for 116 family-based safety services staff, and 36 family group decision-making staff.

CPS PROGRAM SUPPORT

CPS Program Support provides support services such as program administration, contract management, staff training, eligibility determination, and administration of discretionary federal programs. Biennial funding totals $91.2 million and provides for 635.7 FTE positions.

CPS PURCHASED SERVICES

CPS Purchased Services provides day care, adoption, post-adoption, adult living, substance abuse, and other purchased services for children and families. Biennial funding totals

FIGURE 156
SELECTED PERFORMANCE MEASURES
CHILD PROTECTIVE SERVICES
FISCAL YEARS 2006 TO 2011

PERFORMANCE MEASURE	2006	2007	2008	2009*	2010**	2011**
Percentage of Children in DFPS Conservatorship for whom Legal Resolution Was Achieved within 12 Months	61.40%	57.90%	54.81%	52.60%	54.80%	54.80%
Number of Completed Investigations of Child Abuse/ Neglect	163,795	163,471	165,010	165,462	167,933	171,137
Number of Confirmed Cases of Child Abuse/Neglect	41,406	42,445	41,591	40,177	42,390	43,198
Number of Children in DFPS Conservatorship Who Are Adopted	3,376	4,023	4,517	4,775	4,752	4,990
Average Number of Children Provided Adoption Subsidy per Month	20,306	22,406	24,931	27,800	30,413	33,066
Average Number of DFPS-paid Days per Month of Foster Care for All Levels of Care	572,519	573,870	519,907	477,684	443,667	443,770

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCES: Legislative Budget Board; Health and Human Services Commission; Department of Family and Protective Services.

$199.5 million. Federal Funds provide 60.9 percent of the appropriation.

Texas Workforce Commission (TWC) Foster Day Care provides day-care services for children who live in foster care and both parents or a lone foster parent works fulltime. The number of days of foster day care is expected to be 35,383 days each year of the biennium. Biennial funding totals $16.8 million.

TWC Relative Day Care provides day-care services for children placed with relatives who are not licensed or verified as a foster care provider. The number of days of relative day care is expected to increase from 31,085 in fiscal year 2010 to 32,711 in fiscal year 2011. Biennial funding totals $15.9 million.

TWC Protective Day Care provides day-care services to control the risk of abuse and neglect while children remain in their homes. Biennial funding totals $33.9 million.

Adoption Purchased Services provides contracted adoption services through child-placing agencies that recruit, train, and verify adoptive homes; handle adoptive placements; provide post-placement supervision; and facilitate consummation of adoptions. Biennial funding totals $10.0 million.

Post-adoption Purchased Services provides services to help families that adopt children in the care of DFPS adjust to the adoption. Biennial funding totals $8.2 million.

Preparation for Adult Living (PAL) Purchased Services provides services to help youth in CPS substitute care prepare for their eventual departure from DFPS care and support. It also provides funding for post-secondary education and training programs. Biennial funding totals $15.9 million. These services rely heavily on Federal Funds from the John H. Chafee Foster Care Independence Program.

Substance Abuse Purchased Services provides services to address the parenting impairment caused by substance abuse. The services help prevent children from being removed from their home or allow them to be reunited with their family more quickly. Biennial funding totals $9.2 million.

Finally, Other CPS Purchased Services includes a wide range of therapeutic and supportive services for abused or neglected children and their families. The services include, but are not limited to, counseling, case management, skills training, and respite care. Biennial funding totals $89.6 million.

FOSTER CARE PAYMENTS

Foster Care Payments provides reimbursement for the care and treatment of children who have been placed in foster homes or residential treatment facilities as a result of abuse or neglect allegations. The average monthly number of days of DFPS-paid foster care decreased by approximately 8.1 percent from fiscal years 2008 to 2009. This measure is expected to decrease by approximately 7.1 percent from fiscal years 2009 to 2011 due primarily to permanency initiatives promoting adoption or guardianship, and a federal court decision in the case of *Gates v. the Texas Department of Family and Protective Services*, which set guidelines for investigation and removal decisions in child protection cases. The average monthly number of children in foster care is expected to reach 14,590 children during fiscal year 2011, when the average monthly payment per foster child is expected to be $1,962. Foster Care Payments will begin providing guardianship assistance payments to qualified relatives who assume permanent managing conservatorship of children leaving DFPS care, starting on October 1, 2010. Federal Funds are also provided to counties that use their own matching funds to deliver foster care services, and monetary assistance is provided for relative and other designated caregivers.

Biennial funding totals $778.3 million. It relies heavily on Federal Funds from the Title IV-E Foster Care Program, which provides 41.0 percent of the appropriation, and the TANF block grant, which provides 22.3 percent.

Funding in the 2010–11 biennium includes $32.2 million for provider rate increases, and $7.4 million for extended foster care benefits and the permanency care assistance program.

ADOPTION SUBSIDY PAYMENTS

Adoption Subsidy Payments provides adoption subsidy payments for families that adopt children with disabilities, school-age children, minority children, and children in sibling groups. The average monthly number of children receiving an adoption subsidy increased by approximately 11.5 percent from fiscal years 2008 to 2009. This measure is expected to increase by approximately 18.9 percent from fiscal years 2009 to 2011. The average number of children receiving an adoption subsidy is expected to reach 33,066 per month during fiscal year 2011, when the average monthly adoption subsidy payment is expected to be $430. Funding is also provided for nonrecurring payments for families that incur certain expenses during the adoption process. Biennial funding totals $334.0 million. This funding includes Federal Funds from the Title IV-E Adoption Assistance Program, which provides 50.7 percent of the appropriation.

PREVENTION AND EARLY INTERVENTION

The Prevention and Early Intervention (PEI) Program provides at-risk prevention services for children, youth, and their families through five programs: Services to At-risk Youth, Community Youth Development, Texas Families, Child Abuse Prevention Grants, and Other At-risk Prevention Services. Contractual arrangements with community-based organizations deliver most of the services. Further, At-risk Prevention Program Support provides contract management and support services.

Appropriations for the 2010–11 biennium total $91.8 million in All Funds and provide for 33.5 FTE positions. The appropriation includes $50.8 million in General Revenue Funds and General Revenue–Dedicated Funds (55.4 percent). The General Revenue–Dedicated Funds are from the Child Abuse and Neglect Prevention Operating Account, which is financed by the Children's Trust Fund. The Children's Trust Fund receives a portion of each marriage license fee paid in the State of Texas. PEI relies heavily on Federal Funds from the Title IV-B Promoting Safe and Stable Families Program, which provides 40.0 percent of the appropriation.

SERVICES TO AT-RISK YOUTH PROGRAM

The Services to At-risk Youth (STAR) Program provides crisis intervention, temporary emergency shelter, and counseling services for young persons at-risk of delinquent or criminal behavior. Some funding is also provided for universal child abuse prevention services, such as parenting classes and media campaigns. The average monthly number of youth served is expected to be 6,209 in fiscal year 2010 and fiscal year 2011. Biennial funding totals $42.0 million. The funding includes $7.6 million in Federal Funds from the Title IV-B Promoting Safe and Stable Families Program.

COMMUNITY YOUTH DEVELOPMENT PROGRAM

The Community Youth Development (CYD) Program provides grant awards that help targeted communities alleviate conditions in the family and the community that lead to juvenile crime. The program emphasizes approaches that support families and enhance positive youth development, such as conflict resolution and mentoring. The average monthly number of youth served is expected to be 4,233 in fiscal years 2010 and 2011. Biennial funding totals $15.7 million. The funding includes $11.8 million in Federal Funds from the Title IV-B Promoting Safe and Stable Families Program.

Figure 157 shows selected measures for these prevention and early intervention services for fiscal years 2006 to 2011.

TEXAS FAMILIES: TOGETHER AND SAFE PROGRAM

The Texas Families: Together and Safe Program provides federal funding for community-based projects designed to alleviate stress, promote parental competency, and create

FIGURE 157
SELECTED PERFORMANCE MEASURES
PREVENTION AND EARLY INTERVENTION
FISCAL YEARS 2006 TO 2011

PERFORMANCE MEASURE	2006	2007	2008	2009*	2010**	2011**
Average Number of STAR Youth Served per Month	5,964	6,018	5,875	5,536	6,209	6,209
Average Number of CYD Youth Served per Month	6,031	3,353	4,563	5,625	4,233	4,233

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Sources: Legislative Budget Board; Texas Department of Family and Protective Services.

supportive networks that enhance child-rearing abilities. Biennial funding totals $8.2 million in Federal Funds from the Title IV-B Promoting Safe and Stable Families Program.

CHILD ABUSE PREVENTION GRANTS

Child Abuse Prevention Grants provide federal funding for local partnerships that strengthen and support families and for community-based child-abuse prevention services. Biennial funding totals $3.6 million and provides for 2.0 FTE positions.

OTHER AT-RISK PREVENTION SERVICES

Other At-risk Prevention Services includes funding for the competitive procurement of at-risk prevention and early intervention services. Biennial funding totals $17.9 million. The funding includes $6.7 million in Federal Funds from the Title IV-B Promoting Safe and Stable Families Program. At least $6.1 million must be expended for competitively procured community-based prevention programs and services.

AT-RISK PREVENTION PROGRAM SUPPORT

At-risk Prevention Program Support provides staff services such as provider training, contract management, and the management of client data. Biennial funding totals $4.3 million and provides for 31.5 FTE positions.

ADULT PROTECTIVE SERVICES

The Adult Protective Services (APS) Program provides protective services for adults with disabilities who are over age 17 and any adult over age 64. It also provides for the investigation of reports of abuse, neglect, and exploitation among persons of any age who receive mental health services through the Texas Department of State Health Services and mental retardation services through the Texas Department of Aging and Disability Services or in private intermediate care facilities for the mentally retarded.

Appropriations for the 2010–11 biennium total $133.9 million in All Funds and provide for 1,037.8 FTE positions in fiscal year 2010 and 1,043.8 FTE positions in fiscal year 2011. The appropriation includes $80.5 million in General Revenue Funds (60.1 percent). APS relies heavily on Federal Funds from the Title XX Social Services block grant, which provides 32.6 percent of the appropriation.

APS provides protective services in three ways: APS Direct Delivery Staff, APS Program Support, and Mental Health (MH) and Mental Retardation (MR) Investigations. **Figure 158** shows selected measures for the APS program for fiscal years 2006 to 2011.

APS DIRECT DELIVERY STAFF

APS Direct Delivery Staff provides protective services for individuals living at home. The services include investigating reports of abuse, neglect, or exploitation; providing or arranging for services to remedy or prevent further abuse; and purchasing services to meet short-term client needs. The number of completed in-home investigations is expected to increase from an estimated 73,534 investigations in fiscal year 2010 to an estimated 76,190 investigations in fiscal year 2011. Biennial funding totals $105.1 million and provides for 804.6 FTE positions.

APS PROGRAM SUPPORT

APS Program Support provides support services and oversight of field staff. Funding totals $10.3 million and provides for 83.6 FTE positions.

MH AND MR INVESTIGATIONS

MH and MR Investigations provides for the investigation of reports of abuse, neglect, or exploitation of individuals receiving state mental health and mental retardation services through state facilities, community MH and MR centers, home- and community-based services waiver programs, and private intermediate care facilities for the mentally retarded. The number of completed investigations is expected to

FIGURE 158
SELECTED PERFORMANCE MEASURES
ADULT PROTECTIVE SERVICES
FISCAL YEARS 2006 TO 2011

PERFORMANCE MEASURE	2006	2007	2008	2009*	2010**	2011**
Completed APS Investigations	74,303	69,577	68,683	72,288	73,534	76,190
Confirmed APS Cases	50,871	46,071	48,380	50,962	51,797	53,668
Completed MH and MR Investigations	7,930	8,088	8,870	9,742	10,727	11,533

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Sources: Legislative Budget Board; Department of Family and Protective Services.

increase from an estimated 10,727 investigations in fiscal year 2010 to an estimated 11,533 investigations in fiscal year 2011. Biennial funding totals $18.5 million and provides for 149.6 FTE positions in fiscal year 2010 and 155.6 FTE positions in fiscal year 2011.

Funding in the 2010–11 biennium includes $5.5 million to ensure that residents of state-supported living centers (formerly state schools) are protected from abuse, neglect, and exploitation, pursuant to a settlement agreement with the U.S. Department of Justice.

CHILD CARE REGULATION

The Child Care Regulation Program develops and enforces minimum standards for the delivery of child-care services throughout the state. Providers range in size from small family homes to large, 24-hour residential care facilities. The program licenses, registers, or lists providers; conducts monitoring inspections; investigates complaints; takes action when violations are confirmed; and provides technical assistance and training to help providers improve services. The program also obtains abuse/neglect and criminal history information on individuals who come into contact with children in regulated settings, and disseminates detailed information about child-care services that are available throughout the state.

Appropriations for the 2010–11 biennium total $70.1 million in All Funds and provide for 596.8 FTE positions. The appropriations include $21.9 million in General Revenue Funds (31.2 percent). The program relies mostly on Federal Funds from the Child Care and Development block grant, which provides 54.8 percent of the appropriation.

Funding in the 2010–11 biennium includes a one-time appropriation of $4.0 million in Federal Funds for quality infant and toddler programs. **Figure 159** shows the number of inspections of child care operations for fiscal years 2006 to 2011.

Five automation and indirect administration functions account for the remaining $155.8 million in All Funds and 465.1 FTE positions.

SIGNIFICANT LEGISLATION

Several bills enacted by the Eighty-first Legislature, 2009, affect the delivery of services by DFPS. Among the more significant legislation are House Bill 1151/Senate Bill 2080, House Bill 1912, House Bill 1629, Senate Bill 939, Senate Bill 806, Senate Bill 643, and Senate Bill 68.

The enactment of House Bill 1151/Senate Bill 2080 implements certain optional provisions in the federal Fostering Connections and Increasing Adoptions Act of 2008. These include providing monthly guardianship assistance payments to qualified relatives who assume permanent managing conservatorship of children leaving DFPS conservatorship; and extending foster care, adoption

FIGURE 159
SELECTED PERFORMANCE MEASURE
CHILD CARE REGULATION
FISCAL YEARS 2006 TO 2011

PERFORMANCE MEASURE	2006	2007	2008	2009*	2010**	2011**
Number of Inspections	47,366	53,068	57,106	57,294	56,801	57,133

*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
Sources: Legislative Budget Board; Department of Family and Protective Services.

subsidy, and guardianship assistance benefits for eligible youth through age 21.

House Bill 1912 expands transition planning for children in the permanent managing conservatorship of DFPS.

House Bill 1629 establishes guidelines to improve coordination among state agencies and courts when a child in DFPS conservatorship is placed in the custody of the Texas Youth Commission.

Senate Bill 939 includes numerous provisions that are intended to improve permanency outcomes for CPS children. It also establishes guidelines for the sharing of data between DFPS and the Texas Education Agency.

Senate Bill 806 requires the agency to provide due process for direct care workers in certain long-term care settings who will be reported to the employee misconduct registry due to a confirmed finding of abuse, neglect, or exploitation.

Senate Bill 643 requires the agency to investigate allegations of abuse, neglect, or exploitation in private intermediate care facilities for the mentally retarded.

Senate Bill 68 establishes a number of changes to the child-care licensing program, including placing in statute exemptions from licensure that had previously been in rule and eliminating an exemption for summer-only programs that had been in rule.

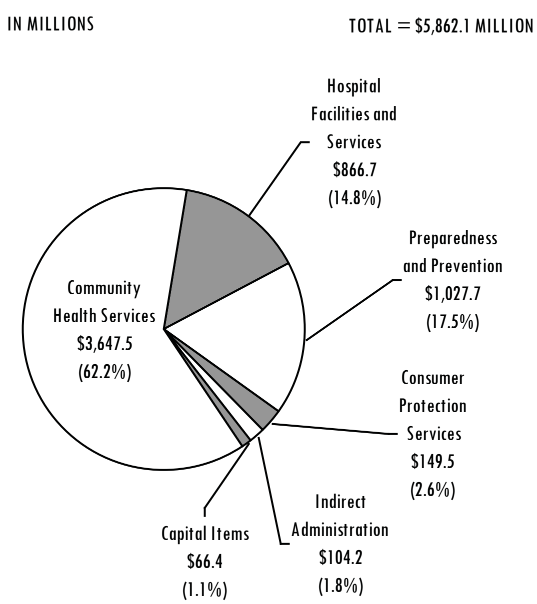
DEPARTMENT OF STATE HEALTH SERVICES

The Department of State Health Services (DSHS) was established on September 1, 2004. As directed by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, DSHS resulted from the consolidation of all or part of four legacy agencies: (1) the Texas Department of Health, (2) the mental health programs of the Texas Department of Mental Health and Mental Retardation, (3) the Texas Commission on Alcohol and Drug Abuse, and (4) the Texas Health Care Information Council.

The agency's mission is to promote optimal health for individuals and communities while providing effective health, mental health, and substance abuse services to Texans. To carry out this mission, DSHS established the following service goals (**Figure 160**):

- Community Health Services—improve the health of children, women, families, and individuals, and enhance the capacity of communities to deliver healthcare services.
- Preparedness and Prevention—protect and promote the public's health by decreasing health threats and sources of disease.

FIGURE 160
DEPARTMENT OF STATE HEALTH SERVICES APPROPRIATIONS BY GOAL
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

- Hospital Facilities and Services—promote the recovery and abilities of persons with infectious disease and mental illness who require specialized treatment.
- Consumer Protection Services—achieve a maximum level of compliance by the regulated community to protect public health and safety.

Appropriations for the 2010–11 biennium total approximately $5.9 billion and provide for approximately 12,500 full-time-equivalent (FTE) positions. Of these appropriations, $3.0 billion, or 51.6 percent, is in General Revenue Funds and General Revenue–Dedicated Funds, $0.3 billion, or 5.6 percent, is in Other Funds, and $2.5 billion, or 42.8 percent, is in Federal Funds. The primary sources of these Federal Funds include the following:

- $1.2 billion from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC);
- $265.8 million from the Substance Abuse Prevention and Treatment block grant;
- $184.7 million from the HIV Care formula grant;
- $90.3 million from the public health emergency preparedness grant;
- $70.4 million from the Title V Maternal and Child Health Services block grant;
- $66.5 million from the Community Mental Health block grant;
- $59.7 million from the hospital bioterrorism preparedness grant; and
- $41.4 million in Temporary Assistance for Needy Families (TANF) to Title XX funding.

The Eighty-first Legislature, Regular Session, 2009, increased appropriations to the agency by $235.7 million in All Funds, which includes $182.7 million in General Revenue Funds and General Revenue–Dedicated Funds. The increase in General Revenue Funds and General Revenue–Dedicated Funds is primarily for the following programs and services:

- $55.0 million in General Revenue Funds for expansion of transitional and on-going community mental health services and $27.4 million in General Revenue Funds for additional community mental health crisis services;
- $19.9 million in General Revenue Funds for expanded information technology support services;

- $14.1 million in General Revenue Funds to meet increased demand associated with food and drug, environmental health, radiation control, and health care facilities regulatory activities;
- $12.3 million in General Revenue Funds for health promotion and chronic disease prevention programs;
- $11.3 million in General Revenue Funds to increase the number of beds by 10 at Galveston Community Hospital and by 24 at Harris County Psychiatric Center;
- $10.1 million in General Revenue Funds to reduce the waiting lists for the Children with Special Health Care Needs (CSHCN) Program and community mental health services for children and adolescents;
- $8.0 million in General Revenue Funds for the maintenance of services at local mental health authorities and $7.5 million in General Revenue Funds to provide mental health services at a new mental health facility;
- $7.5 million in General Revenue Funds to align rates for family planning services with Medicaid rates;
- $7.0 million in General Revenue Funds for expanded tuberculosis services; and
- $5.2 million in General Revenue Funds for cystic fibrosis screenings.

DSHS was appropriated $8.2 million in Federal Funds through the American Recovery and Reinvestment Act of 2009 (ARRA) for the 2010–11 biennium for the following programs and services:

- $3.2 million in Federal Funds for immunization projects;
- $2.5 million in Federal Funds to increase the number of beds by 16 at the Vernon State Hospital;
- $2.1 million in Federal Funds to implement health care associated infections reduction strategies; and
- $0.4 million in Federal Funds to enhance tobacco cessation services.

House Bill 4586, Eighty-first Legislature, Regular Session, 2009, appropriated $16.8 million in General Revenue Funds to DSHS for fiscal year 2009 including $11.8 million to purchase antivirals associated with the H1N1 Influenza Pandemic, and $5.0 million to address a shortfall in the NorthSTAR Behavioral Health Program.

COMMUNITY HEALTH SERVICES

DSHS provides Community Health Services to improve the health of children, women, families, and individuals, and to enhance the capacity of communities to deliver healthcare services. Services include primary care, nutrition services, and behavioral health services, including community mental health and substance abuse, prevention, intervention, and treatment services. The Community Health Services goal is appropriated a total of $3.6 billion in All Funds, which includes $1.6 billion in General Revenue Funds and General Revenue–Dedicated Funds, for the 2010–11 biennium.

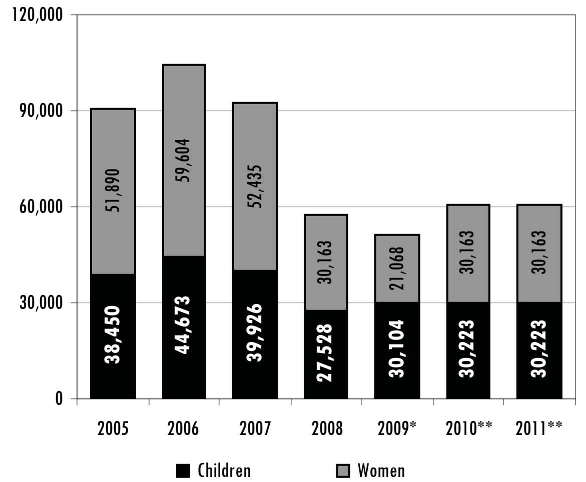
WIC/FARMER'S MARKET NUTRITION SERVICES

Nutrition services are delivered through the federally funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The WIC program is the largest public health program administered by DSHS and is appropriated $1.7 billion in All Funds, which includes $517.6 million in General Revenue Funds and General Revenue–Dedicated Funds, for the 2010–11 biennium, and 307.5 FTE positions. Appropriations include $514.6 million in WIC rebates (General Revenue–Dedicated Funds) collected from manufacturers of infant formula and cereal. This program provides food assistance via electronic benefits transfer (EBT) using smart cards for infants, young children, and low-income pregnant and postpartum women, as well as nutrition education to pregnant and postpartum women. The WIC program also issues coupons for fresh fruit and vegetables each summer through the Farmer's Market Nutrition Program. On October 1, 2009, the WIC program initiated a new food benefits package that now includes fresh produce and whole grain food choices.

WOMEN AND CHILDREN'S HEALTH

DSHS provides accessible, quality, and community-based maternal and child health services to low-income women, infants, children, and adolescents who are not eligible for Medicaid or CHIP. Services, provided through performance-based contracts with local providers, include prenatal care, family planning, breast and cervical cancer screening and diagnostic services, population-based services, preventive and primary care for children and adolescents, genetics, case management, laboratory services, and dental care for children and adolescents. Biennial appropriations total $142.4 million in All Funds, which includes $37.3 million in General Revenue Funds, and 520.1 FTE positions. **Figure 161** shows the number of women and children provided services from fiscal years 2005 to 2011.

FIGURE 161
CLIENTS PROVIDED SERVICES IN WOMEN AND CHILDREN'S HEALTH PROGRAM
FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

FAMILY PLANNING

In addition to family planning services provided under Women and Children's Health Services, the agency provides funding to community-based agencies to provide family planning services for women, men, and adolescents as authorized under Title X of the federal Public Health Services Act, and Title V and Title XX of the federal Social Security Act. Medicaid-funded family planning services are provided through the Health and Human Services Commission (HHSC). Biennial appropriations to DSHS total $111.3 million in All Funds, which includes $23.6 million in General Revenue Funds and 32.6 FTE positions. This amount includes $7.5 million in General Revenue Funds to align rates for family planning services with Medicaid rates.

Rider 56, 2010–11 General Appropriations Act (GAA), of the agency's bill pattern requires that up to $10.0 million per year of this appropriation be set aside to fund family planning services provided by Federally Qualified Health Centers, to the extent the number of clients served by the program is not adversely affected. In addition, DSHS is required by Rider 66, 2010–11 GAA, to allocate a portion of family planning funding to reimburse contracted providers for family planning services not covered by the Women's Health Program at HHSC.

COMMUNITY PRIMARY CARE SERVICES

Funding is provided to establish local capacity at more than 130 clinics to deliver a range of preventive and primary healthcare services to the medically uninsured, underinsured, and indigent persons who are not eligible to receive the same services from other funding sources. This funding also supports activities to assess need, designate parts of the state as health professional shortage areas or as medically underserved, recruit and retain providers to work in these areas, and work with communities to improve access to primary medical, dental, and mental healthcare. Biennial appropriations total $27.6 million in All Funds, which includes $27.1 million in General Revenue Funds and General Revenue–Dedicated Funds, and 32.0 FTE positions.

COMMUNITY MENTAL HEALTH SERVICES

DSHS provides community mental health services to adults and children through contracts with local mental health authorities. Services include screening and assessment, service coordination, medication-related services, and outpatient and inpatient services. In addition, certain services are available specifically for adults or children, such as employment and housing assistance for adults and respite services for children. DSHS funding targets priority populations that fit these definitions:

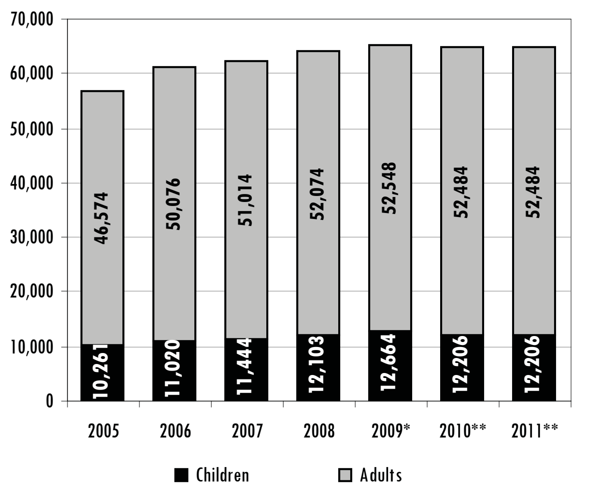
- adults with severe and persistent mental illness, such as schizophrenia, major depression, bipolar disorder, or another severely disabling mental disorder that requires crisis resolution or ongoing and long-term support and management; and

- children ages 3 to 17 with a diagnosis of mental illness who exhibit serious emotional, behavioral, or mental disorders and who have serious functional impairment; are at risk of disruption of living or child-care situations; or who are enrolled in a school's special education program due to emotional disturbance.

Biennial funding for services for adults totals $564.9 million in All Funds, which includes $422.7 million in General Revenue Funds and 77.2 FTE positions. This amount includes $8.0 million in General Revenue Funds for the maintenance of critical services at local mental health authorities and $7.5 million in General Revenue Funds to provide mental health services at a newly constructed mental health facility. Biennial funding for services for children totals $132.5 million in All Funds, which includes $92.9 million in General Revenue Funds and 10.7 FTE positions.

This amount includes $5.4 million in General Revenue Funds to provide additional clients community mental health services. In fiscal year 2011, DSHS projects it will provide 412 program slots for children and adolescents. **Figure 162** shows the monthly average number of children and adults provided community mental health services from fiscal years 2005 to 2011.

FIGURE 162
AVERAGE MONTHLY NUMBER OF CHILDREN AND ADULTS RECEIVING COMMUNITY MENTAL HEALTH SERVICES FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

The Eighty-first Legislature, Regular Session, 2009, also appropriated $109.4 million in General Revenue Funds for the 2010–11 biennium for additional community mental health crisis services. DSHS will contract with local mental health authorities and local communities to provide services, which include crisis hotlines, mobile outreach, children's outpatient services, walk-in services, extended observation, crisis stabilization units, crisis residential, respite services, and transportation. Additionally, the Eighty-first Legislature, 2009, appropriated $55.0 million in General Revenue Funds to expand mental health crisis services for ongoing and transitional services and $1.2 million for expanded services for veterans' mental health training and coordination. Rider 65, 2010–11 GAA, in the agency's bill pattern requires a plan for allocating funding to local mental health authorities and local communities, reporting on the implementation of crisis services, and an independent evaluation of crisis services.

NORTHSTAR BEHAVIORAL HEALTH WAIVER

The NorthSTAR Behavioral Health Waiver supports the delivery of public mental health and chemical dependency services for Medicaid-eligible and medically indigent persons. NorthSTAR uses a managed-care approach to serve adults and children living in Dallas, Collin, Rockwall, Ellis, Navarro, Hunt, and Kaufman counties. Biennial funding for the strategy totals $199.1 million in All Funds, which includes $76.0 million in General Revenue Funds and 11.2 FTE positions.

SUBSTANCE ABUSE PREVENTION, INTERVENTION, AND TREATMENT

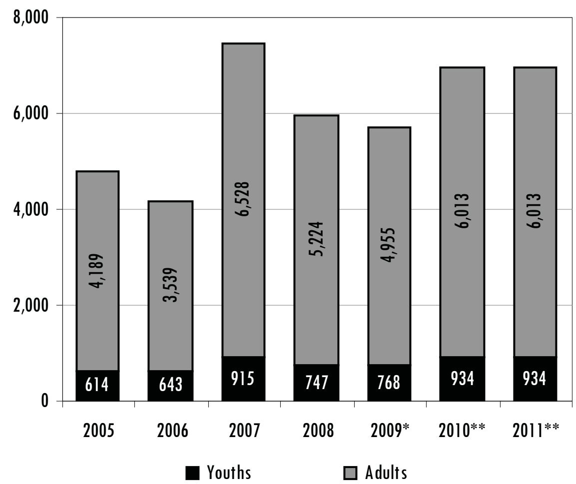
DSHS is the designated state agency for the federal Substance Abuse Prevention and Treatment (SAPT) block grant. The 2010–11 GAA assumes a SAPT block grant award of $265.8 million for the biennium. Federal maintenance of effort requirements stipulate that the state must maintain spending for substance abuse services at a level equal to the average of expenditures for the prior two fiscal years. Funding for substance abuse prevention, intervention, treatment, and grant monitoring totals $312.5 million in All Funds, which includes $46.0 million in General Revenue Funds, and 78.1 FTE positions.

Prevention services are available in each of the 11 health and human service regions. These prevention programs implement one or more of the SAPT block grant-required prevention approaches and include prevention education and skills training for youth and families, problem identification and referral to appropriate services, information dissemination, alternative activities, community collaboration, and activities that affect alcohol and drug policies and regulations.

Early intervention services help break the cycle of addiction by identifying people at high risk of alcohol and drug abuse and providing them with services to prevent them from developing a substance abuse problem. DSHS focuses services on priority populations, including youths, at-risk pregnant women and mothers, people at risk of HIV infection, and parents with children in foster care. Intervention services include research-based education and skills training, outreach, HIV early-intervention services, family services, screening and assessment, referrals, and short-term crisis counseling.

Comprehensive and appropriate treatment services not only help individuals recover from addiction but also help prevent educational failure, crime, the spread of infectious disease, and family disintegration. DSHS gives priority status to the treatment needs of adolescents, pregnant women and mothers, substance-abusing parents with children in foster care, substance users at risk of contracting HIV, and people who have both substance abuse and mental health problems. **Figure 163** shows the monthly average of youths and adults served in substance abuse treatment programs from fiscal years 2005 to 2011.

FIGURE 163
NUMBER OF YOUTH AND ADULTS SERVED IN TREATMENT PROGRAMS FOR SUBSTANCE ABUSE
FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

DSHS contracts with community-based providers and state and local government entities to provide a range of treatment options, including detoxification, outpatient, residential, and pharmacotherapy programs. In fiscal years 2010 and 2011, DSHS will contract with the Department of Criminal Justice for $6.5 million to provide outpatient substance abuse treatment services. In addition, DSHS will provide up to $2.1 million for the biennium in outpatient treatment services to DFPS-referred clients.

DSHS conducts compliance audits and desk reviews for funded providers, investigates complaints against providers or their employees, and levies sanctions against violators of state or federal laws. Performance management involves ongoing contract reviews, procurement, monitoring, and management. DSHS utilizes performance review and measurement to ensure the efficient use of state and federal funds allocated for substance abuse.

REDUCE USE OF TOBACCO PRODUCTS

The Seventy-sixth Legislature, 1999, established a permanent fund from Tobacco Settlement receipts to fund activities to reduce tobacco use. Appropriations for these activities total $24.1 million in All Funds, which includes $21.0 million in General Revenue Funds and General Revenue–Dedicated Funds from tobacco endowment earnings, and 28.9 FTE positions for the 2010–11 biennium. This funding is provided to local health departments and school districts for evidence-based interventions to prevent and reduce tobacco use through a competitive statewide grant program. Activities include school and community interventions, surveillance and evaluation, law enforcement programs, media campaigns, and cessation programs. The local health departments and school districts most recently awarded funds include Lubbock-Cooper ISD, Northeast Texas Public Health District, Fort Bend County Health and Human Services, City of Austin Health and Human Services, San Antonio Metropolitan Health District, and Ector County Health Department. DSHS will also contract with the Texas Education Agency for $6.0 million for the 2010–11 biennium to provide services to prevent and reduce tobacco use among school-aged children and will allocate $2.0 million for the biennium to reduce smokeless tobacco use among youth in rural areas of the state. Appropriations also include $0.4 million in Federal Funds (ARRA) for the 2010–11 biennium to enhance smoking cessation programs.

EMS AND TRAUMA CARE SYSTEMS

DSHS strives to decrease morbidity and mortality due to emergency healthcare situations. Programs include regional EMS/trauma systems development, designation of four levels of trauma facilities, development and maintenance of a trauma reporting and analysis system, and assurance of coordination and cooperation with neighboring states. Biennial appropriations total $173.3 million in General Revenue–Dedicated Funds and 18.9 FTE positions. This amount includes $150.0 million in General Revenue–Dedicated Funds, or 86.6 percent, from the Designated Trauma Facility and EMS Account used primarily to reimburse hospitals for uncompensated trauma care. This account is funded from state traffic fines and the Driver Responsibility Program.

FQHC INFRASTRUCTURE GRANTS

DSHS provides grants to establish new or expand existing facilities that can be classified as federally qualified health centers (FQHC). Funding for FQHCs supports a large, national community health network emphasizing service to indigent, uninsured patients as well as Medicaid and Medicare patients. Biennial appropriations total $10.0 million in General Revenue Funds.

INDIGENT HEALTH CARE

DSHS provides financial assistance to counties and the University of Texas Medical Branch for indigent healthcare services. For the 2010–11 biennium, $14.4 million in All Funds, which includes $11.2 million in General Revenue Funds, and 8.1 FTE positions is appropriated for the County Indigent Health Care Program. This funding is for assisting counties that are not served by a public hospital or hospital district in meeting their statutory indigent healthcare responsibilities. Rider 52, 2010–11 GAA, of the agency's bill pattern specifies that DSHS may not distribute more than 10 percent of total appropriated funds per year to any single county, unless no other counties qualify for assistance. In addition, the 2010–11 GAA includes $20.0 million in General Revenue–Dedicated Funds (unclaimed Texas Lottery proceeds) for the biennium to reimburse the University of Texas Medical Branch for indigent healthcare.

PREPAREDNESS AND PREVENTION

The Preparedness and Prevention goal is appropriated a total of $1.0 billion in All Funds for the 2010–11 biennium, which includes $478.6 million in General Revenue Funds and General Revenue–Dedicated Funds. This amount includes funding for public health preparedness, vital records, immunizations, and services to address sexually transmitted, infectious, and chronic diseases.

PUBLIC HEALTH PREPAREDNESS AND COORDINATED SERVICES

DSHS coordinates essential public health services across the state and implements public health emergency and hospital preparedness programs. Biennial appropriations total $193.3 million in All Funds, which includes $38.7 million in General Revenue Funds and General Revenue–Dedicated Funds, and 322.8 FTE positions. This amount includes $7.3 million in General Revenue Funds for expanded disaster recovery and public health preparedness services.

The federal Centers for Disease Control and Prevention and the Office of the Assistant Secretary for Preparedness and Response provide Federal Funds, which comprise 80.0 percent of preparedness funding. The Legislature appropriates these funds to enhance the ability of the state and local public health jurisdictions and hospital and healthcare systems to prepare for and respond to bioterrorism and other public health emergencies.

Local public health authorities and DSHS regional offices, in areas where no local public health authority exists, also provide essential public health services across the state. Services include providing information to communities on disease prevention, monitoring and investigating health problems, developing policies and public health improvement plans, and enforcing regulations.

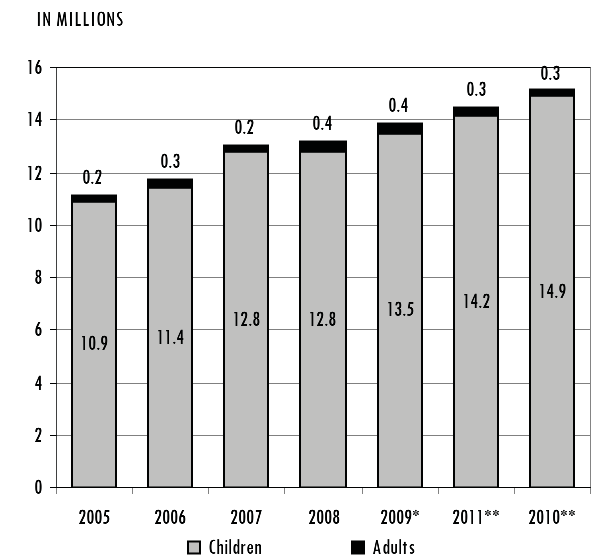
REGISTRIES, INFORMATION, AND VITAL RECORDS

DSHS collects, analyzes, and disseminates health data to improve the public health. The Bureau of Vital Statistics maintains, processes, and provides copies of all original birth and death records, applications for marriage licenses, and reports of divorces and annulments. The agency also maintains registries for birth defects, trauma, and cancer; coordinates the support of a statewide drug information system, which operates 24 hours a day, 365 days a year; and investigates outbreaks and unusual patterns of communicable diseases, birth defects, occupational diseases, cancer, human illnesses associated with environmental exposure, and risk factors that lead to traumatic injury. Biennial appropriations total $64.2 million in All Funds, which includes $33.6 million in General Revenue Funds and General Revenue–Dedicated Funds, and 369.1 FTE positions. Appropriations also include $2.1 million in Federal Funds (ARRA) for the 2010–11 biennium to implement healthcare-associated infections reduction strategies.

IMMUNIZE CHILDREN AND ADULTS

The agency administers several programs to immunize Texas residents and thereby reduce the incidence of preventable diseases statewide. Biennial appropriations total $118.0 million in All Funds, which includes $63.8 million in General Revenue Funds and General Revenue–Dedicated Funds, and 282.1 FTE positions. Additionally, the federal government will contribute vaccines to the state with an estimated value of $349.0 million for each year of the biennium, which is not reflected in the 2010–11 GAA. Appropriations also include $3.2 million in Federal Funds (ARRA) for the 2010–11 biennium for multiple immunization projects targeted to increase the number of people protected from vaccine-preventable diseases. **Figure 164** shows the number of vaccine antigens administered to children and adults in Texas since fiscal year 2005.

FIGURE 164
ANTIGENS ADMINISTERED IN IMMUNIZATIONS PROGRAM
FISCAL YEARS 2005 TO 2011



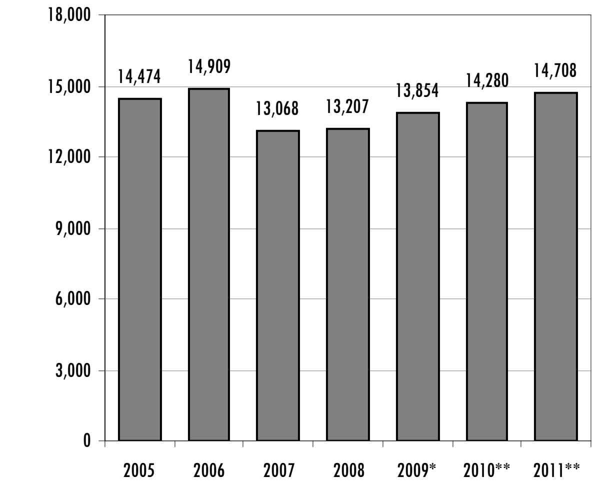
*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

HIV/STD PREVENTION

HIV/STD Prevention includes interventions to prevent and reduce the spread of sexually transmitted diseases, which include the human immunodeficiency virus (HIV), syphilis, chlamydia, and gonorrhea. Interventions include HIV and STD (sexually transmitted disease) screening and testing; evidence-based prevention programs for individuals, groups, and communities; and partner services and referrals. Funding also supports local providers that offer outpatient medical services, medical case management, and other medical and supportive services to persons living with HIV/AIDS. In addition, DSHS operates the HIV Medication Program, which provides medications to low-income Texans living with HIV/AIDS. For individuals to be eligible for the HIV Medication Program, they must be HIV-positive, residents of Texas, have incomes at or below 200 percent of the federal poverty level, and be uninsured or underinsured for prescription drug coverage. **Figure 165** shows the number of clients served in the HIV Medication Program since fiscal year 2005.

The agency also collects and analyzes data to monitor HIV and STD trends, to allocate resources, and to evaluate HIV and STD prevention and services programs. Biennial appropriations for this strategy total $336.9 million in All Funds, which includes $110.4 million in General Revenue

FIGURE 165
CLIENTS PROVIDED SERVICES IN HIV MEDICATION PROGRAM
FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

Funds, and 224.3 FTE positions. The Eighty-first Legislature, Regular Session, 2009, also authorized DSHS to increase testing of HIV in areas of high morbidity, emergency rooms, and primary care clinics associated with large indigent care providers.

INFECTIOUS AND CHRONIC DISEASES

DSHS implements programs to prevent, control, and/or treat infectious diseases, including Hepatitis C, tuberculosis (TB), and Hansen's disease (leprosy), and to minimize the incidence of diseases transmittable from animals to humans (zoonotic diseases). Zoonotic diseases include rabies, Lyme disease, Rocky Mountain spotted fever, plague, hantavirus, West Nile, anthrax, Tularemia, and Q fever. In addition, DSHS operates the Refugee Health Screening Program that brings newly arrived official refugees and other eligible immigrants into the public health system for health assessments and referrals. Biennial appropriations for infectious disease prevention, epidemiology, and surveillance total $75.1 million in All Funds, which includes $52.0 million in General Revenue Funds and General Revenue–Dedicated Funds, and 242.8 FTE positions. The Eighty-first Legislature, Regular Session, 2009, increased funding for medications and services for clients with TB by $7.0 million in General Revenue Funds for the 2010–11 biennium. In addition, the appropriations include $1.7 million in General Revenue–Dedicated Funds generated from the sale of Animal

Friendly License Plates. For the 2010–11 biennium, the agency is appropriated all revenue from the sale of these license plates to provide grants to organizations for low-cost spaying and neutering.

DSHS also implements population-based and community-based interventions to reduce the burden of the most common chronic diseases, including cardiovascular disease and stroke, diabetes, asthma, arthritis, and certain cancers. DSHS works with public and private partners to increase local capacity for chronic disease prevention programs, which support healthy behaviors such as maintaining a healthy weight, good nutrition, physical activity, avoidance of tobacco use, and preventive healthcare. DSHS also collaborates with school districts to implement coordinated school health programs and operates the Safe Rider program that promotes the correct use of child safety seats. Biennial appropriations for health promotion and chronic disease prevention total $27.3 million in All Funds, which includes $22.0 million in General Revenue Funds, and 59.0 FTE positions. The Eighty-first Legislature, Regular Session, 2009, increased funding for chronic diseases by $12.3 million in General Revenue Funds for the 2010–11 biennium for the following purposes: $6.0 million for expanded diabetes services; $4.8 million for obesity prevention programs; $1.0 million for cardiovascular council projects; and $1.0 million for a kidney disease study.

ABSTINENCE EDUCATION

Through the Abstinence Education Program, DSHS contracts with local providers for abstinence-only education and, where appropriate, mentoring, counseling, and adult-supervised activities with a focus on groups most likely to bear children out-of-wedlock. Biennial appropriations total $1.1 million in General Revenue Funds and include 4.8 FTE positions. The level of federal funding available for this program was not certain at the time of publication.

KIDNEY HEALTH CARE

The Kidney Health Care Program provides treatment for end-stage renal disease (ESRD). Current services include medications, dialysis, and travel expenses related to medical care. For individuals to be eligible for the Kidney Health Care Program, they must be Texas residents, have ESRD, be receiving chronic renal dialysis or have a kidney transplant, have incomes less than $60,000 per year, file for ESRD benefits through Medicare and meet the Medicare ESRD criteria, and not be eligible for Medicaid. Biennial appropriations total $36.4 million in All Funds, which includes $36.0 million in General Revenue Funds, and 36.1 FTE positions.

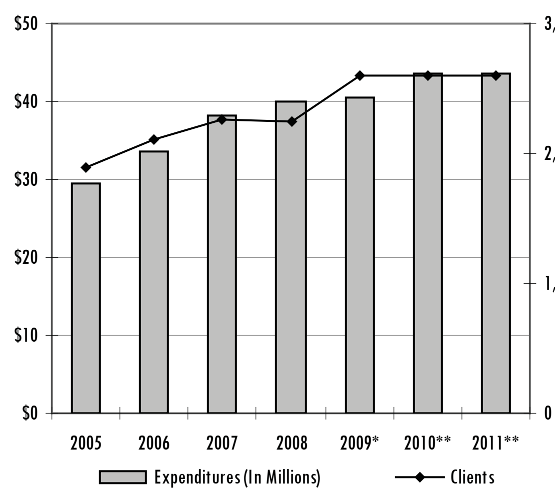
CHILDREN WITH SPECIAL HEALTH CARE NEEDS

The Children with Special Health Care Needs (CSHCN) Program provides medical, dental, and case management services not covered by Medicaid, CHIP, or private insurance for children with special healthcare needs. The program also provides meals, transportation, and lodging to eligible clients. To be eligible for services, a child must be a Texas resident, under age 21, or an adult of any age with cystic fibrosis, have an income at or below 200 percent of the federal poverty level, and have a chronic physical or developmental condition that meets certain criteria. Biennial appropriations total $87.1 million in All Funds, which includes $65.8 million in General Revenue Funds, and 119.1 FTE positions. This amount includes an increase of $4.7 million in General Revenue Funds to serve 87 additional children in fiscal year 2011. **Figure 166** shows the number of children with special healthcare needs provided services and program expenditures for fiscal years 2005 to 2011.

LABORATORY SERVICES

The state's reference laboratory serves as an important regional resource. The laboratory conducts tests for health-screening

FIGURE 166
CHILDREN WITH SPECIAL HEALTH CARE NEEDS CLIENTS PROVIDED MEDICAL SERVICES AND PROGRAM EXPENDITURES
FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

programs, rare diseases, and diseases requiring complex microbiology and environmental chemistry technology. Biennial appropriations total $85.7 million in All Funds, which includes $52.7 million in General Revenue Funds and General Revenue–Dedicated Funds and 415.6 FTE positions. This amount includes an increase of $5.2 million in General Revenue Funds for cystic fibrosis newborn screenings and $1.1 million in General Revenue Funds for improvements to cervical cancer screening equipment. In addition, $5.8 million from laboratory fee revenue is appropriated for the 2010–11 biennium for debt service payments for the laboratory.

HOSPITAL FACILITIES AND SERVICES

The Hospital Facilities and Services goal includes funding for healthcare facilities and mental health state hospitals operated by the agency and for grants to mental health community hospitals. A total of $866.7 million in All Funds, which includes $707.1 million in General Revenue Funds and General Revenue–Dedicated Funds, is appropriated for this goal for the 2010–11 biennium.

STATE HEALTH CARE FACILITIES

The agency operates the Texas Center for Infectious Disease (TCID) in San Antonio, which serves individuals with tuberculosis and other chronic respiratory diseases, and the South Texas Health Care System in Harlingen, which provides general outpatient care, primarily for indigent patients in the Lower Rio Grande Valley. The Eighty-first Legislature, Regular Session, 2009, appropriated $36.2 million in All Funds, which includes $32.0 million in General Revenue Funds and General Revenue–Dedicated Funds, for operating costs for the facilities and 277.9 FTE positions. In addition, $7.2 million in General Obligation (GO) bonds is allocated for construction of a new TCID facility.

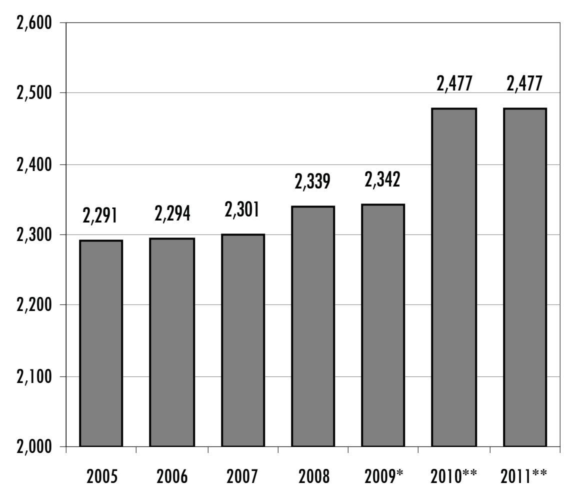
MENTAL HEALTH STATE HOSPITALS

Eight state-operated mental health hospitals (located in Austin, Big Spring, El Paso, Kerrville, Rusk, San Antonio, Terrell, and Vernon–Wichita Falls) provide inpatient hospitalization and general psychiatric services for persons with severe mental illness who require intensive treatment. Individuals needing specialized short-term or long-term care can receive services such as therapeutic programming and skills building to reduce acute symptoms and restore their ability to function in the community. Specialized services for older adults with dual diagnoses of mental illness and mental retardation are also available. One state-operated facility, Rio Grande State Center, provides both inpatient and community-based services. DSHS also contracts with the Department of Aging and Disability Services (DADS) to provide mental retardation services to DADS clients at the Rio Grande State Center.

Three specialized mental health programs have statewide service areas: (1) Austin State Hospital operates a program for persons who are both deaf and mentally ill; (2) the Vernon campus of the North Texas State Hospital provides maximum-security services for forensic patients; and (3) the Waco Center for Youth offers residential treatment services for persons ages 13 to 17.

Appropriations for the 2010–11 biennium total $770.3 million in All Funds and 7,549.1 FTE positions. Of the appropriated amount, $614.9 million, or 79.8 percent, is General Revenue Funds. Appropriations include an increase of $29.7 million in All Funds to maintain the targeted fiscal year 2009 bed capacity of 2,477. In addition, $53.5 million in All Funds is appropriated to fund the capital repair and renovation of the state mental health hospitals. Of this amount, $47.9 million is funded with GO bonds. Appropriations also include $2.5 million in Federal Funds (ARRA) for the 2010–11 biennium to increase the number of beds by 16 at the Vernon State Hospital. **Figure 167** shows the average daily census of state mental health facilities from fiscal years 2005 to 2011.

FIGURE 167
AVERAGE DAILY CENSUS OF STATE MENTAL HEALTH FACILITIES
FISCAL YEARS 2005 TO 2011



*Estimated.
**Target established in the General Appropriations Act, 2010–11 Biennium.
SOURCE: Department of State Health Services.

FUNDING FOR MENTAL HEALTH COMMUNITY HOSPITALS

The Mental Health Community Hospitals support inpatient services at three psychiatric hospitals located in Houston, Galveston, and Lubbock. These hospitals are generally operated in conjunction with a teaching hospital and major university medical school. Funds are allocated to the community hospitals through performance contracts with local mental health authorities. Biennial appropriations total $60.2 million in General Revenue Funds, which includes an increase of $11.3 million in General Revenue Funds to increase the number of beds at Harris County Psychiatric Center by 24 and the number of beds at Galveston Community Hospital by 10. This amount also includes an increase of $1.7 million in General Revenue Funds for the community mental health inpatient services allotment at Galveston Community Hospital and Lubbock Community Hospital.

CONSUMER PROTECTION SERVICES

The Consumer Protection Services goal includes public health efforts related to ensuring food and drug safety, minimizing environmental hazards, licensing healthcare professionals and facilities, and regulating activities related to radiation. Funding for consumer protection is largely generated through fee revenue deposited to the General Revenue Fund or to specific General Revenue–Dedicated accounts. Appropriations for Consumer Protection Services for the 2010–11 biennium total $149.5 million in All Funds, which includes $118.3 million in General Revenue Funds and General Revenue–Dedicated Funds. This amount includes an additional $14.1 million in General Revenue Funds to meet increased demand associated with food and drug, environmental health, radiation control, and healthcare facilities regulatory activities.

Food, meat, and drug safety activities include inspecting and monitoring foods, drugs, medical devices, cosmetics, shellfish-growing areas and processing plants, facilities that produce milk and milk products, and certain public school cafeterias. In addition, the agency inspects retail food establishments in counties with no local health authority. DSHS is also responsible for ensuring that all meat and poultry processed in Texas for consumption is derived from healthy animals, is slaughtered and prepared in a sanitary manner, has no harmful ingredients added, and is truthfully packaged and labeled. Food, meat, and drug safety appropriations total $54.1 million in All Funds for the 2010–11 biennium, which includes $45.1 million in General Revenue Funds and General Revenue–Dedicated Funds, and 432.2 FTE positions in fiscal year 2010 and 469.2 FTE positions in fiscal year 2011.

Environmental health includes investigating public health nuisances in counties with no local health authority and providing technical assistance to local health agencies. DSHS also regulates youth camps and public health pesticide applicators and responds to complaints and concerns regarding asbestos, lead, and mold in public buildings, chemical hazards, and indoor air quality. Environmental health appropriations for the 2010–11 biennium total $19.8 million in All Funds, which includes $18.0 million in General Revenue Funds and General Revenue–Dedicated Funds, and 138.0 FTE positions in fiscal year 2010 and 150.0 FTE positions in fiscal year 2011.

The agency is also involved in radiation control. DSHS licenses radioactive materials, certifies x-ray, mammography, and laser equipment and facilities, and provides emergency response for nuclear facilities. Radiation control appropriations for the 2010–11 biennium total $25.1 million in All Funds, which includes $24.1 million in General Revenue Funds and General Revenue–Dedicated Funds and 146.6 FTE positions in fiscal year 2010 and 158.6 FTE positions in fiscal year 2011.

To ensure that healthcare standards are met, the agency issues registrations, certifications, and permits for healthcare professionals and facilities and maintains registries on various healthcare professionals. Appropriations for the 2010–11 biennium for Health Care Professionals and Facilities total $41.2 million in All Funds, which includes $29.0 million in General Revenue Funds and General Revenue–Dedicated Funds, and approximately 290 FTE positions.

In the 2010–11 biennium, the agency will begin regulating free standing emergency care facilities. The Eighty-first Legislature, Regular Session, 2009, appropriated $1.7 million in General Revenue Funds generated from licensing fees for this function.

Applications and renewals for licenses for certain healthcare professionals and facilities are processed through TexasOnline, the official website for the State of Texas that provides access to state and local government agencies. DSHS is appropriated an estimated $2.1 million in General Revenue Funds and General Revenue–Dedicated Funds fees to pay for TexasOnline services in the 2010–11 biennium.

DSHS also provides treatment and supervision services for certain sexually violent predators through an interagency contract with the Judiciary Section of the Comptroller's Department. Appropriations for the 2010–11 biennium for the treatment and supervision of sex offenders total $7.3 million in Other Funds (Interagency Contracts) and includes 14.5 FTE positions in fiscal year 2010 and 17.0 FTE positions in fiscal year 2011. This amount includes an additional $1.4 million in Other Funds to serve 33 additional sex offenders in fiscal year 2011.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect DSHS. Among the more significant legislation are the following, some of which were previously discussed.

SUPPLEMENTAL APPROPRIATIONS

House Bill 4586 is a supplemental appropriations bill that provides funding for fiscal year 2009 including $11.8 million in General Revenue Funds to purchase antivirals associated with the H1N1 Influenza Pandemic, and $5.0 million in General Revenue Funds to address a shortfall in the NorthSTAR Behavioral Health Program.

NEWBORN SCREENING

Enactment of House Bill 1795 requires DSHS to expand, to the extent funding is available, the newborn screening tests to screen for 24 additional disorders listed in the secondary targets of the uniform newborn screening panel, including cystic fibrosis. Appropriations to DSHS for the 2010–11 biennium include $5.2 million in General Revenue Funds specifically for cystic fibrosis newborn screenings.

Enactment of House Bill 1672 revises statutes governing retention by DSHS of genetic material from newborn screening tests and requires the agency to add sickle-cell trait to the list of diseases for which the newborn screening program provides detection and treatment.

IMMUNIZATIONS

Enactment of Senate Bill 346 provides that an individual is allowed to maintain their immunization records in DSHS immunization registry, ImmTrac, beyond the individual's 18th birthday.

Enactment of Senate Bill 347 authorizes DSHS to exchange immunization records stored in ImmTrac with other state and local health departments during disasters or emergencies involving evacuations or relocations.

CONSUMER PROTECTION

Enactment of House Bill 449 requires DSHS to issue certifications to laser hair removal personnel, issue licenses to laser hair removal facilities, and administer continuing education programs for certificate holders. DSHS is appropriated $2.7 million in General Revenue Funds for the 2010–11 biennium generated from licensing fees for this function and 15.2 FTE positions in fiscal year 2010 and 17.2 FTE positions in fiscal year 2011 for this purpose.

Enactment of House Bill 461 requires DSHS to license and regulate dyslexia practitioners and dyslexia therapists. Appropriations to DSHS for the 2010–11 biennium include $0.3 million in General Revenue Funds generated from licensing fees for this function and 2.0 FTE positions in fiscal year 2010 and 2.5 FTE positions in fiscal year 2011 for this purpose.

Enactment of House Bill 1357 requires DSHS to license and regulate freestanding emergency care facilities. DSHS is appropriated $0.5 million in General Revenue Funds for the 2010–11 biennium generated from licensing fees for this function and 4.5 FTE positions in fiscal year 2010 and 2.5 FTE positions in fiscal year 2011 for this purpose.

MEDCARES

Enactment of Senate Bill 2080 requires DSHS to establish the Texas Medical Child Abuse Resources and Education System (MEDCARES) program to award grants for the purpose of developing and supporting regional programs to improve the assessment, diagnosis, and treatment of child abuse and neglect. Appropriations to DSHS include $5.0 million in General Revenue Funds for the 2010–11 biennium for this purpose.

PROGRAM TRANSFERS

Enactment of House Bill 1093 transfers oversight of the regional poison control center operations from DSHS to the Commission on State Emergency Communications (CSEC). Beginning on May 1, 2010, all functions and activities of DSHS relating to the regional poison control centers will transfer to CSEC, including the administration of grants to fund operations of the six centers.

Enactment of House Bill 1530 transfers the licensing and regulation of health-related pest control from DSHS to the Department of Agriculture, effective September 1, 2009.

HEALTH AND HUMAN SERVICES COMMISSION

The Health and Human Services Commission (HHSC) was established in 1991 by the Seventy-second Legislature to provide the leadership and innovation needed to achieve an efficient and effective health and human services system for Texans. By statute, the agency must ensure the delivery of health services, coordinate programs among the agencies under its jurisdiction, review agency-proposed rules, issue a six-year Strategic Plan with updates every two years, submit a consolidated budget recommendation to the Legislature for agency appropriations, coordinate caseload estimates, settle interagency disputes, and perform other duties as warranted. HHSC has oversight responsibilities for each of the following four agencies:

- Department of Aging and Disability Services (DADS);
- Department of State Health Services (DSHS);
- Department of Family and Protective Services (DFPS); and
- Department of Assistive and Rehabilitative Services (DARS).

The agency is governed by the Executive Commissioner of Health and Human Services, who is appointed by the Governor with the advice and consent of the Senate for a two-year term. The Executive Commissioner exercises broad powers, including final approval of rules for each agency, appointment of agency commissioners (with approval of the Governor), and authority to request funding and transfers of full-time-equivalent (FTE) positions between agencies. In some instances, these transfers are considered approved if not disapproved within a certain time specified in the General Appropriations Act (GAA).

The appropriations to HHSC are comprised of a number of different funding sources. These include funds associated with federal programs, such as Medicaid, Temporary Assistance for Needy Families (TANF), Children's Health Insurance Program (CHIP), Supplemental Nutritional Assistance Program (SNAP/Food Stamps), Family Violence Prevention, and others. State funds are required as a match or maintenance of effort for different federal funds. For example, the Medicaid program typically requires the state to fund approximately 40 percent of the expenditures for direct services, and the CHIP program requires approximately 28 percent state participation. The TANF grant requires the state to maintain state expenditures at $235.7 million per year if the state meets federal work participation standards.

House Bill 4586, Eighty-first Legislature, Regular Session, 2009, appropriated $2,206.3 million in All Funds to HHSC, including a net $37.9 million reduction in General Revenue Funds, for fiscal year 2009. These funds address general supplemental funding needs in Medicaid ($1,875.7 million) and the Medicare Giveback/Clawback ($323.9 million). The decrease in General Revenue is related to a more favorable federal match for Medicaid provided by the American Recovery and Reinvestment Act of 2009 (ARRA). The bill also provides red light camera-trauma funding ($6.7 million).

Appropriations to HHSC for the 2010–11 biennium total $35.8 billion in All Funds and provide for 12,175.9 FTE positions in each fiscal year. Federal Funds comprise $22.4 billion, or 62.7 percent of funding. General Revenue Funds comprise $12.7 billion, or 35.6 percent, of funding and include approximately $1.1 billion from Tobacco Settlement receipts. Other Funds comprise the remaining 1.8 percent of funding.

The Eighty-first Legislature undertook several fiscal and policy changes for the 2010–11 biennium. The following lists the more significant changes:

- appropriation of Federal Funds made available through ARRA;
- increase in funding for cost growth in the Texas Medicaid program;
- increase in certain provider rates for the Medicaid and CHIP programs;
- increase in funding for attendant care wages;
- establishment of a Medicaid Buy-In program for certain children;
- increase the number of clients receiving community-based long-term care, mental health services, services for children with special healthcare needs, and assistive and rehabilitative services at DADS, DSHS, and DARS;
- expansion of family violence services;
- increase in funding for the nurse family partnership program for low-income families;

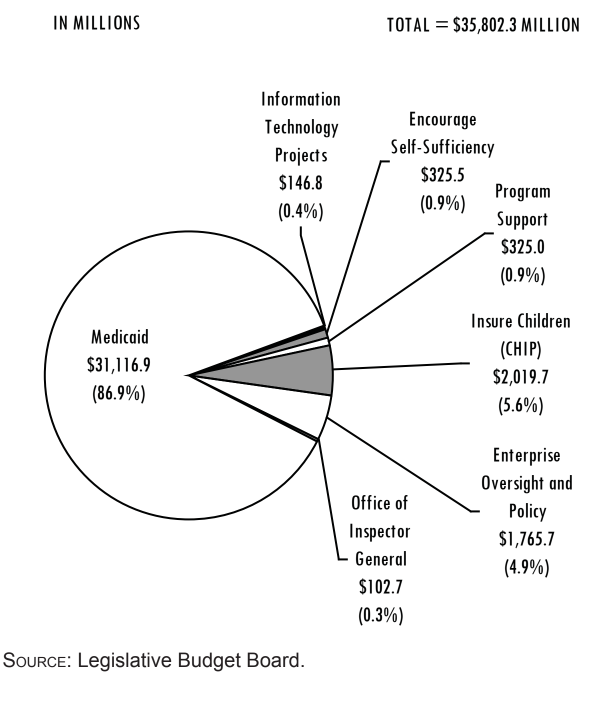
- increase in funding for information technology accessibility across the health and human services enterprise; and
- requirement for cost savings in the Medicaid program.

HHSC's four primary goals are to (1) provide oversight of the health and human services enterprise to improve the delivery of health and human services; (2) improve the efficiency and effectiveness of the state Medicaid program, in part by developing a comprehensive approach to the provision of Medicaid healthcare services to eligible clients; (3) insure children whose family income is above Medicaid standards, but not higher than 200 percent of the federal poverty level (FPL); and (4) encourage and promote self-sufficiency, safety, and long-term independence for families. A fifth goal relates to program support (indirect administration), a sixth goal includes information technology systems, and a seventh goal relates to the health and human services Office of Inspector General. **Figure 168** shows the agency funding by goal.

ENTERPRISE OVERSIGHT AND POLICY

HHSC seeks to accomplish its first goal by improving business operations of health and human service agencies to maximize Federal Funds, improving efficiency in system operations, improving accountability and coordination through the system, and ensuring the timely and accurate provision of eligibility determination services for all individuals in need of Health and Human Services System programs. This goal has approximately 10,042 FTE positions per fiscal year. One function within this goal is Enterprise Oversight and Policy, and biennial funding totals $89.6 million in All Funds, including $41.7 million in General Revenue Funds.

FIGURE 168
HEALTH AND HUMAN SERVICES COMMISSION APPROPRIATIONS BY GOAL
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

HHSC has centralized financial policy for all the HHS agencies under Enterprise Oversight and Policy. The agency conducts all rate-setting activities for Medicaid, CHIP, and foster care and coordinates projects and initiatives to improve the delivery of health and human services through this strategy. For example, HHSC is leading efforts by health and human services agencies to comply with the federal Health Insurance Portability and Accountability Act (HIPAA). HIPAA requires changes in the way state agencies collect, store, and share healthcare data. HHSC's capital budget, as established in the agency's bill pattern of the General Appropriations Act (GAA), 2010–11 Biennium, allocates $6.6 million in All Funds for capital improvements related to HIPAA. Other programs include Guardianship, Community Resource Coordination Groups, Texas Integrated Funding Initiative, the Office for Prevention of Developmental Disabilities, Umbilical Cord Blood Bank grant program, the Office for the Elimination of Health Disparities, the Nurse Family Partnership, and other projects.

Through the Guardianship Program, HHSC coordinates an alliance of state agencies, local service providers, and local courts to develop a plan to protect incapacitated persons in Texas. The program supports court-appointed guardians who make decisions concerning the incapacitated person's welfare and financial affairs. The HHSC program is distinct from the guardianship program at DADS; the DADS program uses state employees and volunteers to act as guardians for elderly or disabled persons referred by DFPS.

The second function within this goal is Integrated Eligibility and Enrollment. Biennial funding totals $1,391.8 million in All Funds, including $593.1 million in General Revenue Funds. The function encompasses eligibility determination policy and support for various programs, including acute and long-term care Medicaid, TANF (cash assistance), Food Stamps, and CHIP. It also includes Healthy Marriage projects; outreach and application assistance for Food Stamps, Medicaid, and CHIP; nutrition education; the 2-1-1 Texas Information and Referral Network; maintenance of the Texas

Integrated Eligibility Redesign System and legacy eligibility automation applications; managed care enrollment; and issuance of Food Stamp and TANF benefits through electronic benefit cards. HHSC is in the process of in-sourcing certain eligibility and enrollment activities. Authority to increase staff and capital authority for this purpose is provided in the 2010–11 GAA, HHSC rider 44, Staffing and Capital Authorization in Lieu of Contracted Responsibilities. Similar authority for eligibility determination staff is provided in rider 61, Office of Eligibility Services Staffing.

The third function in this goal is Consolidated System Support. Biennial funding totals $284.2 million in All Funds, including $61.0 million in General Revenue Funds. This includes functions that have been consolidated at HHSC to obtain efficiencies in business support functions and eliminate overlap among HHS agencies, such as human resources, civil rights, and support services for regional offices. It also includes services that are not centralized, but are coordinated by HHSC, such as information technology, procurement, ombudsman services, and others. The agency also maintains the Health and Human Services Administrative System (HHSAS), an integrated financial and human resources software package known as PeopleSoft, on behalf of all the health and human services agencies.

TEXAS MEDICAID PROGRAM

The commission's second goal addresses the Title XIX Medicaid program of the federal Social Security Act. Medicaid is a jointly funded federal–state program that provides health insurance and other services primarily to low-income families, non-disabled children, related caretakers of dependent children, pregnant women, the elderly, and people with disabilities. The federal government contributes to the cost of Medicaid according to a match rate, or Federal Medical Assistance Percentage (FMAP), which is based on a comparison of the state's three-year average per capita income to the national per capita income. The FMAP is higher in states with lower per capita incomes. The FMAP determines the proportion of expenditures that is paid by the federal government.

ARRA provided states with increased FMAPs for four quarters of fiscal year 2010 and one quarter of fiscal year 2011. The adjusted hold harmless FMAP for client services in Texas is 60.56 percent for the affected federal fiscal year quarters. An across the board increase and an unemployment adjustment increase the state's projected FMAP to 68.43 in state fiscal year 2010 and to 61.56 in state fiscal year 2011; these are averages of the quarterly federal fiscal year FMAPs, adjusted to the state fiscal year; which is why they are different from the FMAPs found in **Figure 135**. These rates were assumed at the time the appropriations bill was passed. If unemployment continues to increase, so will the state's FMAP rate, through the first quarter of federal fiscal year 2011. Different rates are applied for other types of expenditures, such as certain information technology projects (90 percent), family planning services (90 percent), skilled medical professional services (75 percent), and administrative functions (50 percent).

As the single state agency designated to administer federal funds for medical assistance (Medicaid), HHSC must plan and direct the Medicaid program in each agency that operates a portion of the program. In administrating this function, the agency has the following responsibilities:

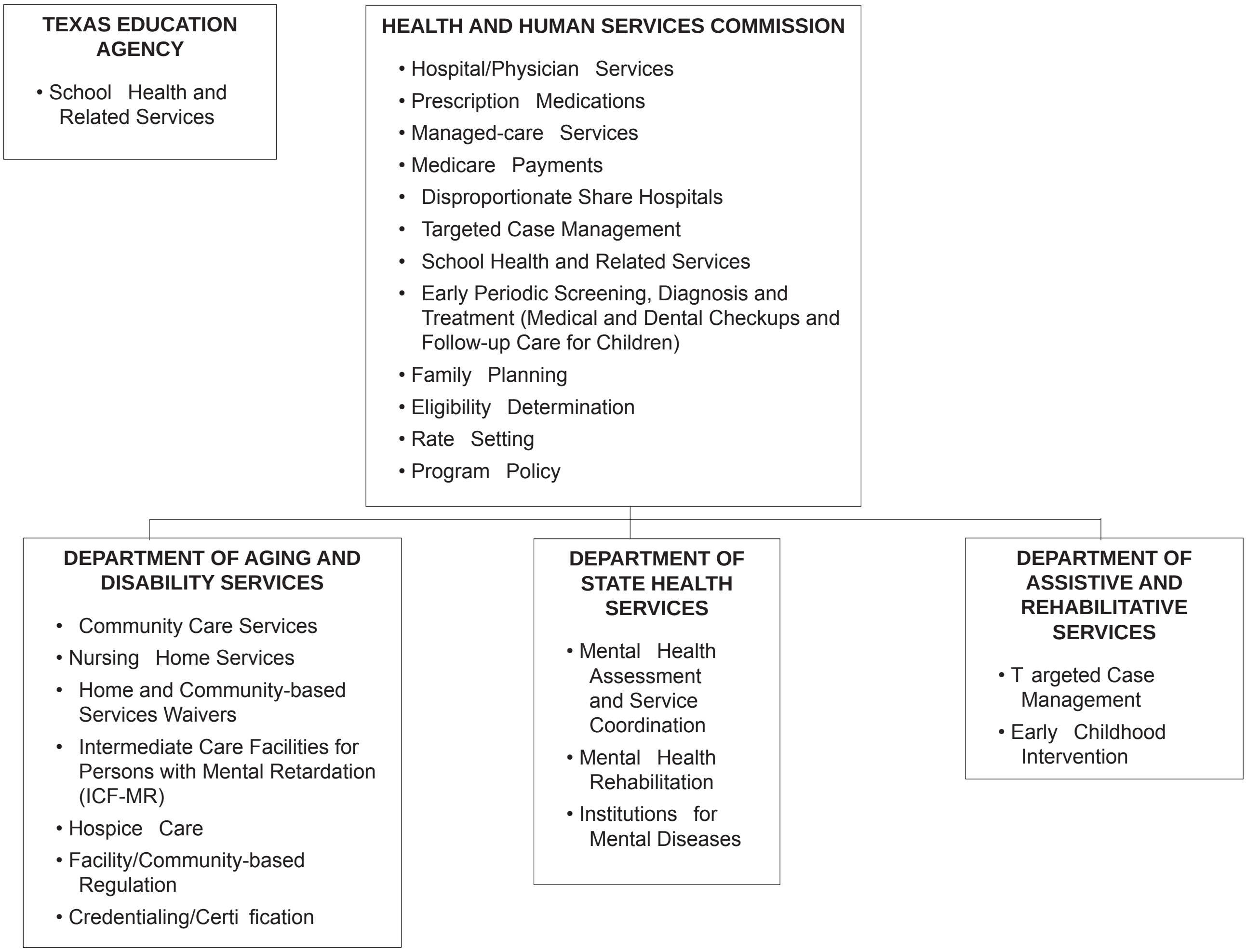
- serving as the primary point of contact with the federal government;
- establishing agreements with other state agencies to carry out technical operations and service delivery for the Medicaid program;
- overseeing Medicaid policies, rules, and operations carried out by the Medicaid operating agencies;
- overseeing and monitoring the Medicaid budget;
- evaluating and monitoring Medicaid programs;
- administering the Medicaid state plan;
- initiating and coordinating opportunities to maximize federal funding;
- facilitating the federally mandated Medical Care Advisory Committee;
- establishing Medicaid reimbursement rates; and
- designing Medicaid managed-care systems.

MEDICAID PROGRAM STRUCTURE

Pursuant to implementation of legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, five state agencies have primary responsibility for the delivery of services for the Texas Medicaid program (**Figure 169**):

- HHSC provides premium-based services, primarily hospital and physician services; outpatient prescription drugs; Medicare premiums, deductibles, and copayments for certain clients; targeted case-management for high-risk pregnancies; family

FIGURE 169
MEDICAID ORGANIZATION IN TEXAS
2010–11 BIENNIUM



SOURCES: Legislative Budget Board; Health and Human Services Commission.

planning; medical transportation; and managed care. The agency also provides medical and dental checkups with needed follow-up care through the Texas Health Steps Program, formerly known as the Early Periodic Screening Diagnosis and Treatment program.

- The Department of State Health Services provides mental health assessment and service coordination, rehabilitation services, and institutions for mental disease (mental health hospitals).
- The Department of Aging and Disability Services provides nursing home payments; community care services, including waivers from nursing home services; client functional eligibility determination; intermediate care facilities for persons with mental retardation; home and community-based waivers; hospice care; and regulation of long-term care facilities.
- The Department of Assistive and Rehabilitative Services provides targeted case management and early childhood intervention.
- The Texas Education Agency coordinates the School Health and Related Services Program.

MEDICAID ELIGIBILITY

Healthcare services are provided for certain client groups under Medicaid. Eligibility is based primarily on income and age, and eligible persons include the following groups:

- the categorically eligible, that is, impoverished persons eligible for TANF and disabled persons eligible for Supplemental Security Income (SSI);
- persons receiving medical assistance only, that is, low-income persons residing in institutions who would qualify for SSI except for certain income requirements;
- children up to age 19 whose families would qualify for TANF;
- children ages 6 through 18 living in families with incomes below 100 percent of the FPL ($18,310 for a family of three);
- children ages one through five whose families earn up to 133 percent of the FPL ($24,352 for a family of three);
- pregnant women in families with incomes up to 185 percent of the FPL;
- newborns born to a mother eligible for and receiving Medicaid at the time of birth or subsequently eligible, through the month of the child's first birthday, with incomes up to 185 percent of the FPL;
- medically needy children and pregnant women who meet an existing category for services if their family's income is spent down because of medical expenses to no more than 133 percent of the limit for TANF participation;
- Medicare beneficiaries who are also eligible for Medicaid (dual eligibles);
- certain persons with disabilities who pay a premium to buy into the Medicaid program; and
- foster care/adoption related groups such as:
- children through age 17 who are in the conservatorship of DFPS or are the subject of an adoption assistance agreement;
- youth through age 19 who live in paid foster care settings and are enrolled in an approved educational or vocational program; and
- youth through age 20 who were in foster care on their eighteenth birthday or later, with incomes no more than 400 percent of the FPL.

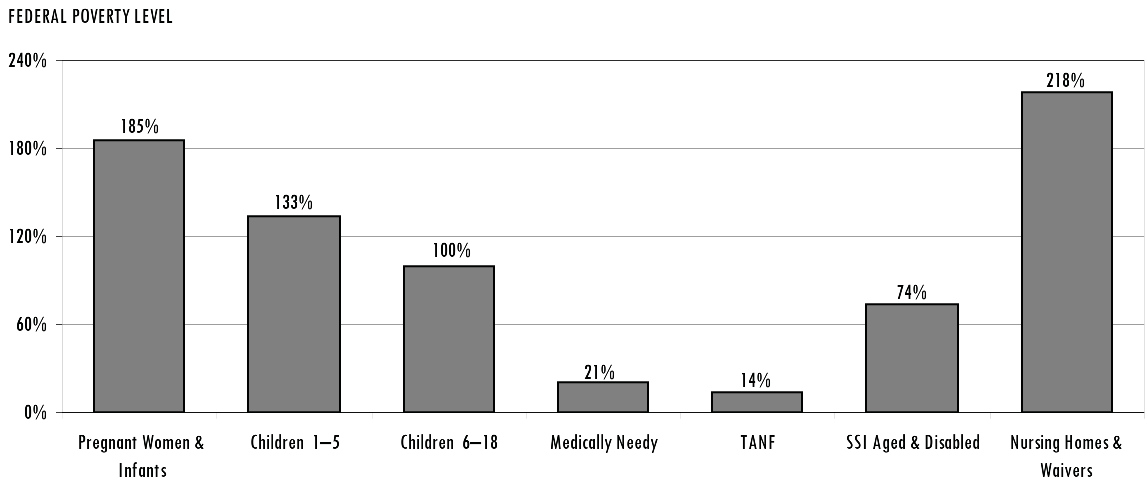
Figure 170 shows the 2009 FPL guidelines by size of family unit. Resource limits related to real and personal property also apply to certain client groups. **Figure 171** shows the percentage of the FPL at which various categories of clients receive Medicaid eligibility. Legal immigrants who have resided in the United States for less than five years are ineligible for any means-tested, federally funded programs, including CHIP and Medicaid. However, the Child Health Insurance Plan Reauthorization Act of 2009 allows states to

FIGURE 170
HEALTH AND HUMAN SERVICES FEDERAL POVERTY GUIDELINES (FEDERAL POVERTY LEVEL), 2009

SIZE OF FAMILY UNIT	100% FPL	14% FPL	21% FPL	74% FPL	133% FPL	185% FPL	200% FPL	218% FPL
1	**$10,830**	$1,516	$2,274	$8,014	$14,404	$20,036	$21,660	$23,609
2	**$14,570**	$2,040	$3,060	$10,782	$19,378	$26,955	$29,140	$31,763
3	**$18,310**	$2,563	$3,845	$13,549	$24,352	$33,874	$36,620	$39,916
4	**$22,050**	$3,087	$4,631	$16,317	$29,327	$40,793	$44,100	$48,069
5	**$25,790**	$3,611	$5,416	$19,085	$34,301	$47,712	$51,580	$56,222
6	**$29,530**	$4,134	$6,201	$21,852	$39,275	$54,631	$59,060	$64,375
7	**$33,270**	$4,658	$6,987	$24,620	$44,249	$61,550	$66,540	$72,529
8	**$37,010**	$5,181	$7,772	$27,387	$49,223	$68,469	$74,020	$80,682
For each additional person	**$3,740**	$524	$785	$2,768	$4,974	$6,919	$7,480	$8,153

NOTE: FPL = Federal Poverty Level.
SOURCES: Legislative Budget Board; U.S. Department of Health and Human Services.

FIGURE 171
MEDICAID ELIGIBILITY LEVELS IN TEXAS
FISCAL YEAR 2010



NOTES: Federal poverty level (100%) for a family of three is $18,310 for calendar year 2009. Nursing home clients must contribute all income, except a $60 personal needs allowance, toward the cost of care. Represents net income after allowable deductions. Certain youth in foster care/adoption settings are covered through age 21.
SOURCE: Health and Human Services Commission.

remove the waiting period in CHIP. Under this circumstance, and due to the interaction with state law, legal immigrants must be covered under Medicaid as well. Therefore, matching federal CHIP funds are assumed for 2010–11 for eligible documented immigrants.

Individuals can also receive assistance under Supplemental Medical Insurance Benefits, which are payments for Title XVIII (Medicare) Part A and Part B premiums of eligible persons with disabilities and eligible persons age 65 and older. Additionally, the agency pays the deductibles and coinsurance liabilities for qualified Medicare beneficiaries who meet certain income limits and who have resources no more than twice the limits for the SSI program.

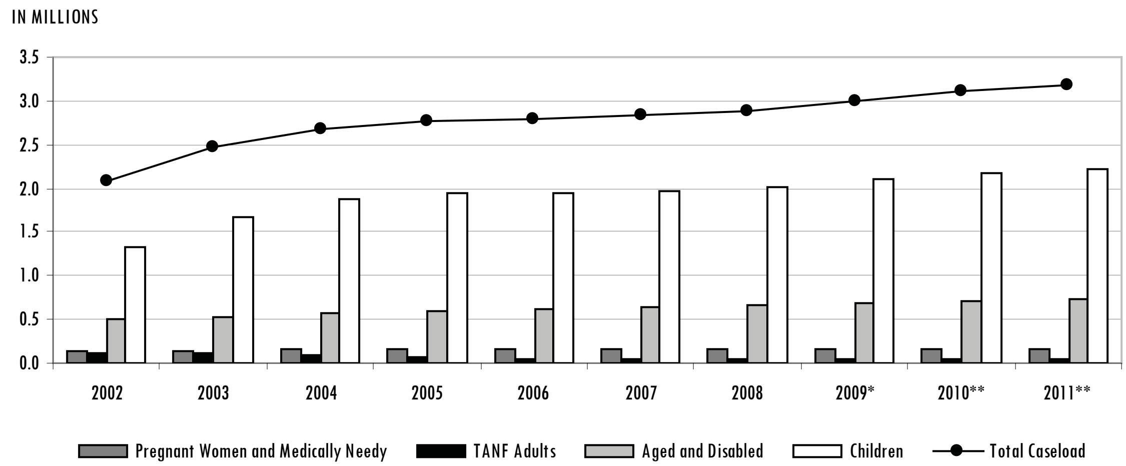
MEDICAID ACUTE CARE OPERATIONS

Appropriations for the Medicaid goal total $31.1 billion for the 2010–11 biennium, which is 86.9 percent of total agency appropriations. The Medicaid goal includes $11.1 billion in General Revenue Funds, or 35.7 percent of Medicaid funding. This amount includes approximately $463.5 million in General Revenue Funds from Tobacco Settlement receipts. FTE positions for the goal total 678.9 in each fiscal year. Funding is included to maintain Medicaid expenditures related to the Frew expenditure plan for rate adjustments and the corrective action plan. The plan is a result of the Frew v. Hawkins lawsuit, which alleged the state was not providing sufficient services to certain children recipients of Medicaid. An unexpended balance (estimated to be $113.0 million in General Revenue Funds) from fiscal year 2009 is assumed to provide sufficient funding for strategic initiatives related to the Frew expenditure plan.

HHSC provides a range of acute care services. Federally required healthcare services include inpatient and outpatient hospital services, physician services, laboratory and x-ray services, certified nurse-midwife services, certified family nurse-practitioners, rural health clinic services, and federally qualified health center services. HHSC also provides a number of services that are approved, but not required, by the federal government: medically necessary prescription drugs, birthing center services, and maternity clinic services. In addition, the Medicaid program pays for health services provided to undocumented persons receiving emergency care.

As shown in **Figure 172**, overall Medicaid acute care caseloads have increased since fiscal year 2002, with a significant increase in fiscal year 2003. Caseload growth slowed during the 2004–05 biennium, due in part to policy changes enacted by the Seventy-eighth Legislature, 2003, which included elimination of certain optional services. Although these services were restored, growth remained low from 2006 to 2008. The change in eligibility determination systems and associated delays and errors in processing applications and renewals may have affected caseload growth. The Frew

FIGURE 172
MEDICAID ACUTE CARE CASELOADS
FISCAL YEARS 2002 TO 2011



*Estimated
**Target established in the General Appropriations Act, 2010–11 Biennium.
Source: Health and Human Services Commission.

expenditure plan appears to have driven an increase in children's caseloads, starting in 2009. However, growth may also be the result of the economic downturn which began in late 2007. The downturn could be driving an overall increase in applications for Medicaid and in the number of persons determined eligible for the program.

The Medicaid goal is divided into four objectives: (1) Medicaid Health Services; (2) Other Medicaid Services; (3) Special Services for Children; and (4) Medicaid Support. The first objective under the Medicaid goal addresses the delivery of Medicaid acute care health services.

The Medicaid Health Services objective includes the following:

- Medicare and SSI;
- TANF Adults and Children;
- Pregnant Women;
- Children and Medically Needy;
- Medicare Payments; and
- STAR+PLUS (Integrated Managed Care).

These provide payments to physicians, hospitals, and managed care entities for health services. The objective also includes payments for Medicare premiums and cost-sharing for eligible Medicaid recipients. Biennial funding for these six functions for the 2010–11 biennium totals $21.7 billion, including $7.4 billion in General Revenue Funds. FTE positions total 203.4 in each fiscal year.

The Other Medicaid services objective includes the following:

- Cost-reimbursed Services;
- Medicaid Vendor Drug Program;
- Medical Transportation;
- Medicaid Family Planning; and
- Upper Payment Limit.

These provide funding for Medicaid health services that are cost-reimbursed, for prescription drug expenditures, for transportation of certain clients to doctor appointments, for family planning services, and to make upper payment limit payments. The state's Vendor Drug Program contracts with pharmacies to provide prescription drugs to Medicaid recipients. The program collects rebates from drug manufacturers as negotiated by the federal government and began collecting supplemental rebates in 2004 through manufacturers' participation in the preferred drug list initiative authorized by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. Included in the Vendor Drug Program is the Medicare Give Back Provision (also referred to as "clawback"). This is the phased-down state contributions to the federal government for prescription drug expenses of Medicaid clients who are dually eligible for Medicare. This prescription drug program is known as Part D of the 2003 Medicare Modernization Act.

Upon enactment of Senate Bill 10, Eightieth Legislature, 2007, the medical transportation program, funding, and FTE positions transferred to HHSC during the 2008–09 biennium. Funding for the Other Medicaid Services for the 2010–11 biennium totals $6.6 billion, including $2.8 billion in General Revenue Funds. FTE positions total 408.4 for each fiscal year.

The Special Services for Children objective includes the following:

- Health Steps Medical;
- Health Steps Dental; and
- Health Steps Comprehensive Care.

These provide funding for the Early and Periodic Screening, Diagnosis, and Treatment (ESPDT) program, known in Texas as Texas Health Steps. These are medical, dental, and other services (i.e., case management, durable medical equipment, private nursing, and therapies) that are provided to poor children. The program provides any medically necessary and appropriate healthcare service covered by Medicaid. Funding for these three functions for the 2010–11 biennium totals $2.8 billion, which includes $987.6 million in General Revenue Funds. FTE positions total 33.1 in each fiscal year.

STATE MEDICAID OFFICE

Many of the agency's Medicaid-related responsibilities are achieved through the State Medicaid Office, which resides in objective four, Medicaid Support. Biennial funding totals $43.1 million, including $0.7 million in General Revenue Funds, and provides for 34 FTE positions in each fiscal year. Important areas overseen by the State Medicaid Office include eligibility policy, program structure and expenditures, and managed care.

DISPROPORTIONATE SHARE HOSPITAL REIMBURSEMENT PROGRAM

Another major component of the Medicaid program, the Disproportionate Share Hospital (DSH) Reimbursement Program, makes payments to university teaching hospitals and qualifying public, private, and nonprofit hospitals that serve disproportionately high numbers of medically needy indigent patients. Local government and hospital expenditures are used to draw down matching Federal Funds, up to the maximum established by the federal government. Texas' federal DSH allotments are projected to total approximately $984 million each year of the 2010–11 biennium. DSH payments to local hospitals are not reflected in the 2010–11 GAA.

UPPER PAYMENT LIMIT

The Upper Payment Limit (UPL) program provides supplemental payments to hospitals for inpatient and outpatient services provided to Medicaid patients. The supplemental payments represent the approximate difference between Medicaid and Medicare reimbursement levels. Hospitals participating in the program include state-owned teaching hospitals and non-state-owned public, private, and nonprofit hospitals. The Children's Hospital UPL is funded with $21.1 million in General Revenue Funds and $60.2 million in All Funds for the biennium. All other UPL programs use intergovernmental transfers as the state match to draw down Federal Funds and are not included in the 2010–11 GAA.

MANAGED CARE

Managed care refers to a system of health care reimbursements in which a physician is paid by a health maintenance organization (HMO), or similar entity, for providing a package of services to a recipient. HHSC pays the HMO a monthly premium to finance and coordinate the services delivered. Fee-for-service reimbursement is the traditional health care payment system, under which providers receive a payment for each unit of service they provide. HHSC has administrative oversight of the following managed care programs.

STATE OF TEXAS ACCESS REFORM (STAR) PROGRAM

The State Medicaid Office coordinates implementation of Medicaid initiatives, such as managed care. Under a managed-care delivery system, the overall care of a patient is overseen by a single provider or organization (health maintenance organization, or HMO) to improve medical access and quality while holding down costs. In 1993, Texas began a managed-care pilot for acute care health services, known as the State of Texas Access Reform (STAR) Program. In subsequent years, Texas incrementally expanded the STAR Program to most urban areas. It serves primarily women and children who are eligible for Medicaid services due to their family income level. Two managed care models, HMO and Primary Care Case Management (PCCM), deliver the services.

PCCM is a network of providers and hospitals administered by HHSC that provide case management of the recipient's care in a non-managed care area for a flat monthly fee. A fee-for-service type of arrangement pays for medical services. PCCM was withdrawn from all major urban areas that implemented Medicaid HMOs in December 2006. It is available in over 200 mostly rural counties in the state.

STAR+PLUS PROGRAM

Health and human services agencies implemented the STAR+PLUS model in Houston in 1997. This program integrates acute care and long-term care (community care and nursing facility care) into one service-delivery system through managed care. The model once covered hospital and physician services plus community-based care and nursing home care under a single negotiated or capitated payment. In addition to the standard package of Medicaid benefits for the aged and those with disabilities, participants in the project have access to unlimited medically necessary prescriptions. (Currently, the state limits adult Medicaid recipients in community settings not participating in a waiver to a maximum of three prescriptions per month). During the 2006–07 biennium, pursuant to legislative direction, HHSC and local officials agreed to separate hospital payments from the capitated rates to preserve existing UPL funding. Further instructed by the Legislature, HHSC expanded the STAR+PLUS model to Bexar, Nueces, Travis, and Harris-contiguous counties during fiscal year 2007. HHSC plans to expand STAR+PLUS to Dallas and Tarrant counties during fiscal year 2011.

NORTHSTAR PROGRAM

HHSC oversees the integration of behavioral health and substance abuse services in an initiative known as the NorthSTAR project. It is operated by the Department of State Health Services and is intended to integrate publicly funded systems of mental health and chemical dependency services. NorthSTAR was implemented in the Dallas service area in July 1999 and currently operates in Dallas and contiguous counties. It uses Medicaid funding, state General Revenue Funds, and block grant Federal Funds to create a coordinated system of public behavioral healthcare.

COMPREHENSIVE CARE FOR FOSTER CARE CHILDREN/STAR HEALTH

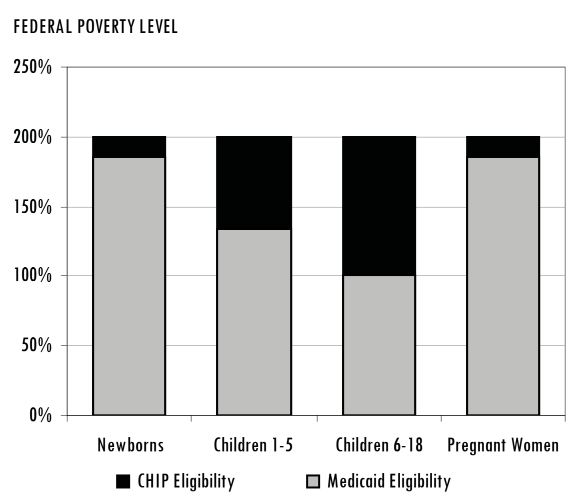
The Seventy-ninth Legislature, Regular Session, 2005, directed HHSC to develop a statewide healthcare delivery system for children in foster care. The model, which went into effect in April 2009, allows for coordination of medical, dental, and behavioral healthcare. Each child has a medical home with a primary care physician who coordinates care and referrals. Additionally, each child has a web-based health passport, containing medical history, providers, and drugs prescribed.

INSURE CHILDREN

HHSC's third goal is to insure children whose family income is above Medicaid standards, but is not higher than 200 percent of the FPL. **Figure 173** shows CHIP and Medicaid income eligibility requirements for children and pregnant women. As of August 31, 2009, there were 556,443 recipients enrolled in CHIP. This amount includes 65,840 perinates and mothers resulting from the perinatal benefit implemented during the 2006–07 biennium. **Figure 174** shows average monthly CHIP enrollment. Implementation of House Bill 109, Eightieth Legislature, 2007, altered eligibility and enrollment policies in CHIP and contributed to an increase in enrollment.

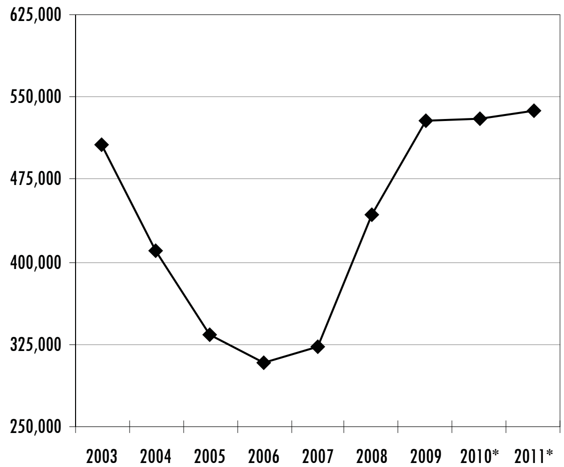
Biennial funding for this goal totals $2,019.7 million in All Funds, which includes $624.2 million General Revenue Funds, or 30.9 percent, of the total. Tobacco Settlement receipts account for most of the General Revenue Funds, $596.5 million. Client cost sharing, vendor drug rebates, and

FIGURE 173
INCOME ELIGIBILITY FOR CHILDREN AND PREGNANT WOMEN
FISCAL YEAR 2009



NOTES: Medicaid covers pregnant women of all ages up to 185 percent of the federal poverty level (FPL). CHIP currently covers pregnant women up to age 18 who are ineligible for Medicaid up to 200 percent FPL. The CHIP Perinatal benefit covers pregnant women of all ages between 185 and 200 percent FPL; however the federal government may require changes to the program during fiscal year 2010. The "Children 1-5" category includes some newborns.
SOURCE: Health and Human Services Commission.

FIGURE 174
AVERAGE MONTHLY CHIP ENROLLMENT
FISCAL YEARS 2003 TO 2011



*Target established in the General Appropriations Act, 2010–11 Biennium.
NOTE: Targets 2008–11 reflect expansion pursuant to House Bill 109, Eightieth Legislature.
SOURCE: Legislative Budget Board.

experience rebates contribute to the remaining General Revenue Funds.

The goal includes five strategies:

- Children's Health Insurance Program (CHIP);
- Immigrant Health Insurance;
- School Employee Children Insurance;
- CHIP Perinatal Services; and
- CHIP Vendor Drug Program.

CHILDREN'S HEALTH INSURANCE PROGRAM

The Children's Health Insurance Program (CHIP) is a federal–state program that insures children (ages 0 to 18) whose family income is above Medicaid standards, but is less than 200 percent of the FPL. The income limit for a family of three is $36,620 for fiscal year 2009. Funding for CHIP for the 2010–11 biennium totals $1,123.8 million in All Funds, including $333.9 million in General Revenue Funds, and provides for 36.6 FTE positions.

The federal government contributes to the cost of CHIP according to a match rate, or Enhanced Federal Medical Assistance Percentage (EFMAP). A state's EFMAP is a percentage of the state's match rate for Medicaid, or Federal Medical Assistance Percentage (FMAP), which is based on a comparison of the state's three-year average per capita income to the national per capita income. The FMAP is higher in states with lower per capita incomes. The EFMAP for state fiscal year 2010 is 71.15 percent compared with the Medicaid program's ARRA-enhanced stimulus FMAP of 68.43 percent.

CHIP coverage is offered statewide through either contracted health maintenance organizations (HMO) or exclusive provider organizations (EPO). HHSC is responsible for CHIP policy and contracting for administrative, marketing, and HMO/EPO services.

Services include the following benefits:

- inpatient and outpatient hospital services;
- prescription medications;
- laboratory and diagnostic tests;
- well-child exams and preventive health services, such as hearing screening and immunizations;
- physician's office visits and hospital care;
- vision, dental, mental health, tobacco cessation, chiropractic, hospice, and skilled nursing benefits;
- home and community health services, such as speech, physical and occupational therapy, and nursing care;
- emergency care transportation services; and
- durable medical equipment, prosthetic devices, and disposable medical supplies.

The state requires an annual enrollment fee, which is based on the size of the applicant's family and monthly income and ranges from $0 to $50 per year.

IMMIGRANT CHILDREN HEALTH INSURANCE

Legislation enacted by the Seventy-sixth Legislature, 1999, established a health insurance program for certain legal immigrants (ages 0 to 18) who are income eligible for CHIP. Immigrant health insurance benefits are identical to CHIP benefits, but funded solely with General Revenue. Documented immigrants who have resided in the United States for less than five years are ineligible for any means-tested, federally funded programs, including CHIP and Medicaid. However, the Child Health Insurance Plan Reauthorization Act of 2009 allows states to remove the waiting period. Therefore, matching federal funds are assumed for 2010–11. Biennial funding for Immigrant

Health Insurance totals $34.4 million in All Funds, including $10.0 million in General Revenue Funds.

SCHOOL EMPLOYEE CHILDREN INSURANCE PROGRAM

Funding is included for children of school employees who would otherwise qualify for CHIP. Under the federal legislation that created CHIP, children of school employees are not eligible for participation in CHIP. Therefore, the program is entirely state-funded. Biennial funding for School Employee Children Insurance totals $35.3 million in the 2010–11 biennium.

CHIP PERINATAL SERVICES

In January 2007, HHSC implemented a new CHIP benefit that expands prenatal care to low-income women. Medicaid currently provides prenatal services to pregnant women who are U.S. citizens and have incomes up to 185 percent of the FPL. The CHIP perinatal benefit provides perinatal coverage to women (ages 19 and older) with incomes between 185 percent and 200 percent of the FPL. The program also provides perinatal coverage to immigrant women who would otherwise receive Medicaid emergency services only. Eligibility for the CHIP perinatal benefit is for the perinate, or unborn child. Medicaid also covers services to newborns. The CHIP perinatal benefit has allowed the state to receive the enhanced CHIP match rate for services for certain newborns, which would otherwise be provided at the Medicaid match rate. However, due to clarified federal guidance, it is likely the CHIP perinatal program will be discontinued during the 2010–11 biennium, at a cost to General Revenue. Biennial funding for CHIP Perinatal Services totals $577.5 million in All Funds, including $167.6 million in General Revenue Funds. **Figure 173** shows CHIP and Medicaid income eligibility requirements for children and pregnant women.

CHIP VENDOR DRUG PROGRAM

The CHIP Vendor Drug Program operates similarly to the Medicaid Vendor Drug Program. HHSC operates a voluntary rebate program for preferred drugs in lieu of a preferred drug list required by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003. Prior authorization is required for prescribed drugs not included on the preferred drug list. For the 2010–11 biennium, funding totals $248.7 million in All Funds, including $77.5 million in General Revenue Funds. Included in this amount is $9.3 million from vendor drug rebates.

ENCOURAGE SELF-SUFFICIENCY

The agency's fourth goal is to encourage self-sufficiency and long-term independence from public assistance by providing comprehensive support and preventive services for low-income families. HHSC accomplishes this goal through the following: (1) TANF Grants; (2) Refugee Assistance; (3) Disaster Assistance; (4) Family Violence Services; and (5) Alternatives to Abortion. Appropriations for the 2010–11 biennium total $325.5 million in All Funds and provide for 22.1 FTE positions. This amount includes $156.7 million in General Revenue Funds, or 48.1 percent of the appropriations, and $168.9 million in Federal Funds, or 51.9 percent.

TANF GRANTS

TANF Federal Funds are distributed to states as block grants. To be eligible for TANF Federal Funds, states are required to maintain state spending at a percentage of fiscal year 1994 spending (maintenance of effort). Most General Revenue Funds for TANF Maintenance of Effort are appropriated to HHSC and the Texas Workforce Commission. States have broad flexibility to use TANF Federal Funds in any manner that meets the program's purposes. TANF Federal Funds are appropriated to health and human services agencies for TANF grants, eligibility determination, alternatives to abortion, family violence services, mental and behavioral health services, family planning services, Early Childhood Intervention services, Child Protective Services, and foster care payments. If additional TANF Federal Funds become available, the funds are appropriated in Article IX of the 2010–11 GAA.

TANF grants provide time-limited cash assistance to families with children who have incomes below 13 percent of the FPL. Grants are provided to single-parent families and to two-parent families in which one or both parents are unemployed or have a disability. The monthly cash grant amount paid to a family is based on household size, income, and the family's basic needs. The maximum monthly cash grant for a family of three is set by the 2010–11 GAA at no less than 17 percent of the FPL, adjusted annually. For fiscal year 2010, the maximum monthly cash grant for a family of three is estimated to be $260. Additionally, most TANF recipients are eligible to receive Supplemental Nutritional Assistance Program (food stamp) benefits and Medicaid services.

The Eighty-first Legislature, Regular Session, 2009, maintained existing TANF policies, which provide for earned income disregards, one-time grants of $1,000 for grandparents, one-time payments of $1,000 to families opting out of regular cash assistance, a TANF grant level at 17 percent of poverty, once-a-year supplemental payments of $30 per child (these will increase to $105 in fiscal years 2009 and 2010 due to receipt of ARRA TANF funding), the exclusion of a new spouse's income for the first six months of marriage, an asset limit of $1,000, and a vehicle exemption of $4,650 for all families.

Biennial funding for TANF Grants totals $217.6 million. This amount includes $131.4 million in General Revenue Funds, or 60.4 percent, and $86.2 million in Federal Funds, or 39.6 percent.

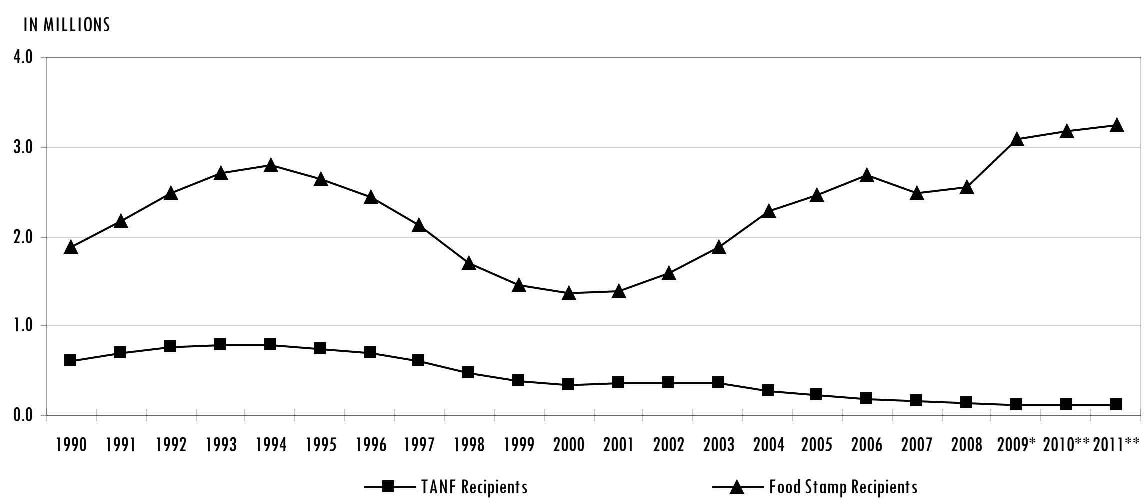
TANF Grants funding in 2010–11 is $6.5 million more in All Funds than estimated expenditures for the 2008–09 biennium due to anticipated ARRA funding for one-time grants. Caseloads declined from 2004 to 2009 due to the continuing effect of full-family sanctions and due to fewer applications processed and an increase in denied applications. Adult recipients are required to sign a Personal Responsibility Agreement (PRA) that includes requirements for participation in training, education, or work programs; child support collection efforts; school attendance; and child immunizations and health checkups. Under full family sanctions, the failure of a parent to cooperate with a requirement of the PRA can cause the entire family to lose its cash assistance.

Additionally, the length of time individuals may receive TANF assistance is limited by federal and state laws that emphasize helping clients make the transition into employment. The HHSC Texas Works Program encourages individuals to find employment instead of applying for benefits. Unless exempted, adults who receive cash assistance must actively seek work or participate in job-preparation activities. If individuals fail to comply with this or other requirements, there may be sanctions or their benefits may be denied. The Texas Workforce Commission provides employment and child-care services to help clients secure and maintain employment. A small decrease in the TANF Grants caseload from fiscal year 2009 to fiscal year 2011 is anticipated. **Figure 175** shows changes in the TANF caseload from 1990 to 2009.

REFUGEE ASSISTANCE PROGRAM

The Refugee Assistance program helps refugees become self-sufficient by providing temporary cash and medical assistance, employment services, and English-language instruction. These activities are funded almost entirely by Federal Funds. The number of refugees receiving services per month has increased from 7,789 in fiscal year 2007 to 11,855 refugees in fiscal year 2008 and 25,757 refugees in fiscal year 2009. Refugee arrivals have outpaced initial estimates. Biennial funding for 2010–11 totals $49.0 million, which is almost entirely Federal Funds, and provides for 9.0 FTE positions.

FIGURE 175
TANF AND FOOD STAMP CASELOADS
FISCAL YEARS 1990 TO 2011



*Estimated.
**TANF target established in the General Appropriations Act, 2010–11 Biennium. Food stamp recipients are estimated.
Source: Health and Human Services Commission.

DISASTER ASSISTANCE

HHSC administers the Other Needs Assistance provision of the Federal Assistance to Individuals and Households Program (IHP), which provides financial assistance to victims of floods, hurricanes, tornadoes, and other disasters when insurance and other avenues of recovery are exhausted. Funding for disaster assistance is made available when a disaster is declared by the President of the United States. Typically, 75 percent of the funding is provided by the Federal Emergency Management Agency (FEMA) and the state funds the remaining 25 percent.

The maximum IHP grant is now $28,800, to be adjusted annually by FEMA based on the Consumer Price Index. The maximum IHP grant covers housing assistance provided directly by FEMA and other needs assistance provided by HHSC. The grants do not have to be repaid. In addition to managing the grant program, HHSC is the state agency responsible for coordinating the purchase and delivery of water and ice during natural disasters.

While money is not explicitly appropriated for disasters, Article IX, Section 14.04 Disaster Related Transfer Authority in the 2010–11 GAA allows for the transfer of funding from one or more agencies to address funding needs in response to a disaster.

FAMILY VIOLENCE

HHSC provides emergency shelter and support services to victims of family violence and their children, educates the public, and provides training and prevention support to various agencies. The agency contracts with residential and nonresidential centers. Services include shelter, transportation, legal assistance, medical assistance, educational arrangements for children, and employment assistance. The Eighty-first Legislature, Regular Session, 2009, appropriated funds to provide family violence services to approximately 80,942 victims and their dependents for fiscal year 2010 and fiscal year 2011. Biennial funding totals $51.0 million in All Funds, including $21.8 million in General Revenue Funds, and provides for 13.1 FTE positions.

ALTERNATIVES TO ABORTION

Alternatives to Abortion provides pregnancy support services, including information and referrals, which promote childbirth. Some material services, such as maternity clothes and car seats are also made available. HHSC provides grants or contracts with service providers to expand access to these types of services. Biennial funding totals $8.0 million in All Funds, including $3.0 million in General Revenue Funds and $5.0 million in Federal Funds (TANF).

FOOD STAMPS PROGRAM

HHSC administers the federal Food Stamp Program in Texas. The program helps low-income families who have net incomes below 100 percent of the FPL and countable resources of less than $5,000 to purchase food. HHSC estimates that $2.7 billion worth of Food Stamps will be issued in fiscal year 2010 and in fiscal year 2011. **Figure 175** shows changes in the Food Stamp caseload for fiscal years 1990 to 2011. Food Stamp benefits are federally funded and do not appear in the HHSC appropriation. Funding is appropriated to HHSC for administrative expenditures, including eligibility determination and information technology projects, related to the Food Stamp Program. Administrative expenditures are financed equally with state and federal funds; however, ARRA provides $27.6 million in Federal Funds for federal fiscal years 2009 and 2010 which will serve to reduce the total administrative expenditures that must be matched with state funds.

INFORMATION TECHNOLOGY PROJECTS

The agency's sixth goal contains the capital components of the project known as the Texas Integrated Eligibility Redesign System (TIERS) and supporting technology. TIERS is being implemented under the lead of the Health and Human Services Commission; the agency expects the continued transition to the use of call centers for eligibility determination to occur during the 2010–11 biennium. The call centers will use the TIERS application to process eligibility for services; as of September 2009, seventeen percent of the caseload statewide is in TIERS. The TIERS project is expected to improve the eligibility-determination process by replacing outmoded information systems and giving clients easier access to information and assistance. Biennial funding for the goal totals $146.8 million in All Funds, including $70.1 million in General Revenue Funds.

OFFICE OF INSPECTOR GENERAL

The Office of Inspector General (OIG) investigates fraud, waste, and abuse in the provision of all health and human services, enforces state law relating to the provision of those services, and provides utilization assessment and review of both clients and providers. The OIG works closely with the Office of the Attorney General to prosecute provider fraud and ensure no barriers exist between the two offices for fraud referrals. The agency may impose payment holds on providers to compel the production of records and issue subpoenas with the approval of the HHSC commissioner. Biennial funding for the Office of Inspector General totals $102.7 million, including $33.8 million in General Revenue Funds, and provides for 659.5 FTE positions.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, 2009, enacted several bills that affect HHSC.

House Bill 4586 is a supplemental appropriations bill that provides funding for fiscal year 2009. Appropriations include a general supplemental appropriation of $1,875.7 million in All Funds, including $759.1 million in General Revenue Funds, for the acute care Medicaid program. The legislation includes $323.9 million in General Revenue Funds for the Medicare Giveback, due to the funding veto. It appropriates $6.7 million in red-light camera trauma funds. The legislation also contains Federal Funds (ARRA) for the Medicaid program (and an identical General Revenue reduction).

A contingency appropriation for Senate Bill 7 (did not pass) in the 2010–11 GAA provides authority for the agency to implement provisions of legislation that did pass, including House Bill 1218, Senate Bill 870, and Senate Bill 203. Provisions include a pilot program for obesity prevention, audits of hospitals receiving Disproportionate Share Hospital funds, collection of hospital data showing conditions present upon patient admission, the establishment of an electronic health exchange system for Medicaid and CHIP, and the denial of hospital payment for adverse health events.

Senate Bill 187 creates a Medicaid Buy-In program for children with significant health concerns and certain disabilities.

House Bill 216 directs the agency to develop model standards for the operation of boarding homes that may be used by local governments to regulate these facilities. Boarding homes are facilities that serve three or more elderly or disabled individuals unrelated to the owner; these homes are currently unregulated.

House Bill 1990 requires HHSC to establish a pilot program to provide diabetes self-management training to certain persons enrolled in Medicaid who meet specific criteria.

House Bill 1966 requires HHSC to develop an e-prescribing implementation plan under the Medicaid and CHIP Vendor Drug Program. The plan must be designed to improve patient safety and to standardize electronic prescribing systems used in the programs.

6. EDUCATION

*As shown in **Figure 176**, All Funds appropriations (excluding American Recovery and Reinvestment Act funds) for education for the 2010–11 biennium total $75.4 billion, or 41.4 percent of all state appropriations. This amount is an increase of $1 billlion, or 1.4 percent, from the 2008–09 biennium. **Figure 177** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal years 2006 to 2011.*

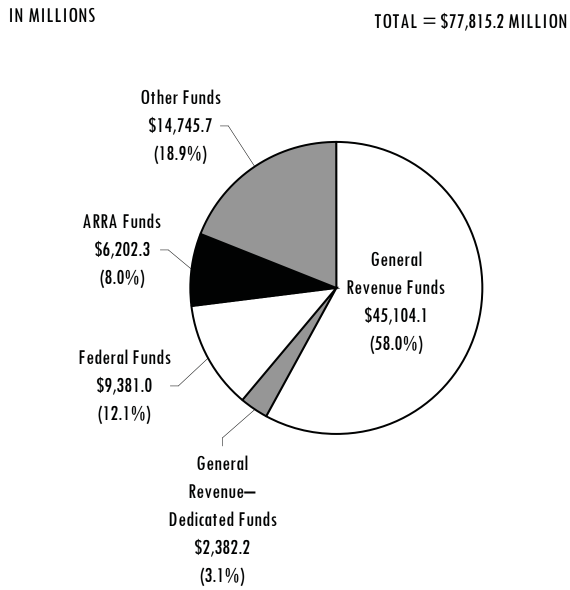
FIGURE 176
ALL FUNDS APPROPRIATIONS FOR EDUCATION
2010–11 BIENNIUM

IN MILLIONS

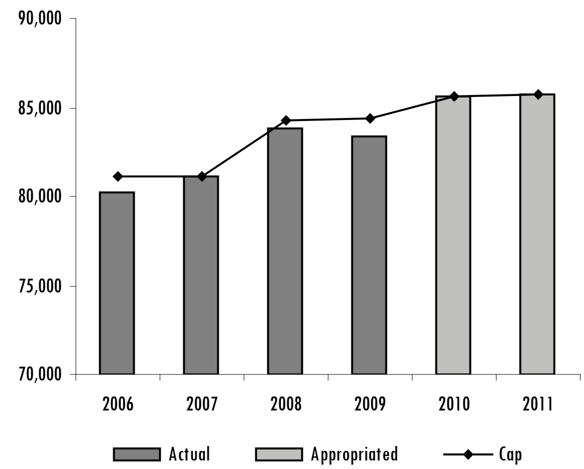
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC EDUCATION				
Texas Education Agency	$49,453.8	$49,089.7	($364.1)	(0.7)
School for the Blind and Visually Impaired	140.1	76.1	(64.0)	(45.7)
School for the Deaf	47.4	50.4	2.9	6.2
SUBTOTAL, PUBLIC EDUCATION	**$49,641.4**	**$49,216.2**	**($425.2)**	**(0.9)**
PUBLIC HIGHER EDUCATION				
General Academic Institutions	$6,116.7	$6,291.0	$174.3	2.8
Health-related Institutions	7,527.1	7,724.0	196.8	2.6
Texas A&M Service Agencies	871.2	876.8	5.7	0.6
Higher Education Fund	525.0	525.0	0.0	0.0
Available University Fund	1,024.0	1,070.2	46.3	4.5
Higher Education Coordinating Board	1,284.0	1,734.8	450.7	35.1
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$1,881.5	$1,859.2	($22.2)	(1.2)
Lamar State Colleges	68.3	67.2	(1.1)	(1.6)
Texas State Technical Colleges	164.4	178.3	13.9	8.4
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$2,114.2**	**$2,104.8**	**($9.4)**	**(0.4)**
SUBTOTAL, HIGHER EDUCATION	**$19,462.2**	**$20,326.6**	**$864.4**	**4.4**
Teacher Retirement System	3,761.9	4,005.0	243.2	6.5
Optional Retirement Program	285.5	294.7	9.1	3.2
Higher Education Employees Group Insurance Contributions	853.0	1,124.4	271.4	31.8
Retirement and Group Insurance	52.1	58.4	6.3	12.1
Social Security and Benefits Replacement Pay	518.9	554.9	36.0	6.9
SUBTOTAL, EMPLOYEE BENEFITS	**$5,471.4**	**$6,037.4**	**$566.0**	**10.3**
Bond Debt Service Payments	3.2	13.6	10.4	322.0
Lease Payments	12.6	5.9	(6.7)	(53.2)
SUBTOTAL, DEBT SERVICE	**$15.8**	**$19.5**	**$3.7**	**23.3**
Less Interagency Contracts	$148.6	$147.9	($0.7)	(0.5)
TOTAL, ARTICLE III – EDUCATION	**$74,442.2**	**$75,451.7**	**$1,009.6**	**1.4**
ARRA Approriations, Article XII[3]	$0.0	$2,363.5	$2,363.5	NA
GRAND TOTAL, EDUCATION	**$74,442.2**	**$77,815.2**	**$3,373.1**	**4.5**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 177
EDUCATION APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

FIGURE 178
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) APPROPRIATIONS FOR EDUCATION
2010–11 BIENNIUM

IN MILLIONS AGENCY	REGULAR ALL FUNDS APPROPRIATIONS	ARRA (ART. XII) APPROPRIATIONS FEDERAL FUNDS	ARRA (ART. XII) APPROPRIATIONS GENERAL REVENUE	TOTAL ARRA (ART. XII) APPROPRIATIONS[1]	TOTAL APPROPRIATIONS
Texas Education Agency	$49,089.7	$5,875.4	($3,611.8)	$2,263.6	$51,353.3
Higher Education Coordinating Board	$1,734.8	$80.0	($80.0)		$1,734.8
General Academic Institutions, System Offices, Texas State Technical College and Lamar State Colleges	$6,536.5	$129.0	($81.0)	$48.0	$6,584.5
Health-related Institutions	$7,724.0	$97.0	($51.0)	$46.0	$7,770.0
Public Community/Junior Colleges	$1,859.2	$16.9	($15.0)	$1.9	$1,861.1
Texas Engineering Experiment Station	$196.0	$4.0		$4.0	$200.0
TOTAL, ARRA APPROPRIATIONS FOR EDUCATION		**$6,202.3**	**($3,838.8)**	**$2,363.5**	

[1]ARRA appropriations reflected above include both appropriations made to agencies in Article XII, Section 1, and Section 30 as well as the appropriate allocation to agencies of "Higher Education and Other Government Programs" appropriations as outlined by Article XII, Section 25.
SOURCE: Legislative Budget Board.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

Agencies in Article III of the General Appropriations Act, 2010–11 Biennium, include the Texas Education Agency and other public education agencies, all institutions of higher education, and the Teacher Retirement System of Texas.

MAJOR FUNDING ISSUES

The Eighty-first Legislature, Regular Session, 2009, appropriated $77.8 billion to fund education in the 2010–11 biennium, an increase of $3.4 billion below the 2008–09 biennium funding level. These appropriations include Federal Funds from the federal American Recovery and Reinvestment Act of 2009 (ARRA).

Agencies of public education were appropriated $49.2 billion in All Funds for the 2010–11 biennium, a decrease of $425.2 million, or 0.9 percent, below the 2008–09 biennium funding level. General Revenue Fund appropriations decreased by $4.3 billion. However, this decrease in funding was offset by appropriations of approximately $5.9 billion in Federal Funds (ARRA), which fill shortfalls in the level of state funding for the Foundation School Program and instructional materials, as well as provides enhanced funding for economically disadvantaged and special education students.

In addition, appropriations to agencies in Article III for employee benefits and payroll-related costs total $6.0 billion, an increase of $566.0 million above the 2008–09 biennium funding levels.

Appropriations to support higher education total $22.8 billion in All Funds for the 2010–11 biennium. This amount includes $13.7 billion in General Revenue Funds, $2.4 billion in General Revenue–Dedicated Funds, and $6.7 billion in Federal Funds and Other Funds.

Education funding will support more than 4.6 million students in public schools and more than 1.2 million students in public institutions of higher education during the 2010–11 biennium. Public and higher education publications are available on the LBB website (www.lbb.state.tx.us).

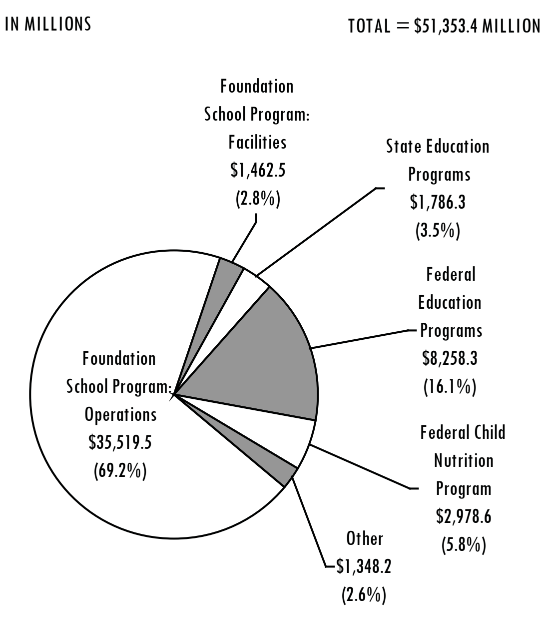
TEXAS EDUCATION AGENCY

The Gilmer–Aikin Act of 1949 established the Texas Education Agency (TEA). In doing so, it abolished the elective office of State Superintendent created in 1884 and the appointed State Board of Education created in 1929, in favor of a central agency responsible for the administration of public education. The agency comprises an elected State Board of Education, an appointed State Board for Educator Certification, a Governor–appointed Commissioner of Education, and a staff of up to 1,038.8 full-time-equivalent (FTE) positions for the 2010–11 biennium.

The agency's stated mission is to provide leadership, guidance, and resources to help schools meet the educational needs of all students and prepare them for success in the global economy. The statewide public education system serves approximately 4.5 million students in average daily attendance at 8,321 campuses located in 1,036 independent school districts and on 436 charter school campuses.

The Eighty-first Legislature, Regular Session, 2009, appropriated $51.4 billion in All Funds for public school programs and TEA administration for the 2010–11 biennium (**Figure 179**). This is an All Funds increase of $1.9 billion, or 3.8 percent, above the 2008–09 biennium appropriation. A net funding increase of $2.3 billion related to the federal American Recovery and Reinvestment Act of 2009 (ARRA), offset by a $364.1 million decrease from all other methods of finance, accounts for the All Funds change.

FIGURE 179
TEXAS EDUCATION AGENCY
APPROPRIATIONS BY FUNCTION, ALL FUNDS
2010–11 BIENNIUM



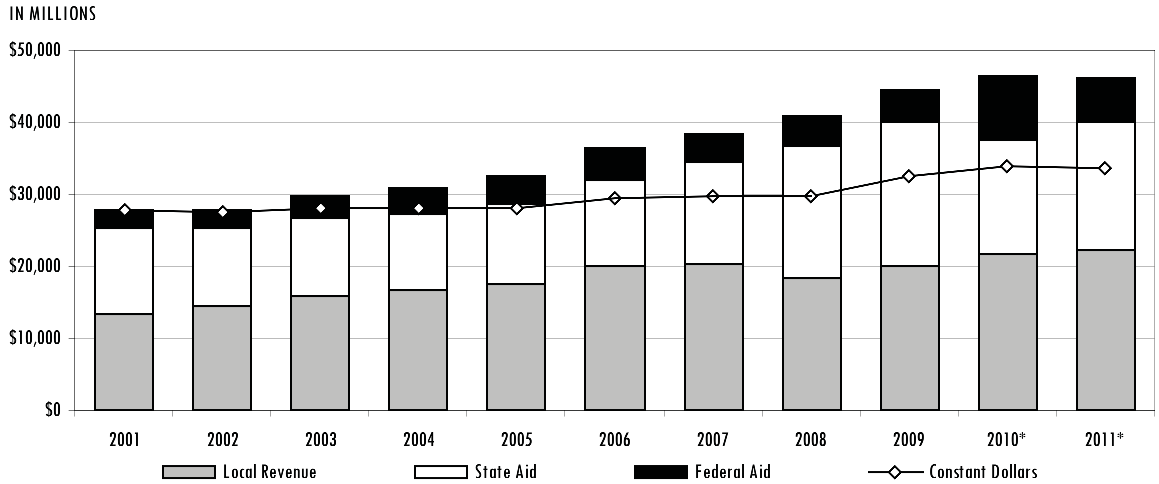
NOTE: Other = $812.8 million for instructional materials, $270.9 million for Technology Allotment, and $264.5 for Agency Administration and Educator Certification.
SOURCE: Legislative Budget Board.

The total 2010–11 appropriations to TEA include $28.1 billion (or 54.8 percent) in General Revenue Funds and General Revenue–Dedicated Funds, a decrease of $4.3 billion, or 13.4 percent, from the 2008–09 biennium level. The decrease is attributable primarily to the appropriation of Federal Funds (ARRA) to support state obligations in the Foundation School Program (FSP) and for instructional materials. Other factors contributing to the decrease in General Revenue Funds include the one-time expenditure of $1.4 billion in the 2008–09 biennium to make an extra monthly payment in the FSP to reverse a deferral enacted as a cost-savings strategy by the Seventy-eighth Legislature, 2003, and trends in cost drivers affecting the FSP, such as increasing property values, that tend to reduce state cost in that program.

Offsetting the decrease in General Revenue Funds is a $6.4 billion increase in Federal Funds driven largely by the appropriation of $5.9 billion in one-time ARRA funding and also increases in the Child Nutrition Program and other existing federal grant programs. Of the total ARRA funding, $2.3 billion is provided through increases to federal formula grants to school districts, such as Title I for economically disadvantaged students or the Individuals with Disabilities Education Act (IDEA). An additional $3.6 billion in ARRA funding is appropriated as a method of financing state costs in the FSP and for instructional materials.

Appropriations from Other Funds decreased by $86 million in the 2010–11 biennium compared to the 2008–09 biennium funding level. This decrease reflects discontinuation of the use of $100 million from the State Highway Fund as a method of finance for the Foundation School Program. It also includes a decrease of $605 million compared to 2008–09 in funding available from the Property Tax Relief Fund, which receives revenues from the franchise tax, motor vehicle sales tax, and tobacco sales taxes. The decrease is offset by an increase in redistributed local revenue or recapture from property-wealthy school districts. **Figure 180** shows the increase in public education revenue since fiscal year 2001 in current dollars.

FIGURE 180
K–12 PUBLIC EDUCATION REVENUE GROWTH
FISCAL YEARS 2002 TO 2011



*Projected.
SOURCES: Legislative Budget Board; Texas Education Agency; U.S. Department of Commerce.

AGENCY GOALS AND STRATEGIES

TEA's budget is structured under two goals. The first goal, Provide Education System Leadership, Guidance, and Resources, comprises the Foundation School Program (FSP) and major program initiatives that focus on student instruction. The second goal, Provide System Oversight and Support, provides for the assessment and accountability system and resources for instructional materials, technology, safe schools, child nutrition, educator certification, and other programs that provide support to educators and to public schools. TEA administration is also included under the second goal. **Figure 181** shows the allocation of agency funding according to its goals, objectives, and strategies.

Funds appropriated to all strategies in Goal A and the first five strategies of Goal B are allocated entirely to local school districts, public charter schools, Regional Education Service Centers, or other education-related governmental entities. Funds appropriated to the last five strategies of Goal B—from Agency Operations through Certification Exam Administration—are direct appropriations for all administrative costs at the TEA, including salary and personnel-related costs, professional services, information technology, and capital expenditures.

SIGNIFICANT APPROPRIATIONS

The majority of appropriations TEA is receiving for the 2010–11 biennium are from the General Appropriations Act (GAA): Senate Bill 1, Eighty-first Legislature, Regular Session, 2009. However, appropriations of $2.9 million for 2010–11 are made in a separate bill, House Bill 4586, Eighty-first Legislature, Regular Session, 2009, to fund initiatives established in other legislation enacted by the Eighty-first legislature related to educator preparation programs, career and technical education, and instructional programs at the Texas Youth Commission. The published version of the 2010–11 GAA, released in October 2009, includes appropriations to TEA from all sources.

FOUNDATION SCHOOL PROGRAM

The Foundation School Program (FSP) is the principal vehicle for distributing state aid to school districts, which use state funds with local property tax revenue (and federal funding) to provide educational services. The FSP is the largest appropriation item for TEA, accounting for 72 percent of the agency's All Funds appropriation. In the published 2010–11 GAA, FSP appropriations are stated in Strategy A.1.1, FSP - Equalized Operations, A.1.2, FSP - Equalized Facilities, and in "set-aside" appropriations—state programs statutorily funded from the FSP—made in other strategies.

All Funds appropriations to the FSP for the 2010–11 biennium are $36.9 billion, $25.4 billion in General Revenue Funds (69 percent).The remaining appropriations include $5.5 billion in Other Funds (Property Tax Relief funds), $2.7 billion in funds "recaptured" from school districts under the provisions of Texas Education Code, Chapter 41, and

FIGURE 181
TEXAS EDUCATION AGENCY GOALS, OBJECTIVES AND STRATEGIES
2010–11 BIENNIUM

GOAL/STRATEGY	MAIN USE OF FUNDS	BIENNIAL APPROPRIATION (IN MILLIONS)
Goal A: Provide Education System Leadership, Guidance, and Resources		
Objective 1: Public Education Excellence		
FSP - Equalized Operations	Foundation School Program state aid payments for school operations, including funds for property tax relief.	$35,438.8
FSP - Equalized Facilities	State aid for debt payments for facilities	1,462.5
Goal A: Provide Education System Leadership, Guidance, and Resources		
Objective 2: Academic Excellence		
Statewide Educational Programs	Major state-funded programs: Student Success Initiative, Pre-Kindergarten grants, Texas High School Completion and Success Initiative, High School Improvement and Dropout Prevention, Advanced Placement, etc.	$909.5
Achievement of Students At Risk	Federal formula aid for low-income students (Title I), federal English acquisition and migrant education grants	4,317.7
Students With Disabilities	Primarily federally funded programs for mentally and physically disabled students	2,942.7
School Improvement and Support Programs	Grants for intervention programs targeting students at risk of dropping out, funding for education service centers, and other state funds supporting school district operations	337.7
Adult Education and Family Literacy	State and federal grant funds for adult and family literacy programs	124.5
Goal B: Provide System Oversight and Support		
Objective 1: Accountability		
Assessment and Accountability System	Statewide Texas Assessment of Knowledge and Skills (TAKS) development and administration	179.5
Objective 2: Effective School Environments		
Technology and Instructional Materials	State funding for instructional materials, the Technology Allotment, state and federal technology initiatives	1,218.2
Health and Safety	School health and safety programs and education services at the Texas Youth Commission and in Juvenile Justice Alternative Education Programs	108.7
Child Nutrition Programs	Federal Free and Reduced-Price Lunch and Breakfast Program (program administered by Texas Department of Agriculture)	3,007.8
Windham School District	State funding for the school district within the Texas Department of Criminal Justice	128.1
Objective 3: Educator Recruitment, Retention, and Support		
Improving Educator Quality and Leadership	State funding for educator incentive grants, mentoring, and other school leadership and professional development programs; federal funding for professional development	913.1
Agency Operations	Agency program administration	120.8
State Board for Educator Certification	Administrative funds for educator preparation program, certification oversight, and standards of conduct	22.7
Central Administration	Agency internal day-to-day operations	27.9
Information Systems - Technology	Agency technology systems and information resources	65.2
Certification Exam Administration	Certification exam development and administration	27.9
TOTAL		**$51,353.3**

Source: Legislative Budget Board.

$3.3 billion in Federal Funds (ARRA) used to maintain state support for the public education system and to offset anticipated shortfalls in revenues from the Available School Fund (ASF), which serves, in part, as a method of financing the FSP. The anticipated shortfall in the ASF is due to unfavorable market conditions affecting the Permanent School Fund (PSF), a state investment fund from which a portion of ASF revenues are derived.

The FSP was overhauled as a result of the school district property tax relief legislation enacted by the Seventy-ninth Legislature, Third Called Session, 2006. School districts were required to compress their property tax rates by one-third over a two-year period, and a mechanism was established by which the lost local revenue was replaced by state aid. This mechanism, commonly referred to as the "revenue target" system, guaranteed districts an amount of combined state and local revenue per student in weighted average daily attendance (WADA) equal to what the district received in either the 2005–06 or 2006–07 school year, whichever was greater. Additional funds above this amount were provided to fund a $2,500 annual salary increase for employees on the minimum salary schedule and a high school allotment of $275 per high school student.

The 2006 legislation also established a 17-cent enrichment tier to provide meaningful tax rate discretion for school districts. This tier guarantees that districts generate at least the same amount of property tax revenue per penny per WADA as the Austin Independent School District (ISD) from up to six pennies levied above the district's compressed tax rate. These six pennies are informally referred to as "golden" pennies. Revenue generated above the Austin ISD yield is not subject to recapture. The remaining 11 pennies are equalized at $31.95 per penny per WADA, are subject to recapture above this level, and are referred to as "copper" pennies.

House Bill 3646, Eighty-first Legislature, Regular Session, 2009, includes significant structural changes to the FSP and increases school district entitlements in the 2010–11 biennium by an estimated $1.9 billion over what the system would have delivered under current law at the time the legislation was enacted (referred to as "current law").

This legislation establishes an increased Basic Allotment for each student, prorated based on a district's actual compressed tax rate. The Basic Allotment for fiscal years 2010 to 2013 is calculated as the greater of $4,765 or 0.165 times the average statewide property value per student; in fiscal year 2014, the Basic Allotment will revert to $4,765. Districts are entitled to revenue generated under this funding formula, up to $350 per WADA above what they would have earned under current law in fiscal year 2010, and, in subsequent years, $350 per WADA above their prior year's entitlement. Additionally, districts are guaranteed to gain a minimum of $120 per WADA above what they would have earned under current law.

In House Bill 3646, the equalized wealth level—the amount of property wealth per WADA above which districts are subject to recapture requirements—is aligned to the Basic Allotment. The legislation also allows recapture districts to benefit from a formula adjustment for mid-size school districts. Finally, the legislation requires that certain programs, including the cost of developing and administering the state's student assessments, be funded through a direct appropriation of General Revenue Funds rather than through a set-aside from districts' Compensatory Education state aid allotment.

FOUNDATION SCHOOL PROGRAM FACILITIES FUNDING

In response to the Supreme Court of Texas' 1995 ruling that the constitutionality of the school finance system depends on both public school operations and facilities, the Seventy-fourth Legislature, 1995, included $170 million in General Revenue Funds in one-time grants for facilities (the Instructional Facilities Allotment, or IFA). Over the next three biennia, the Legislature increased funding and enhanced the facilities programs. For the 2000–01 biennium, funding for the IFA increased to $344 million and a separate guaranteed yield for existing debt was established—the Existing Debt Allotment (EDA)—which provided an additional $900 million in state aid to finance debt on which school districts had already begun making payments. For each subsequent biennium through the 2008–09 biennium, the Legislature has enacted legislation to roll forward the eligibility date for the EDA, and enactment of House Bill 3646 by the Eighty-first legislature, Regular Session, 2009, provides that going forward the eligibility date automatically rolls forward without additional legislative action required. IFA program funding has also been increased each biennium to include new grants.

For the 2010–11 biennium, the Eighty-first Legislature, Regular Session, 2009, appropriated approximately $1.5 billion for state aid for facilities construction, an estimated $143.9 million more than the state's current statutory obligations for the EDA and the IFA. This amount includes $68.9 million to roll forward by two years the eligibility date for the EDA and $75 million in fiscal year 2011 to fund new grants under the IFA.

Also included in the facilities appropriation is $60 million for science lab construction grants. This grant program, authorized in statute by the Eightieth Legislature, 2007, was funded with $40 million in the 2008–09 biennium. The purpose of the program is to help offset construction costs of additional science lab facilities required to comply with the increase from three to four science credits required for a high school diploma, beginning with students who entered grade 9 in the 2007–08 school year.

STATE AND LOCAL REVENUE CONTRIBUTION

Figure 182 shows a summary comparison of state and local revenue contributed to public schools through the Foundation School Program (FSP) from fiscal years 2002 to 2011, and a calculation of the state share of the FSP. During the 1990s, steadily rising property values increased local school district revenue and placed downward pressure on the state share of the FSP prompting legislative action to raise funding formulas and increase state appropriations to maintain the state share. From fiscal year 1995 to 2000, the Legislature was able to maintain a state share between 45 percent and 47 percent. However, beginning in fiscal year 2001 and over the next five years, the state share declined sharply from 43.5 percent down to 33.8 percent. During those years, property value growth remained strong while state aid did not keep pace.

The 2006 property tax relief legislation required districts to lower their maintenance and operations tax rates by 11.3 percent in 2007 and 33.3 percent in 2008, and replaced the lost local revenue with state aid. As **Figure 182** shows, this major reform increased the state share of school finance to just below 40 percent in fiscal year 2007 and to 50.1 percent in fiscal year 2008, the highest percentage of state aid for the FSP since fiscal year 1985. In fiscal year 2009, double-digit property value growth again exerted downward pressure on the state share, which dropped to 45 percent. Enactment of House Bill 3646 by the Eighty-first Legislature, Regular Session, 2009, amends the school finance formulas and guarantees an increase in state and local revenue beginning in fiscal year 2010. As such, the state share is estimated to remain stable at 45.1 percent for fiscal year 2010, with a slight decline to 44.7 percent projected for fiscal year 2011.

It is important to note that the calculation of state aid in **Figure 182** refers to the FSP only, and does not include appropriations of other state funds for public education, such as textbooks, the technology allotment, or instructional grant programs like the Student Success Initiative. If all appropriated state funds that flow to districts were included in the state aid calculation, the state share for fiscal years 2010 and 2011 would increase by nearly 3 percent each year. Also, the amounts in **Figure 182** do not include approximately $1.4 billion per year in state retirement contributions for the Teacher Retirement System of Texas.

FIGURE 182
STATE AND LOCAL REVENUE IN THE FOUNDATION SCHOOL PROGRAM FISCAL YEARS 2002 TO 2011

IN MILLIONS

FISCAL YEAR	LOCAL REVENUE	STATE REVENUE	TOTAL REVENUE	STATE SHARE
2002	$14,430	$9,720	$24,150	40.2%
2003	$15,777	$10,382	$26,159	39.7%
2004	$16,631	$9,774	$26,405	37.0%
2005	$17,549	$10,454	$28,003	37.3%
2006	$19,913	$10,148	$30,061	33.8%
2007	$20,231	$13,306	$33,537	39.7%
2008	$18,205	$17,142	$35,347	48.5%
2009	$20,088	$16,423	$36,511	45.0%
2010*	$21,534	$17,678	$39,212	45.1%
2011*	$22,221	$17,997	$40,218	44.7%

*Projected. In each of these f scal years, an estimated $1,625 million in funds identif ed as state dollars will be f nanced with federal State Fiscal Stabilization Funds provided under the American Recovery and Reinvestment Act of 2009.
SOURCE: Legislative Budget Board.

OTHER APPROPRIATIONS

In addition to the funding increase provided through the Foundation School Program, the Eighty-first Legislature, 2009, modified appropriations to other educational and administrative functions at the agency. Some of the major programs affected include educator incentive pay, High School Improvement and Dropout Prevention Program, Technology Allotment, Student Success Initiative, and Prekindergarten Grants.

Funding for educator incentive pay, or the District Awards for Teacher Excellence (DATE) program, increased to $395.6 million. In the 2008–09 biennium, $342.8 million was appropriated to fund two incentive pay programs authorized by the Seventy-ninth Legislature in 2006—the Texas Educator Excellence Grants (TEEG) and the DATE program. House Bill 3646, Eighty-first Legislature, Regular Session, 2009, abolishes the TEEG program. The 2010–11 funding level for DATE is an increase of $247.8 million over the

$147.8 million provided in fiscal year 2009, the program's first year. This funding level provides for two years of base level funding plus a $100 million biennial increase over 2008–09.

The Eighty-first Legislature, Regular Session, 2009, appropriated $101.6 million to maintain current programs under the High School Completion and Success Initiative to combat dropout and to improve high school instruction and completion.

All Funds appropriations for the Technology Allotment total $270.9 million for the 2010–11 biennium, an increase of $7.9 million above 2008–09 biennial levels. This allows the allotment, distributed to districts on a per student basis, to be maintained at an estimated $30 per student in the 2010–11 biennium.

Appropriations for the Student Success Initiative (SSI), TEA's primary instructional intervention program, are $304 million for the 2010–11 biennium, an increase of $11 million over 2008–09 biennial levels. The structure of the SSI, outlined in TEA's rider 42, is revised significantly for the 2010–11 biennium to direct a larger proportion of the total funding to specific purposes. In prior biennia, the bulk of the SSI funding has been distributed to school districts based on the number of students in the district who did not meet passing standards on the Texas Assessment of Knowledge and Skills (TAKS). Beginning in the 2008–09 biennium, funding was set aside from the overall SSI funding level to provide for teacher training academies in the middle grades focused on reading and literacy instruction. For the 2010–11 biennium, teacher training academies focused on mathematics instruction, the revised Texas Essential Knowledge and Skills (TEKS) curriculum standards, and instruction aimed at achieving English language proficiency are added, as well as school leadership training for school district leaders. In addition to the new professional development initiatives, $50 million is carved out of the total SSI funding amount to provide for competitive grants aimed at improving student performance in Algebra I; $25 million is designated to provide targeted assistance to campuses with proportionately high numbers of students unlikely to meet college readiness standards; and $13.8 million is designated to subsidize fees for certain college entrance and related examinations. Remaining funds, which represent about one-third of the total SSI appropriation, will be distributed to school districts based on the number of students failing to meet TAKS passing standards.

Appropriations for the Prekindergarten Grant program are increased by $25 million over the 2008–09 biennium for a total appropriation of $208.6 million in General Revenue Funds for 2010–11. Effective for the 2009–10 school year, rules regarding eligibility to receive Prekindergarten Grant funds are revised. Prior to the changes, the Prekindergarten Grant program functioned as a continuation grant, meaning that, for the most part, the same school districts received grant funding each year. Under the revised rules, districts are separated into three tiers. Under tier one, school districts that have not received funding under the program recently and that meet statutory eligibility requirements may apply for five-year grants. Under tiers two and three, previously funded school districts may apply for funding for three- or two-year periods respectively. Participating school districts must meet other new program requirements such as participation in school readiness integration partnerships and the development of sustainability plans for maintaining district Prekindergarten programs after the grant period ends. The complete rules governing the Prekindergarten Grant program are found in Texas Administrative Code, Title 19, Part 2, § 102.1002.

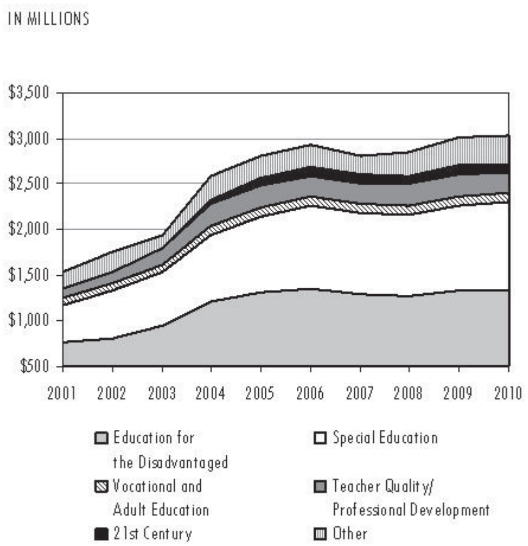
FEDERAL FUNDS

After growing significantly over the four years following the passage of the No Child Left Behind Act (NCLB) of 2001, the growth rate of non-emergency federal education funding to Texas slowed significantly since the 2006–07 biennium. Excluding ARRA funding, Federal Funds appropriations for the 2010–11 biennium are estimated by TEA to be $557 million higher than that of the preceding biennium, totaling $9.1 billion. This $557 million net increase includes a $385 million increase for Child Nutrition programs and a net increase of $190 million in other federal programs, including increases to Title I funding for economically disadvantaged students and funding for math and science partnerships. These increases are offset by the termination of the Reading First grant program and a decrease in 21st Century Community Learning Centers grants.

The $5.9 billion in ARRA funding includes one-time increases to formula funding allocated to school districts under the Individuals with Disabilities Education Act (IDEA) ($969.9 million) and Title I of NCLB ($1.1 billion). In addition, ARRA funding appropriated to TEA includes one-time increases to the Educational Technology grant of $59.4 million and to the Education for Homeless Children and Youth grant of $3.5 million. The balance of the ARRA funding appropriated to TEA is used as a method of financing the Foundation School Program and instructional materials.

Figure 183 shows the 10–year trend of Federal Funds appropriations to TEA, excluding ARRA and emergency aid appropriations. As the figure shows, federal funding for economically disadvantaged students and special education has grown dramatically over the past ten years, while funding for vocational and adult education and other programs, such as career and technology education and technology grants, has remained relatively constant. Federal teacher quality programs received an increase in funding with the passage of NCLB, but funding has since remained flat. Not shown are appropriations for Child Nutrition (i.e., school lunch, breakfast, and snack programs), which total nearly $3 billion for the 2010–11 biennium. The Texas Department of Agriculture administers the state's Child Nutrition program, but payments to school districts are distributed by TEA.

FIGURE 183
FEDERAL EDUCATION FUNDING TO THE TEXAS EDUCATION AGENCY FISCAL YEARS 2001 TO 2010



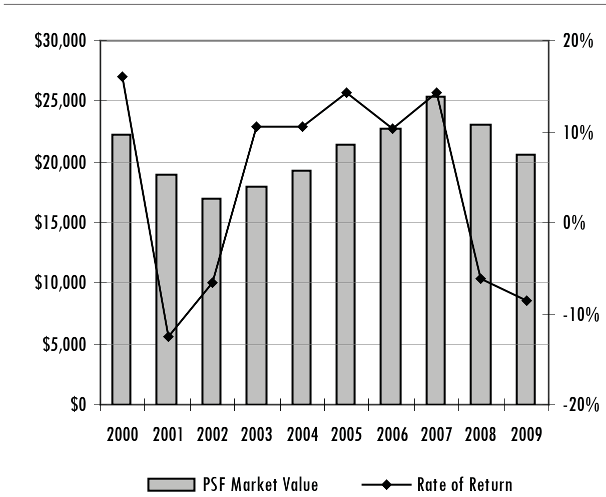
NOTE: Excludes federal Child Nutrition funding and one-time emergency aid and federal American Recovery and Reinvestment Act of 2009 funding. Other includes funding for Technology, Innovative Education, English Language Acquisition, and Migrant Education, among other federal programs.
SOURCE: Legislative Budget Board.

PERMANENT SCHOOL FUND

A unique aspect of public school funding in Texas is the provision of state funds from the Permanent School Fund (PSF), an endowment fund established by the Texas Constitution and consisting of fixed income and equity holdings, state lands, mineral rights, and royalty earnings. The PSF is managed to be a permanent, perpetual source of funding of public education for present and future generations of Texans. Additionally, since 1983 the fund has provided for the guarantee of school district bonds, allowing districts to earn high bond ratings, which translates into lower interest rates and substantial cost savings to taxpayers. However, in spring 2009, the PSF guarantee program reached its limit, with no capacity left in the program, as determined by Internal Revenue Service (IRS) arbitrage rules. The program is temporarily closed pending a response to a request for reconsideration of the IRS limits by TEA and other state officials or an increase in program capacity resulting from retirement of currently guaranteed debt.

Figure 184 shows the changes to the fair market value and rate of return of the PSF for fiscal years 2000 to 2009. The fund showed strong growth during the late 1990s, with its value surpassing $22 billion in 2000. The downturn in the financial markets over the subsequent two years took its toll on the fund, which lost $5 billion during that period. The fund recovered from fiscal years 2003 to 2007, earning double-digit positive annual returns, and by the end of fiscal year 2007 its value increased to $26.8 billion. However, market downturns in fiscal years 2008 and 2009 have resulted in two years of a negative growth rate, with the fund posting a market value of just below $16 billion at the close of the second quarter of fiscal year 2009. Since then, the value of

FIGURE 184
PERMANENT SCHOOL FUND FAIR MARKET VALUE AND TOTAL RATE OF RETURN FISCAL YEARS 2000 TO 2009



SOURCE: Texas Education Agency.

the fund has increased, closing fiscal year 2009 with a fair market value of $20.5 billion.

AVAILABLE SCHOOL FUND

Prior to fiscal year 2004, all dividend and interest income produced by the PSF was deposited in the Available School Fund (ASF). The ASF, which also receives 25 percent of the state's motor fuel tax revenue, funds the state's textbook purchases and an annual per capita distribution to school districts (**Figure 185**).

In 2003, the Seventy-eighth Legislature enacted legislation and Texas voters adopted a corresponding constitutional amendment that redefined the PSF distribution to the ASF. Instead of being based solely on dividend and interest income, the State Board of Education (SBOE) sets a rate of total return on all investment assets of the PSF that determines the distribution amount. For the 2004–05 and 2006–07 biennia, the SBOE set the distribution rate at 4.5 percent of the average market value of the PSF for the preceding 16 fiscal quarters. For the 2008–09 biennium, the SBOE adopted a lower rate of 3.5 percent, and for the 2010–11 biennium, the adopted rate was decreased to 2.5 percent. As **Figure 185** shows, total return and positive market conditions kept the PSF distribution to the ASF above $800 million since fiscal year 2003; however, the 3.5 percent rate for the 2008–09 biennium decreased the ASF distribution to about $716 million per year.

If the maximum allowable ASF distribution is made in the 2010–11 biennum, it would yield $1,154 million. However, the Texas Constitution, Article VII, § 5(a)(2), prohibits distributions from PSF to the ASF if the total distributions in the prior ten-year period exceed the total investment returns in the same period. The ten-year period that applies for the 2010–11 biennium is bracketed on both ends by down financial markets in 2001 and 2002 and in 2008 and 2009, so the 2010–11 biennium appropriation assumes that no distribution from the PSF to the ASF will be possible in the 2010–11 biennium.

Appropriations from the ASF for 2010–11 include $750.8 million in anticipated revenues from the state motor fuels tax allocated to support the Foundation School Program (FSP) and the Technology Allotment. Should the PSF recover sufficiently to allow for a distribution at any time during the 2010–11 biennium, the result would be a reduction in expenditures for the FSP from other General Revenue Funds.

FIGURE 185
AVAILABLE SCHOOL FUND

	BEGINNING BALANCE	REVENUES			EXPENDITURES			ENDING BALANCE
FISCAL YEAR	NET CASH BEGINNING BALANCE	FUELS TAX	INVESTMENT INCOME[1]	OTHER SOURCES	TEXTBOOK TRANSFERS	TOTAL PER CAPITA APPORTIONMENT	AGENCY ALLOCATION FOR ADMINISTRATION[2]	NET CASH ENDING BALANCE
1998	$48.5	$575.2	$697.0	$2.2	$337.4	$955.9	$13.8	$14.3
1999	$14.3	$671.7	$658.7	$2.4	$200.8	$1077.1	$25.1	$44.1
2000	$44.1	$658.3	$695.2	$2.4	$303.9	$1065.8	$26.6	$3.7
2001	$3.7	$676.4	$794.6	$2.2	$413.9	$1015.2	$32.8	$15.0
2002	$15.0	$695.1	$764.6	$2.8	$540.0	$880.6	$39.1	$18.1
2003	$18.1	$665.7	$896.4	$3.3	$98.3	$1,414.8	$36.4	$34.0
2004	$34.0	$744.8	$883.1	$1.6	$352.0	$1,299.5	$8.5	$3.4
2005	$3.4	$718.5	$880.0	$3.0	$5.4	$1,556.5	$0.0	$43.2
2006	$43.2	$733.8	$841.9	$11.3	$19.9	$1,558.5	$0.0	$51.8
2007	$51.8	$748.5	$843.1	$6.2	$3.5	$1,633.7	$0.0	$12.4
2008	$12.4	$761.1	$716.5	$4.4	$272.9	$1,201.0	$0.0	$20.5

[1]Distributions from the Permanent School Fund were changed to a total return formula starting in fiscal year 2004.
[2]Prior to fiscal year 2004, ASF was used for Texas Education Agency's administrative costs and fees for external fund managers; in fiscal year 2004, legislation and a constitutional amendment directed these costs to be funded from corpus of the Permanent School Fund.
Source: Comptroller of Public Accounts.

TEXAS AMONG THE STATES

A comparison of public school expenditures per student in the 2007–08 school year is shown in **Figure 186** for the 15 most-populous states. Texas expended an estimated $7,978 per student in current public education expenditures in the 2007–08 school year, compared with a national average of $9,963, ranking the state forty-fifth in the nation and fourteenth among the 15 most-populous states. In 1998, Texas ranked twenty-fourth in the nation. The state's 2007–08 per student spending level is below three of its four contiguous neighbors: in the 2007–08 school year, Louisiana expended $9,310 per student, New Mexico spent $9,558, and Arkansas spent $9,591. Texas remained ranked just ahead of Oklahoma, which spent $7,615 per student. The amounts shown in **Figure 186** are not adjusted for cost-of-education differences across states.

SCHOOL DISTRICT CHARACTERISTICS

There were 1,030 regular school districts operating in Texas in fiscal year 2009. In addition, there were six special districts and 14 state-administered school districts (state schools and schools within the corrections system). State-administered districts do not fall within the regular reporting system and are not funded in the same manner as other districts within the Foundation School Program. In fiscal year 2009, there were also 204 charter school holders operating 436 open-enrollment charter school campuses (charter schools operate with fewer restrictions than regular school districts). The total of 1,234 school districts and charter school operators in the state ranks Texas first among the 50 states in the number of operating school districts.

FIGURE 186
PUBLIC SCHOOL EXPENDITURES PER ENROLLED STUDENT
2007–08 SCHOOL YEAR
15 MOST POPULOUS STATES

STATE	EXPENDITURES PER STUDENT	NATIONAL RANKING
New Jersey	$15,374	2
New York	$15,286	3
Massachusetts	$13,768	6
Pennsylvania	$11,659	12
Michigan	$11,082	15
Illinois	$10,993	16
Virginia	$10,707	17
U.S. AVERAGE	**$9,963**	
Georgia	$9,564	23
California	$9,539	26
Washington	$9,304	31
Ohio	$8,829	35
Florida	$8,816	36
North Carolina	$8,615	40
TEXAS	**$7,978**	**45**
Arizona	$5,346	51

NOTE: All rankings referenced in this section are based on 50 states and the District of Columbia.
SOURCE: National Education Association.

Texas is characterized by its large number of very small, primarily rural school districts and charter schools, counterposed by a handful of very large urban and suburban districts. In the 2008–09 school year, there were 873 districts and charters with fewer than 1,600 enrolled students, which is approximately 71 percent of all districts but approximately 11 percent of students. In contrast, the 14 districts with 50,000 or more enrolled students served 27 percent of all students. Houston Independent School District, the largest in Texas, enrolled 200,225 students in the 2008–09 school year, more than the combined total for the smallest 610 districts and charter schools. The remaining 70 percent of students enrolled in the 2008–09 school year were in the 348 districts with enrollments between 1,600 and 49,999 students.

STUDENT CHARACTERISTICS

Texas ranks second behind only California among the 50 states in the number of students enrolled in public schools. **Figure 187** compares enrollment growth in fall 1998 to fall 2007. With an 18.5 percent, 10-year increase, an annual average of 1.8 percent, Texas ranked second among the 15 most-populous states for enrollment growth over the past decade. **Figure 187** also shows that Texas ranked twenty-first among the states in student-teacher ratio (ranked from lowest to highest), with 14.6 students enrolled per teacher in fall 2007. This ranking compares favorably with the U.S. average of 15.8 students per teacher.

AVERAGE DAILY ATTENDANCE

Recent average daily attendance (ADA) trends for Texas and ADA projections for the 2010–11 biennium are shown in **Figure 188**. The 2010–11 projections include a March 2009 update of estimates prepared by the Legislative Budget Board for the Eighty-first Legislature, Regular Session, 2009. Charter school ADA is included in the counts shown in **Figure 188**. For the 2008–09 school year, charter school ADA was 92,105.

FIGURE 187
PUBLIC SCHOOL FALL ENROLLMENT
15 MOST POPULOUS STATES
1998 TO 2007

STATE	ENROLLMENT FALL 1998	ENROLLMENT FALL 2007	10-YEAR GROWTH	STUDENTS ENROLLED/ TEACHER FALL 2007	NATIONAL RANKING STUDENT/TEACHER RATIO*
Arizona	848,262	1,087,263	28.2%	18.4	45
TEXAS	**3,945,367**	**4,673,455**	**18.5%**	**14.6**	**21 (TIE)**
Georgia	1,401,291	1,649,589	17.7%	14.4	18
North Carolina	1,254,821	1,458,035	16.2%	14.8	24 (TIE)
Florida	2,337,633	2,666,811	14.1%	15.6	31 (TIE)
Virginia	1,124,022	1,230,809	9.5%	17.4	40
New Jersey	1,268,996	1,379,853	8.7%	15.0	27 (TIE)
Illinois	2,011,530	2,112,805	5.0%	18.5	46
Washington	998,053	1,030,247	3.2%	19.2	49
California	5,926,037	6,070,428	2.4%	18.7	47
Massachusetts	962,317	962,806	0.1%	13.8	15
Ohio	1,842,163	1,821,635	(1.1%)	18.1	42
Pennsylvania	1,816,414	1,787,813	(1.6%)	14.0	16
Michigan	1,720,287	1,665,742	(3.2%)	18.2	43
New York	2,877,143	2,765,435	(3.9%)	13.6	13 (TIE)
U.S.	**46,538,585**	**48,910,025**	**5.1%**	**15.8**	

*A ranking of 1 indicates the lowest student-per-teacher ratio among the 50 states and the District of Columbia.
Source: U.S. Department of Education.

FIGURE 188
TEXAS PUBLIC SCHOOL AVERAGE DAILY ATTENDANCE
FISCAL YEARS 2002 TO 2011

FISCAL YEAR	SCHOOL YEAR	TOTAL AVERAGE DAILY ATTENDANCE	PERCENTAGE CHANGE
2002	2001–02	3,854,707	2.4
2003	2002–03	3,935,932	2.1
2004	2003–04	4,008,528	1.8
2005	2004–05	4,078,747	1.8
2006	2005–06	4,181,278	2.5
2007	2006–07	4,246,916	1.6
2008	2007–08	4,315,132	1.6
2009	2008–09	4,392,859	1.8
2010*	2009–10	4,486,789	2.1
2011*	2010–11	4,572,768	1.9

*Projected.
Note: Average daily attendance counts include charter schools, and exclude all state-administered schools except Moody.
Sources: Legislative Budget Board; Texas Education Agency.

During most of the 1990s, the ADA growth rate averaged 2 percent. From fiscal years 1999 to 2001, Texas experienced a slower growth rate in public school enrollment, dropping to 1.6 percent for each of these years. Although the causes of this lower ADA growth rate have not been determined fully, one contributing factor may have been strong economic conditions that rendered private and home schooling a viable option for more Texas families. By fiscal year 2002, the ADA growth rate increased to a rate of nearly 2.4 percent, but began decreasing steadily over the following three years. In 2005, Texas school districts reported an influx of approximately 45,000 students displaced by Hurricane Katrina, which affected coastal Louisiana and Mississippi, who had enrolled in Texas public schools for the 2005–06 school year, contributing to a significant increase in the growth rate to 2.5 percent. For the three years following the 2005–06 school year, Texas continued to see steady growth in the student population, but at a slower pace of 1.6 to 1.8 percent annually.

For the 2010–11 biennium, TEA estimated the ADA growth rate at 1.9 percent annually over 2009 levels. However, the final ADA for the 2008–09 school year was lower than originally projected. As a result, the projected fiscal year 2010 ADA growth rate increased to 2.1 percent.

ETHNIC COMPOSITION

The diverse ethnic composition of Texas' school-age population is shown in **Figure 189**. By fiscal year 2009, total enrollment increased by nearly 17 percent above the fiscal year 2000 level. The rate of increase among non-Anglo students was nearly 38 percent over the 10-year period. Anglo enrollment in the 2008–09 school year was lower in raw numbers than it was 10 years earlier (1.6 million students in 2009 compared to 1.7 million students in 2000). Anglo students as a percentage of all students enrolled dropped from 43 percent in 2000 to 35 percent in 2009.

The most significant factor in the 10-year enrollment trend is the growth in the population of Hispanic students. Their number has increased by nearly 44 percent over the 10-year period—to almost 2.3 million students and a 49 percent share of the statewide student population in fiscal year 2009 (up from 40 percent of the total in 2000). In the 2001–02 school year, Hispanics surpassed Anglos as the largest ethnic group enrolled in Texas public schools. If current trends continue, by 2012, Hispanic students will account for over half of all public school enrollees.

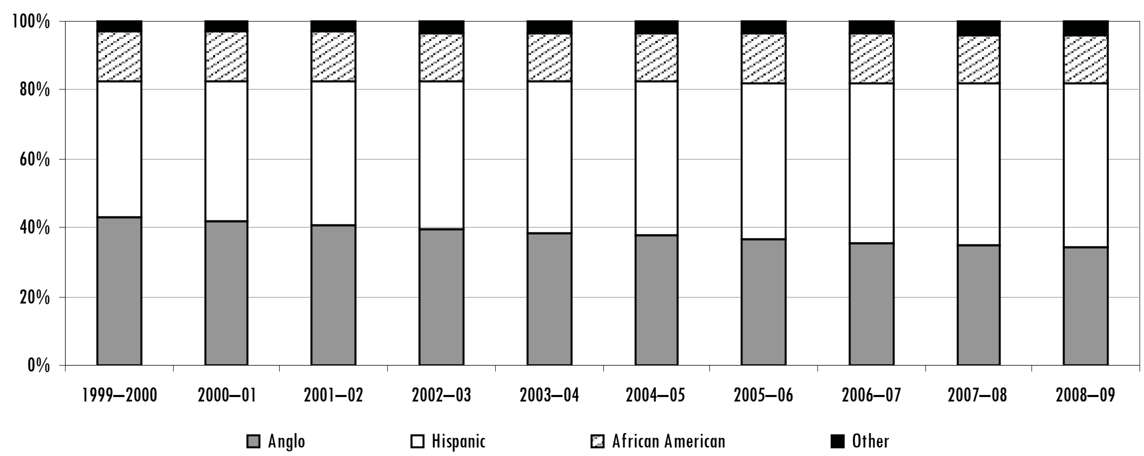
Although African American student enrollment increased by 16 percent since fiscal year 2000, their percentage share of total students remained relatively constant over the period, at just above 14 percent. The Other category increased by 62 percent in the 10-year period, although these students currently account for just below 4 percent of total enrollment.

PUBLIC SCHOOL ACCOUNTABILITY FOR STUDENT PERFORMANCE

The Seventy-third Legislature, 1993, established a statewide accountability system for Texas public schools. In 1997, a separate alternative accountability system was created to assign ratings to campuses that serve unique populations and/or that provide alternative education programming to students who are at risk of dropping out. In 2004, the accountability system was overhauled to accommodate a new set of assessments and to align with new federal performance standards set forth in the federal No Child Left Behind Act of 2001. The Eightieth Legislature, 2007, enacted legislation to replace high school TAKS assessments with end-of-course assessments by the 2011–12 school year.

The enactment of House Bill 3, Eighty-first Legislature, Regular Session, 2009 amended the accountability system. Changes to the system include adding the achievement of college readiness standards as a criterion for achieving acceptable performance; amending high school graduation requirements; including measures of the degree to which a school district or campus graduates students under the minimum program as criteria for assessing campus and district performance; and revising the system of interventions and sanctions for campuses and school districts with unsatisfactory performance. Many of the changes to the state accountability system included in House Bill 3 take full effect, after a transition period, in the 2013–14 school year.

FIGURE 189
SCHOOL ENROLLMENT BY ETHNICITY
ACADEMIC YEARS 2000 TO 2009



SOURCE: Texas Education Agency.

ACCOUNTABILITY SYSTEM

Prior to the 2002–03 school year, the regular accountability system was based on student performance on a set of assessments called the Texas Assessment of Academic Skills (TAAS), which included tests on reading, writing, math, and social studies, and on an annual student dropout rate. Each school district and campus was rated according to its ability to meet state passing standards on each test for all students and for certain disaggregated student groups—African American, Hispanic, Anglo, and economically disadvantaged—as well as its ability to meet state dropout standards. Each district and campus was given a rating of "exemplary", "recognized", "acceptable", or "unacceptable/ low-performing".

In the 2002–03 school year, TEA replaced the TAAS set of exams with a new assessment system called the Texas Assessment of Knowledge and Skills (TAKS), as required by legislation enacted by the Seventy–sixth Legislature, 1999. TAKS is intended to be more closely aligned with new curriculum standards, to cover more subjects, and to be more rigorous than TAAS. The 2004–05 school year was the first year in which seniors were required to pass the eleventh grade exit–level TAKS to graduate.

In 2004, TEA implemented a new accountability system based on TAKS results that incorporated performance on the alternative assessments for special education students and used longitudinal completion/student status rates instead of annual dropout rates. Initially, under the more rigorous standards of the new system, fewer districts and campuses achieved the "recognized" and "exemplary" ratings. For example, in 2007, there were 2,997 campuses that earned these ratings, about 70 percent of the number that earned them in 2002, the final year of the TAAS-based accountability era. However, by 2009 5,081 campuses achieved the "recognized" and "exemplary" ratings.

In 2007, the Legislature voted to replace the high school level TAKS exams with end of course (EOC) exams for specific courses in the foundation curriculum. Prior to enactment of House Bill 3, Eighty-first Legislature, Regular Session, 2009, beginning with students entering the ninth grade in 2011–12 school year, students were required to achieve an average score of 70 percent on all EOC examinations required. House Bill 3 amends this passing standard to require that students, in addition to meeting a cumulative passing standard must also pass the Algebra II and English III exams to be awarded a diploma under the Recommended program, which is the default program, or a college readiness standard to be awarded a diploma under the Advanced program.

House Bill 3 overhauls the state accountability system to include only ratings of "acceptable" or "unacceptable" performance—moving away from the four-level ratings system. In addition, the Academic Excellence Indicator System (AEIS), which has provided the basis by which school districts and campuses are rated in the accountability system, is reconstituted as the Student Achievement Performance Indicators and is modified to include the following elements related to student achievement:

- Percentage of students meeting the passing standards on state assessments;
- Of the students not meeting the passing standards, the percentage of students meeting the standard for annual improvement on state assessments;
- Percentage of students meeting the college readiness standards state assessments; and
- Of the students not meeting the college readiness standards, the percentage of students meeting the standard for annual improvement on state assessments.

In addition to other indicators related to completion rates and dropout, school districts and campuses will be held accountable for their overall passing rates and the college readiness of their students, and will also be evaluated according to the annual improvement in these areas. Performance on assessment and dropout-related indicators will be evaluated for the current year and the previous two years, as opposed to the current year only. The new ratings system will be phased in beginning with the 2011–12 school year with full implementation by the 2013–14 school year.

House Bill 3 abolishes the Gold Performance Acknowledgement system under which districts or campuses meeting certain student performance standards on state or national assessments are awarded a "gold" rating in addition to a rating of at least "academically acceptable" under the state accountability system. However, the legislation creates a system of Distinction Designations under which a campus or district can earn a designation of "recognized" or "exemplary" based on student performance relative to college readiness standards or other indicators of post-secondary readiness. Other Distinction Designations will be awarded in specific areas such as academic excellence in specific content areas, the fine arts, physical education, 21st century workforce development, and second language acquisition programs.

ASSESSMENT RESULTS

The 2002–03 school year was the first year the Texas Assessment of Knowledge and Skills (TAKS) exams were administered. End of Course (EOC) exams, which will replace the exit-level TAKS for high school students as directed by legislation enacted by the Eightieth Legislature, are currently being phased in and will be required for graduation for students entering grade 9 in the 2011–12 school year. Pursuant to changes to statute made in House Bill 3, Eighty-first Legislature, Regular Session, 2009, it is the responsibility of the Commissioner of Education to establish the passing standards that students must meet to achieve acceptable performance.

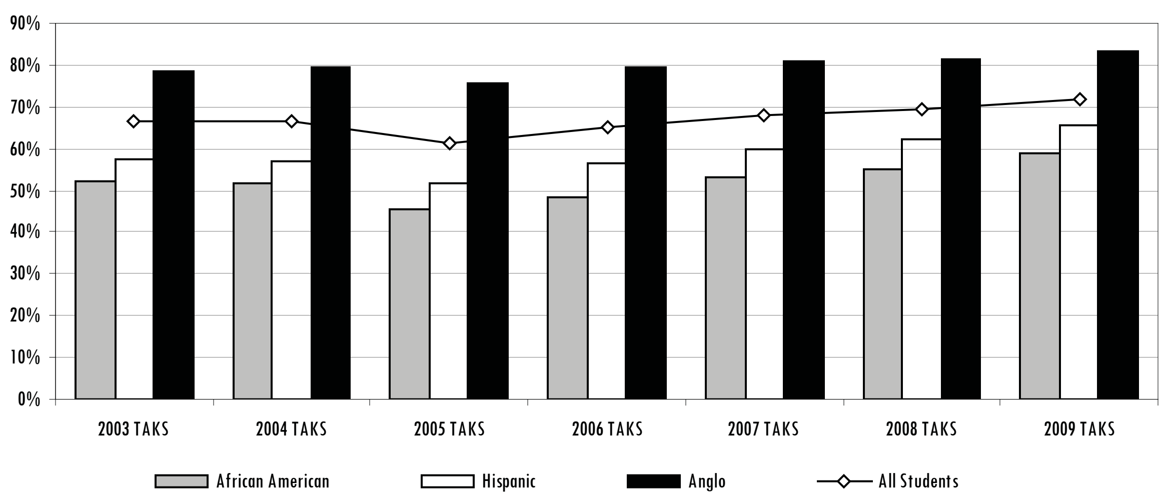
As **Figure 190** shows, following the introduction of the TAKS, which replaced the Texas Assessment of Academic Skills (TAAS) in 2003, student performance overall and disaggregated by ethnicity declined until 2006, when overall performance and the disaggregated performance of Anglo, Hispanic, and African American students all began an upward trend that has been sustained through 2009. The achievement gap between Anglo students and African American and Hispanic students also narrowed from 2006 to 2009. The size of the gap between the percentage of Anglo students passing all tests taken compared to African-American students since the introduction of the TAKS peaked in 2006 with Anglo students passing at a rate 30.9 percentage points higher than African American students. In 2009, that gap narrowed to a 24.5 percentage point difference in performance. Similarly, the difference between Anglo students' TAKS passing rate and that of Hispanic students has narrowed from a 23.9 percentage point higher passing rate for Anglo students in 2005 to 17.7 percentage points in 2009.

SOCIAL PROMOTION

In 1999, the Seventy-sixth Legislature enacted legislation that provided a timeline by which the state would prohibit social promotion in schools. As of the 2007–08 school year, all of the "high stakes" thresholds of that ban had been implemented. Since the 2002–03 school year, students in the third grade who failed the TAKS reading exam have not been allowed to advance to fourth grade unless a grade–placement committee intervened. Since the 2004–05 school year, fifth graders must pass the reading and math TAKS tests to advance to the next grade, and seniors must pass all sections of the eleventh grade exit exam to graduate. The final threshold was implemented in the 2007–08 school year, when students in the eighth grade were first required to pass both the reading and math exams to be promoted.

House Bill 3, Eighty-first Legislature, Regular Session, 2009, eliminates the prohibition against promotion of students with unacceptable performance on the grade 3 TAKS reading exam and stipulates that if a student in grades 3 through 8 fails to achieve acceptable performance on a TAKS exam, then the student must be provided accelerated instruction in the relevant subject(s).

FIGURE 190
STUDENTS PASSING ALL TESTS, BY ETHNICITY
ACADEMIC YEARS 2003 TO 2009



SOURCE: Texas Education Agency.

ADEQUATE YEARLY PROGRESS

The federal No Child Left Behind Act (NCLB) of 2001 requires that all public school districts, campuses, charter schools, and the state be evaluated annually for Adequate Yearly Progress (AYP). Each set of student groups—African American, Hispanic, Anglo, economically disadvantaged, special education, and limited English proficient—must meet the same performance and participation standards on the state reading and math exams as well as achieve certain attendance or graduation rates. If one or more student groups fail to meet one of these standards, the campus or district earns a Did Not Meet AYP rating.

Campuses and districts receiving Title I Federal Funds that earn this rating for two consecutive years are subject to interventions, including the requirement that students be offered the opportunity to transfer to another campus in the district that did meet AYP, with transportation costs paid from the district's Title I allotment. Title I campuses and districts not meeting AYP for three years also must offer students the opportunity to receive supplemental education services, also to be paid from Title I funds.

NCLB requires that states steadily increase the performance standards for the reading and math exams over time so that they reach 100 percent proficiency by the 2013–14 school year. In the 2008–09 school year, 218 school districts (17.7 percent) and 391 campuses (4.7 percent) failed to meet the AYP standard. Of these, 193 districts and 355 campuses are potentially subject to interventions during the 2009–10 school year for failing an AYP standard for two or more consecutive years. The 2009 results are a significant improvement over 2008 results, in which 391 districts and 1,109 campuses failed to meet AYP. In addition to real gains in student performance, the improvement over 2008 is partially attributable to the inclusion of the Texas Projection Measure in AYP evaluation for 2009, which gives schools credit for improvement in student performance even if absolute passing standards are not achieved. Texas is one of 15 states approved by the federal government to include such a growth model in its evaluation of AYP.

PUBLIC SCHOOL TEACHERS

The average salary for Texas teachers in the 2007–08 school year was $46,179, up from $39,974 in the 2002–03 school year (**Figure 191** and **Figure 192**). The national average salary is $52,308. Texas has the ninth highest average salary of the 15 southern states (**Figure 192**). All contiguous neighboring states pay lower average salaries than Texas, with

FIGURE 191
AVERAGE TEACHER SALARIES
15 MOST POPULOUS STATES
SCHOOL YEAR 2007–08

50-STATE RANKING	STATE	AVERAGE SALARY
1	California	$64,424
2	New York	$62,332
4	New Jersey	$61,277
6	Illinois	$60,474
7	Massachusetts	$60,471
11	Michigan	$56,096
13	Pennsylvania	$55,833
14	Ohio	$53,410
18	Georgia	$51,560
20	Washington	$49,884
25	North Carolina	$47,354
29	Florida	$46,930
30	Virginia	$46,796
34	**TEXAS**	**$46,179**
36	Arizona	$45,772
U.S. AVERAGE		**$52,308**

SOURCE: National Education Association.

FIGURE 192
AVERAGE TEACHER SALARIES
SOUTHERN STATES
SCHOOL YEAR 2007–08

50-STATE RANKING	STATE	AVERAGE SALARY
8	Maryland	$60,069
18	Georgia	$51,560
25	North Carolina	$47,354
27	Kentucky	$47,207
28	Louisiana	$46,964
29	Florida	$46,930
30	Virginia	$46,796
32	Alabama	$46,604
34	**TEXAS**	**$46,179**
35	Arkansas	$45,773
37	South Carolina	$45,758
40	Tennessee	$45,030
42	Oklahoma	$43,551
47	West Virginia	$42,529
48	Mississippi	$42,403
U.S. AVERAGE		**$52,308**

Source: National Education Association.

the exception of Arkansas, where average teacher salary began exceeding that of Texas in the 2005–06 school year. From the 1997–98 to 2007–08 school years, Texas's average teacher salary increased by 37.7 percent (current dollars), placing it fifteenth among all states in growth compared to a national average of 31.8 percent.

STATE BOARD FOR EDUCATOR CERTIFICATION

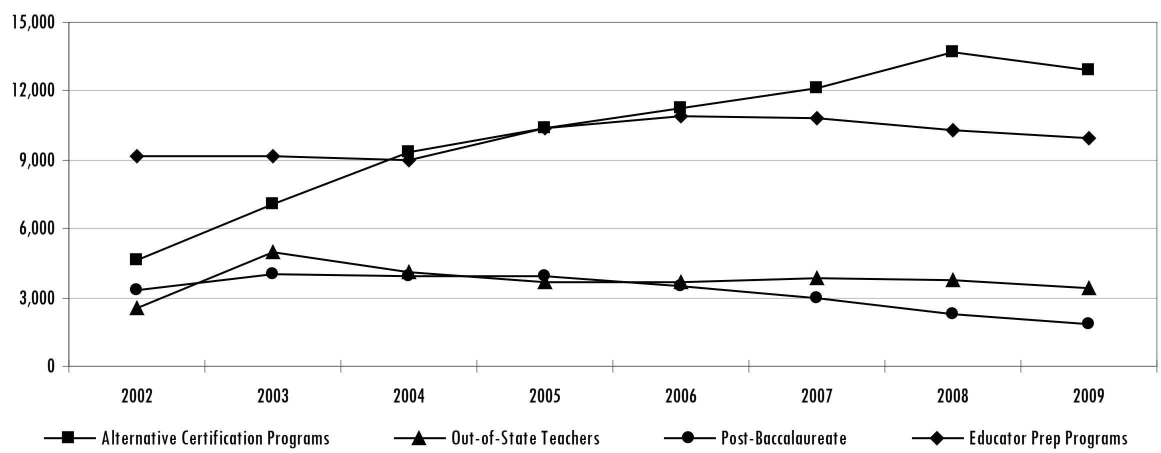
The State Board for Educator Certification (SBEC) was created as an independent state agency in the 1995 revision of the Texas Education Code. The Seventy-ninth Legislature, Regular Session, 2005, consolidated the SBEC with TEA into one agency, moving the entire SBEC budget, its functions, and 53 full-time-equivalent positions to TEA and retaining the SBEC board, effective September 1, 2005. SBEC functions currently are carried out under TEA's Educator Quality and Standards Division.

Appropriations for functions identified as exclusively under the purview of SBEC for the 2010–11 biennium total an estimated $58.3 million, approximately 75 percent of which is derived from certification and assessment fee revenue deposited into the General Revenue Fund. These funds support a range of teacher credentialing, recruitment and retention, and professional conduct activities. The remaining General Revenue Funds appropriated to support SBEC functions primarily fund criminal history background checks for certified educators, pursuant to legislation enacted by the Eightieth Legislature, 2007.

SBEC specifies the classes of educator certificates to be issued, the period for which a certificate is valid, and all requirements relating to both initial issuance and renewal. To ensure that educators are properly certified, SBEC manages the development and oversees administration of numerous pedagogy (teaching skills), content–knowledge, and professional examinations. The Texas Examinations of Educator Standards (TExES) and their associated teaching certificates align educator certification standards with the Texas Essential Knowledge and Skills curriculum framework. In addition to the standard examinations, the agency also requires examinations for specific certificates: the Texas Oral Proficiency Test (education of students with limited English proficiency) and the Texas Assessment of Sign Communication (education of students with hearing impairment).

Figure 193 shows the number of individuals issued initial teaching certificates from fiscal year 2002 through fiscal year 2009. Until 2004, the most common route to obtaining a teaching certificate was to complete an educator preparation program as part of a four-year undergraduate program and then pass the relevant TExES examinations. The number of initial certifications earned through Alternative Certification Programs (ACP) have increased significantly and, in fiscal year 2004, surpassed those earned through undergraduate certification. ACPs allow individuals who meet certain educational criteria to become certified as educators in about one year through course work and fieldwork outside of a traditional undergraduate program. The proportion of initial teaching certificates granted to ACP participants increased to nearly 46 percent of the total number of new initial certificates

FIGURE 193
INITIAL TEACHING CERTIFICATES ISSUED BY CERTIFICATION ROUTE
FISCAL YEARS 2002 TO 2009



Source: Texas Education Agency.

for fiscal year 2009 compared with 35 percent granted to individuals pursuing certification through an undergraduate program.

The number of new Texas teachers who were originally certified in another state has fluctuated between about 2,500 and 4,500 per year since fiscal year 1996. In response to legislation enacted by the Seventy–seventh Legislature, 2001, the SBEC has adopted and implemented provisions for waiving testing requirements if the applicant exceeds a certain score on a comparable certification exam. Among the states with comparable exams are Arizona, Colorado, Illinois, Massachusetts, Michigan, New Mexico, and Oklahoma. In addition, certain standard Praxis II and other exams administered by the Educational Testing Service that are used for certification in multiple states are considered comparable. Comparability studies of other state examinations are ongoing.

SBEC also operates the Accountability System for Educator Preparation (ASEP). ASEP's purpose is to accredit university and alternative–certification programs based on the candidates' performance on TExES tests. In 2008, accreditation ratings were issued for 145 educator preparation programs. Seventy-three university-based programs, 25 community college-based alternative certification programs, 24 private alternative certification programs, and six alternative certification programs offered by counties or districts were rated "accredited." No program was rated "not accredited."

EDUCATOR PROFESSIONAL CONDUCT

SBEC maintains and enforces a code of conduct for professional educators and ensures that applicants for educator certification pass criminal history record information (CHRI) reviews. Criminal history information resulting from CHRI reviews and complaints against educators are reviewed and, if necessary, investigated.

Since enactment of legislation by the Seventy-eighth Legislature, 2003, SBEC is required to screen new applicants for educator certification for criminal violations at both the national and state levels. The SBEC contracts with the Department of Public Safety (DPS) to conduct fingerprint-based background checks in conjunction with the Federal Bureau of Investigation (FBI). First-time applicants for certification are charged a $42.25 fee for DPS and FBI analysis in addition to any fee applicants must pay a local law enforcement agency to capture fingerprints. The Eightieth Legislature, 2007, enacted legislation expanding the program to require TEA to approve applicants for employment as teachers, librarians, educational aides, administrators, or counselors for open–enrollment charter schools following a national CHRI review. It also extends requirements for fingerprint–based CHRI review to certified school district and charter school employees who were certified prior to the institution of the screening process as a condition of certification, certain non-certified employees, contractors, and substitute teachers.

The agency contracts with the State Office of Administrative Hearings (SOAH) to conduct hearings arising from complaints regarding educator conduct. As of August 2009, the agency had 33 cases pending with SOAH, compared with 23 cases pending at the end of the previous fiscal year.

SIGNIFICANT LEGISLATION

Appropriations for TEA are included in two bills enacted by the Eighty-first Legislature, Regular Session, 2009: Senate Bill 1 (GAA, discussed under Significant Appropriations) and House Bill 4586 (discussed under Significant Appropriations). In addition, the Eighty-first Legislature enacted a number of other bills affecting the agency and public education in Texas. The more significant bills are discussed here.

Enactment of House Bill 3 makes numerous changes to the state's accreditation and accountability systems, curriculum requirements, and performance standards. Many of the changes to the accountability system are summarized above. Similar to changes in the criteria by which school districts and campuses will be judged in the accountability system, House Bill 3 adds student performance on assessments relative to college readiness standards and measures of improvement in performance on state assessments to factors considered in determining accreditation status, and adds additional triggers for special accreditation investigations related to social promotion, participation in the minimum high school program, and completion rates for Algebra II. The legislation directs the Commissioner of Education to set standards for the percent of students meeting college readiness standards and directs that the standards should be increased annually such that Texas will be among the top 10 states for college readiness by the 2019–20 school year.

House Bill 3 removes the 65 percent instructional expenditure ratio from financial accountability performance measures and requires charter schools to participate in the financial accountability system.

House Bill 3 amends curriculum requirements for middle school and high school—requiring at least one fine arts course for middle school students and amending high school graduation requirements related to physical education, health, speech, technology applications, the number of elective credits required, and requirements related to performance on end of course exams for students participating in the recommended or advanced program. Further, the legislation requires that in order for a student to take courses under the minimum high school program, in addition to agreement among the student, a parent or guardian, and a school administrator, the student must be at least 16 years of age and must have failed to be promoted to grade 10 one or more times.

House Bill 3 removes the requirement that students in grade 3 perform satisfactorily on the reading TAKS as a condition of promotion to grade 4, but requires that students who fail any TAKS assessment in grades 3 through 8 receive accelerated instruction in the relevant subject area(s). House Bill 3 requires TEA to provide an assessment data portal to provide electronic access to longitudinal student assessment data to students, parents, teachers, school districts, and public institutions of higher education.

House Bill 3 makes numerous changes to the policies that guide intervention on campuses with low performance, including a shift to a more targeted intervention approach, additional requirements and opportunities for school community involvement, emphasis on teacher recruitment and retention as a strategy for improving performance, and increased flexibility with regard to mandated repurposing, alternative management, and closure of low-performing campuses.

TEA will transition to the new accreditation system and performance ratings during the 2012–13 school year with full implementation for the 2013–14 school year. Most other provisions in the legislation are in effect for the 2009–10 school year.

House Bill 2488 requires the State Board of Education to adopt conforming or non-conforming (with regard to the Texas Essential Knowledge and Skills curriculum requirements) lists of open-source textbooks written for secondary courses submitted by institutions of higher education meeting certain criteria. The legislation entitles school districts that select open-source textbooks to funding in the amount of half of the difference between the maximum cost of traditional textbooks for the relevant course(s) and the cost of the open-source textbooks. The remaining half of the cost difference would accrue to the State Textbook Fund.

Enactment of House Bill 3646 substantially revises the school finance formulas in the Foundation School Program (FSP), as described above. In addition, House Bill 3646 directs school districts and charter schools to provide for a salary increase to employees subject to the minimum salary schedule in an amount calculated as the greater of $80 per month per eligible employee or the amount that could be distributed equally per eligible employee from the product of $60 and the district or charter school's number of students in weighted average daily attendance (WADA). The legislation directs that the salary increase should be funded from not more than 50 percent of the gain in FSP formula funding that a school district realizes under the provisions of the legislation.

Additionally, House Bill 3646 amends the educator incentive pay programs authorized in statute by the Seventy-ninth Legislature, 2006. The original 2006 legislation authorized two programs—the Texas Educator Excellence Grants (TEEG), a campus-level program aimed at high-performing schools serving large proportions of economically disadvantaged students, and the District Awards for Teaching Excellence (DATE), a district-level program open to all school districts. House Bill 3646 abolishes the TEEG program.

Other provisions included in House Bill 3646 include authorization of special education grants, subject to appropriation, to school districts to fund costs of education not covered by other state and federal allocations for special education services. No specific appropriation was made for these grants. House Bill 3646 includes funded provisions related to the state Virtual School Network, such as establishing a Virtual School Network allotment in the FSP of $480 per student completing a course to be shared between the provider districts and students' home districts. The legislation authorizes an FSP allotment of $650 per eligible student, subject to appropriation, for certain students whose parents are members of the armed forces and establishes an FSP allotment of $50 per student enrolled in more than two advanced career and technical education courses. House Bill 3646 also establishes the Select Committee on Public School Finance, Weights, Allotments, and Adjustments composed of members of the legislature, the Commissioner of Education, and representatives from the education community to study the school finance system and report to the Eighty-second Legislature.

House Bill 4102 makes funding provisions for school districts located in declared disaster areas. The legislation entitles eligible school districts that experience a decline in students in average daily attendance (ADA) or district property values (DPV), significant factors in determining school district entitlement in the Foundation School Program (FSP), to an ADA and/or DPV adjustment for a two-year period following a disaster declaration that enables the district to receive FSP funding as if the disaster-related declines had not occurred, subject to appropriations available for that purpose or the availability of other funds as determined by the Commissioner of Education. For affected school districts that are required to purchase attendance credits as part of the FSP, reimbursement for unreimbursed disaster remediation expenses is paid through a reduction to the school district's attendance credit obligation. The legislation entitles school districts with unreimbursed disaster remediation expenses to state funds for reimbursement paid either from funds appropriated for that purpose or from surplus FSP appropriations, as determined by the Commissioner of Education. In August 2009, the Commissioner identified surplus FSP appropriations in fiscal year 2009 and announced the availability of approximately $63 million in reimbursements to school districts.

House Bill 4294 allows school districts to select instructional materials and electronic textbooks from a Commissioner-approved list in addition to traditional textbooks and entitles school districts that select approved electronic textbooks to funding equal to the cost of the electronic textbooks plus any textbook credits resulting from the selection of the electronic textbook versus a traditional textbook. School districts are permitted to use these funds for the purchase of technology to provide access to approved instructional materials and electronic textbooks.

Senate Bill 174 revises the accreditation system for educator preparation programs to include performance of beginning teachers, achievement of students taught by program graduates, and support provided by field supervisors as factors in determining program accreditation in addition to certification examination results. The legislation requires information regarding the qualifications of admitted students into a program, completion rates, perseverance in the teaching profession of program graduates, and other data to be posted to the program's website.

TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

The Texas School for the Blind and Visually Impaired (TSBVI) was established by the Sixth Legislature in 1856 as the Texas Institution for the Blind. Renamed the Texas School for the Blind in 1915, the school operated under various boards of control until 1953, when oversight authority was given to the State Board of Education. In 1981, the Sixty-seventh Legislature established the school as a separate entity governed by a nine-member board appointed by the Governor. In 1989, the school was given its present name to better reflect the population it serves. The 45-acre campus is centrally located in Austin and operates a regular school year program for students with serious vision loss who need specialized and intensive services related to their visual impairments. The school is accredited by the Texas Education Agency (TEA) as part of the public education system of Texas to serve as part of a continuum of statewide alternative placements for students who have a visual impairment.

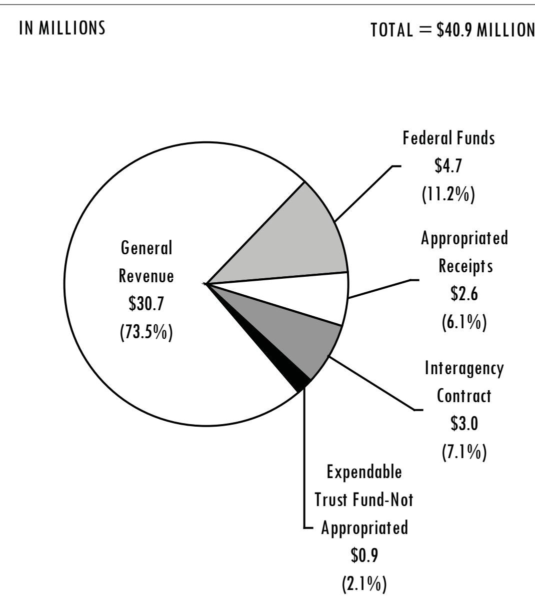
The school's mission is to provide opportunities for children and youth who are visually impaired (including those with additional disabilities) to develop the skills necessary to lead vocationally, personally, and socially satisfying and productive lives.

2010–11 APPROPRIATIONS

Appropriations for TSBVI total $76.1 million in All Funds and provide for 343.8 full-time-equivalent (FTE) positions. These appropriations include $30.7 million in General Revenue Funds, or 40.3 percent; $4.7 million in Federal Funds, or 6.2 percent; and $5.5 million in Other Funds, or 7.3 percent. Also included in the appropriation of Other Funds for the 2010–11 biennium is $35.2 million for all remaining unexpended and unobligated balances in General Obligation bond proceeds for ongoing campus renovations. The biennial increase in General Revenue Funds includes $0.6 million to recruit and maintain highly qualified residential instructors and $0.8 million to support professional preparation for teachers of students with visual impairments through a consortium with Texas Tech University and Stephen F. Austin University. Appropriations include increased estimated funds to maintain TSBVI's statutorily required parity with teacher salaries in the Austin Independent School District (AISD) if AISD increases its salary schedule. Also included in the school's revenue sources is the Expendable Trust Fund, which under the Texas Constitution allows bequests for the benefit and care of blind students. The revenues generated by these bequests are accounted for and expended from the Trust Fund and are estimated to be approximately $0.8 million for the 2010–11 biennium. Through the American Recovery and Reinvestment Act of 2009 (ARRA), the school is eligible to receive a one-time increase in Title I and IDEA-B formula funding. TSBVI submitted an application for additional ARRA funding to TEA and is awaiting approval of these grants. **Figure 194** shows the school's five key revenue sources.

Local school districts placing students at TSBVI are required by the Texas Education Code to share the cost of educating those students. The local district's share equals the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the average daily attendance in the district for the preceding year. The Commissioner of Education deducts the amount owed from the payment of Foundation School Funds payable to the district. Districts not receiving Foundation School Funds remit payment to the commissioner, who forwards it to TSBVI. These funds are appropriated to the school under the Appropriated Receipts method of financing, and are estimated to be approximately $670,000 for each year of the 2010–11 biennium.

FIGURE 194
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED PROJECTED FUNDING SOURCES 2010–11 BIENNIUM



NOTE: Does not include General Obligation bond proceeds of $35.2 million for facilities construction and renovations. Expendable Trust Fund revenues exist outside the appropriations process.
SOURCE: Texas School for the Blind and Visually Impaired.

CAMPUS RENOVATIONS

TSBVI's campus was constructed in 1916, and several of the original buildings were previously renovated in the early 1970s. Since 2005, the Texas Legislature has appropriated a total of $104.8 million in General Obligation (GO) bond proceeds to further renovate the school's facilities. In collaboration with the Texas Facilities Commission, the school has developed a comprehensive Master Facilities Plan to overhaul the school's instructional, vocational and residential facilities, as well as to provide new recreational, therapeutic and administrative resources. The first bond authorization totaling $36.5 million was appropriated by the Seventy-ninth Legislature, 2005 and as of August 31, 2009, $13.9 million of the $36.5 million in GO bond proceeds have been expended. Completed projects include all residential construction, the elementary dormitories and two secondary dormitories, as well as a covered playground.

The Eightieth Legislature, 2007 authorized the second bond appropriation totaling $68.3 million. Of the $68.3 million appropriated, $10.7 million has been expended and funded the construction of four additional dormitories, which are now complete. Construction on the remaining three dormitories continues and is projected to be completed by February 2010. Construction continues on the main instructional building, the dining room/kitchen building, the auditorium/fine arts building, the student activities/health center building and the natatorium, with a projected completion by August 2010. Pre-construction activities have started on the remaining buildings. TSBVI anticipates that all renovations funded by GO bond proceeds from both the Seventy-ninth and Eightieth Legislatures will be complete by December 2011. **Figure 195** shows the percentage of construction projects complete and incomplete from GO bond proceeds issued in 2005 and 2007.

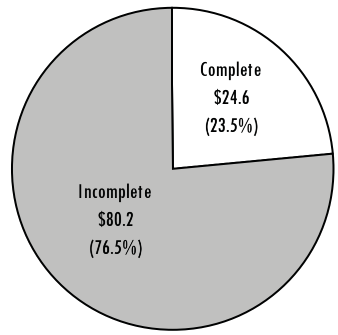
STUDENT POPULATION

The local (home) school district prepares an individual education plan (IEP) for each student identified as needing special education services, which identifies the goals and objectives for their academic course work. TSBVI requires the IEP for admission to the school and uses them determine services for each student.

TSBVI serves directly on its campus approximately 8 percent of the total population of approximately 8,000 blind and visually impaired students in Texas. During the 2008–09 regular school year, the school served 147 students, 135 of which were residential program students. Of the students served in the 2009 regular school year program, 110, or 75 percent had multiple disabilities, including deaf-blindness, autism, and cerebral palsy. During the 2008–09 school year, 148 students were served by specialized short-term programs and the 2009 summer program served 312 students. Additionally, the school conducted 256 conferences and workshops and served approximately 6,889 participants.

FIGURE 195
PERCENTAGE OF GENERAL OBLIGATION BONDS ISSUED FOR CONSTRUCTION PROJECTS COMPLETE AND INCOMPLETE AS OF AUGUST 31, 2009

IN MILLIONS TOTAL = $104.8 MILLION



SOURCE: Texas School for the Blind and Visually Impaired.

TSBVI also indirectly serves most of the 8,000 visually impaired students in the state through outreach support to school districts, education service centers, and parents.

PROGRAMS AND SERVICES

TSBVI staff work in conjunction with local school districts and the regional education service centers to provide a continuum of services to students with visual impairments. Students receive instruction that prepares them for high school graduation, for return to their local school districts, or for transition to further education, training or placement in local communities. The school serves these students and their wide array of needs through four major program areas: comprehensive full-time educational programs at TSBVI, summer programs, short-term programs, and outreach to students' home communities. The school provides full-time classroom and residential programs during the regular school year at its Austin campus to students between the ages of 6 and 21 who are unable to receive an appropriate public education from their local school districts.

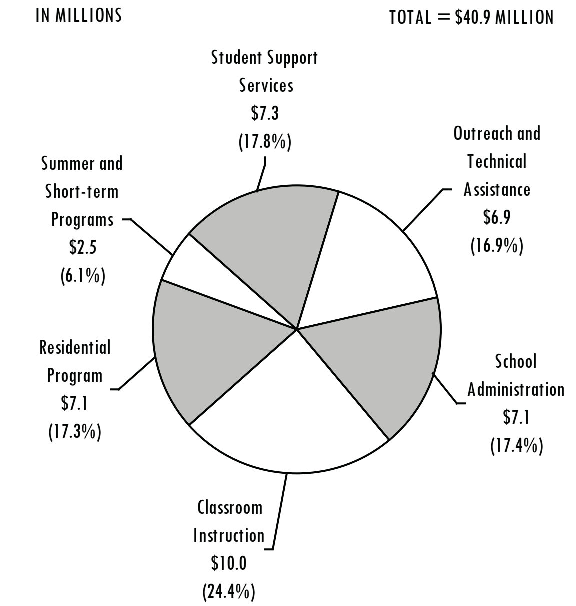
Core curricular areas are expanded to include instructional and life skills components that are intended to provide students with the skills and education necessary to live independently. The instruction includes a variety of activities ranging from career education and technology, to social interaction and independent living skills. The instructional and residential programs are accompanied by speech-language therapy, mobility training, health services, social work, and other support services. Persons over age 21 may receive services from the Department of Assistive and Rehabilitative Services (DARS).

For students ages 18 to 22, the school provides an Experiences in Transition program that focuses on transitioning young adults from school to the adult world. The course of study is in a setting that simulates the adult environment in which they will be living. The program includes areas such as personal and household management, recreation and fitness, physical and mental health needs, and employment and transportation. The school reported an increase in the number of students who are extending their education at TSBVI to its maximum eligibility age 22. According to TSBVI, 42 percent of enrolled students in 2009 were age 18 and over. **Figure 196** shows TSBVI's 2010–11 biennial appropriation by functional area.

The school's summer programs are only available to visually impaired students who attend their local districts during the school year and not TSBVI students. These programs supplement instruction that students receive in their home district during the regular school year, and include a broad array of content areas such as vocational, functional application of academic skills, independent living skills, social-emotional development and adapted athletics. Short-term programs—brief, intensive training sessions of three to five days offered throughout the year—also are available to supplement local district instruction, and include subjects like adaptive technology, Braille, and tactile mathematics.

Outreach services to students, parents, and professionals in Texas are a statutorily required component of the school's role as a statewide demonstration, training, and staff-development resource facility. Services are provided through teacher and parent workshops, on-site consultations, conferences, and instructional materials. Additional services include training and technical assistance as well as developing and disseminating materials such as curriculum, instructional methodology and educational technology.

FIGURE 196
TEXAS SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED APPROPRIATIONS BY PROGRAM AREA AND ADMINISTRATION
2010–11 BIENNIUM



NOTE: Does not include General Obligation Bond Proceeds of $35.2 million for facilities construction and renovations, or non-appropriated revenue from the ExpendableTrust Fund.
SOURCE: Legislative Budget Board.

TEXAS SCHOOL FOR THE DEAF

The Texas School for the Deaf (TSD), established by the Legislature in 1856 and located in Austin, is a state agency providing public education for deaf students, including those with multiple disabilities. The 67.5 acre campus is the oldest continuously operating public school in Texas. The school is governed by a nine-member board appointed by the Governor and is directed to organize and operate like an independent school district's board of trustees.

The school's mission is to provide direct educational services to students, ages 0 through 22, fostering learning in a positive and safe environment and addressing the unique needs of a diverse population of deaf students. TSD also serves as a statewide educational resource center on deafness by providing a variety of statewide outreach services to deaf students, their families, and professionals involved in deaf education.

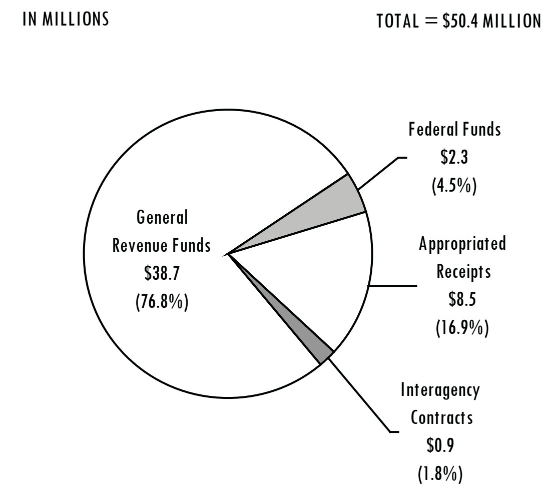
2010–11 APPROPRIATIONS

For the 2010–11 biennium, TSD has a total All Funds appropriation of $50.4 million, which provides for 462.2 full-time-equivalent (FTE) positions. These appropriations include $38.2 million in General Revenue Funds, or 76.5 percent; $2.3 million in Federal Funds, or 4.6 percent; and $9.4 million in Other Funds, or 18.9 percent. Included in appropriation of General Revenue Funds for the 2010–11 biennium is $2.2 million for ongoing repair and renovation of campus facilities. **Figure 197** shows the school's major revenue sources.

Biennial increases in General Revenue Funds include $442,000 and 6.4 new FTEs to improve direct services to address the growth in the age 18+ transition population, $100,000 to fund a new data system position, and $159,438 to support increasing transportation costs for airfare and charter buses used to transport students home on weekends. In addition, $270,000 was funded in fiscal year 2010 to purchase two new school buses for daily student transportation, two Drivers Education vehicles, and two passenger vans. Appropriations also include estimated funds to maintain TSD's statutorily required parity with teacher salaries in the Austin Independent School District (AISD), if AISD increases its salary schedule.

TSD also applied for $5 million in federal E-rate funding from the Schools and Libraries Division of the Universal Service Administrative Company to replace the school's current network infrastructure. Contingent upon approval of

FIGURE 197
TEXAS SCHOOL FOR THE DEAF
PROJECTED FUNDING SOURCES
2010–11 BIENNIUM



SOURCE: Texas School for the Deaf.

the E-rate funding, the agency is appropriated an additional $500,000 in General Revenue Funds in fiscal year 2010, or an amount not to exceed 10 percent of the total E-rate funding request, whichever is less.

STUDENT POPULATION

In the 2008–09 school year, TSD served 514 students in regular school-year programs and 338 students in summer and short-term programs, which include family weekend retreats, early childhood education, and driver education. Approximately 55 percent of TSD students live on campus while attending classes, while the other 45 percent are nonresidential students who attend classes as day students. TSD provides daily transportation for most of the day students.

During the 2009 regular school year, 282 of the 514 enrollees were residential students and 82 students, or 16 percent of the total number of students enrolled had multiple disabilities, including emotional and behavioral needs and Attention Deficit Disorder. In fiscal year 2009, the average length of enrollment at TSD was 4.1 years, up slightly from 3.5 years in fiscal year 2007.

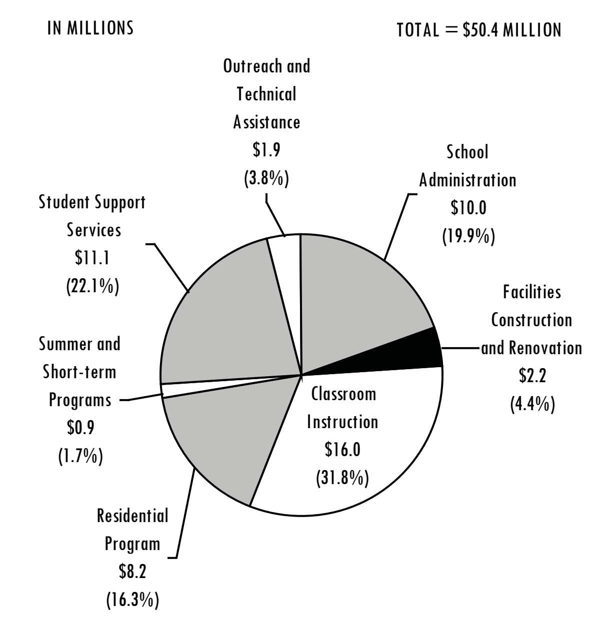
The school admits students referred by parents and those referred by local (home) school districts. Local school districts are required by the Texas Education Code to share in the cost of educating students placed at TSD. The home district's cost equals the dollar amount of maintenance and debt service taxes imposed by the district for that year divided by the average daily attendance in the district for the preceding year. The Commissioner of Education deducts the amount owed from the payment of Foundation School Funds payable to the district. Districts not receiving Foundation School Funds remit payment to the commissioner, who forwards it to TSD.

SCHOOL PROGRAMS AND SERVICES

TSD provides academic, extracurricular, and co-curricular educational services to deaf students. The school's programs have academic and career training components; both include specialized training for students with multiple disabilities. Independent living, social, and other life-skills training is provided to residential students in a "dormitory curriculum," which complements the academic programs. Support services, including counseling, physical therapy, occupational therapy and audiological and speech therapy, are provided to all students as needed. **Figure 198** shows the school's 2010–11 biennial appropriations by program area and administration.

In addition to residential and day educational programs, the school is required by statute to act as a primary statewide resource for promoting excellence in educational services for hearing-impaired students. TSD trained over 562 interpreters and teachers from across the state in communication skills workshops in fiscal year 2009. The school is also required to work in partnership with state and local agencies, including school districts, to serve the unmet and future needs of the deaf and hard of hearing. In fiscal year 2009, the school served 4,910 professionals and families throughout Texas in workshops, conferences, consultations and technical outreach.

FIGURE 198
TEXAS SCHOOL FOR THE DEAF APPROPRIATIONS BY PROGRAM AREA AND ADMINISTRATION
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

TEACHER RETIREMENT SYSTEM

The Teacher Retirement System of Texas (TRS) was established in 1937 and provides retirement benefits, group insurance, and death, survivor, and disability benefits for employees of public school districts and institutions of higher education. The Eighty-first Legislature, Regular Session, 2009, appropriated $4.0 billion for the 2010–11 biennium for these programs, a $243.2 million increase in All Funds and $218.2 million in General Revenue Funds compared to the 2008–09 biennium.

RETIREMENT PROGRAM

State contributions for retirement total $3.4 billion in All Funds, an increase of $190.2 million, or 6 percent above the 2008–09 biennial estimated expenditures. The increase is primarily attributable to anticipated growth in the number of public and higher education employees, and a larger public education increase in total payroll. For the 2010–11 biennium, the state contribution rate is 6.4 percent of payroll compared to the 2008–09 contribution rate of 6.58 percent. In addition to state contributions, active TRS members contribute at a rate of 6.4 percent of annual compensation. The Texas Constitution specifies that the state must contribute between 6 percent and 10 percent of total TRS-related payroll, except in an emergency declared by the Governor, and statute does not permit the state contribution rate to be set lower than the employee contribution rate.

The Eighty-first Legislature, Regular Session, 2009, appropriated $120.5 million in General Revenue Funds to provide a one-time supplemental payment to eligible annuitants, contingent upon the legality of such a payment as determined by the Texas Attorney General. On November 23, 2009, the Texas Attorney General released an opinion that states that the language contained in Article IX, Section 17.13 of the General Appropriations Act makes it impossible for the Attorney General to conclusively confirm that the supplemental payments "are constitutionally and statutorily permissible." Consequently, the appropriated funds will be transferred into the Teacher Retirement System Pension Trust Fund and will increase the state contribution rate from 6.4 percent to 6.644 percent for the 2010–11 biennium.

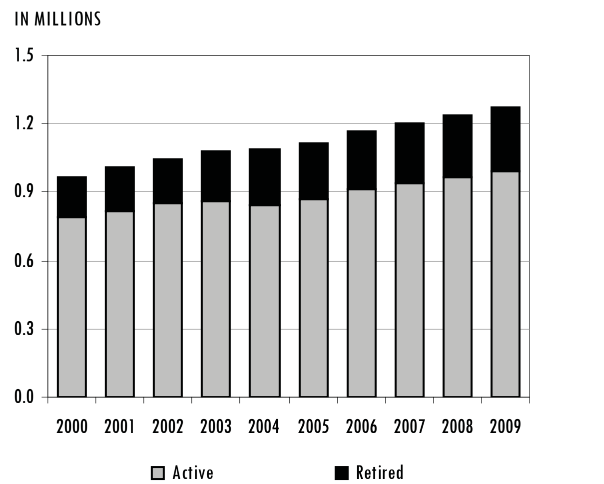
The TRS Board of Trustees has the responsibility of administering the retirement system and approving retirement fund investment decisions. The board is composed of nine trustees who are appointed by the Governor to staggered terms of six years. Associated administrative costs for the 2010–11 biennium are funded by a direct appropriation of $124.5 million, financed from the TRS Retirement Trust Fund, which provides for 455.3 full-time-equivalent (FTE) positions. Included in the 2010–11 administrative costs is $7.4 million in General Revenue Funds to support 11 TRS exempt staff positions. Rider 11 in the TRS bill pattern of the 2010–11 General Appropriations Act (GAA), provides that should the TRS Board of Trustees adopt a fiduciary finding increasing the agency's administrative budget above the 2010–11 appropriation without Legislative Budget Board (LBB) approval, then the appropriation of General Revenue Funds will be reduced by same amounts funded through the fiduciary finding.

In October, 2009, the LBB approved an additional $3 million in funding from the TRS Retirement Trust Fund via a fiduciary finding resolution adopted by the TRS Board of Trustees, thereby increasing the total fiscal year 2010 administrative costs to $66.5 million. The approval also includes an additional 20 FTE positions over the limits established in the 2010–11 GAA, increasing the cap for fiscal years 2010 and 2011 to 475.3 positions. Based on the additional funding, the annual cost per member for TRS administration is projected at $24.06 in each year of the 2010–11 biennium, compared to an actual cost per member of $21.05 in fiscal year 2008 and $23.49 in fiscal year 2009.

Amounts appropriated for administrative operations of the agency apply only to expenditures associated with management of the investments of the Retirement Trust Fund and payment of retirement benefits. Administrative expenses associated with other programs administered by the agency, such as TRS-Care (Retired Public Education Employee Group Insurance Program), TRS-ActiveCare (School Employee Group Insurance Program), and other functions are paid from trust funds or accounts associated with those programs and are not part of the appropriations process. The total administrative expenditure from nonappropriated funds for the administration of these other programs projected for fiscal year 2010 is $5.9 million, supporting 55 FTE positions, compared with actual expenditures from fiscal year 2009 of $4.8 million supporting 51 positions. According to TRS, the increase is attributable to an ongoing process of ensuring that the allocation of costs between administrative funding appropriated from the Retirement Trust Fund and administrative expenses covered by non-appropriated funds is proportionate. The positions supported by nonappropriated funds are not counted against the FTE cap established for the agency by the Legislature.

As of August 31, 2009, there were 988,968 active members in the system, an increase of 22,925 members above fiscal year 2008. Public school employees constitute approximately 85 percent of the TRS-covered payroll; higher education and state agency employees make up the remaining 15 percent. Annuitants accounted for 284,614 or 22.0 percent of total TRS membership as of August 31, 2009. **Figure 199** shows the growth of TRS membership, both active and retired, since fiscal year 2000.

FIGURE 199
TEACHER RETIREMENT SYSTEM MEMBERSHIP
FISCAL YEARS 2000 TO 2009



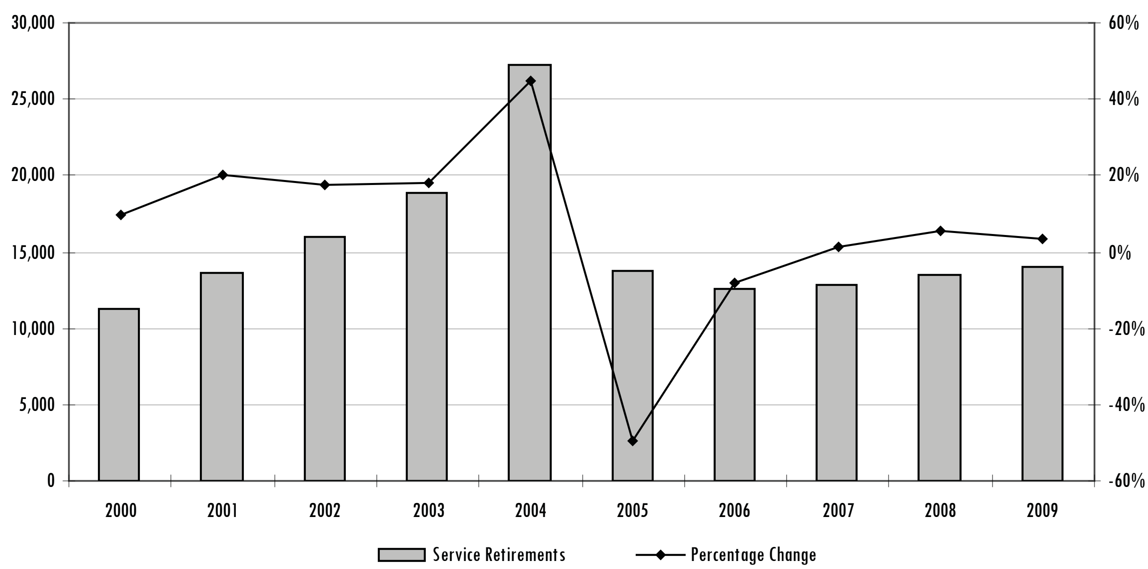
SOURCE: Teacher Retirement System of Texas.

TRS reports that 14,008 members retired in fiscal year 2009 and 13,528 members retired in fiscal year 2008. **Figure 200** shows annual TRS service retirements since 2000. Although the percentage increase in the number of service retirements fluctuates from year to year, the data show a general upward trend in retirement rates until fiscal year 2005 and then a flattening or decrease in the trend in subsequent years. TRS experienced a higher than normal rate of retirement during fiscal year 2004, due in part to changes in federal rules governing Social Security benefits. Consequently, this likely contributed to the sharp decrease in the number of retirements in fiscal year 2005 and the modest decrease in fiscal year 2006. This trend may be partly attributable to changes made by the Seventy-ninth Legislature, 2005, to retirement eligibility and other related policies. Since 2006, retirements have resumed a steady upwards trend. From fiscal years 2008 to 2009, the average age at retirement increased from age 60.0 to age 60.3, compared to an average age at retirement of 60.1 in fiscal year 2000.

TRS TRUST FUND

During the 2008–09 biennium, TRS implemented a new investment strategy designed to improve long-term investment results, while reducing downside market risk.

FIGURE 200
ANNUAL SERVICE RETIREMENTS AND ANNUAL PERCENTAGE CHANGE IN NUMBER OF RETIREMENTS
FISCAL YEARS 2000 TO 2009



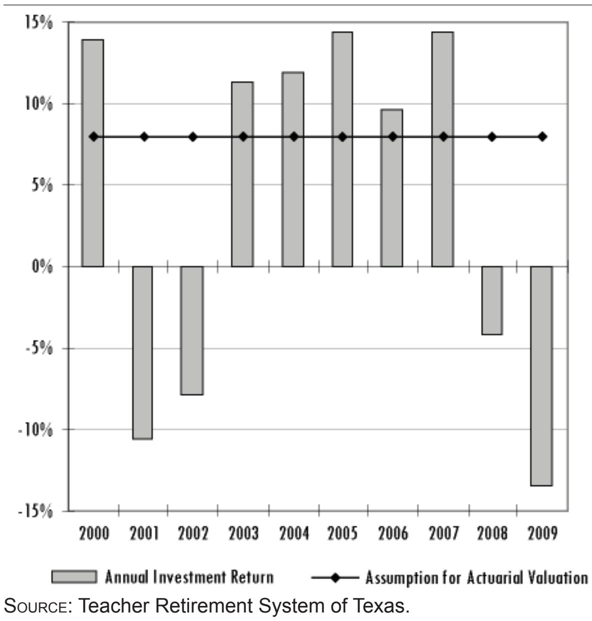
SOURCE: Teacher Retirement System of Texas.

TRS invests system funds in equities, fixed-income securities, and other investment vehicles. At the end of fiscal year 2009, global equity investments (both public and private equity) comprised 61 percent of the system's investments, stable value investments (fixed, short-term, and hedge funds) comprised 21 percent, and real return investments (bonds, commodities, real estate and other real assets) comprised the remaining 18 percent.

As of August 31, 2009, the market value of the retirement fund was $88.7 billion. **Figure 201** shows the annual rate of return on investments for the retirement trust fund's assets since fiscal year 2000. Total portfolio assets lost 13.5 percent in fiscal year 2009, compared to a loss of 4.2 percent in the prior year. Investment performance is a major factor in determining the actuarial condition of the retirement system and is assumed at 8 percent annually.

According to TRS statues, an actuarial valuation is performed annually to report on the financial status of the pension plan and an additional valuation update is completed during each legislative session. During the Eighty-first Legislature, Regular Session, 2009, the TRS February 28, 2009 actuarial valuation update of the Retirement Trust Fund reported an increase of $28 billion in the unfunded actuarial liability, from $11.5 billion to $40.4 billion.

FIGURE 201
TRS RETIREMENT TRUST FUND ACTUAL ANNUAL RETURN ON INVESTMENT COMPARED TO ASSUMED ANNUAL RETURN
FISCAL YEARS 2000 TO 2009



SOURCE: Teacher Retirement System of Texas.

The August 31, 2009 actuarial valuation of the TRS retirement trust fund assesses the unfunded actuarial liability at $21.6 billion, an increase of $10.1 billion from the prior year's valuation. The combined state rate (6.40 percent) and member contribution rate (6.4 percent) exceeds the normal cost of 10.4 percent. The TRS actuary reports the funding period at "never" because is exceeds the statutorily required 30-year funding period necessary for the system to be considered actuarially sound. Assuming the member contribution remains at 6.4 percent, the TRS actuary estimates the minimum rate at which the state would need to contribute to achieve the 30-year statutory funding period at 7.72 percent. Note that the actuarial valuation incorporates a smoothing methodology that realizes asset gains and losses over a five-year period.

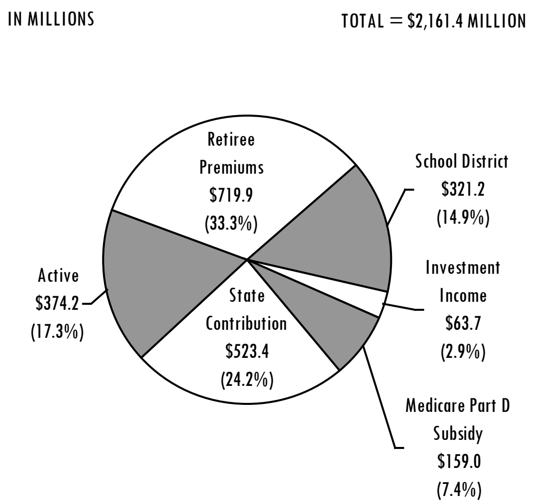
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEE GROUP INSURANCE PROGRAM (TRS-CARE)

The Legislature authorized the Texas Public School Retired Employee Group Insurance Program in 1985 and designated TRS as its administering agency. Referred to as TRS-Care, the program provides health insurance coverage for public education TRS retirees who are not eligible to participate in the state higher education or state employee plans. The program has six major revenue sources, which are identified in **Figure 202**.

Appropriations for the TRS-Care program for the 2010–11 biennium meet the statutory requirement that the state contribute an amount equal to 1 percent of public education payroll and total $523.4 million. This funding level is an increase of $45.8 million compared to the program's 2008–09 total state contributions. As of August 31, 2009, the TRS-Care trust fund balance is projected to close out fiscal year 2011 at $471.7 million. According to TRS, the projected TRS-Care fund balance for the next two biennia remains essentially unchanged from projections calculated at the beginning of fiscal year 2009. This projection incorporates ongoing enrollment in the program, including the continuing increase in Medicare lives compared to those not eligible and recent claims experience. Factors that may influence future projections include the effect of legislative changes, future enrollment patterns, changes in network savings resulting from changes in provider reimbursement schedules, and changes in future cost trends for medical and pharmaceutical expenses.

As shown in **Figure 202** retiree premiums for TRS-Care provide the largest share of revenue for the program, projected

FIGURE 202
TRS-CARE PROJECTED FUNDING SOURCES
2010–11 BIENNIUM



SOURCE: Teacher Retirement System of Texas.

to be 32.5 percent for the 2010–11 biennium, followed by the state contribution at 26 percent, active employee contributions at 16.9 percent, school district contributions at 14.5 percent, investment income at 2.9 percent and subsidies earned from the federal Medicare Part D prescription drug plan at 7.2 percent. This projection indicates that the statutory requirement that the state provide no more than 50 percent of funding and that retiree premiums (which also allow for dependent coverage) provide no less than 30 percent will be met in the 2010–11 biennium. As of August 2009, there were 198,819 retirees and their dependents participating in the TRS-Care program, compared to 195,210 in August 2008.

See **Figure 24** in Chapter One for additional discussion of plan benefits.

TEXAS PUBLIC SCHOOL ACTIVE EMPLOYEE GROUP INSURANCE PROGRAM (ACTIVECARE)

TRS-ActiveCare, authorized by the Seventy-seventh Legislature in 2001, is a statewide group health insurance program for public education employees. TRS administers ActiveCare under contract with Blue Cross and Blue Shield of Texas (medical) and Medco Health Solutions (pharmacy). With few exceptions, school districts with fewer than 500 employees are required to participate in the ActiveCare program, while districts with more than 500 employees may join the program with proper notification to the TRS trustees. As of September 1, 2009, TRS serves 1,098 school districts, charter schools, and regional education service centers, and covers 224,694 employees and 153,684 dependents in the ActiveCare program. Health coverage and program administration are financed entirely with revenue from premiums paid by districts and participants, with TRS administrative costs budgeted at $2.1 million and funding 20 FTE positions for fiscal year 2010.

Current law requires that school districts offer a health insurance plan that provides comparable benefits to the HealthSelect plan available to state employees. The TRS-ActiveCare program now offers four tiers of coverage (ActiveCare 1, ActiveCare 1-HD, ActiveCare 2, and ActiveCare 3) with progressively richer benefits, with the ActiveCare 3 plan being comparable to HealthSelect. In addition, three health maintenance organizations are offered in certain service areas. A report compiled by TRS in fiscal year 2008, based on a district survey of coverage available to employees of the 183 nonparticipating school districts, found that 94 percent of these districts offer a comparable plan.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TRS. House Bill 1191 and House Bill 2656 are the most significant.

The enactment of House Bill 1191 authorizes eligible TRS members up to 90 days after the date of retirement to enroll in health insurance coverage under TRS-Care.

House Bill 2656 would have changed the composition of the TRS Board of Trustees by replacing two of the current board members appointed by the Governor with two new retired members elected by members of the retirement system. The bill was vetoed by the Governor on June 19, 2009.

OPTIONAL RETIREMENT PROGRAM

The Optional Retirement Program (ORP) is a defined contribution plan established in 1967 as an alternative to the defined benefit retirement plan provided by the Teacher Retirement System of Texas (TRS) for public higher education faculty, librarians, and certain administrators and professionals. New public higher education employees who are employed in an ORP eligible position have 90 days from the first date of eligibility to make a one-time irrevocable choice between participation in ORP and TRS membership. **Figure 203** shows a 10-year trend in the number of employees eligible to elect participation in ORP.

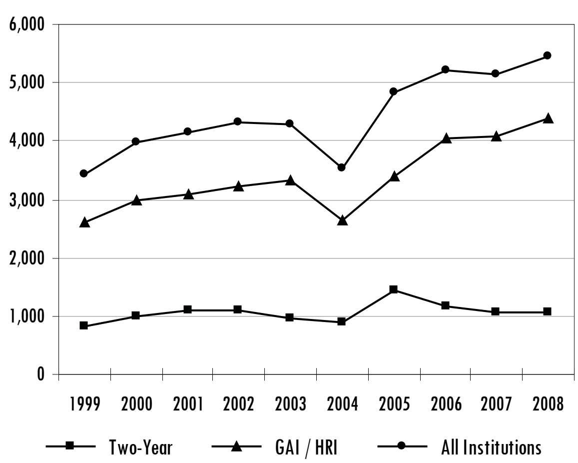
The 2010–11 biennial appropriation for ORP contributions is an estimated $294.7 million, which is an increase of $9.1 million, or 3.1 percent above the 2008–09 appropriations. The state's contribution rate is based on a 6.4 percent rate and consists of General Revenue Funds and General Revenue-Dedicated Funds. Under the proportionality provision, employer contributions for ORP participants whose salaries are paid from non-General Revenue Funds or General Revenue–Dedicated Funds are paid from other funds. Participating institutions may also choose to use any funds to provide supplemental contributions for any ORP participant to bring the sum of the state contribution rate and any local supplementation up to a maximum contribution rate of 8.5 percent, the rate at which the state contributed to ORP in the 1990–91 biennium.

The ORP features one-year vesting and is a portable benefit that allows participants to retain their contribution accounts after separation from employment in Texas public higher education. Contribution amounts are based on a percentage of the employee's salary as established by the Texas Legislature and invested by an employee through the purchase of individual investment contracts, authorized under Internal Revenue Code Section 403(b), from insurance and investment companies. The retirement benefit provided under ORP is based on the accumulated contributions and rate of return earned over the entire course of the employee's career.

ORP is not administered by TRS or the Employees Retirement System of Texas, but instead is a separate retirement mechanism. The Texas Higher Education Coordinating Board (THECB) oversees the program's rules; the Comptroller of Public Accounts, along with the various institutions, is responsible for the accounting duties; and each governing board administers its own Optional Retirement Program and selects qualified vendors of investment products for its eligible employees.

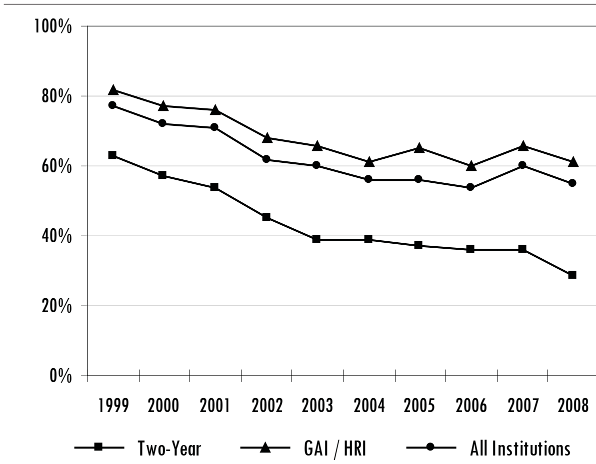
Participation in the program is limited to full-time faculty and certain administrators employed by Texas public institutions of higher education (including public community and technical colleges), the commissioners of education and higher education, and certain employees of THECB. Employees who elect ORP in lieu of TRS membership must continue to participate in ORP for the remainder of their careers in Texas public higher education. As of August 2008, there were 31,449 university and health-related institution employees and 8,740 employees of two-year institutions participating in the program. **Figure 204** shows a 10-year trend in the percentage of employees electing to participate in ORP.

FIGURE 203
NUMBER OF EMPLOYERS ELIGIBLE TO ELECT OPTIONAL RETIREMENT PROGRAM
FISCAL YEARS 1999 TO 2008



Source: Texas Higher Education Coordinating Board.

FIGURE 204
PERCENTAGE OF EMPLOYEES ELECTING OPTIONAL RETIREMENT PROGRAM
FISCAL YEARS 1999 TO 2008



Source: Texas Higher Education Coordinating Board.

HIGHER EDUCATION

Texas' system of public higher education encompasses 35 general academic teaching institutions (with three new institutions emerging by the end of 2011); three lower-division institutions; 50 community and junior college districts; one technical college system with four main campuses; and nine health-related institutions operating eight state medical schools, three dental schools, two pharmacy schools, and numerous other allied health and nursing units.

This system is governed by the nine member Texas Higher Education Coordinating Board (THECB) whose mission is to ensure an effective and efficient system of higher education by controlling costly duplication of academic programs and unnecessary construction projects. The board also ensures all Texans have access to high quality programs at different institutional levels and oversees the state's student financial aid programs. Additionally, there are seven Texas A&M University (TAMU) System agencies that provide research and other support and two constitutionally authorized funds to support new construction and excellence programs.

Based on 2008 figures reported by THECB, about 1.13 million students are enrolled in public institutions of higher education in Texas, an increase of about 41,419 students above the fall 2007 enrollment. **Figure 205** compares enrollment for each type of higher education institution for fall 2007 and fall 2008.

The Eighty-first Legislature, Regular Session, 2009, appropriated $22.8 billion in All Funds to support higher education for the 2010–11 biennium. General Revenue Funds for higher education total $13.7 billion. The federal American Recovery and Reinvestment Act (ARRA) also provided Federal Funds, which includes $326.9 million for higher education ($227 million for formula and incentive funding; and $99.9 million for new initiatives).

Appropriations for higher education provide funding for instruction, student services, and administration at general academic institutions, health-related institutions, community colleges, and technical colleges; special items that represent an institution's area of expertise or special need; student financial aid such as Toward Excellence, Access and Success (TEXAS) grants and the Texas B-On-time Loan Program; and patient care at hospital or dental clinics operated by health-related institutions. Except for appropriations to THECB, the TAMU System agencies and the ARRA funds, Federal Funds are not included in appropriations for higher education.

Funding for higher education employee benefits totals $2.5 billion in All Funds, which includes $2.2 billion in General Revenue Funds. An appropriation of $649.9 million in General Revenue Funds for tuition revenue bond debt service is also included.

General Revenue formula funding in the 2010–11 biennium for institutions of higher education (general academics,

FIGURE 205
TOTAL HIGHER EDUCATION ENROLLMENT
FALL 2007 AND FALL 2008

	2007 ENROLLMENT	2008 ENROLLMENT	PERCENTAGE OF TOTAL	ENROLLMENT CHANGE	PERCENTAGE CHANGE
Public					
General Academic Institutions	497,195	509,136	40.7	11,941	2.4
Community Colleges	575,634	604,163	48.3	28,529	5.0
Heath-related Institutions	16,735	17,684	1.4	949	5.7
Subtotal, Public Institutions	**1,089,564**	**1,130,983**	**90.4**	**41,419**	**3.8**
Independent (Private)					
Senior Colleges	115,627	116,607	9.3	980	0.8
Junior Colleges	651	615	0.1	(36)	(5.5)
Health-related Institutions	2,759	2,737	0.2	(22)	(0.8)
Subtotal, Private Institutions	**119,037**	**119,959**	**9.6**	**922**	**0.7**
TOTAL, ALL TEXAS INSTITUTIONS OF HIGHER EDUCATION	**1,208,601**	**1,250,942**	**100.0**	**42,341**	**3.5**

SOURCES: Legislative Budget Board; Higher Education Coordinating Board.

health-related institutions, and community colleges) increased $605.6 million above the 2008–09 biennial funding level due to student enrollment growth, a transfer of $66.5 million from special items and the Legislature's enhancement of the formula funding.

To provide more access to higher education, the Texas Legislature increased appropriations for student financial aid to THECB by $259.6 million above the 2008–09 biennial funding level.

Other major increases in funding above the 2008–09 biennial funding level include; Higher Education Group Insurance ($117.4 million), funding for hospital operations at the University of Texas Medical Branch in Galveston ($97 million), the Texas Research Incentive Program ($50 million), and the Available University Fund ($46.3 million).

Higher education received a total of $326.9 million in funding from ARRA. Of this amount, $99.9 million is for new projects at 26 universities, community colleges, and university systems.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 51 to establish more "Tier One" public universities in Texas. This legislation affects general academic institutions, health-related institutions and THECB by establishing funding criteria for grants, creating the Texas Research Incentive Program to match certain gifts and endowments at eligible institutions; and changing the nature of the Permanent Higher Education Fund (PHEF).

The PHEF corpus was rededicated upon voter passage of Proposition 4, which amended Article 7 of the Texas Constitution by establishing the National Research University Fund (NRUF). Proposition 4 transferred the balance of the PHEF to the credit of the NRUF as of January 1, 2010, and repealed the constitutional authorization for the PHEF. The NRUF is intended to provide a source of funding to enable emerging research universities in Texas to achieve national prominence as major research universities.

HIGHER EDUCATION EMPLOYEES GROUP INSURANCE

Higher Education Employees Group Insurance (HEGI) encompasses specific, line-item appropriations of General Revenue Funds to individual institutions falling under one of three systems providing health benefits coverage to higher education employees: The University of Texas (UT) System, the Texas A&M University (TAMU) System, and the Employees Retirement System of Texas (ERS). The ERS Group Benefits Program serves all institutions of higher education except components of UT System and TAMU System. **Figure 206** shows the total number of each system's participants (actives, retirees, and dependents) from fiscal years 1998 to 2011.

Legislative appropriations for HEGI for the 2010–11 biennium total $1,124.4 million, which includes $1,123.1 million in General Revenue Funds and $1.3 million in Other Funds. The Other Funds contribution is appropriated to the Texas Transportation Institute and is funded from the State Highway Fund.

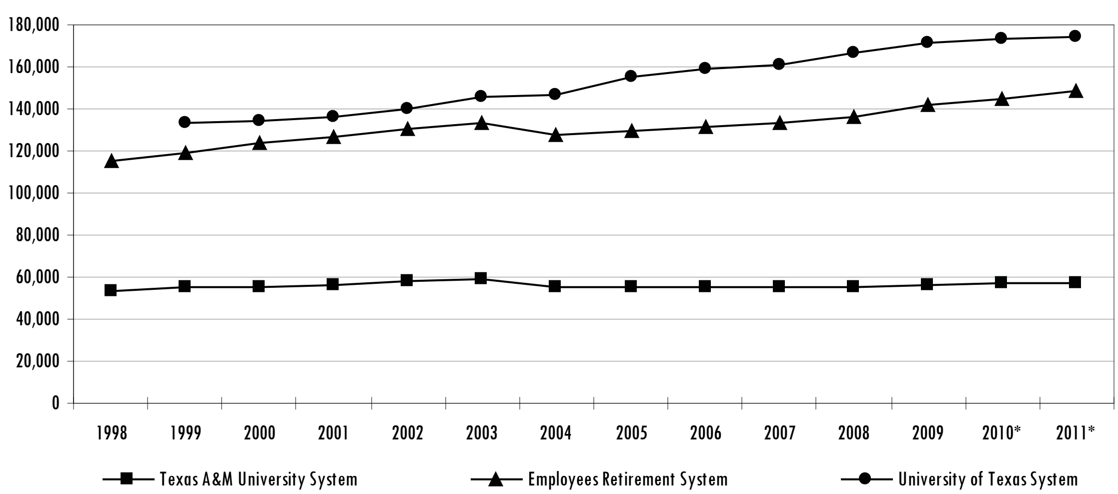
The appropriation is $271.4 million in All Funds above the 2008–09 biennium level, or 31.8 percent. The majority of this increase is attributable to the Governor's veto of the fiscal year 2009 $154 million group health insurance contribution for public community colleges. Prior to this veto, the 2008–09 All Funds HEGI appropriation totaled $1,007 million, which would have resulted in a biennial All Funds increase of $117.4 million, or about 11.7 percent. The Legislature restored these vetoed funds directly to the districts with the enactment of House Bill 4586, Eighty-first Legislature, First Called Session, 2009. Refer to the section on public community colleges for greater detail on this funding.

The 2010–11 biennial appropriation for group health insurance is based on the number of eligible enrollees multiplied by premium contribution rates. HEGI premium contribution rates vary by insuring system and type of institution. State institutions of higher education are funded at 95 percent to 97.5 percent of "full" ERS premium rates, while local community college districts are funded at about 83 percent of "full" ERS premium rates.

The Legislature appropriated $1 million in General Revenue Funds to continue funding the higher education portion of the state's contributions for the State Kids Insurance Program. The Legislature also appropriated $0.2 million to support ERS' costs involving employees who opted-out of the Group Benefits Program.

For the 2010–11 biennium, an institution's allocation of General Revenue Funds is based on the relative number of employees at the institution enrolled in the health insurance program as of December 1, 2008. Funding is based on a sum-certain appropriations methodology in which state

FIGURE 206
HIGHER EDUCATION EMPLOYEE HEALTH INSURANCE TOTAL PARTICIPATION
FISCAL YEARS 1998 TO 2011

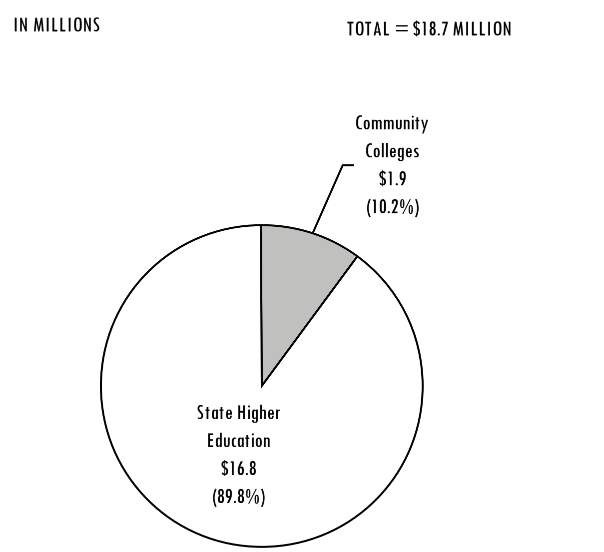


*Estimated.
Sources: The University of Texas System; Texas A&M University System; Employees Retirement System of Texas.

contributions to individual institutions are capped at the respective institution's line-item amount and where additional costs, if any, must be borne by individual institutions out of other appropriated or local funds.

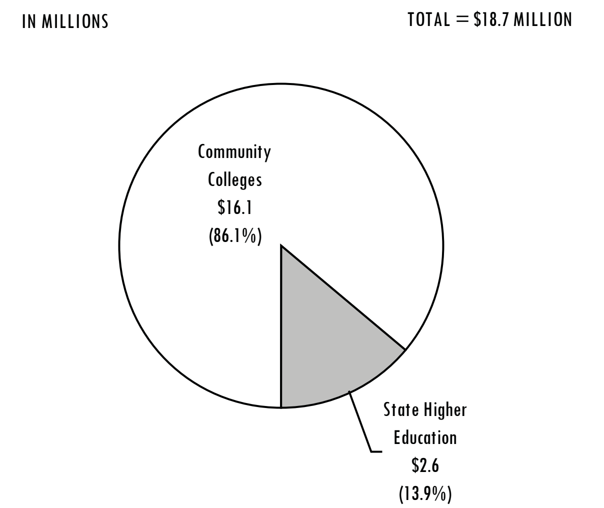
However, the 2010–11 General Appropriations Act also authorizes ERS and the UT and TAMU systems to transfer HEGI appropriations among institutions within their respective group insurance programs to address needs related to General Revenue Fund group insurance premiums. **Figures 207 and 208** show the results of this reallocation for higher education institutions participating in ERS' Group Benefits Program in fiscal years 2004 to 2008. Since Fiscal Year 2004, community colleges contributed an average of about 10 percent of the funds used in the reallocation, while state higher education institutions provided the remaining reallocation (**Figure 207**). Conversely, during the same period, community colleges received an average of about 86 percent of the total pool of reallocation funds each year (**Figure 208**). The Eighty-first Legislature, General Appropriations Act, 2010–11 Biennium, includes new rider language requiring reallocation funds first be applied to shortfalls for institutions submitting Accounting Policy Statement 011 (Benefits Proportional by Fund) reports to the Comptroller of Public Accounts.

FIGURE 207
EMPLOYEES RETIREMENT SYSTEM HIGHER EDUCATION SOURCE OF REALLOCATION FUNDS
FISCAL YEARS 2004 TO 2008



SOURCE: Employees Retirement System.

FIGURE 208
EMPLOYEES RETIREMENT SYSTEM HIGHER EDUCATION GROUP INSURANCE REALLOCATION DISTRIBUTION OF REALLOCATION FUNDS
FISCAL YEARS 2004 TO 2008

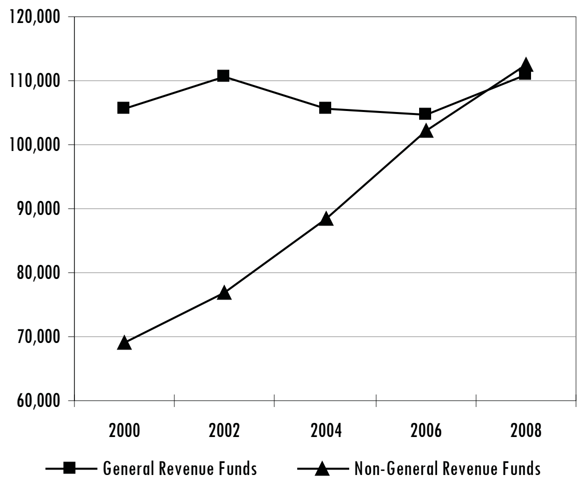


SOURCE: Employees Retirement System.

For all institutions of higher education except public community colleges, appropriations for HEGI are intended to provide state contributions to individual institutions' costs of health insurance premiums in a manner prescribed by proportional cost-sharing requirements. As such, institutions are required to pay all the health benefit costs for those employees having their salaries paid from sources other than the General Revenue Fund. Thus, as institutions continue to increase their share of funding from sources other than General Revenue Funds, the share of employees having their health benefits paid by the state decreases proportionately. **Figure 209** shows in fiscal year 2008 the total number of active employees and retirees whose respective health benefits are paid by the institution exceeded for the first time the total number of active employees and retirees paid by the state.

The insurance contribution policy for ERS-covered institutions is the same as for non-higher education general state employees. For full-time employees, the state pays the employee-only premium in full and half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the UT System, the state and UT System also pay the employee-only premium in full and roughly half the difference between the employee-only premium and the premium for dependent coverage. For full-time employees of the TAMU System, the state and TAMU System pay about 87 percent of the

FIGURE 209
GENERAL REVENUE FUNDS AND NON-GENERAL REVENUE FUNDS GROUP INSURANCE ENROLLMENT
FISCAL YEARS 2000 TO 2008



Source: Legislative Budget Board.

employee-only premium and half of the difference between the employee-only premium and the premium for dependent coverage. Employees of the UT System and TAMU System receive an array of benefits similar to those offered to general state employees by ERS.

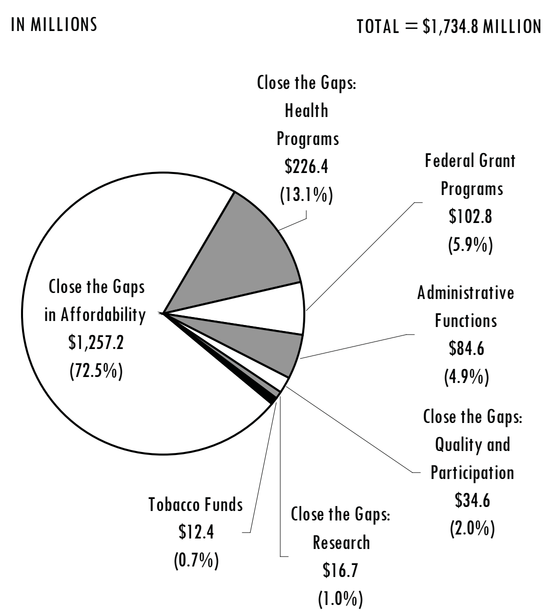
HIGHER EDUCATION COORDINATING BOARD

The Texas Higher Education Coordinating Board (THECB) was established in 1965 to provide leadership for and coordination of the public higher education system in Texas. The agency's mission is to provide the Legislature with advice and comprehensive planning capability for higher education, to coordinate the effective delivery of higher education, to administer programs efficiently, and to improve higher education for the people of Texas.

For the 2010–11 biennium, appropriations total $1,735 million in All Funds and provide for 306.9 full-time-equivalent positions. See **Figure 210** for breakout per agency goal. Included in this All Funds total is $80 million in Federal Funds from the federal American Recovery and Reinvestment Act of 2009 (ARRA) to support incentive funding. The two administrative goals have been consolidated into Administrative Functions. Of the appropriated amount, $1,462 million, or 84.3 percent, is General Revenue Funds and General Revenue–Dedicated Funds.

The agency's goals are to coordinate Texas higher education and to administer various student financial aid, federal grant, and state-funded trusteed programs. The agency establishes a master plan for higher education in Texas; prescribes the role and mission of public higher education institutions; reviews university academic programs, academic and vocational technical programs at the community and technical colleges, and health-related programs; approves certain construction projects and real estate purchases; and promotes access to and quality in higher education.

FIGURE 210
TEXAS HIGHER EDUCATION COORDINATING BOARD APPROPRIATIONS BY GOAL
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

CLOSE THE GAPS IN AFFORDABILITY

The Close the Gaps in Affordability goal constitutes 73 percent of the funding appropriated to THECB. This goal includes the Student Financial Aid Program strategy, which funds five financial aid programs—Towards EXcellence, Access and Success (TEXAS Grants), Texas Educational Opportunity Grants, College Work Study, the B-On-Time Program and the Tuition Equalization Grant program (TEG). For the 2010–11 biennium, funding for the Student Financial Aid Program strategy is $1,007 million, an increase of $259.6 million above the 2008–09 biennial funding levels for these consolidated programs. Although the programs were consolidated into one strategy, threshold-funding levels for each program are established in the Student Financial Aid Program through riders in the 2010–11 General Appropriations Act.

The Tuition Equalization Grants programs (TEGs) help needy Texas residents pay the difference between the tuition at a private college and a comparable public institution. For the 2010–11 biennium, funding for this program totals $211.9 million. For the B-On-Time program, the threshold amount is $140 million for the biennium, which includes $52 million in General Revenue Funds and $88 million in designated tuition set asides. Funding increased approximately $63 million from the previous biennium due to an additional $15 million in General Revenue Funds, which prior to the Eightieth Legislature, was not used as a method of finance for the program, and an additional $48 million in designated tuition set-asides, including $28 million in unexpended balances. For TEXAS Grants, the threshold amount is $614.2 million for the 2010–11 biennium, an increase of approximately $186.4 million from the 2008–09 biennium. **Figure 211** shows the differences between these three programs. Appropriations to the Texas Educational Opportunity Grant Program increased from $14 million to $24 million for the 2010–11 biennium.

The Eightieth Legislature, 2007, appropriated $100 million for the Higher Education Performance Incentive Initiative strategy. Under provisions of the initiative, the funds were

FIGURE 211
FINANCIAL AID PROGRAMS
2010–11 BIENNIUM

	TEXAS GRANTS	B-ON-TIME	TUITION EQUALIZATION GRANTS
Eligible Institutions	Public institutions	Public, private, or independent institutions	Private or independent institutions
Type of Financial Aid and Use	Grant can be used to pay any usual and customary cost of attendance.	Loan can be used to pay any usual and customary cost of attendance.	Grant can be used to pay any usual and customary cost of attendance.
Course Load	Three-fourths of a full course load	Full course load (12 semester hours)	Three-fourths of a full course load
Financial Need	Must show financial need.	Must show financial need if funding is insufficient to meet demand.	Must show financial need.
Residency	Texas resident	Texas resident	Texas resident or National Merit Finalists
Grade Point Average (after first year)	Institution's GPA requirement	Institution's GPA requirement	Institution's GPA requirement
Grade Point Average	GPA 2.5 on 4.0 scale	GPA 2.5 on 4.0 scale	GPA 2.5 on 4.0 scale
Loan Forgiveness	NA	Yes, if 3.0 GPA on 4.0 scale and graduate within 4 to 5 years depending on degree program or with no more than 6 credit hours over degree requirements.	NA
Grant/Loan Amount	Average statewide amount of tuition and required fees a resident student enrolled full-time in a baccalaureate degree program would be charged at a general-academic institution.	Average statewide amount of tuition and required fees a resident student enrolled full-time in an undergraduate degree program would be charged at a general-academic institution.	Based on financial need but not to exceed a grant amount specified in the legislative appropriation or more than the difference between the tuition at the private institution and the tuition at public colleges and universities.
Funding	General Revenue Funds and donations	General Revenue Funds and designated tuition set-asides	General Revenue Funds

Source: Texas Higher Education Coordinating Board.

used to develop an incentive program for the improvement in teaching and educational excellence at Texas public general academic institutions as well as provide scholarships for undergraduate students who graduated in the top 10 percent of their class. In the Eighty-first Legislature, Regular Session, 2009, the funding for these two initiatives was split with $80 million in Federal Funds (ARRA) being appropriated to the Higher Education Performance Incentive Initiative strategy, which allocates funds to general academic institutions that increase degrees awarded with extra weights for at risk students and critical fields, and $54 million in General Revenue Funds for the Top Ten Percent Scholarships strategy. The funding in the Higher Education Performance Incentive Initiative strategy was further increased by $50 million due to the enactment of House Bill 51. The legislation includes several new initiatives, including the Texas Research Incentive Program that matches certain gifts and endowments at emerging research universities.

Another strategy in the goal, the Teach for Texas Loan Repayment Grant Program was appropriated an additional $5 million for the 2010–11 biennium. The program provides loan repayment assistance for newly certified teachers who teach in a field having a critical shortage of teachers or in a community having a critical shortage of teachers. A new program, the Texas Armed Forces Scholarship Program, was appropriated $2 million for the 2010–11 biennium.

CLOSE THE GAPS-HEALTH PROGRAMS

Appropriations for the health-related programs total $226.4 million for the 2010–11 biennium. This is an increase of $83.6 million above the 2008–09 biennium funding levels.

Included in this appropriation is funding for the Baylor College of Medicine. In 1969, the Sixty-first Legislature authorized THECB to contract with the Baylor College of Medicine for the education of undergraduate medical students who are Texas residents. The amount Baylor College of Medicine receives is based on the average annual tax support per undergraduate medical student at The University of Texas Medical Branch at Galveston and The University of Texas Southwestern Medical Center at Dallas. For the 2010–11 biennium, the Eighty-first Legislature, provided $83.3 million. This was an increase of $5.7 million above the 2008–09 funding level. The Baylor College of Medicine also received funding for Graduate Medical Education totaling $15.2 million for the 2010–11 biennium, which was an increase of $2.4 million above the 2008–09 funding level.

Funding for the Professional Nursing Shortage Reduction Program increased $35 million above the 2008–09 biennium funding level to $49.7 million. A portion of this funding, $5 million is pass-through funds to The University of Texas at Arlington to establish a simulation learning facility. The remaining appropriation of $44.7 million includes three initiatives: (1) $14.7 million to institutions with nursing programs based on increases in numbers of nursing students graduating; (2) $20.5 million to institutions with graduation rates of 70 percent or above (based on 2008 graduation rates) and increases in new enrollees (12 percent for fiscal year 2010 and 18 percent for fiscal year 2011) funded at a rate of $10,000 for each additional nursing student enrolled; and (3) an estimated $9.5 million, to programs with graduation rates below 70 percent, hospital-based programs, or new programs with graduation rates not determined, with $20,000 allocated for each additional registered nurse graduate in two-year programs and $10,000 for each additional graduate in a one-year program.

Residency programs in the goal include the Family Practice Residency program and the Primary Care Residency program that were appropriated $21.2 million and $5 million respectively for the 2010–11 biennium.

The Eighty-first Legislature, Regular Session, 2009, increased funding to the Alzheimers Disease Centers by $2.9 million, bringing total funding to $6.9 million. Legislation enacted by the Seventy-sixth Legislature, 1999, directed the Texas Council on Alzheimer's Disease and Related Disorders to establish a Consortium of Alzheimer's Disease Centers in Texas. The consortium is composed of Alzheimer's Disease Centers at Baylor College of Medicine, Texas Tech University Health Sciences Center, the University of North Texas Health Science Center, and the University of Texas Southwestern Medical Center. The purpose of the consortium is to create a systematic approach to the provision of uniform clinical services and the sharing of research data. The Joint Admission Medical Program (JAMP) was increased $5 million bringing the 2010–11 funding level to $10.6 million. The program provides assistance to select economically disadvantaged undergraduates enrolled in Texas general academic institutions. Such designated JAMP students are provided with on-going educational support in preparation for medical school, including summer experiences on medical school campuses and medical college admissions test preparation. Successful students progress through the undergraduate curriculum and are guaranteed admission to a Texas medical school.

Funding for the Physician Education Loan Repayment Program increased to $25.4 million. This is an increase of $23.6 million above the 2008–09 biennium funding level. The Hospital Based Nursing Education Partnerships Grants program, which was established by the Eightieth Legislature, 2007, and awards grants to hospitals in support of work-based nursing education in partnership with the state's nursing programs, was appropriated $5 million for the 2010–11 biennium.

CLOSE THE GAPS-RESEARCH

THECB also manages the Advanced Research Program, which provides support for basic research at all public institutions of higher education. Initially THECB establishes funding allocations for various research areas. After the institutions submit their proposals, THECB reviews the proposals, and approves the final budgets for the projects. THECB then allocates the funds to the institutions. Appropriations of $16.7 million in General Revenue Funds were allocated to the Advanced Research Program for the 2010–11 biennium, which matches the appropriation for the 2008–09 biennium.

CLOSE THE GAPS-QUALITY AND PARTICIPATION

THECB was appropriated $3.5 million in General Revenue Funds for the 2010–11 biennium to allocate to two-year institutions experiencing growth rates in excess of certain thresholds as well as $3.5 million to allocate to four-year institutions. The New Community College Campuses strategy included funding for five campuses totaling $3.5 million. Through THECB, the Eighty-first Legislature, Regular Session, 2009, continued funding in the 2010–11 biennium to support Centers for Teacher Education at independent institutions that are part of the Texas Association of Developing Colleges. This funding is for improving teacher preparation. All Funds appropriations total $6.4 million for the 2010–11 biennium.

The following funding was appropriated to three new programs: (1) $5 million to establish pilot programs for developmental education at community colleges; (2) $10 million for Adult Basic Education Community College Grants, which are competitive grants to community colleges and public technical institutions to increase participation in adult basic education; and (3) $2.3 million for the Alternative Teaching Certification Program, which would make funds available to community colleges if the cost of tuition at the institution is lowered significantly.

FEDERAL GRANT PROGRAMS

The total funding for the 2010–11 biennium was $102.8 million in Federal Funds for grant programs (non-ARRA). The largest of the three strategies in this goal is the Technical-Vocational Education Programs, which accounts for $73.7 million. These programs are funded by the federal Carl D. Perkins Vocational and Technical Education Act for the improvement of vocational and technical programs at postsecondary institutions. The funding is trusteed to THECB from the State Board of Education through the U. S. Department of Education. Funding decreased from 2008–09 levels by $8.3 million due to changes in the allocation of these funds between secondary and postsecondary education.

TOBACCO FUNDS

Legislation enacted by the Seventy-sixth Legislature, 1999, established the Permanent Health Fund for Higher Education, permanent endowments for each of the individual health-related institutions, the Permanent Fund for Higher Education Nursing, Allied Health and Other Health-Related Programs and the Permanent Fund for Minority Health Research and Education. THECB is trusteed Baylor College of Medicine's endowment fund as well as Baylor College of Medicine's share of the Permanent Health Fund. THECB also provides grants from the Permanent Fund for Higher Education Nursing, Allied Health and Other Health-Related Programs and the Permanent Fund for Minority Health Research and Education. The total funding for the goal is $12.4 million.

ADMINISTRATIVE FUNCTIONS

THECB has two administrative goals, Close the Gaps in Higher Education and Indirect Administration, which are combined in **Figure 210** as Administrative Functions. The Close the Gaps in Higher Education goal includes funding for such activities as the College for Texans campaign, which provides financial aid information to students and parents, administration of the Advanced Research Program, tuition revenue bond reviews and reviews of degree programs. The goal also includes funding for programs established in House Bill 1, Seventy-ninth Session, Third Called Session, 2006. These programs include implementation of a college-readiness and success strategic plan, implementation of a course redesign project, creation of governor's schools (summer residential program for high-achieving high school students) and establishment of education research centers. The Indirect Administration goal includes the Commissioner of Higher Education's Office, accounting services, and network operations. The total funding for 2010–11 biennium is $84.6 million.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-first Legislature, Regular Session, 2009, that affect THECB. Among the most significant are House Bill 51, House Bill 2154, House Bill 3452 House Bill 2440, House Bill 3519, House Bill 4471, House Bill 4476, and Senate Bill 1764.

Provisions of House Bill 51 includes several initiatives intended to raise the excellence of public universities and set the structures in place to develop, fund, and maintain major research universities in Texas. Various sections of the legislation affect general academic institutions, health-related institutions and the Higher Education Fund. The legislation establishes an excellence awards program for institutions other than research universities or emerging research universities to encourage the development of designated degree programs to the highest national standards. THECB is authorized to release Excellence Award funding only when certain benchmarks are met. The legislation provides a mechanism for performance incentive funding for general academic teaching institutions. The funding would be allocated on a 50/50 split under guidelines established in the legislation. Using a table of weights with combinations of noncritical/critical fields and not at-risk/at-risk students, general academic institutions qualify for incentive funds in proportion to the increase in the average number of degrees awarded annually in the two most recent fiscal years compared to the two immediately preceding years. A noncritical field/

not at-risk student is weighted at 1.0; a critical field/at-risk student is weighted at 3.0. Statutory critical fields include engineering, computer science, math, physical science, allied health, nursing, and teach certification in science or math. The legislation also establishes the Texas Research Incentive Program to match state appropriations with certain gifts and endowments received by emerging research institutions.

House Bill 2154 authorizes changes to the Physician Education Loan Repayment Program of Texas (PELRP) and establishes the Physician Education Loan Repayment Program Account. The legislation amends various sections of the Texas Government Code, Texas Education Code and Texas Government Code to create, using revenue from a tax imposed on certain tobacco products, a dedicated source of revenue for the account. PELRP is administered by THECB and recruits and retains physicians in health professional shortage areas. The legislation amends the eligibility requirements for participation in the PELRP. Under provisions of the legislation, physicians applying after the effective date will no longer qualify for loan repayment on the basis of employment for one of the four state agencies previously named in the statute. Physicians must practice in Health Professional Shortage Areas and must accept Medicaid assignment and payment under the federal Children's Health Insurance Program. The legislation would also establish maximum amounts of repayment assistance for eligible physicians based on their time in the program. For the first year, they would be eligible to receive $25,000; for the second, $35,000; for the third, $45,000; and $55,000 for the fourth year.

House Bill 2440 transfers the administration of the Fifth-Year Accounting Student Scholarship Program from THECB to the Texas State Board of Public Accountancy (TSBPA). Excess funds will be transferred to the scholarship trust fund of TSBPA on September 1, 2009. Funds for fiscal year 2010 awards are to remain at THECB until they are needed for the 2009–10 academic year awards. Two members appointed by THECB will be on the advisory committee. TSBPA is to adopt rules for the administration of the program by January 1, 2010.

House Bill 3452 establishes the Texas Armed Services Scholarship Program. Under provisions of the legislation, a qualified student could receive an annual conditional scholarship grant, available for use at any Texas public or private institution of higher education having a Reserve Officer Training Corps (ROTC) program, conditioned on certain obligations. Each Texas State Representative and Senator may select one scholarship recipient and the Governor and Lieutenant Governor may each select two scholarship recipients. Recipients must sign agreements promising to remain enrolled in ROTC for four years and to graduate within five years. Recipients also must agree to enter into a four-year commitment to be a member of the Texas Army or Air Force National Guard or enter into a contract to become a commissioned officer in any branch of the United States Armed Forces. Recipients must sign a promissory note agreeing to repay any scholarship funds received if they fail to meet the satisfactory academic requirements or any other program requirement.

House Bill 3519 requires THECB and Texas Workforce Commission to enter into a memorandum of understanding (MOU) regarding the coordination and administration of the Texas Career Opportunity Grant Program. Functions assigned to the agencies will be pursuant to the MOU, beginning with grants awarded for fall 2010.

House Bill 4471 included substantial amendments to the Professional Nursing Shortage Reduction Program. The legislation amends the definition of professional nursing program to mean an education program of a public or private institution of higher education. However, diploma programs established before September 1, 2009, are still eligible to participate in the grant program if the nursing program continues to meet all other criteria for participation other than being an institution of higher education. The legislation also requires THECB to establish a process by which a professional nursing program may apply for a grant based on set criteria established by board rule. Criteria must include the institution's agreement to increase enrollments and/or graduates from its professional nursing program. The Commissioner of Higher Education may accept a joint application from multiple institutions that agree to cooperate on a regional or joint basis. An application submitted to the grant program must include the number of additional students to be enrolled or graduate, benchmarks for meeting those numbers, the amount of funds requested, and a proposed payment schedule.

House Bill 4476 amends the eligibility requirements under TEG to better align with the requirements for TEXAS Grants beginning with grants awarded for the 2009–10 academic year. The legislation authorizes students to receive awards if enrolled three-quarters time (rather than full-time), and authorizes eligibility for an award in the second year of college to be based on a student's compliance with academic progress requirements of the institution (rather than a 2.5

grade point average). Otherwise eligible students could continue to receive a TEG if their failure to make satisfactory academic progress was due to a hardship or other good cause.

The enactment of Senate Bill 1764 requires THECB to provide uniform standards to ensure that information regarding the cost of attendance at institutions of higher education is available to the public in a manner that is consumer-friendly and readily understandable to prospective students and their families. The agency must examine common and recommended practices regarding the publication of this type of information, and solicit recommendations and comments from public and private institutions of higher education.

CONSTITUTIONAL CONSTRUCTION AND RESEARCH FUNDS

Two constitutionally authorized funds provide money for new construction and excellence enhancement for Texas public higher education institutions: the Permanent University Fund (PUF) and the Higher Education Fund (HEF). The HEF and income from the PUF may be used to acquire land; construct, equip, repair, or rehabilitate buildings; and acquire capital equipment, library books, and library materials. Institutions may use a portion of the funds for payment of debt service on bonds issued for authorized purposes. Income from the PUF may also be used for excellence programs at certain institutions.

All institutions, whether under the PUF or the HEF, remain eligible to receive General Revenue Funds for capital equipment and for library books and materials. However, pursuant to Section VII of the Texas Constitution, no institution may receive additional General Revenue Funds for land acquisition, new construction, or major repairs and rehabilitations, with two exceptions: (1) General Revenue Funds may be used to replace uninsured losses caused by fire or natural disaster, and (2) these funds may be used if adopted by a two-thirds vote of the Legislature for projects that have a demonstrated need.

To assure efficient use of construction funds and the orderly development of physical plants, the Texas Constitution also authorizes the Legislature to approve or disapprove all new construction projects undertaken by institutions except The University of Texas at Austin, Texas A&M University, and Prairie View A&M University.

PERMANENT UNIVERSITY FUND

The Permanent University Fund (PUF) is a public endowment contributing to the support of most institutions in The University of Texas (UT) System and The Texas A&M University (TAMU) System. The Texas Constitution of 1876 established the PUF by appropriating land grants previously given to UT plus 1 million acres. In 1883, the PUF received another land grant of an additional 1 million acres. The fund now contains approximately 2.1 million acres located in 24 West Texas counties.

The fund's 2.1 million acres produce two lines of income: surface and mineral. The Texas Constitution requires all surface lease income be deposited to the Available University Fund (AUF). Mineral income and income from the sale of PUF lands remain in the PUF and are invested in equity, fixed-income, and derivative securities. Proposition 17, passed by the voters in 1999, amended the Texas Constitution to authorize the UT Board of Regents to use a total return on investment assets from the PUF to be distributed to the AUF. The distribution determination must provide the AUF with a stable annual income stream while maintaining the purchasing power of the PUF. The estimated market value of the PUF corpus as of July 31, 2009 was $9.5 billion, reflecting annual growth of approximately 3.1 percent since fiscal year 2000. **Figure 212** shows the market value of the PUF corpus since fiscal year 2000. Recent volatility in the value of the PUF corpus is highlighted by the changes in the quarterly value of the corpus in fiscal year 2009.

Surface and investment income from the PUF flows into the AUF for use by the TAMU and UT Systems. The Texas Constitution designates two-thirds of the AUF for the UT System and one-third for the TAMU System. The first obligation of any income earned by the PUF is to pay the debt service (both principal and interest) on extant PUF bonds. During fiscal year 2008, for example, the UT System and the TAMU System paid AUF debt service of $160.4 million.

The residual income, after debt service, is dedicated to system office operations and excellence programs at UT–Austin, TAMU at College Station, and Prairie View A&M University. Excellence programs include special programs, such as library enhancement, specialized equipment purchases for science and engineering, student counseling services, graduate student fellowships, and scholarships. **Figure 213** shows excellence funding totaled $238 million during fiscal year 2008.

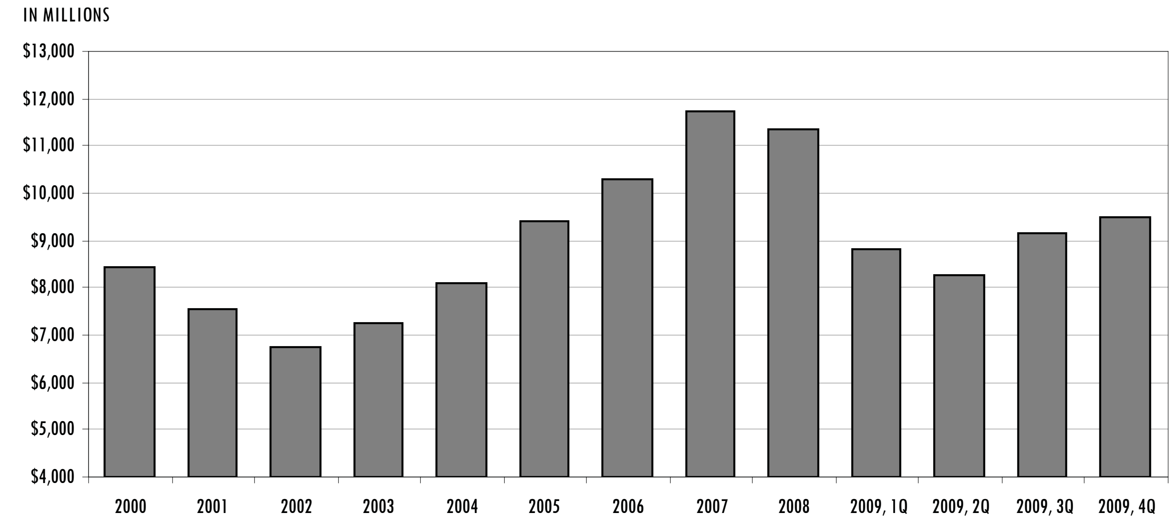
The two systems' respective governing boards allocate PUF bond proceeds and AUF funds among their component institutions. The UT System is authorized to issue PUF bonds up to a total amount not to exceed 20 percent of the book value of the PUF; the TAMU System is authorized to issue up to 10 percent of the book value of the fund.

HIGHER EDUCATION FUND

The Higher Education Fund (HEF) was established by constitutional amendment as a counterpart to the PUF for those Texas public institutions of higher education constitutionally ineligible to receive proceeds from the PUF.

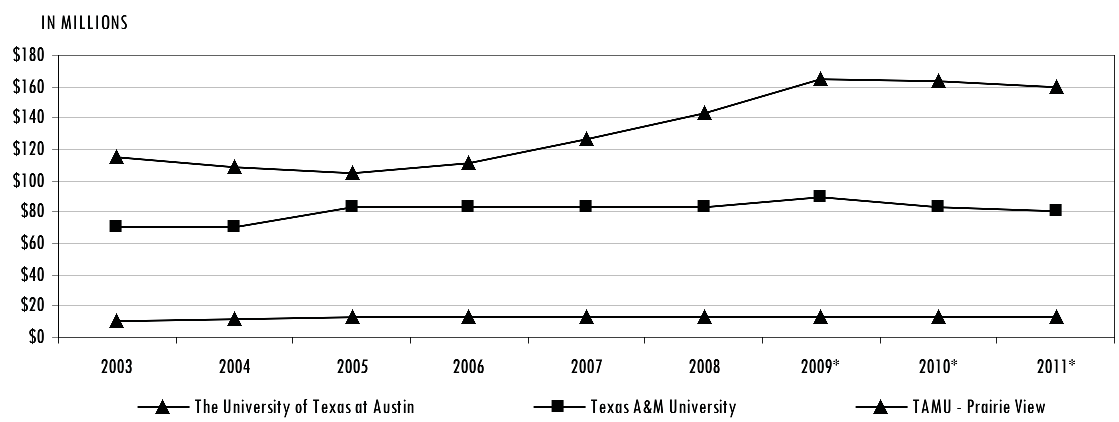
The 2010–11 biennial appropriations to the HEF total $525 million in General Revenue Funds. While the Texas Constitution requires the Legislature to review the HEF's

FIGURE 212
MARKET VALUE OF THE PERMANENT UNIVERSITY FUND
FISCAL YEARS 2000 TO 2009



SOURCES: Legislative Budget Board; University of Texas Investment Management Company; The University of Texas System.

FIGURE 213
AVAILABLE UNIVERSITY FUND ALLOCATIONS FOR EXCELLENCE
FISCAL YEARS 2003 TO 2011



*Estimated.
SOURCES: Legislative Budget Board; The University of Texas System; Texas A&M University System.

formula allocation every 10 years, the Legislature may once every five years adjust the amount and the allocation of the constitutional appropriation for the next five years, provided there is a two-thirds majority vote, and provided the reallocation would not impair any debt service obligation created by the issuance of HEF bonds or notes.

From fiscal years 1986 to 1995, the Legislature appropriated $100 million each year to the HEF for distribution to eligible institutions based on a formula allocation incorporating three elements: (1) space deficit, (2) facilities condition, and (3) institutional complexity. In 1993, the Seventy-third Legislature, Regular Session, increased the formula allocation to $175 million each year starting in fiscal year 1996. A new allocation for the $175 million distributed to universities was adopted in 1999 by the Seventy-sixth Legislature, Regular Session, as a result of recommendations from the Texas Higher Education Coordinating Board (THECB).

The Seventy-ninth Legislature, Regular Session, 2005, maintained the $175 million annual appropriation level for fiscal years 2006 and 2007 and increased the annual appropriation level to $262.5 million starting in fiscal year 2008. The Seventy-ninth Legislature, Regular Session, 2005, also reallocated the General Revenue Fund appropriations starting in fiscal year 2006 based on recommendations from THECB.

House Bill 51, Eighty-first Legislature, Regular Session, 2009, maintained the $262.5 million annual HEF appropriation level for fiscal years 2010 and 2011. Also, to ensure the equitable distribution of the HEF appropriation, House Bill 51 corrected the distribution of fiscal year 2009 and fiscal year 2010 HEF allocations by using revised formula calculations. Based on these revised formula calculations, House Bill 51 also factored in updated data elements to generate the annual HEF allocation for the five-year period starting in fiscal year 2011. In 2013, the Eighty-third Legislature will be able to update this allocation for the five-year period starting in fiscal year 2016. **Figure 214** shows each eligible institution's fiscal year 2008 allocation, corrective 2009 and 2010 allocations, and allocation for the five-year period starting in fiscal year 2011.

FIGURE 214
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS
FISCAL YEARS 2008 TO 2015

IN MILLIONS ELIGIBLE INSTITUTION (BY SYSTEM)	FISCAL YEAR 2008 ALLOCATION	FISCAL YEARS 2009–10 CORRECTIVE ALLOCATION	FISCAL YEARS 2011–15 ALLOCATION
Texas State University System			
Lamar University	$11.2	$8.0	$8.3
Lamar Institute of Technology	0.0	1.8	2.3
Lamar State College–Orange	1.1	1.1	1.2
Lamar State College–Port Arthur	1.2	1.2	1.2
Sul Ross State University	2.0	2.1	1.6
Sul Ross State University Rio Grande College	0.4	0.4	0.4
Sam Houston State University	9.9	10.2	11.9
Texas State University–San Marcos	19.8	20.3	21.9
TOTAL, TEXAS STATE UNIVERSITY SYSTEM	**$45.7**	**$45.1**	**$49.0**
Texas A&M University System			
Texas A&M University–Corpus Christi	$8.3	$8.5	$7.1
Texas A&M International University	3.1	3.2	3.8
Texas A&M University–Kingsville	5.1	5.2	5.0
Texas A&M University–Commerce	5.3	5.7	5.2
Texas A&M University–Texarkana	1.6	1.7	1.3
West Texas A&M University	4.8	4.9	4.7
TOTAL, TEXAS A&M UNIVERSITY SYSTEM	**$28.2**	**$29.1**	**$27.1**
University of Houston System			
University of Houston	$35.3	$36.1	$35.9
University of Houston–Clear Lake	6.0	5.4	5.2
University of Houston–Downtown	9.6	9.5	7.4
University of Houston–Victoria	2.3	2.3	2.4
TOTAL, UNIVERSITY OF HOUSTON SYSTEM	**$53.2**	**$53.3**	**$50.9**
The University of Texas System			
The University of Texas–Pan American	$12.9	$13.2	$12.3
The University of Texas at Brownsville	4.2	4.3	5.1
TOTAL, THE UNIVERSITY OF TEXAS SYSTEM	**$17.1**	**$17.5**	**$17.4**
Texas State Technical College System	**$5.8**	**$5.8**	**$5.8**

FIGURE 214 (CONTINUED)
ANNUAL HIGHER EDUCATION FUND ALLOCATIONS TO ELIGIBLE INSTITUTIONS
FISCAL YEARS 2008 TO 2015

IN MILLIONS ELIGIBLE INSTITUTION (BY SYSTEM)	FISCAL YEAR 2008 ALLOCATION	FISCAL YEARS 2009–10 CORRECTIVE ALLOCATION	FISCAL YEARS 2011–15 ALLOCATION
Independent Universities			
Midwestern State University	$3.4	$3.8	$3.6
Stephen F. Austin State University	7.0	6.9	8.4
Texas Southern University	11.2	11.3	8.9
Texas Woman's University	8.4	8.6	10.2
TOTAL, INDEPENDENT UNIVERSITIES	**$30.0**	**$30.6**	**$31.0**
Texas Tech University System			
Texas Tech University	$26.8	$27.4	$23.9
Texas Tech University Health Sciences Center	17.8	14.9	17.0
Angelo State University	3.6	3.7	3.7
TOTAL, TEXAS TECH UNIVERSITY SYSTEM	**$48.3**	**$46.0**	**$44.7**
University of North Texas			
University of North Texas	$26.1	$27.1	$27.8
University of North Texas Health Sciences Center	8.1	8.0	8.8
TOTAL, UNIVERSITY OF NORTH TEXAS SYSTEM	**$34.3**	**$35.1**	**$36.6**
TOTAL, ALL ELIGIBLE INSTITUTIONS	**$262.5**	**$262.5**	**$262.5**

SOURCE: Legislative Budget Board.

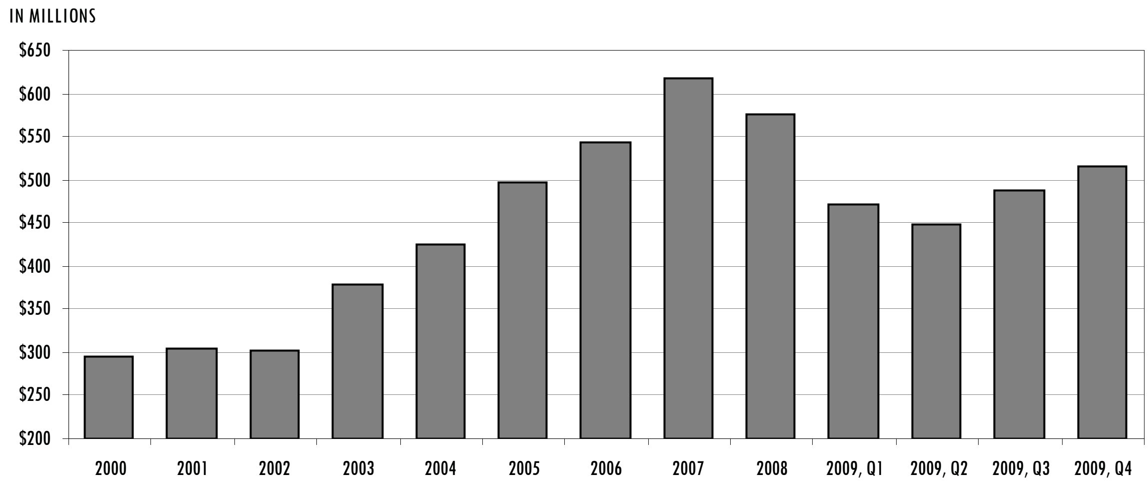
House Bill 51 also authorized the University of North Texas at Dallas to participate in the HEF allocation upon the institution's operation as a general academic teaching institution.

In 1995 the Texas Constitution was amended to authorize the creation and funding of a dedicated HEF corpus. Known as the Permanent Higher Education Fund (PHEF), this corpus is separate from the annual HEF allocation of General Revenue Funds. The PHEF was intended eventually to become a permanent endowment to support non-PUF eligible institutions. Currently, the Texas Constitution requires cessation of the annual HEF appropriation when the value of the PHEF corpus reaches $2 billion. The Comptroller of Public Accounts would then allocate 90 percent of the proceeds from the PHEF to HEF eligible institutions to replace the annual HEF appropriation. The estimated market value of the PHEF corpus as of August 31, 2009 was $515.9 million. **Figure 215** shows the growth of the corpus since 2000. Recent volatility in the value of the PHEF corpus is highlighted by the change in the quarterly value of the corpus in fiscal year 2009.

However, the PHEF corpus was rededicated with the voter passage of Proposition 4, which amended Article 7 of the Texas Constitution by establishing the National Research University Fund (NRUF). Proposition 4 transferred the balance of the PHEF to the credit of the NRUF as of January 1, 2010, and repealed the constitutional authorization for the PHEF. The NRUF is intended to provide a source of funding to enable emerging research universities in Texas to achieve national prominence as major research universities.

Proposition 4 also authorizes the Legislature to appropriate some or all of the total return on all investment assets of the NRUF for the purposes of the fund, except for 2 caveats: first, the Legislature may not increase distributions from the fund if the purchasing power of investment assets for any rolling 10-year period is not preserved; second, the amount appropriated from the proceeds of the NRUF corpus in any fiscal year must be capped at 7 percent of the investment assets' average net fair market value. Until the NRUF has been invested long enough to determine its purchasing power over a 10-year period, the Legislature is authorized to use other means of preserving the purchasing power of the fund.

FIGURE 215
PERMANENT HIGHER EDUCATION FUND CORPUS VALUE
FISCAL YEARS 2000 TO 2009



SOURCE: Texas Treasury Safekeeping Trust.

RESEARCH DEVELOPMENT FUND

The Eighty-first Legislature, Regular Session, 2009, appropriated $80.9 million to the Research Development Fund (RDF). Legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, established the RDF effective September 1, 2005, to replace the University Research Fund and the Texas Excellence Fund, both of which expired at the end of fiscal year 2005. The RDF promotes increased research capacity at eligible general academic teaching institutions. Appropriations for the RDF are apportioned among eligible institutions according to a formula based on each institution's three-year average of restricted research expenditures. **Figure 216** compares the 2006–07, 2008–09 and 2010–11 allocations for each eligible institution. Each eligible institution's share of the RDF is appropriated directly in each eligible institution's bill pattern.

FIGURE 216
RESEARCH DEVELOPMENT FUND ALLOCATIONS
2006–07, 2008–09, AND 2010–11 BIENNIA

INSTITUTION	2006–07 BIENNIUM ALLOCATION	2008–09 BIENNIUM ALLOCATION	2010–11 BIENNIUM ALLOCATION
The University of Texas System			
The University of Texas at Arlington	$3,528,401	$6,364,184	$6,905,628
The University of Texas at Dallas	3,630,288	9,865,362	11,255,188
The University of Texas at El Paso	3,648,308	8,414,430	8,526,660
The University of Texas–Pan American	432,793	1,309,438	1,480,420
The University of Texas at Brownsville	395,387	1,382,278	1,337,422
The University of Texas of the Permian Basin	250,000	407,754	501,246
The University of Texas at San Antonio	2,186,754	5,962,738	6,805,048
The University of Texas at Tyler	250,000	239,260	456,236
SUBTOTAL, THE UNIVERSITY OF TEXAS SYSTEM	**$14,321,931**	**$33,945,444**	**$37,267,848**

FIGURE 216 (CONTINUED)
RESEARCH DEVELOPMENT FUND ALLOCATIONS
2006–07, 2008–09, AND 2010–11 BIENNIA

INSTITUTION	2006–07 BIENNIUM ALLOCATION	2008–09 BIENNIUM ALLOCATION	2010–11 BIENNIUM ALLOCATION
Texas A&M University System			
Texas A&M University at Galveston	$530,642	$1,158,284	$814,804
Tarleton State University	1,208,492	2,584,742	2,231,550
Texas A&M University–Corpus Christi	1,457,503	2,351,850	2,991,080
Texas A&M University–Kingsville	1,202,082	2,653,766	2,534,530
Texas A&M International University	25,504	43,640	69,808
West Texas A&M University	503,018	972,532	1,054,438
Texas A&M–Commerce	48,062	236,302	436,092
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM	**$4,975,304**	**$10,001,116**	**$10,132,302**
University of Houston System			
University of Houston	$10,275,257	$14,989,858	$12,761,302
University of Houston-Clear Lake	632,140	212,526	149,950
University of Houston–Downtown	128,169	173,850	113,968
University of Houston–Victoria	0	1,674	0
SUBTOTAL, UNIVERSITY OF HOUSTON SYSTEM	**$11,035,566**	**$15,377,908**	**$13,025,220**
Texas Tech University System			
Texas Tech University	$5,997,938	$10,958,746	$9,736,592
Angelo State University	75,363	126,088	83,264
SUBTOTAL, TEXAS TECH UNIVERSITY SYSTEM	**$6,073,302**	**$11,084,834**	**$9,819,856**
Texas State University System			
Lamar University	$452,854	$466,478	$875,780
Sam Houston State University	410,461	998,800	762,148
Texas State University–San Marcos	1,313,710	1,897,544	2,705,404
Sul Ross State University	110,011	608,076	581,162
SUBTOTAL, TEXAS STATE UNIVERSITY SYSTEM	**$2,287,036**	**$3,970,898**	**$4,924,494**
Independent Universities			
Midwestern State University	$18,940	$33,692	$16,572
University of North Texas	2,242,743	3,714,460	3,204,626
Stephen F. Austin State Univ.	543,182	988,296	1,269,002
Texas Southern University	919,580	1,310,588	860,682
Texas Woman's University	351,908	435,592	342,226
SUBTOTAL, INDEPENDENT UNIVERSITIES	**$4,076,352**	**$6,482,628**	**$5,693,108**
TOTAL, ELIGIBLE INSTITUTIONS	**$42,769,491**	**$80,862,828**	**$80,862,828**

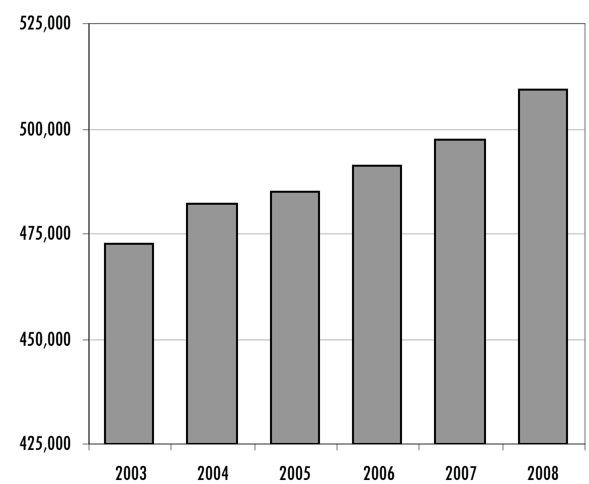
Source: Legislative Budget Board.

GENERAL ACADEMIC INSTITUTIONS

The general academic institutions consist of 35 schools that provide baccalaureate, masters, professional, and doctoral degree programs. While all general academic institutions have common goals (instruction, research, and public service), each has a unique set of academic offerings and a unique regional or statewide mission. During 2009, three institutions that had been operating as system centers gained independent institution status: Texas A&M University–San Antonio, Texas A&M University–Central Texas and the University of North Texas–Dallas. While appropriations for these institutions for the 2010–11 biennium are made to the sponsoring institutions and systems, they have been directed by rider to begin to maintain separate accounts in preparation for the 2012–13 budget cycle.

Enrollment at the general academic institutions in fall 2008 was 509,136 students, an increase of 2.4 percent from the previous academic year. Enrollment has been increasing since 1997 following a slight decline in the early 1990s. **Figure 217** shows the enrollment trend from academic years 2003 to 2008 at the general academic institutions. **Figure 218** shows the percentage change in enrollment from academic years 1998 to 2008 at each general academic institution.

FIGURE 217
GENERAL ACADEMICS HEADCOUNT ENROLLMENT
ACADEMIC YEARS 2003 TO 2008



Source: Texas Higher Education Coordinating Board.

FIGURE 218
GENERAL ACADEMIC PERCENTAGE HEADCOUNT ENROLLMENT CHANGE
ACADEMIC YEARS 1998 TO 2008

INSTITUTION	PERCENTAGE CHANGE 1998 TO 2008
The University of Texas at Brownsville	148.0
University of Houston–Victoria	109.6
Texas A&M International University	95.1
The University of Texas at Tyler	81.3
Lamar University	61.3
The University of Texas of the Permian Basin	57.9
The University of Texas at Dallas	57.0
The University of Texas at San Antonio	54.5
Tarleton State University	52.8
University of Houston–Downtown	46.5
Texas Southern University	44.1
Texas A&M University–Corpus Christi	42.2
The University of Texas–Pan American	41.7
Texas A&M University–Texarkana	40.9
The University of Texas at El Paso	39.4
Texas A&M University at Galveston	38.0
Prairie View A&M University	36.8
Sam Houston State University	36.1
University of North Texas	36.0
Texas State University–San Marcos	35.5
The University of Texas at Arlington	34.4
Texas Woman's University	31.0
Texas A&M University–Kingsville	20.2
Texas A&M University	19.8
West Texas A&M University	18.7
Texas Tech University	17.7
Sul Ross State University Rio Grande College	13.5
Texas A&M University–Commerce	13.3
University of Houston–Clear Lake	12.5
University of Houston	11.8
Midwestern State University	2.7
The University of Texas at Austin	2.2
Stephen F. Austin State University	(2.1)
Angelo State University	(3.2)
Sul Ross State University	(19.0)

Sources: Legislative Budget Board; Texas Higher Education Coordinating Board.

APPROPRIATIONS FOR 2010–11 BIENNIUM

The 2010–11 biennium All Funds appropriation for the general academic institutions and system offices totals $6.3 billion. This funding level is an increase of 2.8 percent above the 2008–09 expenditure level. Appropriations for the general academic teaching institutions and system offices include $4.6 billion in General Revenue Funds for the 2010–11 biennium, an increase of 2.5 percent above the 2008–09 biennium. General Revenue Funds account for approximately 72.3 percent of total state funding for these institutions and the six system offices; General Revenue–Dedicated Funds, which is primarily from tuition and fees comprises 25.5 percent. Federal Funds from the American Reinvestment and Recovery Act (ARRA) total $125 million, or 1.97 percent of total funding. **Figure 219** shows the All Funds appropriation level for each of the general academic institutions. There are 47,382 full-time-equivalent positions

FIGURE 219
ALL FUNDS APPROPRIATIONS FOR GENERAL ACADEMIC INSTITUTIONS, (SYSTEM OFFICES, TEXAS STATE TECHNICAL COLLEGES AND LAMAR STATE COLLEGES)
2010–11 BIENNIUM

INSTITUTION	APPROPRIATION IN MILLIONS	INSTITUTION	APPROPRIATION IN MILLIONS
The University of Texas at Arlington	$271.8	University of Houston System Office	$5.7
The University of Texas at Austin	778.3	**Subtotal, University of Houston System**	**$685.4**
The University of Texas at Dallas	231.1		
The University of Texas at El Paso	210.8	Midwestern State University	$53.9
The University of Texas–Pan American	173.3	Stephen F. Austin State University	124.1
The University of Texas at Brownsville	63.7	Texas Southern University	152.9
The University of Texas of the Permian Basin	64.5	Texas Woman's University	150.7
The University of Texas at San Antonio	285.5	**Subtotal, Independent Universities**	**$481.6**
The University of Texas at Tyler	75.0		
The University of Texas System Office	19.3	University of North Texas	$323.3
Subtotal, The University of Texas System	**$2,173.1**	University of North Texas System Office	34.5
		Subtotal, University of North Texas System	**$357.8**
Texas A&M University (College Station)	$723.4		
Texas A&M University at Galveston	40.1	Texas Tech University	$380.6
Prairie View A&M University	142.3	Angelo State University	69.9
Tarleton State University	117.1	Texas Tech University System Office	4.0
Texas A&M University–Corpus Christi	123.4	**Subtotal, Texas Tech University System**	**$454.6**
Texas A&M University–Kingsville	110.8		
Texas A&M International University	85.7	Lamar University	$121.1
West Texas A&M University	81.0	Sam Houston State University	166.5
Texas A&M University–Commerce	94.6	Texas State University–San Marcos	265.2
Texas A&M University–Texarkana	42.3	Sul Ross State University	35.3
Texas A&M University System Office	21.7	Sul Ross State University Rio Grande College	13.4
Subtotal, Texas A&M University System	**$1,582.4**	Lamar Institute of Technology	25.7
		Lamar State College–Orange	18.5
University of Houston	$462.5	Lamar State College–Port Arthur	23.5
University of Houston–Clear Lake	84.7	Texas State University System Office	2.3
University of Houston–Downtown	89.2	**Subtotal, Texas State University System**	**$671.4**
University of Houston–Victoria	43.2	**TOTAL**	**$6,406.2**

NOTE: Complete information about the Lamar State Colleges can be found in the two-year institutions section of this publication.
SOURCE: Legislative Budget Board.

appropriated for all general academic institutions for the biennium.

Formula funding totals $3,272.1 million in General Revenue Funds for the 2010–11 biennium including $77.5 million in Federal Funds (ARRA). In addition, $66.5 million in non-formula General Revenue Funds previously appropriated for Excellence or Institutional Enhancement was converted to formula funding and is included in the General Revenue Funds total. In the conversion from non-formula to formula funding, each institution received an amount through the formula equal to the amount it gave up in non-formula funds. Formula funding for hold-harmless General Revenue Funds was $40 million, ensuring no school received less in General Revenue Funds and Federal Funds (ARRA) than a 4 percent increase (not including amounts converted from non-formula funding) above the 2008–09 biennium levels. Texas Woman's University, the one exception to this hold harmless methodology, was appropriated $10 million in hold-harmless funding to assist the university as it implements a plan to increase operational efficiency. The Eighty-first Legislature, Regular Session, 2009, continued the policy of calculating Texas A&M University at Galveston's formula appropriation based on a recommendation from the Texas Higher Education Coordinating Board (THECB) that was adopted by the Eightieth Legislature, 2007, to recognize the university's statutory mission serving as the state's marine and maritime institution. This policy increases the funding for the university's instruction and operations by 50 percent, and includes its ship space in the infrastructure formula. The funding replaced four special items that previously had funded its statutory mission: Marine and Maritime Instructional Enhancement, Dredging of Dock Area, Marine Terminal Operations, and Ship Operation and Maintenance. **Figure 220** shows the General Revenue Funds and ARRA formula funding amounts, including hold harmless amounts, by institution.

The Eighty-first Legislature, Regular Session, 2009, provides additional General Revenue Funds for new and existing non-formula strategies including special items. These are some of the strategies funded:

- Texas A&M University–Corpus Christi: $4 million for the engineering program; and $1 million for the Coastal Bend Economic Development and Business Innovation Center;

FIGURE 220
GENERAL ACADEMIC INSTITUTIONS GENERAL REVENUE AND ARRA FORMULA FUNDING (INCLUDES HOLD HARMLESS AMOUNTS) 2010–11 BIENNIUM

IN MILLIONS INSTITUTION	2010–11 FUNDING
The University of Texas at Arlington	$151.6
The University of Texas at Austin	448.0
The University of Texas at Dallas	128.3
The University of Texas at El Paso	112.1
The University of Texas–Pan American	92.3
The University of Texas at Brownsville	26.1
The University of Texas of the Permian Basin	17.6
The University of Texas at San Antonio	141.1
The University of Texas at Tyler	33.4
Texas A&M University	451.8
Texas A&M University at Galveston	18.0
Prairie View A&M University	44.2
Tarleton State University	54.2
Texas A&M University–Corpus Christi	52.2
Texas A&M University–Kingsville	45.8
Texas A&M International University	27.2
West Texas A&M University	38.4
Texas A&M University–Commerce	59.1
Texas A&M University–Texarkana	10.0
University of Houston	251.3
University of Houston–Clear Lake	50.8
University of Houston–Downtown	41.8
University of Houston–Victoria	19.9
Midwestern State University	29.6
University of North Texas	184.8
Stephen F. Austin State University	64.7
Texas Southern University	52.2
Texas Tech University	205.8
Texas Woman's University	76.0
Angelo State University	30.1
Lamar University	72.7
Sam Houston State University	77.3
Texas State University–San Marcos	145.2
Sul Ross State University	13.4
Sul Ross State University Rio Grande College	4.9
TOTAL, GENERAL ACADEMIC SYSTEMS	**$3,272.1**

SOURCE: Legislative Budget Board.

- Increased funding for the three systems centers that gained independent university status: Texas A&M University–San Antonio, Texas A&M University–Central Texas, University of North Texas–Dallas;
- $10 million in additional funding for System Offices; and
- $33 million in additional funding for the Texas Competitive Knowledge Fund special item at the University of Texas at Austin, Texas A&M University, University of Houston and Texas Tech University.

Other special items were funded with one-time ARRA funds. These items include:

- $420,000 for The University of Texas at Austin Law School Clinical Program;
- $6 million for Middle School Brain Years, $462,500 for the Academic Bridge, and $5 million for Center for Values in Medicine and Science and Technology programs at The University of Texas–Dallas
- $4.5 million for The University of Texas–San Antonio P–16 Council;
- $1 million for the Texas A&M University–Commerce BS in Construction Engineering program;
- $6 million for Texas A&M University–Texarkana Downward Expansion;
- $3 million for University of Houston Energy Research;
- $250,000 for University of Houston–Downtown Community Development;
- $220,000 for the Midwestern State University Autism Support Program;
- $2 million for Institutional Enhancement and $150,000 for the State Historical Association at the University of North Texas
- $4 million for Texas Tech University Emerging Technologies Research;
- $2 million for Angelo State University Nursing and Allied Health;
- $2.5 million for Lamar University Institutional Enhancement;
- $4 million for Sam Houston State University Institutional Enhancement; and
- $1 million for Texas State University–San Marcos River Systems Monitoring.

House Bill 4586 also includes appropriations to certain institutions for the 2010–11 biennium as follows:

- $2 million for Texas A&M International University Outreach and Success; and
- $250,000 for Texas A&M University System Administration Task Force on Economic Growth and Endangered Species.

Small Business Development Center strategies directly appropriated to institutions were updated based on new revenue estimates, and are included as an informational rider in Article III, General Appropriations Act, 2010–11 Biennium, Special Provisions Relating Only to State Agencies of Higher Education Section 48, Contingent Appropriations for Small Business Development Centers.

Tuition Revenue Bond (TRB) debt service appropriations total $486.8 million, a decrease of 4.15 percent. An additional $500,000 was appropriated through House Bill 4586 for debt service associated with the TRB authorization in House Bill 51 for Texas A&M University at Galveston.

Included in appropriations for the 2010–11 biennium is $9.9 million related to enactment of Senate Bill 629, Eighty-first Legislature, Regular Session, 2009, which removed enrollment threshold contingencies for three TRB authorizations made in House Bill 153, Seventy-ninth Legislature, Third Called Session, 2006. Debt service reimbursements are appropriated for those TRB authorizations as follows: Texas A&M University – Central Texas ($2.2 million in fiscal year 2011); Texas A&M University – San Antonio ($3.5 million in fiscal year 2011); and the University of North Texas – Dallas ($2.1 million in fiscal year 2010 and $2.1 million in fiscal year 2011).

FUNDING STRUCTURE

General academic institutions receive direct appropriations through funding formulas and non-formula appropriations. Approximately $4.3 billion in All Funds, or 68 percent of the total appropriations for general academic institutions in fiscal years 2010 and 2011, is appropriated for formula funding (including formula hold harmless funding). There are two main formulas and two supplemental formulas. The Instruction and Operations formula ($3.6 billion or 80.7 percent) provides funding for faculty salaries, administration, student services, and other support based on weighted semester-credit hours and includes a Teaching Experience

Supplement ($108.1 million or 2.5 percent), which provides additional funding for undergraduate semester-credit hours taught by tenured and tenure-track faculty. The Infrastructure Support formula ($723.6 million or 16.7 percent), which provides funding for physical plant and utilities based on THECB's space projection model determination of predicted square feet needed for educational and general activities, also includes a supplement for institutions with fewer than 10,000 headcount students. The Eighty-first Legislature, Regular Session, 2009 made a decision to increase the enrollment threshold to 10,000 students from 5,000 and implemented a phase-out of the supplement between 5,000 and 10,000 students. The supplement totals $1.5 million for the biennium for each institution with less than a 5,000 student headcount. Institutions with headcounts that range from 5,000 to 10,000 students receive a supplemental appropriation that decreases from $1.5 million with each additional student. Within the Infrastructure Support formula, approximately 57.4 percent of infrastructure funding is allocated for utilities, and the remaining 42.6 percent is allocated for other maintenance and operations.

The Seventy-ninth Legislature, Regular Session, 2005, adopted and began to phase in a new cost-based Instruction and Operations discipline-funding matrix. The matrix used for the 2010–11 biennium is fully implemented.

The method of finance for formula-funded appropriations for general academic institutions is based on an "All Funds" approach. In this approach, the difference between the total formula allocation and the estimated Other Educational and General Income (primarily statutory tuition and fees contributed by each institution) is funded with General Revenue Funds. For the 2010–11 biennium, a portion of the formula for General Revenue Funds was financed instead with Federal Funds (ARRA).

Approximately 32 percent of the 2010–11 direct funding for general academic institutions and system offices ($2 billion in All Funds) is non-formula funding. Non-formula funding includes Special Items, Institutional Enhancement, Capital Funds, Staff Benefits, Academic Development Initiative, Research Development Fund, and System Office Operations at the six system offices.

The Institutional Enhancement appropriation is $310.3 million in General Revenue Funds for the 2010–11 biennium. Additional special items include appropriations of $354.5 million in General Revenue Funds, General Revenue–Dedicated Funds and Federal Funds (ARRA) for the 2010–11 biennium. These are direct appropriations to institutions for projects that are not funded by formula but are specifically identified by the Legislature for support.

The total 2010–11 biennium appropriation for tuition revenue bond debt service to the general academic institutions and system offices is $486.8 million in General Revenue Funds. Tuition revenue bonds must be authorized in statute. Once the bonds are authorized, institutions can issue these bonds (after approval by the Texas Bond Review Board) for debt payments. Legislative practice has been to use General Revenue Funds to reimburse institutions for the costs related to this debt service. Lease payments appropriations for the 2010–11 biennium total $3.2 million.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect the general academic institutions. The Texas Higher Education Coordinating Board (THECB) identified and summarized the following legislation in its report, *Summary of Higher Education Legislation, 81st Legislature*. The report is available on THECB's website.

Enactment of House Bill 746 provides that a public institution of higher education may make unused classrooms available during weekday evenings and on Saturdays for use by another public junior college (on request) for the purpose of teaching courses in the core curriculum or continuing education.

Under previous law, course levels offered at the University of Houston–Victoria were limited to junior, senior, and graduate only. Enactment of House Bill 1056 removes those limits so that the institution is authorized to expand downward and offer lower-division courses as well.

Enactment of House Bill 3951 requires public institutions of higher education to assign staff to be trained in state and federal student financial aid programs available to military veterans and their families, especially specifically applicable programs, and to assist in understanding and obtaining the benefits available.

Enactment of Senate Bill 174 requires institutions of higher education (IHE) to post faculty resumes online for a variety of audiences, including legislators, students, parents, and the public.

Current Texas law requires each public general academic teaching institution in the state to admit applicants who are Texas high schools graduates or graduates of a high school operated by the U.S. Department of Defense who graduate with a grade point average (GPA) in the top 10 percent of their graduating class. This statute has become known as the Top 10 Percent Law. Senate Bill 175 authorizes The University of Texas at Austin (UT–Austin) to place a cap on the number of students admitted under the Top 10 Percent Law. Beginning with admissions for the 2011–12 academic year, UT–Austin is not required to offer admission to applicants qualifying under the Top 10 Percent Law in excess of the number needed to fill 75 percent of enrollment capacity for first-time resident undergraduate students.

Enactment of Senate Bill 629 amends the enrollment requirements that were tied to the issuance of tuition revenue bonds (TRB) for three system centers, thereby allowing these centers to become stand-alone universities more quickly.

Enactment of Senate Bill 956 authorizes the Board of Regents of the University of North Texas System to establish and operate a school of law in Dallas as a professional school of the system. Before the Board establishes a law school, but not later than June 1, 2010, the Higher Education Coordinating Board shall prepare a feasibility study to determine the actions the System must take to obtain accreditation of the law school. The bill also requires the Higher Education Coordinating Board to conduct a study to examine the need for and feasibility of establishing a public law school in a region of the state where a law school is not located, including the Trans-Mexico border region.

Enactment of Senate Bill 1304 requires institutions of higher education that must set aside a portion of a student's tuition for financial aid assistance to disclose to each student the amount of designated tuition (paid by the student) that is being set aside, beginning with tuition charged for spring 2010.

The Eighty-first Legislature, Regular Session, 2009, enacted eight bills that authorize new fees or permit fee increases. The legislation includes the following bills.

Enactment of House Bill 2954 authorizes the Board of Regents at Texas Southern University to increase the student center fee to $75 (currently $35) for each semester and to $37.50 (currently $17.50) for each summer term, beginning with the 2009–10 academic year.

Enactment of House Bill 2961 authorizes the Board of Regents at the University of Houston to increase the student center fee to $150 (currently $35) for each semester and to $75 (currently $17.50) for each summer term, beginning with the 2009–10 academic year

Enactment of House Bill 3353 and Senate Bill 2182 authorizes the governing board of an institution of higher education to charge each student enrolled an environmental service fee, if approved by a majority of students, beginning with the effective date of the legislation. The fee may not exceed $5 for each semester or summer term of more than six weeks, or $2.50 for each summer session of six weeks or less.

Enactment of House Bill 4501 authorizes the Board of Regents at Texas Southern University to charge each student enrolled an intercollegiate athletics fee not to exceed $10 per credit hour, beginning fall 2009.

Enactment of Senate Bill 256 authorizes the Board of Regents at Midwestern State University to charge each student enrolled an intercollegiate athletics fee not to exceed the lesser of $10 per credit hour or $120 for each regular semester or summer session of more than six weeks, or $60 for each summer session of six weeks or less.

Enactment of Senate Bill 473 authorizes the Board of Regents at the University of North Texas (UNT) to charge each student enrolled an intercollegiate athletics fee not to exceed the lesser of $10 per credit hour for each semester or summer session. The fee may be used only for financing, construction, operating, maintaining, or improving an athletic facility or for operating an intercollegiate athletics program at UNT.

Prairie View A&M University's authority to charge students enrolled in intercollegiate athletics a fee of $10 per-credit-hour is set to expire September 1, 2013. Enactment of Senate Bill 1334 extends the expiration date if the Board of Regents issues bonds payable from the fee before the end of the 2012–13 academic year. The fee may not be charged after the year the bonds are fully paid.

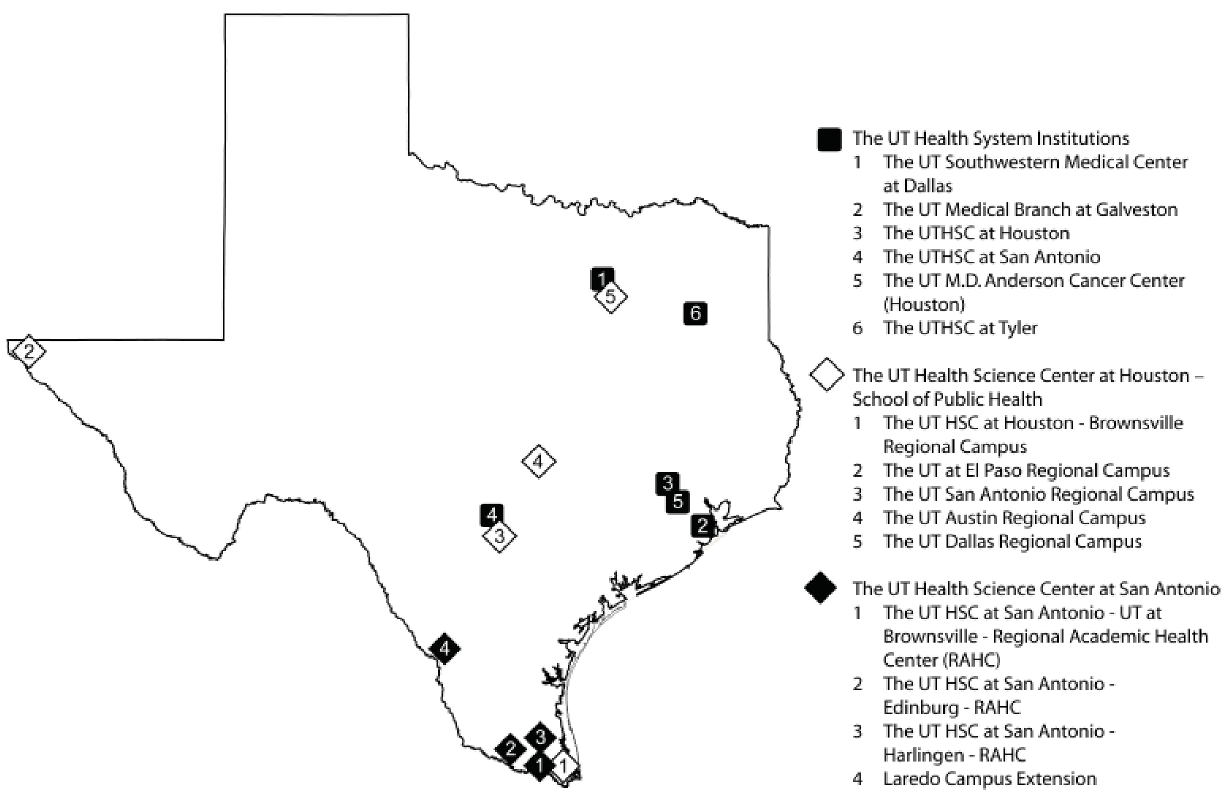
HEALTH-RELATED INSTITUTIONS

There are four university health science systems, and within those systems, a total of nine health-related institutions located across Texas. Each institution provides different services to its respective region of the state. All of the institutions, except the University of North Texas Health Science Center at Fort Worth (UNTHSC), also have regional campuses. The other eight institutions are The University of Texas Southwestern Medical Center at Dallas (UTSWMC), The University of Texas Medical Branch at Galveston (UTMB), The University of Texas Health Science Center (UTHSC) at Houston, The UTHSC at San Antonio, The UT M.D. Anderson Cancer Center (UTMDACC), The UT Health Science Center at Tyler, Texas A&M University System Health Science Center (TAMUSHSC), and Texas Tech University Health Sciences Center (TTUHSC) in Lubbock. The maps in **Figure 221** through **Figure 224** show, by the four university health science systems, the locations of the health-related institutions and their regional campuses.

The institutions' mission is focused on four core functions: (1) to educate future health professionals and scientists; (2) to engage in basic and applied research; (3) to provide compassionate, scientifically based clinical care for the sick; and (4) to develop public and community health programs. These functions and their funding are linked to the following goals: Instruction/Operations (which includes the Graduate Medical Education strategy); Provide Research Support; Provide Infrastructure Support; Provide Health Care Support; Provide Special Item Support; and Tobacco Funds. **Figure 225** shows appropriations for the health-related institutions by goal.

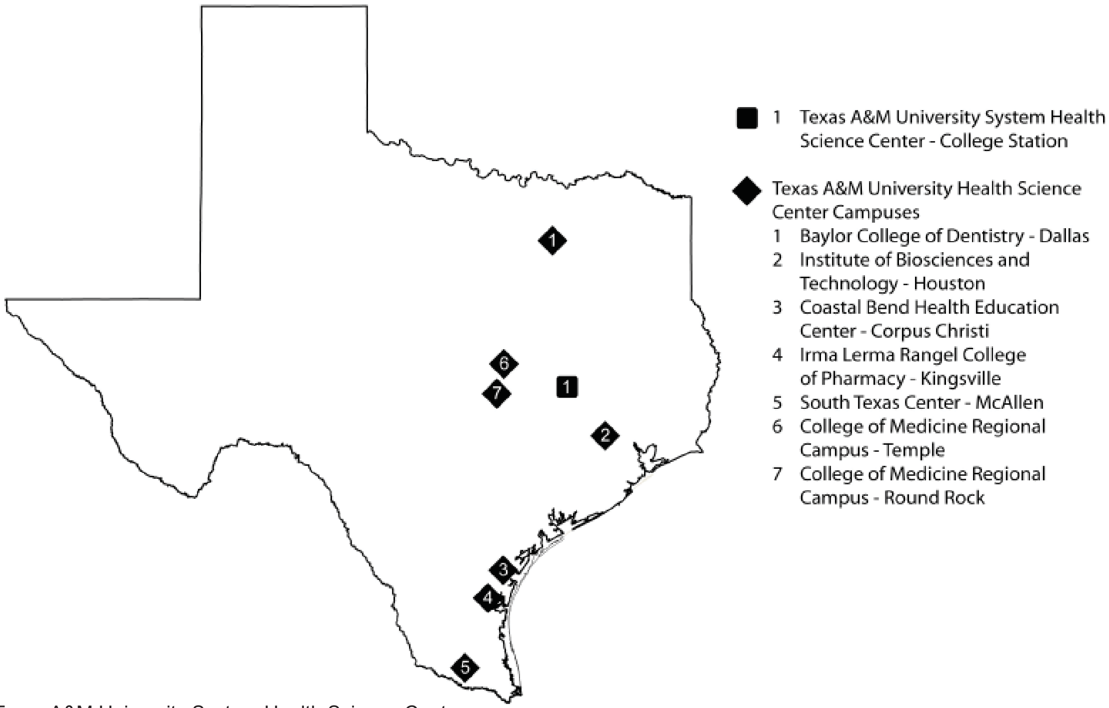
Enrollment at the health-related institutions was 17,684 students for fall 2008, which is a 5.7 percent increase when compared with fall 2007 enrollment of 16,735 students. **Figure 226** shows the enrollment at each institution and the percentage change from the previous year.

FIGURE 221
THE UNIVERSITY OF TEXAS SYSTEM HEALTH-RELATED INSTITUTIONS
2010–11 BIENNIUM



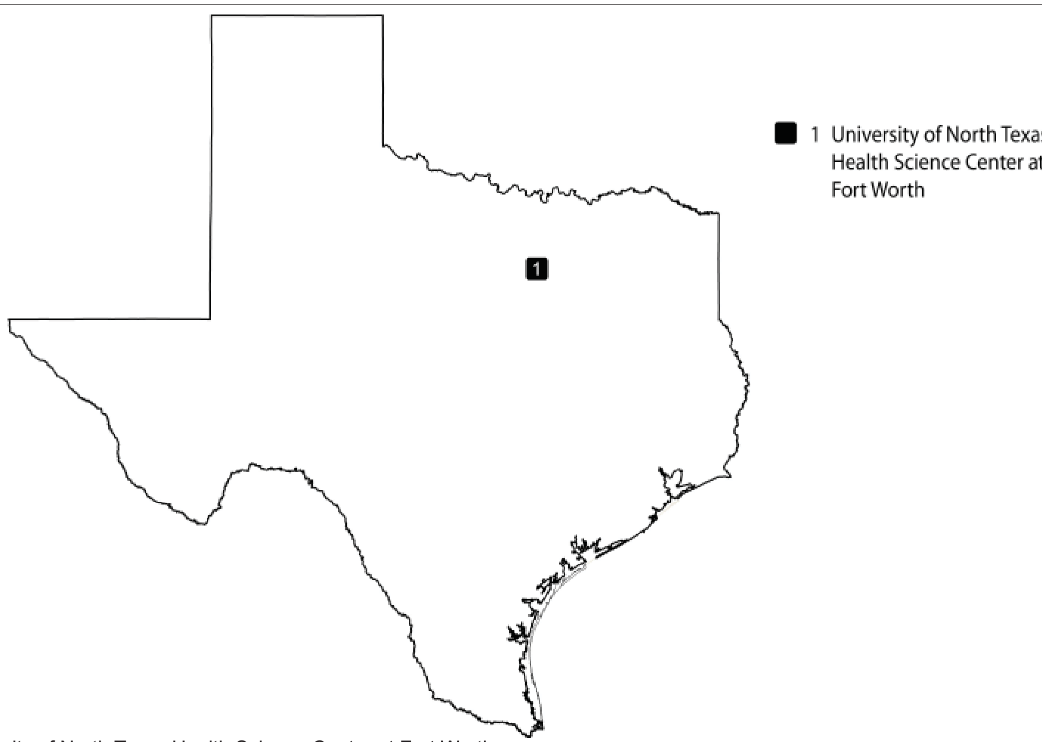
SOURCE: The University of Texas Health System.

FIGURE 222
TEXAS A&M UNIVERSITY SYSTEM HEALTH SCIENCE CENTER
2010–11 BIENNIUM



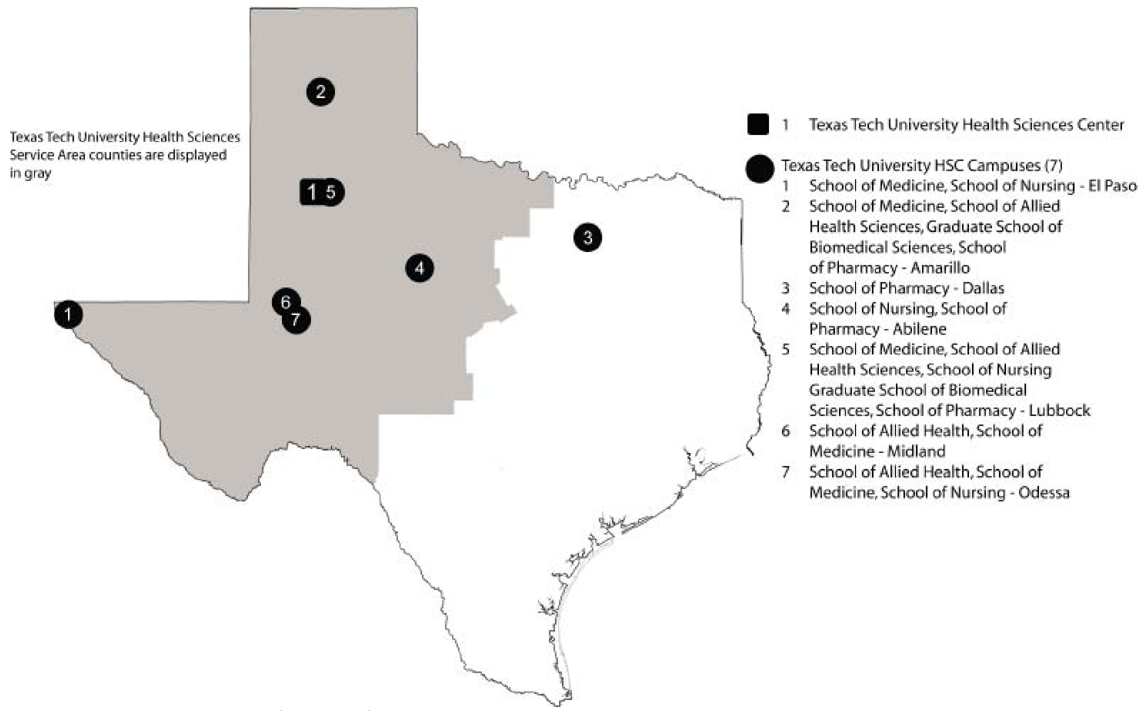
SOURCE: Texas A&M University System Health Science Center.

FIGURE 223
UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH
2010–11 BIENNIUM



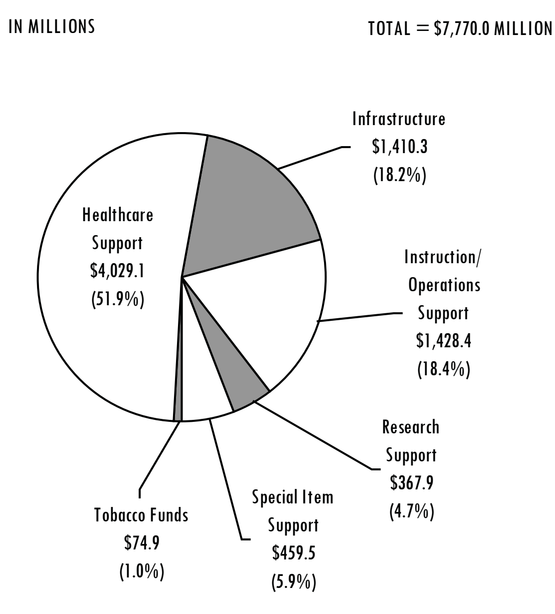
SOURCE: University of North Texas Health Science Center at Fort Worth.

FIGURE 224
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER
2010–11 BIENNIUM



Source: Texas Tech University Health Sciences Center.

FIGURE 225
HEALTH-RELATED INSTITUTIONS APPROPRIATIONS BY GOAL AND ARTICLE XII, ALL FUNDS
2010–11 BIENNIUM



Source: Legislative Budget Board.

The Texas Higher Education Coordinating Board (THECB) contracts with the Baylor College of Medicine (BCOM), a private institution, to provide funding for the BCOM medical students. The BCOM receives funding based on the average cost per undergraduate medical student enrolled at UTMB and UTSWMC estimated to be $47.8 million in fiscal year 2010 and $50.7 million in fiscal year 2011.

APPROPRIATIONS FOR 2010–11

Appropriations for the 2010–11 biennium to the health-related institutions total $7.8 billion in All Funds and provide for 29,228 and 29,254 full-time-equivalent (FTE) positions in fiscal years 2010 and 2011, respectively. Of this amount, $2.8 billion, or 35.7 percent, is in General Revenue Funds, General Revenue–Dedicated Funds and Federal Funds provided by the American Recovery and Reinvestment Act (ARRA). General Revenue–Dedicated Funds include income from tuition and student fees. The appropriations also include $5 billion in Other Funds, of which $4.9 billion, or 98 percent, is from Patient Income. Patient Income is revenue that an institution generates through the operation of a hospital, clinic, or a dental clinic (inpatient and outpatient charges). **Figure 227** shows the distribution of funding among the nine health-related institutions.

FIGURE 226
FALL ENROLLMENT ACADEMIC YEARS 2007 AND 2008

INSTITUTION	2007	2008	PERCENTAGE CHANGE
The University of Texas Southwestern Medical Center at Dallas	2,395	2,415	0.8
The University of Texas Medical Branch at Galveston	2,422	2,338	(3.5)
The University of Texas Health Science Center at Houston	3,774	3,865	2.4
The University of Texas Health Science Center at San Antonio	2,822	3,060	8.4
The University of Texas M. D. Anderson Cancer Center	139	203	46.0
The University of Texas Health Science Center at Tyler*	NA	NA	NA
Texas A&M University System Health Science Center	1,432	1,695	18.4
University of North Texas Health Science Center at Fort Worth	1,142	1,212	6.1
Texas Tech University Health Sciences Center	2,609	2,896	11.0
TOTAL	**16,735**	**17,684**	**5.7**

*The University of Texas Health Science Center at Tyler does not offer formal instruction for state formula funding purposes.
Source: Texas Higher Education Coordinating Board.

FIGURE 227
COMPARISON OF HEALTH-RELATED INSTITUTIONS APPROPRIATIONS 2008–09 AND 2010–11 BIENNIA

IN MILLIONS

INSTITUTION	BUDGETED/ EXPENDED 2008–09[1]	GENERAL REVENUE FUNDS APPROPRIATED 2010–11[2]	PERCENTAGE CHANGE	BUDGETED/ EXPENDED 2008–09[1]	ALL FUNDS APPROPRIATED 2010–11	PERCENTAGE CHANGE
The University of Texas Southwestern Medical Center at Dallas	$297.6	$295.7	(0.6)	$327.0	$342.4	4.7
The University of Texas Medical Branch at Galveston	607.7	559.8	(7.9)	1,358.4	1,063.4	(21.7)
The University of Texas Health Science Center at Houston	290.2	301	3.7	343.3	372.2	8.4
The University of Texas Health Science Center at San Antonio	282.7	300.1	6.2	336.2	360.3	7.2
The University of Texas M. D. Anderson Cancer Center	309.2	329.2	6.5	4,322.4	4,700.7	8.8
The University of Texas Health Science Center at Tyler	71.3	74.6	4.7	162.4	174.8	7.6
Texas A&M University System Health Science Center	185.6	209.7	13.0	218.2	257.8	18.1
University of North Texas Health Science Center at Fort Worth	114.8	121.7	6.0	129.7	139.5	7.5
Texas Tech University Health Sciences Center	287.4	318.7	10.9	329.5	359.1	9.0
TOTAL	**$2,446.5**	**$2,510.5**	**2.6**	**$7,527.1**	**$7,770.2**	**3.2**

[1]The 2008–09 biennium Budgeted/Expended totals include supplemental funding in 2009.
[2]Amounts reflect adjustments made in Article XII.
Source: Legislative Budget Board.

Overall, the 2010–11 biennial appropriations for the health-related institutions increased by $242.8 million, or 3.2 percent, from the 2008–09 biennium expenditure levels. The health-related institutions' appropriations for Patient Income increased by $107 million primarily because of an increase in patient care activities at UTMDACC. General Revenue–Dedicated Funds increased by $6.4 million.

During the Eighty-first Legislature, Regular Session, 2009, UTMB was appropriated an additional $150 million in General Revenue Funds in fiscal year 2009 for Hurricane Ike related damages to be used for matching federal funds for capital renovation. This one-time funding was not continued in the 2010–11 biennium. In addition, the Legislature appropriated UTHSC at Houston $6 million in General Revenue–Dedicated Regional Trauma Account Funds for trauma funding related to supporting patients displaced by Hurricane Ike. This one-time funding was also not continued in the 2010–11 biennium. Without those two one-time items, UTMB's appropriations of General Revenue Funds for 2010–11 would reflect an increase of $108.8 million (23.8 percent) and UTHSC at Houston's General Revenue–Dedicated Funds appropriations for 2010–11 would be an increase of $1.3 million (4.2 percent).

FORMULA FUNDING

Approximately $2.1 billion, or 26.5 percent, of All Funds appropriations to the health-related institutions for 2010–11 is included in the formula funding strategies. The formulas are intended to provide for an equitable allocation of funds among the health-related institutions and to establish the level of funding to adequately support higher education. The formulas consist of the following six elements:

- Instruction and Operations Support formula;
- Infrastructure Support formula;
- Research formula;
- Graduate Medical Education formula;
- Cancer Center Operations formula; and
- Chest Disease Center Operations formula.

The method of financing for the Instruction and Operations Support formula and for the Infrastructure Support formula is based on tuition income and General Revenue Funds. The difference between the total formula allocation and an institution's estimated tuition income is funded with General Revenue Funds. For the 2010–11 biennium, the Eighty-first Legislature, Regular Session, 2009, appropriated $1.6 billion in General Revenue Funds for all formulas for the health-related institutions, which is a $108 million increase above the 2008–09 biennium.

In addition, the legislature included a reduction of $51 million in General Revenue Funds and an increase of $51 million in Federal Funds provided through ARRA funds for the Instruction and Operations Support formula.

Health-related Institutions were appropriated an additional $46 million in ARRA funds for the 2010–11 biennium for various special items received through Article XII, Section 25 of the General Appropriations Act (GAA), Allocation of Higher Education and Other Government Program Stimulus Funding. Under Article XII, Section 24 of the GAA, these funds are one-time expenditures for the 2010–11 biennium.

Patient Income has been allocated to the formula strategies for institutions that generate this method of financing. However, Patient Income is allocated in addition to amounts generated by the formulas and does not affect an institution's General Revenue Fund formula allocation. Patient Income totaling $337.7 million is appropriated to the formula strategies.

THECB will conduct a cost study to validate the relative weights contained in health-related institutions matrix. The study will also address the differences in funding between the health-related institutions and the general academic institutions for nursing, pharmacy, allied health and any other over lapping discipline. By September 1, 2010, THECB will make recommendations to the Legislature, the Legislative Budget Board, and the Office of the Governor regarding changes to the formulas.

INSTRUCTION AND OPERATIONS SUPPORT FORMULA

The Instruction and Operations Support formula provides funding for the ongoing academic and administrative programs of the institutions. Approximately $1.1 billion in funding is allocated on a per Full-time Student Equivalent (FTSE) bases funding weight determined according to the student's instructional program. General Revenue Funds for the 2010–11 biennium account for 90.6 percent, or $935.9 million of the formula, General Revenue–Dedicated Funds (mostly tuition and fees) account for 6 percent, or $62.2 million, and ARRA Funds account for 3.4 percent or $35 million. In addition, instructional programs with enrollments of fewer than 200 students per campus receive supplemental formula funding, with small enrollment programs receiving more funding per FTSE. The Instruction and Operations Support formula applies to all health-related institutions except The UTHSC at Tyler, which does not offer formal education instruction. Patient Income totaling $68.2 million is appropriated to the formula strategies.

INFRASTRUCTURE SUPPORT FORMULA

The Infrastructure Support formula, which applies to all of the health-related institutions, provides funding for the maintenance and operation, including utilities, of the institutions' physical plants. Approximately $264.1 million in funding is distributed based on the estimated square feet at the institutions multiplied by a rate per square foot (estimated by THECB). General Revenue Funds for the 2010–11 biennium account for 94.5 percent, or $249.5 million of the formula, and General Revenue–Dedicated Funds account for 5.5 percent, or $14.6 million. The space projection model is based on the number and level of FTSEs; number of faculty; single or multiple programs and campuses; actual clinical space; and research and current educational and general expenditures. Patient Income totaling $269.5 million is appropriated to the formula strategies.

Because the space projection model does not account for hospital space, separate infrastructure funding for hospital space is included in the total funding for hospital and patient care activities at UTMB, UTMDACC, and UTHSC at Tyler.

RESEARCH FORMULA

The Research Support formula funds the medical and clinical research of the institutions. Approximately $71.2 million in General Revenue Funds are allocated to the health-related institutions, which include a base amount of research enhancement funding, currently $1.4 million per year, plus additional funding based on a percentage of research expenditures.

GRADUATE MEDICAL EDUCATION FORMULA

The Graduate Medical Education (GME) formula funds the health-related institutions' residency programs. The Seventy-ninth Legislature, Regular Session, 2005, established the GME formula and directed the institutions to use these funds to increase the total number of residency slots in Texas and to support faculty costs relating to GME. Approximately $79.1 million in funding is allocated based on the number of residents at each health-related institution, of which $15.3 million is for the BCOM. General Revenue Funds for the 2010–11 biennium account for 79.7 percent or $63 million and ARRA Funds account for 20.3 percent or $16 million. This funding provides approximately $6,653 per resident for each year of the 2010–11 biennium.

CANCER CENTER OPERATIONS FORMULA

The Eightieth Legislature, 2007, established in the 2008–09 GAA a pilot Cancer Center Operations formula for the UTMDACC. UTMDACC has a statutory mission to eliminate cancer through patient care, research, education, and prevention. The Cancer Center Operations formula includes funding Cancer Center Operations with the reallocation of funds previously appropriated for Science Park operations and non-formula Patient Care Operations. The Cancer Center Operations formula may not exceed the average growth in funding for health-related institutions in the Instruction and Operations Support formula for the current biennium. For the 2010–11 biennium, this formula funding, no longer part of a pilot program, provided $235.4 million in General Revenue Funds based on the number of cancer patients served in 2006, which is a $15.5 million increase above the previous biennium.

CHEST DISEASE CENTER OPERATIONS

The Eighty-first Legislature, Regular Session, 2009, established in the 2010–11 GAA a new Chest Disease Center Operations formula for UTHSC at Tyler. UTHSC at Tyler has a mission to conduct research, develop diagnostic and treatment techniques, provide training and teaching programs, and provide diagnosis and treatment of inpatients and outpatients with respiratory diseases. Approximately $52.3 million in General Revenue Funds is appropriated for the 2010–11 biennium for chest disease patients based on the number of its chest disease patients served in 2006, which is a $5 million net increase above the previous biennium.

INSTRUCTION AND OPERATIONS SUPPORT

All of the health-related institutions, except for UTHSC at Tyler, which is limited to residency and postdoctoral training, provide educational programs. These institutions provide instruction in the following educational programs:

- Medical Education;
- Dental Education;
- Dental Hygiene;
- Biomedical Sciences Training;
- Allied Health Professions Training;
- Physician Assistants Studies;
- Nursing Education;
- Public Health and Rural Public Health Training;
- Pharmacy; and
- Residency Training.

Figure 228 shows the disciplines at each health-related institution. Within each discipline, a student may choose from a selection of majors, such as endodontics, oral and maxillofacial surgery, orthodontics, or pediatric dentistry within the College of Dentistry or choose a profession in family medicine, internal medicine, or pediatrics within the College of Medicine. For fiscal year 2008, approximately 4,631 degrees were awarded in all educational programs.

MEDICAL EDUCATION

The health-related institutions provide undergraduate medical education in the prevention, diagnosis, and treatment of diseases. The institutions offer students a four-year medical education experience that integrates hands-on clinical training, group discussion, and traditional classroom experience. The clinical years of the medical curriculum consist of individualized tutorials and apprenticeships in clinical practice, largely in hospital settings. The instruction is provided to students working alongside interns and residents. Students may choose from professions such as Family Medicine, Internal Medicine, Obstetrics and Gynecology, Pediatrics, Neurosurgery, Anesthesiology, and Radiology. For fiscal year 2008, medical school enrollment was approximately 5,229 students.

DENTAL EDUCATION

The health-related institutions provide academic programs leading to a Doctor of Dental Surgery, dental hygiene programs, and advanced education programs. Institutions offer students both didactic instruction that uses primarily a lecture format supplemented with laboratory instruction, and clinical instruction designed to provide patient-centered

FIGURE 228
DISCIPLINES AND RESIDENCY TRAINING AT THE HEALTH-RELATED INSTITUTIONS
2010–11 BIENNIUM

	EDUCATIONAL PROGRAM									
INSTITUTION	MEDICAL	DENTAL	DENTAL HYGIENE	BIOMEDICAL SCIENCES	ALLIED HEALTH	PHYSICIAN ASSISTANT	NURSING	PUBLIC HEALTH/ RURAL PUBLIC HEALTH	PHARMACY	RESIDENCY TRAINING
The University of Texas Southwestern Medical Center at Dallas	X			X	X	X				X
The University of Texas Medical Branch at Galveston	X			X	X	X	X			X
The University of Texas Health Science Center at Houston	X	X	X	X	X		X	X		X
The University of Texas Health Science Center at San Antonio	X	X	X	X	X	X	X	X		X
The University of Texas M. D. Anderson Cancer Center					X					X
The University of Texas Health Science Center at Tyler										X
Texas A&M University System Health Science Center	X	X	X	X			X	X	X	X
University of North Texas Health Science Center at Fort Worth	X			X		X		X		X
Texas Tech University Health Sciences Center	X			X	X	X	X		X	X

NOTE: The University of Texas Health Science Center at San Antonio offers courses in Public/Rural Health through a joint effort with The University of Texas Health Science Center (UTHSC) at Houston; degrees are conferred at UTHSC at Houston.
SOURCE: Legislative Budget Board.

comprehensive care. The curriculum of the Doctor of Dental Surgery program is primarily structured to present basic science courses during the first two years, with some clinical experience beginning in the first year and increasing each year until it predominates in the junior and senior years. In fiscal year 2008, enrollment for dental education programs was approximately 1,103 students.

The advanced education programs are only offered to students who have graduated from a dental school. These programs consist of residencies and specialty certificate and graduate degree programs such as Orthodontics, Pediatric Dentistry, Endodontics, and Oral and Maxillofacial Surgery.

DENTAL HYGIENE

Institutions also offer certificates and bachelor degrees in dental hygiene. Dental hygienists, who provide patients with the instruction and treatment needed to improve and maintain their oral health, routinely provide the following patient care services:

- review of health history;
- oral inspection for disease;
- nitrous oxide administration;
- dental charting;
- application of fluorides and sealants;
- exposure of x-rays;
- scaling and root planning; and
- polishing the teeth.

Approximately 115 students were enrolled in the dental hygiene programs in fiscal year 2008.

GRADUATE TRAINING IN BIOMEDICAL SCIENCES

The graduate program in biomedical sciences educates biomedical scientists for careers in basic and applied research and clinical practice in the biomedical sciences and health-related fields. Institutions provide students with opportunities to investigate and solve problems creatively, develop and test new ideas in the classroom, and communicate their ideas to others within the research-oriented medical community. Areas of graduate studies offered by institutions include Biological Chemistry, Cell Regulation, Clinical Psychology, Genetics and Development, and Immunology. For fiscal year 2008, graduate school enrollment was approximately 2,997 students.

ALLIED HEALTH PROFESSIONS TRAINING

Health-related institutions educate allied health professionals who will be involved in the identification, evaluation, treatment, and prevention of diseases, injuries, and conditions. In addition, allied health professionals educate the public on prevention, wellness, and self-management for healthy lifestyles. According to the American Medical Association, there are 52 verifiable disciplines in allied health, with the institutions offering programs in more than 50 percent of these disciplines. Some of the degree programs offered by the institutions include Audiology, Speech-Language Pathology, Occupational Therapy, Physical Therapy, Emergency Medical Services, and Physician Assistant Studies. During fiscal year 2008, enrollment for allied health programs was approximately 2,220 students.

PHYSICIAN ASSISTANTS STUDIES

The health-related institutions provide both undergraduate and graduate degrees and have aligned their programs with their medical education program to meet the expanding roles required of physician assistants. These programs combine both academic and clinical training to provide students with the necessary skills to practice medicine under the supervision of a licensed physician. The physician assistant is trained to take medical histories, perform physical examinations, interpret diagnostic tests, formulate a diagnosis, and implement a treatment plan for a variety of diseases or medical conditions. For fiscal year 2008, enrollment for the physician assistants program was more than 567 students.

NURSING EDUCATION

The health-related institutions provide both undergraduate educational programs for training nurse generalists and educational programs for advanced practice nurses. While in school, students may take elective nursing courses in specialized nursing roles such as emergency, operating room, intensive care, geriatrics, and teen pregnancy. In addition, health-related institutions provide continuing education programs for nursing professionals and the interested public. For fiscal year 2008, enrollment for the nursing program was approximately 1,302 students. TAMUSHSC's Nursing program admitted its first class of students in fiscal year 2009 at its main campus in College Station. Its funding for the 2010–11 biennium is based on 53 students, but is anticipated to increase in class size through the 2010–11 biennium.

PUBLIC HEALTH/RURAL PUBLIC HEALTH

Public health education programs focus on promoting preventive care for public health needs, analyzing and solving rural public health problems, and developing alternative methods of delivering public health education. Through these educational programs, the health-related institutions prepare professionals for careers with state and local health departments, environmental and occupational health agencies, industry, and other organizations. Students may choose from degrees in fields such as Health Administration, Epidemiology, Environmental Health, Behavioral Sciences, and Biostatistics. During fiscal year 2008, approximately 1,565 students were enrolled in a public health program.

PHARMACY PROGRAMS

TTUHSC and TAMUSHSC are the only two health-related institutions to offer traditional pharmacy programs. TAMUSHSC's students are exposed to core professional curriculum including the biomedical sciences, pharmaceutical sciences, social, behavioral, and administrative pharmacy sciences, and pharmacy practice. The fourth year of the the curriculum is devoted exclusively to Advanced Pharmacy Practice experience and Pharmacy Grand Rounds. TTUHSC's program is geared toward the practicing-level pharmacist. The first year of the program teaches patient communication skills, while the second year develops community pharmacy practice skills. The third year focuses on institutional pharmacy practice and beginning patient care, and the fourth year develops the students' abilities in advanced patient-care skills. To provide varied clinical experiences during the last two years of the curriculum, the institution assigns students to clinical rotations in various healthcare institutions such as hospitals, community pharmacies, nursing homes, and the Texas Department of Criminal Justice. In addition, TTUHSC developed a graduate pharmacy education residency program that provides post-graduate training to pharmacists who want to focus their practice in a specialty area such as pediatrics, geriatrics, mental health pharmacy, and oncology. Approximately 675 students were enrolled in a pharmacy program for fiscal year 2008.

RESIDENCY TRAINING

In addition to providing undergraduate medical education, the health-related institutions provide residency training, also called Graduate Medical Education, in the form of residency positions and fellowships as well as continuing education for practicing physicians and medical scientists. Residency training is the final period of formal education and training that a physician is required to complete prior to receiving state licensure, beginning independent practice, and obtaining board certification in Texas. Training lasts between three to seven years depending on the medical specialty. Approximately 4,796 residents, or 80.7 percent of all residents, were trained at health-related institutions and their affiliated hospitals and clinics for fiscal year 2008, with the remaining 19.3 percent trained at the Baylor College of Medicine related hospitals.

RESEARCH SUPPORT

All of the health-related institutions share the goal of conducting research. Research is conducted both within the institution and in collaboration with other entities such as community organizations, academic institutions, health professions organizations, and healthcare and managed-care systems. The institutions facilitate research in four primary areas: (1) basic research, which creates a new understanding of normal mechanisms of health and the basis of disease; (2) clinical research, which includes the discovery of better methods of diagnosis, prevention, treatment, and cure of diseases, including all phases of clinical trials of new medical procedures; (3) outcomes research, which evaluates the consequences of treatments, procedures, and global issues of healthcare; and (4) applied and translational research, which takes new discoveries from other research areas and develops them into new products or procedures.

Combined research expenditures at the nine health-related institutions totaled $1.5 billion in fiscal year 2008. This represents an increase of 26.1 percent above fiscal year 2005 expenditures. **Figure 229** shows the rankings of the top 10 Texas public institutions in research expenditures for fiscal years 2004 to 2008 and **Figure 230** shows the expenditures for research and development at each health-related institution for fiscal years 2005 to 2008.

INFRASTRUCTURE SUPPORT

All of the health-related institutions are responsible for maintaining physical facilities and equipment, providing direct support of the institutional educational and research missions, and providing adequate utilities to operate the institutions' facilities. Services provided by institutions may include capital planning, construction, building maintenance, custodial, transportation systems, and minor repairs and remodeling of physical facilities.

The Legislature also authorized the health-related institutions to issue tuition revenue bonds, which are for developing

FIGURE 229
RESEARCH AND DEVELOPMENT EXPENDITURE RANKINGS BY INSTITUTION
FISCAL YEARS 2004 TO 2008

	2004	2005	2006	2007	2008
The University of Texas at Austin	2	3	1	2	2
Texas A&M University	1	2	2	1	1
Baylor College of Medicine	0	1	3	4	4
The University of Texas M. D. Anderson Cancer Center	4	4	4	3	3
The University of Texas Southwestern Medical Center at Dallas	3	5	5	5	5
The University of Texas Health Science Center at Houston	5	6	6	6	6
The University of Texas Medical Branch at Galveston	6	7	7	7	8
The University of Texas Health Science Center at San Antonio	7	8	8	8	7
University of Houston	8	9	9	9	9
Texas A&M University System Health Science Center	9	10	10	10	10
TOTAL					

Note: Texas A&M University includes Texas A&M University System Agencies. Health Science Center amounts are shown separately. Baylor College of Medicine ranking was not available prior to 2005.
Source: Texas Higher Education Coordinating Board.

FIGURE 230
HEALTH-RELATED INSTITUTIONS EXPENDITURE FOR RESEARCH AND DEVELOPMENT
FISCAL YEARS 2005 TO 2008

IN MILLIONS INSTITUTION	2005	2006	2007	2008	PERCENTAGE CHANGE
The University of Texas Southwestern Medical Center at Dallas	$320.8	$333.3	$341.1	$371.1	15.7
The University of Texas Medical Branch at Galveston	150.0	155.0	156.1	153.5	2.3
The University of Texas Health Science Center at Houston	156.5	175.2	191.7	197.3	26.1
The University of Texas Health Science Center at San Antonio	134.1	139.8	146.3	188.6	40.6
The University of Texas M. D. Anderson Cancer Center	342.0	409.7	444.9	488.7	42.9
The University of Texas Health Science Center at Tyler	11.4	12.6	13.6	13.7	20.2
Texas A&M University System Health Science Center	70.7	72.3	75.2	76.5	8.2
University of North Texas Health Science Center at Fort Worth	22.3	23.9	25.9	31.9	43.0
Texas Tech University Health Sciences Center	18.2	21.7	20.7	24.4	34.1
TOTAL	**$1,226.0**	**$1,343.5**	**$1,415.5**	**$1,545.7**	**26.1**

Note: Percentage change shows 2008 relative to 2005.
Source: Texas Higher Education Coordinating Board.

facilities for education, research, and service. The health-related institutions are appropriated General Revenue Funds to pay for debt service associated with these bonds. For the 2010–11 biennium, the Eighty-first Legislature, Regular Session, 2009, funded $157 million in General Revenue Funds for health-related institutions.

HOSPITAL OPERATIONS AND PATIENT CARE ACTIVITIES

Six of the health-related institutions provide patient care (inpatient and outpatient) at a hospital or dental clinic operated by the institution. The institutions that operate a hospital that receive General Revenue funding are UTMB, UTMDACC, and UTHSC at Tyler. Institutions that operate a dental clinic are UTHSC at Houston, UTHSC at San Antonio, and TAMUSHSC, which operates the Baylor College of Dentistry in Dallas. In addition, UNTHSC and TTUHSC also provide patient care through affiliated hospitals and clinics. During fiscal year 2008, these institutions had more than 9.8 million inpatient and outpatient admissions to state-owned hospitals and clinics and provided approximately $4.9 billion in healthcare services.

UTMB received an additional $96 million in General Revenue Funds for its hospital operations and an additional $1 million in General Revenue Funds for its clinical operations in the City of McAllen for the 2010–11 biennium.

UTMB and TTUHSC also provide healthcare for all the Texas Department of Criminal Justice (TDCJ) state-managed inmates. In 1993, the Seventy-third Legislature established a Correctional Managed Health Care Advisory Committee and charged it with developing a managed healthcare delivery system to provide healthcare to TDCJ offender patients. This committee established an interagency contract with the institutions to provide a full range of healthcare services, including psychiatry support, pharmacy services, AIDS care, and hospice care. The institutions provide the healthcare services for incarcerated offenders at the TDCJ facilities and at the TDCJ hospital, which is located on the campus of UTMB. The cost per incarcerated offender is estimated to be $7.58 and $7.53 per day for fiscal years 2010 and 2011, respectively.

The Texas Youth Commission (TYC) contracts with UTMB to provide medical care for youths in its care. The medical cost per youth is estimated to be $19.71 and $18.75 per day for fiscal years 2010 and 2011, respectively.

SPECIAL ITEMS

Special items are intended to represent a particular institution's area of expertise or special need. These areas include public service, research, residency programs, instruction and operations, and healthcare. The following are examples of special items:

- $18 million for the Center for Obesity, Diabetes and Metabolism Research at UTSWMC;
- $2.6 million for indigent care at UTMB ($7.0 million) and UTHSC at Tyler;
- $10.2 million for heart disease and stroke research at UTHSC at Houston;
- $24 million for instruction and research programs in the Lower Rio Grande Valley provided by the Regional Academic Health Center at UTHSC at San Antonio;
- $9.9 million for research at UTMDACC;
- $1.8 million for a partnership between the South Texas Center for Rural Public Health at TAMUSHSC and the South Texas community to develop health professionals for the region, disseminate health education, and research health problems);
- $5.9 million for conducting paternity tests by the DNA Laboratory at UNTHSC for the Child Enforcement Division of the Office of the Attorney General; and
- $23.1 million for the Institutional Enhancement to address its unique needs at TTUHSC.

The Eighty-first Legislature, Regular Session, 2009, funded the following new special items with one-time American Recovery Reinvestment Act Federal Funds ARRA:

- $8 million to UTSWMC for an Institute for Genetic and Molecular Disease;
- an additional $5 million to UTHSC at Houston for the Heart Institute for an Adult Stem Cell Program;
- an additional $9.5 million to UTHSC at Houston received for the expansion of the School of Public Health;
- an additional $4 million to UTHSC at San Antonio received for the San Antonio Life Science Institute;
- an additional $6.5 million to UTHSC at San Antonio for the Regional Academic Health Center;
- an additional $8 million to TAMUSHSC for its medical school expansion;
- an additional $1 million to TAMUSHSC for biosecurity and import safety; and
- $4 million to TTUHSC for the West Texas Area Health Education Center.

Also included in special items is institutional enhancement funding, which allows each institution to address its unique needs and to ease diseconomies of scale at smaller institutions.

TOBACCO FUNDS

The health-related institutions receive appropriations from interest earnings from endowments established in legislation enacted by the Seventy-sixth Legislature, 1999. This legislation established the Permanent Health Fund for Higher Education and permanent endowments for each of the individual health-related institutions. **Figure 231** shows the

FIGURE 231
TOBACCO SETTLEMENT ENDOWMENTS AND PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS
2010–11 BIENNIUM

IN MILLIONS

INSTITUTION/ PERMANENT FUND	ENDOWMENT AMOUNT	2010–11 APPROPRIATION
The University of Texas Southwestern Medical Center at Dallas	$50.0	$4.5
The University of Texas Medical Branch at Galveston	25.0	2.3
The University of Texas Health Science Center at Houston	25.0	2.3
The University of Texas Health Science Center at San Antonio	200.0	18.0
The University of Texas M.D. Anderson Cancer Center	100.0	9.0
The University of Texas Health Science Center at Tyler	25.0	2.3
Texas A&M University System Health Science Center	25.0	2.3
University of North Texas Health Science Center at Fort Worth	25.0	2.3
Texas Tech University Health Sciences Center	50.0	4.5
Subtotal, Individual Endowments	**$525.0**	**$47.3**
Permanent Health Fund for Higher Education	$350.0	$27.7
TOTAL ENDOWMENTS/ PERMANENT FUNDS	**$875.0**	**$74.9**

SOURCE: Legislative Budget Board.

tobacco settlement endowments and related appropriations for the health-related institutions. Estimated appropriations from the endowments total $74.9 million for the 2010–11 biennium, based on estimated interest earnings of 4.5 percent each year.

The Permanent Health Fund for Higher Education is a $350 million endowment from which distributions are appropriated for programs that benefit medical research, health education, or treatment programs at the nine public health-related institutions and at the BCOM. Appropriations from this fund are distributed to the nine public health-related institutions and at the BCOM: 70 percent in equal amounts to each institution and 30 percent based on each institution's proportional expenditures on instruction, research, and charity care in the 2010–11 biennium.

The nine individual health-related institution endowments total $525 million, from which the estimated distributions are appropriated to the institutions based on the original endowment amount. Funds from the individual endowments may be used only for research and other programs that benefit public health conducted by the institution for which the fund was established.

SIGNIFICANT LEGISLATION

Enactment of House Bill 51, Eighty-first Legislature, Regular Session, 2009, grants authority to the Board of Regents of The University of Texas System to issue additional tuition revenue bonds for the recovery and reconstruction of UTMB in an amount not to exceed $150 million. This authority would include the irrevocable pledging of revenue for the payment for bonds and transfer of funds, subject to Legislative Budget Board (LBB) approval, from other institutions within The University of Texas System. In determining approval, LBB must consider whether the commissioners' court in Galveston County has entered into an agreement with UTMB for costs to provide unreimbursed healthcare or whether the county has imposed an ad valorem tax for healthcare purposes.

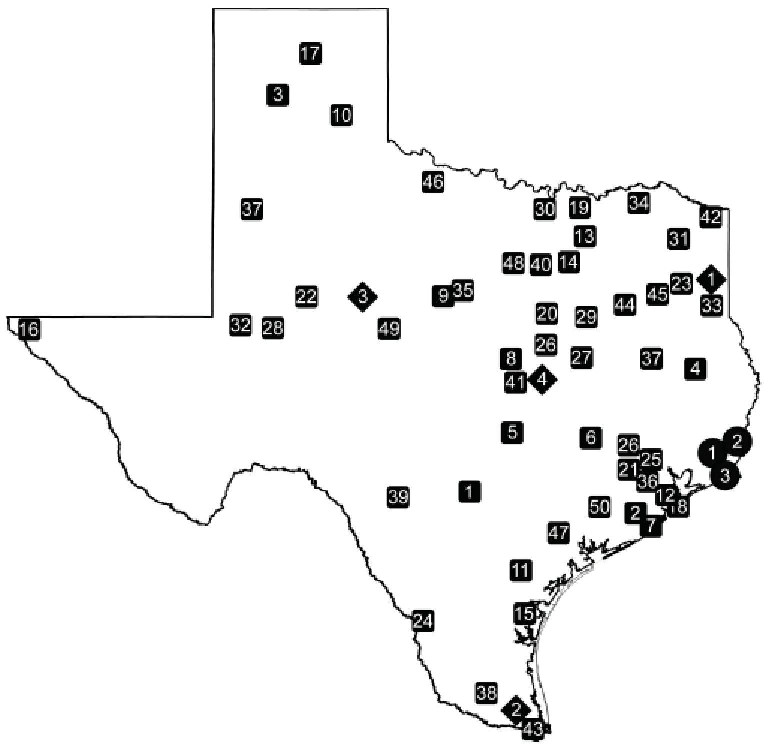
Enactment of Senate Bill 98, Eighty-first Legislature, Regular Session, 2009, authorizes The University of Texas System to establish a medical school and health science center in South Texas, however, the Legislature did not appropriate additional funds for start-up costs.

Enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, appropriated the following in fiscal year 2009, and included $150 million to UTMB, $1.7 million to UTMDACC, $1.5 million to UTHSC at Tyler, $1 million to UTHSC at Houston in General Revenue Funds for natural disaster-related reimbursements. It also appropriated $6 million in General Revenue–Dedicated Regional Trauma Account Funds for trauma care to UTHSC at Houston, $2 million in General Revenue Funds to UTMDACC for uncompensated care for Hurricane Ike patients, and $2 million in General Revenue Funds to provide reimbursements for uncompensated care to UNTHSC. It also appropriated $500,000 in General Revenue Funds to UTMB and reduced the same amount for TTUHSC for contributions to the Higher Education Group Insurance contributions.

TWO-YEAR INSTITUTIONS

The two-year segment of public higher education comprises 50 community and junior college districts, four Texas State Technical College (TSTC) campuses, and three Lamar State Colleges (**Figure 232**). Community and junior colleges account for 95.3 percent of the student academic and vocational/technical 2008–09 base period contact hours generated by this group. TSTC components generate approximately 3.3 percent, and the three Lamar State Colleges account for the remaining 1.4 percent of contact hours.

FIGURE 232
TWO-YEAR INSTITUTIONS
2010–11 BIENNIUM



PUBLIC COMMUNITY COLLEGES
1 Alamo Community College
2 Alvin Community College
3 Amarillo College
4 Angelina College
5 Austin Community College
6 Blinn College
7 Brazosport College
8 Central Texas College
9 Cisco Junior College
10 Clarendon College
11 Coastal Bend College
12 College of the Mainland
13 Collin County Community College
14 Dallas County Community College
15 Del Mar College
16 El Paso Community College
17 Frank Phillips College
18 Galveston College
19 Grayson County College
20 Hill College
21 Houston Community College
22 Howard College
23 Kilgore College
24 Laredo Junior College
25 Lee College
26 Lone Star College
27 McLennan Community College
28 Midland College
29 Navarro College
30 North Central Texas College
31 Northeast Texas Community College
32 Odessa College
33 Panola College
34 Paris Junior College
35 Ranger College
36 San Jacinto College
37 South Plains College
38 South Texas Community College
39 Southwest Texas Junior College
40 Tarrant County College
41 Temple College
42 Texarkana College
43 Texas Southmost College
44 Trinity Valley Community College
45 Tyler Junior College
46 Vernon College
47 Victoria College
48 Weatherford College
49 Western Texas College
50 Wharton County Junior College

TEXAS STATE TECHNICAL COLLEGES
1 Marshall
2 Harlingen
3 West Texas
4 Waco

LAMAR COLLEGES
1 Institute of Technology
2 Orange
3 Port Arthur

SOURCE: Legislative Budget Board.

The 2010–11 appropriations for the two-year institutions total $2.1 billion in All Funds, about equal to the 2008–09 biennium funding level. General Revenue Funds account for 96.7 percent of the total. The Eighty-first Legislature, Regular Session, 2009, appropriated $23.3 million in additional funding for the TSTC and the Lamar State Colleges. Community colleges were appropriated approximately $20.4 million less than the 2008–09 funding level, a decrease entirely attributable to fiscal year 2009 appropriations made in House Bill 4586, Regular Session, 2009. **Figure 233** compares the two-year institutions' appropriations for the 2010–11 biennium with the 2008–09 biennium appropriations.

Various funding mechanisms are used within the category of two-year institutions. The community and junior colleges receive state funding for administration and instructional costs based on a contact-hour formula. Facility costs are borne by the institution and are usually funded by ad valorem taxes. TSTC and the Lamar State Colleges, which do not have local taxing authority, receive broader-based state funding based on a combination of the two-year contact-hour formula and a separate infrastructure formula. **Figure 234** shows the differences in these funding mechanisms.

FIGURE 233
TWO-YEAR INSTITUTIONS' APPROPRIATIONS
2008–09 AND 2010–11 BIENNIA

IN MILLIONS	GENERAL REVENUE FUNDS			ALL FUNDS		
	2008–09 BIENNIUM	2010–11 BIENNIUM	PERCENTAGE CHANGE	2008–09 BIENNIUM	2010–11 BIENNIUM	PERCENTAGE CHANGE
Public Community/Junior Colleges*	$1,881.5	$1,844.2	(2.0)	$1,881.5	$1,861.1	(1.1)
Texas State Technical College (TSTC)**						
TSTC System Administration	$7.1	$17.1	140.3	$8.4	$18.0	114.3
TSTC Harlingen	36.8	38.2	3.8	49.3	51.6	4.7
TSTC West Texas	24.1	24.5	1.6	29.8	30.0	0.0
TSTC Marshall	8.1	9.4	16.0	10.1	11.4	12.8
TSTC Waco	50.8	51.6	1.6	66.9	67.3	0.0
Subtotal, TSTC	**$126.9**	**$140.8**	**11.7**	**$164.5**	**$178.3**	**8.4**
Lamar State Colleges***						
Lamar Institute of Technology	$19.7	$19.6	(0.6)	$25.4	$25.7	1.1
Lamar State College–Orange	14.4	13.7	(4.7)	18.7	18.5	(1.3)
Lamar State College–Port Arthur	20.0	18.6	(7.1)	24.1	23.5	(2.6)
Subtotal, Lamar State Colleges	**$54.1**	**$51.9**	**(4.1)**	**$68.2**	**$67.7**	**10.6**
TOTAL, TWO-YEAR INSTITUTIONS	**$2,061.7**	**$2,036.9**	**(1.2)**	**$2,107.2**	**$2,107.1**	**0.0**

*2008–09 community colleges General Revenue Funds total includes $7.8 million for one-time hurricane relief funding, $1.5 million for Navarro College to reimburse THECB, and $153 million to reimburse districts for health insurance costs (House Bill 4586, Eighty-first Legislature, Regular Session, 2009).
**2008–09 Texas State Technical College total includes $0.9 million for one-time hurricane relief funding (House Bill 4586, Eighty-first Legislature, Regular Session, 2009).
***2008–09 Lamar State College total includes $3.4 million for one-time hurricane relief funding (House Bill 4586, Eighty-first Legislature, Regular Session, 2009).
NOTE: Amounts reflect adjustments made in Article XII.
SOURCE: Legislative Budget Board.

FIGURE 234
TWO-YEAR INSTITUTION FUNDING MECHANISMS

COMMUNITY COLLEGES	TSTC/LAMAR COLLEGES
Instruction and Administration General revenue funds from the state are based on formulas for two-year institutions. Tuition and fee revenues and local tax revenues augment state General Revenue Funds for these costs.	**Instruction and Administration** General Revenue Funds from the state are based on formulas for two-year institutions. Tuition and fee revenues augment General Revenue Funds for these costs.
Academic Courses Approximately 62 percent of the total contact hours funded by general revenue are academic courses.	**Academic Courses** Approximately 29 percent at the Lamar colleges and 18 percent at TSTC of total contact hours funded by general revenue are academic courses.
Technical Courses Approximately 30 percent of the total contact hours funded by general revenue are vocational/technical courses.	**Technical Courses** Approximately 66 percent at the Lamar colleges and 75 percent at TSTC of total contact hours funded by General Revenue Funds are vocational/technical courses.
Developmental Education Courses Approximately 8 percent of the total contact hours funded by general revenue are developmental education courses.	**Developmental Education Courses** Approximately 5 percent at the Lamar colleges and 7 percent at TSTC of the total contact hours funded by general revenue are developmental education courses.
Physical Plant The state provides no funding for physical plant operations and maintenance. Local taxing districts are expected to provide support for physical plant needs. Community colleges are projected to receive approximately $1.1 Billion in tax income in fiscal year 2008.	**Physical Plant** State funding based on the formula for general academic institutions. The Lamar colleges will receive approximately $8.8 million and TSTC will receive $17.7 million in General Revenue Funds for physical plant and utilities in the 2010–11 biennium.
Facilities Local communities must provide facilities. Community colleges are not eligible to receive Higher Education Fund (HEF) allocations, Available University Fund allocations or state tuition revenue bonds.	**Facilities** The Lamar colleges receive approximately $4.2 million annually from HEF funds, and TSTC receives almost $5.8 million annually. The HEF monies are used to acquire land, construct and equip buildings, provide major building repair or rehabilitation, and acquire capital equipment and library materials.
Employee Benefits While community college employees are locally-employed, community colleges participate in ERS' Group Benefits Program for health benefits and the TRS and ORP programs for retirement benefits. The state makes General Revenue Fund contributions for the health and retirement benefits for those district employees working in position eligible to be paid with General Revenue Funds.	**Employee Benefits** Both the Lamar colleges and TSTC institutions participate in ERS' Group Benefits Program for health benefits and the TRS and ORP programs for retirement benefits. The state makes General Revenue Fund contributions for the health and retirement benefits of those employees having their salaries paid with General Revenue Funds.
Tuition Fee Revenues Tuition and fee revenues are considered institutional funds and are not appropriated by the state. Tuition rates vary by institution. In 2009, the statewide tuition rates plus fees averaged $124 per semester credit hour, but varied from $37 to $181 per semester credit hour.	**Tuition Fee Revenues** Certain tuition revenue is appropriated by the state. In 2009, average tuition was $257 per semester credit hour at the Lamar colleges and $208 per semester credit hour at TSTC.

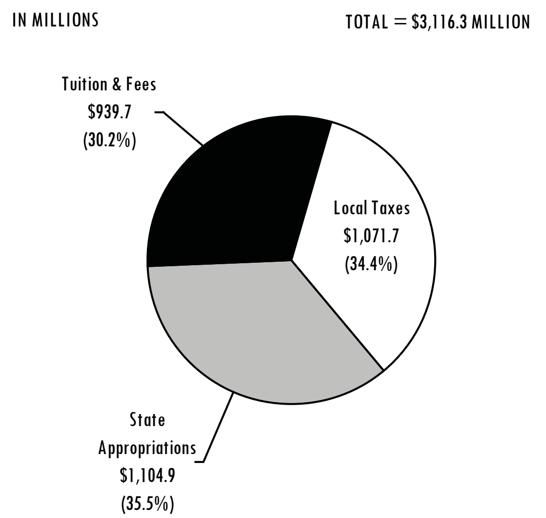
SOURCES: Legislative Budget Board; Texas Higher Education Coordinating Board.

PUBLIC COMMUNITY AND JUNIOR COLLEGES

The mission of the public community and junior colleges is to teach freshman and sophomore, and in a few cases upper division, courses in arts and sciences, vocational programs in skilled and semiskilled occupations, and technical courses up to two years in length leading to certifications and associate degrees. This mission also includes providing continuing education, developmental education consistent with open admission policies, counseling and guidance programs, workforce development training, and adult literacy and basic skills programs.

The 50 public community and junior college districts serve the needs of specific service areas and are supported by a combination of General Revenue Funds, local property taxes, and tuition and fees. In fiscal year 2008, General Revenue Funds comprised approximately 35 percent of these three major funding sources. Tax revenue and tuition/fee revenue respectively comprised the remaining 30 percent and 35 percent. **Figure 235** shows the districts' fiscal year 2008 revenue by major funding source.

FIGURE 235
PUBLIC COMMUNITY AND JUNIOR COLLEGE DISTRICTS MAJOR SOURCES OF OPERATING REVENUES FISCAL YEAR 2008



SOURCES: Legislative Budget Board; Texas Higher Education Coordinating Board.

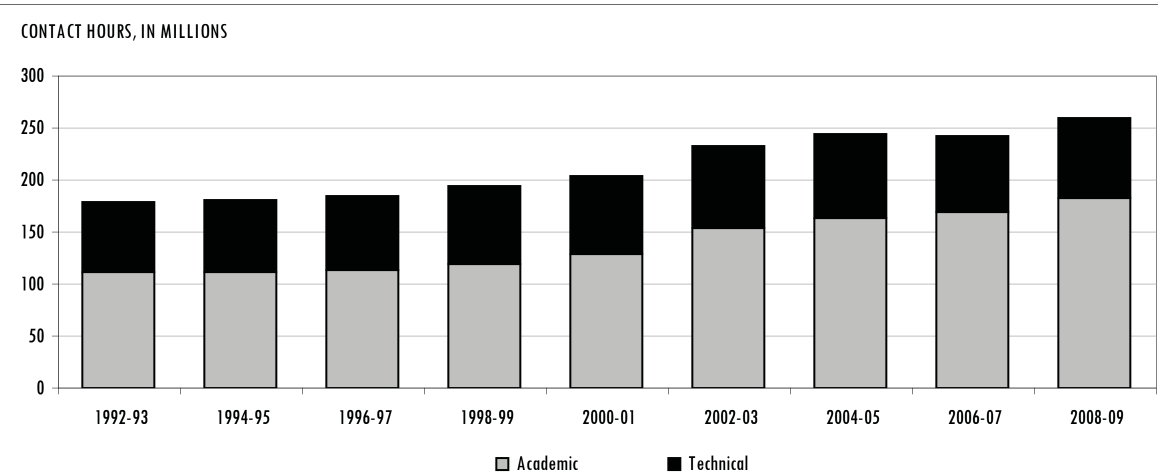
State law limits the appropriation of General Revenue Funds to the provision of administrative and instructional services in support of academic, technical, and vocational education. Locally raised funds, such as tax revenue and tuition and fee revenue, are not appropriated by the Texas Legislature and thus are not subject to this restriction.

State funding is distributed using a formula based on contact hours generated in a base period. Contact hours are a measure of educational output. A contact hour is a time unit of instruction used by community, technical, and state colleges consisting of 60 minutes, of which 50 minutes must be direct instruction. Base periods are composed of the contact hours generated in the summer and fall semesters in each even-numbered year and the spring semester in each odd-numbered year. Compared to the previous base period, the 2008–09 base period (encompassing summer 2008, fall 2008, and spring 2009 semesters) saw an overall increase of 7.2 percent in the generation of contact hours.

Figure 236 shows the number of contact hours generated per year increased about 45 percent since 1992–93. However, there has been a shift in the share of total contact hours generated toward academic contact hours, and away from technical contact hours. **Figure 236** shows technical contact hours composed about 38 percent of the total contact hours in the 1992–93 base period. By the 2008–09 base period, technical contact hours composed less than 30 percent of the contact hour total.

Appropriations for public community and junior colleges include $1.86 billion in All Funds for the 2010–11 biennium, a decrease of $20.3 million from the 2008–09 biennium. This decrease is entirely due to the General Revenue Fund increases in fiscal year 2009 resulting from the appropriations

FIGURE 236
TECHNICAL/ACADEMIC SHARE OF TOTAL CONTACT HOURS 1992 TO 2009



SOURCE: Texas Higher Education Coordinating Board.

in House Bill 4586. This legislation provided $153 million to reimburse districts for the costs associated with the gubernatorial veto of the 2009 health insurance contribution for community colleges. The legislation also provided $7.8 million in fiscal year 2009 to reimburse those districts damaged by Hurricane Ike, as well as $1.5 million to reimburse Navarro College.

Of the $1.86 billion All Funds appropriation for the 2010–11 biennium, $1.84 billion is General Revenue Funds while the remaining portion ($16.9 million) is ARRA funds.

Excluding the fiscal year 2009 supplemental appropriations, the 2010–11 appropriation for community colleges would have resulted in an All Funds increase of $141.9 million, or 8.3 percent, above the 2008–09 biennium funding level, mostly to increased formula funding. Formula funding accounts for over 99 percent of the state's community college appropriation, while the remainder ($15.8 million) supports eight ongoing special items and four one-time items funded with ARRA funds.

In addition to the direct state appropriations to public community and junior colleges, the Eighty-first Legislature, Regular Session, 2009, appropriated $3.5 million in General Revenue Funds to the Texas Higher Education Coordinating Board (THECB) to provide new campus funding for instruction at several community college districts.

THECB also received $3.5 million in General Revenue Funds for enrollment growth at two-year institutions meeting specific growth criteria. These criteria require that in fiscal year 2010, the funding be allocated to those two-year institutions with contact hour growth in excess of 5 percent between fall 2008 and fall 2009 semesters. In fiscal year 2011, the criteria require that the funding be allocated to those two-year institutions with contact hour growth in excess of 8 percent between fall 2008 and fall 2010 semesters.

An additional appropriation of $10 million in General Revenue Funds to THECB provides grants to community colleges to increase participation in Adult Basic Education.

Other state contributions for public community and junior colleges include funding for health and retirement benefits. The Eighty-first Legislature, Regular Session, 2009, provided $328.4 million in General Revenue Funds in the 2010–11 biennium to support public community and junior colleges' group health insurance costs for employees eligible to have their salaries paid from General Revenue Funds. The Legislature also contributed approximately $193 million in General Revenue Funds to support public community and junior colleges' retirement costs in the same biennium. These funds are not directly appropriated to the community colleges.

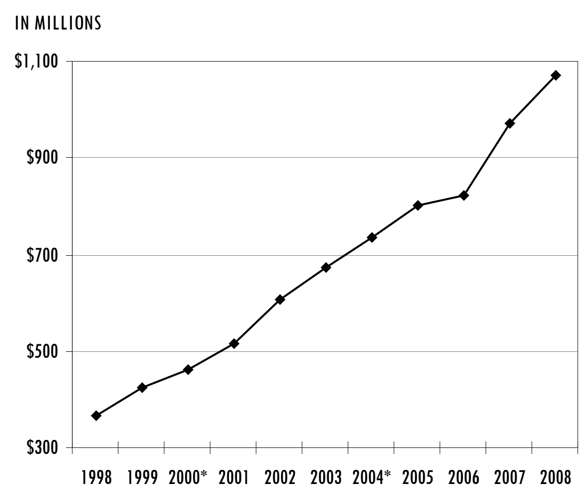
In addition to these direct and indirect state contributions, administrative and instructional services are further supported by other institution revenues, primarily tax revenue and tuition and fees, which also support physical plant maintenance, construction, and furnishings.

Local property tax revenue is the largest source of non-state support for community college districts. **Figure 237** and **Figure 238** show that community colleges experienced a 290 percent increase in annual property tax revenue during the past 10 years, while their average tax rates have steadily fallen in each of the past five years.

A locally elected board governs each community college district, directing and controlling the district and setting tuition and fees within the limits of state law. As such, governing board decisions on basic financial issues may result in considerable diversity of outcomes among the 50 community college districts.

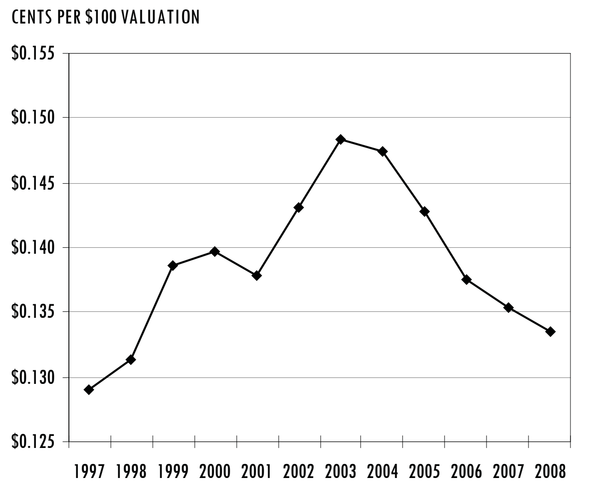
Unlike most other higher education entities, there is no statewide system or oversight agency to coordinate the various activities of Texas' 50 community college districts. However, statute does authorize THECB to adopt policies,

FIGURE 237
TEXAS COMMUNITY COLLEGES MAINTENANCE AND OPERATIONS TAX REVENUE
FISCAL YEARS 1998 TO 2008



*Estimated.
SOURCE: Texas Higher Education Coordinating Board.

FIGURE 238
TEXAS COMMUNITY COLLEGES
MAINTENANCE AND OPERATIONS TAX RATES
FISCAL YEARS 1997 TO 2008

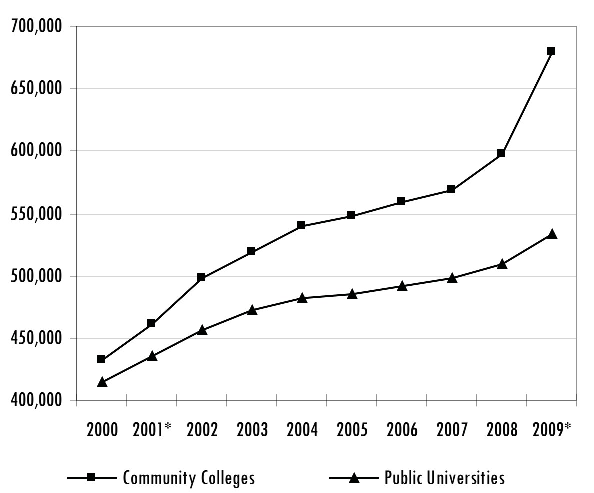


SOURCE: Texas Association of Community Colleges.

enact regulations, approve new degree programs, and establish general rules necessary for carrying out the duties of public community and junior colleges.

Texas public community colleges have experienced a steady increase in enrollment over the last eight years. Enrollment at two-year public institutions accounted for well over half of the students in all public institutions of higher education in 2008. **Figure 239** shows the steady increase in enrollment in two-year institutions since 2000 in relation to enrollment growth over the same period experienced by general academic institutions.

FIGURE 239
PUBLIC INSTITUTIONS OF HIGHER EDUCATION
STUDENT HEADCOUNT
FISCAL YEARS 2000 TO 2009



*Estimated values.
SOURCE: Texas Higher Education Coordinating Board.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect public community and junior college districts. Among the more significant legislation are House Bill 962, House Bill 1423, and House Bill 2480.

Enactment of House Bill 962 exempts community colleges from the purchasing and contracting rules established for public schools for certain library materials involving contracts valued in excess of $25,000 or more.

Enactment of House Bill 1423 authorizes the State Board of Education to include community colleges and universities in the granting of charters to operate charter schools on or near their campuses, if the total number of open-enrollment charter schools does not exceed 215 statewide.

Enactment of House Bill 2480 authorizes community college districts to enter into agreements for dual-credit courses with independent school districts (ISD), even if a high school is located in another community college's service district provided that the district cannot provide a requested course to the satisfaction of the ISD.

TEXAS STATE TECHNICAL COLLEGE

The Texas State Technical College (TSTC) was established in 1965 to provide businesses and industry with a highly trained workforce to support and enhance economic development. Its mission is to provide specialized vocational and technical instruction focusing on advanced and emerging technologies and leading to certifications or associate degrees. The system includes four residential campuses located in Harlingen, Sweetwater (West Texas), Marshall, and Waco. The West Texas campus continues to operate extension centers in Brownwood, Breckenridge, and Abilene.

Appropriations for the 2010–11 biennium total $178.3 million in All Funds and 1,387.4 full-time-equivalent positions. The appropriations include $140.8 million in General Revenue Funds, including a House Bill 4586 appropriation to the TSTC System Administration of $10 million for renovations and capital expenditures

TSTC components are subject to the Infrastructure Formula used for the general academic institutions. This formula provides appropriations of $16.1 million in General Revenue Funds to support the institutions' physical plants. Academic and Vocational/Technical Education instruction funding is provided based on contact hours, like community colleges and the Lamar State Colleges. Appropriations of $94.3 million in General Revenue Funds, including $3.0 million in formula hold harmless funding, and $2.6 million Federal Funds from the American Recovery and Reinvestment Act (ARRA) derived from this formula are for supporting instruction. Institutional Enhancement funding totals $10.5 million for the 2010–11 biennium. **Figure 240** shows the total General Revenue Fund and ARRA formula amounts. **Figure 233** shows the General Revenue Funds and All Funds appropriations.

FIGURE 240
LAMAR STATE COLLEGES AND TEXAS STATE TECHNICAL COLLEGE GENERAL REVENUE AND ARRA FORMULA FUNDING (INCLUDES HOLD HARMLESS AMOUNTS) 2010–11 BIENNIUM

IN MILLIONS

INSTITUTION	2010–11 FUNDING
Lamar Institute of Technology	$16.5
Lamar State College – Orange	$10.0
Lamar State College – Port Arthur	$13.9
TSTC – Harlingen	$23.1
TSTC – Sweetwater	$45.5
TSTC – Waco	$12.0
TSTC – Marshall	$1.5

SOURCE: Legislative Budget Board.

LAMAR STATE COLLEGES

The Lamar institutions at Orange and Port Arthur, and the Lamar Institute of Technology are two-year state colleges that provide postsecondary vocational, technical, and academic programs similar to public community and junior colleges. These institutions also offer a variety of artistic, cultural, scientific, and civic activities and resources, including noncredit continuing education courses. Unlike public community and junior colleges, the Lamar State Colleges are governed by the Texas State University System Board of Regents, a Governor-appointed board, and do not receive local tax revenue to fund operations.

The majority of appropriated funding for the Lamar State Colleges is formula-based. The public community and junior college formula is for calculating academic and vocational technical education appropriations. Funding for the physical plant is appropriated by using the General Academic Infrastructure formula. **Figure 240** shows the total General Revenue Fund and ARRA formula amounts.

Appropriations for the 2010–11 biennium for the three Lamar State Colleges total $67.7 million in All Funds, which includes $51.9 million in General Revenue Funds and $1.4 million in Federal Funds (ARRA). The appropriations of ARRA funds includes $0.5 million to Lamar State College – Port Arthur for Centennial Scholarships. **Figure 233** shows the General Revenue Funds and All Funds appropriations for the Lamar State Colleges. These appropriations include 512 full-time-equivalent positions for the 2010–11 biennium.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 1325 and House Bill 2424, which affect the Texas State Technical College System and the Lamar State Colleges.

Enactment of House Bill 1325 authorizes the Board of Regents of the Texas State Technical College System to offer and award an Associate of Science degree in a field-of-study at Texas State Technical College–Harlingen campus if THECB determines that the degree in that field-of-study is appropriate to the role and mission of the system and meets the educational or workforce needs of the region.

Enactment of House Bill 2424 exempts Lamar State College – Orange and Lamar State College – Port Arthur from the requirements set in the Texas Education Code, Section 51.805. This section is the admissions policy requiring an applicant for admission to a public university who does not qualify for automatic admission to have graduated with the Recommended or Advanced High School Program. In effect, this legislation would place these two lower-division institutions on par with the community colleges that are exempt from the admission statutes.

TEXAS A&M UNIVERSITY SYSTEM AGENCIES

The Texas A&M University (TAMU) System includes seven system agencies. The agencies provide an array of services to the State of Texas, including research, teaching, and public service. In terms of mission, the system agencies differ from other institutions of higher education in that each system agency focuses on one or two of the three traditional missions of higher education institutions (research, teaching, and service).

In several ways, state funding for the system agencies is similar to how other higher education institutions are funded. The system agencies have considerable flexibility in their respective budgeting and financial operations because they receive "lump sum" appropriations, like other institutions of higher education. They are eligible to receive Permanent University Fund proceeds. Like health-related and general academic institutions, the system agencies keep 100 percent of their respective indirect cost recovery income. Finally, the system agencies are funded in the same manner as other institutions of higher education for purposes of staff benefits, including employee group health insurance contributions.

There are two major funding differences between the system agencies and other higher education institutions. One difference is that the system agencies do not receive contact hour formula-based funding and while some system agencies may charge fees for their services, they do not generate tuition and fees in the same manner or quantity as other institutions of higher education. However, the system agencies do generate fees in several ways, which range from providing apiary inspection services for Texas honey producers to conducting drug testing procedures for the animal racing industry. This fee revenue is appropriated on an estimated basis to the system agencies.

Total appropriations for the TAMU System agencies are $876.8 million for the 2010–11 biennium. Appropriations of General Revenue Funds decreased $28.2 million, or 8.2 percent, from the 2008–09 biennium funding level. This decrease is due to a large supplemental appropriation ($31.5 million) in fiscal year 2009 to the Texas Forest Service for costs associated with fighting wildfires. General Revenue Funds comprise 36 percent of the system agencies' overall budget. Federal Funds account for $201.2 million or 22.9 percent of the system agencies' budget, most of which, $156.7 million, is allocated to the three engineering agencies (Texas Engineering Extension Service, Texas Engineering Experiment Station, and the Texas Transportation Institute). In addition, the Texas Engineering Experiment Station received $4 million for a Nuclear Power Institute. These Federal Funds were available through the American Recovery and Reinvestment Act (ARRA).

For the 2010–11 biennium, the Eighty-first Legislature, Regular Session, 2009, used formula-based funding for the agencies' infrastructure inside Brazos County. This funding scheme included a Texas Higher Education Coordinating Board approved formula based on the space projection model used by the General Academic Institutions. The system agencies will receive funding commensurate with the rate per square foot that TAMU receives for its infrastructure funding and their space utilization. **Figure 241** shows a summary of the appropriations for the TAMU System agencies.

FIGURE 241
TEXAS A&M UNIVERSITY SYSTEM SERVICE AGENCY APPROPRIATIONS
2008–09 AND 2010–11 BIENNIA

IN MILLIONS	GENERAL REVENUE FUNDS AND GENERAL REVENUE–DEDICATED FUNDS			ALL FUNDS		
INSTITUTION	2008–09 BIENNIUM	2010–11 BIENNIUM	PERCENTAGE CHANGE	2008–09 BIENNIUM	2010–11 BIENNIUM	PERCENTAGE CHANGE
Texas AgriLife Research	$115.3	$119.8	3.9	$142.1	$146.6	3.2
Texas AgriLife Extension	97.2	99.7	2.6	137.7	140.2	1.8
Texas Engineering Experiment Station	30.3	31.1	2.6	188.1	196.0	4.2
Texas Transportation Institute	0.0	1.9	NA	89.4	94.3	5.5
Texas Engineering Extension Service	15.1	14.3	(5.2)	159.4	158.6	(0.5)
Texas Forest Service	110.4	100.6	(8.9)	120.6	109.2	(9.5)
Texas Veterinary Medical Diagnostic Laboratory	12.5	13.1	4.8	33.9	31.9	(5.7)
TOTAL, TEXAS A&M UNIVERSITY SYSTEM SERVICE AGENCIES	**$380.8**	**$380.5**	**0.0**	**$871.2**	**$876.8**	**0.6**

SOURCE: Legislative Budget Board.

TEXAS AGRILIFE RESEARCH

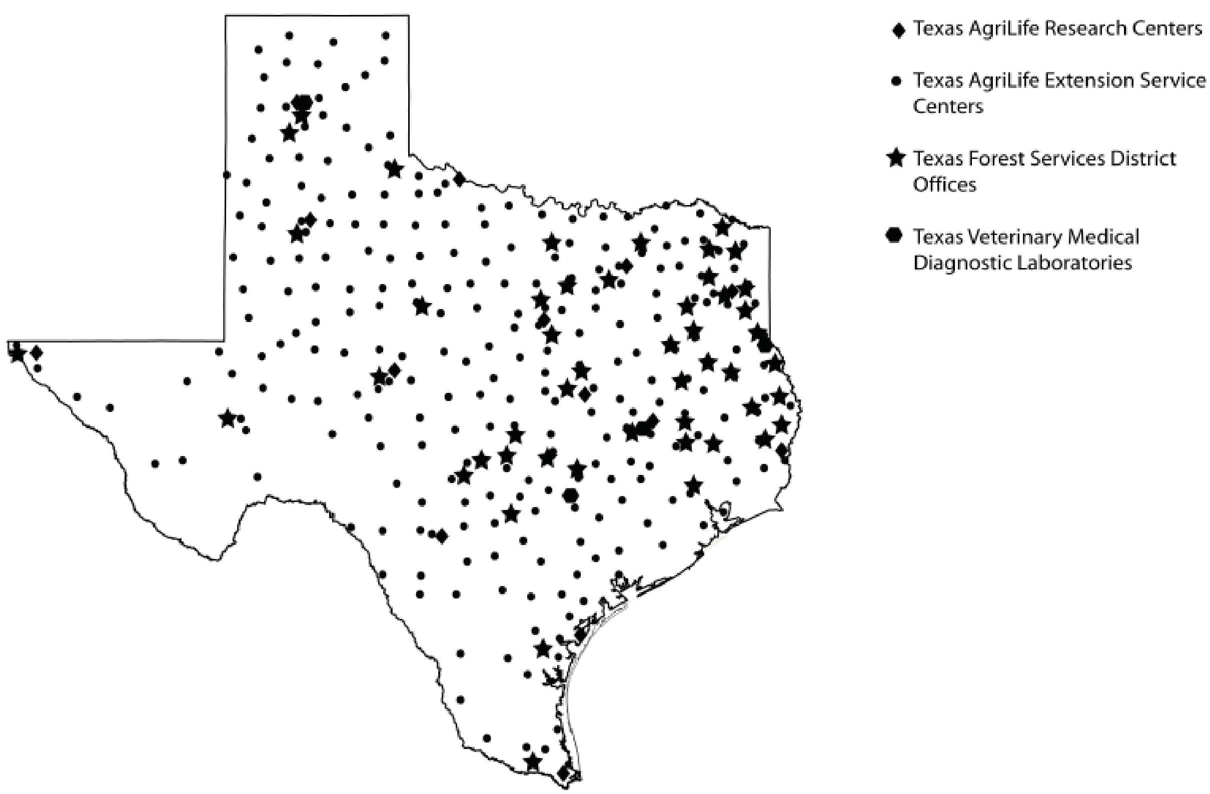
Texas AgriLife Research (AL-RSRCH) was established through state and federal legislation in 1887 as a result of the federal Hatch Act. The agency's mission is to conduct research and oversee regulatory programs for the benefit of the agricultural industry and consumers of agricultural products. The agency works to ensure that environmental and natural resources are maintained and enhanced; a safe, wholesome, and affordable supply of agricultural products is available; and the state's economic vitality is upheld. The agency works closely with TAMU and maintains ties to many other higher education institutions and federal and international agencies.

To address Texas' geographic diversity and corresponding plant and animal variety, AL-RSRCH conducts research activities at 13 major research and extension centers throughout the state (**Figure 242**). The agency integrates its programs with those of the Texas AgriLife Extension through co-location of staff at research and extension centers, cooperative planning, joint appointments, field days, and co-publications.

Appropriations for the 2010–11 biennium total $146.6 million in All Funds and provide for 1,090.4 full-time-equivalent (FTE) positions. General Revenue Funds and General Revenue–Dedicated Funds comprise $119.8 million of the appropriated amount. Included in these totals is $1.5 million for each year of the 2010–11 biennium contingent upon the Comptroller of Public Accounts' (CPA) certification of available General Revenue Funds of $3 million above CPA's Biennial Revenue Estimate 2010–11 Biennium. These funds are for enhancing research capacity, obtaining specialized instrumentation and equipment, and upgrading laboratory space.

AL-RSRCH's goals are to promote agricultural competitiveness, environmental quality, agricultural product quality, and value-added/economic development. Agricultural competitiveness is addressed through livestock research and plant and crop research to strengthen agricultural products and

FIGURE 242
TEXAS A&M UNIVERSITY SYSTEM SERVICE AGENCY LOCATIONS
AUGUST 2009



Source: Texas A&M University System.

improve their competitiveness. Environmental quality focuses on conserving natural resources through research into renewable resources and research that addresses air, soil, and water quality and biodiversity. Agricultural product quality focuses on enhancing the nutrition, quality, safety, and market efficiency of agricultural products and agricultural marketing research. Value-added/economic development is promoted through value-added research to enhance processing techniques and socioeconomic research to address economic, demographic, and social factors affecting Texas.

The agency also administers two regulatory services. The first is the Texas Apiary Inspection Service (TAIS), which is charged with regulating the honeybee industry in the state and has a 2010–11 biennial budget of approximately $0.57 million and is partially supported by fees. TAIS regulates honeybees to maintain a health and viable population of bees that benefits pollination needs, honey production and Texas agriculture as a whole. To achieve this objective, TAIS issues permits and certifications, conducts inspection operations, and limits honey bee migration through quarantine procedures. TAMU's Department of Entomology provides the testing services for AIS.

The second regulatory service administered by AL-RSRCH involves the Office of the State Chemist (OTSC), and is comprised of the Feed and Fertilizer Control Service (FFCS) and the Agriculture Analytical Service (AAS). FFCS regulates the distribution of approximately 15 million tons of feed and 3 million tons of fertilizer to ensure the products conform to Texas agriculture commercial feed and fertilizer codes. To achieve this objective, FFCS licenses distributors of feed and registers feed products in package sizes of five pounds or less, and registers all fertilizer distributors as well as manufacturers and distributors of ammonium nitrate materials. The entirety of the FFCS budget is generated by fee revenue, including contracts with the FDA and the United States Department of Agriculture. OTSC supports 14 field investigators commissioned by the Food and Drug Administration. These investigators conduct facility audits, investigate animal deaths associated with feed, review product labels, and collect investigatory samples for analysis by the AAS. OTSC's 2010–11 biennial budget is approximately $10.0 million, which supports 54 FTE positions.

TEXAS AGRILIFE EXTENSION SERVICE

The Texas AgriLife Extension Service (AL-EXT) was established by legislative action and the acceptance of provisions of the federal Smith-Lever Act in 1915. The agency's mission is to educate Texans in agriculture, environmental stewardship, youth and adult life skills, leadership, and economic development. AL-EXT fulfills its mission through an educational process that draws from research focused on the needs and issues facing Texans.

Appropriations for the 2010–11 biennium total $140.2 million in All Funds and provide for 1,137.0 FTE positions. General Revenue Funds and General Revenue–Dedicated Funds comprise $99.7 million of the appropriated amount.

AL-EXT's goal is to promote education in health and safety, environmental stewardship, economic competitiveness, and leadership development. The agency conveys scientific information to the public, developed through the TAMU System, the U.S. Department of Agriculture, and private and public research organizations. In addition, AL-EXT conducts demonstrations to show the benefits of using practices derived from the latest scientific research. As the population of Texas moves from rural to urban areas, the agency is developing more programs to address urban concerns. Programs continue to address critical areas in agriculture and natural resources; youth, community, and leadership development; environmental quality; food safety; and health and well-being.

A statewide network of approximately 620 county extension agents along with program specialists located in research and extension centers (**Figure 242**) deliver issue-based, interdisciplinary educational programs to all 254 Texas counties. District extension administrators, who supervise personnel and programs, are housed in 13 research and extension centers across the state. Various departments at TAMU provide AL-EXT with specialists and direct program support for district and county activities.

Salaries for county extension agents are paid from county, state, and federal sources. The General Revenue Fund contributes a little more than half the cost of agent salaries, with the counties providing approximately 30 percent and the federal government providing the remaining portion. AL-EXT works in partnership with county courts across the state to provide competitive pay for county extension agents.

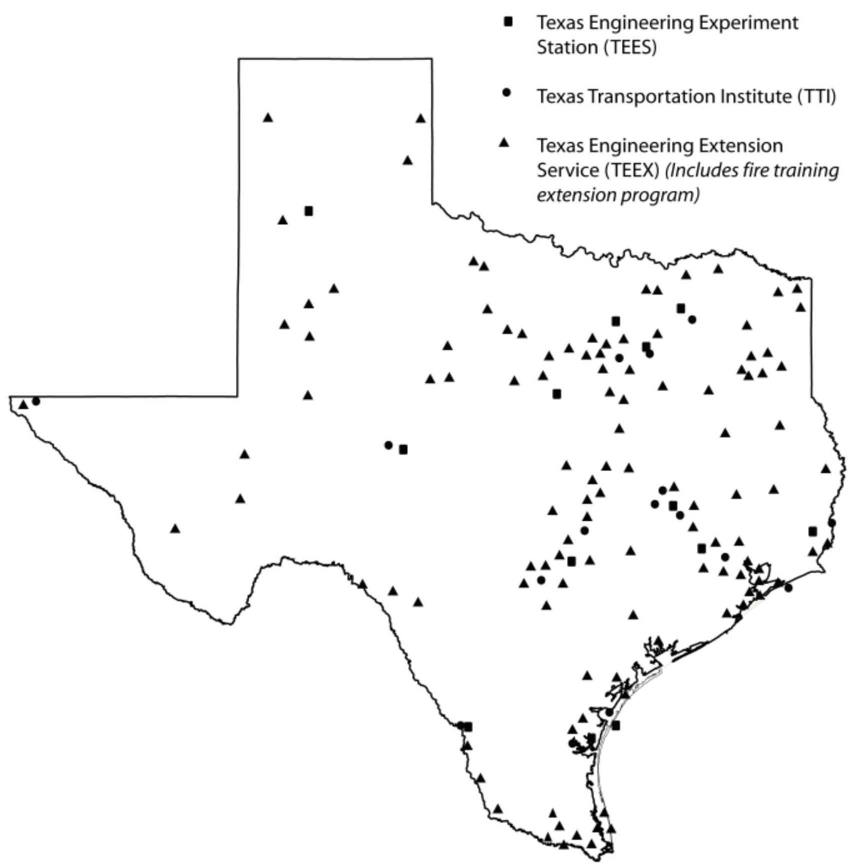
TEXAS ENGINEERING EXPERIMENT STATION

The Texas Engineering Experiment Station (TEES) was founded in 1914 and has been part of the TAMU System since 1948. The agency's mission is to perform engineering and technology-oriented research and development to enhance the educational systems, economic development, and quality of life of the State of Texas and the nation. Headquartered in College Station, TEES has a close relationship with TAMU as well as regional divisions at 15 other universities and five community colleges. Recent TEES research and technology transfer activities in the field of energy include the development and licensure of technology that converts biomass straight to high-octane gasoline and assisting Texas colonias residents without electricity to generate power with portable micro grids and wind turbines. Eleven disciplinary divisions link TEES to academic departments in the College of Engineering at TAMU and 16 regional divisions link TEES to other institutions of higher education with technology-oriented research programs. Twenty-one multidisciplinary research centers serve federal and state agencies, industrial distributors, and other significant Texas engineering industries including aerospace, chemical processing, and energy (**Figure 243**).

Appropriations for the 2010–11 biennium total $196 million in All Funds and provide for 740.7 FTE positions. General Revenue Funds and General Revenue–Dedicated Funds comprise $31.2 million of the appropriated amount. In addition, TEES was appropriated $4 million in Federal Funds through the American Recovery and Reinvestment Act (ARRA) for a Nuclear Power Institute. This funding is for training the next generation of nuclear power plant operators.

TEES uses its appropriations of General Revenue Funds as "seed money" in the early stages of projects. This preliminary funding facilitates the acquisition of equipment and the hiring of researchers until projects can compete for external funds. As external sources begin supplying support, state funds are shifted to new research initiatives. TEES returns more than $14 in external research awards for every $1 (General Revenue Funds) appropriated by the state. Federal and private grants and contracts, Interagency Contracts, and

FIGURE 243
THE TEXAS A&M UNIVERSITY SYSTEM ENGINEERING AGENCY LOCATIONS
AUGUST 2009



SOURCE: Texas A&M University System.

fee income compose the remainder of the agency's funding. The largest source of funding for TEES is $96.9 million in Federal Funds for the biennium. Other Funds, which include private sector contracts and Interagency Contracts, total $67.9 for the 2010–11 biennium.

TEES' goal is to conduct basic and applied research in engineering and related fields that addresses critical issues, supports industrial and public systems, enhances higher education, and promotes economic development. TEES accomplishes this goal through the development of research divisions, multi-institutional outreach and collaboration, technology transfer, and educational programs. It supports research ranging from basic engineering sciences to applied industrial needs. Multi-institutional initiatives foster cooperation among the state's institutions of higher education and generate research partnerships that enhance the state's competitiveness for federal funds and strengthen its research capabilities. Through research commercialization, technology licensing, and technical-assistance efforts, TEES promotes entrepreneurship and economic development throughout the state. The agency also provides programs and opportunities that allow students to engage in engineering research and education at the secondary, undergraduate, and graduate levels.

TEES also provides technical expertise in calculating and verifying energy savings and emissions reductions from energy code and renewable energy programs for the Texas Emissions Reduction Plan administered by the Commission of Environmental Quality. In addition, the TEES provides training and technical assistance to homebuilders, local building code officials, and the building industry on Texas building energy codes.

TEXAS TRANSPORTATION INSTITUTE

The Texas Transportation Institute (TTI), established in 1950 by the TAMU System Board of Regents, conducts practical applied research that addresses a range of transportation challenges in Texas. The agency's mission is to solve transportation problems through research, to transfer technology, and to develop diverse human resources to meet the transportation challenges of tomorrow. In addition to its office in College Station and its research annex at TAMU 's Riverside Campus in Brazos County, TTI maintains field offices in Arlington, Austin, Dallas, El Paso, Houston, and San Antonio. The agency also has ten regional divisions at various Texas universities (**Figure 243**). TTI conducts much of its research through its twelve national centers, which include the Center for Transportation Safety, the Center for Ports and Waterways, and the Translink® Research Center.

The agency researches all transportation modes, including air, marine, surface, rail, and pipeline. The agency also researches means to create effective and efficient multi-modal transportation systems. TTI's activities focus on the major transportation issues facing the state such as safety, mobility, financing, asset management, environmental quality, freight movement, security and infrastructure rehabilitation and maintenance.

TTI conducts full-scale crash tests of safety designs at the agency's Proving Grounds Research Facility where roadside devices, crash cushions, and barrier systems undergo the substantial testing that is required before installation. TTI also operates the state's full-scale evaluation facility for performance testing of erosion control materials used by the Texas Department of Transportation.

Appropriations for the 2010–11 biennium total $94.3 million in All Funds. Of the agency's total appropriated amount for the 2008–09 biennium, $13.2 million is appropriated from State Highway Fund. TTI uses its State Highway Funds as "seed money" to research new areas, purchase specialized capital equipment, and support professional development. General Revenue Funds comprise $1.9 million of the appropriated amount. This amount includes funding for the Center for Transportation Safety, the Center for Strategic Transportation Solutions, and a school bus seat belt program study. Most of agency's funding is from sponsored research grants and contracts with private and governmental entities. Approximately 48 percent of the agency's funding is from Interagency Contracts; the Texas Department of Transportation provides most of these contracts. Appropriated Receipts, Federal Funds, and Research-related Indirect Cost Recovery comprise the remainder of the agency's funding.

TEXAS ENGINEERING EXTENSION SERVICE

The Texas Engineering Extension Service (TEEX) was established in 1948 to provide vocational and technical training services to the citizens of Texas. The agency's mission is to develop a highly skilled and educated workforce that enhances the state's public safety, health, and economic growth through training, continuing education, and technical assistance. TEEX provides hands-on customized training and homeland security exercises to meet state and federal occupational certification training requirements and improve the skills of workers.

Appropriations for the 2010–11 biennium total $158.6 million in All Funds and provide for 609 FTE positions. General Revenue Funds and General Revenue–Dedicated Funds comprise $14.3 million of the appropriated amount. This amount includes $0.6 million in General Revenue Funds for the biennium for the agency's drinking water protection training program.

The agency's goals are to provide training and technology-transfer assistance and emergency response. Each year the Texas Engineering Extension Service trains approximately 209,000 individuals through over 5,700 class offerings and technical assistance amounting to approximately 3.1 million student contact hours. To facilitate this training, TEEX coordinates with various state agencies, colleges, and universities to identify training needs, provide training programs, and make use of the latest technical information and instructional techniques. Public service programs fulfill mandated training requirements for certification in fire protection, law enforcement, and solid waste, water, and wastewater treatment. Industrial sector training includes programs in occupational safety, heavy equipment operation, power distribution, job safety, telecommunications, electronics, and economic development. TEEX programs serve companies, municipalities and public service agencies from across the nation, including training participants from 1,447 of Texas' 1,523 communities. TEEX provides training courses serving more than 5,900 companies, and more than 8,000 municipalities and public agencies nationwide.

TEEX is headquartered in College Station and maintains regional training centers in Corpus Christi, Mesquite, Houston, Galveston, and San Antonio. The Mesquite Office is the site of the Occupational Safety and Health Administration's Southwest Education Center, which provides occupational, construction, youth, maritime and industrial safety training (**Figure 243**). TEEX is the designated state fire training agency for Texas, ensuring that fire fighters from the smallest towns to the largest cities receive in-depth, hands-on training in order to protect lives and infrastructure. The agency's Brayton Fire Training Field is the largest in the U.S. and includes full-scale buildings, towers, tanks industrial plant structures and a ship that are used during life-like training simulations. TEEX also maintains an adjacent search and rescue training facility that includes full-scale, collapsible structures and rubble piles designed for emergency responder and canine training.

TEEX operates Texas Task Force 1 (TX-TF1), which functions as a federal Urban Search and Rescue team under the Federal Emergency Management Agency's (FEMA) national urban search and rescue program and as Texas' only statewide search and rescue team under the direction of the Governor's Division of Emergency Management. TX-TF1 is comprised of more that 300 emergency response personnel from 60 organizations and departments across the state. TX-TF1 is able to respond to state and national disasters, including, earthquakes, hurricanes, widespread tornadoes, and terrorist events. State and federal deployments of TX-TF1 have included emergency responder activities at the World Trade Center following the September 11, 2001, attacks, recovery efforts during the *Columbia* shuttle disaster, and rescue missions in New Orleans involving Hurricanes Katrina and Rita. More recently, TX-FX 1 was deployed across the state on search and rescue activities following the 2008 floods and hurricanes Dolly, Gustav and Ike in 2009.

TEEX also operates the National Emergency Response and Rescue Training Center (NERRTC) to provide proactive education on measures designed to reduce the potential damage inflicted by weapons of mass destruction and terrorist acts. Since its inception in 1998, NERRTC has offered hundreds of courses nationwide on issues related to weapons of mass destruction and responses to and prevention of terrorism. TEEX continues to secure federal funding for these emergency response and prevention training programs.

TEXAS FOREST SERVICE

The Texas Forest Service (TFS) was created in 1915. The agency's mission is to provide statewide leadership and professional assistance to ensure that the state's forest, tree, and related natural resources are wisely used, nurtured, protected, and perpetuated for the benefit of all Texans.

Appropriations for the 2010–11 biennium total $109.2 million in All Funds, and provide for 378.2 FTE positions. General Revenue Funds and General Revenue–Dedicated Funds comprise $100.6 million, or about 92 percent, of the appropriated amount. Included in these totals is an increase of $15 million in each fiscal year in funding for the Rural Volunteer Fire Department Program. In addition, the Texas Forest Service was appropriated an additional $31.5 million in General Revenue Funds during fiscal year 2009 to pay for costs incurred by the state associated with wildfires during fiscal years 2007, 2008, and 2009.

The agency's primary goal is to develop forest resources while protecting human lives and the environment from damage caused by natural and human factors. This goal is accomplished through (1) the wildfire and emergency program for wildfire prevention, detection, suppression and emergency response activities; (2) detection and control of forest insects and diseases; (3) leadership in forestry resource development and reforestation efforts; and (4) environmental enhancement through the management and conservation of forest resources.

The agency's largest strategy is its wildfire and emergency program, which is appropriated $42.9 million each year of the 2010–11 biennium. This amount includes $30 million each fiscal year in the volunteer fire department assistance program through which the agency provides grants to local volunteer fire departments to provide fire protection across the state and help rural areas establish their own fire fighting capabilities by sharing the cost of firefighting equipment, supplies, and communications. This grant funding is part of the agency's goal to develop a more proactive approach to wildfire fighting through the Texas Wildfire Protection Plan. This plan focuses on assessment and monitoring, planning and preparedness, fire prevention, and statewide capacity building. It shifts the focus on firefighting in Texas from disaster response to disaster prevention. The plan seeks to prevent major wildfire disasters in Texas by promoting firefighting infrastructure at the regional level.

In addition to wildfire mitigation, TFS provides a wide variety of emergency response management efforts, such as the agency's role in coordinating the February 2003 *Columbia* space shuttle recovery efforts. The agency also conducts applied research in the field of forest insects and diseases and disseminates information to landowners who need help controlling forest insects and diseases, such as the southern pine beetle and oak wilt. The agency also dedicates time to reforestation efforts, urban forestry programs, resource development assistance, windbreak development, ecosystem services, and community assistance. In addition, TFS maintains statistics on annual forest growth, harvest trends, and forest industry production levels. The agency operates nurseries and seed orchards for the production of tree seedlings and certified seed. Professional foresters and staff are located at 24 district offices (**Figure 243**) to provide fire control and other services, and TFS has two administrative regions in East Texas. The agency has staging areas (which contain pre-positioned fire fighting equipment) in all district offices and maintains fire equipment in many other locations across the state.

TEXAS VETERINARY MEDICAL DIAGNOSTIC LABORATORY

The Texas Veterinary Medical Diagnostic Laboratory (TVMDL) was established in 1967. Its mission is to promote animal health and protect agricultural, companion animal and public health interests in Texas and beyond by providing diagnostic services. The agency strives to enable productive use of the state's natural resources, protect the health of Texans by identifying diseases transmissible from animals to humans, and aid producers in bringing healthy animals and safe animal products to the market. It is also part of TVMDL's mission to facilitate the state's economic growth by providing necessary drug and residue tests for the Texas animal racing industry and health tests for national and international shipments of animals and animal products.

Appropriations for the 2010–11 biennium total $31.9 million in All Funds, and provide for 149 FTE positions. General Revenue Funds comprise $13.1 million of the appropriated amount. Other Funds appropriations, which include fees charged for diagnostic and drug-testing services, total $18.2 million for the biennium.

The majority of TVMDL's work focuses on helping animal owners and veterinarians diagnose and manage more than 2,000 routine livestock diseases. The agency performs this function through veterinary diagnostic services, export testing, and disease surveillance. Agency staff frequently make presentations at seminars and publish monthly columns in magazines. The agency also has assumed the lead role in detecting and reporting high-consequence disease outbreaks among Texas' animal populations, including Foot and Mouth Disease.

Agency personnel have no teaching responsibilities and are wholly engaged in diagnostic laboratory work. The agency cooperates with the Texas Animal Health Commission, the USDA Veterinary Service, and the Texas Department of Health in performing laboratory tests. The College Station and Amarillo laboratories have been approved as full-service facilities and are fully accredited by the inspection team of the American Association of Veterinary Laboratory Diagnosticians. The College Station laboratory is one of 12 core labs composing the National Animal Health Laboratory Network, a group of state and regional diagnostic laboratories. These labs are responsible for early detection, response and recovery from outbreaks of high consequence animal diseases (**Figure 242**). The Amarillo laboratory, established in 1975, is located in an intensive commercial cattle feeding area. It serves primarily the cattle, swine, horse, sheep, and goat industries in the area.

7. JUDICIARY

*As shown in **Figure 244**, All Funds appropriations for the Judiciary for the 2010–11 biennium total $671.8 million, or 0.4 percent of all state appropriations. This amount is an increase of $47.6 million, or 7.6 percent, from the 2008–09 biennium. **Figure 245** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal year 2006 to 2011 for the Judiciary.*

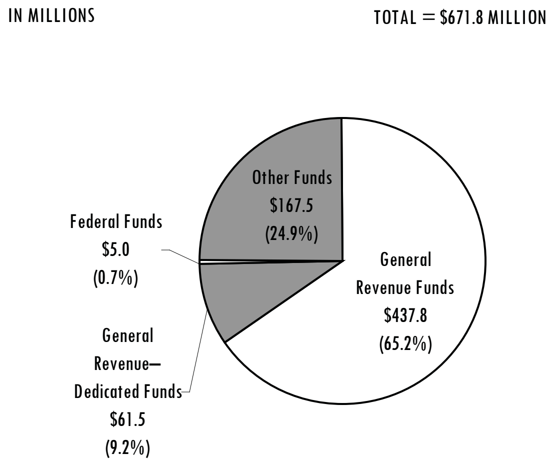
FIGURE 244
ALL FUNDS APPROPRIATIONS FOR THE JUDICIARY
2010–11 BIENNIUM

IN MILLIONS

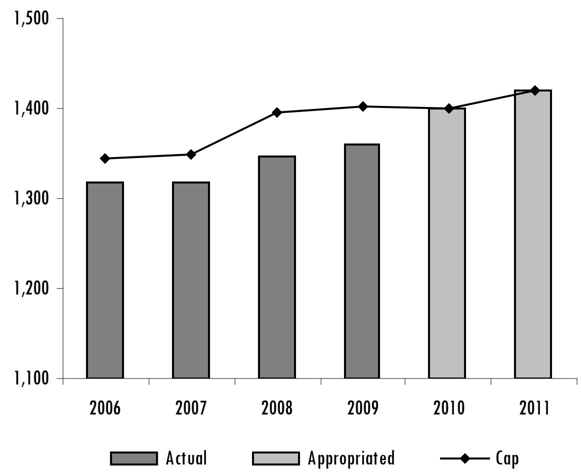
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$38.5	$60.9	$22.4	58.1
Court of Criminal Appeals	28.9	30.5	1.6	5.5
First Court of Appeals District, Houston	7.3	7.7	0.5	6.4
Second Court of Appeals District, Fort Worth	5.6	5.9	0.3	5.1
Third Court of Appeals District, Austin	4.9	5.1	0.3	5.2
Fourth Court of Appeals District, San Antonio	5.5	5.9	0.4	6.8
Fifth Court of Appeals District, Dallas	9.9	10.6	0.7	7.2
Sixth Court of Appeals District, Texarkana	2.6	2.8	0.2	6.7
Seventh Court of Appeals District, Amarillo	3.3	3.4	0.2	5.3
Eighth Court of Appeals District, El Paso	2.7	2.8	0.2	6.4
Ninth Court of Appeals District, Beaumont	3.3	3.4	0.2	4.9
Tenth Court of Appeals District, Waco	2.5	2.8	0.2	8.2
Eleventh Court of Appeals District, Eastland	2.6	2.8	0.2	6.4
Twelfth Court of Appeals District, Tyler	2.6	2.8	0.2	8.7
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	4.9	5.1	0.3	5.4
Fourteenth Court of Appeals District, Houston	7.3	7.8	0.5	6.3
Office of Court Administration, Texas Judicial Council	88.1	94.4	6.4	7.2
Office of the State Prosecuting Attorney	0.9	0.9	0.0	1.3
State Law Library	2.0	2.3	0.3	14.2
State Commission on Judicial Conduct	1.8	2.0	0.2	10.6
Judiciary Section, Comptroller's Department	281.2	289.9	8.7	3.1
SUBTOTAL, THE JUDICIARY	**$506.2**	**$549.9**	**$43.7**	**8.6**
Retirement and Group Insurance	$110.1	$113.6	$3.5	3.2
Social Security and Benefit Replacement Pay	18.9	19.4	0.5	2.6
SUBTOTAL, EMPLOYEE BENEFITS	**$129.0**	**$133.0**	**$4.0**	**3.1**
Lease Payments	$4.9	$4.9	$0.0	0.1
Less Interagency Contracts	16.0	16.1	0.1	0.6
TOTAL, ARTICLE IV – THE JUDICIARY	**$624.2**	**$671.8**	**$47.6**	**7.6**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table amounts may not add because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 245
THE JUDICIARY APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

The Texas Constitution lays the foundation for the state's court system. Judicial power is vested in one Supreme Court of Texas, one Court of Criminal Appeals, 14 Courts of Appeals, and approximately 3,200 trial courts. The constitution establishes one "constitutional" county court in each of the state's 254 counties and authorizes the Texas Legislature to create and specify the jurisdictions of other courts as necessary. The Constitution also provides that each county shall have at least one, but not more than eight justice precincts. In each precinct, one or two justices of the peace are to be elected.

The Legislature has established 248 statutory county and probate courts in 94 counties. The legal jurisdiction of a statutory county court or probate court varies according to the provisions of the statute that created it. By general statute, the Legislature has also established municipal courts in every incorporated city in the state.

The Legislature funds salaries and operating costs for the Supreme Court of Texas, the Court of Criminal Appeals, and the 14 Courts of Appeals. Four judicial agencies are also funded by the state: the Office of Court Administration, Texas Judicial Council, which includes the Court Reporters Certification, Process Server Review, and Guardianship Certification boards; the Office of the State Prosecuting Attorney; the State Commission on Judicial Conduct; and the State Law Library. In addition to these agencies, the Eighty-first Legislature, Regular Session, 2009, enacted legislation that establishes an Office of Capital Writs to provide legal representation for death row inmate appeals. Salaries of associate judges and court assistants for specialized courts handling child-support collections and child-protection cases are funded through the Office of Court Administration. Salaries of district judges, visiting judges, and district attorneys, expenses of the district attorneys' offices, and witness fees and salary supplements for county court judges and county prosecutors are funded through the Judiciary Section of the Comptroller's Department.

MAJOR FUNDING ISSUES

The Eighty-first Legislature, Regular Session, 2009, appropriated $90.5 million for court operations at the 16 appellate courts. The funding provides for core functions including a 2:1 or better ratio of attorneys per judge, court clerks, and other necessary staff, and operating expenses that should allow each court to attain or exceed court performance measures. The 2010–11 appropriations to the Supreme Court also include one-time funding of $20 million for Basic Civil Legal Services for income-eligible Texans to offset an anticipated decline in revenue generated by the Interest on Lawyers' Trust Account (IOLTA) program resulting from low interest rates.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

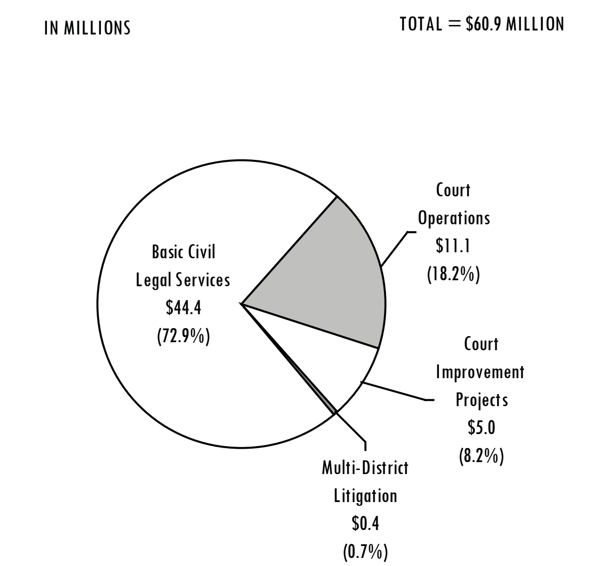
SUPREME COURT OF TEXAS

Established in 1845, the Supreme Court of Texas is comprised of a Chief Justice and eight justices. The court has statewide final appellate jurisdiction in civil and juvenile cases. It is also charged with original jurisdiction to issue writs and has final jurisdiction over the involuntary retirement or removal of judges.

Other responsibilities of the court include (1) the promulgation and enforcement of rules of civil procedure and evidence, (2) the licensing and supervision of attorneys in Texas, (3) the appointment of members of the Board of Law Examiners, (4) the processing of declarations of intent to study law and applications for admission to the Bar, (5) the supervision of the Office of Court Administration and the Court Reporters Certification Board, (6) the supervision of funding for programs providing civil legal services for indigents, and (7) the equalization of the dockets of the 14 Courts of Appeals. The court disposed of 3,226 matters in fiscal year 2008.

Appropriations for the 2010–11 biennium total $60.9 million in All Funds and provide for 72.5 full-time-equivalent (FTE) positions (**Figure 246**). Court operations totaling $11.1 million are funded with General Revenue Funds, the Judicial Fund, and Appropriated Receipts. Of this amount, $0.8 million was provided above 2008–09 expenditure levels for judicial longevity pay ($25,600); targeted pay raises for 14 staff attorneys, 15 administrative staff, and 18 law clerks ($0.6 million); and funding for an electronic document management project ($0.2 million and 1 FTE position).

FIGURE 246
SUPREME COURT OF TEXAS
APPROPRIATIONS BY FUNCTION
2010–11 BIENNIUM



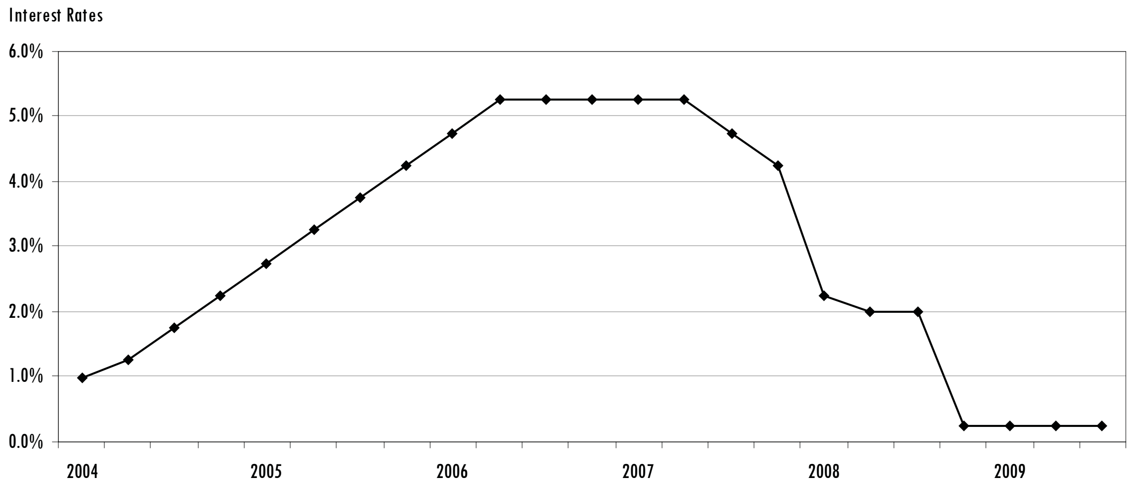
SOURCE: Legislative Budget Board.

Funding for the Basic Civil Legal Services (BCLS) Program totals $44.4 million during the 2010–11 biennium. Of this amount, $23 million is from the General Revenue Fund, $14.4 million is from fees deposited into the Judicial Fund, $5 million is from an Interagency Contract with the Office of the Attorney General, and $2 million from General Revenue–Dedicated Sexual Assault Program Funds contingent upon litigation involving the sexually oriented business fee being resolved in favor of the state.

State BCLS funding is only one component of total funds available for indigent civil legal services in Texas. The Supreme Court established the Texas Access to Justice Foundation (TAJF) in 1984 to manage grants to legal aid organizations. On behalf of the Supreme Court, TAJF manages both state BCLS grants and additional funding collected through the Texas Interest on Lawyers' Trust Accounts (IOLTA) program. The program generates revenue for legal aid by collecting interest earned on trust accounts. These accounts are comprised of retainers, filing and expert witness fees, deposits, settlements, or any receipts belonging to the client, rather than the attorney. Due to low interest rates, the Texas IOLTA program was forecasted to raise less revenue in the 2010–11 biennium than in past years. As shown in **Figure 247**, the interest rate earned on lawyers' trust accounts reached 5.25 percent in 2006, but began declining in 2007, reaching an historic low of 0.25 percent in December 2008. Based on Supreme Court rules, these trust accounts may not earn less than the Federal Funds Target Interest Rate. The Eighty-first Legislature, Regular Session, 2009 provided an additional $20 million in General Revenue Funds, as well as $2 million in General Revenue–Dedicated Funds contingent upon the outcome of litigation, above 2008–09 expenditure levels as a one-time funding measure to offset the anticipated revenue loss to the Texas IOLTA program. Using all sources of funding, Texas legal aid organizations dispose of approximately 33,000 cases each year. To qualify for basic civil legal services aid, an individual can not have an income of more than $13,000 per year. However, certain victims of crime seeking civil legal services in relation to a specific injury may earn up to $19,500 per year.

The Permanent Judicial Commission for Children, Youth, and Families administers Federal Funds awarded to the court for court improvement projects (estimated at nearly $5

FIGURE 247
TEXAS INTEREST ON LAWYERS TRUST ACCOUNTS (IOLTA) PROGRAM TARGET INTEREST RATES, CALENDAR YEARS 2004 TO 2009



NOTE: Interest rates are quarterly Federal Funds Target Rates, by rule the benchmark rate of return for lawyer trust accounts in Texas.
SOURCE: Texas Access to Justice Foundation.

million for the 2010–11 biennium). The commission exists to strengthen courts for children, youth, and families in the child-protection system. Federal Funds are used to improve the judicial handling of child-protection cases through improvements in technology, attorney and judicial training, and court improvement pilot projects.

For the 2010–11 biennium, the court received funding of $0.4 million for grants to trial courts and appellate courts for additional court staff and technology to handle multi-district litigation cases such as asbestosis- and silicosis-related cases. This funding is a $0.5 million decrease from 2008–09 expenditure levels.

In 1999, the Seventy-sixth Legislature petitioned the Supreme Court of Texas to take a more active role in the equalization of dockets and the reduction of case backlogs among the 14 Courts of Appeals. The Legislature defined successful equalization as achieving a deviation of 10 percent or less in the rate of new cases filed each year per justice among all the Courts of Appeals. On a quarterly basis, the Supreme Court orders the transfer of cases from courts with high numbers of filings per justice to those courts with low numbers of filings per justice. In fiscal year 2008, the Supreme Court achieved equalization with an average deviation of 3.9 percent from the statewide average of 126 cases filed per justice.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3637 to raise additional revenue for basic civil legal services. The legislation increases filing fees for any civil action or proceeding from $2 to $6 in justice courts and from $5 to $10 in district, county, or small claims court. The fee increase is estimated to generate additional revenues for basic civil legal services of $1 million in 2010 and by $1.6 million each year thereafter. The court is appropriated all fee revenues collected for basic civil legal services (refer to Rider 2 in the court's bill pattern in the 2010–11 General Appropriations Act, Eighty-first Legislature, Regular Session, 2009).

COURT OF CRIMINAL APPEALS

The Court of Criminal Appeals was established in 1891 and is composed of a Presiding Judge and eight judges. The court has statewide final appellate jurisdiction in criminal cases. It also has exclusive jurisdiction over appeals in death penalty cases and the power to issue writs. Other responsibilities of the court include the promulgation of rules of evidence and rules of appellate procedure for criminal cases. During fiscal year 2008, the court disposed of 240 cases on direct appeal, 1,968 petitions for discretionary review, 5,290 writs of habeas corpus, 918 original proceedings, and 1,463 motions.

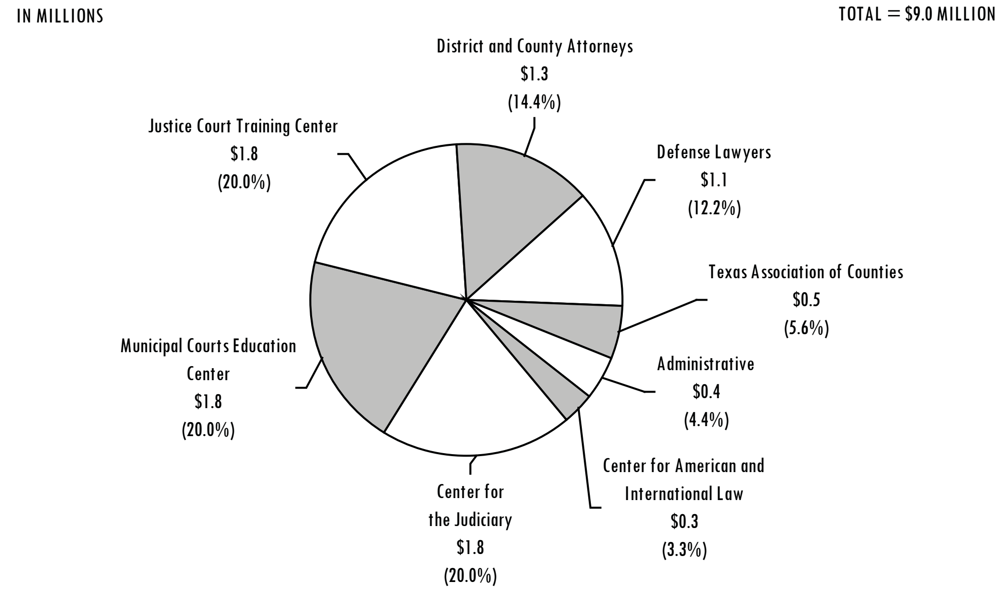
Appropriations for the 2010–11 biennium total $30.5 million and provide for 72 full-time-equivalent positions. Funding for court operations totaling $10.5 million include General Revenue Funds, Other Funds, Interagency Contracts, and Appropriated Receipts. The court supervises grant programs for judicial and court personnel training, which is funded primarily through the collection of court costs in criminal case convictions. Appropriations from the Judicial and Court Personnel Training Fund total $20 million for judicial education, or 65.6 percent of 2010–11 appropriations. Of this amount, $0.3 million each year is allocated for administrative costs, and funds a grant administrator and grant audits. Chapter 56, Texas Government Code specifies that no more than one-third of the judicial education allocation may be used for education of appellate, district, and county court judges, no more than on-third may be used for education of judges of justice courts, and no more than one-third may be used for the education of judges of municipal courts. Regular grantees include the following organizations:

- the Texas Center for the Judiciary, providing training for judges and clerks serving in statutory county, district, and appellate courts;
- the Texas Association of Counties, providing training for judges and clerks serving in constitutional county courts, wherein the functions performed by the judge are at least 40 percent judicial functions;
- the Texas Municipal Courts Education Center, providing training for judges and clerks serving municipal courts;
- the Texas Justice Court Training Center, providing training for justices of the peace and clerks and constables serving justice of the peace courts;
- the Texas District and County Attorneys Association, providing training for prosecutors, investigators, and other personnel representing the government in district- and county-level trial courts;
- the Texas Criminal Defense Lawyers Association, providing training for criminal defense attorneys regularly representing indigent defendants in criminal matters; and
- the Center for American and International Law, providing training for judges, prosecutors, and criminal defense attorneys.

In fiscal year 2009, grantee budgets totaled $9 million, and 17,349 persons attended training (**Figure 248**).

The 2010–11 General Appropriations Act includes a provision, Rider 12 in the Court of Criminal Appeals' bill pattern, which authorizes the release of $1 million in additional Other Funds (Judicial and Court Personnel Training Fund) appropriations. The $1 million was appropriated over 2008–09 funding levels conditional upon the court implementing the recommendations contained in the State Auditor's Office (SAO) Report No. 09-028, An Audit Report on the Court of Criminal Appeals Administration of Grant Funds from the Judicial and Court Personnel Training Fund. Rider 12 requires the court to submit a detailed implementation plan to the Legislative Budget Board (LBB) by January 31, 2010, and a status report on implementation progress to the LBB and the SAO by July 1, 2010. If, in consultation with the SAO, the LBB determines the court has satisfactorily implemented SAO recommendations, the Comptroller of Public Accounts may release the $1 million in funds to the court on September 1, 2010, the first day of fiscal year 2011. The $1 million would fund the cost increases for the training entities, as well as a new training program for public defenders.

FIGURE 248
JUDICIAL AND COURT PERSONNEL TRAINING, FISCAL YEAR 2009



SOURCES: Legislative Budget Board; Court of Criminal Appeals.

COURTS OF APPEALS

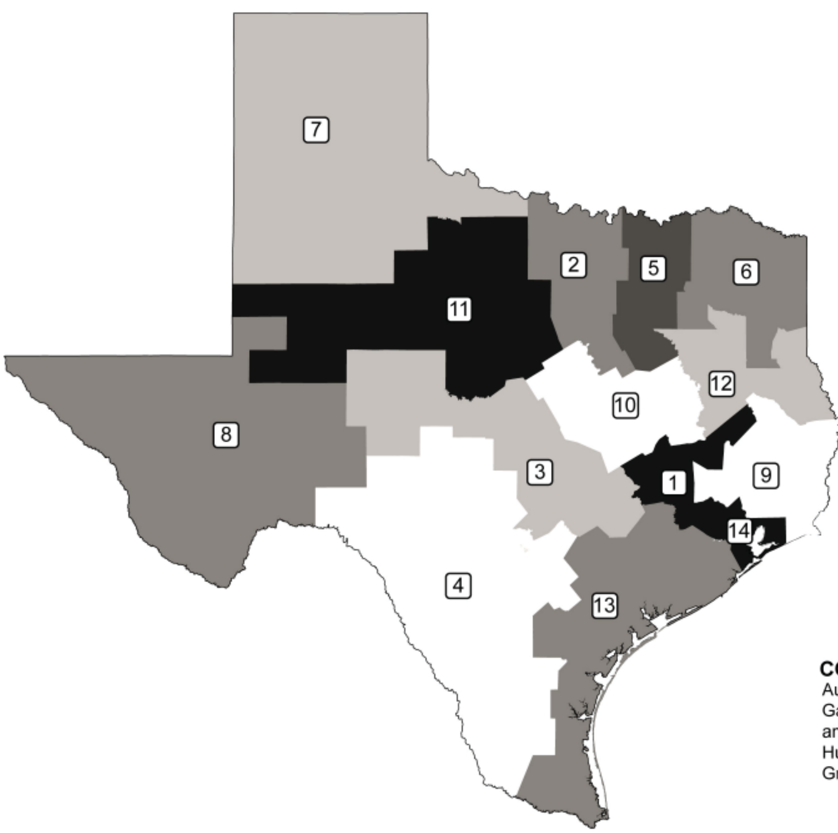
The Courts of Appeals have intermediate appellate jurisdiction in civil cases and in criminal cases other than those in which the death penalty has been assessed. The state is divided into 14 courts of appeals districts, with one court of appeals in each district, except the 1st and the 14th courts of appeals which are located in Houston, housed in the same building, and serve the same counties (**Figure 249**). The courts are located in Fort Worth, Austin, San Antonio, Dallas, Texarkana, Amarillo, El Paso, Beaumont, Waco, Eastland, Corpus Christi, Edinburg, Tyler, and Houston. The Supreme Court of Texas is authorized to transfer cases between the courts of appeals to equalize the dockets and promote efficiency in the use of court resources. There are 80 justices distributed among the 14 courts of appeals; the number of justices at each court is set by statute and varies from 3 to 13.

During the 10-year period ending in fiscal year 2008, the total filings per year in the 14 courts of appeals decreased by 1,002, or 9.0 percent. During fiscal year 2008, there were 11,473 cases added to court dockets, and the courts disposed of 11,005 cases. Cases pending at the end of fiscal year 2008 decreased by 2,725, or 25.4 percent (**Figure 250**) over the 10-year period.

The Eighty-first Legislature, Regular Session, 2009, appropriated a total of $69.0 million in All Funds for the 14 Courts of Appeals for the 2010–11 biennium, which provide for 432 full-time-equivalent (FTE) positions in 2011. Of this amount, $63.2 million is in General Revenue Funds and $4.9 million is from the Judicial Fund, which finances the judicial pay raise instituted by the Seventy-ninth Legislature, Second Called Session, 2005.

Appropriations for the 2010–11 biennium increased by $4.1 million in General Revenue Funds above the 2008–09 biennium expenditure level of $59.1 million, an increase of 7 percent. This amount also includes a $3.8 million block grant appropriated by the Legislature to provide similar funding for same-sized courts. Most of this block grant is allocated for

FIGURE 249
COURTS OF APPEALS DISTRICTS
FISCAL YEAR 2009



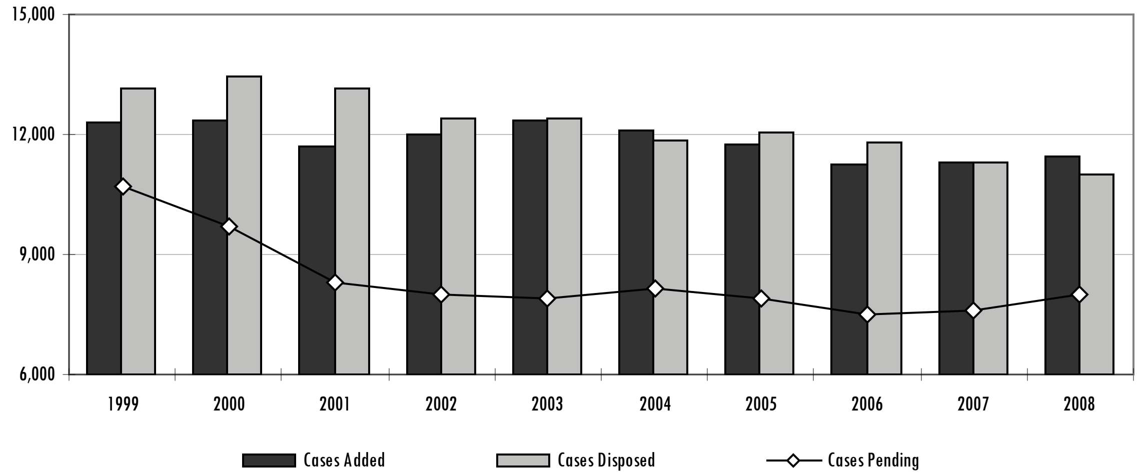
PRIMARY SEATS

1st – Houston
2nd – Fort Worth
3rd – Austin
4th – San Antonio
5th – Dallas
6th – Texarkana
7th – Amarillo
8th – El Paso
9th – Beaumont
10th – Waco
11th – Eastland
12th – Tyler
13th – Corpus Christi–Edinburg
14th – Houston

COUNTIES IN MORE THAN ONE DISTRICT
Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Grimes, Harris, Waller, Washington, in 1st and 14th Districts.
Hunt in 5th and 6th Districts.
Gregg, Rusk, Upshur, and Wood in 6th and 12th Districts.

Source: Office of Court Administration.

FIGURE 250
COURT OF APPEALS CASELOAD, FISCAL YEARS 1999 TO 2008



SOURCE: Office of Court Administration

targeted pay increases for staff attorneys, law clerks, and other designated staff, which take effect in fiscal year 2011. The block grant was also used to reclassify law clerks to staff attorneys, and, to add attorney and non-attorney staff. Only one fiscal year of funding (2011) for the new court staff was provided. **Figure 251** shows an analysis of the $3.8 million similar funding for same-sized courts block grant.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted legislation that established two new appellate judicial systems. Senate Bill 659 established an appellate judicial system for the Twelfth Court of Appeals in Tyler, while Senate Bill 1208 established an appellate judicial system for the Seventh Court of Appeals in Amarillo. Appellate judicial systems give the commissioners court of each of the counties, within each appellate court district, discretion to set a court cost fee of no more than $5 for each civil suit filed in county courts, county courts at law, probate courts, or district courts to be collected for the benefit of the respective appellate court. Following enactment of this legislation by the Eighty-first Legislature, Regular Session, 2009, 11 of the 14 courts of appeals are authorized to establish an appellate judicial system. The three courts of appeals that do not have an appellate judicial system are the Sixth Court of Appeals in Texarkana, Eighth Court of Appeals in El Paso, and the Tenth Court of Appeals in Waco.

FIGURE 251
COURTS OF APPEALS ALLOCATION OF $3.8 MILLION BLOCK GRANT
2010–11 BIENNIUM

COURTS OF APPEALS	JUSTICES	FTE POSITIONS REQUESTED	2010–11 APPROPRIATION (IN MILLIONS)	2010–11 BLOCK GRANT	RECLASSIFY LAW CLERKS TO STAFF ATTORNEYS	ATTORNEY STAFF	NON-ATTORNEY STAFF	INCREASE ATTORNEY SALARIES	INCREASE NON-ATTORNEY SALARIES	INCREASE OTHER OPERATING COSTS	TOTAL BLOCK GRANT
5th	13	0	$10.6	$668,154				$294,623	$57,347	$316,184	$668,154
1st	9	1	7.7	490,539	$200,000		$35,000	154,455	76,084	25,000	490,539
14th	9	3	7.8	450,908	150,000	$72,500	70,000	71,304	34,614	52,490	450,908
2nd	7	1	5.9	259,222		40,000		162,214	47,319	9,689	259,222
4th	7	1	5.9	362,421	207,000		38,226	86,070	31,125		362,421
3rd	6	1	5.1	238,366		75,000		163,366			238,366
13th	6	1.5	5.1	237,430		85,000	16,118	130,312		6,000	237,430
7th	4	1	3.4	153,771		80,000		58,000	15,771		153,771
9th	4	1	3.4	150,720		70,000		80,720			150,720
6th	3	1	2.8	165,735		70,000		42,150	20,000	33,585	165,735
8th	3	1	2.8	149,421		72,500		45,654	18,067	13,200	149,421
10th	3	1	2.8	203,965		91,375		46,733	22,588	43,269	203,965
11th	3	1	2.8	155,478		72,500		48,000	20,000	14,978	155,478
12th	3	1	2.8	144,679				69,199	7,424	68,056	144,679
TOTAL:	**80**	**15.5**									
FUNDING TOTAL (IN MILLIONS):			**$69.0**	**$3.8**	**$0.6**	**$0.7**	**$0.2**	**$1.5**	**$0.4**	**$0.6**	**$3.8**

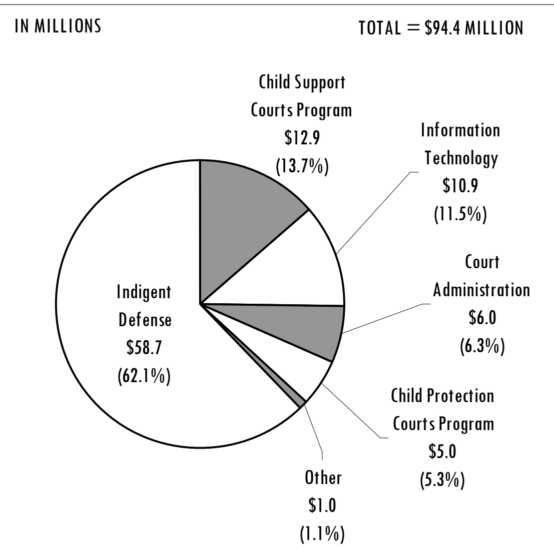
SOURCES: Legislative Budget Board; Office of Court Administration.

OFFICE OF COURT ADMINISTRATION, TEXAS JUDICIAL COUNCIL

The Office of Court Administration (OCA), established in 1977, operates under the direction of the Supreme Court of Texas. The agency provides resources and information for the efficient administration of the Judicial Branch of Texas. OCA supports several regulatory and policy-making boards, including the Texas Judicial Council and the Judicial Compensation Commission, compiles judicial statistics; provides research and court services; and supports the state Specialty Courts Program. The Texas Judicial Council conducts studies of the judicial system and makes policy recommendations to the Governor, the Legislature, and the Supreme Court of Texas for improving the administration of justice in Texas. The council includes members of the Judiciary, the public, the Legislature, and the State Bar of Texas.

Appropriations to OCA for the 2010–11 biennium total $94.4 million and provide for up to 198.3 full-time-equivalent (FTE) positions (**Figure 252**). Of total agency appropriations, $84.5 million, or more than 89 percent, is from General Revenue Funds and General Revenue–Dedicated Funds. Most of the remaining $9.9 million is from an Interagency Contract with the Office of the Attorney General (OAG) consisting of pass-through Federal Funds for child support courts.

FIGURE 252
OFFICE OF COURT ADMINISTRATION APPROPRIATIONS BY FUNCTION 2010–11 BIENNIUM



Source: Legislative Budget Board.

INFORMATION TECHNOLOGY

The agency works to improve information technology at all judicial levels in Texas. In addition to providing information technology (IT) for its agency work and for the various boards it supports, OCA provides IT for the state's 16 appellate courts, the State Law Library, the Office of the State Prosecuting Attorney, and the State Commission on Judicial Conduct (SCJC). These state entities use computers, desktop software, line-of-business software applications, Internet access, wide area and local area networks, and websites provided and maintained by OCA. The line-of-business software applications OCA maintains includes certification management for OCA's regulatory boards, case management for the child-protection and child-support specialty courts, case management for SCJC, and court case management for appellate courts. Additionally, OCA supports the meetings and activities of the Judicial Committee on Information Technology.

Appropriations for the 2010–11 biennium for information technology total $10.9 million. Of this amount, $4.1 million is for providing information services to the trial courts. For the 2010–11 biennium, OCA received an increase of $0.5 million for the following: (1) a Judicial Emergency Data Infrastructure project to continue appellate court computer operations in the event of an emergency ($0.4 million) and (2) targeted salary increases for IT staff and other cost increases ($0.1 million). Other new projects funded in the 2010–11 biennium include rewrites of the case management system for child support courts and the judicial data management system. Ongoing IT programs include: the Texas Appeals Management and E-Filing System, which provides for electronic filing and document management in the appellate courts; the Texas Data Enabled Courts for Kids project, which integrates data from various sources to provide judges better data while serving abused and neglected children; and the Automated Registry System, which coordinates the sharing of information from various state agency databases and the judicial system.

TASK FORCE ON INDIGENT DEFENSE

OCA provides services to the Task Force on Indigent Defense (TFID), which sets standards and awards grants to counties for criminal defense services and is a standing committee of the Texas Judicial Council. The Eighty-first Legislature, Regular Session, 2009, provided funding for the TFID for the 2010–11 biennium of $58.7 million. Of this amount, approximately $57 million is available in grants to eligible counties for improving legal services for indigent criminal defendants. The Legislature also continued funding for innocence projects at four of the state's public law schools—Texas Tech University, the University of Houston, the University of Texas at Austin, and Texas Southern University. The 2010–11 funding level is $100,000 per year for each school. The projects involve students reviewing criminal case convictions to exonerate the wrongfully convicted and to identify reforms to improve criminal defense practices.

Appropriations to TFID are from the General Revenue–Dedicated Fair Defense Account. Major revenue sources for this account include: court costs; surety bond fees; state bar membership fees; and juror pay collections. The Seventy-ninth Legislature, Regular Session, 2005, enacted legislation, which funded increased juror pay by creating a new $4 court cost in criminal convictions. The legislation directs the Comptroller of Public Accounts to deposit any unexpended balances in juror pay collections in excess of $10 million to the General Revenue–Dedicated Fair Defense Account and used by the TFID to provide additional grants to counties. Deposits of excess juror pay collections to the Fair Defense Account are estimated to be $7.2 million in fiscal year 2009 and will continue during the 2010–11 biennium.

SPECIALTY COURTS

Since 1993, OCA has been authorized to employ associate judges to hear child support enforcement cases under expedited timeframes set by federal requirements. The agency contracts with the OAG to obtain Federal Funds under Title IV-D of the Social Security Act to pay associate judge salaries and program operating expenses. Total state and federal appropriations for the Child Support Courts Program are $12.9 million in the 2010–11 biennium and provide for 43 associate judges and 41 assistants. Approximately two-thirds of the funding (or $8.4 million) is pass-through Federal Funds.

The agency maintains 17 child protection courts whose primary expenses are the salaries of associate judges and assistants. The Child Protection Courts Program reduces the time children spend in temporary foster care by expediting the judicial administration of child abuse, neglect, and adoption cases. The program was designed to assist trial courts in rural areas and operates in 130 counties. Appropriations for the Child Protection Courts Program total $5 million for the 2010–11 biennium, including an increase of $0.4 million. The increased funding is to continue a child protection court created by the presiding judges of the administrative judicial regions ($0.3 million and 2 FTE positions) during the 2008–09 biennium, and training and mileage reimbursement cost increases ($0.06 million).

COLLECTION IMPROVEMENT PROGRAM

OCA's Collection Improvement Program is a set of principles and processes for managing cases when defendants are not prepared to pay all court costs, fees, and fines, at the point of assessment and when defendants request a payment plan. In 2005, the Seventy-ninth Legislature, Regular Session, enacted legislation that required cities with a population of 100,000 or more, and counties with a population of 50,000 or more, to implement collection improvement programs based on OCA's model Court Collection Improvement Program. During the 2006–07 biennium, this legislation affected 78 counties and cities. As of August 31, 2007, 74 of these jurisdictions had either fully or partially implemented collection improvement programs and generated an additional $26.4 million in state revenue for the 2006–07 biennium. As of August 31, 2009, a total of 76 out of 78 mandated programs had been implemented.

For the 2008–09 biennium, the agency estimates that state revenues increased by $41.2 million as a result of mandated counties and cities partially or fully implementing the program. OCA estimates the mandated programs will generate at least this amount during the 2010–11 biennium.

During the 2010–11 biennium, the agency will continue to work with counties and cities, as well as audit staff at the Comptroller of Public Accounts, to ensure compliance with the critical components of the model collections program and gather data on pre-implementation and post-implementation collection rates. OCA will continue to provide training and consultation to improve the program and train new county and city collections staff. In addition, the agency will seek to establish at least five voluntary collections programs each fiscal year in smaller Texas counties and cities. As of August 31, 2009, the agency estimates 60 voluntary collections programs were active, with an additional five pending verification.

OCA supports three certification/regulatory entities within the Judicial Branch: the Court Reporters Certification Board, the Guardianship Certification Board, and the Process Server Review Board.

COURT REPORTERS CERTIFICATION BOARD

The Court Reporters Certification Board (CRCB) was established in 1977 to certify and regulate court reporters. CRCB functions include, but are not limited to, certification of individual court reporters, registration of court reporting firms, assessment and collection of fees, and enforcement of the rules and regulations governing the court reporting profession. As of August 2009, there were 2,632 active certified court reporters and 367 registered court-reporting firms in Texas.

The governing body consists of 13 members appointed by the Supreme Court of Texas. The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation that approved recommendations of the Sunset Advisory Commission and transferred the appropriations for CRCB to OCA. OCA provides administrative support to CRCB in fulfilling its statutory responsibilities. Appropriations for the 2010–11 biennium total approximately $0.4 million and provide for 3 FTE positions. CRCB is funded by examination and certification fees it collects and deposits into the General Revenue Fund.

GUARDIANSHIP CERTIFICATION BOARD

Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005 created the Guardianship Certification Board (GCB) to establish a certification process for private professional guardians and those who provide guardianship services to a ward of a guardianship program or to wards of the Department of Aging and Disability Services. GCB determines the qualifications for obtaining certification (with rules approved by the Supreme Court of Texas), issues certificates to those who meet the requirements, and adopts minimum standards for guardianship services, or other similar, but less restrictive, types of assistance or services. As with CRCB, the Legislature administratively attached GCB to OCA.

As of August 31, 2009, there were 324 guardians certified. The Eighty-first Legislature, Regular Session, 2009, continued funding of approximately $79,000 per fiscal year for the Guardianship Review Board for the 2010–11 biennium.

PROCESS SERVER REVIEW BOARD

The Process Server Review Board (PSRB) was appointed by the Supreme Court of Texas in 2005, when the court amended the Texas Rules of Civil Procedure to permit persons certified by order of the court to serve process. The mission of the nine-member PSRB is to improve the standards for persons authorized to serve process and to reduce the disparity among Texas civil courts for approving persons to serve process. The court ordered OCA to provide administrative support to PSRB. As of August 31, 2009, there were 3,887 process servers certified

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 498, which establishes the temporary 10-member Timothy Cole Advisory Panel on Wrongful Convictions to assist the Task Force on Indigent Defense (TFID) in conducting a study and preparing a report regarding the prevention of wrongful convictions. The legislation requires TFID to submit study results to the Legislature by January 1, 2011. Study results are to include whether the Legislature should create a permanent innocence commission.

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 497, which makes the Judiciary Section, Comptroller's Department, rather than the Texas Judicial Council the entity responsible for the payment of salary supplements to district judges presiding over asbestos- or silica-related multidistrict litigation cases. The legislation authorized the transfer of $63,250 per fiscal year in General Revenue Funds from the Office of Court Administration to the Judiciary Section, Comptroller's Department.

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 1091, which established a state Office of Capital Writs (OCW) to ensure quality legal representation for death row inmates appealing convictions. The legislation established a Capital Writs Committee, which will recommend candidates for director of the office, who is to be appointed by the Court of Criminal Appeals no later than September 1, 2010. Senate Bill 1, the General Appropriations Act 2010–11 Biennium, appropriates $1 million and provides for 3.3 FTE positions for OCW. This appropriation includes the following funding:

- $171,520 in additional General Revenue Funds; and
- the transfer of existing General Revenue Funds and General Revenue–Dedicated Funds for legal representation of criminal defendants, including death row appeals, from the following sources:
    - $323,000 in General Revenue Funds appropriated to the Judiciary Section, Comptroller's Department for Death Penalty Representation (payments to private attorneys for appeals), and

- $548,914 in General Revenue-Dedicated Funds, appropriated out of the Fair Defense Account that would otherwise be used by the TFID for grants to provide criminal defense services in indigent defendants.

The legislation requires OCA to provide OCW with administrative support to maintain an appointments list of eligible criminal defense attorneys, and obligates the TFID to provide the OCW funding from the Fair Defense Account to cover any expenses not provided for by the General Appropriations Act.

OFFICE OF THE STATE PROSECUTING ATTORNEY

The Office of the State Prosecuting Attorney (OSPA) was established in 1923 and is charged with representing the state in all proceedings before the Court of Criminal Appeals. The State Prosecuting Attorney, appointed by the Court of Criminal Appeals, may also represent the state in criminal cases before the 14 Courts of Appeals. In addition, the State Prosecuting Attorney may assist a district or county attorney in representing the state before a court of appeals if the State Prosecuting Attorney considers it necessary for the interest of the state, or if asked by the local prosecutor to do so.

Given its statewide impact, OSPA studies the opinions and decisions of the Court of Criminal Appeals. In addition, the agency monitors all opinions issued by the 14 Courts of Appeals that reverse a criminal conviction or modify the trial court's judgment. The agency focuses on the effect an appellate opinion will have on the state's overall jurisprudence and becomes involved as necessary to advance the state's interests. OSPA is the only agency empowered to take a statewide perspective on important issues arising in Texas criminal law and it functions as the primary source of guidance and assistance for many local prosecutors.

Appropriations for OSPA for the 2010–11 biennium total $0.9 million and provide for 5 full-time equivalent positions. Agency funding consists of General Revenue Funds ($851,004 or 93 percent of All Funds) and of $34,450 per year ($68,900 for the 2010–11 biennium) available to prosecutors throughout the state that serve multiple counties. The Judiciary Section of the Comptroller of Public Accounts (Judiciary Section) disburses these office apportionments to eligible state prosecutors, including the State Prosecuting Attorney. OSPA receives the apportionment through an Interagency Contract with the Judiciary Section.

STATE LAW LIBRARY

The State Law Library was established in 1971 and is directed by statute to maintain a legal reference facility for use by the Supreme Court of Texas, the Court of Criminal Appeals, the Office of the Attorney General, other state agencies, and Texas residents. The library maintains approximately 124,000 items of primary and secondary source material on Texas law, information on Texas legal history, federal primary source materials, major law reviews, treatises and monographs on general law, and selected federal publications. It provides an online, computer-based legal research service for state agencies on an interagency contract basis.

Appropriations for the 2010–11 biennium for the State Law Library total $2.3 million and provide for 13 full-time-equivalent positions. Of the appropriated amount, $2.2 million, or 96 percent, is in General Revenue Funds.

STATE COMMISSION ON JUDICIAL CONDUCT

The State Commission on Judicial Conduct (SCJC) was established by constitutional amendment in 1965 and consists of 13 members appointed by the Supreme Court of Texas, the State Bar of Texas, and the Governor. The agency's constitutional mandate is to investigate, and when it finds judicial misconduct or judicial incapacity, to take appropriate action, including discipline, education, censure, or the filing of formal procedures that could result in removal from office. There are approximately 3,780 judges and judicial officers under the jurisdiction of SCJC.

The agency is governed by the Texas Constitution, the Texas Government Code, and the Procedural Rules for the Removal or Retirement of Judges promulgated by the Supreme Court of Texas. After an investigation SCJC can dismiss the complaint, issue an order of additional education, suspension, private or public sanction, or the judge may resign in lieu of disciplinary action. Any of the above decisions may be appealed by the judge to a panel of three appellate judges, known as a special court of review, which will preside over a trial de novo that is open to the public. Additionally, during informal proceedings SCJC may choose to initiate formal proceedings by filing formal charges against the judge. In the event of formal proceedings all filings and proceedings in the case become public. Following the notice of formal charges a fact-finding hearing is conducted either before the commission or a special master appointed by the Supreme Court of Texas. Following a public trial or formal hearing, the commission or special master will report findings of fact to the Commission, which will then vote for dismissal or public censure, or recommend removal or involuntary retirement to the Supreme Court of Texas. The judge who receives a public censure can appeal this decision to a special court of review. A recommendation for removal or involuntary retirement is reviewed by a seven-appellate judge tribunal whose ruling may then be appealed to the Supreme Court of Texas (see **Figure 253** for a flow chart of the complaint process).

For the 2010–11 biennium, the Eighty-first Legislature, Regular Session, 2009, appropriated $2 million in General Revenue Funds to SCJC. These funds provide for 14 full-time-equivalent positions.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 1436 to allow judges that receive a censure from the SCJC to appeal their case to a special court of review.

FIGURE 253
COMMISSION ON JUDICIAL CONDUCT COMPLAINT PROCESS, FISCAL YEAR 2009

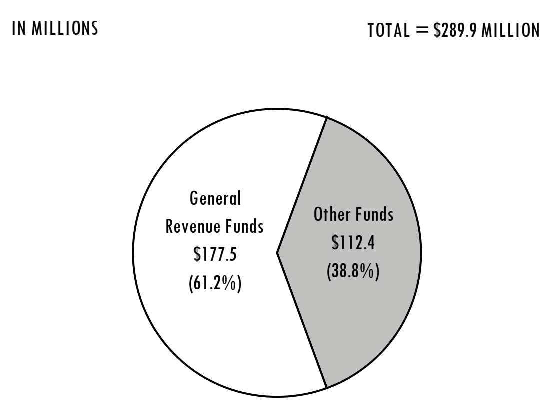
*Indicates Public Action, Not Confidential.
Source: State Commission on Judicial Conduct.

JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT

The mission of the Judiciary Section of the Comptroller's Department (Comptroller of Public Accounts) is to manage judicial branch expenditures, claims, and salary supplements that are not captured within the appropriations of the appellate courts or the judicial branch agencies. The Judiciary Section's responsibilities include paying the salaries of visiting and district court judges; the salaries and certain expenses of felony prosecutors and district attorneys; salary supplements of constitutional, statutory, and probate county judges; and assistant district or county attorney longevity pay, county attorney supplements, and nonresident witness expenses. The section also funds the operation of the Public Integrity Unit in the Travis County District Attorney's Office and the Special Prosecution Unit headquartered in Walker County.

Appropriations for the Judiciary Section for the 2010–11 biennium total $289.9 million. Of this amount, $177.5 million, or 61 percent, is in General Revenue Funds (**Figure 254**). Out of total agency appropriations, $124.7 million, or 43 percent, is for judicial salaries and payments (**Figure 255**). Of this amount, $11.6 million is available for visiting judge payments, including a $1.9 million increase in General Revenue Funds to finance a pay raise for visiting judges serving in district courts ($1.3 million) and for a statewide increase in assignments ($0.6 million). The Eightieth Legislature, Regular Session, 2007, enacted legislation to increase the compensation of a visiting judge serving in district court from 85 percent to 100 percent of that of an active district court judge—on average, an increase from a $119,000 annual rate to a $140,000 annual rate, with $140,000 being the maximum salary that can be paid a state district judge from state and county sources. Visiting judges serving in appellate courts already receive 100 percent of the salary of an active appellate court judge.

FIGURE 254
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT APPROPRIATIONS BY METHOD OF FINANCING 2010–11 BIENNIUM



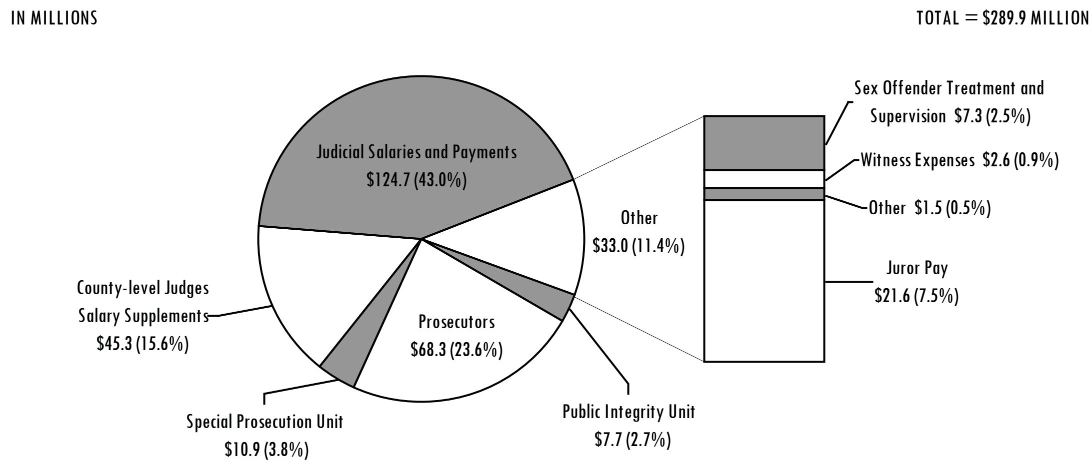
SOURCE: Legislative Budget Board.

The Public Integrity Unit (PIU) of the Travis County District Attorney's Office was established in 1978 to investigate and prosecute white-collar crime in state government. The Travis County District Attorney's Office has responsibility for a disproportionate share of offenses relating to state government because the seat of state government, Austin, is located within the county. In addition to handling general complaints involving criminal wrongdoing, PIU has two other purposes: to investigate allegations of fraud in the insurance industry, and to investigate and prosecute motor fuels tax fraud in a joint venture with the Comptroller of Public Accounts. PIU appropriations for the 2010–11 biennium total $7.7 million in General Revenue Funds and Other Funds (State Highway Fund).

In 1997, appropriations for the Special Prosecution Unit (SPU) were transferred from the Texas Department of Criminal Justice (TDCJ) to the Judiciary Section. The Criminal Division of SPU prosecutes crimes committed within the TDCJ prison system. The Seventy-sixth Legislature, Regular Session, 1999, enacted legislation that created a Civil Division in the SPU responsible for initiating civil commitment proceedings against sexually violent predators who have completed prison terms. Additionally, the Eightieth Legislature, 2007, enacted legislation, resulting in a new Juvenile Division to prosecute criminal offenses or delinquent conduct committed within Texas Youth Commission facilities. Appropriations for SPU total $10.9 million in the 2010–11 biennium in All Funds. Of this amount, $5.8 million is budgeted for the Civil Division, which includes a $1.5 million increase above 2008–09 expenditure levels for expert witnesses, court reporter and other operating costs related to bringing 50 civil commitment cases to trial, and targeted pay increases for the Civil Division.

The Seventy-sixth Legislature, Regular Session, 1999 enacted legislation that authorized the Council on Sex Offender Treatment (CSOT) to administer the civil commitment program for sexually violent predators referred by the Special Prosecution Unit (SPU). The Eightieth Legislature, Regular Session, 2007, transferred funding for sex offender treatment and supervision from the Department of State Health

FIGURE 255
JUDICIARY SECTION, COMPTROLLER'S DEPARTMENT APPROPRIATIONS BY FUNCTION
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

Services (DSHS) to the Judiciary Section, although DSHS continues to provide direct services for persons under supervision through an interagency contract with the Judiciary Section. Appropriations for the CSOT total $7.3 million in General Revenue Funds and include an increase of $1.4 million above 2008–09 expenditure levels for the costs to treat and supervise an additional 25 offenders per year and to maintain a ratio of 1 monitoring full-time equivalent position to 10 offenders.

The Eightieth Legislature, Regular Session, 2007, enacted legislation that established a new district court in Montgomery County with special jurisdiction over civil commitment proceedings of sexually violent predators and criminal offenses for persons failing to follow commitment requirements. The legislation also directed the state to pay the salaries of a court reporter, a court coordinator, and other operating expenses for the new court. Funding for this purpose totals $0.4 million in the 2010–11 biennium

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that expand the state's court system and provide for prosecutor payments and certain judicial salary supplements.

House Bill 4833 established seven additional district courts in the 2010–11 biennium, which join 449 district courts in operation effective August 31, 2009. The legislation also established eight statutory county courts and applies the professional prosecutors' law to the Swisher County Attorney. To implement the provisions of the legislation, the Judiciary Section was appropriated $1.2 million in All Funds for district judge and prosecutor salaries and prosecutor office apportionments. Of this amount, $0.7 million is in General Revenue Funds.

Senate Bill 497 authorizes the transfers the responsibility for the payment of salary supplements to district judges presiding over asbestos- or silica-related multidistrict litigation cases from the Texas Judicial Council to the Judiciary Section, Comptroller's Department. The legislation also clarifies that judicial longevity pay does not constitute additional salary for purposes of determining whether a district judge's annual salary exceeds the statutory maximum, which is $140,000 from state and county sources.

Senate Bill 1091 establishes a state Office of Capital Writs (OCW) to ensure quality legal representation for death row inmates appealing convictions. To implement provisions of the legislation, $323,000 in General Revenue Funds appropriated to the Judiciary Section for Death Penalty Representation (payments to private attorneys for appeals by death row inmates) is transferred to the new OCW for capital appeals in fiscal year 2011.

Senate Bill 2298 provides that a retired judge appointed in a multidistrict litigation (MDL) proceeding is entitled to the same compensation and benefits to which an active district judge is entitled, including the $33,000 salary supplement a judge receives for serving in MDL cases involving asbestos or silica.

8. PUBLIC SAFETY AND CRIMINAL JUSTICE

*As shown in **Figure 256**, All Funds appropriations for Public Safety and Criminal Justice for the 2010–11 biennium total $10.8 billion, or 5.9 percent of all state appropriations. This amount reflects a decrease of $106.4 million, or 1 percent, from the 2008–09 biennium. **Figure 257** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal years 2006 to 2011 for all public safety and criminal justice agencies.*

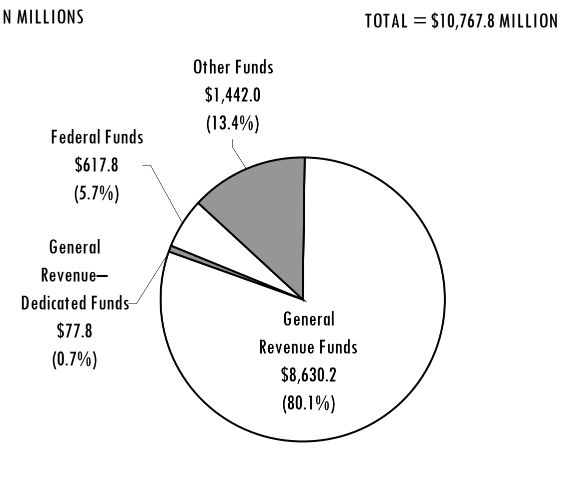
FIGURE 256
ALL FUNDS APPROPRIATIONS FOR PUBLIC SAFETY AND CRIMINAL JUSTICE
2010–11 BIENNIUM

IN MILLIONS

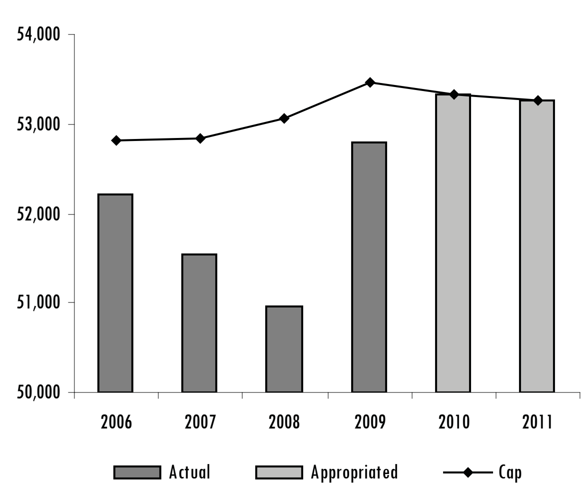
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	$243.4	$186.7	($56.7)	(23.3)
Alcoholic Beverage Commission[3]	81.9	88.8	7.0	8.5
Department of Criminal Justice[3]	5,999.8	6,171.8	172.1	2.9
Commission on Fire Protection	5.9	6.9	1.1	18.2
Commission on Jail Standards	1.9	2.2	0.2	12.6
Juvenile Probation Commission	302.5	362.6	60.1	19.9
Commission on Law Enforcement Officer Standards and Education	6.0	6.7	0.7	11.8
Department of Public Safety[3]	2,021.1	1,733.0	(288.1)	(14.3)
Youth Commission	561.9	455.9	(106.0)	(18.9)
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$9,224.3**	**$9,014.7**	**($209.7)**	**(2.3)**
Retirement and Group Insurance	$971.0	$1,068.0	$97.0	10.0
Social Security and Benefit Replacement Pay	322.8	331.1	8.4	2.6
SUBTOTAL, EMPLOYEE BENEFITS	**$1,293.8**	**$1,399.2**	**$105.4**	**8.1**
Bond Debt Service Payments	$493.4	$490.9	($2.5)	(0.5)
Lease Payments	4.4	4.0	(0.4)	(9.6)
SUBTOTAL, DEBT SERVICE	**$497.8**	**$494.9**	**($2.9)**	**(0.6)**
Less Interagency Contracts	$141.7	$141.0	($0.7)	(0.5)
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$10,874.3**	**$10,767.8**	**($106.4)**	**(1.0)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 257
PUBLIC SAFETY AND CRIMINAL JUSTICE APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

Nine state agencies and commissions provide public safety and criminal justice services: the Adjutant General's Department, the Texas Alcoholic Beverage Commission, the Texas Department of Criminal Justice, the Texas Commission on Fire Protection, the Texas Commission on Jail Standards, the Texas Juvenile Probation Commission, the Texas Commission on Law Enforcement Officer Standards and Education, the Department of Public Safety of the State of Texas, and the Texas Youth Commission.

MAJOR FUNDING ISSUES

In addition to amounts described below, the Eighty-first Legislature, Regular Session, 2009, appropriated $21.2 million in All Funds for Salary Schedule C pay raises for commissioned peace officers with the Alcoholic Beverage Commission, the Department of Criminal Justice, and the Department of Public Safety: $1.8 million in General Revenue Funds, $0.9 million in Federal Funds, and $18.4 million in Other Funds.

The Adjutant General's Department is appropriated $186.7 million in All Funds for the 2010–11 biennium. Appropriations include $6.5 million in General Obligation bond proceeds (Other Funds) for major maintenance projects and roof repairs statewide and an increase of $2 million for the State Military Tuition Assistance Program.

Appropriations for the Alcoholic Beverage Commission total $88.8 million in All Funds. Appropriations for the 2010–11 biennium include increases of $2.9 million for various information technology enhancements and data center services, $2.7 million for an employee retention and succession plan for noncommissioned employees, $0.8 million for operations at the new Donna and Anzalduas ports-of-entry bridges at the Texas–Mexico border, and $0.5 million for the Wine Marketing Assistance Program. Increases in funding are contingent upon the agency increasing revenues from fees and surcharges to cover the increases in appropriations.

The Texas Department of Criminal Justice (TDCJ) is appropriated $6.2 billion in All Funds for the 2010–11 biennium. The agency is appropriated $4.9 billion in All Funds for the incarceration and treatment of adult offenders in state institutions. The projected average number of offenders incarcerated with these funds is 155,196 in fiscal year 2010 and 154,686 in fiscal year 2011. Appropriations for fiscal years 2010–11 include increases of $121.1 million for salary increases for correctional officers, laundry and food service managers, and other unit staff; $5.2 million for reentry transitional coordinators; $30.8 million for two years of operation of rehabilitation and sanction initiatives initially funded by the Eightieth Legislature, 2007; $108 million for food, overtime, utilities, and adjustments to the correctional officer career ladder in fiscal year 2009; $14.1 million to fund

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

multi-year contract rate increases; and $92.6 million for rising healthcare costs of incarcerated offenders. According to the LBB January 2009 report, Adult and Juvenile Correctional Population Projections, 2009–2014, a decrease in the incarceration population has eliminated the need for contracted temporary capacity in fiscal years 2010–11.

The agency is appropriated $80 million in General Obligation bond proceeds for the repair and rehabilitation of correctional facilities and for renovations to the Marlin Correctional Mental Health Facility.

TDCJ is appropriated $566.4 million in All Funds for community supervision programs. Appropriations for fiscal years 2010–11 include increases of $11.1 million for basic supervision, $3.8 million for residential treatment, $4 million for the Serving for Success Diversion Program, and $13.1 million for salary increases for community supervision officers and direct care staff.

TDCJ is appropriated $358.8 million in All Funds to operate the parole system. The projected average number of offenders under active parole supervision is 78,496 in fiscal year 2010 and 80,052 in fiscal year 2011. Appropriations include increases of $7.1 million for salary increases for parole officers, $3.4 million for multi-year contract rate increases, $5.9 million for additional beds in intermediate sanction facilities, and $1.5 million for additional beds in parole halfway house facilities.

Appropriations to the Juvenile Probation Commission for the 2010–11 biennium total $362.6 million in All Funds and include an increase of $50 million for a community corrections diversion program and a juvenile justice information system.

The Department of Public Safety (DPS) is appropriated $1.7 billion in All Funds for the 2010–11 biennium. Appropriations include increased funding of $44.6 million for information technology, $18.1 million for additional patrol vehicles, $15 million for the transition of commissioned employees to a civilian management model in the Driver License Division, $12.4 million for operational costs for the Texas Data Exchange, $6.4 million for additional personnel, and $2.5 million for operational costs for the Emergency Vehicle Operations Course. Appropriations also include $16.1 million in new General Obligation bond proceeds for deferred maintenance and a new crime lab in Laredo.

The agency's appropriations include $73.1 million for border security operations, including funding for overtime and operational costs for DPS and local law enforcement border security initiatives, joint operation and intelligence centers, a border security operations center, a new crime lab in Laredo, upgrades to Texas Task Force II, additional DPS personnel, and aviation support.

The Youth Commission (TYC) is appropriated $455.9 million in All Funds for the 2010–11 biennium. The estimated average residential population in agency institutional facilities, halfway houses, and contract care is 2,414 in fiscal year 2010 and 2,318 in fiscal year 2011. The population estimates reflect an effort to reduce commitments to TYC by increasing services to youth in the community through the Juvenile Probation Commission. To address the reduced commitments, TYC will close two facilities at the end of fiscal year 2010. The agency's appropriations include $8 million for juvenile correctional officer salary increases, $6 million for other institutional and halfway house staff salary increases, $2.1 million for regional specialized treatment programs, $2 million for automated assessment and data sharing systems, and $0.6 million for community reentry and specialized aftercare programs. The agency's appropriations also include $5.6 million in General Obligation bond proceeds for the repair and rehabilitation of existing facilities.

ADJUTANT GENERAL'S DEPARTMENT

The Adjutant General's Department (AGD) was established in 1840, abolished in 1856, and then reinstated in 1860. Its mission is to execute the Governor's constitutional and statutory responsibilities relating to the state's military forces, which consist of the Texas National Guard and the Texas State Guard. The Texas National Guard has two components: Texas Army National Guard and Texas Air National Guard. The agency provides mission-ready forces responsive to the community, the state, and the nation. AGD headquarters is located at Camp Mabry in Austin.

The U.S. Constitution provides the basic mandate for the maintenance of national and state military forces. It specifies that the President is commander-in-chief when the National Guard is called into service for the United States. The Texas Constitution names the Governor the commander-in-chief of the Texas National Guard, except when it is called into national service. The Governor appoints Texas' Adjutant General and two Assistant Adjutants General (one for the Texas Army National Guard and one for the Texas Air National Guard) to command the state's military forces.

AGD employs full-time state employees, full-time federal civil service employees, full-time active-duty military employees, and part-time citizen guard members as necessary to carry out its operations. Part-time National Guard members are paid to participate in military training one weekend a month, another 15 days annually, and additionally as needed. State Guard personnel train four days quarterly, another four days annually, and additionally as needed.

AGD is responsible for the utilities, construction, repair, and maintenance of military facilities owned or licensed by the state that are located on state or federal property. These facilities include armories, Air Guard facilities, and Army aviation installations and are primarily utilized by the state's military forces for training personnel and for maintaining and storing equipment. During the 2010–11 biennium, the agency will maintain more than 600 facilities in 76 towns and cities throughout Texas. The agency receives state appropriations each biennium for maintaining these facilities. The federal and state share of the maintenance costs is determined by a master cooperative agreement between the State of Texas and the federal National Guard Bureau.

Appropriations to AGD for the 2010–11 biennium total $186.7 million in All Funds and provide for 619 full-time-equivalent (FTE) positions. Of the total appropriations, $31 million, or 16.6 percent, is appropriated from General Revenue Funds. The agency received appropriations of $6.5 million in General Obligation bond proceeds for major maintenance projects and roof repairs at readiness centers statewide and $4 million in General Revenue Funds for debt service on revenue bonds from previous biennia for major maintenance and repairs of state military facilities. Appropriations for the State Military Tuition Assistance Program include an increase of $2 million, for a total of $4 million in General Revenue Funds for the 2010–11 biennium. Enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, provided $1.2 million in supplemental appropriations for fiscal year 2009 for costs associated with damages caused by natural disasters.

In addition to state appropriations, AGD manages Federal Funds that are paid directly by the federal government to Texas National Guard personnel or are designated for other agency operating expenses. These direct Federal Funds totaled $526.1 million (unaudited) in fiscal year 2009 and supported approximately 3,790 federal FTE positions and 22,700 guard members.

AGD is appropriated $5.6 million in All Funds for the 2010–11 biennium and is allocated 50 FTE positions for the Seaborne/ChalleNGe Program. The Seaborne/ChalleNGe Program is a five-month residential cooperative program between Texas and the National Guard Bureau that is designed to improve the life skills and employment potential of 200 at-risk youth each year through military-style training. A one-year mentoring phase follows the residential phase for youth aged 16 to 18 who have dropped out of school and are drug free, unemployed, and not in trouble with the law.

The Seaborne/ChalleNGe Program evacuated facilities in Galveston in advance of Hurricane Ike's landfall in September 2008. The AGD relocated the program to the former Texas Youth Commission facility in Sheffield, Texas in October 2008.

TEXAS NATIONAL GUARD

The Texas National Guard (TXNG) has a dual mission: it may be ordered to active duty in the state by the Governor to provide trained and equipped military personnel to assist civil authorities in the protection of life and property and the preservation of law, order, and public safety in Texas; it is also a first-line reserve component of the U.S. Army and Air Force, and in that role may be called into active federal service by the President to provide military personnel for war, national emergencies, and at other times if national security requires augmentation of active forces. TXNG's air component also has the peacetime mission of supporting U.S. Air Force operations and airlift missions around the world as required.

The U.S. Congress establishes the size and structure of the National Guard, while the Secretaries of the Army and the Air Force determine its composition and organization. The allocation of authorized military strength and Federal Funds are made to Texas by the federal National Guard Bureau.

In the 2008–09 biennium, TXNG provided emergency response for wildfires, tropical storms, and hurricanes. Guard members also assisted local and state entities in various programs and activities statewide. During Hurricanes Gustav and Ike in August and September 2008, more than 3,000 TXNG soldiers and airmen were assigned to emergency operation centers and shelters assisting hurricane victims. TXNG participated in recovery efforts, rescue and relocation of residents, emergency relocation of medical patients, and the distribution of food and water.

In addition to local and state projects, TXNG has an increasing role in active federal service. During the 2008–09 biennium, over 7,000 members of TXNG were deployed to foreign nations.

TEXAS STATE GUARD

The Texas State Guard (TXSG) is an all-volunteer state reserve military force, subject to active duty when called by the Governor to serve Texas in time of emergency. TXSG provides trained and equipped individuals to supplement TXNG and replaces TXNG when that force is called into federal service. In fiscal year 2009, over 1,000 TXSG members provided services for a variety of state active-duty missions.

The Governor determines the size and structure of TXSG, in conjunction with the Adjutant General. Volunteers are between the ages of 17 and 60 and include retired personnel from all branches of the armed forces, as well as personnel with no prior military service. In 2009, TXSG consisted of approximately 1,600 members, in military units typically collocated with TXNG units. New TXSG members purchase their own uniforms and are issued equipment and supplies as resources are available.

TXSG actively participates in community programs statewide by providing a variety of services: security, traffic, and crowd control for local events; searches for missing children; color guards; honor guards; and training support. As part of meeting emergency needs, TXSG manages and operates shelters and distribution centers; furnishes medical, legal support, and communications services; and conducts chaplaincy duties.

ALCOHOLIC BEVERAGE COMMISSION

In 1935, after Prohibition had been repealed by an amendment to the State Constitution, the Texas Legislature enacted the Texas Liquor Control Act. This Act created the Texas Liquor Control Board to enforce state liquor laws. The name of the agency was changed in 1970 to the Texas Alcoholic Beverage Commission (TABC), and in 1977 the Liquor Control Act was codified as the Texas Alcoholic Beverage Code. The Alcoholic Beverage Code authorizes the agency to engage in the following activities:

- grant, refuse, suspend, or cancel permits and licenses in all phases of the alcoholic beverage industry;
- supervise, inspect, and regulate the manufacture, importation, exportation, transportation, sale, storage, distribution, and possession of alcoholic beverages;
- assess and collect taxes and fees on alcohol and cigarettes;
- investigate alleged violations of the Alcoholic Beverage Code and assist in the prosecution of violators;
- seize illicit alcoholic beverages; and
- adopt quality standards for and approve labeling and sizes of containers for all alcoholic beverages sold in Texas.

TABC's mission is to promote public safety and serve the people of Texas through consistent, fair, and timely administration of the Alcoholic Beverage Code while fostering education, voluntary compliance, and legal, responsible alcohol consumption. The agency's goals are to (1) regulate the distribution of alcoholic beverages; (2) process applications and issue licenses and permits for the sale and distribution of alcoholic beverages; and (3) collect fees and taxes. To accomplish these goals, the agency works to (1) deter and detect violations of the Alcoholic Beverage Code by inspecting licensed establishments and investigating complaints; (2) ensure compliance with laws regarding ownership, performance, licenses, tax securities, and other licensing requirements; (3) monitor compliance with the Alcoholic Beverage Code through inspections, investigations, and analysis of the alcoholic beverage industry; and (4) regulate the personal importation of alcoholic beverages and cigarettes through the state's ports-of-entry locations with Mexico.

The agency is governed by a three-member commission appointed by the Governor, with the advice and consent of the Senate. The agency is funded through fees, fines, and other revenues paid by the alcoholic beverage industry. As shown in **Figure 258**, the agency collected $266.8 million in fees, taxes, and other revenue in fiscal year 2009.

Appropriations for the 2010–11 biennium total $88.8 million, primarily in General Revenue Funds, and provide for 696 full-time-equivalent (FTE) positions. Appropriations for the 2010–11 biennium include increases in General Revenue Funds of $2.9 million for various information technology enhancements and data center services, $2.7 million for an employee retention and succession plan for noncommissioned employees, $0.8 million for operations at the new Donna and Anzalduas ports-of-entry bridges at the Texas–Mexico border, and $0.5 million for the Wine Marketing Assistance Program. In addition, the agency was appropriated $1.4 million for salary increases for the agency's commissioned peace officers. Increases in funding are contingent upon the agency increasing revenues from fees and surcharges to cover the increases in appropriations.

FIGURE 258
ALCOHOLIC BEVERAGE COMMISSION REVENUE COLLECTIONS
FISCAL YEARS 2000 TO 2009

IN MILLIONS

REVENUE SOURCE	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Excise taxes	$159.4	$159.6	$162.6	$165.8	$167.3	$170.1	$178.3	$182.1	$190.9	$194.5
Alcoholic beverage permit and license fees	23.0	23.4	22.4	22.4	23.3	24.2	27.2	28.8	29.6	43.2
Surcharges	4.4	4.3	5.0	9.6	10.5	10.2	16.5	17.0	17.6	22.6
Other revenue	7.7	8.0	7.5	5.5	7.2	5.2	5.4	6.5	6.2	6.5
TOTAL	**$194.5**	**$195.3**	**$197.5**	**$203.3**	**$208.3**	**$209.7**	**$227.4**	**$234.4**	**$244.3**	**$266.8**

Source: Texas Alcoholic Beverage Commission.

ENFORCEMENT DIVISION

The Enforcement Division is responsible for regulating the distribution of alcoholic beverages by regulating licensees and permittees in their places of business. The division employs approximately 291 commissioned law enforcement officers, located in 16 district offices and 37 outpost offices. The Enforcement Division inspects establishments engaged in the sale and distribution of alcoholic beverages to ensure they are properly licensed and conform to the administrative and criminal law enforcement provisions of the Alcoholic Beverage Code. In fiscal year 2009, the agency conducted 115,705 inspections. Appropriations for enforcement activities for the 2010–11 biennium total $45.9 million (primarily General Revenue Funds) and provide for 331 FTE positions.

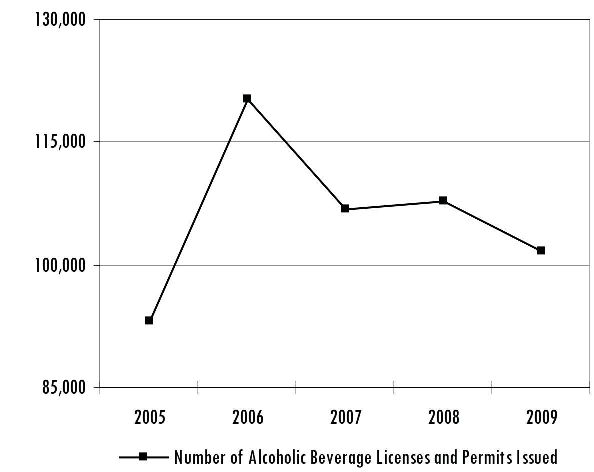
LICENSING DIVISION

The Licensing Division processes applications for all phases of the alcoholic beverage industry, including manufacturing, sales, purchases, transportation, storage, and distribution. The division ensures that each applicant is qualified to hold the requested license or permit and is complying with all applicable regulatory requirements. The division also works in conjunction with local, state, and federal agencies on criminal investigations. In fiscal year 2008, the license and permit period changed from a one-year to a two-year license and permit term. In fiscal year 2009, the agency issued 101,684 licenses and permits. Appropriations for processing license and permit applications for the 2010–11 biennium total $9.2 million in General Revenue Funds and provide for 90 FTE positions. **Figure 259** shows the trend in the number of alcoholic beverage licenses and permits issued from fiscal year 2005 to fiscal year 2009.

COMPLIANCE DIVISION

The Compliance Division has compliance officers in 23 locations throughout the state. These officers inspect new locations and seller training schools; monitor account record keeping; settle administrative cases related to finances; conduct inspections of licensed locations; conduct investigations; oversee field licensing functions; perform fee analysis of private club accounts; and audit excise taxpayers to ensure they are in compliance with the Alcoholic Beverage Code and have reported and paid the proper amount of excise taxes and fees. Compliance Division personnel also conduct public education activities covering public safety issues and compliance requirements related to the sale and consumption of alcohol. During fiscal year 2009, the division conducted 156,623 inspections, analyses, and other compliance activities, which resulted in 40,799 compliance and administrative actions. Appropriations for compliance monitoring for the 2010–11 biennium total $13.3 million (primarily General Revenue Funds) and provide for 96 FTE positions.

FIGURE 259
NUMBER OF ALCOHOLIC BEVERAGE LICENSES AND PERMITS ISSUED
FISCAL YEARS 2005 TO 2009



SOURCE: Texas Alcoholic Beverage Commission.

PORTS-OF-ENTRY SECTION

The Ports-of-Entry Section of the Compliance Division includes personnel who work at the international ports-of-entry between Texas and Mexico to enforce importation limits and to collect excise taxes on imported alcoholic beverages and cigarettes. The inspectors must place an excise tax stamp on each bottle and each package of cigarettes that is imported and enforce limitations on imports by seizing any alcoholic beverages in excess of the limits. In fiscal year 2009, there were more than 2.7 million alcoholic beverage containers and cigarette packages stamped, 8,663 bottles and cigarette packages confiscated, and $3.3 million in taxes and fees collected. Appropriations for operation of the ports-of-entry program for the 2010–11 biennium total $9.3 million in General Revenue Funds and provide for 118 FTE positions.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TABC. House Bill 2560, Senate Bill 693, and Senate Bill 711 are among the most significant.

Enactment of House Bill 2560 prevents the agency from accepting voluntary cancellation or suspension of a permit, or allowing renewal or transfer of a permit if the permit holder is delinquent in the payment of an account for liquor. The legislation prevents a permit holder whose permit is cancelled by the agency or whose permit has expired to hold another permit or license under the Alcoholic Beverage Code until the permit holder has resolved any delinquencies.

Enactment of Senate Bill 693 changes statute establishing that a person does not commit an offense if he or she sells an alcoholic beverage to a minor if the minor presents proof of identification issued by certain governmental agencies that includes a photograph of the minor and indicates the person is 21 years of age.

Enactment of Senate Bill 711 establishes a winery festival permit process and authorizes permit holders to sell wine at a festival or similar event for no more than five days within any 30-day period, or more than three consecutive days at the same location. The legislation establishes a $50 fee for the winery festival permit and authorizes only winery permit holders to obtain winery festival permits.

DEPARTMENT OF CRIMINAL JUSTICE

The Texas Department of Criminal Justice (TDCJ) and its policy-making body, the Texas Board of Criminal Justice, were established in 1989 to bring the state's adult probation (now known as community supervision), prison, and parole supervision functions under a single governing board and agency structure. The Texas Adult Probation Commission, the parole supervision function of the Texas Board of Pardons and Paroles, and the Texas Department of Corrections were consolidated into one state agency to create TDCJ.

TDCJ's appropriations for the 2010–11 biennium total $6.2 billion in All Funds and provide for 39,294 full-time-equivalent (FTE) positions in fiscal year 2010 and 39,443 FTE positions in fiscal year 2011. Of this appropriation, $5.9 billion, or 95.8 percent, is General Revenue Funds and General Revenue–Dedicated Funds.

TDCJ's statutory mission is to provide public safety, promote positive change in offender behavior, reintegrate offenders into society, and assist victims of crime. To accomplish its mission, the agency has five goals: (1) divert offenders from prison; (2) care for offenders with special needs; (3) incarcerate felons; (4) maintain adequate incarceration capacity; and (5) operate a parole system.

DIVERSION FROM TRADITIONAL INCARCERATION

TDCJ is appropriated $566.4 million for the 2010–11 biennium to support community supervision and other community-based programs to divert offenders from traditional prison incarceration. Most of these funds will be distributed as state aid to 122 local community supervision and corrections departments statewide. The 2010–11 appropriation includes increases of $11.1 million for basic supervision, $3.8 million for residential treatment; $4 million for the Serving for Success Diversion Program; and $13.1 million for salary increases for community supervision officers and direct care staff.

The 2010–11 General Appropriations Act contains several riders providing guidance for the monitoring and expenditure of TDCJ funding for community supervision. Rider 63, Probation Caseload Reduction, directs funding to caseloads consisting of medium and high risk offenders. Rider 64, Residential Treatment and Sanction Beds Funding, directs the Community Justice Assistance Division to give preference to community supervision and corrections departments having access to existing unfunded residential treatment and sanction beds. The rider also specifies that preference be given to departments with higher community supervision technical revocation rates. Rider 67, Monitoring of Community Supervision Diversion Funds, instructs the agency to develop a specific accountability system for tracking community supervision funds. Rider 71, Progressive Sanctions Model, directs the agency to give grant preference to community supervision and corrections departments employing a progressive sanctions model. Rider 75, Diversion Initiatives, requires TDCJ to use appropriated funds for various diversion initiatives in specific strategies, including community supervision and diversionary programs. Rider 78, Targeted Substance Abuse Treatment, authorizes TDCJ to use funds for substance abuse aftercare and treatment in an outpatient setting with ongoing monitoring and oversight. Rider 85, Serving for Success Diversion Program, directs the agency to use funding for one-time start-up costs to provide job training and community service opportunities for offenders.

CARE FOR SPECIAL-NEEDS OFFENDERS

TDCJ is appropriated $40.9 million for the 2010–11 biennium to provide a comprehensive continuity-of-care system for special-needs offenders. Special-needs offenders include the elderly, those with physical disabilities, the terminally ill, the mentally ill, and the mentally retarded. These funds are administered by the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI).

TCOOMMI was established by statute in 1987. It consists of representatives from 17 agencies and organizations providing advocacy and services for offenders with special needs. In addition, 10 non-salaried members, serving six-year terms, are appointed by the Governor. TCOOMMI provides an opportunity for collaboration between criminal justice, health and human service, and other affected organizations to provide continuity of care for offenders with special needs.

TCOOMMI contracts for offender programs in select communities across the state, targeting both offenders on parole supervision and offenders on community supervision. Programs for special-needs offenders provide immediate access to services, thereby reducing the likelihood of parole or community supervision violations due to an inability to access services required by the courts or the parole board.

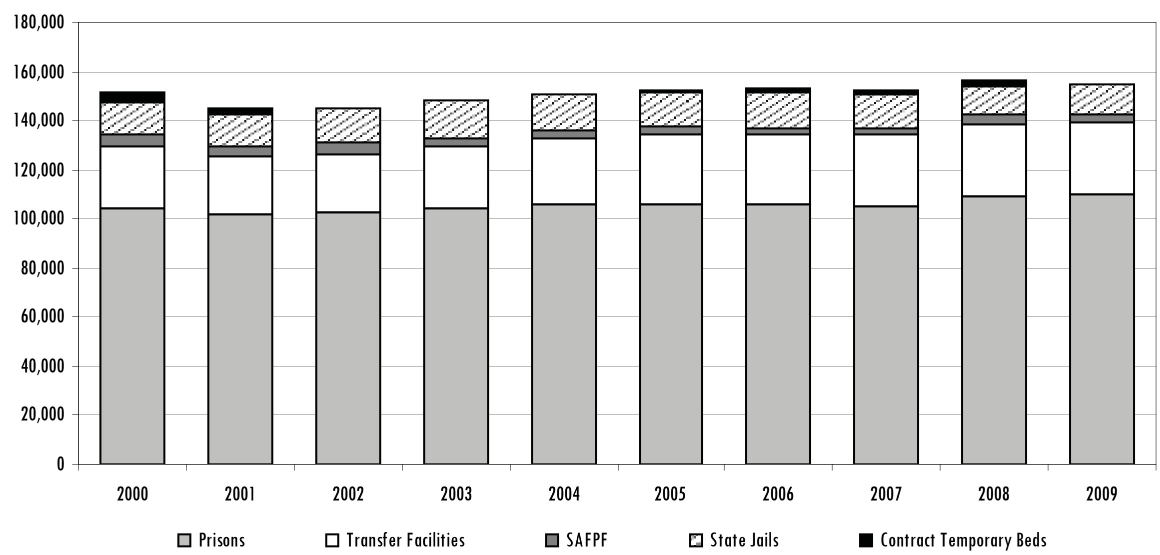
INCARCERATION OF FELONS

For the 2010–11 biennium, $4.9 billion is appropriated to TDCJ for the purpose of confining, supervising, and rehabilitating adult felons incarcerated in TDCJ's correctional facilities. The funding was based on a projected average of 155,196 incarcerated offenders during fiscal year 2010 and 154,686 during fiscal year 2011. On September 1, 2007, the Legislative Budget Board adopted a change in the way TDCJ system capacity and population are reported. The average number of incarcerated offenders indicated above incorporates this change and includes pre-parole transfer and work program facilities. Appropriations for fiscal years 2010 and 2011 include increases of $121.1 million for salary increases for correctional officers, laundry and food service managers, and other unit staff; $5.2 million for 64 reentry transitional coordinators; $30.8 million for increased funding for rehabilitation and sanction initiatives authorized by the Eightieth Legislature, 2007; $108 million for food, overtime, utilities, and adjustments to the correctional officer career ladder in fiscal year 2009; $14.1 million to fund multi-year contract rate increases; and $92.6 million for rising costs of healthcare for incarcerated offenders.

The total incarcerated population in TDCJ correctional units increased from fiscal year 2001 to fiscal year 2006, as shown in **Figure 260**. In January 2007, the Legislative Budget Board projected in its Adult and Juvenile Correctional Population Projections that TDCJ would exceed its operating capacity in fiscal year 2007 and continue to do so through fiscal year 2012. To address the projected growth, the Eightieth Legislature, 2007, funded a series of rehabilitation and sanction initiatives that were intended to serve as alternatives to the incarceration of offenders.

From fiscal year 2006, the parole approval rate increased from 26.2 percent to approximately 30 percent for fiscal years 2007 through 2009. Admissions to TDCJ also stabilized after fiscal year 2006, and certain categories of admissions showed a significant decrease. Parole revocation prison admissions decreased from 9,875 in fiscal year 2006 to 9,792 in fiscal year 2007, and to 7,444 in fiscal year 2008. Based on these changes, the January 2009 Adult and Juvenile Correctional Population Projections indicate a decrease in the incarceration population and less need for contracted temporary capacity. TDCJ maintained a contracted temporary capacity of 1,899 beds for most of fiscal year 2009 and in August of 2009 eliminated all contracted temporary capacity.

FIGURE 260
CORRECTIONAL POPULATIONS
FISCAL YEARS 2000 TO 2009



NOTES: SAFPF = Substance Abuse Felony Punishment Facilities. Population counts as of August 31 of each fiscal year. On September 1, 2007, the Legislative Budget Board adopted a change in the way capacity and incarcerated populations are reported to include preparole transfer and work program facilities. This change resulted in an increase of approximately 2,800 in prison capacity and correctional populations.
SOURCE: Texas Department of Criminal Justice.

Enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, provided a supplemental appropriation of $164.2 million in General Revenue Funds to the agency for fiscal year 2009 salaries and wages, hazardous duty and longevity pay, overtime pay, food for wards of the state, costs of damages resulting from natural disasters, contracted temporary capacity, utilities, information technology services, and fuel. Appropriations authorized by this legislation included an additional $10 million for correctional security equipment to replace and expand video surveillance equipment, contraband screening equipment, and metal detectors in certain facilities. This legislation also appropriated $48.1 million for correctional managed health and psychiatric care costs during the 2008–09 biennium.

MAINTENANCE OF ADEQUATE INCARCERATION CAPACITY

For the 2010–11 biennium, TDCJ is appropriated $70 million in General Obligation bond proceeds for the repair and rehabilitation of correctional facilities and $10 million in General Obligation bond proceeds for renovation of the Marlin Correctional Mental Health Facility. In December 2008, the U.S. Department of Veterans Affairs transferred the Marlin Veterans Affairs Hospital to TDCJ for conversion into an inpatient mental health facility. The agency is also appropriated $19.9 million in General Revenue Funds to provide continued lease-purchase payments on various correctional units.

PAROLE SYSTEM OPERATION

TDCJ is appropriated $358.8 million for the 2010–11 biennium to operate a parole system. Included in this appropriation is funding for the Texas Board of Pardons and Paroles, which has been incorporated into TDCJ's budget structure since fiscal year 1992. Appropriations include increases of $5.9 million for additional beds in community supervision and parole intermediate sanction facilities, $7.1 million for salary increases for parole officers, $3.4 million for multi-year contract rate increases, and $1.5 million for additional beds in parole halfway house facilities. The projected average number of offenders under active parole supervision is 78,496 during fiscal year 2010 and 80,052 offenders during fiscal year 2011.

INDIRECT ADMINISTRATION

Appropriations for central administration, information resources, and other support services in the 2010–11 biennium total $157.8 million. Activities funded include the agency's Office of Inspector General, internal audit, legal services, executive services, contracts and procurement, public information and media services, victim services, budget and financial operations, administration, information resources, research, training, and human resources. Appropriations include an increase of $11.9 million for data center services. To enhance border security operations, an increase of $0.5 million and 10 additional FTE positions were provided to the Office of Inspector General to staff the Department of Public Safety Fusion Center (an intelligence gathering and analysis center) and to coordinate gang intelligence activities within TDCJ. In addition to amounts specified above, the agency is appropriated $0.4 million in General Revenue Funds for salary increases for the agency's commissioned peace officers in the Office of Inspector General.

AGENCY STRUCTURE

TDCJ is governed by the Texas Board of Criminal Justice. The nine non-salaried members of the board are appointed by the Governor for six-year terms. The board appoints the executive director, who is responsible for day-to-day operation and management of the agency. Administrative offices are in Austin and Huntsville.

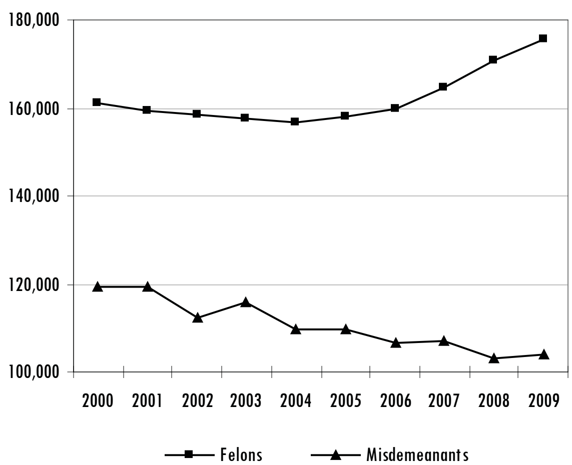
TDCJ is organized into multiple divisions and organizational units. Four of the agency's divisions carry out its major responsibilities regarding offenders: the Community Justice Assistance Division, the Correctional Institutions Division, the Parole Division, and the Rehabilitation and Reentry Programs Division.

COMMUNITY JUSTICE ASSISTANCE DIVISION

The Community Justice Assistance Division (CJAD) supports the goal of diverting offenders from traditional prison incarceration through the use of community supervision and other community-based programs. The division is statutorily directed to propose rules for adoption by the Texas Board of Criminal Justice to establish (1) minimum standards for programs, facilities, equipment, and other operational components of community supervision and corrections departments (CSCDs), which are local entities established by district judges for supervising and rehabilitating felony and misdemeanor offenders who are placed on community supervision; (2) a list and description of core services that should be provided by each CSCD; (3) methods for measuring the success of CSCD programs; (4) a format for community justice plans; and (5) minimum standards for the operation of substance abuse facilities and programs funded through CJAD. By statute, CJAD and the Texas Board of Criminal Justice are advised on matters of interest to the judiciary by the Judicial Advisory Council, 12 non-salaried members appointed by the Chief Justice of the Supreme Court of Texas and the Presiding Judge of the Texas Court of Criminal Appeals. CJAD's major responsibilities include (1) distributing state funds to CSCDs; (2) inspecting and evaluating CSCDs' financial, program compliance, and performance records; and (3) training and certifying community supervision officers. Texas has 122 CSCDs serving the state's 254 counties.

During fiscal year 2009, CSCDs employed an average of 3,520 community supervision officers to directly supervise and to provide services to a population of over 270,000 felony and misdemeanor offenders. **Figure 261** shows end-of-year community supervision populations since fiscal year 2000. TDCJ is appropriated $224.1 million for the basic supervision of offenders on community supervision during the 2010–11 biennium.

FIGURE 261
COMMUNITY SUPERVISION POPULATIONS
FISCAL YEARS 2000 TO 2009



NOTE: Population counts are as of August 31 of each fiscal year.
SOURCE: Texas Department of Criminal Justice.

In addition to basic supervision funding, TDCJ is appropriated $241.6 million in the 2010–11 biennium for awarding discretionary grants to CSCDs, counties, municipalities, and nonprofit organizations and for other purposes in accordance with Texas Government Code, § 509.011. Discretionary grants allow CJAD to fund innovative community corrections proposals designed at the local level. Such programs increase diversions from traditional, more costly incarceration and improve the delivery of community supervision statewide. **Figure 262** shows the grant award categories funded for fiscal year 2009.

The agency is appropriated $77.5 million for the 2010–11 biennium to continue statutory formula funding for community-based correctional programs that encourage the development of alternatives to incarceration. To be eligible for formula funding, CSCDs must submit an acceptable local community justice plan to CJAD. The state aid, which provides localities with increased resources for the control, management, and rehabilitation of offenders, is typically used for the same types of programs presented in **Figure 262**.

FIGURE 262
COMMUNITY JUSTICE ASSISTANCE DIVISION
DISCRETIONARY GRANT FUNDING
FISCAL YEAR 2009

PROGRAM TYPE	GRANT PROGRAMS	GRANT AMOUNT (IN MILLIONS)
Community corrections facilities	38	$62.4
Drug courts	12	1.9
Day reporting centers	4	1.4
Sex offender caseloads	13	3.2
Intensive supervision/ surveillance caseloads	5	0.5
High risk/gang/youth/ culturally specific caseloads	12	1.5
Substance abuse treatment caseloads and aftercare caseloads	30	4.3
Substance abuse treatment programs	28	6.7
Battering intervention and prevention programs	29	1.2
Mental health initiative caseloads	35	3.7
Caseload reduction grants	27	11.5
TOTALS	**233**	**$98.3**

SOURCE: Texas Department of Criminal Justice.

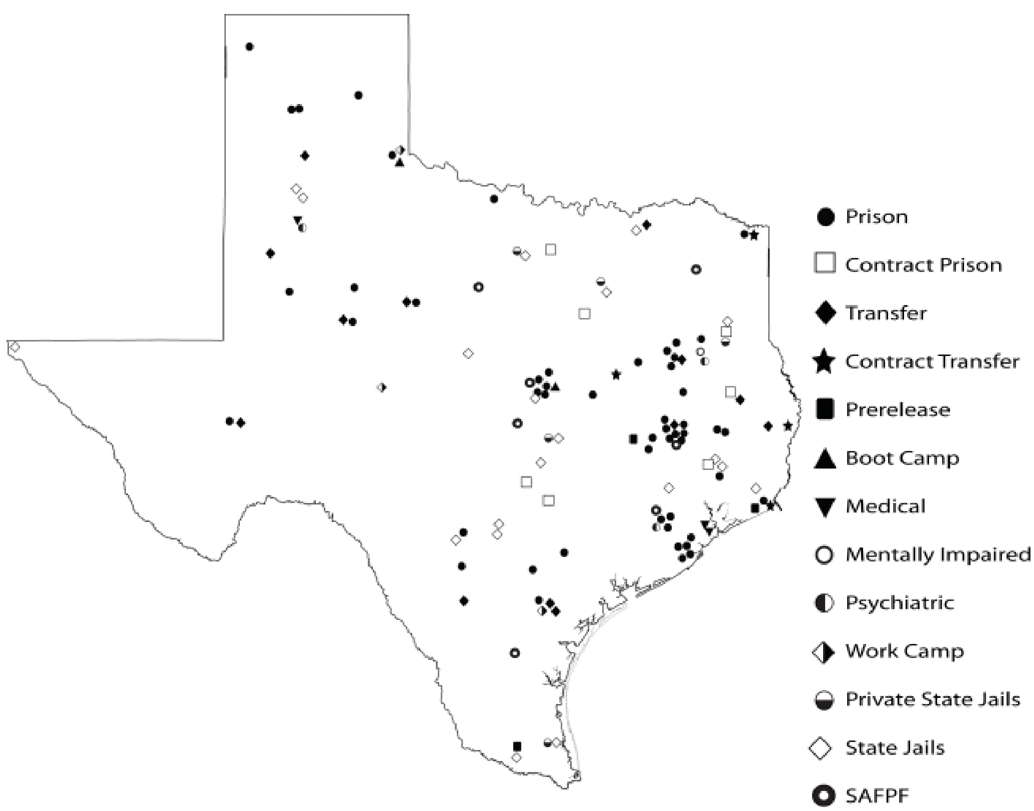
CORRECTIONAL INSTITUTIONS DIVISION

The Correctional Institutions Division manages and operates the state jail and state prison systems. It provides for the healthcare, treatment, and management of adult offenders sentenced to state jail or prison. Incarcerated offenders are confined at 52 prison units, 20 state jails, 14 transfer facilities, and other types of correctional units across the state. The location of these facilities is shown in **Figure 263**. TDCJ state jail and prison populations are shown in **Figure 260**. **Figure 264** provides the name, location, and bed capacity of each correctional unit.

Within the Correctional Institutions Division, TDCJ operates the state jail system. State jails were established by the Seventy-third Legislature, 1993, for the confinement of offenders committing state jail felonies, a class of nonviolent felony offenses. State jail felons are not eligible for good conduct time nor for parole release. The state jail capacity is 27,317 beds, and state jails house both state jail and other convicted felons. TDCJ state jail populations are shown in **Figure 260**. The name, location, and bed capacity of the 20 state jails are provided in **Figure 265**.

Substance Abuse Felony Punishment Facilities (SAFPF) are secure correctional facilities that use a therapeutic community approach to substance abuse treatment that combines individual and group counseling. The Rehabilitation and Reentry Programs Division manages treatment within the facilities. Offenders may be sentenced to the program as a condition of community supervision, or an offender on parole may be sent to a SAFPF in lieu of revocation by the Board of Pardons and Paroles. The first phase of the SAFPF program takes place in a secure correctional facility and lasts six months. Upon completion of the incarceration portion of the SAFPF program, offenders are provided substance abuse aftercare in the community. The aftercare component includes up to 3 months of residential or intensive outpatient treatment, followed by outpatient counseling for up to 12 months. The name, location, and bed capacity of the eleven SAFPFs are presented in **Figure 266** (two of these are

FIGURE 263
TDCJ FACILITY LOCATIONS
FISCAL YEAR 2009



Source: Texas Department of Criminal Justice.

FIGURE 264
PRISONS, TRANSFER FACILITIES, AND OTHER CORRECTIONAL UNITS
FISCAL YEAR 2009

FACILITY	LOCATION	TYPE	BEDS
Allred	Iowa Park	Prison	3,682
Beto	Tennessee Colony	Prison	3,471
Boyd	Teague	Prison	1,330
Briscoe	Dilley	Prison	1,342
Byrd	Huntsville	Prison	1,365
Central	Sugar Land	Prison	1,060
Clemens	Brazoria	Prison	1,215
Clements	Amarillo	Prison	3,714
Coffield	Tennessee Colony	Prison	4,139
Connally	Kenedy	Prison	2,848
Crain	Gatesville	Prison	1,819
Dalhart	Dalhart	Prison	1,040
Daniel	Snyder	Prison	1,342
Darrington	Rosharon	Prison	1,931
Eastham	Lovelady	Prison	2,474
Ellis	Huntsville	Prison	2,404
Estelle	Huntsville	Prison	3,085
Ferguson	Midway	Prison	2,421
Goree	Huntsville	Prison	1,321
Halbert	Burnet	Prison	187
Hightower	Dayton	Prison	1,342
Hilltop	Gatesville	Prison	553
Hobby	Marlin	Prison	1,342
Hughes	Gatesville	Prison	2,900
Huntsville	Huntsville	Prison	1,705
Jester III	Richmond	Prison	1,131
Jordan	Pampa	Prison	1,008
Lewis	Woodville	Prison	2,190
Luther	Navasota	Prison	1,316
Lynaugh	Fort Stockton	Prison	1,374
McConnell	Beeville	Prison	2,900
Michael	Tennessee Colony	Prison	3,221
Mt. View	Gatesville	Prison	645
Murray	Gatesville	Prison	1,313
Neal	Amarillo	Prison	1,690
Pack	Navasota	Prison	1,478
Polunsky	Livingston	Prison	2,900
Powledge	Palestine	Prison	1,137
Ramsey	Rosharon	Prison	1,891

FIGURE 264 (CONTINUED)
PRISONS, TRANSFER FACILITIES, AND OTHER CORRECTIONAL UNITS
FISCAL YEAR 2009

FACILITY	LOCATION	TYPE	BEDS
Roach	Childress	Prison	1,342
Robertson	Abilene	Prison	2,900
Scott	Angleton	Prison	1,130
Smith	Lamesa	Prison	2,125
Stevenson	Cuero	Prison	1,342
Stiles	Beaumont	Prison	2,897
Stringfellow	Rosharon	Prison	1,212
Telford	New Boston	Prison	2,832
Terrell, C.T.	Livingston	Prison	1,603
Torres	Hondo	Prison	1,342
Vance	Richmond	Prison	378
Wallace	Colorado City	Prison	1,342
Wynne	Huntsville	Prison	2,621
Bridgeport	Bridgeport	Contract prison	520
Cleveland	Cleveland	Contract prison	520
Diboll	Diboll	Contract prison	518
Estes	Venus	Contract prison	1,040
Kyle	Kyle	Contract prison	350
Lockhart	Lockhart	Contract prison	500
Moore, B.	Overton	Contract prison	500
Bridgeport	Bridgeport	Pre-Parole	200
Mineral Wells	Mineral Wells	Pre-Parole	2,100
Lockhart Work	Lockhart	Pre-Parole	500
Cotulla	Cotulla	Transfer	606
Fort Stockton	Fort Stockton	Transfer	606
Garza East	Beeville	Transfer	1,978
Garza West	Beeville	Transfer	2,278
Goodman	Jasper	Transfer	612
Gurney	Tennessee Colony	Transfer	2,128
Holliday	Huntsville	Transfer	2,128
Marlin	Marlin	Transfer	606
Middleton	Abilene	Transfer	2,128
Moore, C.	Bonham	Transfer	1,224
Rudd	Brownfield	Transfer	612
San Saba	San Saba	Transfer	606
Tulia	Tulia	Transfer	606
Ware	Colorado City	Transfer	916
Hamilton	Bryan	Prerelease	1,166
Havins	Brownwood	Prerelease	596

FIGURE 264 (CONTINUED)
PRISONS, TRANSFER FACILITIES, AND OTHER CORRECTIONAL UNITS
FISCAL YEAR 2009

FACILITY	LOCATION	TYPE	BEDS
LeBlanc	Beaumont	Prerelease	1,224
Segovia	Edinburg	Prerelease	1,224
Crain	Gatesville	Boot camp	8
Roach	Childress	Boot camp	400
Duncan	Diboll	Geriatic	606
Hospital Galveston	Galveston	Medical	365
Western Medical Facility	Lubbock	Medical	128
Young	Dickinson	Medical	310
Hodge	Rusk	Mentally impaired	989
Jester IV	Richmond	Psychiatric	550
Montford	Lubbock	Psychiatric	822
Skyview	Rusk	Psychiatric	562
Chase Field	Beeville	Work camp	480
Roach	Childress	Work camp	100
Work Camp III	San Angelo	Work camp	64
East Texas Treatment	Henderson	Multi-use	500

Source: Texas Department of Criminal Justice.

FIGURE 265
STATE JAILS
FISCAL YEAR 2009

FACILITY	LOCATION	BEDS
Bartlett	Bartlett	1,049
Bradshaw	Henderson	1,980
Cole	Bonham	900
Dawson	Dallas	2,216
Dominguez	San Antonio	2,276
Formby	Plainview	1,100
Gist	Beaumont	2,276
Henley	Dayton	512
Hutchins	Dallas	2,276
Kegans	Houston	667
Lindsey	Jacksboro	1,031
Lopez	Edinburg	1,100
Lychner	Humble	2,276
Ney	Hondo	576
Plane	Dayton	2,276
Sanchez	El Paso	1,100
Travis County	Austin	1,161
Wheeler	Plainview	576
Willacy County	Raymondville	1,069
Woodman	Gatesville	900

Source: Texas Department of Criminal Justice.

collocated with a prison facility). Correctional populations in SAFPFs are shown in **Figure 260**.

The In-Prison Therapeutic Community (IPTC) Program is used for eligible offenders who are within six months of parole release and have been identified by the Board of Pardons and Paroles as needing substance abuse treatment. Upon completing a six-month treatment program during incarceration (nine months for offenders with special needs), offenders are released on parole and must complete an aftercare phase of treatment. Aftercare treatment consists of residential care or intensive outpatient treatment for 3 months followed by 9 to 12 months of outpatient counseling. The name, location, and capacity of the IPTC Program facilities are presented in **Figure 266**.

Upon entering the Correctional Institutions Division, an offender is classified and given a custody designation. Classifications in prisons range from General Population Level 5 (G5), or (J5) in State Jails, as the most serious risk, to General Population Level 1 (G1), or (J1) in State Jails, as the least serious risk. An additional classification of Administrative Segregation, or Special Management in State Jails, is used for offenders who must be separated from the general population because they pose a danger to themselves or others, or are in danger from other offenders.

FIGURE 266
SUBSTANCE ABUSE FELONY PUNISHMENT FACILITIES (SAFPF) AND IN-PRISON THERAPEUTIC COMMUNITY (IPTC) PROGRAM FACILITIES
FISCAL YEAR 2009

FACILITY	LOCATION	SAFPF BEDS	IPTC BEDS	TOTAL BEDS
Burnet County	Burnet	216		216
East Texas Treatment	Henderson	616		616
Estelle Trusty Camp	Huntsville	212		212
Glossbrenner	San Diego	612		612
Hackberry (Crain Unit)	Gatesville	288		288
Halbert	Burnet	425	187	612
Henley	Dayton	64	128	192
Jester I	Richmond	323		323
Johnston	Winnsboro	612		612
Kyle	Kyle	170	350	520
Sayle	Breckenridge	632		632
Havins	Brownwood		576	576
Ney	Hondo		296	296

Source: Texas Department of Criminal Justice.

An offender's classification depends on several factors, including current institutional behavior, previous institutional behavior, current offense, and sentence length. Classification determines where and with whom the offender will be housed, the amount of supervision needed, job assignments, and the amount of out-of-cell and recreational time permitted.

An offender is also given an Individualized Treatment Plan (ITP) upon entering the Correctional Institutions Division. The ITP outlines programs and services for the offender and prioritizes participation in the programs and services offered according to the offender's needs, program or service availability, and parole or discharge date. These programs and services are offered: counseling (includes substance abuse and sex offender treatment), adult basic education, special education, vocational training (often in conjunction with Texas Correctional Industries), and job placement through Project Re-Integration of Offenders (RIO), which is an interagency program with the Texas Workforce Commission that offers job training and placement programs.

BOARD OF PARDONS AND PAROLES AND THE TDCJ PAROLE DIVISION

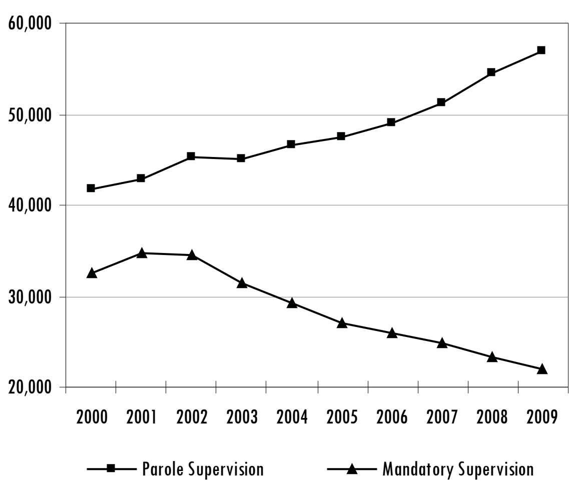
Parole functions for Texas are carried out by two entities: the Board of Pardons and Paroles and the Texas Department of Criminal Justice's Parole Division. The Board of Pardons and Paroles (BPP) was established in 1936 by amendment to the Texas Constitution. The full-time salaried seven-member board is made up of members appointed for six-year terms by the Governor with the Senate's approval. Board members serve on parole panels to determine which prisoners are to be released on parole, determine conditions of parole and mandatory supervision, determine the revocation of parole and mandatory supervision, and perform other duties placed on the board by the Texas Constitution. Also serving on parole panels are 12 parole commissioners who assist board members in reviewing and deciding parole cases. The primary distinction between a board member and a parole commissioner is that only board members are vested with the responsibility of promulgating policy relative to parole and mandatory supervision considerations, voting on cases requiring the full vote of the board, and voting on clemency matters.

The parole review and release process includes identifying offenders eligible for parole or mandatory supervision. Texas Government Code, Chapter 508, and Title 37, Texas Administrative Code, § 145.3, specify the eligibility requirements for the various classes of offenders. Code sections defining release eligibility have been amended, and offenders are required to meet parole eligibility based on the definition existing at the time of conviction. The BPP sets the offender review within six months of the calculated parole eligibility date. The BPP reviews the case summary, which outlines criminal, social, medical, psychological, and institutional adjustment history, to make a decision and to determine conditions of parole. Cases are screened for many issues, including protests, victim information, disciplinary conduct, and board-imposed special conditions. If approved for parole, the offender is released on the parole eligibility date or the date specified by the BPP. If parole is denied, the offender can be reviewed for parole again in six months after the previous review. Local law enforcement is notified of the pending release.

TDCJ's Parole Division (PD) is responsible for providing supervision and rehabilitative services to offenders released from prison onto parole or mandatory supervision. During fiscal year 2009, the PD had an average of 1,257 parole officers throughout its 67 district parole offices statewide. At the close of fiscal year 2009, parole officers actively supervised a population of 80,195 released offenders. **Figure 267** shows parole and mandatory supervision populations at the end of each fiscal year since 2000.

Appropriations for BPP and PD operations for the 2010–11 biennium total $358.8 million. Of this total, $201.6 million is designated to fund parole supervision and parole release processing, $107.7 million is for ensuring adequate surveillance and control of offenders on parole residing in residential facilities (includes halfway houses and intermediate sanction facilities), and $49.6 million is for supporting the board's operations and the parole selection process during the 2010–11 biennium.

FIGURE 267
PAROLE AND MANDATORY SUPERVISION POPULATIONS
FISCAL YEARS 2000 TO 2009



NOTE: Population counts are as of August 31 of each fiscal year.
SOURCE: Texas Department of Criminal Justice.

REHABILITATION AND REENTRY PROGRAMS DIVISION

The Rehabilitation and Reentry Programs Division (RRPD), formerly the Programs and Services Division, was established in fiscal year 1995 to effectively coordinate activities between TDCJ divisions. Treatment programs under the RRPD's authority include the Sex Offender Treatment Program, the Substance Abuse Treatment Program (includes SAFPF and IPTC), the Youthful Offender Program, and the Faith-based Pre-release Program. Other offender-related services within RRPD operations are Chaplaincy, Controlled Substance Testing for Offenders, DNA Specimen Collection, and Volunteer Coordination. Agency administrative support functions within RRPD include county relations and capacity assessment and monitoring. Appropriations administered by the RRPD are contained in various strategies within the agency's budget structure.

OTHER OPERATIONS

Included in the 2010–11 biennial appropriations for prison operations is $235.9 million for TDCJ to continue contracting with seven contract prisons and five privately operated state jails. The contract prisons, located in Bridgeport, Cleveland, Diboll, Kyle, Lockhart, Overton, and Venus, incarcerate minimum-security offenders who are within two years of parole eligibility. Privately operated state jails are located in Bartlett, Dallas, Henderson, Jacksboro, and Raymondville.

In 1993, the Seventy-third Legislature established a correctional managed-healthcare system for the delivery of healthcare to incarcerated offenders. In 1996, this system also began managing the delivery of psychiatric services to incarcerated offenders. Beginning in fiscal year 2004, the managed-healthcare system was expanded to include contract prisons and privately operated state jails. The Correctional Managed Health Care Committee's (CMHCC) primary purpose is to improve access to quality healthcare while containing costs through the use of the state's medical schools. CMHCC develops a managed-healthcare plan for persons confined by TDCJ. In accordance with statute, TDCJ contracts with CMHCC, which in turn contracts with the University of Texas Medical Branch at Galveston (UTMB) and Texas Tech University Health Sciences Center (TTUHSC) to implement the plan. CMHCC consists of nine appointed members. UTMB provides the majority of care because they are responsible for offender care in the eastern part of the state where most facilities are located. TTUHSC provides care for incarcerated offenders in the western part of the state. TDCJ's appropriations include $942.6 million for healthcare and psychiatric services for the 2010–11 biennium.

In September 2008, the prison hospital in Galveston became inoperable because of damage from Hurricane Ike. Prison hospital services were contracted out to various regional hospitals or were provided at other prison units with medical facilities. Contracts were established with two cancer centers in Huntsville to provide chemotherapy and radiation to cancer patients who were reassigned to the Estelle and Goree Units. In November 2008, outpatient clinic operations began again at the prison hospital in Galveston, and the prison hospital was fully operational by August 2009 (except for oncology).

The correctional managed-healthcare system operates one of the nation's largest telemedicine programs, which allows offender interaction with medical staff through a two-way videoconferencing device. This program allows offenders located in remote areas of the state to have access to medical specialists.

As part of the rehabilitative process, Texas Correctional Industries (TCI) provides meaningful training and work opportunities for incarcerated offenders to prepare them for employment. TCI operates 42 factories and plants at 35 prison units and produces goods and services for TDCJ's use and for sale. Sales are estimated to exceed $47 million in fiscal year 2009.

The Agribusiness Division operates and manages over 142,000 acres in 47 counties in Texas. The division has operations on 50 prison units. Production ranges from 29 varieties of edible crops to a cow and heifer herd in excess of 10,000 head.

The Windham School District is allocated $128.1 million for the 2010–11 biennium to provide accredited academic and vocational education to incarcerated offenders. Funding for the Windham School District is appropriated to the Texas Education Agency, which allocates funds based on incarcerated offender student contact hours. Also, TDCJ appropriations include $4.7 million for academic / vocational training programs and $10.2 million for Project Re-Integration of Offenders (RIO), a program that provides job training and placement services.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted various bills that affect the agency. Among the more significant are House Bill 1711, House Bill 2161, and Senate Bill 727.

Enactment of House Bill 1711 requires TDCJ to establish a comprehensive reentry and reintegration plan for offenders released or discharged from a correctional facility. The legislation directs TDCJ to provide an assessment of each offender entering a facility to determine skills, needs, and available transitional programs to address the offender's needs. TDCJ is required to identify providers of existing local programs and transitional services with which the department may contract and to share certain information with local coordinators and service providers. The legislation further requires TDCJ to adopt and implement policies that encourage family unity while an offender is confined, as well as post-release participation in the offender's transition back to the community. The legislation requires that TDCJ enter into a memorandum of understanding with certain entities to establish a reentry task force.

Enactment of House Bill 2161 requires TDCJ to request a personal identification (ID) certificate from the Department of Public Safety of the State of Texas (DPS) for most offenders released on parole, mandatory supervision, or conditional pardon. The legislation requires TDCJ, DPS, and the Bureau of Vital Statistics of the Department of State Health Services (DSHS) to adopt a memorandum of understanding that establishes the responsibilities related to verifying an offender's identity. The legislation further requires TDCJ to reimburse DSHS and DPS for the actual costs associated with obtaining the personal ID certificate. The legislation does not require TDCJ to request a personal ID certificate for offenders released who are not in the United States legally, or who were not a resident of Texas before being placed in the custody of TDCJ.

Enactment of Senate Bill 727 amends the Code of Criminal Procedure and requires a defendant convicted of certain offenses who is placed on community supervision, including deferred adjudication community supervision, to submit a DNA sample for the purpose of creating a DNA record of the defendant. The legislation further requires a defendant convicted of a felony to submit a DNA sample as a condition of community supervision, unless the defendant has already submitted a DNA sample required by other state law. These changes are applicable to a person placed on community supervision on or after September 1, 2009.

COMMISSION ON FIRE PROTECTION

The Commission on Fire Protection (TCFP) was created in 1991 to develop professional standards and to enforce statewide fire laws to assist local governments in ensuring that the lives and property of the public and fire service providers are adequately protected from fires and related hazards. The agency was created by consolidating two agencies—the Commission on Fire Protection Personnel Standards and Education and the Fire Department Emergency Board—and two fire-related functions from the Department of Insurance—the State Fire Marshal's Office and the Key Rate Section. In 1997, the operations of the State Fire Marshal's Office were transferred back to the Department of Insurance.

Appropriations to TCFP for the 2010–11 biennium total $6.9 million in All Funds and provide for 41 full-time-equivalent (FTE) positions. This is an increase of $1.1 million above 2008–09 expenditures to address the agency's management of increased certifications and to fund increased operational costs. The appropriation increase is contingent on the agency collecting at least $1 million in additional revenue generated by fees for criminal background checks and an increase in certification fees. The agency's FTE positions increased by eight in the 2010–11 biennium, adding staff members to assist with certification, testing, information technology, and administrative duties. The agency's appropriations consist primarily of General Revenue Funds (Insurance Companies Maintenance Tax and Insurance Department Fees), with $70,000 in Appropriated Receipts.

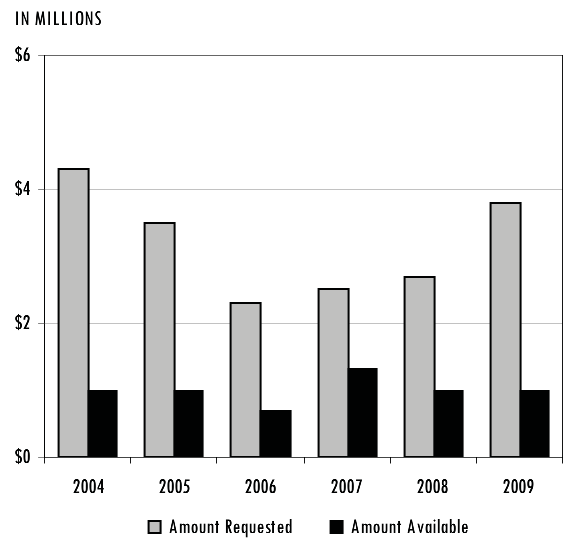
In fiscal year 2008, the agency received a Governor's emergency and deficiency loan in the amount of $27,000 for increased operational expenses. The agency repaid the loan in fiscal year 2009 through vacancy savings and delayed library upgrades.

The agency's goals are to provide local governments and other entities with training resources and to enforce standards for fire service personnel education, facilities, and equipment. Those two goals are accomplished through three strategies: providing fire safety information and educational programs; administering a grant and loan program; and certifying and regulating fire departments and fire personnel.

TCFP's grant and loan program distributes funds and training scholarships to local fire departments, particularly those in rural areas, to assist in funding equipment, facility, and training needs. In fiscal year 2009, the agency received requests totaling $3.8 million but could fund only $1 million of those requests (**Figure 268**). The Eighty-first Legislature, Regular Session, 2009, enacted legislation that abolishes the agency's grant and loan program and transfers the funding for the program to the Texas Forest Service effective January 1, 2010.

The agency's appropriations include $1.6 million in All Funds each fiscal year of the 2010–11 biennium for certifying and regulating fire departments and fire personnel. Certification and regulation activities include inspection and investigation of regulated entities; certification of full- and part-time paid fire service personnel and volunteers; certification of fire service training facilities (includes course approval, curriculum development, and administration of performance and written tests); and performance of criminal background checks.

FIGURE 268
COMMISSION ON FIRE PROTECTION GRANT AND LOAN PROGRAM
FISCAL YEARS 2004 TO 2009



NOTE: Fiscal year 2007 includes an unexpended balance of $0.3 million from fiscal year 2006.
SOURCE: Texas Commission on Fire Protection.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 1011, the agency's Sunset legislation, which continues TCFP until 2021 and makes these notable amendments to the Government Code:

- The TCFP grant and loan program is abolished and funding for the program is transferred to the Texas Forest Service effective January 1, 2010.

- TCFP is required to conduct fingerprint-based state and national criminal background checks for all applicants for certifications if not separately provided by applicants or fire departments. The agency must collect a fee in an amount necessary to recover costs effective January 1, 2010.
- Fire departments are required to submit continuing education records to TCFP at the time of certification renewal.
- TCFP is authorized to establish a risk-based approach to conducting inspections and to provide risk criteria to guide the agency.
- TCFP must open a complaint case on a violation found during an inspection in a timely manner.
- The agency is required to develop a method for analyzing trends in complaints and violations.
- TCFP is authorized to temporarily suspend a certification.
- The agency must review fire fighter injury information and make recommendations to the State Fire Marshal's Office for reducing these injuries. TCFP may, based on these investigations, provide technical assistance to identified fire departments.

COMMISSION ON JAIL STANDARDS

The Texas Commission on Jail Standards (TCJS) was created in 1975 as the regulatory agency for all county jails and privately operated municipal jails in the state. Its mission is to empower local government to provide safe, secure, and suitable jail facilities by establishing proper rules and procedures while promoting innovative programs and ideas. The commission consists of nine members appointed by the Governor with the advice and consent of the Senate.

Appropriations for the 2010–11 biennium total $2.2 million and provide for 19 full-time-equivalent (FTE) positions. Of the total appropriations, $2.1 million, or 97.3 percent, is General Revenue Funds. The agency's appropriations include an increase of $0.2 million in General Revenue Funds for two new FTE positions: a program specialist to provide technical assistance to county jails to correct compliance issues and an additional jail inspector.

The agency's goal is to establish and enforce minimum standards for the provision and operation of jails, and it provides consultation, training, and technical assistance to help local governments comply with those standards. To achieve its goal and to comply with statutory responsibilities, the agency has six key functions:

- establish effective jail standards;
- inspect and enforce minimum standards;
- review construction plans;
- provide management consultation;
- audit facility populations and costs; and
- conduct the juvenile justice survey.

ESTABLISH EFFECTIVE JAIL STANDARDS

TCJS is responsible for researching, developing, and disseminating minimum standards for jail construction and operations. The minimum standards for jail construction include addressing requirements for facility maintenance and operations. The standards for jail operations include requirements for custody, care, and inmate treatment; inmate rehabilitation, education, and recreation programs; and the number of jail supervisory personnel, programs, and services to meet the needs of inmates.

INSPECT AND ENFORCE MINIMUM STANDARDS

In accordance with state statute, TCJS is required to inspect and report on the conditions of each county jail and privately operated municipal jail annually. This requirement is to ensure the facilities comply with law and commission orders and rules. Inspections include a walk-through of the facilities and reviews of jail logs, records, data, documents, and accounts pertaining to the operation of each facility and the inmates. TCJS may conduct special inspections on facilities identified as high-risk or found to be in noncompliance. **Figure 269** shows a historical listing of how many facilities TCJS has regulatory authority to monitor. As of September 1, 2009, of the 254 counties in Texas, 229 counties had county-operated jails.

FIGURE 269
FACILITIES TCJS HAS REGULATORY AUTHORITY FOR MONITORING
FISCAL YEARS 2003 TO 2010

FISCAL YEAR	COUNTY-OPERATED JAILS	PRIVATELY OPERATED FACILITIES	TOTAL
2003	235	19	254
2004	232	18	250
2005	230	18	248
2006	230	18	248
2007	230	26	256
2008	231	26	257
2009	231	17	248
2010	229	20	249

NOTE: The counts are at the beginning of each fiscal year.
SOURCE: Texas Commission on Jail Standards.

REVIEW CONSTRUCTION PLANS

State statute also requires TCJS to review and comment on plans for the construction, major modification, or renovation of county jails. The agency provides consultation and technical assistance to local governments for the most efficient, effective, and economic means of jail construction, while ensuring compliance with minimum standards.

PROVIDE MANAGEMENT CONSULTATION

TCJS provides local government officials with consultation and technical assistance for county jails. The agency receives and approves jail operation plans related to the minimum standards. Consultations and technical assistance include developing plans for (1) establishing an inmate classification system, (2) determining jail staffing patterns, (3) providing health services, (4) meeting sanitation needs, (5) creating inmate discipline and grievance procedures, (6) establishing recreation and exercise programs, (7) implementing education and rehabilitation programs, (8) responding to emergencies, and (9) determining a range of inmate privileges. The agency also provides management training for county staff.

AUDIT FACILITY POPULATIONS AND COSTS

The agency collects monthly information on county jail populations and operational costs. This information is summarized and provided to state and local government agencies to assist in planning and predicting incarceration trends in the state. **Figure 270** shows a historical overview of the number of inmates in local facilities (county jails and privately operated facilities) starting in fiscal year 2003. The contract population consists of offenders housed in privately operated facilities and county jail inmates who are from outside the county's jurisdiction (e.g., state offenders, federal detainees). At the beginning of fiscal year 2010, there were 71,660 inmates in local facilities, and overall, the facilities were at 79 percent of total jail capacity. Construction projects completed in fiscal year 2009 resulted in a 5,685-bed, or 6.6 percent, increase in jail capacity at the beginning of fiscal year 2010.

CONDUCT THE JUVENILE JUSTICE SURVEY

Another statutory requirement of TCJS is to collect and process juvenile jail logs from municipal lockups and county jails on detained persons under age 17. The agency is also responsible for identifying and compiling a directory of all adult jails and municipal lockups with juvenile detention, correctional, or holdover centers collocated in the same building or on the same grounds. The federal Juvenile Justice and Delinquency Prevention Act requires states receiving federal funds under the Act to comply with certain requirements pertaining to juvenile detention facilities, adult jails, and municipal lockups collocated within the same building or on the same grounds.

OTHER AUTHORIZED FUNCTIONS

Under certain circumstances, TCJS is authorized to set and collect reasonable fees for (1) the review of and comment on construction documents for new facilities or expansion projects; (2) occupancy inspections; (3) annual inspections; and (4) re-inspections requested by the operator of a jail before previously cited compliance issues have been corrected. The agency may also impose fees on a private vendor that operates a correctional facility housing inmates from another state to offset the cost of regulating and providing technical assistance to the facility. If a facility fails to remedy deficiencies promptly relative to law or agency orders, rules, and procedures, the agency may prohibit the facility from housing inmates and require the county in which the facility is located to transfer inmates to a compliant detention facility.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TCJS. Senate Bill 1009 and Senate Bill 1557 are among the most significant.

Senate Bill 1009 is the agency's Sunset legislation, which continues TCJS for another 12 years and makes these notable amendments to the Government Code:

- TCJS is required to make effective use of technology in its delivery of services and provision of information to the public.

FIGURE 270
COUNTY JAIL POPULATION AND CAPACITY AT THE BEGINNING OF EACH FISCAL YEAR
FISCAL YEARS 2003 TO 2010

	INMATES IN COUNTY FACILITIES				
FISCAL YEAR	LOCAL POPULATION	CONTRACT POPULATION	TOTAL POPULATION	TOTAL JAIL CAPACITY	PERCENTAGE OF TOTAL CAPACITY
2003	51,738	13,006	64,744	80,302	80.6
2004	53,211	11,360	64,571	78,385	82.4
2005	54,967	10,927	65,894	79,599	82.8
2006	58,111	12,936	71,047	80,455	88.3
2007	59,668	14,599	74,267	82,763	89.7
2008	59,529	12,932	72,461	85,241	85.0
2009	59,439	11,480	70,919	85,550	82.9
2010	60,169	11,491	71,660	91,235	78.5

Source: Texas Commission on Jail Standards.

- TCJS is required to adopt updated rules to standardize the complaint process and establish a procedure to track, analyze, and report summary information about complaints to commission members.
- TCJS is required to develop a comprehensive set of risk factors and a risk assessment plan to guide the inspection process for all jails under its jurisdiction.
- TCJS is required to develop a best practices program to share useful information about jail compliance and common operational challenges with its stakeholders and to report to the Texas Correctional Office on Offenders with Medical or Mental Impairments on a jail's compliance with certain procedures related to defendants with mental illness or mental retardation.
- TCJS is required to adopt rules and procedures for minimum requirements for jails related to pregnant inmates.
- TCJS is required to provide guidelines to sheriffs regarding contracts for jail commissary services, including specific provisions about conflicts of interest and avoiding the appearance of impropriety.
- TCJS is required to provide public information about the compliance status of jails on the agency's website.
- TCJS is required to develop a policy that encourages the use of negotiated rulemaking and alternative dispute resolution.

Enactment of Senate Bill 1557 amends and expands jail and court procedures related to early identification of criminal defendants who may have mental illness or mental retardation.

JUVENILE PROBATION COMMISSION

The Texas Juvenile Probation Commission (TJPC) was created in 1981. Its mission is to work in partnership with local juvenile boards and their juvenile probation departments to provide a comprehensive range of community-based probation services that ensure public safety, offender accountability, and assistance to offenders in becoming productive, responsible, law-abiding citizens. The agency provides alternatives to the commitment of juveniles to the Texas Youth Commission (TYC) by allocating financial aid to juvenile boards for maintaining and improving probation services; establishing and enforcing uniform probation standards; collecting, analyzing, and disseminating information; and improving communications between state and local entities within the juvenile justice system. The agency also establishes minimum standards for juvenile detention facilities. The agency's primary functions are (1) Basic Probation; (2) Community Corrections; (3) Probation Assistance; and (4) Juvenile Justice Alternative Education Programs. Appropriations for the 2010–11 biennium total $362.6 million in All Funds and provide for 75 full-time-equivalent (FTE) positions. Of this amount, $298.5 million, or 82.3 percent, is General Revenue Funds. In an effort to reduce the number of TYC commitments, the Eightieth Legislature, 2007, funded additional community corrections programs and residential placements. The Eighty-first Legislature, Regular Session, 2009, expanded these efforts by providing $50 million for a community corrections diversion program and a juvenile justice information system.

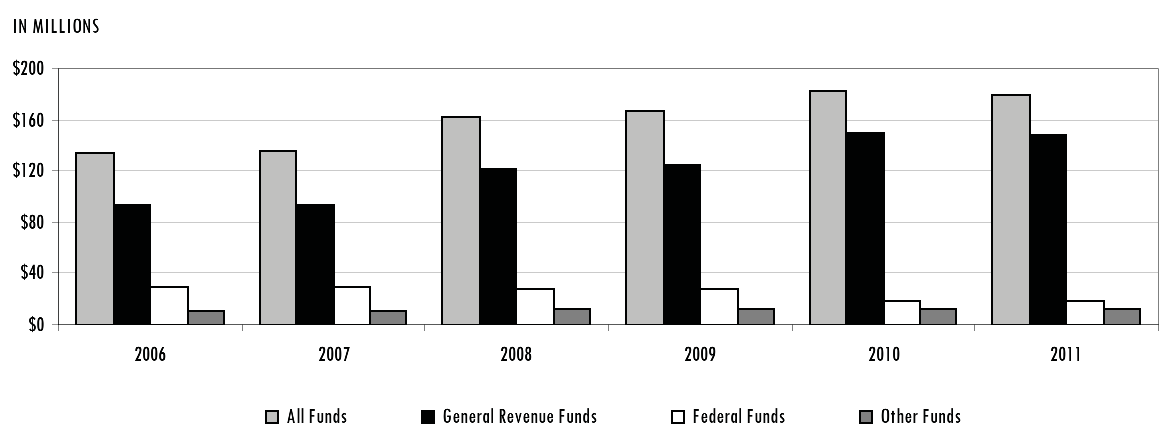
Figure 271 shows the TJPC appropriations for fiscal years 2006 to 2011. The appropriation increases total $45.3 million in All Funds, or 33.7 percent, between fiscal years 2006 and 2011.

BASIC PROBATION

Under its Basic Probation function, the agency allocates funds to juvenile probation departments that provide basic probation services such as delinquency prevention, deferred prosecution, and court-ordered probation. The 2010–11 appropriation totals $95.1 million for Basic Probation. The agency distributes these funds based on a county's juvenile population, with a minimum level of funding provided to counties in which the juvenile population is insufficient to generate funds for basic probation services.

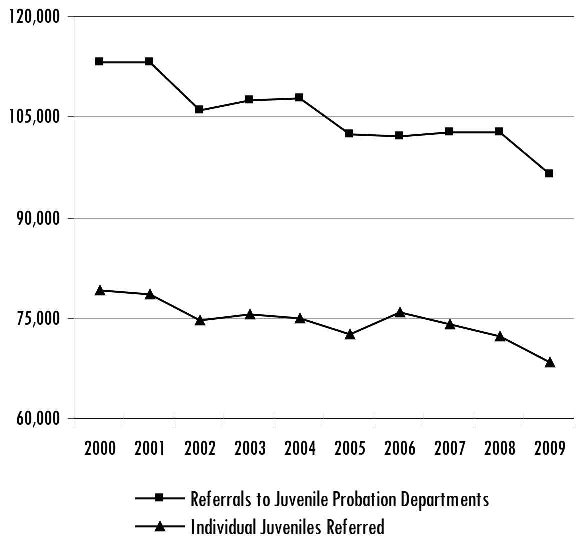
Juveniles are primarily referred to a juvenile probation department by law enforcement and school personnel, municipal courts, and Justices of the Peace. Juveniles may be referred to a juvenile probation department for criminal offenses, probation violations, truancy, runaway, expulsion from a school disciplinary program, violations of a justice or municipal court order, and a variety of other behaviors. An individual juvenile may have multiple referrals; therefore, the number of referrals to juvenile probation departments each year differs from the number of juveniles referred each year. **Figure 272** shows the number of referrals to juvenile probation departments compared with the number of individual juveniles referred between fiscal years 2000 and 2009. The annual number of referrals began to decrease after fiscal year 2000, remained relatively stable from fiscal years

FIGURE 271
TEXAS JUVENILE PROBATION COMMISSION APPROPRIATIONS
FISCAL YEARS 2006 TO 2011



SOURCE: Legislative Budget Board.

FIGURE 272
JUVENILE REFERRAL ACTIVITY
FISCAL YEARS 2000 TO 2009

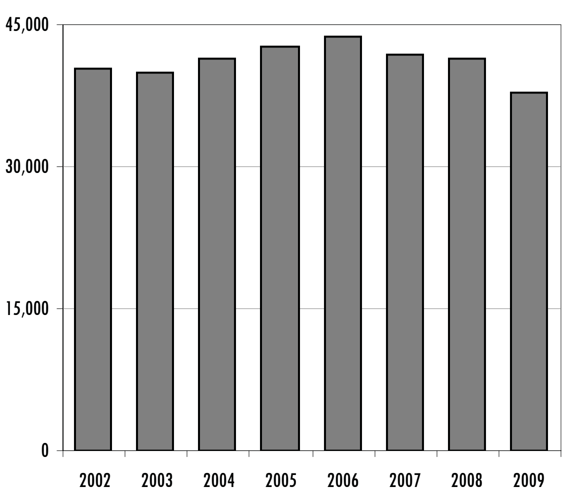


SOURCE: Texas Juvenile Probation Commission.

2005 to 2008, and decreased further in fiscal year 2009. The number of individual juveniles referred to local juvenile probation departments has decreased each year since fiscal year 2006. Not all referrals result in placement on juvenile probation.

Figure 273 shows the average daily population (ADP) under juvenile supervision between fiscal years 2002 and 2009.

FIGURE 273
AVERAGE DAILY POPULATION UNDER
JUVENILE SUPERVISION
FISCAL YEARS 2002 TO 2009



SOURCE: Texas Juvenile Probation Commission.

Three categories determine the ADP under juvenile supervision: (1) ADP of juveniles supervised under deferred prosecution; (2) ADP of juveniles supervised under court-ordered probation; and (3) ADP of juveniles supervised prior to disposition. The ADP under juvenile supervision has decreased each year since fiscal year 2006.

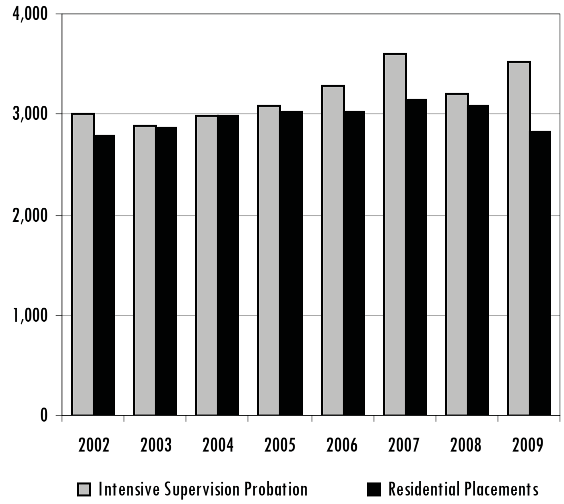
COMMUNITY CORRECTIONS

The agency assists local juvenile probation departments in developing programs and services for high-risk juveniles in the community. Funding is provided for (1) Community Correction Services; (2) the Harris County Boot Camp; (3) Local Post-adjudication Facilities; and (4) Special Needs Diversionary Programs. The 2010–11 appropriation totals $198.4 million for these programs. Appropriations for Community Corrections Services total $184.2 million, including increases of $50 million and eight FTE positions for a community corrections diversion program and a juvenile justice information system, $1 million for operating costs for a juvenile mental health facility, and $8.8 million in existing Level 5 Post-adjudication Facilities funding that was combined with Community Corrections Services funding. Appropriations in the 2008–09 biennium included $57.9 million for enhanced community-based services such as sex offender treatment and intensive supervision, secure and nonsecure residential placements, and programming for misdemeanants no longer eligible for commitment to TYC.

Appropriations for other Community Corrections programs include $2 million for the Harris County Boot Camp, $8.3 million for Local Post-adjudication Facilities, and $3.9 million for Special Needs Diversionary Programs. Appropriations for local post-adjudication facilities provide grants for partial operating costs of 16 secure and nonsecure post-adjudication facilities operated by local governments. These grants provide increased community placement alternatives for adjudicated juveniles. The special needs diversionary programs support specialized caseloads addressing mentally impaired juveniles.

Community Corrections includes (1) intensive supervision probation (ISP) and (2) residential placements. ISP involves reducing caseloads and increasing probation officer contact with juveniles. Residential post-adjudication placements provide an alternative to incarceration at the state level through placement in a secure or nonsecure facility for at-risk juveniles. Both the ISP and residential placement programs provide a higher level of monitoring of juveniles than basic supervision. **Figure 274** shows the ADP of

FIGURE 274
AVERAGE DAILY POPULATION OF JUVENILES IN INTENSIVE SUPERVISION PROBATION AND RESIDENTIAL PLACEMENT FISCAL YEARS 2002 TO 2009



SOURCE: Texas Juvenile Probation Commission.

juveniles in ISP and residential placements for fiscal years 2002 to 2009. The ADP of juveniles under ISP has fluctuated since fiscal year 2006, and the ADP of juveniles in residential placement has decreased since fiscal year 2007. The agency received an increase in state funding for community corrections in the 2008–09 biennium, and the ADP of juveniles in ISP and residential placements were expected to increase as a result. However, the agency reports the increased funds instead offset an unexpected decrease in federal Title IV-E funds, as discussed in Probation Assistance.

PROBATION ASSISTANCE

The 2010–11 appropriation for Probation Assistance totals $43.8 million, including $38.4 million in federal Title IV-E funds. Federal Title IV-E funds reimburse local juvenile probation departments for qualifying delinquent children in cases when it is in the best interest of the child to be removed from the home. In fiscal year 2008, federal Title IV-E funding to TJPC for local juvenile probation departments in Texas was decreased substantially from funding levels in fiscal year 2007 as a result of findings from an audit of Title IV-E foster care administrative costs conducted by the United States Department of Health and Human Services. Increased federal funding levels in 2010–11 of $8.5 million over 2008–09 expenditure levels are a result of the agency's revised policies and practices regarding Title IV-E administrative claims.

Funding for Probation Assistance is also used for the administrative costs of promulgating standards for juvenile boards, probation officers, programs, and facilities and for maintaining a comprehensive regional training program for juvenile probation officers, detention workers, and juvenile boards. TJPC provides statewide technical assistance and monitors juvenile probation departments to ensure compliance with fiscal and program rules.

JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAM

Following the revision of the Texas Education Code during the 1998–99 biennium, state funding to support the Juvenile Justice Alternative Education Program (JJAEP) was transferred from the Foundation School Program to TJPC. This program provides off-campus alternative education programs for students removed from the classroom for disciplinary reasons. The 2010–11 appropriation totals $23 million for the JJAEP and is based on estimates of the number of mandatory students to be served in the 2010–11 biennium. **Figure 275** shows the mandatory student attendance days in the JJAEP during the regular school year decreasing each year since the 2006–07 school year. All participating counties are reimbursed for students who must be expelled in accordance with § 37.011(a) of the Texas Education Code. TJPC is required to submit a performance assessment report concerning JJAEP student academic and behavioral success to the Legislative Budget Board and the Governor each biennium.

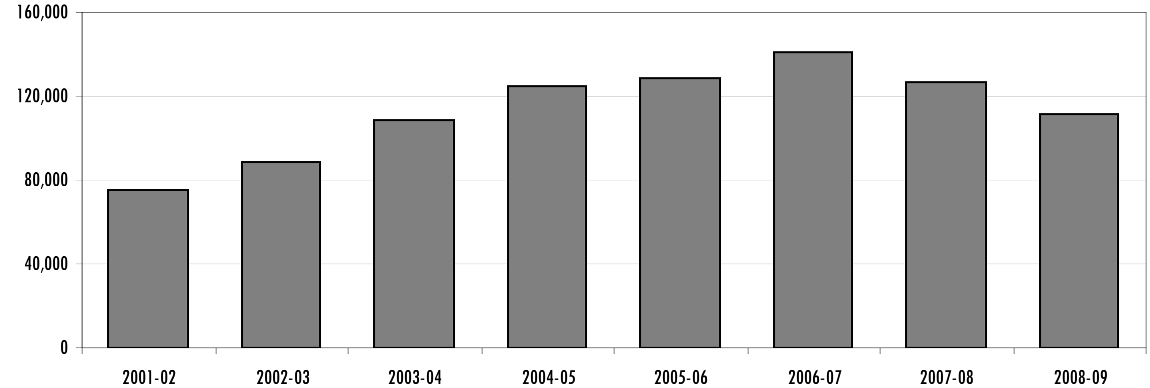
SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3689, the agency's Sunset legislation, which continues TJPC until 2011. The legislation makes these notable amendments to the statutes governing the agency:

- TJPC and TYC are maintained as separate agencies. TJPC is governed by a nine-member commission composed of two district juvenile court judges, two county judges or commissioners, a chief juvenile probation officer, a mental health professional, an educator, a member of an advocacy organization, and a public member.

- TJPC is continued until 2011, when the Sunset Advisory Commission will evaluate the agency's compliance with the provisions of Senate Bill 103, Eightieth Legislature, 2007; requirements placed on the agency by legislation enacted by the Eighty-first Legislature, Regular Session, 2009; and initiatives of TJPC and TYC in coordinating

FIGURE 275
MANDATORY STUDENT ATTENDANCE DAYS IN THE JUVENILE JUSTICE ALTERNATIVE EDUCATION PROGRAM
SCHOOL YEARS 2001–02 TO 2008–09



SOURCE: Texas Juvenile Probation Commission.

activities and services, including joint strategic planning, sharing of juvenile data across juvenile agencies, assessments and classification of juveniles, and the collection of data on probation outcomes.

- TJPC must transfer disciplinary hearings to the State Office of Administrative Hearings when the agency seeks to suspend or revoke an officer's certification.
- TJPC must annually inspect and certify all nonsecure correctional facilities that accept only youths who are on juvenile probation.
- TJPC must require juvenile probation departments to perform a validated risk and needs assessment on juveniles prior to disposition of the case and report the results of that assessment to TJPC.
- TJPC is required to consider past performance of a juvenile board when contracting for juvenile services other than basic probation services. TJPC must provide specific performance targets to the juvenile board, and the board must provide a performance report to TJPC.
- TJPC is authorized to contract with an unutilized or underutilized local mental health and mental retardation authority to provide mental health residential treatment and educational services for a period that does not exceed 150 days.
- TJPC and TYC directors must appoint members to the Coordinated Strategic Planning Committee for the purpose of agency collaboration on a variety of initiatives, including implementation of a common data source and data sharing among TJPC, TYC, and various other state agencies that serve youths in the juvenile justice system.
- TJPC, TYC, and various other state agencies must adopt a memorandum of understanding (MOU) with the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) for continuity of care for juvenile offenders with mental impairments. TCOOMMI, in coordination with TJPC, TYC, and other participating state and local agencies, must collect data and report on the outcomes of the MOU.
- TJPC must conform key elements of the officer certification program to commonly applied licensing practices.

COMMISSION ON LAW ENFORCEMENT OFFICER STANDARDS AND EDUCATION

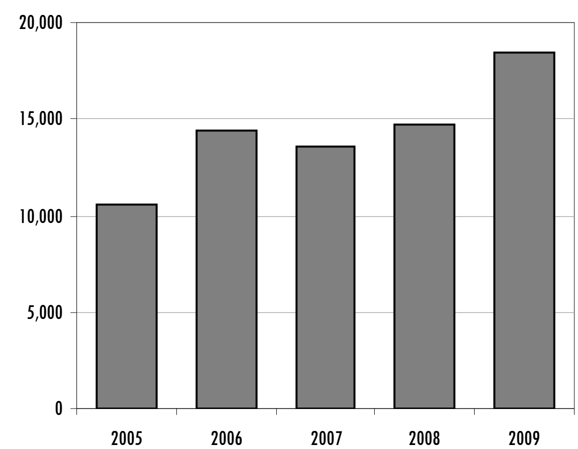
The Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE) was established in 1965 by the Fifty-ninth Texas Legislature to develop standards for improving law enforcement in Texas. The commission is composed of nine members appointed by the Governor with the advice and consent of the Senate. The agency's mission is to ensure that Texas citizens are served by highly trained and ethical law enforcement and corrections personnel through screening, developing and monitoring resources for continuing education, and setting standards. The agency develops, maintains, and enforces minimum qualifications for the selection, training, and certification of law enforcement personnel and county correctional officers.

Appropriations for the 2010–11 biennium total $6.7 million for TCLEOSE, primarily from General Revenue–Dedicated Funds, and provide for 46 full-time-equivalent (FTE) positions. The agency's appropriations include an increase of $0.3 million in General Revenue–Dedicated Funds for salaries and wages, $0.2 million in General Revenue–Dedicated Funds for scanning documents for electronic retrieval, and $0.1 million in All Funds for the replacement and upgrade of the agency's telephone system. Agency operations and its continuing education program are funded by a portion of the fee assessed against all persons convicted of a criminal offense.

The agency's goals are to license and approve law enforcement development courses, to regulate standards and practices, and to provide technical assistance to its licensees. TCLEOSE accomplishes these goals by issuing licenses and certificates to individuals who demonstrate required competencies; managing the development, delivery, and quality of law enforcement training and education; revoking, suspending, or cancelling licenses; and reprimanding licensees for violations of statutes or TCLEOSE rules. The agency develops and maintains training courses, licenses and evaluates training academies and their instructors, and administers licensing examinations. The agency also conducts audits and investigations to enforce its rules and standards and to verify licensees' qualifications.

TCLEOSE administers professional programs for the licensing and continuing education of more than 97,400 active law enforcement and corrections personnel who hold more than 110,000 licenses and are employed by more than 2,600 state and local government agencies. Unlike peace officer standards and training commissions in most states, TCLEOSE does not operate a police academy. State and local governments may be licensed to operate training academies with a curriculum that must conform to basic standards. There are 103 licensed law enforcement academies in Texas plus 182 contractual training providers who offered more than 81,000 law enforcement training courses during fiscal year 2009. Four public and private institutions of higher education in conjunction with secondary schools provide preparatory college-level law enforcement programs. TCLEOSE maintains a statewide network of 66 facilities for administering licensing examinations. During fiscal year 2009, TCLEOSE administered 8,647 licensing exams and issued 18,397 new licenses. **Figure 276** shows the number of new licenses issued to individuals increasing each year from fiscal year 2007 to fiscal year 2009.

FIGURE 276
NEW LICENSES ISSUED TO INDIVIDUALS
FISCAL YEARS 2005 TO 2009



SOURCE: Texas Commission on Law Enforcement Officer Standards and Education.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TCLEOSE. House Bill 3389 and House Bill 2799 are among the most significant.

House Bill 3389 is the agency's Sunset legislation. Enactment continues TCLEOSE for another 12 years and makes these notable amendments to the Occupations Code:

- TCLEOSE is required to develop and implement electronic submission methods for information the commission requires from law enforcement agencies.

- TCLEOSE is required to clearly outline its enforcement process, adopt procedures, and make information about the process available to licensees and the public.
- TCLEOSE is authorized to levy administrative penalties against law enforcement agencies that violate the commission's statute or rules.
- TCLEOSE is to begin disciplinary procedures against the chief administrator of an agency that has intentionally failed to submit any of the statutorily required racial profiling reports regarding motor vehicle stops in which a citation or arrest was made.

Enactment of House Bill 2799 requires persons who qualify for peace officer licenses but have not yet been appointed as peace officers to abide by the same TCLEOSE reporting rules as other peace officers.

DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety of the State of Texas (DPS) was established in 1935 by the Forty-fourth Legislature with the transfer of the State Highway Motor Patrol from the State Highway Department and the Texas Ranger Force from the Adjutant General's Department. Since that time, DPS has been assigned additional law enforcement and regulatory duties and more responsibility for disaster emergency management. Oversight of DPS is vested in the Public Safety Commission, a five-member board appointed by the Governor and confirmed by the Senate. Its mission is to serve the people of Texas by enforcing laws protecting and promoting public safety and providing for the prevention and detection of crime.

Appropriations for the 2010–11 biennium total $1.7 billion in All Funds and provide for 8,600 full-time-equivalent (FTE) positions in fiscal year 2010 and 8,619 FTE positions in fiscal year 2011. This is a $288.1 million decrease in All Funds relative to 2008–09 expenditure levels. Federal funding provided for disaster relief in fiscal year 2008 is the primary reason expenditure levels were higher in the 2008–09 biennium than appropriations made for the 2010–11 biennium. Appropriations for the 2010–11 biennium include $294.5 million in General Revenue Funds and General Revenue–Dedicated Funds, or 17 percent of the agency's appropriations. Approximately 50.9 percent ($882.1 million) of the agency's appropriation is from the State Highway Fund (Other Funds).

The agency's 2010–11 appropriation includes $73.1 million in All Funds for border security operations, including funding for overtime and operational costs for DPS and local law enforcement border security initiatives, joint operation and intelligence centers, a border security operations center, a new crime lab in Laredo, upgrades to Texas Task Force II, additional DPS personnel, and aviation support. As outlined in the State Budget Overview, additional funds for border security were appropriated to the Parks and Wildlife Department, the Department of Criminal Justice, and Trusteed Programs within the Office of the Governor.

The agency's 2010–11 appropriation includes State Highway Fund increases of $44.6 million for information technology, $18.1 million for 300 additional patrol vehicles, $15 million for the transition of commissioned employees to a civilian management model in the Driver License Division, $12.4 million for operational costs for the Texas Data Exchange (TDEx), and $6.4 million for additional personnel. In addition to these amounts, the agency received appropriations of $19.3 million in All Funds for salary increases for the agency's commissioned peace officers and $2.5 million in General Revenue Funds for operational costs for the Emergency Vehicle Operations Course. Appropriations also include $16.1 million in new General Obligation bond proceeds (Other Funds) for deferred maintenance related to the agency's building program and a new crime lab in Laredo.

The agency performs five primary functions: (1) Law Enforcement on Highways; (2) Driver Safety and Records; (3) Prevent and Reduce Crime; (4) Emergency Management; and (5) Regulatory Programs.

LAW ENFORCEMENT ON HIGHWAYS

The Law Enforcement on Highways function is accomplished through various strategies including Highway Patrol, Commercial Vehicle Enforcement, Vehicle Inspection Program, Forensic Breath Alcohol Lab Service, and Capitol Complex Security. The goal of Law Enforcement on Highways is to promote traffic safety, preserve the peace, and detect and prevent crime on the highways. Appropriations for Law Enforcement on Highways for the 2010–11 biennium total $519.6 million and provide for 3,500 FTE positions each fiscal year.

DRIVER SAFETY AND RECORDS

The Driver Safety and Records function includes Driver License and Records, Driver License Reengineering, and Motorcycle Operator Training. The goal of Driver Safety and Records is to ensure the competency of Texas drivers through licensing and managing licensing records. Driver Safety and Records is appropriated $183.9 million and provided with 1,869 FTE positions for the 2010–11 biennium.

PREVENT AND REDUCE CRIME

The Prevent and Reduce Crime function includes Narcotics Enforcement, Vehicle Theft Enforcement, Criminal Intelligence Service, the Texas Rangers, Crime Labs, and Information Analysis. The focus of this goal is to promote the preservation of the peace and the reduction of crime. Appropriations for the 2010–11 biennium total $236.4 million and provide for 1,403 FTE positions in fiscal year 2010 and 1,424 FTE positions in fiscal year 2011.

EMERGENCY MANAGEMENT

The Emergency Management function is addressed through Emergency Preparedness, Response Coordination, Recovery and Mitigation, the Emergency Operations Center, and Local Border Security. The goal of Emergency Management is to respond in a timely fashion to emergencies and disasters and to administer a comprehensive statewide emergency management program. Appropriations for Emergency Management for the 2010–11 biennium total $321.6 million and provide for 72 FTE positions each fiscal year.

REGULATORY PROGRAMS

The Regulatory Programs function includes Concealed Handgun Licensing and the Private Security Board. Regulatory programs examine qualified applicants and license people who are proficient and competent as concealed handgun and private security licensees. The enactment of Senate Bill 1005, Eighty-first Legislature, Regular Session, 2009, transfers the appropriations and functions of Polygraph Examiners to the Department of Licensing and Regulation effective January 1, 2010. Appropriations for regulatory programs total $18.8 million for the 2010–11 biennium and provide for 129 FTE positions in fiscal year 2010 and 127 FTE positions in fiscal year 2011.

INDIRECT ADMINISTRATION AND SUPPORT

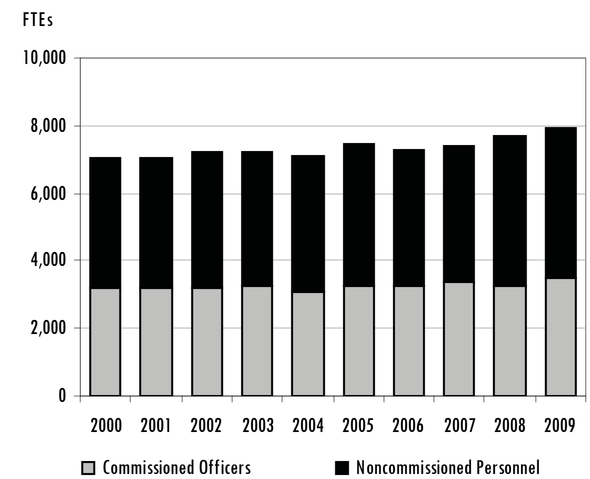
The DPS budget also includes an Indirect Administration and Support function including Central Administration, Information Resources, Regional Administration, Communications Service, Crime Records, Physical Plant, Training Academy Education Courses, Recruit Schools, Fleet Operations, Aircraft Operations, and Other Support Services. Appropriations total $452.6 million for the 2010–11 biennium including $16.1 million in new General Obligation bond proceeds for the agency's building program. Activities in this goal include the agency's internal audit, legal services, executive services, public information and media services, budget and financial operations, administration, training academy, vehicle maintenance and outfitting, communications, facilities maintenance and construction, crime records, aircraft operations, recruit schools, and human resources.

AGENCY STRUCTURE

The agency is organized into six major divisions: Texas Highway Patrol, Driver License, Criminal Law Enforcement, the Texas Rangers, the Texas Division of Emergency Management, and Administration. As of this writing, DPS is undergoing an organizational review. The agency structure described here may change as a result of the review.

As shown in **Figure 277**, the total number of DPS FTE positions increased from 7,055 in fiscal year 2000 to over 7,900 in fiscal year 2009. The number of commissioned peace officers increased from 3,207 to 3,495 during the same period. The agency attributes the increase in commissioned officers during fiscal year 2009 to larger numbers of trooper trainees in each recruit school class.

FIGURE 277
COMMISSIONED AND NONCOMMISSIONED STAFF
FISCAL YEARS 2000 TO 2009



Source: Department of Public Safety of the State of Texas.

TEXAS HIGHWAY PATROL DIVISION

The Texas Highway Patrol (THP) supervises traffic on Texas roadways and administers the Breath Alcohol Testing, Vehicle Inspection, and Vehicle Emission programs. The division also assists in criminal law enforcement and disaster response activities and provides security and law enforcement for the State Capitol and the Capitol complex. THP is the largest division in DPS and includes four specialized field services: Highway Patrol, Commercial Vehicle Enforcement, Vehicle Inspection, and Communications. The division also includes the Motor Carrier Bureau, the Bureau of Law Enforcement Communications and Technology, and the Forensic Breath Alcohol Laboratory.

HIGHWAY PATROL

The Highway Patrol Service works to ensure safe travel by patrolling traffic on Texas' public roadways, taking appropriate enforcement action against violators, investigating vehicle accidents, assisting motorists, directing traffic, performing criminal interdiction, investigating fraudulent document cases, providing disaster-related assistance, and providing security for the State Capitol building and Capitol complex. Highway Patrol troopers provide educational programs for Texas citizens about traffic safety, crime prevention, and laws relating to illegal drugs. They provide security and patrol services for public roadways, buildings, and parking garages in the Capitol complex. Troopers conduct security audits for state-owned buildings and property, regulate parking facilities within the Capitol complex, and investigate all criminal incidents occurring on public property within the Capitol complex and at all other state facilities. The Highway Patrol Service is divided into 19 districts statewide. During fiscal year 2009, the service made 3.4 million traffic law violator contacts.

COMMERCIAL VEHICLE ENFORCEMENT SERVICE

The Commercial Vehicle Enforcement Service supervises commercial vehicle traffic on Texas highways. Troopers enforce statutes regulating size, weight, equipment, and registration of commercial vehicles. The service also enforces the Texas Motor Carrier Safety statutes, which are the state's equivalent to federal interstate regulations for commercial traffic. During fiscal year 2009, the Commercial Vehicle Enforcement Service made approximately 1.5 million contacts with motor carrier traffic law violators. The Motor Carrier Bureau supports the Commercial Vehicle Enforcement Service by maintaining records, arrest files, and carrier profiles as well as conducting compliance reviews of motor carrier operations throughout the state.

VEHICLE INSPECTION SERVICE

The Vehicle Inspection Service certifies vehicle inspectors and inspection stations, monitors and ensures compliance with inspection standards, and supervises vehicle emission programs aimed at meeting federal clean air requirements. The Service also inspects and certifies vehicle ignition interlock service centers, tests and certifies each center's service representatives, and ensures compliance with industry standards for breath alcohol ignition interlock devices.

BUREAU OF LAW ENFORCEMENT COMMUNICATIONS AND TECHNOLOGY

The Bureau of Law Enforcement Communications and Technology consists of three functional areas: the Communications Service, the Wireless Radio Frequency and Interoperability Section, and the Mobile Technology and Information Section. The Communications Service operates 32 radio facilities statewide on a 24-hour basis, providing vital assistance to DPS, other state agencies, and other law enforcement officers. Its network provides access to the Texas Crime Information Center (TCIC) and National Crime Information Center (NCIC), vehicle registration files at the Texas Department of Transportation, and DPS driver license issuance data. The Bureau is also involved in the planning and implementation of radio interoperability throughout the state.

FORENSIC BREATH ALCOHOL LABORATORY

The Forensic Breath Alcohol Laboratory supervises and maintains a statewide breath-alcohol program, trains program operators, and testifies to the validity of laboratory findings in court. The laboratory analyses are performed in response to driving and boating while intoxicated offenses and the enforcement of Commercial Driver License statutes. More than 42,000 breath-alcohol tests were supervised during fiscal year 2009.

DRIVER LICENSE DIVISION

The Driver License Division administers the state's driver license program. The division ensures the competency of Texas drivers by testing new drivers, determining the eligibility of renewal applicants, and suspending the licenses of problem drivers. The division administered more than 5.2 million driver license examinations during fiscal year 2009.

The Driver Licensing Headquarters Service, which is part of the Driver License Division, supports enforcement of the driver license, commercial driver, motor vehicle traffic, and safety responsibility laws of Texas. The Administrative License Revocation Service, also part of the Driver License Division, is responsible for preparing and presenting contested license-suspension cases before the State Office of Administrative Hearings.

The Driver License Division is in the final implementation stages of the Driver License Reengineering Project. The objective of this project is to produce a more secure driver license and identification card system and to combat identity theft. During fiscal years 2004 to 2005, funds for this project came from a $1 fee increase on motor vehicle registrations. During fiscal years 2006 to 2007, the agency received appropriations of $15.9 million for 26 FTE positions to continue the project. DPS was also appropriated $7.4 million for an image verification system that will allow the agency to prevent issuance of a license or identification card to an individual attempting to establish a fraudulent identity and will assist in locating multiple records belonging to the same individual. In fiscal year 2009, DPS staggered the implementation of the new computer system to various driver license offices around the state and provided technology training to driver license examiners to improve customer wait times.

Included in the 2010–11 appropriations for the Driver License Division is $15 million in State Highway Funds (Other Funds) and 160 additional FTE positions per year for the transition of commissioned employees to a civilian management model. The Sunset Advisory Commission recommended this change because obtaining and renewing driver licenses and identification cards are primarily consumer service functions. As part of the transition to a civilian management model, 264 commissioned FTE positions in fiscal years 2010–11 were transferred from the Driver License Division to Highway Patrol.

CRIMINAL LAW ENFORCEMENT DIVISION

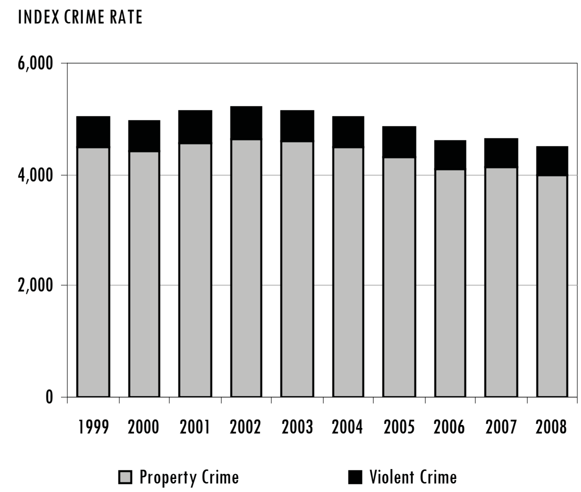
The Criminal Law Enforcement (CLE) Division provides statewide criminal law enforcement and works closely in many investigations with city, county, and federal law enforcement and criminal justice agencies. The CLE Division consists of four services: Narcotics, Motor Vehicle Theft, Criminal Intelligence, and Crime Laboratory.

A nationally standardized measure of crime is the Index Crime Rate (**Figure 278**). The Index Crime Rate consists of certain offenses and is adjusted for population. The seven index offenses are murder, forcible rape, robbery, aggravated assault, burglary, larceny–theft, and motor vehicle theft. The Index Crime Rate has shown a marked decrease in Texas since 1988 when it reached a high of 8,020 crimes per 100,000 population. In calendar year 2008, the most recent year for which data are available, the rate was 4,495 crimes per 100,000 population.

NARCOTICS SERVICE

The Narcotics Service seeks to deter organizations and individuals involved in the illegal distribution of drugs by apprehending drug traffickers, seizing illegal drugs, and educating the public on the effects of narcotics. Specifically, it attempts to prevent drug smuggling, eliminate clandestine drug laboratories, and eradicate the domestic production of marijuana. The Narcotics Service also administers programs regulating the distribution of legally controlled substances,

FIGURE 278
INDEX CRIME RATE PER 100,000 POPULATION
CALENDAR YEARS 1999 TO 2008



SOURCE: Department of Public Safety of the State of Texas.

precursor chemicals, and laboratory apparatuses in Texas. During fiscal year 2009, investigations by the Narcotics Service led to 1,487 arrests.

MOTOR VEHICLE THEFT SERVICE

The Motor Vehicle Theft Service works to reduce the number of stolen vehicles crossing the border into Mexico and to stop the proliferation of "chop shops," where stolen vehicles are disassembled and the parts sold. Other duties of the service include disrupting criminal organizations involved in motor vehicle theft, cargo theft, pari-mutuel racing, illegal gambling, and human trafficking. The Motor Vehicle Theft Service also operates the Border Auto Theft Information Center, which provides data to law enforcement on vehicles reported stolen in both the United States and Mexico. The service also provides training to local and state law enforcement agencies on recognizing and identifying stolen vehicles.

CRIMINAL INTELLIGENCE SERVICE

The Criminal Intelligence Service provides criminal law enforcement support, conducts special criminal investigations, apprehends fugitives, tracks organized gang activity, manages the sex offender compliance program and the Missing Persons Clearinghouse, and shares information about criminals with other DPS officers and local law enforcement agencies. The Criminal Intelligence Service acts as the focal point for intelligence gathering, threat assessment, and criminal investigations within the state. The gang section's focus is on disrupting gang activity and hierarchies with investigations on transnational, prison, and major street gangs. The Fugitive Apprehension Program is managed by the service with a focus on locating the Texas 10 most wanted fugitives as well as fugitive sex offenders and gang members. Investigations by the Criminal Intelligence Service during fiscal year 2009 led to 1,413 arrests.

CRIME LABORATORY SERVICE

The Crime Laboratory Service provides forensic laboratory services to requesting criminal justice agencies in the areas of firearms, drug analysis, toxicology, serology/DNA, trace evidence, documents, photography, and latent fingerprints. A headquarters laboratory is located in Austin with 12 field laboratories located throughout the state. The Crime Laboratory Service manages the Combined DNA Index System laboratory.

TEXAS RANGER DIVISION

The Texas Ranger Division's primary responsibilities include major crime investigation, border security, and investigation of public corruption and criminal conduct by DPS employees. The Rangers specialize in and assist local police agencies with investigating felony offenses such as murder, sexual assault, and robbery. The Texas Ranger Division also operates the Unsolved Crimes Investigation Team, which investigates murder cases or linked criminal transactions that are no longer active within other law enforcement agencies. During fiscal year 2009, criminal investigations by the Texas Rangers resulted in 1,726 arrests.

TEXAS DIVISION OF EMERGENCY MANAGEMENT

The Texas Division of Emergency Management (TDEM) assists local jurisdictions in responding to major emergencies and disasters, including hurricanes, tornadoes, floods, wildfires, and hazardous material spills. TDEM maintains state emergency plans, reviews local emergency plans, and conducts emergency management training for local officials as well as state and local emergency responders. TDEM coordinates state disaster response operations with local governments, federal agencies, volunteer groups, and private sector partners. During fiscal year 2009, the division coordinated the state response for more than 5,000 local incidents. TDEM manages the State Operations Center (SOC), which serves as the focal point for state weather and health warning systems and is the control facility for emergency operations. The enactment of House Bill 2730, Eighty-first Legislature, Regular Session, 2009, changed the name of the Governor's Division of Emergency Management to the Texas Division of Emergency Management, clarified that TDEM is a division of DPS, and specified that the DPS director appoints the chief of TDEM with the approval of the Governor.

Chapter 421, Texas Government Code, requires the Office of the Governor to allocate available federal and state grants and other funding related to homeland security to state and local agencies that perform homeland security activities. It also requires the Office of the Governor to designate a state administrative agency to oversee funding received by the state for homeland security. TDEM has been designated as the state administrative agency since fiscal year 2005. TDEM administers millions of dollars in federal and state disaster recovery and hazard mitigation grants to local governments, school districts, and state agencies. As part of this role, TDEM also performs compliance monitoring, auditing, and inspections related to state homeland security.

ADMINISTRATIVE DIVISION

Administrative programs support all divisions and services within the agency by providing the essential infrastructure, equipment, vehicles, supplies, and human resource mechanisms to accomplish the goals of the agency. These programs include training of all agency commissioned officers, services to minimize the effects of job stress on employees, and services to improve the lives of crime victims and communities affected by crime. One section under the Administrative Division is the Office of Audit and Inspection, which conducts detailed examinations and audits of DPS performance standards. The Information Management Service operates the agency's computer center, which provides essential law enforcement information to DPS and to federal and local law enforcement agencies.

CRIME RECORDS SERVICE

The Crime Records Service maintains a centralized state repository for criminal arrest records and serves as the state control terminal for TCIC and NCIC. The service also operates the State Uniform Crime Reporting Program, the Automated Fingerprint Identification System, the Sex Offender Registry, and the Computerized Criminal History System.

REGULATORY LICENSING SERVICE

The Regulatory Licensing Service includes two sections, the Concealed Handgun Licensing Bureau and the Private Security Bureau, and is responsible for concealed handgun and private security licensing and regulation.

The Concealed Handgun Licensing Bureau administers the concealed handgun licensing program. The bureau licenses persons to carry concealed handguns, certifies instructors to train license applicants, performs background and criminal history checks on license applicants, and administers a renewal process for existing eligible license holders. The bureau issued 74,302 handgun licenses and processed 40,834 license renewals during fiscal year 2009.

The Board of Private Investigators and Private Security Agencies was established in 1969 to regulate private investigation and security services through licensing, education, and enforcement. It was renamed the Texas Commission on Private Security (TCPS) in 1999. In 2003, the Seventy-eighth Legislature abolished TCPS, established the Texas Private Security Board in its place, and transferred all private security functions and activities to DPS effective February 1, 2004. Now known as the Private Security Bureau, this section of DPS is responsible for the licensing and enforcement of approximately 135,800 active and renewal licenses for private investigators and private security personnel and the companies for which they work. The bureau licenses such diverse occupations as security guard, alarm salesperson, guard dog trainer, private investigator, bodyguard, and locksmith.

POLYGRAPH EXAMINERS BOARD

The Polygraph Examiners Board (PEB) was established as a distinct state agency in 1981 to regulate the polygraph industry by enforcing education and instrumentation standards. The Seventy-seventh Legislature, 2001, incorporated PEB appropriations into the DPS budget structure and directed DPS to provide administrative support to the PEB. Following the enactment of Senate Bill 1005, Eighty-first Legislature, Regular Session, 2009, appropriations and functions of PEB are transferred to the Department of Licensing and Regulation effective January 1, 2010.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted various bills that affect the Department of Public Safety and the laws the agency is responsible for enforcing, 10 of which are discussed here. Enactment of House Bill 2730, the agency's Sunset legislation, continues the agency until 2015 and makes several changes to the laws governing the agency. The legislation changes the Governor's Division of Emergency Management to the Texas Division of Emergency Management, clarifies that it is a division of DPS, and specifies that DPS' director appoints the chief of TDEM with the approval of the Governor. The legislation authorizes the Private Security Board to license by endorsement to streamline the licensing process and reduce regulation; eliminates fee caps in the Private Security Act; and increases the maximum administrative penalty under the Private Security Act from $500 to $5,000. The legislation establishes an Office of Inspector General and authorizes DPS to put the classroom portion of the concealed handgun licensing renewal class and written test online. The legislation requires the Sunset Advisory Commission to conduct a limited scope review of DPS in fiscal year 2011 to study the agency's implementation of an information technology audit and the civilian business management model for the Driver License program. The legislation makes changes to the Driver Responsibility Program, including implementing payment plans and reducing or eliminating payments for customers found to be indigent.

Enactment of House Bill 55 prohibits the use of wireless communication devices, other than hands-free devices, in a school zone if the vehicle is moving except in certain emergency situations.

Enactment of House Bill 537 requires all occupants who are at least 15 years of age or older that ride in a vehicle to be secured by a safety belt, without deference to where they are seated in the vehicle, if the seat is equipped with a safety belt.

Enactment of House Bill 1831, the omnibus emergency management legislation, provides additional requirements for local and state entities to comply with various disaster preparedness and emergency management provisions; requires updates to provisions within the State Emergency Management plan; and specifies numerous processes for individuals and emergency management personnel to follow regarding reentry, credentialing, and coordinated responses to emergency management situations.

Enactment of House Bill 2086, the omnibus gang bill, allows electronic monitoring for gang members, creates gang-free zones, authorizes civil actions against gang members for damages they cause, and creates a Public Corruption Unit within DPS.

Enactment of House Bill 3594 requires counties with populations less than 100,000 that possess biological evidence used to convict particular homicide, sexual offenses, and assaultive offenses to deliver the evidence to DPS, which is required to store the evidence for further consideration by the courts.

Enactment of Senate Bill 61 requires any child younger than 8 years of age be restrained in an approved child passenger safety seat in a vehicle unless the child is at least 4 feet, 9 inches tall.

Enactment of Senate Bill 418 requires all criminal justice agencies to provide data for the statewide gang intelligence database.

Enactment of Senate Bill 727 establishes additional court costs for persons placed on community supervision, including deferred adjudication and supervision for certain felony juvenile adjudications, if the person is required to submit a biological sample for the DPS DNA database system.

Enactment of Senate Bill 1005 abolishes the Polygraph Examiners Board and transfers the regulation of polygraph examiners to the Department of Licensing and Regulation.

YOUTH COMMISSION

The Texas Youth Council was established in 1957, although the first state school opened in Gatesville in January 1889. In 1983, the Legislature renamed the Texas Youth Council the Texas Youth Commission (TYC). TYC's mission is to promote public safety by operating juvenile correctional facilities and by partnering with youth, families, and communities to provide a safe and secure environment where youth in the agency's care and custody receive individualized education, treatment, life skills and employment training, and positive role modeling to facilitate successful community reintegration.

The agency operates both institutional and community-based residential programs for juvenile offenders and supervises them after their release from the programs. Additionally, the agency contracts with private sector providers for residential programs, group homes, vocational training programs, residential treatment centers, foster care, and nonresidential services. A TYC case manager is assigned to monitor compliance with TYC standards and the juvenile offender's progress while in a contract care program.

In March 2007, the Governor appointed a conservator over the agency in response to concerns about agency operations and the treatment of youth in its care. Enactment of Senate Bill 103, Eightieth Legislature, 2007, made significant changes to TYC operations, including the manner in which the agency was governed. The Governor ended the conservatorship and appointed an executive commissioner in October 2008. In accordance with the legislation, in September 2009 the Governor appointed a governing board that then hired an executive director.

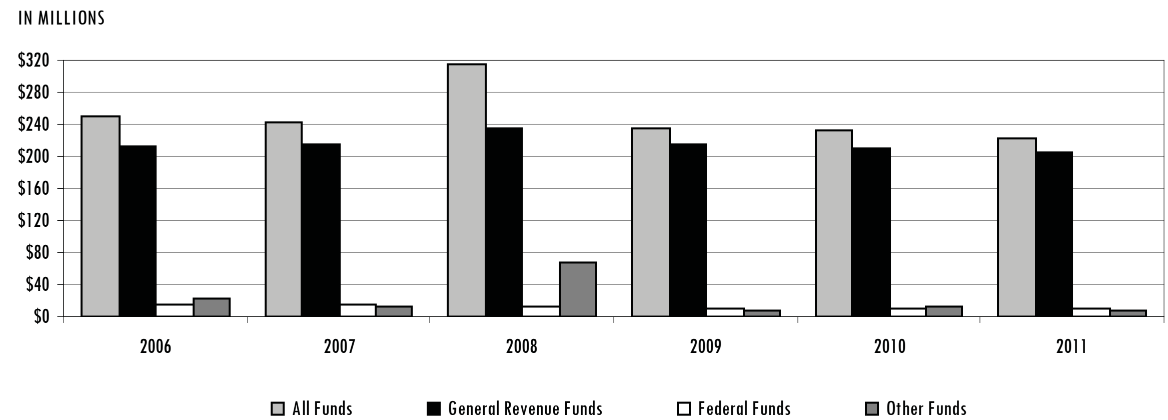
Provisions of Senate Bill 103 (2007) also require a 1:12 staff to youth supervision ratio; eliminate the commitment of misdemeanants to TYC; require the agency to release, parole, or transfer to the Texas Department of Criminal Justice (TDCJ) youth who become 19 years of age in TYC custody; create an Office of the Inspector General to investigate abuse, neglect, or exploitation of TYC youth; and create the Office of Independent Ombudsman to ensure youth supervised by TYC have access to services and grievance procedures. The agency was required to develop a rehabilitation plan to aide in implementing these mandates. The agency's rehabilitation plan includes reducing bed capacity in TYC facilities, improving safety and security measures, and creating a more centralized, uniform method of managing facilities in remote areas.

The Eighty-first Legislature, Regular Session, 2009, provided an additional $50 million to the Texas Juvenile Probation Commission (TJPC) for distribution to juvenile probation departments to reduce commitments to TYC and for a juvenile justice information system in the 2010–11 biennium. To address the reduced commitments, TYC will close two facilities at the end of fiscal year 2010. The anticipated average TYC residential population is 2,414 in fiscal year 2010 and 2,318 in fiscal year 2011. The maximum number of full-time-equivalent (FTE) positions for TYC is reduced from 4,274 in fiscal year 2009 to 3,934 in fiscal year 2010 and to 3,705 in fiscal year 2011. Appropriations for the 2010–11 biennium total $455.9 million, including $8 million for juvenile correctional officer salary increases; $6 million for other institutional and halfway house staff salary increases; $2.1 million for regional specialized treatment programs; $2 million for automated assessment and data sharing systems; and $0.6 million for community reentry and specialized aftercare programs. Of the total appropriation, $415.1 million, or 91.1 percent, is General Revenue Funds. **Figure 279** shows the TYC appropriations for fiscal years 2006 to 2011. Appropriations to TYC have been reduced each year since fiscal year 2008 as a result of reduced residential populations.

Figure 280 shows the total new commitments to TYC for fiscal years 2000 to 2009, and the total number of intakes to TYC facilities. New commitments include all juvenile offenders sent to TYC for the first time. The total number of intakes includes new commitments, recommitments by the court system, parole revocations, and juvenile offenders returned to residential programs by TYC. The number of intakes and new commitments has decreased significantly since fiscal year 2006.

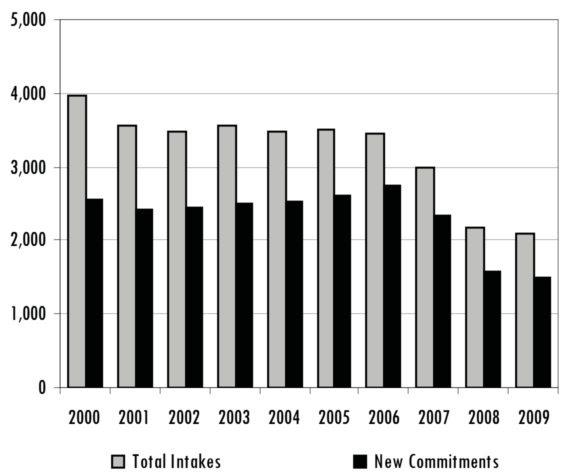
Nine of the agency's primary functions are (1) Assessment and Orientation; (2) Institutional Services; (3) Contracted Capacity; (4) Construct and Renovate Facilities; (5) Education and Workforce Programs; (6) Healthcare and Mental Health Services; (7) Specialized Correctional Treatment; (8) Parole Services; and (9) Office of the Inspector General. The Office of the Independent Ombudsman is a separate state agency that works closely with TYC regarding rights and protection of juvenile offenders supervised by TYC.

FIGURE 279
TEXAS YOUTH COMMISSION APPROPRIATIONS
FISCAL YEARS 2006 TO 2011



Source: Legislative Budget Board.

FIGURE 280
TOTAL INTAKES AND NEW COMMITMENTS TO TYC
FISCAL YEARS 2000 TO 2009



Source: Texas Youth Commission.

ASSESSMENT AND ORIENTATION

Assessment and orientation operations are performed at the McLennan County State Juvenile Correctional Facility in Mart for male offenders and at the Ron Jackson State Juvenile Correctional Complex in Brownwood for female offenders. During the assessment and orientation process, staff conduct medical, educational, and psychological testing, produce complete social summaries, and recommend an initial facility assignment. Psychiatric consultants perform comprehensive psychiatric evaluations for juvenile offenders who have been prescribed psychotropic medication within six months prior to admission to TYC, for juveniles assigned a minimum length-of-stay of one year or longer, and for other juvenile offenders referred by assessment staff. At the conclusion of a juvenile's stay at the assessment and orientation facilities, the juvenile is placed in one of TYC's residential programs. The Centralized Placement Unit staff decides where each juvenile offender will be placed. Appropriations for assessment and orientation total $8.5 million for the 2010–11 biennium and provide for 65 FTE positions.

INSTITUTIONAL SERVICES

The agency currently operates 10 institutional facilities and 9 halfway houses. **Figure 281** shows TYC bed capacity at each of its institutional facilities. West Texas State School and Victory Field Correctional Academy will close by August 31, 2010, thereby reducing the agency's total capacity to 2,167 beds in fiscal year 2011. **Figure 282** shows the distribution of TYC facilities throughout the state.

There are two major categories of offenders at TYC. "Committed" juveniles are sent to TYC by the juvenile courts after adjudication. TYC is given custody of these juvenile offenders and administratively determines how long they will stay, what type of services they will receive, and when they will be allowed to leave. "Sentenced" offenders are given a specific sentence to TYC under the determinate-sentencing statutes by the juvenile court. A juvenile court may commit or sentence a youth to TYC for any felony offense or for violation of felony probation.

The determinate-sentencing law was adopted by the Seventieth Legislature in 1987, and the law's provisions were significantly modified effective January 1, 1996. Under the revised statute, youths 10 to 16 years of age may be sentenced

FIGURE 281
TYC FACILITY CAPACITY
FISCAL YEARS 2004 TO 2011

INSTITUTION	2004	2005	2006	2007	2008	2009	2010	2011
Al Price State Juvenile Correctional Facility	312	312	312	312	216	216	148	148
Corsicana Residential Treatment Center	198	198	198	198	187	187	145	145
Crockett State School	264	264	264	264	208	208	208	208
Evins Regional Juvenile Center	240	240	240	240	176	176	176	176
Gainesville State School	340	340	340	340	288	288	288	288
Giddings State School	376	376	376	376	320	320	272	320
Marlin Orientation & Assessment Unit[1]	436	436	436	436	0	0	0	0
McLennan County State Juvenile Correctional Facility	672	672	672	672	592	592	394	394
Ron Jackson State Juvenile Correctional Complex	460	460	460	460	364	364	270	270
San Saba State School[2]	356	356	356	356	0	0	0	0
Sheffield Boot Camp[3]	128	128	128	128	0	0	0	0
Victory Field Correctional Academy	336	336	336	336	336	336	96	0
West Texas State School	240	240	240	240	240	240	48	0
Subtotal, Institutions	**4,358**	**4,358**	**4,358**	**4,358**	**2,927**	**2,927**	**2,045**	**1949**
Halfway Houses	**218**	**218**	**218**	**218**	**218**	**218**	**218**	**218**
TOTAL CAPACITY, STATE-OPERATED FACILITIES	**4,576**	**4,576**	**4,576**	**4,576**	**3,145**	**3,145**	**2,263**	**2,167**

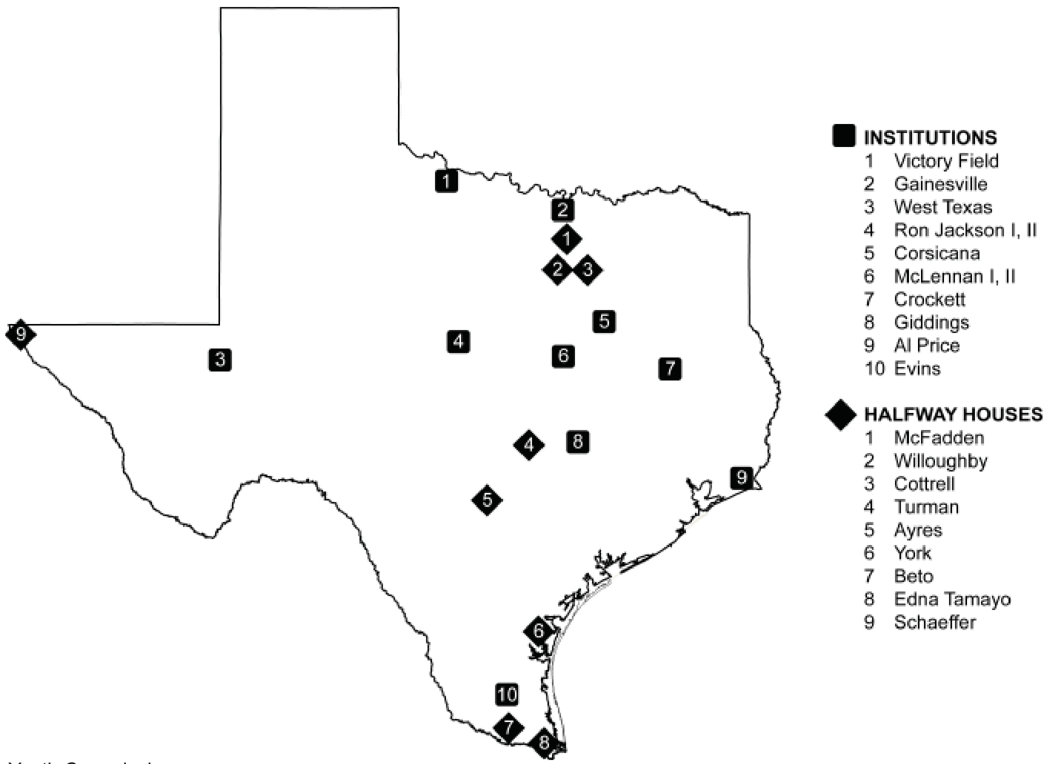
[1]Marlin facility was transferred to the Texas Department of Criminal Justice in August 2007.
[2]San Saba facility was transferred to the Texas Department of Criminal Justice in August 2007.
[3]Sheffield Boot Camp closed in March 2008.
SOURCE: Texas Youth Commission.

to not more than 40 years for a capital, first-degree, or aggravated controlled-substance felony; not more than 20 years for a second-degree felony; and not more than 10 years for a third-degree felony. There are 19 offenses eligible for a juvenile determinate sentence:

- murder;
- capital murder;
- attempted capital murder;
- manslaughter;
- intoxication manslaughter;
- aggravated kidnapping;
- aggravated sexual assault;
- arson resulting in bodily injury or death;
- aggravated robbery;
- habitual felony conduct;
- felony deadly conduct involving discharging a firearm;
- certain offenses involving controlled substances;
- injury to a child, elderly individual, or person with a disability;
- aggravated assault;
- criminal solicitation;
- indecency with a child;
- criminal solicitation of a minor;
- certain attempted violent offenses; and
- criminal conspiracy in the commission of any determinate sentence offense.

Senate Bill 103 (2007) requires TYC to establish a minimum length-of-stay for each juvenile offender without a determinate sentence. The legislation also establishes a minimum length-of-stay review panel to determine if a juvenile offender who completes an original minimum length-of-stay is in need of further rehabilitation.

FIGURE 282
TYC FACILITY LOCATIONS
2010–11 BIENNIUM



Source: Texas Youth Commission.

In fiscal year 2009, 8.8 percent of all juvenile offenders committed to TYC received a determinate sentence. Offenders receiving a determinate sentence usually have a longer length-of-stay than those with an indeterminate sentence. All juveniles committing determinate-sentence offenses are governed by the provisions in effect at the time the offense was committed.

The agency may release a sentenced offender to TYC parole supervision without court approval after 10 years for a capital offense, three years for a first-degree felony, two years for a second-degree felony, and one year for a third-degree felony offense. Following a transfer hearing and depending on an offender's conduct while institutionalized or paroled, the court may transfer an offender who is between the ages of 17 and 19 to confinement in TDCJ. Determinate-sentenced juveniles are transferred to TDCJ custody at age 19 if they have not already been discharged or transferred.

Appropriations for institutional services total $219.1 million for the 2010–11 biennium and provide for 2,404 FTE positions in fiscal year 2010 and 2,213 FTE positions in fiscal year 2011. This is a decrease of $35.3 million from 2008–09 expenditure levels as a result of decreasing populations. The projected average daily population in institutional programs is 1,996 in fiscal year 2010 and 1,900 in fiscal year 2011 (97.5 percent of total institutional capacity). The Eighty-first Legislature, Regular Session, 2009, provided $8 million in General Revenue Funds for pay increases for juvenile correctional officers and $6 million for pay increases for other institutional and halfway house staff.

All juveniles placed in TYC custody take part in treatment programs. The agency's treatment programs address basic behavior by requiring offenders to learn the skills necessary to understand the choices and thinking that lead to criminal acts, to develop empathy for victims, and to develop appropriate values. Rewards and privileges are tied to a juvenile's compliance with specific rules.

CONTRACTED CAPACITY

Contract care facilities are outside the TYC institutional system and provide specialized treatment. These facilities include 24-hour residential treatment and services for female offenders with infants, sex offenders, and individuals affected by chemical dependency. The number of contract care beds depends on whether there is a sufficient number of TYC institutional beds available to serve the residential population. The Eighty-first Legislature, Regular Session, 2009, appropriated $20.2 million for contracted capacity for the 2010–11 biennium, a reduction of $16.8 million from 2008–09 expenditure levels. This funding provides an average of 200 residential contract care beds in fiscal years 2010 and 2011, a reduction of 441 beds per year from 2008–09 appropriated levels. The Eighty-first Legislature increased appropriations to juvenile probation departments to divert juvenile offenders from TYC, thereby reducing the need for contracted capacity.

CONSTRUCT AND RENOVATE FACILITIES

The Eighty-first Legislature, Regular Session, 2009, appropriated $5.6 million in General Obligation bond proceeds for the repair and rehabilitation of existing TYC facilities. The Eightieth Legislature, 2007, appropriated $20 million in General Obligation bond proceeds for reconfiguring dormitories at six facilities to reduce the size of 24-bed open-bay areas to 16 single rooms. The reconfiguration project was approximately 85 percent complete at the end of fiscal year 2009. The Eightieth Legislature also provided $9.8 million in General Obligation bond proceeds for the repair and rehabilitation of existing facilities and $2.9 million for new construction at existing facilities.

EDUCATION AND WORKFORCE PROGRAMS

TYC emphasizes improved educational levels and achievement of a high school diploma or General Equivalency Diploma as critical in reducing recidivism. **Figure 283** shows recidivism rates for TYC released juvenile offenders by year. TYC's workforce development programs offer juvenile offenders opportunities in vocational and skills development through the Career and Technology Education program, employment preparation and career exploration through the Project RIO-Y (Reintegration of Offenders–Youth) program, and employment experience through Campus Work Programs and the Prison Industry Enhancement Program.

TYC employs certified teachers for its academic and vocational programs. Teacher salaries are funded from Foundation School Funds based on a per capita apportionment and from General Revenue Funds. Limited additional funding is available from supplemental federal grants for teacher salaries and for educational diagnosticians who deliver services in special areas such as special education and students with disabilities. Appropriations for education and workforce programs for the 2010–11 biennium total $51.9 million and provide for 415 FTE positions, a reduction of $0.7 million from 2008–09 expenditure levels. Enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, appropriated an additional $0.4 million per year to the Texas Education Agency for transfer to TYC upon approval of a TYC comprehensive plan to improve student reading skills and behavior. The plan includes a three-tier system of

FIGURE 283
RECIDIVISM RATES BY FISCAL YEAR
FISCAL YEARS 2000 TO 2009

FISCAL YEAR*	PERCENT REARRESTED			PERCENT REINCARCERATED		
	VIOLENT OFFENSE	FELONY OFFENSE	ANY OFFENSE	ANY OFFENSE	ANY OFFENSE	FELONY OFFENSE
	1 YEAR	1 YEAR	1 YEAR	1 YEAR	3 YEARS	3 YEARS
2000	7.6	32.8	53.7	29.9	50.7	31.2
2001	8.7	31.1	53.5	31.1	49.3	28.6
2002	7.8	32.2	53.7	26.6	51.0	28.9
2003	8.7	32.4	52.8	24.7	52.2	30.0
2004	7.4	33.3	54.9	26.9	47.6	30.7
2005	8.0	32.4	55.8	26.1	46.7	30.8
2006	8.6	33.0	56.1	26.2	50.1	33.5
2007	9.1	32.3	56.8	23.0	49.1	26.5
2008	9.5	33.2	55.6	19.2	43.3	24.4
2009	11.0	32.9	55.5	22.0	39.6	27.3

*Fiscal year is the year the data is analyzed from a one or three year cohort study.
Source: Texas Youth Commission.

increased instructional intensity to address varied levels of student need.

HEALTHCARE AND MENTAL HEALTH SERVICES

TYC contracts with the University of Texas Medical Branch at Galveston and private providers for medical and mental health care for juveniles in its custody. The Eighty-first Legislature, Regular Session, 2009, appropriated $36.9 million in General Revenue Funds for healthcare services and oversight for the 2010–11 biennium.

In addition, appropriations for mental health services for the 2010–11 biennium total $3.8 million. These appropriations include a $0.9 million decrease from the 2008–09 expenditure levels for mental health services as a result of decreasing populations. The Eightieth Legislature, 2007, required TYC to develop and manage a provider contract to deliver the most effective managed healthcare and mental health services for the best value, and denied potential service providers entitlement to pass-through funding from TYC appropriations.

SPECIALIZED CORRECTIONAL TREATMENT

Intensive treatment is available for juvenile offenders with identified high- and medium-level specialized treatment needs. Specialized treatment includes programs for capital offenders, violent offenders, sex offenders, and offenders with chemical dependency and mental health needs.

Specialized capital offender treatment is provided at the Giddings State School. Specialized violent offender treatment is provided at the Al Price State Juvenile Correctional Facility, the Evins Regional Juvenile Center, the Gainesville State School, and the Ron Jackson State Juvenile Correctional Complex.

Specialized treatment for sex offenders is provided at the Crockett State School, the Giddings State School, the McLennan County State Juvenile Correctional Facility, and the Ron Jackson State Juvenile Correctional Complex. TYC plans to expand sex offender treatment to the Gainesville State School in the 2010–11 biennium.

Specialized chemical dependency treatment is provided at the Al Price State Juvenile Correctional Facility, the Evins Regional Juvenile Center, the Gainesville State School, the Giddings State School, the McLennan County State Juvenile Correctional Facility, the Ron Jackson State Juvenile Correctional Complex, the Victory Field Correctional Academy, the West Texas State School, and the York Halfway House. TYC plans to expand chemical dependency treatment to the Schaeffer Halfway House in the 2010–11 biennium. The Corsicana Residential Treatment Center and the Crockett State School provide specialized treatment for emotional disturbance.

In addition to institutional programs, TYC operates nine halfway house programs in Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Harlingen, McAllen, Roanoke, and San Antonio. Several of these programs provide specialized services for independent-living preparedness and for substance abusers and female offenders. Juvenile offenders receive aftercare follow-up programs at all halfway houses. Appropriations for specialized correctional treatment for the 2010–11 biennium total $12 million, including $2.1 million and 5 FTE positions in fiscal year 2011 for regional specialized treatment programs.

PAROLE SERVICES

TYC operates a parole system for supervision of juveniles released from residential programs. The agency employs parole officers and contracts with juvenile probation departments and a private contractor to provide a level of supervision determined by the risk posed by the juvenile. A juvenile offender's parole may be revoked and the juvenile returned to a TYC institution if the offender violates the conditions of parole. Sentenced offenders who are paroled after age 19 are supervised by adult parole authorities. The administration of TYC community residential facilities and the supervision of juveniles on parole or in contract care programs are organized on a regional basis.

Community reintegration is important to a juvenile offender's success and includes services such as family intervention, education, training, and aftercare programs. TYC is expanding its continuity of care services for paroled juveniles by working closely and sharing information with committing courts and local service providers and contracting with public and private entities to meet a broader range of needs. Appropriations for parole services for the 2010–11 biennium total $18.5 million and include $0.6 million for community reentry and specialized aftercare programs.

OFFICE OF THE INSPECTOR GENERAL

The Eightieth Legislature, 2007, established TYC's Office of Inspector General (OIG) to investigate crimes that occur in TYC and contract facilities and crimes committed by TYC employees. The OIG also operates the Incident Reporting Center, which includes a 24-hour hotline as a means for juveniles, family, staff, and others to report violations and crimes that occur in relation to TYC. When a call is received, the OIG determines if the incident is a criminal, administrative, youth rights, or youth care issue. The complaint is then forwarded to the appropriate division for review and investigation. Appropriations for the 2010–11 biennium total $4.4 million and provide for 40 FTE positions.

OFFICE OF THE INDEPENDENT OMBUDSMAN

The Eightieth Legislature, 2007, created the Office of Independent Ombudsman (OIO) as a separate state agency to investigate, evaluate, and secure the rights of juveniles in TYC facilities and on TYC parole. The OIO provides families of TYC juveniles with a variety of information including a guide to grievance procedures, a family handbook, prevention information, and a parents' bill of rights. Appropriations for this agency are distributed through TYC. The 2010–11 biennial appropriations for the OIO total $0.6 million and provide for five FTE positions.

SIGNIFICANT LEGISLATION

Enactment of House Bill 3689, the agency's Sunset legislation, makes these notable amendments to the statutes governing the agency.

- TYC and TJPC are maintained as separate agencies. TYC is governed by a seven-member board.
- TYC is continued until 2011, when the Sunset Advisory Commission will evaluate the agency's compliance with the provisions of Senate Bill 103, Eightieth Legislature, 2007; requirements placed on the agency by legislation enacted by the Eighty-first Legislature, Regular Session, 2009; and initiatives of TYC and TJPC in coordinating activities and services, including joint strategic planning, sharing of juvenile data across juvenile agencies, assessments and classification of juveniles, and the collection of data on probation outcomes.
- OIO is continued until 2011, and the Sunset Advisory Commission is required to evaluate the OIO's compliance with requirements of legislation enacted by the Eighty-first Legislature, 2009.
- TYC and OIO are required to enter into a memorandum of understanding concerning the development of formal procedures to help ensure timely and informative communication between the two agencies on OIO reports and areas of overlapping responsibility. The OIO is authorized to withhold information concerning matters under active investigation from TYC and to report the information to the Governor.
- TYC is required to assess juvenile offenders in their custody at least every 12 months, and at least 15 days but not more than 30 days before a juvenile is released from TYC. TYC must provide at least 60 minutes per day of individualized reading instruction to juveniles in a TYC educational program who are assessed as having reading deficits. The instruction must be provided by trained educators with expertise in teaching reading to struggling adolescent readers. TYC is prohibited from releasing a juvenile with deficits in reading unless the juvenile participated in reading instruction to the extent required by the legislation and TYC rules.
- TYC is required to provide notice of a juvenile's release to the committing court no later than 30 days before the release date. The agency is required to provide information regarding a juvenile's progress to the committing court upon request. TYC is also required to provide the committing court or the county or state to which the juvenile is being released with the juvenile's reentry and reintegration plan and a report on the juvenile's progress.
- TYC, TJPC, and various other state agencies must adopt a memorandum of understanding (MOU) with the Texas Correctional Office on Offenders with Medical or Mental Impairments (TCOOMMI) for continuity of care for juvenile offenders with mental impairments. TCOOMMI, in coordination with TJPC, TYC, and other participating state and local agencies, must collect data and report on the outcomes of the MOU.
- TYC must develop a comprehensive plan to reduce recidivism and ensure successful reentry of juveniles into the community upon release from state facilities. The agency must research and report by December 1 of even-numbered years whether the plan effectively reduces recidivism.
- TYC and TJPC directors must appoint members to the Coordinated Strategic Planning Committee for the purpose of agency collaboration on a variety of initiatives, including implementation of a common data source and data sharing among TJPC, TYC, and various other state agencies that serve juveniles in the juvenile justice system.
- TYC must specify that the Office of Inspector General has jurisdiction over facilities where juveniles who are committed to TYC are housed or receive medical or mental health treatment.

9. NATURAL RESOURCES

*As shown in **Figure 284**, All Funds appropriations (excluding American Recovery and Reinvestment Act funds) for Natural Resources for the 2010–11 biennium total $3.5 billion, or 1.9 percent of all state appropriations. This amount is a decrease of $30.8 million, or 0.9 percent, from the 2008–09 biennium. **Figure 285** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal year 2006 to 2011 for all natural resources agencies.*

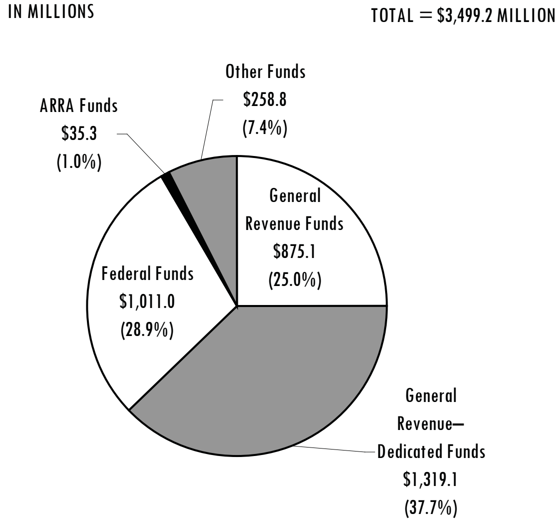
FIGURE 284
ALL FUNDS APPROPRIATIONS FOR NATURAL RESOURCES
2010–11 BIENNIUM

IN MILLIONS

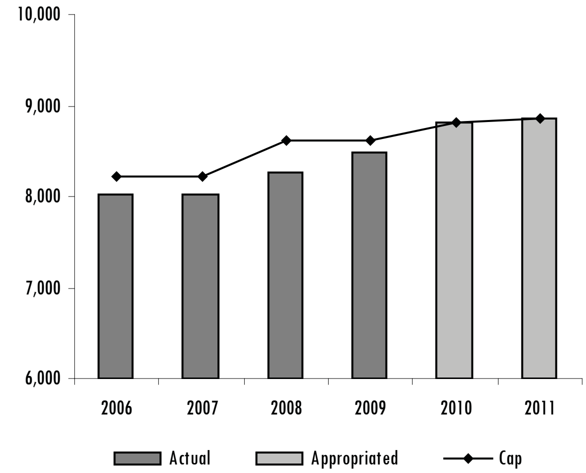
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$797.6	$882.7	85.2	10.7
Animal Health Commission	$29.5	$30.6	1.2	3.9
Commission on Environmental Quality	$1,135.0	$966.0	(169.0)	(14.9)
General Land Office and Veterans' Land Board	$243.2	$166.2	(77.0)	(31.7)
Parks and Wildlife Department[3]	$702.9	$673.0	(29.9)	(4.3)
Railroad Commission	$155.4	$143.4	(12.0)	(7.7)
Soil and Water Conservation Board	$37.0	$57.2	20.2	54.5
Water Development Board	$113.7	$97.7	(15.9)	(14.0)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	$81.1	$199.5	118.5	146.2
SUBTOTAL, NATURAL RESOURCES	**$3,295.3**	**$3,216.4**	**(78.9)**	**(2.4)**
Retirement and Group Insurance	$171.1	$191.1	20.0	11.7
Social Security and Benefit Replacement Pay	$67.4	$69.6	2.2	3.2
SUBTOTAL, EMPLOYEE BENEFITS	**$238.5**	**$260.7**	**22.2**	**9.3**
Bond Debt Service Payments	$15.8	$21.8	6.0	37.9
Lease Payments	$8.4	$7.8	(0.6)	(7.0)
Subtotal, Debt Service	$24.2	$29.6	5.4	22.3
Less Interagency Contracts	$63.4	$42.9	(20.5)	(32.3)
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$3,494.6**	**$3,463.8**	**(30.8)**	**(0.9)**
ARRA Appropriations, Article XII[4]	$0.0	$35.3	35.3	NA
GRAND TOTAL, NATURAL RESOURCES	**$3,494.6**	**$3,499.2**	**4.5**	**0.1**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
[4]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 285
NATURAL RESOURCES APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



Source: Legislative Budget Board.



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

FIGURE 286
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) APPROPRIATIONS FOR NATURAL RESOURCES
2010–11 BIENNIUM

IN MILLIONS AGENCY	REGULAR ALL FUNDS APPROPRIATIONS	ARRA (ART. XII) APPROPRIATIONS[1]	TOTAL APPROPRIATIONS[2]
Department of Agriculture	$882.7	$22.8	$905.5
Commission on Environmental Quality	$966.0	$12.5	$978.5
TOTAL, ARRA APPROPRIATIONS FOR NATURAL RESOURCES		**$35.3**	

[1]ARRA appropriations reflected above include both appropriations made to agencies in Article XII, Section 1, as well as the appropriate allocation to agencies of "Higher Education and Other Government Programs" as outlined by Article XII, Section 25.
[2]In addition to amounts appropriated above, Article XII, Section 3 references $342 million in ARRA funds not appropriated to state agencies, but available for distribution by the Water Development Board to local entities for clean and safe drinking water grants and zero percent interest loans.
Source: Legislative Budget Board.

Natural resource agencies play a major role in the state's economy and in maintaining a healthy environment for Texans. State agencies in Texas charged with the responsibility of influencing the management and development of these resources do so through scientific research, education, preservation, regulation, and remediation. The largest agency in this function of state government is the Texas Commission on Environmental Quality, which protects the state's human and natural resources in a manner consistent with the goals of clean air, clean water, safe management of waste, and pollution prevention.

In recent years, Texas has ranked first among the states in crude oil production, farm income, and farmland acreage, and has ranked fourth in state park acreage. The Legislature has invested significant resources to assess and monitor air and water quality throughout the state; has allocated funds to develop and maintain state and local parks so outdoor recreation opportunities are available to all Texans; and, has provided a significant outlay to finance implementation of the State Water Plan.

Note: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

MAJOR FUNDING ISSUES

The more significant changes in funding for natural resource program areas during the 2010–11 biennium, as compared to 2008–09 spending levels, are as follows:

- an increase of $50.8 million in sporting goods sales tax receipts (General Revenue Funds), to fund state park operations and grants to local governments for park acquisition and development, including $5.5 million for a special needs park in Bexar County for disabled children;
- an increase of $118.5 million in All Funds (including $82.7 million in General Revenue Funds) primarily for debt service requirements on $707.8 million in General Obligation (GO) bond proceeds to finance projects associated with implementing the State Water Plan;
- a net decrease of $156.5 million, mostly in General Revenue–Dedicated Funds appropriated to the Texas Commission on Environmental Quality, which includes a $140.9 million decrease in funding for the Texas Emissions Reduction Plan, resulting in a reduced level of funding for incentive payments for the emissions reduction program and technology research grants, and reduced funding for Petroleum Storage Tank (PST) remediation payments as the program is phased out and ends on September 1, 2011;
- a net decrease of $77 million in General Revenue Funds and Federal Funds from one-time expenditures and federal reimbursements in fiscal year 2009 to the General Land Office for costs of removing debris along the Texas coastline following Hurricane Ike;
- an increase of $20.2 million, mostly in General Revenue Funds, to the Soil and Water Conservation Board to remove water-depleting brush and trees from various watersheds and for operation and maintenance costs, structural repairs, and rehabilitation of flood control dams across the state; and
- an increase of $14.7 million in General Revenue Funds at the Texas Department of Agriculture to forgive bad debt accumulated by the Texas Agricultural Finance Authority.

DEPARTMENT OF AGRICULTURE

The Texas Department of Agriculture (TDA) was established in 1907 pursuant to Chapters 11 and 12 of the Texas Agriculture Code. The agency is headed by the Commissioner of Agriculture, a statewide elected official who serves a four-year term. The agency's mission is to partner with all Texans to make Texas the nation's leader in agriculture, fortify the economy, empower rural communities, promote healthy lifestyles, and cultivate winning strategies for rural, suburban and urban Texas through exceptional service and common threads of agriculture in our daily lives. The agency's duties include promoting Texas products locally, nationally, and internationally; assisting in the development of the agribusiness industry in Texas; regulating the sale, use, and disposal of pesticides and herbicides; controlling destructive plant pests and diseases; ensuring the accuracy of all weighing or measuring devices (e.g., grocery scales or gas pumps) used in commercial transactions; administering child and special nutrition programs; and promoting the production, use, and quality of Texas natural fibers and food protein products.

TDA maintains five regional offices and twelve satellite offices throughout the state. Regional offices are located in Dallas, Houston, Lubbock, San Antonio, and San Juan, with satellite offices in Abiline, Amarillo, Corpus Christi, El Paso, Ft. Worth, Houston, Lubbock, Lufkin, Pharr, San Angelo, San Antonio, and Tyler. In addition, the agency operates six laboratories, and six livestock-export facilities.

Appropriations for the 2010–11 biennium total $882.7 million in All Funds and provide for 666 full-time-equivalent (FTE) positions. These appropriations include $726.5 million in Federal Funds (82.3 percent), which are primarily associated with the Special Nutrition Programs the agency administers, and $145.4 million in General Revenue Funds and General Revenue–Dedicated Funds (16.5 percent).

The agency has five primary functions through which it fulfills its goals and performs its duties: (1) enable Texas farmers, ranchers, and agribusinesses to expand profitable markets for their agricultural products while protecting public health and natural resources; (2) protect consumers by establishing and enforcing standards; (3) ensure that goods offered to Texas' consumers are properly measured, priced, and marketed; (4) provide funding and assistance on food and nutrition programs; and (5) support and coordinate cooperative research relating to the production, use, and quality of Texas natural fibers and food protein products at Texas universities.

MARKETS AND PUBLIC HEALTH

The Markets and Public Health function consists of four programs: (1) Generate Marketing Opportunities; (2) Regulate Pesticide Use; (3) Integrated Pest Management; and (4) Produce Certification.

GENERATE MARKETING OPPORTUNITIES

Generate Marketing Opportunities received $73 million in appropriations for the 2010–11 biennium, which includes providing for 146 full-time-equivalent (FTE) positions. Not included in this amount is an additional $1 million in Federal Funds from the American Recovery and Reinvestment Act of 2009. TDA seeks to generate markets for Texas products through the following types of programs:

- Marketing and Promotion;
- Rural Economic Development;
- Livestock Export Pens;
- Seed Certification;
- Other Marketing Programs; and
- Research/abatement programs for Zebra Chip Disease and Feral Hogs.

MARKETING AND PROMOTION PROGRAM

The Marketing and Promotion Program increases awareness of Texas products, culture, and communities through GO TEXAN, a comprehensive marketing effort. The program works to expand markets through program membership, focused marketing campaigns, and state, national and international promotions and events. In addition, a specific GO TEXAN program is geared toward helping Texas-based restaurants market themselves and connect with local food producers, while another markets Texas as a retirement destination.

The GO TEXAN Partner Program (GOTEPP) is a dollar-for-dollar, matching-fund promotion program. The purpose of the program is to increase consumer awareness and to expand the markets for Texas agricultural products by developing a general promotional and advertising campaign for specific Texas agricultural products based on requests submitted by eligible applicants. TDA, with the advice and consent of the GOTEPP Advisory Board, approves projects to be funded under this program. GO TEXAN membership or associate membership is required to participate in GOTEPP. For the 2010–11 biennium, the agency was appropriated $1 million in state funds to be matched by program participant funds. At the end of fiscal year 2009, $1.9 million, including matching contributions made by grant applicants, had been spent to fund 78 projects.

RURAL ECONOMIC DEVELOPMENT

The agency's Rural Economic Development Division operates programs that help increase tourism in rural areas, revitalize small towns, and encourage agricultural diversification. The division administers the Texas Capital Fund through an interagency contract with the Texas Department of Rural Affairs (TDRA) to provide funding to small cities and counties to encourage job creation and/or retention for low- and moderate-income individuals.

The division also administers the Texas Agricultural Finance Authority (TAFA), which provides financial assistance to eligible agribusinesses, rural businesses, and municipalities. TAFA includes four programs that were established by enactment of Senate Bill 1016, Eighty-first Legislature, Regular Session, 2009: (1) Agricultural Loan Guarantee Program, (2) Young Farmer Interest Rate Reduction Program, (3) Young Farmer Grant Program, and (4) Interest Rate Reduction Program. The Agricultural Loan Guarantee Program provides tiered loan limits, an interest rate rebate component, fixed interest rates, and a certified lender's program. The Young Farmer Interest Rate Reduction Program provides financial assistance through an interest rate reduction to eligible applicants who are between the ages of 18 and 46 to promote the creation and expansion of agricultural businesses. The Young Farmer Grant Program provides matching grants to eligible applicants who are between the ages of 18 and 46 to promote the creation and expansion of agricultural business. The Interest Rate Reduction Program fosters the creation and expansion of agricultural-based enterprises in the state. TAFA has been carrying approximately $14.7 million in bad debt for many years from previously operated loan programs. The Eighty-first Legislature appropriated $14.7 million in General Revenue Funds to pay off this bad debt.

LIVESTOCK EXPORT PENS PROGRAM

TDA has five facilities along the Texas–Mexico border where Mexican officials inspect livestock and poultry to expedite a safe and efficient transfer from sellers throughout the United States and Canada to international buyers. A sixth facility, located in Houston at the George Bush Intercontinental Airport, is available by appointment for exports by air and sea only. In fiscal year 2009, there were 216,951 head of livestock and poultry exported through Texas facilities.

SEED CERTIFICATION PROGRAM

The Seed Certification Program works to maintain genetic purity and identity standards through the inspection of producers' or registrants' fields, facilities, seed, and plants. **Figure 287** and **Figure 288** show Texas' ranking among other states in the production of certain agricultural crops and livestock.

FIGURE 287
TEXAS CROP RANKINGS
CALENDAR YEAR 2008

U.S. RANKING	CROP	PRODUCTION (IN THOUSANDS)	UNITS
1	Upland cotton	4,600	bales
1	All cotton	4,624	bales
1	Sorghum for silage	1,950	tons
1	All hay	9,211	tons
2	Peanuts	860,200	pounds
2	Amer-pima cotton	24	bales
2	Sorghum for grain	158,600	bushels
3	Pecans	30,000	pounds
3	Watermelons	6,045	cwt*
3	All citrus	9,080	boxes
4	Winter wheat	99,000	bushels
4	Sugarcane	1,652	tons
6	Rice (all lengths)	11,868	cwt*
10	Grapes	4,000	tons
11	Corn for grain	253,750	bushels

*CWT = hundredweight (unit of weight equal to 100 pounds).
Source: Texas Department of Agriculture.

FIGURE 288
TEXAS LIVESTOCK RANKINGS
CALENDAR YEAR 2008

U.S. RANKING	SPECIES OR CLASS	INVENTORY (IN THOUSANDS)
1	All Cattle	13,600
1	Beef Cows	5,170
1	Calf Crop	4,800
1	Cattle on Feed	2,800
1	All Sheep	870
1	All Goats	1,120
1	Angora Goats	120
2	Market Sheep & Lambs	210
6	Chicken - Broilers Raised	640,800
6	Chickens - Layers	18,545
8	Milk Cows	430
14	All Hogs	1,120

Source: Texas Department of Agriculture.

OTHER MARKETING PROGRAMS

TDA's other marketing programs relate to promoting agriculture, selling Texas' agricultural products, and assisting Texans engaged in agriculture to expand profitable markets for their products. Among these programs is the Family Land Heritage Program, which began in 1974 to honor farms and ranches that have been owned and operated by the same family for 100 years or more and have a history of continuous production. TDA has honored more than 4,416 farms and ranches in 235 counties for maintaining continuous agricultural production for a century or longer. In addition, six ranches have been honored for 200 years of family agricultural operation and 85 farms and ranches have been recognized for 150 years of operation.

The Market News Program and the Texas Agricultural Statistics Service provide market information on prices, supplies, and harvested acreage and production of various crops and agricultural products.

The Texas–Israel Exchange Research Program supports agricultural research and enhances trade and business relations between Texas and Israel. Through the grant program, each year TDA awards funding to projects that examine desert and water-scarcity-related research involving crop and animal production.

Beginning in fiscal year 2000, TDA entered into an interagency contract with the Department of State Health Services to allow TDA to administer the Oyster Industry Advertising and Promotion Program. The program provides information, education, and training for oyster wholesalers, retailers, and consumers on the safe and proper handling of oysters.

The Texas Shrimp Marketing Program promotes and markets Texas shrimp and educates the public about the Texas shrimp industry. The marketing efforts are funded by surcharges on shrimp boat licenses issued through the Texas Parks and Wildlife Department.

The Texas Wine Marketing Assistance Program educates the public about Texas wines and the Texas wine industry through print and broadcast advertising, promotional and educational materials, participation in Texas wine and food festivals, a Texas wine website, and a toll-free number with information about Texas wineries. Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, established a process by which sales tax revenue generated from the growth of state wine sales is directed into programs that stimulate the growth of the state wine industry. The Eighty-first Legislature, Regular Session, 2009, appropriated $3.7 million to TDA for the 2010–11 biennium for distribution to institutions of higher education for enology (winemaking) research and to public or private entities to conduct surveys, research, and other projects related to viticulture, enology, and the eradication of diseases that negatively affect the wine industry.

FERAL HOG ABATEMENT PROGRAM

The goal of the Feral Hog Abatement Program is to implement feral hog abatement technologies. The Seventy-ninth Legislature, Regular Session, 2005, established the program to address statewide damage to crops, fences, and small livestock. Damages are estimated to cost more than $52 million annually. The Eighty-first Legislature, 2009, appropriated $1 million to TDA for the Feral Hog Abatement Program.

ZEBRA CHIP DISEASE PROGRAM

The Eighty-first Legislature, 2009, appropriated $1.6 million to fund research on the Zebra Chip Disease that affects potatoes in Texas. This disease is responsible for numerous losses in the Texas potato industry and has a significant economic impact to potato producers.

REGULATE PESTICIDE USE

TDA is the lead agency responsible for enforcing state and federal regulations regarding the registration, distribution, and use of pesticides in Texas. This program certifies, licenses, and trains agricultural pesticide applicators. To maintain their licenses, applicators must participate in approved continuing-education training programs that are administered by the agency. The program also issues pesticide dealer licenses, registers pesticide products for use in Texas, and investigates complaints regarding pesticide use in Texas. Through the Right-to-Know Program, farmers and farm workers are trained in the proper use of agricultural chemicals. This program is mandated by the state Agricultural Hazard Communication Act and the federal Worker Protection Standard.

The Pesticide Laboratory in College Station tests food, soil, and other samples for pesticide residue. Field inspectors, case preparation officers, and attorneys in the Enforcement Section investigate and process violations involving pesticides and herbicides to minimize the misuse of agricultural chemicals. For the 2010–11 biennium, the agency expects to investigate 450 pesticide complaints and issue 50,000 licenses and certificates to pesticide applicators.

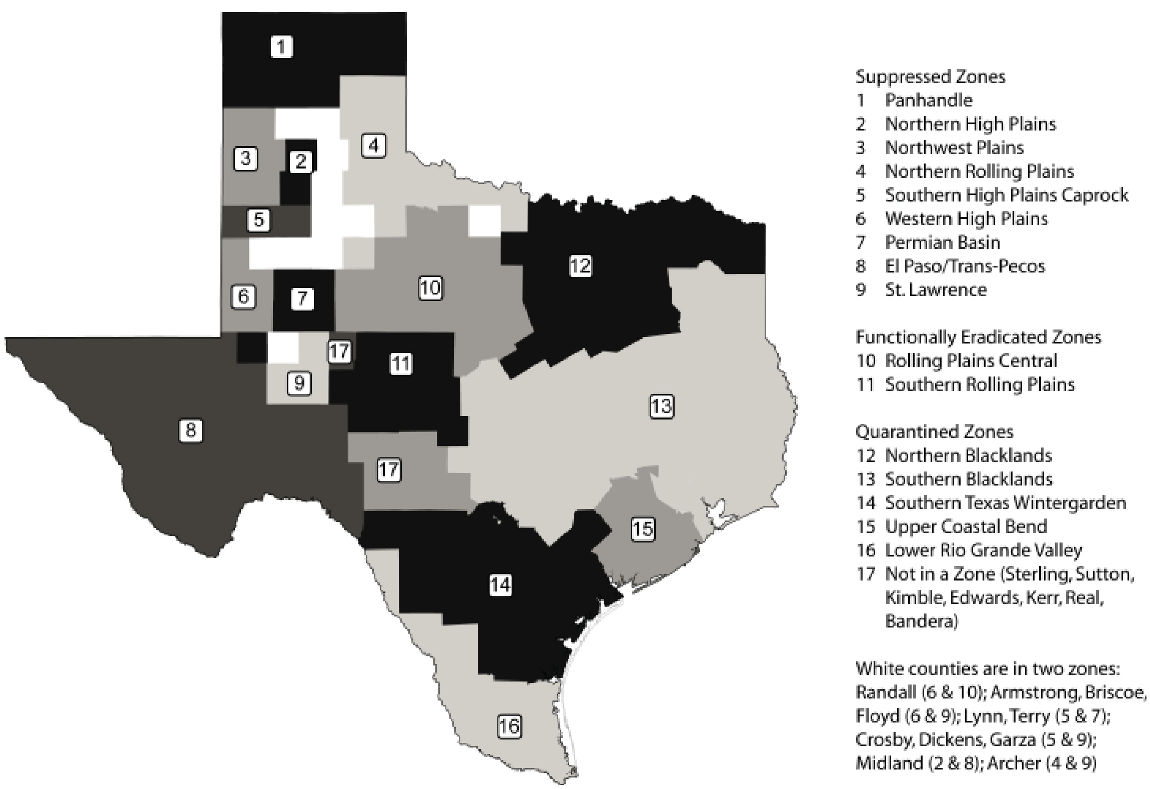
TDA also maintains the Endangered Species Pesticide Protection Program, which obtains local input about pesticide use and other management practices near endangered-species habitats. TDA organizes regional teams to help identify where suitable habitats occur and to compile information about land use, crops grown, and chemicals typically applied in the immediate vicinity.

The Regulate Pesticide Use Program is appropriated $12.9 million for the 2010–11 biennium, which provides for 90.8 FTE positions.

INTEGRATED PEST MANAGEMENT

Integrated pest management is a farming system that curbs pest populations by using a variety of practices, including biological pest controls, pest-resistant crop plants, crop rotations, planting-date adjustments, crop residue destruction, and pesticides when insects or weeds reach economically damaging levels. Programs in this area include the Mexican Fruit Fly Program, which monitors the levels of infestation of the Mexican fruit fly; the Cotton Stalk Destruction Program, which assists cotton producers in suppressing boll weevil and pink bollworm populations by establishing area-wide stalk destruction deadlines recommended by producer committees; and the Boll Weevil Eradication Program. TDA has oversight of the Texas Boll Weevil Eradication Foundation, which is responsible for administering the Boll Weevil Eradication Program. TDA approves budgets, posts agendas, receives annual reports, conducts referenda to determine new eradication zones, and provides general oversight of foundation activities. At the end of fiscal year 2009, there were approximately 25,792 cotton growers in 16 eradication zones (**Figure 289**) participating in the program; of the 16 zones, 11 achieved an eradication status. Direct appropriations total $39 million for boll weevil eradication for the 2010–11 biennium, plus TDA has the option to expend for boll weevil eradication up to $10 million of the funds appropriated for 2010–11 to eliminate TAFA bad debt. In addition, enactment of House Bill 4586, Eighty-First Legislature, Regulation Session, 2009, appropriated $20 million in fiscal year 2009 to address the

FIGURE 289
TEXAS BOLL WEEVIL ERADICATION ZONES
FISCAL YEAR 2009



SOURCE: Texas Department of Agriculture.

cumulative effect of recent hurricanes and tropical storms on the Boll Weevil Eradication Program.

The Integrated Pest Management Program is appropriated $35.1 million for the 2010–11 Biennium, which provides for 42.6 FTE positions.

CERTIFY PRODUCE

TDA entered into an agreement with the U.S. Department of Agriculture (USDA) in May 1992 to create the Texas Cooperative Inspection Program, which conducts grading and standardization inspections of citrus, vegetables, tree nuts, and peanuts in Texas. TDA administers the program, including furnishing all personnel and handling financial matters. USDA ensures that program personnel are adequately trained and that inspections are conducted using appropriate USDA grades and procedures. The agency anticipates that it will inspect 2.5 billion pounds of fruits, vegetables, and nuts each year. The Certify Produce Program is appropriated $0.3 million for the 2010–11 biennium, including providing for 2.2 FTE positions.

STANDARDS ENFORCEMENT

TDA ensures the quality of consumer products before they are sold to the public. The agency protects producers and consumers through licensing and inspection. This is accomplished through four agency strategies: (1) Surveillance/Biosecurity Efforts; (2) Verification of Seed Quality; (3) Agricultural Commodity Regulation; and (4) Structural Pest Control. Appropriations for these four strategies total $17.9 million for the 2010–11 biennium, which provide for 140.9 FTE positions.

TDA also protects consumers and businesses by (1) inspecting various weighing devices, including fuel pumps and grocery store scales; (2) verifying the content weight listed on the packaging of products through measurement testing; and (3) inspecting to verify that shelf prices for various consumer products are the same prices charged at checkout. The Inspect Measuring Devices Program received $9.6 million in appropriations for the 2010–11 biennium, which provides for 79.6 FTE positions. This includes an additional $1 million for fuel quality testing and enforcement, as authorized by enactment of House Bill 2925, Eighty-first Legislature, Regular Session, 2009.

SURVEILLANCE/BIOSECURITY EFFORTS

The Implement Surveillance and Biosecurity Efforts for Pests/Diseases Program focuses on protecting consumers by licensing and inspecting retailers, wholesalers, and distributors of all types of plants throughout Texas. The agency enforces quarantine restrictions that prevent destructive pests and plant diseases on nursery and floral products from being shipped out of quarantined areas or into pest-free areas within the state. In addition, the agency prevents destructive pests and plant diseases from being shipped into the state by periodically establishing road stations at strategic points along the Texas border to stop shipments of pest-infested plants into Texas. Other regulatory activities include administering the Fire Ant, the Pest Quarantine, and the Nematode and Disease Detection programs. The agency expects to conduct 9,500 nursery and floral establishment inspections each year of the 2010–11 biennium.

SEED-QUALITY VERIFICATION

The Seed Quality Verification Program staff administers the state's seed laws by operating laboratories for germination and purity testing, and greenhouse and field-testing facilities for determining varietal purity. Seeds offered for sale must be correctly tagged and labeled, an important protection for people who use the seeds for agricultural production. Seed testing is conducted in laboratories in Giddings, Lubbock, and Stephenville. The agency expects to analyze approximately 5,157 seed samples each year of the 2010–11 biennium.

AGRICULTURAL COMMODITY REGULATION

TDA's regulation of agricultural commodities currently focuses on three primary areas: egg quality, perishable commodities, and grain warehouses. TDA ensures that the eggs sold to Texas consumers meet the standards of quality established by TDA through licensing of dealer-wholesalers, processors, and brokers and through the inspection of eggs at the state's packing plants, distribution centers, and retail outlets. Dealer-wholesalers, processors, and brokers not complying with these standards are subject to a stop-sale order, which prohibits the sale of a shipment in a retail outlet. The agency expects to conduct 2,100 egg inspections each year of the 2010–11 biennium.

The Handling and Marketing of Perishable Commodities Program helps the agency ensure that producers and dealers of Texas-grown perishable commodities receive timely compensation for commodities they sell. Under this program, a dealer or buyer must be licensed and must pay an annual license fee. If a licensed dealer fails to pay for produce delivered, the producer and/or seller is allowed to recover a portion of damages from the Produce Recovery Fund, a special account funded with a portion of the license fees paid.

During the 2008–09 biennium, two reimbursements were made from the Produce Recovery Fund, for a total of $27,079.

TDA also monitors commodity warehouses to ensure that the commodities are properly stored, shipped, and handled. This allows producers to capitalize on favorable market conditions. The agency anticipates conducting 275 commodity-warehouse inspections/audits each year of the 2010–11 biennium.

STRUCTURAL PEST CONTROL

TDA is responsible for the licensing and regulation of structural pest control businesses. This regulation includes application of pesticides, use of pest control devices, pest inspections, and related activities in or adjacent to structures including but not limited to homes, schools, nursing homes, child day-care operations, hospitals, food processors, hotels, apartments and warehouses. The agency anticipates 6,038 new individual and business licenses to be issued in each year of the 2010–11 biennium.

ENSURE PROPER MEASUREMENT

Through their Inspect Measuring Devices Program, TDA protects consumers and businesses by ensuring that weighing and measuring devices perform within acceptable tolerances and that packages are properly labeled prior to sale. A wide variety of devices are inspected by TDA, ranging from fuel pumps at service stations and bulk meters used at airports for fueling airplanes to scales at grocery stores. Liquefied petroleum gas meters used to fill small tanks for backyard grills and those used to fill storage tanks at businesses or homes are also inspected. In addition, packing ranging from cereal boxes to packaged polyethylene sheeting is weighed or measured to determine whether the contents meet or exceed the quantity stated on the label. The agency also assures that the prices displayed on the shelf for consumer products are the same price consumers pay at the checkout counter.

TDA operates two metrology labs. Metrology refers to the certification of weights and measures standards that are backed by national and international standards. The main metrology laboratory is located in Giddings; the second laboratory is in Lubbock at the TDA Regional Office. These laboratories calibrate all types of weights and weighing devices to meet the guidelines of the National Institute of Standards Technologies.

The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation that amended the weights and measures inspection cycle to a four-year rather than three-year rotation and specified that scanner inspections only be done in response to consumer complaints. The agency expects to conduct approximately 132,982 weights and measures inspections each fiscal year of the 2010–11 biennium.

CHILD NUTRITION PROGRAMS

Child nutrition programs include the School Lunch, Breakfast, and After School Snack programs in Texas public schools. As the administering state agency for the child nutrition programs, TDA is responsible for processing claims for reimbursement, providing special marketing and procurement assistance to promote nutritious eating habits, conducting on-site compliance monitoring, and coordinating training through the 20 regional Education Service Centers. TDA administers the child nutrition programs through an interagency contract with Texas Education Agency (TEA), in which reimbursement payments for the programs continue to be budgeted at TEA (see **Figure 181**) in the Agencies of Education chapter of this report). The Support Nutrition Programs in School Program is appropriated $49.2 million for the 2010–11 biennium, which provides for 56.4 FTE positions.

Eight federal child nutrition and commodity distribution programs are administered by TDA. These programs, commonly referred to as the special nutrition programs, include the School Lunch, Breakfast and After School Snack programs in private schools and residential child care institutions; the Child and Adult Care Food Program; the Summer Food Services Program; the Special Milk Program; the Food Distribution Program; the Texas Commodity Assistance Program; and the Commodity Supplemental Food Program. The nutrition programs are administered to eligible participants in a variety of settings including day cares, schools, and parks and recreational programs through enrollment contracts with non-profit and private non-profit schools and public organizations. The commodity programs are responsible for allocating, ordering, and overseeing distribution of USDA donated commodities to schools, food banks, and other organizations for preparation of meals and distribution of food packages to eligible households. In fiscal year 2009, the programs provided more than 210.7 million meals and snacks and distributed more than $159.5 million worth of commodities donated by the USDA. The Nutrition Assistance program received $675.5 million in appropriations for the 2010–11 biennium and provided for 106.5 FTE positions. Not included in this amount is an additional $21.8 million, including $8.2 million in Temporary Food Assistance

Program Grants, \$2.1 million for the administration of the Temporary Emergency Food Assistance Program, and \$11.5 million for National School Lunch Equipment from Federal Funds from the American Recovery and Reinvestment Act.

FOOD AND FIBERS PROGRAMS

The goal of the food and fibers program is to promote the production, use, and quality of Texas' natural fibers and food protein products by supporting and coordinating cooperative research at state supported universities such as Texas A&M University, Texas Tech University, and The University of Texas at Austin. Appropriations for the 2010–11 biennium for the Food and Fibers programs are \$9.2 million.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TDA. Theses bills include House Bill 1580, House Bill 2925, Senate Bill 282, and Senate Bill 1016.

Enactment of House Bill 1580 continues the Boll Weevil Eradication Foundation until September 1, 2021. The legislation provides the foundation the authority to transfer the proceeds from the collection of assessments in one eradication zone to another eradication zone subject to the approval of the foundation's board and the Commissioner of Agriculture. The legislation requires TDA to set a cotton stalk destruction deadline for each pest management zone and requires TDA to establish and collect a hostable cotton fee for fields in which hostable cotton stalks, hostable volunteer cotton, or other hostable noncommercial cotton remains past the stalk destruction deadline for the applicable pest management zone.

Enactment of House Bill 2925 authorizes TDA to conduct motor fuel quality testing and enforcement. The agency is appropriated \$500,000 for this regulatory program in each fiscal year of the 2010–11 biennium from Appropriated Receipts the agency collects for this purpose.

Enactment of Senate Bill 282 authorizes TDA to develop an outreach program designed to promote better health and nutrition programs and prevent obesity among children in Texas. The legislation also requires TDA to develop a program under which the department awards grants to public school campuses for best practices in nutrition education, and a program under which the department awards grants to various organizations for nutrition education. The Eighty-first Legislature, 2009, appropriated \$500,000 out of the General Revenue Fund in each fiscal year of the 2010–11 biennium for implementing these grant programs

Enactment of Senate Bill 1016 continues the agency and the Prescribed Burning Board for 12 years and abolishes the Texas–Israel Exchange Fund Board. The legislation amends portions of the Agriculture Code that affect TDA, including the creation of the Agricultural Loan Guarantee Program, the Young Farmer Interest Rate Reduction Program, the Young Farmer Grant Program, and the Interest Rate Reduction Program (previously the Linked Deposit Program); the strengthening of TDA's enforcement authority for the prescribed burn program; the regulation of unlicensed produce dealers; and the creation of the Texas Rural Investment Fund. Appropriations for implementing provisions of the legislation total \$117,038 in General Revenue Funds and \$294,976 from Other Funds (Texas Agricultural Fund) during the 2010–11 biennium.

ANIMAL HEALTH COMMISSION

The Texas Animal Health Commission (TAHC), established in 1949, is the successor to the Livestock Sanitary Commission of Texas, which was established by the Legislature in 1893. The agency's mission is to protect and enhance the health of Texas animal populations by preventing, controlling, and/or eliminating animal diseases and monitoring and promoting animal health and productivity.

Appropriations for the 2010–11 biennium total $30.6 million in All Funds and provide for 214 full-time-equivalent (FTE) positions. These appropriations include $21.5 million in General Revenue Funds, (71.2 percent), of which $440,356 for capital budget acquisitions is contingent upon the collection of earned Federal Funds in excess of the amount specified in the General Appropriations Act (2010–11 Biennium) Article IX, Section 6.22. Additionally, TAHC receives Federal Funds from the Animal and Plant Health Inspection Service through the U.S. Department of Agriculture (USDA) and is part of cooperative agreements for the surveillance, control, and eradication of brucellosis; tuberculosis; trichomoniasis; Johne's disease; Texas fever ticks; classical swine fever in swine; transmissible spongiform encephalopathy disease such as scrapie in sheep and goats, chronic wasting disease in domestic cervidae, and bovine spongiform encephalopathy (mad cow disease) in cattle; and avian diseases such as low pathogenic avian influenza and high pathogenic avian influenza. Other federally funded cooperative agreements support swine health, Foreign Animal Disease Surveillance, and the National Animal Identification System programs. The agency's goal is to protect and enhance the health of Texas animal populations and to facilitate productivity and marketability while minimizing risks to human health. To accomplish this, the TAHC performs three primary functions: (1) Field Operations, (2) Diagnostic and Epidemiological Support, and (3) Promote Compliance.

FIELD OPERATIONS

TAHC uses several methods to prevent, monitor, diagnose, control, and eradicate diseases. These methods include conducting inspections at concentration points, such as livestock auctions and slaughterhouses; inspecting, testing, and quarantining herds and flocks; inspecting livestock shipments; issuing movement permits; maintaining federal and state databases containing animal, herd, and premises information; monitoring livestock movements; serving as a resource on disease and management problems for the livestock and poultry industry; depopulating certain infected herds or flocks; and registering certain poultry sellers, distributors, and transporters. Approximately 72.9 percent of the agency's funding is allocated to Field Operations, along with 151.8 FTE positions. During fiscal year 2010, the agency plans to consolidate two area offices located along the Texas coast to a single location in the vicinity of Waller, Texas. According to the agency, the consolidation allows for improved management of the area and the provision of expanded emergency management services to the southeast Texas coast.

DIAGNOSTIC AND EPIDEMIOLOGICAL SUPPORT

TAHC staff are involved in a variety of diagnostic and epidemiological support activities: (1) identifying parasite specimens submitted to the agency; (2) assisting and consulting with veterinarians to interpret tests and make disease diagnoses, develop disease control and eradication plans for herds, and advise agency management on disease trends, potential threats, and mitigation strategies; and (3) testing on blood, tissue, and milk samples submitted to the labs. During fiscal year 2009, more than 2.5 million samples were tested at laboratories located in Austin, Fort Worth, Lubbock, and Palestine. The agency operates its laboratories in conjunction with USDA. The operation and location of the four state–federal cooperative laboratories is based on cost efficiencies and benefits to Texas livestock producers. An industry/agency work group will study the need to continue livestock market brucellosis testing during fiscal year 2010. Through a cooperative agreement, USDA currently pays 100 percent of the cost of the animal health laboratory located in Lubbock, which processes samples from New Mexico and Arizona as well as slaughter blood samples from west Texas and the panhandle region.

PROMOTE COMPLIANCE

TAHC promotes voluntary compliance with legal requirements by providing education and information to local producers of livestock, exotic livestock, exotic fowl, and domestic fowl; to animal associations and clubs; to veterinarians; and to schools and educators. The agency also pursues legal remedies when voluntary compliance is not forthcoming.

In recent years, the main objective of TAHC has been to detect, control, and eradicate various livestock diseases including but not limited to the following diseases:

- brucellosis in cattle and swine;

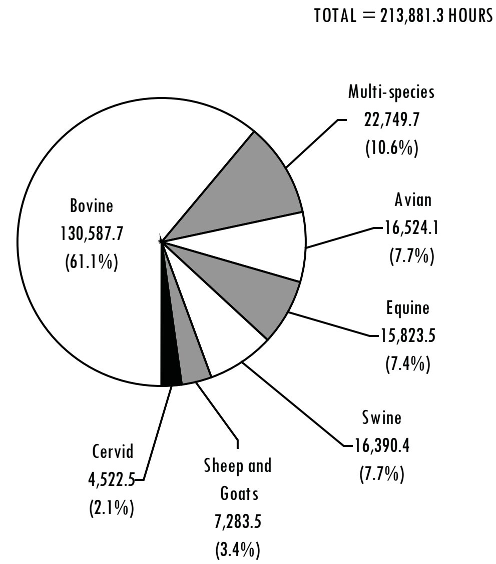
- tuberculosis (TB) in cattle, goats, and cervidae (e.g., axis and siki deer);
- cattle fever ticks in cattle, deer, elk, and nilgai;
- pseudorabies in swine;
- scrapie in sheep and goats;
- equine infectious anemia in horses;
- high pathogenic avian influenza;
- low pathogenic avian influenza; and
- exotic Newcastle disease.

At the request of the cattle industry, the agency developed and implemented rules for trichomoniasis, a venereal disease of cattle in fiscal year 2008. The disease, which results in embryonic loss, infertility, and reduced calf-crop, poses significant economic consequences for cattle producers.

An additional objective is to continually conduct surveillance for early detection of foreign animal diseases, should they be introduced into the state. Diseases of significant concern include, but are not limited to, mad cow disease, chronic wasting disease, foot and mouth disease, classical swine fever, highly pathogenic avian influenza, and exotic Newcastle disease. According to TAHC, cases of mad cow disease, highly pathogenic avian influenza, and exotic Newcastle disease have been identified in the state and eradicated since 2003. **Figure 290** shows a distribution by particular species of the amount of TAHC staff hours expended detecting, eradicating, and controlling these diseases.

One of the agency's primary objectives is to eliminate brucellosis from Texas herds. Brucellosis is an infectious bacterial disease that primarily affects cattle, swine, and goats, but that can be transmitted to humans. Federal regulations place severe restrictions on states that do not have a brucellosis program. The State–Federal Brucellosis Eradication Program consists of eight primary activities: (1) surveillance testing at livestock markets and at slaughter plants; (2) testing for change of ownership; (3) blood and tissue sampling for diagnostic purposes at slaughter; (4) testing of herds identified by surveillance as potentially infected; (5) area testing of high-risk herds; (6) epidemiological evaluating of infected herds to determine the source of infection; (7) retesting of previously quarantined and adjacent herds to assure freedom from disease; and (8) vaccination of sexually intact female animals in infected herds that are not being depopulated. A statewide field force of 96 animal health inspectors and veterinarians working from eight offices strategically placed across the state is available to conduct inspections on-site at approximately 150 Texas livestock markets.

FIGURE 290
STAFF HOURS EXPENDED ON EACH SPECIES
FISCAL YEAR 2009



Source: Texas Animal Health Commission.

USDA set the goal for all states to achieve "brucellosis-free" status by 1998. To be recognized as free of brucellosis, a state must have gone a minimum of 12 consecutive months since the release of quarantine on the last infected herd and have received a satisfactory review by USDA officials to assure that all of the other program standards have been met. Texas achieved brucellosis-free status in February 2008. According to the agency, although Texas has achieved brucellosis-free status, brucellosis surveillance in the form of first-point testing and slaughter testing needs to continue for a number of years to ensure disease prevention. According to the agency, Texas will continue to be classified as a high-risk state for reintroduction of the disease by USDA and other states for at least three more years.

Texas regained TB Accredited-Free status in September 2006. The agency continues to conduct a high level of TB surveillance activities, which resulted in the discovery of a TB-infected dairy located in west Texas in fiscal year 2009. The agency also protects the state's cattle population from reintroduction of the disease through strict interstate entry requirements. In recent years, Bovine TB has been found in dairy herds in New Mexico, a beef cattle herd in Oklahoma, a rodeo stock herd in Colorado, and in multiple cattle herds in both Minnesota and Michigan. All Texas dairy herds in the El Paso Milk Shed area have been depopulated as part of a planned buyout because of recurrent and persistent TB infection in the area.

The agency promulgates and enforces rules governing the entry of exotic livestock, including ratites (which include ostriches and emus) and cervidae (e.g., elk, red deer, axis and siki deer) into Texas because these animals may carry diseases that can be transmitted to domestic livestock and poultry. For example, exotic hoofed stock must test negative for both TB and brucellosis prior to entry into Texas, and importers must possess both TAHC entry permits and certificates of veterinary inspection prior to entry.

Texas' swine brucellosis and pseudorabies elimination programs began in July 1990. TAHC utilizes state funds and USDA-provided funding for swine inspections, laboratory analysis, epidemiological investigations, quarantine, and depopulation activities conducted in these programs. Both of these diseases have been eradicated from domestic swine populations. However, Texas has very large populations of feral swine, and both brucellosis and pseudorabies are present in the feral swine populations. Spreading of the disease from feral swine to domestic swine herds is occurring. The agency conducts surveillance through market testing, herd testing, targeted surveillance of feral swine herds, and slaughter testing to detect and eliminate infection when it spreads to commercial swine herds.

The disease that prompted the Legislature to create the Texas Livestock Sanitary Commission, the forerunner of the Texas Animal Health Commission, was bovine piroplasmosis (Cattle Tick Fever), which fever ticks carry. The national effort to eradicate fever ticks and the associated disease from Texas and the United States began in 1906. While fever ticks were eradicated from the Unites States by 1943, a buffer zone, which is called the Cattle Fever Tick Eradication Quarantine Area, is maintained along the Rio Grande from Del Rio to the Gulf of Mexico to prevent re-establishment of fever ticks in Texas and other states. Fever ticks and bovine piroplasmosis are prevalent in Mexico. Incursions of ticks from Mexico into Texas occur frequently on stray or smuggled livestock and on wildlife hosts. The end result is that fever tick infestations frequently occur in Texas both within the quarantine area and in the free area of the state. The Eighty-first Legislature, Regular Session, 2009, appropriated $1 million for the 2010–11 biennium for fever tick inspections, treatment and control in South Texas, including 5 FTE positions.

TAHC is also responsible for the control of various other animal and poultry diseases, such as equine infectious anemia (EIA). Although EIA poses no threat to humans, this disease causes debility and death in horses and other equine species. There has been a decrease in the number of EIA cases since the inception of the program in 1977. However, Texas continues to have the highest number of new EIA cases detected annually in the U.S. and continues to work with neighboring "at-risk" states to prevent the further spread of the disease. In addition, the agency enforces entry test requirements for horses entering Texas from other states.

Significant diseases of poultry such as avian influenza (AI) and exotic Newcastle disease (END) occur sporadically. Prompt diagnosis and effective control efforts are essential to the well-being of the Texas poultry industry. Additionally, TAHC collaborates with USDA, the poultry industry, and wildlife officials to conduct surveillance in both domestic and wild bird populations for the highly pathogenic avian influenza strain H5N1, which is present in many Asian and European countries, has caused illness and death in some humans, and is of great concern to public health.

In fiscal year 2008, TAHC established the Texas Emergency Response Team (TERT) to initiate response to a foreign or emerging disease outbreak in the state or to a natural or artificial disaster affecting livestock or poultry. TERT is composed of members from the agency and from USDA's Animal and Plant Health Inspection Services—Veterinary Services in Texas. The Eightieth Legislature, 2007, provided three additional emergency management positions. TAHC is a member of the state's Emergency Management Council and continues to work with the Governor's Division of Emergency Management and other stakeholders to refine and implement an effective response plan for foreign animal and emerging diseases. As part of this effort, TAHC and USDA veterinarians routinely conduct Foreign Animal Disease investigations to detect foreign or emerging diseases that may be introduced intentionally or unintentionally.

Since USDA began implementation of the National Animal Identification System (NAIS), TAHC, livestock producers, and members of producer organizations have worked with USDA to implement provisions of the animal identification system on a voluntary basis. The NAIS includes three components: (1) premises identification; (2) animal identification; and (3) movement reporting/animal tracking.

Premises identification is accomplished by registering locations where livestock are held, managed, or handled (e.g., farms and ranches, livestock markets, and slaughter facilities). Animal identification means the identification of animals with either an individual animal identification device, such as an ear tag, or identification of a group of animals with a group/lot identification number. Group/lot identification is used to identify a group of animals that stay together from birth to slaughter, such as pigs and poultry, and individual identification is used to identify cattle, sheep, goats and cervidae. Animal tracking involves reporting animal movement(s) to a database to enable rapid (within 48 hours) tracing during a disease event.

USDA originally established timelines and benchmarks for implementation of NAIS, but subsequently declared NAIS to be voluntary. Nationally, only three states require participation in some aspects of NAIS. Wisconsin and Indiana have enacted laws requiring registration of premises, and Michigan requires identification of all cattle sold, moved, or tested in the state.

Texas ranks third in the nation relative to the number of premises registered; only Wisconsin and Indiana, the two states with mandatory premise registration programs, registered more premises. However, because Texas has more livestock and premises than any other state, nationally Texas ranks thirty-second in percentage of premises registered.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted two bills that affect the Texas Animal Health Commission.

Enactment of House Bill 4006 requires reporting of bovine trichomoniasis and other additional equine diseases by owners, veterinarians, or veterinary diagnostic laboratories to the agency within 24 hours of diagnosis.

Enactment of House Bill 3330 authorizes the agency to establish a disease surveillance program for elks, and requires persons transporting elk in Texas to have the elk tested for Chronic Wasting Disease and other diseases as determined by the agency. The agency is also authorized to enact rules for the surveillance program.

COMMISSION ON ENVIRONMENTAL QUALITY

The Texas Commission on Environmental Quality (TCEQ) was established on September 1, 1993, by consolidating the Texas Air Control Board and the Texas Water Commission pursuant to legislation enacted in 1991. Prior to legislation enacted by the Seventy-seventh Legislature, 2001, TCEQ was known as the Texas Natural Resource Conservation Commission.

TCEQ's three full-time commissioners are appointed by the Governor for six-year staggered terms. The Governor designates one member as the chair of the commission, and the commission employs an executive director to manage the agency.

TCEQ's mission is to protect the state's human and natural resources in a manner consistent with sustainable economic development and with the goals of clean air, clean water, and safe management of waste.

TCEQ's appropriations total $966 million in All Funds for the 2010–11 biennium and provide for 2,980.3 full-time-equivalent (FTE) positions in fiscal year 2010 and 3,001.3 FTE positions in fiscal year 2011. These appropriations include $868.3 million in General Revenue Funds and General Revenue–Dedicated Funds (90 percent). As **Figure 291** shows, the majority of the funding is General Revenue–Dedicated Funds, which are chiefly generated from fees.

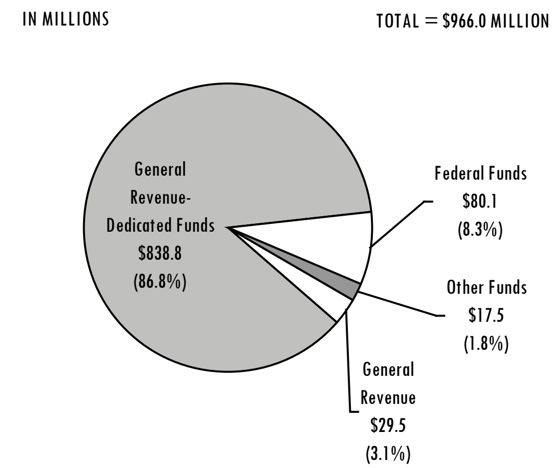
TCEQ's appropriations are allocated among several goals:

- Assessment, Planning, and Permitting;
- Drinking Water and Water Utilities;
- Enforcement and Compliance;
- Pollution Cleanup;
- River Compact Commissions; and
- Indirect Administration.

ASSESSMENT, PLANNING, AND PERMITTING

One of the agency's functions is to protect public health and the environment by accurately assessing environmental conditions and preventing or minimizing the level of contaminants released into the environment. This is accomplished by regulating activities and issuing permits to facilities with the potential to contribute to pollution levels

FIGURE 291
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY SOURCES OF FUNDING
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

and to individuals performing pollution management-related work. TCEQ is appropriated $602.8 million, or 62 percent of total agency All Funds appropriations, for the 2010–11 biennium for this purpose. About 41 percent of the agency's workforce, 1,212.9 FTE positions in fiscal year 2010 and 1,225.9 FTE positions in fiscal year 2011, is engaged in related activities.

ASSESSMENT AND PLANNING

To reduce toxic releases in the state, TCEQ established an assessment and planning function to guide the state's regulatory framework. The agency performs assessment and planning in its three main areas: air, water, and waste. The three assessment and planning functions account for $510.5 million, or 53 percent, of the agency's All Funds appropriations.

AIR QUALITY ASSESSMENT AND PLANNING

TCEQ assesses the effect of air emissions and develops solutions for regional air quality problems. The agency established an extensive statewide monitoring network that includes between 180 and 220 air monitoring sites depending on the time of year and other factors. Many of these monitoring sites have multiple sampling instruments. The Texas network has approximately 1,200 individual samplers, half of which are predominantly controlled by TCEQ. Like the number of sites, the number of sampling instruments changes occasionally as interest in different parameters fluctuates. These stations contain specialized instrumentation that continuously measures air pollutant levels and meteorological conditions. The data from these stations are transmitted to the agency's headquarters in Austin and displayed in real time on the agency's website. Periodically, TCEQ uses air-sampling aircraft to gather upper air data to supplement the data gathered by the ground-based monitoring network.

The agency updates an inventory of all emissions, including point, area, and mobile air pollution sources for submittal to the U.S. Environmental Protection Agency (EPA) every third calendar year (most recent was 2008). In addition, updates to specific source categories are completed annually. These inventories assist in development of the State Implementation Plan for each area in the state designated by EPA as nonattainment for National Ambient Air Quality Standards (NAAQS). To bring such areas into compliance with federal standards, the agency develops control strategies such as vehicle emissions and inspection testing, point source emissions limitations including emissions cap and trade programs, and heavy-duty vehicle engine-idling restrictions. TCEQ uses computer models to test the effectiveness of various pollution-control strategies when determining what control measures would be effective and appropriate for an area. Once the control measures are implemented, progress in air quality is measured by reduced levels of air pollution at the monitors.

The Dallas–Fort Worth, Houston–Galveston–Brazoria, and Beaumont–Port Arthur areas are currently designated nonattainment for the 1997 eight-hour ozone standard. However, the Beaumont–Port Arthur area is monitoring attainment of the 1997 ozone standard and TCEQ has adopted and submitted to EPA a revision to the Texas State Implementation Plan, requesting re-designation of the area to attainment. EPA's approval of the plan is pending as of October 2009.

TCEQ is continuing planning efforts to address compliance with the 1997 ozone standard as well as the 2008 ozone standard in the Austin, Corpus Christi, El Paso, Longview–Tyler, San Antonio, and Victoria areas. All of theses areas are currently monitoring attainment.

Figure 292 shows the air quality as measured in nonattainment and near-nonattainment areas during calendar years 2000 to 2008, with a design value of 85 parts per billion exceeding EPA standards. For the most recent period, only the Dallas–Fort Worth and the Houston–Galveston areas appear to be exceeding the values, thus are in noncompliance with EPA air quality standards.

The agency also assists the Department of Public Safety of the State of Texas in implementing the Vehicle Emissions Inspections and Maintenance Program (VEIMP). These inspections are required under the federal Clean Air Act because of the severity of each city's nonattainment status level. In addition, near-nonattainment status areas can participate in the VEIMP voluntarily through the Early Action Compact process. The VEIMP currently is implemented in 17 counties: Brazoria, Collin, Dallas, Denton, El Paso, Ellis, Fort Bend, Harris, Galveston, Johnson, Kaufman, Montgomery, Parker, Rockwall, Tarrant, Travis, and Williamson.

FIGURE 292
EIGHT-HOUR OZONE STANDARD VALUES
CALENDAR YEARS 2000 TO 2008

	OZONE 8-HOUR DESIGN VALUE (PARTS PER BILLION)*						
REGION	2000–02	2001–03	2002–04	2003–05	2004–06	2005–07	2006–08
Houston–Galveston	**107**	**102**	**101**	**103**	**103**	**96**	**91**
Dallas–Fort Worth	**99**	**100**	**98**	**95**	**96**	**95**	**91**
Tyler–Longview	**88**	82	83	84	**85**	84	78
Beaumont–Port Arthur	**90**	**91**	**92**	**88**	**85**	83	81
San Antonio	**86**	**89**	**91**	**86**	**87**	82	78
El Paso	81	79	78	76	78	79	78
Austin	**85**	84	**85**	82	82	80	77
Corpus Christi	81	80	80	76	72	70	71

*Based on data from regulatory monitors only.
Note: A design value of 85 parts per billion or higher, which is based on the three-year average of the annual fourth highest daily maximum eight-hour ozone average, exceeds the ozone standard (**bold**).
Source: Texas Commission on Environmental Quality.

TCEQ also operates a Low-income Vehicle Repair, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP), which targets nonattainment status areas and near-nonattainment areas. The agency's appropriations in the Air Quality Assessment and Planning Strategy include $100 million for the LIRAP in the 2010–11 biennium. Of the LIRAP funding, $90 million is for incentive payments to eligible persons in participating counties for payments for replacing and/or repairing older, more polluting vehicles. The remaining $10 million is available for various county initiative programs aimed at reducing vehicle emissions. All of the VEIMP counties participate in the LIRAP except for El Paso.

The agency, through the Texas Emissions Reduction Plan (TERP) established by the Seventy-seventh Legislature, 2001, implements a grant program targeting nonattainment and near-nonattainment status areas to promote reduced emissions from construction equipment, maintenance equipment, and on-road vehicles. TCEQ is appropriated $234.4 million in General Revenue–Dedicated Funds for the 2008–09 biennium for TERP-related expenditures. This amount includes $208.3 million for diesel emissions reductions grants, of which $8.3 million is for implementing the Clean School Bus Initiative and $10.4 million is for implementing the Clean Fleet Program established by enactment of Senate Bill 1759, Eighty-first Legislature, Regular Session, 2009. Another $21.1 million is for funding the New Technology Research Development Program, and the remaining $4.7 million is for program administration.

The Eighty-First Legislature, Regular Session, 2009, authorized appropriations for several air quality-related activities. For example, $1.7 million is appropriated in the 2010–11 biennium for grants for local air quality planning activities to reduce ozone levels. Areas eligible for the funding may include Austin, Beaumont, Corpus Christi, El Paso, Longview–Tyler–Marshall, San Antonio, Victoria, and Waco. In addition, the agency is appropriated $1 million from the Clean Air Account (General Revenue–Dedicated Funds) for the 2010–11 biennium for the Mickey Leland Air Toxics Center and a combination of $0.7 million out of the Clean Air Account and $0.7 million out of the Operating Permit Fee Account (General Revenue–Dedicated Funds) for establishing an air permits allowable database. Appropriations for air quality assessment and planning total $419.9 million for the 2010–11 biennium and provide for 350.7 FTE positions. Not included in this amount is an additional $1.7 million in Clean Diesel Grants from Federal Funds from the American Recovery and Reinvestment Act.

WATER QUALITY PLANNING AND ASSESSMENT

TCEQ protects the state's water quality by monitoring and evaluating water quality in lakes, streams, and groundwater and by establishing water quality standards to protect aquatic life, drinking water, and recreation. TCEQ develops and coordinates water quality improvement strategies with other state agencies and local stakeholders.

TCEQ has developed the capability of continuously monitoring water quality and reporting its findings at several locations. Beginning in fiscal year 2010, the agency has 71 water monitoring sites and plans to add more sites as resources allow during the 2010–11 biennium. As with the air data sites, data from the water-monitoring sites is continuously transmitted to the agency's headquarters and is displayed in real time on the agency's website.

TCEQ is also responsible for developing plans to restore polluted bodies of water to acceptable water quality standards by developing total maximum daily loads (TMDL). TMDLs establish the maximum level of a pollutant that a body of water can assimilate and still meet water quality standards. The Soil and Water Conservation Board and other state agencies (e.g., the Texas Parks and Wildlife Department and institutions of higher education) assist TCEQ in TMDL development. TCEQ is responsible for overall TMDL development; the Soil and Water Conservation Board's responsibilities focus on TMDLs specifically affected by agricultural and silvicultural practices.

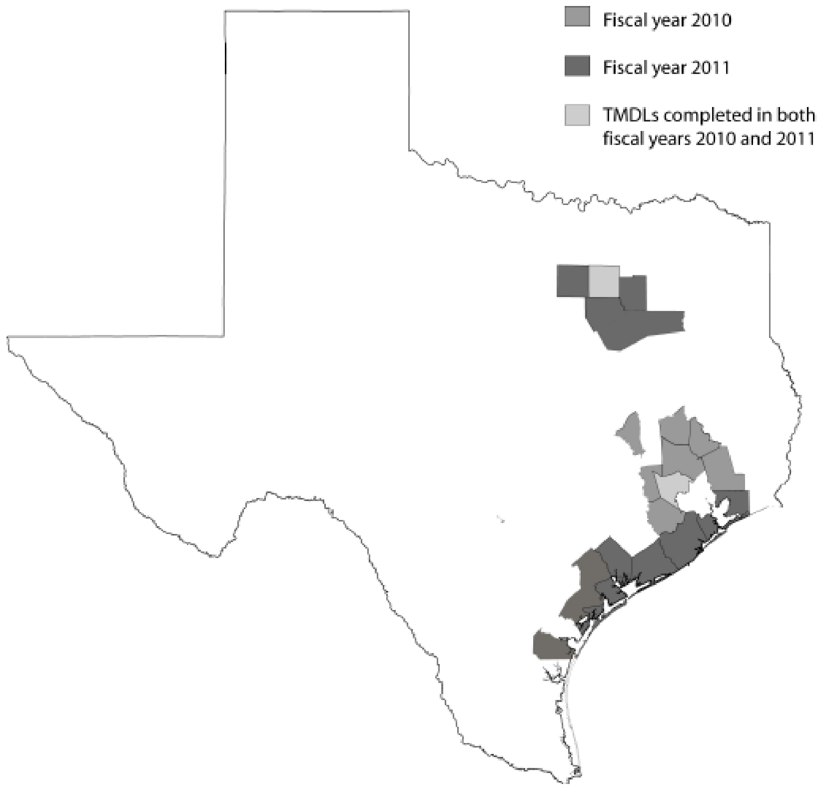
TCEQ expects to complete 168 surface water assessments and 120 groundwater assessments during the 2010–11 biennium. Of the total number of surface water assessments, 90 are TMDL assessments. **Figure 293** shows the counties in which these TMDL implementation projects are located.

Other water assessment and planning programs include the Texas Clean Rivers Program, the EPA Nonpoint Source Pollution Grants Program, the Galveston Bay National Estuary Program, and the Dam Safety Program, which received $2.5 million for the 2010–11 biennium. Appropriations for water assessment total $63 million for the 2010–11 biennium and provide for 206.6 FTE positions in fiscal year 2010 and 218.6 FTE positions in fiscal year 2011.

WASTE PLANNING AND ASSESSMENT

TCEQ assesses the handling of solid and hazardous waste and develops a waste management plan every four years. The agency ensures the safe disposal of pollutants by monitoring

FIGURE 293
WATER QUALITY IMPROVEMENT PROJECTS
TOTAL MAXIMUM DAILY LOAD (TMDL) IMPLEMENTATION COUNTIES
2010–11 BIENNIUM



SOURCE: Texas Commission on Environmental Quality.

the generation, treatment, and storage of solid waste; by assessing the capacity of waste disposal facilities; and by providing technical assistance to municipal solid waste planning regions for the development and implementation of waste reduction plans. The Waste Planning and Assessment Division develops and implements statewide, regional, and local solid waste management plans; collects and analyzes data; assesses facility capacity; provides technical assistance to the regulated community; and provides financial assistance to local and regional solid waste projects. Each biennium, TCEQ also prepares the comprehensive Municipal Solid Waste Strategic Plan, which provides an overview of statewide existing and expected municipal solid waste management needs. Appropriations for waste planning and assessment total $27.9 million for the 2010–11 biennium and provide for 31.2 FTE positions.

PERMITTING

TCEQ regulates discharges to air and water and the disposal of solid and hazardous waste. In addition to planning and conducting assessments to reduce toxic releases, several divisions handle permitting duties, including air, water, and waste permitting, as well as occupational licensing. The four permitting functions combined account for $85.5 million in All Funds appropriations, or 9 percent of the agency's budget.

AIR QUALITY PERMITTING

The Air Permitting Division is charged with issuing permits to facilities that release pollutants into the air. TCEQ regulates air quality through the federally designated Operating Permit Program and the state's New Source Review Permitting Program.

The Operating Permit Program ensures that facilities comply with Title V of the federal Clean Air Act amendments of 1990. Title V requires all major sites to apply for an operating permit that codifies and consolidates all applicable regulations at that site into one permit. TCEQ expects to issue approximately 1,600 permits in the 2010–11 biennium under this program, or about 440 fewer than during the

2008–09 biennium. Fewer permits are projected due to several changes at the federal level which are expected to significantly extend the time needed to review and issue federal air permits. The New Source Review Program ensures that new or expanding air-pollution-emitting facilities use best achievable control technology to control and reduce emissions and that emissions do not have adverse health effects on surrounding areas. TCEQ expects to review 11,200 permits, amendments, renewals, and standard exemptions during the 2010–11 biennium, or about 1,000 more than during the 2010–11 biennium.

Appropriations for air quality permitting total $29 million in All Funds for the 2010–11 biennium and provide for 223.1 FTE positions in fiscal year 2010 and 224.1 FTE positions in fiscal year 2011.

WATER QUALITY PERMITTING

The Water Quality Division reviews permits and other authorizations relating to the quality and uses of the state's water. TCEQ ensures that streams, lakes, bays, and estuaries meet federal and state water quality standards by issuing permits regulating wastewater and storm-water discharges. The agency anticipates reviewing more than 42,905 water quality permits during the 2010–11 biennium, or about or about 13,000 more than during the 2008-09 biennium. The increase is attributed to a fluctuation in the anticipated renewal of Stormwater Multi-Sector General Permits, which are renewed every 5 years. The Water Supply Division processes permits to divert, use, or store surface water or to transfer surface water between basins. TCEQ anticipates reviewing 1,190 water rights permits during the 2010–11 biennium, or about 44 fewer than the 2008-09 biennium. More applications are now subject to TCEQ-directed Water Rights Amendment Notice review which has extended the permit processing time.

Through water resources permitting efforts, the agency oversees the Rio Grande, South Texas, and Concho River Watermaster programs. These programs are concerned specifically with the allocation and use of surface water within each respective river basin. Watermasters ensure compliance with water rights in their designated service areas, which is especially necessary during times of drought conditions and diminished stream flows.

Appropriations for water permitting total $28.9 million for the 2010–11 biennium and provide for 216.5 FTE positions.

WASTE PERMITTING

TCEQ regulates all industries engaged in the generation, treatment, storage, and disposal of hazardous, industrial, municipal, and underground-injection-control wastes and the disposal of radioactive waste. The issuance of permits provides a mechanism for ensuring that waste management protects human health and the environment. During the 2010–11 biennium, TCEQ expects to review 320 hazardous waste permit applications, about 55 more than during the 2008–09 biennium. The agency also expects to review 472 nonhazardous waste permit applications, or about the same level as during the prior biennium. Appropriations for Waste Permitting total $21.2 million for the 2010–11 biennium and provide for 135.1 FTE positions.

OCCUPATIONAL LICENSING

The Permitting and Registration Support Division conducts occupational licensing programs for landscape irrigators and installers, municipal solid waste technicians, on-site sewage facility installers, visible-emission evaluators, water and wastewater treatment facility operators, water treatment specialists, underground storage tank installers, and liquid petroleum storage tank corrective action specialists. The division develops and holds training sessions, develops and administers proficiency examinations, approves basic and continuing education credits, issues occupational licenses, and monitors approximately 51,000 licensees. Appropriations for occupational licensing total $6.4 million for the 2010–11 biennium and provide for 24.2 FTE positions.

RADIOACTIVE MATERIALS MANAGEMENT

The Radioactive Materials Management Program and Underground Injection Control (UIC) Program accomplish their objectives through the licensing/permitting and regulatory oversight of in situ uranium recovery, radioactive waste processing and storage, low-level radioactive waste disposal, by-product material disposal, disposal of naturally-occurring radioactive waste materials that are not related to oil and gas production, and UIC wells.

The major activities performed under the Radioactive Materials Program are regulation, compliance and enforcement, and radioactive material licensing of facilities involved in the storing, processing, and/or disposing of one or more of the following:

- uranium ore (including mining, extraction, and separation of ore);
- by-product material waste;

- low-level radioactive waste;
- non-oil and gas Naturally-Occurring Radioactive Material (NORM); and
- radioactive waste generated from federal government activities.

Additionally, the Radioactive Materials Management Program is responsible for oversight of the reclamation of historic radioactive materials burial sites and other sites contaminated with radioactive material, including former uranium mining sites.

The objective of the UIC Program is to protect underground sources of drinking water (USDW) through permitting of underground injection of fluids. Regulation of wells used for underground injection must maintain the quality of fresh water to the extent consistent with public health and welfare and the operation of existing industries. The UIC Team is responsible for permitting of Class I, III, and V injection wells. Through permit issuance, the UIC Team regulates site location, construction, operation, maintenance, monitoring, and closure of the following classes of injection wells:

- Class I wells inject hazardous and non-hazardous wastewater below all USDWs;
- Class III wells inject fluids for recovery of minerals (e.g., uranium, sulfur, and sodium sulfate); and
- Class V (miscellaneous) wells are mostly shallow wells primarily used in cleaning up groundwater contamination.

In January 2009, the TCEQ commissioners approved an order on the low-level radioactive waste disposal application of Waste Control Specialists, a private waste management company. The application review process is nearing completion and the license is expected to be issued at the beginning of fiscal year 2010. Once the license is issued, it will be the first low-level radioactive waste disposal site for class A, B, and C low-level radioactive waste disposal to be built in the United States in more than 30 years. The site will be built under the auspices of the Low-Level Radioactive Waste Policy Act in 1980 (amended in 1985), enacted to promote regional low-level radioactive waste disposal facilities.

The agency is appropriated $6.8 million in All Funds for radioactive waste management activities during the 2010–11 biennium, which provides for 25.5 FTE positions.

DRINKING WATER AND WATER UTILITIES

The agency protects public health and the environment by assuring the delivery of safe drinking water, by providing regulation and oversight of water and sewer utilities, and by promoting regional water strategies. The agency's appropriations total $30.3 million in All Funds for the 2010–11 biennium, or 3.1 percent of agency appropriations for this purpose. About 4 percent of the agency's workforce, 128.6 FTE positions, is engaged in activities related to these efforts.

SAFE DRINKING WATER

The Safe Drinking Water Program ensures that public drinking water is safe. By definition, a public drinking water system serves at least 15 connections or at least 25 persons for a minimum of 60 days per year. Approximately 6,800 public water systems serve over 25 million Texas residents. During the 2010–11 biennium, TCEQ expects to collect and analyze more than 78,000 water samples and evaluate more than 500,000 chemical and microbiological laboratory results to monitor the safety and integrity of the state's public drinking water supply. Appropriations for the Safe Drinking Water Program total $21.7 million for the 2010–11 biennium.

WATER UTILITIES OVERSIGHT

The agency regulates water and sewer utility providers with exclusive service areas under its water utilities oversight function. To ensure that customers have adequate utility services available at reasonable rates, TCEQ provides regulatory oversight of these providers. Agency responsibilities include the review of water and sewer utility rate applications, the review of water district bond applications, the oversight of water districts, technical assistance to utilities and consumers, and certificates of convenience and necessity (i.e., the review of service area boundaries). Appropriations for water utilities oversight total $8.6 million for the 2010–11 biennium.

ENFORCEMENT AND COMPLIANCE

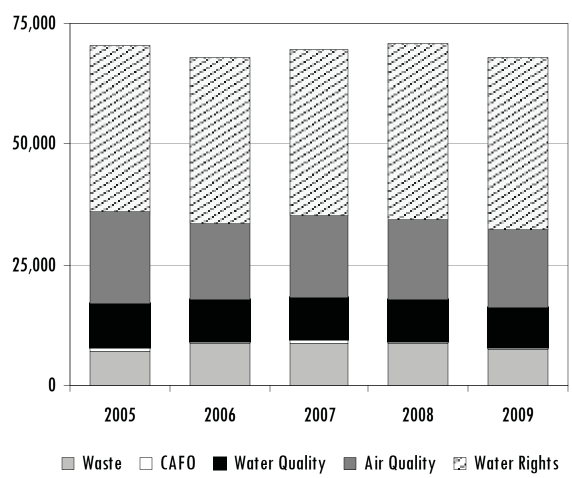
The agency protects public health and the environment by administering enforcement programs that promote voluntary compliance with environmental laws and regulations while providing strict, sure, and just enforcement when those laws are violated, and by encouraging pollution prevention and recycling. TCEQ received appropriations of $119.8 million, or 12.4 percent of its budget, for the 2010–11 biennium for enforcement and compliance and pollution prevention and recycling activities. In addition, 876.7 FTE positions in fiscal year 2010 and 884.7 FTE positions in fiscal year 2011, or about 29 percent of the agency's workforce, perform enforcement and compliance duties.

FIELD INSPECTIONS AND COMPLAINTS

TCEQ pursues compliance with environmental laws and regulations by conducting field investigations and responding to citizens' complaints. The agency maintains 16 regional offices and two satellite offices, as well as laboratories in Houston and Austin, to monitor and assess air and water quality, investigate facilities, respond to citizens' complaints, promote voluntary compliance through education and technical assistance, and respond to emergencies such as accidental releases of chemicals into the environment.

The Field Operations Division anticipates performing over 134,000 investigations and responding to more than 10,600 complaints from citizens during the 2010–11 biennium. **Figure 294** shows the number and types of investigations performed by TCEQ from fiscal years 2005 to 2009. Appropriations for administering the field inspections and complaints activities total $84 million for the 2010–11 biennium.

FIGURE 294
FIELD INVESTIGATIONS BY TYPE
FISCAL YEARS 2005 TO 2009



NOTE: CAFO = Concentrated Animal Feeding Operation.
SOURCE: Texas Commission on Environmental Quality.

ENFORCEMENT AND COMPLIANCE SUPPORT

The Enforcement Division oversees all regulatory programs, responds to citizens' complaints, investigates incidents of environmental contamination, and prosecutes violators. The division determines penalties, tracks compliance orders issued by TCEQ, coordinates multimedia inspections, and monitors the progress of supplemental environmental projects that are sponsored or undertaken by violators seeking to defer or mitigate their fines through TCEQ-specified environmental projects.

TCEQ has several programs offering specific assistance to certain regulated communities with special needs. Federal and state laws require TCEQ to provide compliance assistance to small businesses. The agency also offers that service to small local governments. It is confidential, except when there is an imminent threat to the environment. By keeping assistance confidential and separate from enforcement, the agency encourages entities to seek assistance and achieve compliance. Small Business Environmental Assistance (SBEA) offers compliance assistance through direct, on-site assistance; a toll free hotline answered by SBEA staff; active participation on agency rule, standard permit, and general permit teams; regulatory guidance development; and advisory committees. Appropriations for enforcement and compliance support total $24.6 million for the 2010–11 biennium.

PREVENTION AND RECYCLING

SBEA operates multiple statutory programs that help prevent pollution and reduce releases into the environment. Major pollution prevention programs include the following:

- on-site technical assistance to help regulated entities of any size implement operational/process changes, reduce raw-material usage, or deploy new technologies that avoid creating waste or emissions, including along the Texas–Mexico Border;
- the Waste Reduction Policy Act (Federal H.R. 5835, Title VI, Pollution Prevention Act of 1990 and Texas Health and Safety Code, §361.501 to §361.510, Waste Reduction Policy Act of 1991), which requires hazardous waste generators and entities that report on Form R for the U.S. Environmental Protection Agency Toxics Release Inventory to develop pollution prevention plans and annually report their progress;
- hazardous household waste and agricultural waste-pesticide collection programs;
- the Pollution Prevention Advisory Committee, which advises the commission on pollution prevention and recycling programs;

- the Resource Exchange Network for Eliminating Waste Program, which establishes an exchange to market wastes for recycling, reuse, or composting;
- the Clean Texas Program, which encourages regulated entities to develop and implement environmental management systems that help achieve compliance and pollution prevention at their sites;
- the Take Care of Texas Program, which encourages the public to reduce their environmental impact; and
- the Texas Clean School Bus Program, which provides grants to school districts and charter schools to cover installation costs of retrofit technologies that reduce particulate emissions inside the bus cabin.

Several state statutes require TCEQ to implement programs that encourage recycling:

- the Computer Equipment Recycling Program, which requires computer manufacturers in Texas to take back for proper management their own computer equipment, with SBEA tracking implementation, providing assistance to manufacturers and retailers, and preparing a report to the Legislature;
- the Recycling Market Development Implementation Program, which requires TCEQ to work with other state agencies on state recycling efforts; and
- technical assistance on both understanding recycling regulations and establishing a recycling business.

For the 2010–11 biennium, the agency received an appropriation of $11.2 million for pollution prevention and recycling.

POLLUTION CLEANUP

The agency also protects public health and the environment by identifying, assessing, and prioritizing contaminated sites. TCEQ's 2010–11 appropriation for pollution cleanup is $117.1 million, or 12 percent of the agency's budget. Approximately 9 percent of the agency's workforce, 273.4 FTE positions, is engaged in activities related to pollution cleanup.

STORAGE TANK ADMINISTRATION AND CLEANUP

The Permitting and Remediation Support Division regulates underground and aboveground petroleum storage tanks (PST), cleans up certain leaking tanks, and promotes prevention of pollution from PSTs. The division maintains a registry for PSTs, enforces regulations, oversees cleanup activities, and offers technical assistance to tank owners and operators. As of August 2009, there are approximately 168,000 underground storage tanks and 30,000 aboveground storage tanks registered at more than 70,000 facilities in Texas.

The Remediation Division oversees the cleanup of leaks from storage tanks and administers the reimbursement program for tank owners and operators. Certain tank owners and operators are reimbursed for the cleanup of leaking storage tanks out of fees assessed on the bulk delivery of gasoline to retailers. To be eligible for the reimbursement program, which began in 1989, tank owners and operators must meet specific criteria and deadlines. The agency issued reimbursements totaling more than $1.1 billion for the investigation and cleanup of leaking petroleum storage tanks over the life of the program. More than 23,015 sites with leaking PSTs have been remediated to meet standards, and over 114,000 tanks have been removed from service. Approximately 30 new contaminated sites are reported each month.

As a result of enactment of legislation by the Eightieth Legislature, 2007, the September 1, 2007 Sunset date of the petroleum products delivery fee and the Corrective Action Reimbursement Program is extended through fiscal year 2011. Approximately 400 PST sites are expected to be cleaned up and eligible for reimbursement during the 2010–11 biennium. Appropriations for storage tank administration and cleanup total $46.8 million for the 2010–11 biennium. Not included in this amount is an additional $10.8 million in federal Leaking Underground Storage Tank trust funds provided by the American Recovery and Reinvestment Act.

HAZARDOUS MATERIALS CLEANUP

The Remediation Division administers the federal and state Superfund programs, the state's Voluntary Cleanup Program, and the state's Dry Cleaner Remediation Program. The federal Superfund Program identifies and ranks the most serious hazardous waste sites on the National Priorities List (NPL). Currently there are 49 Federal Superfund sites in Texas. Those sites not eligible for the NPL may be included on TCEQ's State Superfund Registry, a list of hazardous sites not on the federal list. There are currently 50 State Superfund sites in Texas.

Since the inception of the Superfund Program in Texas, more than $393 million in state and federal funds has gone toward the cleanup of Superfund sites throughout the state. TCEQ expects to complete eight cleanups of state and federal sites during the 2010–11 biennium.

The Voluntary Cleanup Program provides a process through which sites can be cleaned up voluntarily in a timely manner while ensuring protection of human health and the environment. Once TCEQ has given final approval to cleanup activities conducted at a site, future landowners and lenders may be freed from liability caused by past contamination. In addition, the property may be sold or redeveloped. During fiscal years 2008 and 2009, TCEQ issued 229 certificates of completion under the Voluntary Cleanup Program.

Numerous properties in Texas known as brownfields are not used or are underutilized because of the liability associated with pollutant contamination. TCEQ, in cooperation with local and federal partners, is attempting to facilitate cleanup, transferability, and revitalization of these Voluntary Cleanup Program properties through the development of regulatory, tax, and technical assistance tools. The objective is to return remediated property to productive use.

The Dry Cleaner Remediation Program was established in 2003. The Dry Cleaning Facility Release Account (General Revenue–Dedicated Funds) was established to pay for state conducted soil and groundwater cleanups at dry cleaners sites. Dry cleaner facility registration requirements, fees, performance standards, distributor registration, and revenue disbursements were also established. By the end of fiscal year 2009, 175 sites have been accepted in the program, and 16 of these sites have been remediated.

The Remediation Division also administers the Corrective Action Program. The Resource Conservation Recovery Act (RCRA)/Non-RCRA Industrial Corrective Action Program oversees soil and groundwater cleanup activities at industrial and hazardous waste facilities to ensure that the cleanups protect human health and the environment. Most facilities have multiple sites needing remediation. Cleanup is considered complete when the cleanup goals of all closure and/or remediation projects at industrial solid waste and municipal hazardous waste facilities have been achieved. In fiscal year 2009, cleanup was completed at 158 corrective action facilities. As of August 2009, the agency reports that there are 1,166 active sites involved in the Industrial Corrective Action Program.

As part of the Remediation Division, the Natural Resource Trustee Program works cooperatively with responsible parties and other state and federal natural resource agencies to restore natural resources that have been affected by oil spills and releases of hazardous materials. By the end of fiscal year 2009, this program has negotiated final natural resource restoration settlements at 40 sites.

Appropriations for Hazardous Materials Cleanup total $70.3 million for the 2010–11 biennium and provide for 182.5 FTE positions.

RIVER COMPACT COMMISSIONS

Texas is a signatory to five interstate compacts that apportion river and stream waters flowing through Texas and other states. These compacts are the Canadian River Compact, the Pecos River Compact, the Red River Compact, the Rio Grande Compact, and the Sabine River Compact.

The shared mission of the Texas River Compact Commissions is to ensure that the people of Texas receive their share of river waters as allocated by the various compact agreements. Each river compact is administered by its own commission, which includes representatives of each signatory state and one presidential appointee. There are seven Texas River Compact Commissioners: six are appointed by the Governor and one, the Executive Director of the TCEQ, serves in an ex-officio capacity in accordance with statutory provisions. Commissioners engage in activities designed to protect Texas' water interests and to ensure that Texas receives its share of water from the various compacts. Those activities include (1) negotiating with signatory states to resolve disputes regarding compact interpretation; (2) investigating and monitoring water resource data collection; (3) conducting surveys to determine the effect of upstream water diversions on water deliveries; (4) working with state, federal, and local entities to address environmental and endangered species issues involving interstate waters; and (5) implementing programs to increase the quantity and improve the quality of water available to Texas.

Appropriations for the 2010–11 biennium for the River Compact Commissions total $0.8 million in General Revenue Funds and provide for 7 FTE positions. In addition to these appropriations, TCEQ is required to allocate $114,900 out of its other 2010–11 appropriations for the River Compact Commissions' administrative and operating costs. Also, up to $205,000 in appropriations to the Office of the Attorney General has been earmarked for this agency to represent the state in the event of legal proceedings involving the compacts.

OTHER AGENCY FUNCTIONS

In addition to the activities and programs discussed above, TCEQ operates divisions that indirectly support the agency's three programmatic goals. The divisions are General Counsel, Alternative Dispute Resolution, Administrative Services, Chief Clerk, Internal Audit, Office of Public Assistance, and Office of Public Interest Counsel. The 2010–11 biennial appropriation for the indirect administration programs is $95.2 million, or 9.9 percent of agency All Funds appropriations.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TCEQ.

Enactment of House Bill 469 provides tax incentives to organizations that participate in research and development activities related to a "clean energy project." The legislation defines a clean energy project and modifies the definition of an "advanced clean energy project." TCEQ is responsible for approving the application of a project to be certified as an advanced clean energy project. The legislation also provides for a franchise tax credit that would equal up to the lesser of 10 percent of the total capital cost of an advanced clean energy project or $100 million for an entity implementing a clean energy project, with a maximum of three projects receiving the credit. The legislation authorizes property tax abatement provisions for advanced clean energy projects located in county reinvestment zones.

Enactment of House Bill 1433 increases the statutory cap for the annual water quality fee imposed on wastewater discharge permit holders and water rights users through permit or contract from $75,000 to $100,000 beginning on September 1, 2009. The legislation also provides that the cap may be increased by TCEQ in subsequent years based on the U.S. Consumer Price Index, to a maximum of $150,000. The agency estimates enactment of the legislation will result in an additional $2.6 million in revenues to the Water Resource Management Account during the 2010–11 biennium.

Enactment of House Bill 1796 requires the General Land Office (GLO) to contract with the University of Texas Bureau of Economic Geology (BEG) at the University of Texas at Austin to conduct a study of state-owned offshore submerged land to identify potential locations for a carbon dioxide repository. The legislation requires TCEQ to develop standards and rules for the offshore sequestration of carbon dioxide. Standards adopted by TCEQ have to comply with requirements issued by the U.S. Environmental Protection Agency. The legislation also requires TCEQ to adopt standards for monitoring, measuring, and verifying the permanent storage status of the repository, and BEG would perform those functions and serve as a scientific advisor. Both TCEQ and GLO are prohbited from establishing or regulating the rates charged for the transportation of carbon dioxide to the carbon dioxide repository.

Enactment of House Bill 1796 requires TCEQ to establish and administer a New Technology Implementation Grant (NTIG) to implement new technologies to reduce emissions from facilities and other stationary sources as part of the Texas Emissions Reduction Plan (TERP). Projects eligible in the NTIG program may include advanced clean energy projects; new technology projects that reduce emissions of regulated pollutants from point sources that involve capital expenditures that exceed $500 million; and electricity storage projects related to renewable energy. The legislation also provides that any funds collected under Section 185 of the federal Clean Air Act are deposited to the Clean Air Account.

Enactment of House Bill 1796 extends the TERP and all associated fees until August 31, 2019. The legislation adds stationary engines to the list of items that can be funded through the diesel emissions reduction grant program, and it exempts mobile generators used for natural gas recovery purposes from the requirement that at least 75 percent of the annual use of a TERP-funded project occur in nonattainment areas and affected counties for at least five years.

Enactment of House Bill 1796 modifies the allocation of TERP funding, allocating 87.5 percent of TERP funds to the Emissions Reduction Incentive Grants (ERIG) , allocating 9 percent to the New Technology Research and Development (NTRD) Program, allocating 2 percent to TCEQ for administration, and allocating the remaining 1.5 percent to the Energy Systems Laboratory at Texas Engineering Experiment Stations (TEES). As a result of enactment of Senate Bill 1759, 5 percent of ERIG funding is allocated to the Clean Fleet Program created by that legislation (as discussed below).

Enactment of House Bill 1796 requires TCEQ, the Railroad Commission of Texas (RRC), and the Public Utility Commission to develop federal greenhouse gas reporting requirements. The legislation directs TCEQ to establish an inventory of voluntary actions taken by businesses in the state and state agencies since September 1, 2001 to reduce carbon dioxide emissions and to work with the U.S. Environmental Protection Agency to give credit for early action under any federal rules that may be adopted for federal greenhouse gas regulation.

Enactment of House Bill 3765 authorizes TCEQ to use up to 10 percent of fees collected on batteries for lead-acid battery-related programs, including remediation and the creation of incentives for the adoption of innovative technology to increase efficiency and effectiveness of the battery recycling process or reduce the environmental impacts of the recycling process.

Enactment of House Bill 4586 appropriated $4.6 million in General Revenue Funds to TCEQ to reimburse the agency for costs associated with natural disasters, particularly from Hurricane Ike. The legislation also provides $2 million in General Revenue–Dedicated Funds for the cleanup of a hazardous waste site at Ballard Pits near Corpus Christi, and it provides $37 million in General Revenue–Dedicated Funds to supplement TERP funding for fiscal years 2009 to 2011.

Enactment of Senate Bill 876 requires TCEQ to perform annual soil sampling at Concentrated Animal Feeding Operations in the North Bosque River watershed. The Eighty-first Legislature, Regular Session, 2009, appropriated $0.3 million to TCEQ specifically for such sampling.

Enactment of Senate Bill 1387 provides a state-level regulatory framework for the storage and sequestration of carbon dioxide (CO2) into geologic formations that may contain oil or gas. The legislation gives RRC jurisdiction over the injection of carbon dioxide into wells that are or may be productive of oil or gas, as well as jurisdiction over storage in a salt brine formation that exists above or below an oil or gas formation. The legislation requires that before RRC may issue a permit for carbon storage and sequestration, TCEQ must certify that underground fresh water supplies will not be injured by the permitted activity. The legislation also requires TCEQ, RRC, and BEG to conduct a study and report the findings to the Legislature on the appropriate agency to regulate long-term storage of CO2 into non oil or gas producing geologic formations. Further, the legislation requires GLO, in conjunction with TCEQ, RRC, and BEG to develop recommendations for managing geologic storage of CO2 on state-owned lands, including an assessment of storage capacity and new legal and regulatory frameworks that might be needed.

Enactment of Senate Bill 1693 requires TCEQ to respond to and investigate complaints concerning odor associated with poultry facilities. The legislation authorizes the agency to issue notices of violations and to inspect poultry facility records relating to the sale, purchase, transfer, or application of poultry litter.

Enactment of Senate Bill 1759 establishes a Texas Clean Fleet Program (CFP) to be administered by TCEQ, with 5 percent of ERIG funding in the TERP allocated to the CFP. The CFP provides for conversion of diesel-powered or gasoline-powered vehicles to alternative-fueled vehicles and the purchase of alternative-fueled vehicles, including hybrid-electric, compressed natural gas, liquefied natural gas, hydrogen, or other alternative-fueled vehicles. The legislation also requires TCEQ to conduct a study of alternative fueling facilities to assess the correlation between fueling facilities in nonattainment areas and the deployment of fleet vehicles that use alternative fuels and determine the emissions reductions achieved from a diesel-powered engine compared to an engine using alternative fuels.

GENERAL LAND OFFICE AND VETERANS' LAND BOARD

The Texas Constitution established the General Land Office (GLO) in 1836 as the management agency for lands and mineral rights for the Republic of Texas. After Texas became a state in 1845, GLO became the designated agency to oversee state lands and mineral rights. Lands subject to state oversight include beaches, bays and estuaries, other submerged state-owned lands, parcels of upland property, and plains and dry-lands. The agency's responsibilities include managing oil, gas, and other resources; granting land-use contracts for public, private, and commercial uses of submerged state-owned coastal public lands; ensuring protection of natural resources on state real property; and managing the Texas Veterans' Land Board (VLB), which was established in 1946. GLO is headed by the Land Commissioner, who is chosen by a statewide election.

The agency's mission is to serve Texas through prudent and innovative stewardship of historical records, natural resources, and state lands; to enhance revenue generation; and to provide benefit programs to veterans. GLO accomplishes its mission by (1) enhancing the value of state assets and the revenue they generate through prudent management of state-owned land, minerals, and other assets; (2) improving and protecting the Texas environment and promoting wise use of resources while creating new markets and jobs through environmental initiatives in partnership with the public and private sectors; and (3) administering VLB, which provides Texas veterans with self-supporting benefit programs that offer low-interest loans for land, homes, and home improvements as well as the opportunity to secure long-term nursing home care and an honorable final resting place.

The Eighty-first Legislature, Regular Session, 2009, appropriated $166.2 million in All Funds and provided for 610.6 full-time-equivalent (FTE) positions in fiscal year 2010 and 611.6 FTE positions in fiscal year 2011 to GLO and VLB for the 2010–11 biennium. The appropriated amount includes $33.5 million in General Revenue Funds and General Revenue–Dedicated Funds (20 percent).

Not included in the appropriations to GLO is $1.7 billion in funds outside the State Treasury for the sale and purchase of land, investments, and associated expenses; loans to Texas veterans for the purchase of land, housing, and home improvements; and funds related to the construction of cemeteries and skilled nursing care centers for Texas veterans.

ENHANCE STATE ASSETS

The agency generates revenue and improves the state asset holdings by managing state-owned lands. For the 2010–11 biennium, GLO is appropriated $34.4 million for this function, which is about 20.7 percent of the agency's appropriated budget.

ENERGY LEASE MANAGEMENT

GLO manages state lands and mineral-rights properties totaling 18.9 million acres, which include beaches, bays, estuaries, and other submerged lands out to 10.3 miles in the Gulf of Mexico; institutional acreage; grazing lands in West Texas; and timberlands in East Texas. In managing those properties, GLO leases drilling rights for oil and gas production on state lands, producing revenue and royalties. These proceeds are deposited to the Real Estate Special Fund Account (RESFA) and may be used for the acquisition of real property interests on behalf of the Permanent School Fund (PSF).

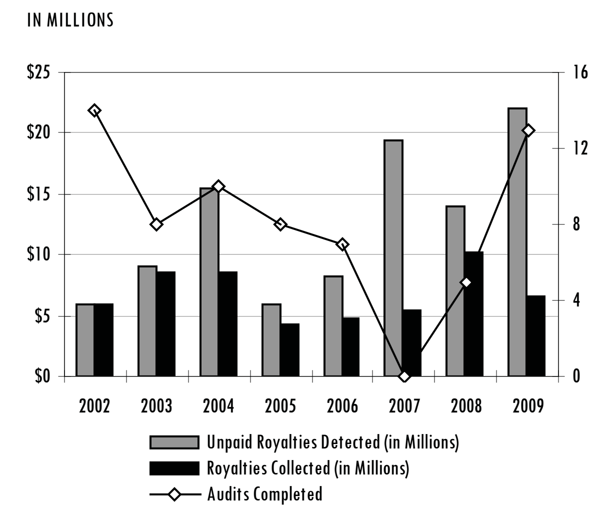
GLO manages the leasing and development of mineral interests through the following activities:

- evaluating the oil, gas, and hard mineral potential of state-owned mineral tracts;
- collecting, compiling, and distributing royalties and revenue from mineral leases;
- conducting mineral lease sales and evaluating proposed state Relinquishment Act leases; and
- inspecting active leases to verify production rates and to ensure that drilling operations comply with state environmental standards.

The agency also operates the Field Audit Program, which reviews oil, gas, and hard-mineral royalties on state leases to identify unpaid and underpaid royalties and penalties. **Figure 295** shows the number of royalty audits completed during fiscal years 2002 to 2009, the corresponding unpaid royalties detected, and amounts recovered by GLO staff.

Additionally, the agency allocates resources to prosecute claims for deficiencies in payments of mineral royalties and other revenue owed to the PSF for oil, gas, and hard-mineral leases, as well as for leases executed under the Relinquishment Act. Resources are also allocated for the prosecution of cases defending the title to PSF lands and mineral or royalty interests against claims filed by third parties.

FIGURE 295
ROYALTY AUDITS
OIL, GAS, AND HARD MINERAL
FISCAL YEARS 2002 TO 2009



SOURCES: General Land Office; and Veterans' Land Board.

GLO administers the State Power Program, an extension of the agency's in-kind oil and gas programs, which began in 1985. The State Power Program sells natural gas to state agencies at a price lower than that offered by local distribution companies and higher than cash royalties. In addition, GLO takes in-kind royalties and negotiates agreements with lessees to convert those royalties to other forms of energy, including electricity, for sale to public retail customers (PRC). PRCs include public school districts, state institutions of higher education, state agencies, and political subdivisions such as cities and counties. PRCs are able to save money on their utility bills while the state generates additional revenue for the Permanent School Fund.

The Energy Lease Management and Revenue Audit strategy received approximately $8 million in appropriations for the 2010–11 biennium and 49.5 FTE positions in fiscal year 2010 and 50.5 FTE positions in fiscal year 2011, while the Energy Marketing strategy received approximately $2.2 million in appropriations for the 2010–11 biennium and 14.5 FTE positions. Appropriations for the 2010–11 biennium for Defense and Prosecution of PSF royalty and mineral lease interests are $4.8 million and provide for 19 FTE positions.

UPLANDS AND COASTAL LEASING

GLO is responsible for promoting and conducting uplands and coastal leasing activities for the benefit of the PSF and state agency land, and for monitoring lease compliance. Uplands, or land located above the mean high tide line, are leased for agricultural purposes, grazing, hunting, recreational use, and oil and gas platform sites. Coastal leases include grants of interest to the Texas Parks and Wildlife Department (TPWD) or an eligible city or county for public recreational purposes; to TPWD for estuarine preserves; to any nonprofit, tax-exempt environmental organization approved by the School Land Board for managing a wildlife refuge; or to any scientific or educational organization or institution for conducting scientific research. Before a land-use contract is issued, GLO evaluates the proposal for consistency with state leasing policy and determines compensation due the state. The agency's revenue from uplands leases was $9.8 million in fiscal year 2008 and $11.2 million in fiscal year 2009. The agency's revenue from coastal leases was $3.3 million in fiscal year 2008 and $4.7 million in fiscal year 2009.

The Uplands Leasing strategy received approximately $1.5 million in appropriations for the 2010–11 biennium and 12 FTE positions. The Coastal Leasing strategy received $4.9 million in appropriations for the 2010–01 biennium and 41.5 FTE positions.

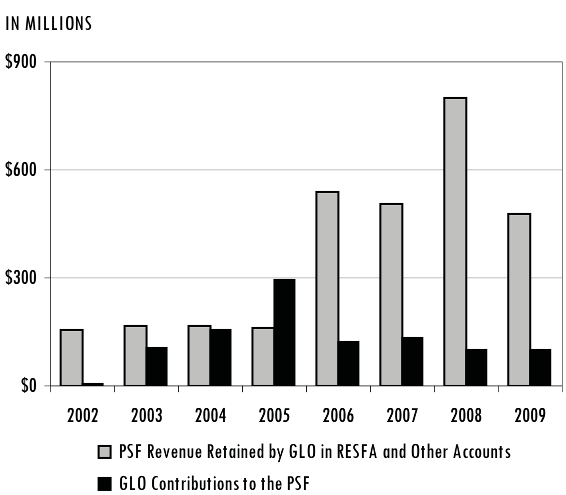
ASSET MANAGEMENT

The purpose of the Asset Management Division is to evaluate PSF and state agency land and to dispose of selected tracts through sale or trade. The agency maintains an inventory of real property owned by state agencies and determines the properties' market value. Annually, the agency's Asset Management Division identifies unused or underused real property owned by state agencies and recommends to the Governor options for the use or disposition of such property. GLO, with the approval of the Governor, sells or leases the unused and underused real property. Proceeds from the sale of state agency and PSF lands are deposited to the RESFA unless a state agency's statute or the Texas Constitution redirects the funds. Revenue from PSF land sales may be used for the acquisition of additional real property interests for the PSF. The agency may also sell land as the state's agent under specific legislative direction.

The School Land Board (SLB) is responsible for the management and development of all real property owned by the PSF. The SLB is composed of the GLO commissioner and two public members. GLO provides administrative support. The Seventy-seventh Legislature, 2001, enacted legislation authorizing SLB to use the funds it generates from the sale of PSF land and proceeds from mineral leases on PSF land for the acquisition of additional real property and mineral interests on behalf of the fund. Prior to this time, revenue generated from mineral leases was deposited directly to the corpus of the PSF to be used by the State Board of Education for investment in equities.

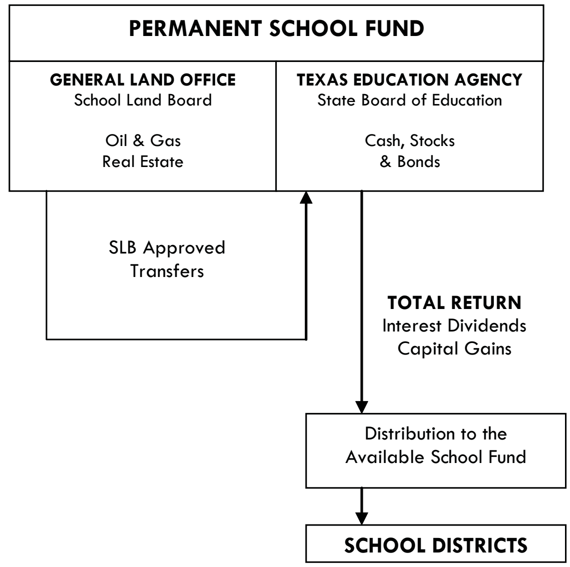
During the 2008–09 biennium, SLB acquired 7,735 acres of land. The cost associated with the acquisition of land and other development costs during the biennium totaled $4.4 million. There were 144 tracts of land totaling 29,432 acres sold at a net gain of $77.9 million during the biennium. Revenue from these land sales was deposited into the RESFA to be used by SLB to make further real estate investments. The GLO also transferred $200 million to the corpus of the PSF for equity investment by the State Board of Education during the 2008–09 biennium. This transfer provided revenue generated by upland, coastal, and miscellaneous leases, which previously had been deposited into the Available School Fund. **Figure 296** shows GLO contributions to the PSF for equity investment, excluding the revenue generated by upland, coastal, and miscellaneous leases and the revenue remaining in the agency's RESFA for fiscal years 2002 to 2009. **Figure 297** shows how revenue flows through the PSF to school districts.

FIGURE 296
CONTRIBUTIONS TO THE PERMANENT SCHOOL FUND AND REAL ESTATE SPECIAL FUND ACCOUNT (RESFA) RECEIPTS FISCAL YEARS 2002 TO 2009



Note: GLO Escrow Account amounts include mineral lease royalty revenues.
Source: General Land Office.

FIGURE 297
PERMANENT SCHOOL FUND REVENUE FLOW CHART OCTOBER 2009



Source: Legislative Budget Board.

The Asset Management strategy received $10.8 million in appropriations for the 2010–11 biennium and 34.5 FTEs.

The Appraisal and Surveying divisions carry out real estate appraisal and surveying activities for GLO, including identifying the location of state-owned land and minerals. The staff of the Surveying Division is instrumental in the resolution of boundary questions regarding state lands, Veterans' Land Board tracts, and other boundary determinations. The Appraisal Division staff provides information on market conditions and market values to ensure the best use of PSF land; the staff provides similar services for other state agencies to ensure that state properties are being used in the most economical way. The Surveying and Appraisal strategy received $2.3 million in appropriations for the 2010–11 biennium and 12 FTE positions.

PROTECT THE ENVIRONMENT

Within the goal to protect the environment, the agency preserves environmental resources of the state and promotes wise use of these resources, while creating jobs in Texas. Appropriations for this goal total $85.5 million for the 2010–11 biennium, which represents over 51.5 percent of the agency's appropriated budget.

COASTAL MANAGEMENT AND EROSION CONTROL

GLO is the lead agency for coastal management in Texas and is charged with developing a long-term strategy for the protection and enhancement of the coastal environment and economy. The agency is responsible for 367 miles of Texas coastline and 3,300 miles of bay shoreline. As the lead agency for coastal issues, GLO developed the Coastal Management Program (CMP) in 1991 to meet federal coastal zone management guidelines, which the federal government approved in January 1997. The CMP identifies effective measures to address critical area protection and enhancement, coastal erosion response, dune protection, permit streamlining, shoreline access, water resource management, coastal education and outreach, and hazards response issues. The Coastal Coordination Council (CCC) administers the CMP. The CCC, chaired by the Land Commissioner and made up of representatives from eight state agencies and four gubernatorial appointees, has rule-making and grant-making authority. CCC awards 90 percent of the Federal Funds granted to the CMP and coastal communities. GLO retains approximately 10 percent of CMP funds for program administration.

GLO is also responsible for recruiting and coordinating activities of volunteers for beach cleanups along the Texas coast through its Adopt-a-Beach Program. During the fall 2009 cleanup, 8,224 volunteers removed 216.8 tons of trash from 194.6 miles of coastline. **Figure 298** shows the number of beach cleanup volunteers and tons of trash collected between winter 2004 and fall 2009.

GLO is charged with addressing coastal erosion through the Coastal Erosion Planning and Response Act, which is funded in part by an Interagency Contract with the TPWD, totaling $25.2 million supplied by the General Revenue (Sporting Goods Sales Tax) transfer to the State Parks Account No. 64 and will provide approximately $14.7 million in state funds to local coastal communities during the 2010–11 biennium for coastal management and coastal erosion response projects. The program funds projects to help preserve all vital assets and natural resources and to protect the economic future of the Texas Gulf Coast. During the 2008–09 biennium, 10 construction projects were completed. The agency estimates that 20 planned construction projects will be completed during the 2010–11 biennium. Projects may consist of one or more of the following: shoreline protection; beach nourishment; and marsh, wetland, and dune restoration.

FIGURE 298
ADOPT-A-BEACH PROGRAM VOLUNTEER CLEANUPS WINTER 2004 TO FALL 2009

SEASONAL PERIOD	BEACH CLEAN-UP VOLUNTEERS	TRASH COLLECTED (IN TONS)
Winter 2004	80	3.4
Spring 2004	5,174	143.1
Fall 2004	8,703	223.8
Winter 2005	151	6.3
Spring 2005	7,010	122.9
Fall 2005	5,988	107.4
Winter 2006	281	9.5
Spring 2006	4,715	97.6
Fall 2006	8,509	130.4
Winter 2007	442	8.8
Spring 2007	6,812	143.6
Fall 2007	9,604	189.8
Winter 2008	316	4.9
Spring 2008	5,392	98.5
Fall 2008	3,490	104.1
Winter 2009	585	5.6
Spring 2009	6,945	216.3
Fall 2009	8,224	216.8
TOTAL	**82,421**	**1,832.8**

Sources: General Land Office; Veterans' Land Board.

The federal Coastal Impact Assistance Program (CIAP) assists coastal states and coastal political subdivisions within those states that have either supported or been affected in some measure, directly or indirectly, from Outer Continental Shelf (OCS) oil and gas exploration and development activities. Many of the effects of OCS activities are felt onshore through an increased need for production and support facilities, air and water quality changes, and an increased demand for infrastructure and social systems due to an influx of OCS workforce. Typically, coastal states that support oil and gas drilling in their waters and coastal lands are also affected by these activities. CIAP is funded with federal funds generated from offshore oil and gas lease royalties.

CIAP funds may be used only for one or more of the following purposes:

- projects and activities for the conservation, protection, or restoration of coastal areas, including wetlands;
- mitigation of damage to fish, wildlife, or natural resources;
- planning assistance and the administrative costs to comply with CIAP;
- implementation of a federally approved marine, coastal, or comprehensive conservation management plan; and
- mitigation of the impact of Outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

The federal Energy Policy Act of 2005 amended the Outer Continental Shelf Lands Act (U.S.C. 1356a) to provide for the disbursement of $250 million each year from 2007 to 2010 to be divided among the coastal states of Alabama, Alaska, California, Louisiana, Mississippi, and Texas as part of the CIAP. The program assists states in mitigating the affects associated with oil and gas production on the Outer Continental Shelf. The overall objective for use of the state portion of CIAP funds has been to finance projects within the Texas coastal area that are consistent with the CIAP legislation and provide statewide, regional, or local benefits to the Texas economy and environment. The U.S. Minerals Management Service (MMS) is the federal administering agency for the program.

A three-member Coastal Land Advisory Board makes recommendations to the Governor regarding the best use of state-level CIAP funds. The board prepares the Texas CIAP Plan for the Governor to submit to the MMS. The Governor designated GLO as the administrative agency for CIAP. On April 16, 2007, the MMS released the state allocation of CIAP funds for fiscal years 2007 and 2008; Texas received $48.6 million in each fiscal year. Of this amount, $31.6 million was awarded to the state and $17 million was awarded to the 18 coastal counties. For fiscal years 2009 and 2010, Texas will receive $35.6 million per year; of that amount, $23.2 million will be awarded to the state and $12.5 million will be awarded to the 18 coastal counties.

The Coastal Management strategy received $26.4 million in appropriations for the 2010–11 biennium and 62.5 FTE positions. The Coastal Erosion Control Grants strategy received approximately $37.3 million in appropriations for the 2010–11 biennium and 33 FTE positions. As mentioned above, of these amounts, the Legislature designated $12.6 million per fiscal year to come from the proceeds of the Sporting Goods Sales Tax transfer to the State Parks Account (General Revenue–Dedicated Funds) through an interagency contract with TPWD.

GLO'S HURRICANE IKE-RELATED ACTIVITIES

In October 2008, the GLO made a request to the Legislative Budget Board and the Governor for emergency funds for the removal of debris and associated costs related to debris removal along 39 miles of coastline in Brazoria and Galveston counties impacted by Hurricane Ike. This funding was made possible by a transfer of unexpended General Revenue Funds from the Texas Public Finance Authority (TPFA) due to savings in General Obligation (GO) bond debt service costs.

The removal of debris from the beaches was completed in May 2009. This removal effort included the removal of over 136,000 cubic yards of debris in addition to the sifting of over 1.1 million cubic yards of beach sand to remove small debris items such as nails and other foreign objects. The total cost of the beach debris removal project was approximately $15.6 million. In addition to beach debris cleanup, the GLO was responsible for the removal of marine debris submerged in the state's bays and estuaries, which was completed in August 2009. The coastal waters that were under contract for debris removal were Galveston Bay, East Bay, Trinity Bay, West Bay, Sabine Lake and the surf zones along Galveston Island, Bolivar Peninsula, and portions of Brazoria County including the Village of Surfside Beach. The marine debris removal project spanned over 335,000 acres and identified over 10,000 targets for removal, totaling an estimated 28,000 cubic yards. Additionally, a total of 124 sunken vessels, which ranged from small boats to large barges, were removed from coastal waters. The total cost for marine debris and vessel removal is estimated at $23 million. At the beginning of fiscal year 2010, the GLO is in the process of removing three fishing piers that were substantially damaged by the storm: the San Luis Pass, Meacom's, and Dirty Pelican piers. The cost of removing these piers is estimated to be $750,000.

As of May 2009, the GLO received $20.5 million in reimbursements from the Federal Emergency Management Agency (FEMA) for all of the debris removal projects described. As authorized by enactment of House Bill 4586, Eighty-First Legislature, Regular Session, 2009, the GLO is leveraging reimbursement received from FEMA to continue the state's coastal recovery efforts. The agency expects to use these funds to undertake the largest coastal protection effort in Texas history, totaling more than $135 million in state, federal, and local funds during the 2010–11 biennium.

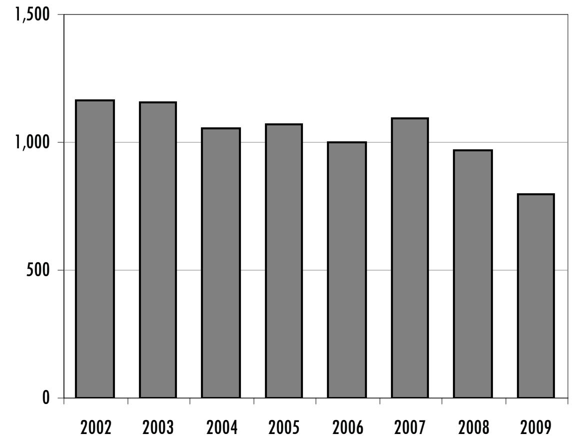
OIL SPILL PREVENTION AND RESPONSE

The Texas Oil Spill Prevention and Response Act of 1991 designated GLO as the lead state agency to implement marine oil-spill prevention measures and to respond to marine oil spills. The agency is charged with developing and implementing a comprehensive oil spill prevention and response program to monitor the integrity of oil transport through Texas coastal waters and to respond quickly and efficiently to oil spills. The Oil Spill Prevention and Response Division consists of two functional areas: prevention and response.

GLO addresses oil spill prevention in a number of ways. The Small Spill Education Program provides practical ways and tools to avoid spills at marine fuel docks and transfer locations. The Bilge Water Reclamation Facility Program provides a "no-cost" option for commercial fishermen to offload oil-contaminated bilge water for processing and recycling. GLO personnel also routinely conduct boat and vehicle patrols in harbor and port areas to deter unauthorized oil discharges. The law also provides for the assessment of administrative penalties for persons responsible for causing spills, and penalties are routinely levied and collected. Furthermore, owners and operators of facilities and vessels responsible for a discharge must analyze the factors leading to the discharge and submit a written statement outlining corrective actions they have taken and how they will prevent future discharges.

Response functions are implemented through the network of five regional field offices that respond to all reported oil spills. Located in Calhoun, Cameron, Harris, Jefferson, and Nueces counties, field personnel are available to respond to spills 24-hours a day, 365 days per year. In addition to representing the state's interest during spill response, field personnel inspect and audit oil-handling facilities, conduct spill exercises and drills, and monitor vessel/facility transfers. In fiscal year 2009, the program responded to 794 spills. **Figure 299** shows GLO oil spill responses for fiscal years 2002 to 2009. The program receives funding from a 1⅓-cent fee (per barrel) on crude oil loaded or unloaded in Texas ports by vessel, and the proceeds are deposited in the Coastal Protection Account No. 27 (General Revenue–Dedicated Funds).

FIGURE 299
OIL SPILL RESPONSES IN TEXAS COASTAL WATERS
FISCAL YEARS 2002 TO 2009



Source: General Land Office; Veterans' Land Board

The Oil Spill Response strategy received approximately $13.4 million in appropriations for the 2010–11 biennium and 56 FTE positions. Oil Spill Prevention received $8.4 million in appropriations and 56 FTE positions for the 2010–11 biennium.

VETERANS' LAND BOARD

The agency's third goal, Veterans' Land Board (VLB), provides benefit programs to Texas veterans. This function received $46.2 million in appropriations and 231.1 FTE positions for the 2010–11 biennium, which is approximately 28 percent of the agency's appropriated budget.

VETERANS' BENEFITS PROGRAMS

The VLB, with two public members and the Land Commissioner as chair and administrator, was established by the Legislature in 1946 to administer a self-supporting program that provides low-interest, long-term loans of up to $60,000 to Texas veterans for the purchase of land. Since its inception, and as of August 2009, the program has made more than 121,585 land loans to Texas veterans.

Two other loan programs were subsequently established to aid veterans in purchasing and improving their homes. The Veterans' Housing Assistance Program allows an eligible veteran to borrow up to $325,000 to buy a home. Since it began in 1984, this program has made more than 77,871 home loans, as of August 2009. The Veterans' Home Improvement Program enables eligible veterans to borrow up to $25,000 for home improvements. Since 1986, the program has provided over 3,594 home improvement loans, as of

August 2009. Qualified Texas veterans may participate in all three programs. **Figure 300** shows the loan activity for fiscal years 2002 to 2009. The agency's programs are financed with fees and constitutionally authorized GO bond proceeds that are repaid by the veterans participating in the programs.

FIGURE 300
VETERANS' LAND BOARD LOAN ACTIVITY
FISCAL YEARS 2002 TO 2009

FISCAL YEAR	LAND LOANS	HOUSING LOANS	HOME IMPROVEMENT LOANS
2002	543	2,300	47
2003	559	3,879	33
2004	521	7,033	51
2005	638	5,717	69
2006	631	3,550	34
2007	594	3,419	51
2008	598	3,497	42
2009	526	2,744	97

SOURCES: General Land Office; Veterans' Land Board.

VLB also administers the Texas State Veterans' Home Program, which provides long-term care for qualified veterans, their spouses, and certain parents of deceased veterans. Day-to-day operations of the veterans' homes are the responsibility of contract operators. In addition to its program-management responsibilities, VLB provides each veterans' home with full-time employees who are responsible for ensuring that the contract operators are complying with the terms of the management agreement and delivering quality care; they also assist with marketing activities such as distributing information to the community and assisting potential residents and their families with admission application forms.

Beginning in fiscal year 2008 and subsequent to enactment of House Bill 3140, Eightieth Legislature, 2007, VLB operates a communications center to disseminate information on services available to veterans on behalf of both VLB and the Texas Veterans Commission (TVC).

There are now skilled nursing facilities for veterans in Big Spring, Bonham, El Paso, Floresville, McAllen, Temple, and Amarillo. The program is a partnership between the U.S. Department of Veterans Affairs (VA), VLB, and private sector healthcare providers. It has significant administrative participation from TVC, Veterans County Service Officers, and veterans' organizations in the communities in which the homes are located. The homes provide skilled nursing care; specialized services such as physical, speech, and occupational therapy; and a wide range of recreational and educational activities. Operating costs for the skilled nursing homes are financed by the participating veterans' Social Security benefits, a VA per diem subsidy, Medicare/Medicaid payments, disability entitlements, private insurance, and personal income.

VLB has authorization to develop and operate up to seven state veterans' cemeteries. These cemeteries are designed, constructed, and equipped through grants from the VA. Once cemetery construction is completed, VLB owns and operates the cemetery and funds most of the cost of operations. These cemeteries serve veterans, their spouses, and their dependents that are not already served by one of the four national cemeteries in Texas. A cemetery in Killeen, the first state veterans' cemetery, opened in January 2006, while a second cemetery in Mission opened in December 2006, and a third opened in Abilene June 2009. The fourth state veterans' cemetery is planned to begin construction in Corpus Christi in the spring 2010, pending federal grant approval.

Appropriations for the 2010–11 biennium for the Veterans' Loan Programs strategy total $23.8 million and provide for 165 FTE positions. The Veterans' Homes strategy received approximately $5.5 million in appropriations for the 2010–11 biennium and 40.5 FTE positions; and the Veterans' Cemeteries strategy received $18.6 million in appropriations for the 2010–11 biennium, which includes $8 million in Federal Funds for construction, and provides for 25.6 FTE positions.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect GLO, including House Bill 1796, House Bill 2073, House Bill 2387, House Bill 2457, House Bill 4586, and Senate Bill 2043.

Enactment of House Bill 1796 authorizes GLO to build and operate a carbon dioxide repository on state-owned offshore, submerged land. The legislation requires the Texas Commission on Environmental Quality (TCEQ) to adopt standards for the location, construction, maintenance, monitoring, and operation of such a repository. The Land Commissioner is required to contract with the University of Texas Bureau of Economic Geology to conduct a study to find the best location for the carbon dioxide repository, although the School Land Board ultimately decides its location, and leases land from the Permanent School Fund for its construction. The School Land Board may accept fees for carbon dioxide storage and is the owner of any carbon dioxide stored in the repository. The Bureau serves as scientific advisor to the project. The right, title, and interest in the carbon dioxide acquired is administered and controlled by TCEQ on behalf of the state.

Enactment of House Bill 2073 requires local governments to adopt an Erosion Response Plan (ERP) for reducing public expenditures from erosion and storm damage losses to public and private property. A local government may now include a building set-back line in its erosion response plan, but is not required to do so, and may consider alternative approaches. The legislation authorizes the Land Commissioner to consider the broader approach of a local government in its local erosion response plan in making funding determinations under the Coastal Erosion Planning and Response Act (CEPRA), rather than focusing solely on the building set back line. Adoption of an ERP is taken into consideration for CEPRA funding instead of the set back line.

Enactment of House Bill 2387 authorizes the use of CEPRA funds for voluntary buyouts and to pay for the acquisition of properties in conjunction with a public works project, such as large-scale beach nourishment or shoreline protection. The legislation also authorizes the Land Commissioner to spend half of CEPRA funds on unmatched projects (previously limited to only one project up to one-third of funding), and removes the restriction that the unmatched project be used only for beach nourishment.

Enactment of House Bill 2457 assigns responsibility to GLO to clean, maintain, and clear debris from any public beach that is located within a county or municipality that is included in a disaster declaration made by the Governor. In that role, GLO is eligible to obtain reimbursement directly from the Federal Emergency Management Agency (FEMA) in the event of a disaster declaration.

Under provisions of House Bill 4586, funds appropriated to the Trusteed Programs within the Office of the Governor shall be used to reimburse GLO for repairs made to the protective dune system for County Road 257 in Brazoria County. The legislation also appropriates $39 million in reimbursements from FEMA, derived from funds transferred from the Texas Public Finance Authority for the purpose of funding coastal management programs of GLO, provided that such funds are repaid to the General Revenue Fund by May 31, 2011. Further, the legislation appropriates $10 million in General Revenue Funds for structured buyouts of property located on state beaches.

Enactment of Senate Bill 2043 authorizes the Land Commissioner to close a man-made pass between an inland bay and the Gulf of Mexico if the commissioner determines that the pass causes or contributes to significant erosion of the shoreline of the adjacent beach, the pass is not a public navigational channel constructed or maintained by the federal government, and the agency receives legislative appropriations or other funding for that purpose. The legislation also requires the Commissioner to develop a plan in conjunction with the local government, the public, and the Texas Parks and Wildlife Department to mitigate any recreational losses. GLO is appropriated $5.9 million in General Revenue Funds for the 2010–11 biennium to implement provisions of Senate Bill 2043, which the agency expects to use to close Rollover Pass on the Bolivar Peninsula.

Three joint resolutions that relate to the functions of GLO were passed by the Eighty-first Legislature, Regular Session, and approved by voters on November 3, 2009. House Joint Resolution 116 is a constitutional amendment authorizing VLB to issue General Obligation bonds in amounts equal to or less than amounts previously authorized. The resolution allows VLB to issue general obligation bonds for the purpose of selling land or home mortgages to veterans in an amount equal to or less than the aggregate principal amount of all previous constitutional authorizations, thereby essentially reauthorizing previously issued amounts as debts are repaid. In addition, the resolution would ratify the practice of excluding the VLB land and mortgage General Obligation bonds from the constitutional debt limit calculation.

House Joint Resolution 7 is a constitutional amendment authorizing the state to contribute money, property, and other resources for the establishment, maintenance, and operation of veterans' hospitals in the state. Because Article III, Texas Constitution, prohibits the state from making a grant of public money to an individual, association of individuals, or municipal or other corporation except for grants of aid in case of public calamity, House Joint Resolution 7 clarifies that the state is authorized to make contributions for the establishment, maintenance, and operation of a veterans' hospital anywhere else in the state.

House Joint Resolution 102 is an amendment to protect the right of the public, individually and collectively, to access and use the public beaches bordering the seaward shore of the Gulf of Mexico. The resolution defines a "public beach" to mean a state-owned beach bordering on the seaward shore of the Gulf of Mexico, extending from mean low tide to the landward boundary of state-owned submerged land, and any larger area extending from the line of mean low tide to the line of vegetation bordering on the Gulf of Mexico to which the public has acquired a right of use or easement by prescription or dedication or has established and retained a right by virtue of continuous right in the public under Texas common law. By clarifying the definition of public beaches, the resolution provides guidance to the GLO in enforcing the open beaches act to prevent encroachments against public access to beaches.

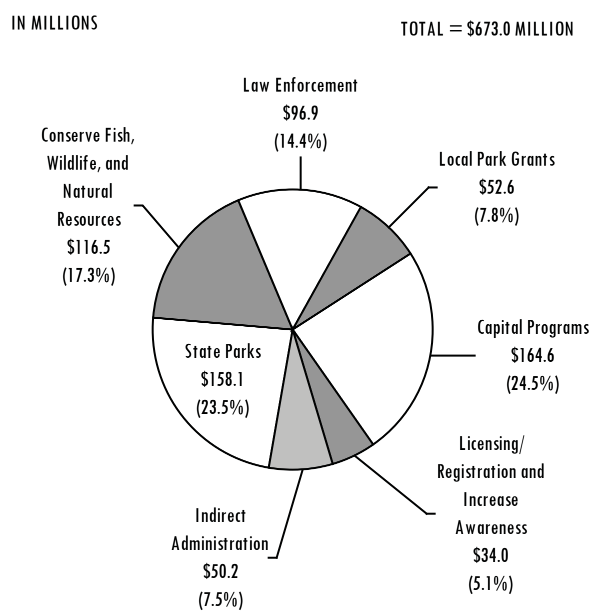
PARKS AND WILDLIFE DEPARTMENT

The Texas Parks and Wildlife Department (TPWD) was established in 1963 when the Fifty-eighth Legislature merged the State Parks Board and the Game and Fish Commission. In 1983, the Sixty-eighth Legislature, through the Wildlife Conservation Act, authorized the agency to manage fish and wildlife resources in all Texas counties. The act also increased the agency's governing body from a three-member commission to the present nine-member commission, all appointed by the Governor for six-year, staggered terms. The agency's mission is to manage and conserve the natural and cultural resources of Texas and to provide hunting, fishing, and outdoor recreational opportunities for the use and enjoyment of present and future generations.

Appropriations for the 2010–11 biennium total $673 million in All Funds and provide for 3,180 full-time-equivalent (FTE) positions in fiscal year 2011. In addition to this amount, TPWD is appropriated $2.8 million in All Funds to provide pay raises for its commissioned peace officers.

The agency's goals are to (1) strengthen commitment to core constituencies such as hunters, anglers, park visitors, and other outdoor enthusiasts; (2) broaden efforts to reach new constituencies; and (3) protect fish and wildlife resources and manage the natural and cultural heritage of Texas. **Figure 301** shows 2010–11 biennium appropriations by major function, including conserving fish, wildlife, and natural resources ($116.5 million, or 17.3 percent of total appropriations) and operating state parks ($158.1 million, or 23.5 percent of total appropriations). Other major functions of TPWD include law enforcement, managing capital programs (infrastructure), providing local park grants, licensing and registration, and public awareness and outreach. TPWD received $25.2 million in General Revenue Funds (Sporting Goods Sales Tax) to contract with the General Land Office for coastal erosion projects.

FIGURE 301
PARKS AND WILDLIFE DEPARTMENT
APPROPRIATIONS BY FUNCTION
2010–11 BIENNIUM

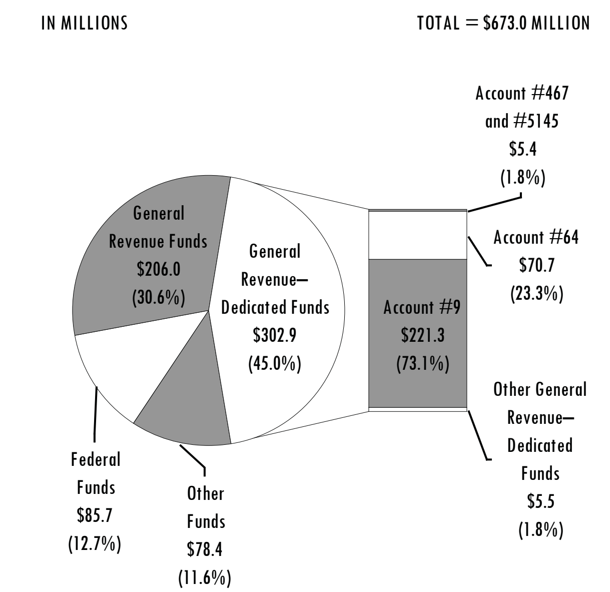


Source: Legislative Budget Board.

MAJOR FUNDING SOURCES

Of the agency's total appropriations, $508.9 million, or 76 percent, consists of General Revenue Funds and General Revenue–Dedicated Funds. The majority of the agency's General Revenue–Dedicated Funds consists of fees collected from users such as hunters, anglers, boaters, and state park visitors. **Figure 302** shows agency appropriations for the 2010–11 biennium by funding source, including General Revenue–Dedicated Funds. Likewise, the bulk (69 percent) of the agency's General Revenue Funds are comprised of the General Revenue (Sporting Goods Sales Tax) allocation for

FIGURE 302
PARKS AND WILDLIFE FUNDING SOURCES
2010–11 BIENNIUM



Note: Account #9 = Game, Fish, and Water Account (hunting and fishing license fees, boat registration, and title fees); Account #64 = State Parks Account (state parks entrance and facility use fees); Account #467 and #5145 = Texas Recreation and Park Account and Large County and Municipality Recreation and Parks Account (fund balances from prior year deposits of the Sporting Goods Sales Tax).
Source: Legislative Budget Board.

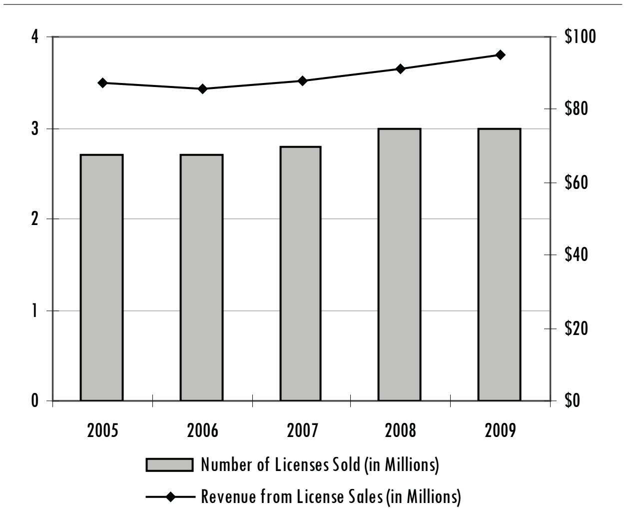
three TPWD General Revenue–Dedicated accounts for state parks, local park grants, and certain conservation and capital projects.

HUNTING AND FISHING LICENSE REVENUE

Hunting and fishing license sales, the largest source of the user fees TPWD collects and deposits to the credit of the Game, Fish and Water Safety Account (General Revenue–Dedicated Funds), are shown in **Figure 303** for fiscal years 2005 to 2009. These amounts include sales of commercial licenses.

As shown in **Figure 303**, license sales grew from 2.7 million in fiscal year 2005 to 3 million in fiscal year 2008 and remained steady at 3 million in fiscal year 2009. Revenue from license revenues increased from $87.2 million in fiscal year 2005 to $94.8 million in fiscal year 2009. In anticipation of a large increase in Lifetime License fees to be implemented in fiscal year 2010, TPWD experienced an unprecedented increase in the purchase of Lifetime Licenses in fiscal year 2009, selling $4.7 million in new Lifetime Licenses and Lifetime License upgrades. Although the overall number of licenses sold remained stable between fiscal years 2008 and 2009, the sales revenue increased due to the sales of the relatively expensive Lifetime Licenses. When the sales of the Lifetime Licenses are removed from the analysis, the trend from fiscal year 2008 to fiscal year 2009 was toward the purchase of less expensive licenses (i.e., customers bought a regular hunting license rather than the more expensive combination or Supercombo licenses) and a decrease in the

FIGURE 303
HUNTING AND FISHING LICENSE SALES
FISCAL YEARS 2005 TO 2009



SOURCE: Texas Parks and Wildlife Department.

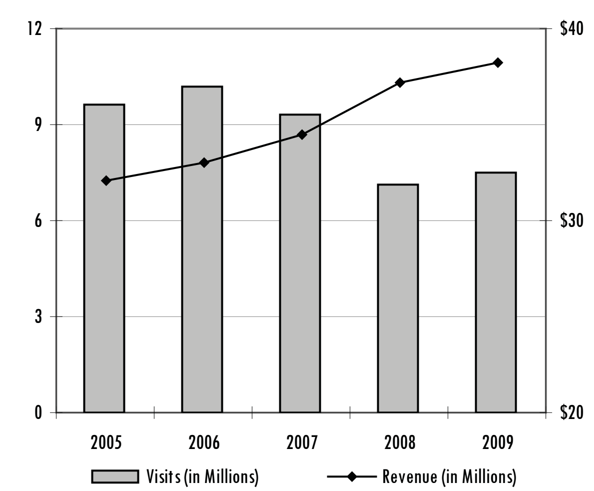
sales of non-resident licenses, both probably due to economic conditions.

For the 2010–11 biennium, the Eighty-first Legislature, Regular Session, 2009, appropriated $11.3 million in receipts above the Comptroller's Biennial Revenue Estimate (BRE) in the Game, Fish and Water Safety Account for salary and equity compensation for staff in wildlife, fishery, law enforcement, and support divisions. Pay raises for affected staff were approved in amounts not to exceed 12 percent from 2009 budgeted levels. To generate receipts above the BRE, the Texas Parks and Wildlife Commission approved a 5 percent increase (rounded up to the nearest dollar for most recreational and commercial licenses, and boat registration and titling fees) effective August 15, 2009. The action resulted in an increase between $2 and $4 for most individual licenses. The license and fee increases are the first since fiscal year 2004, when license and fees were increased overall by 16 percent.

STATE PARK VISITATION REVENUE

Annual state park visits and revenue from paid park visits since fiscal year 2005 are shown in **Figure 304**. Changes in methodology used to count visitation were initiated in fiscal year 2008 in response to audit findings by the State Auditor's Office. Changes included TPWD phasing out its usage of car counter estimates in favor of actual counts, resulting in lower visitation numbers for fiscal years 2008 and 2009. Typically,

FIGURE 304
STATE PARK REVENUE AND VISITS
FISCAL YEARS 2005 TO 2009



NOTE: The methodology used to count visits was changed in fiscal year 2008 in response to findings in an audit by the State Auditors Office.
SOURCE: Texas Parks and Wildlife Department.

fluctuations can be expected in state park visits from year to year because of weather conditions during peak seasons or holiday weekends, which can include hurricanes causing park closures or prolonged droughts discouraging visitations. According to the agency, changes in the economy can also affect park visits. For example, increases in park visits may occur during a down economy, as more people choose going to state parks close to home as vacation destinations when budgets are limited.

Despite fluctuations in the number of state park visits, state park revenue has increased each year beginning in fiscal year 2006, when TPWD implemented increases in facility use fees, including fees to cover costs of upgrading electrical hookups at recreational vehicle camp sites. Additionally, park revenue increased in the 2008–09 biennium, when TPWD conducted a comprehensive fee analysis that resulted in targeted fee increases for individual parks. For the 2010–11 biennium, TPWD will continue to conduct annual fee assessments and set revenue targets for each park in the system.

SPORTING GOODS SALES TAX ALLOCATION

State parks are not self-supporting and since fiscal year 1994 a portion of the sales tax revenue generated by sporting goods has been statutorily allocated to fund state park operations, capital, and local park grants. Prior to that, state and local parks were each allocated a one penny per pack tax on cigarettes, which proved to be a declining revenue source that bore no relationship to the mission of providing state park services.

The Comptroller of Public Accounts (CPA) estimates revenue from the sales tax on sporting goods based on the definition of sporting goods in the state Tax Code § 151.801(e)2: "Sporting goods" means an item of tangible personal property designed and sold for use in a sport or sporting activity, excluding apparel and footwear except that which is suitable only for use in a sport or sporting activity, and excluding board games, electronic games and similar devices, aircraft and powered vehicles, and replacement parts and accessories for any excluded item.

CPA derives estimates for sporting goods sales receipts by using a national survey of the sporting goods market. As shown in **Figure 305**, according to CPA estimates, nearly two-thirds of Sporting Goods Sales Tax (SGST) revenue is generated from sales of bicycles and related supplies, hunting and firearms equipment, exercise equipment, and fishing tackle. Although the types of sporting goods items listed in **Figure 305** may not always be used in state and local parks, surveys conducted by Texas A&M University have shown a relationship between the purchase of sports equipment and state park visitation.

CPA's estimate of SGST receipts grew by $20.6 million from $229.1 million to $249.7 million between the 2008–09 and 2010–11 biennia in part because a few categories of items were added to the estimate: canoes and kayaks, helmets, lacrosse equipment, and a few more types of athletic shoes. All together these added categories account for $10.7 million of the biennial increase.

The Eightieth Legislature, 2007, enacted legislation that removed the biennial cap on the statutory allocation of the SGST for TPWD and allowed the Legislature to set the cap in the General Appropriations Act (GAA). Prior to September 1, 2007, the biennial statutory allocation of SGST receipts to TPWD for state parks, local park grants, and certain conservation and capital projects was fixed at $64 million per biennium.

The same legislation from the Eightieth Legislature also authorized the Texas Historical Commission (THC) to receive SGST receipts, and provided a maximum statutory allocation to both entities: 94 percent to TPWD and 6 percent to THC. Because of the flexibility provided by the removal of the statutory cap, biennial appropriations from this source grew from $111.8 million in the 2008–09 GAA to $163.4 million in the 2010–11 GAA (**Figure 306**).

For the 2010–11 biennium, the Legislature appropriated TPWD $148.9 million in SGST receipts, an increase of $50.8 million over 2008–09 appropriated levels of $98.1 million. As shown in **Figure 306**, SGST appropriations designated in the GAA for TPWD in the 2010–11 biennium include $82.8 million for state park operations, infrastructure administration, and land acquisition; $25.2 million in pass-through funds to the General Land Office for coastal erosion projects; and $7.5 million for debt service on General Obligation (GO) bonds issued for park repairs statewide, which is appropriated to the Texas Public Finance Authority.

SGST amounts estimated to be collected exceed amounts appropriated in the 2010–11 GAA by $86.3 million. Collections not appropriated to TPWD and THC remain in the General Revenue Fund.

FIGURE 305
ESTIMATED STATE SALES TAX REVENUE FROM THE SALE OF SPORTING GOODS
2010–11 BIENNIUM

CATEGORY OF SPORTING GOOD	REVENUE (IN THOUSANDS)	PERCENTAGE OF TOTAL	CUMULATIVE PERCENTAGE
Bicycles and Supplies	$48,508	19.4	19.4
Hunting and Firearms Equipment	45,670	18.3	37.7
Exercise Equipment	44,375	17.8	55.5
Fishing Tackle	24,120	9.7	65.1
Golf Equipment	23,845	9.5	74.7
Camping	9,834	3.9	78.6
Snow Skiing Equipment	6,504	2.6	81.2
Billiards/Indoor Games	3,986	1.6	82.8
Tennis Equipment	3,935	1.6	84.4
Archery	3,684	1.5	85.9
Skin Diving and Scuba Gear	3,368	1.3	87.2
Canoes and Kayaks	3,199	1.3	88.5
Baseball/Softball	3,118	1.2	89.8
Wheel Sports	2,797	1.1	90.9
Hunting Apparel	2,568	1.0	91.9
Basketball	2,279	0.9	92.8
Golf Shoes	2,267	0.9	93.7
Baseball/Softball Shoes	2,255	0.9	94.6
Optics	1,754	0.7	95.3
Helmets	1,514	0.6	95.9
Bowling	1,492	0.6	96.5
Football Shoes	1,130	0.5	97.0
Football Equipment	1,022	0.4	97.4
Hiking Boots	987	0.4	97.8
Soccer Shoes	868	0.3	98.1
Soccer	645	0.3	98.4
Cycling Shoes	606	0.2	98.6
Bowling Shoes	534	0.2	98.8
Track Shoes	487	0.2	99.0
Hunting Boots	461	0.2	99.2
Hockey Equipment and Ice Skates	454	0.2	99.4
Ski Apparel	342	0.1	99.5
Lacrosse	300	0.1	99.7
Volleyball and Badminton	300	0.1	99.8
Water Skis	293	0.1	99.9
Racquetball Equipment	241	0.1	100.0
TOTAL	**$249,742**		

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

FIGURE 306
SPORTING GOODS SALES TAX (SGST) IN THE GENERAL APPROPRIATIONS ACT (GAA)
2010–11 BIENNIAL REVENUE ESTIMATE = $249.7 MILLION

IN MILLIONS	HOUSE BILL 12 MAXIMUM STATUTORY ALLOCATION (2010–11)		2010–11 GAA		UNDESIGNATED SGST RECEIPTS[1]
	AMOUNT	PERCENTAGE OF TOTAL	AMOUNT	PERCENTAGE OF EACH STATUTORY ALLOCATION	AMOUNT
AGENCIES RECEIVING STATUTORY ALLOCATION					
Texas Parks and Wildlife Department (TPWD)	$234.8	94	$148.9	63	$85.9
Texas Historical Commission (THC)[2]	14.9	6	14.5	97	0.4
TOTAL	**$249.7**	**100**	**$163.4**	**–**	**$86.3**
STATUTORY DISTRIBUTION TO TPWD GENERAL REVENUE–DEDICATED ACCOUNTS					
State Parks Account No. 64 Amounts appropriated: • state park operations, division support, and minor repair ($81.7 million); • coastal erosion projects ($25.2 million); • debt service ($7.5 million); • park infrastructure administration ($0.8 million); • land acquisition ($0.3 million)	$173.7	74	$115.6	67	$58.1
Local Parks Accounts[3]					
1) Texas Recreation and Parks Account	35.2	15	15.4	44	19.8
2) Large County and Municipality Recreation and Parks Account	23.5	10	15.7	67	7.8
Conservation and Capital Account No. 5004	2.3	1	2.2	93	0.2
TOTAL	**$234.8**	**100**	**$148.9**	**–**	**$85.9**

[1]Undesignated SGST receipts remain in the General Revenue Fund.
[2]House Bill 12 established a Historic Site Account, which was not exempted from funds consolidation. Texas Historical Commission amounts are deposited to and appropriated out of the General Revenue Fund.
[3]The Texas Recreation and Parks Account is designated for small entities with populations less than 500,000 and the Large County and Municipality Recreation and Parks Account is designated for large entities with populations of 500,000 or more.
NOTES: Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

AGENCY ORGANIZATION

TPWD is primarily a field organization, with approximately 77 percent of its employees located at state parks, wildlife-management areas, fish hatcheries, research facilities, and field offices throughout the state. Agency programs are organized into six major divisions: Wildlife, Coastal Fisheries, Inland Fisheries, Law Enforcement, State Parks, and Infrastructure.

WILDLIFE DIVISION

The Wildlife Division's goal is to manage all wildlife resources for the common benefit of the public by using sound biological principles. The agency currently operates 51 wildlife-management areas totaling more than 800,000 acres. These areas are used to develop and test management programs that can be applied on private lands. Public hunts are conducted at these sites when they are determined to be compatible with wildlife-management goals for the respective sites. Because nearly 90 percent of Texas land is privately owned, voluntary landowner incentive and technical assistance programs that encourage landowners to participate in wildlife-management plans are necessary to accomplish statewide conservation goals. As a result of these programs, the agency increased the percentage of privately owned land enrolled in wildlife management programs since 2001 from 9.7 percent to 15.7 percent.

Wildlife-management objectives include increasing public hunting opportunities; increasing participation by targeted user groups (e.g., women and minorities) in activities such as hunting; increasing the private acreage under cooperative management agreements for wildlife resource enhancement; and conserving biological diversity in all wildlife habitats.

COASTAL AND INLAND FISHERIES DIVISIONS

The primary objective of the Coastal Fisheries and Inland Fisheries divisions is conserving the aquatic resources of the state to increase recreational and commercial fishing opportunities. The functions of these two divisions include monitoring natural resources and commercial and recreational resource users, identifying deficiencies and surpluses in the fish population, and developing and implementing measures to maintain balanced fish populations. The divisions also manage fish habitats in more than 800 public impoundments (confined bodies of water) covering 1.7 million acres, about 191,000 miles of rivers and streams, and 916 miles of tidewater coastline encompassing four million acres of saline waters. The divisions are responsible for protecting fish habitats in Texas, which includes the following activities:

- investigating fish kills and pollution incidents;
- providing information and permit recommendations to governing entities;
- seeking mitigation and restitution for environmental damages;
- regulating the removal of sand and gravel from state-owned streams;
- studying the probable impact of reservoir and other development projects, wastewater discharges, and hazardous waste disposal on aquatic resources, and making recommendations to the sponsoring or permitting agencies to help avoid or mitigate those repercussions; and
- coordinating bay and estuary studies that provide essential marine biological information.

TPWD manages eight hatcheries throughout the state that raise fry (fish that are less than one week old) and fingerlings (fish that are at least 1.2 inches in length). In fiscal year 2009, the hatcheries produced 36.1 million fingerlings, 15.4 million by the five freshwater hatcheries and 20.7 million by the three saltwater hatcheries. To date, the agency's fish hatcheries have stocked Texas waters with more than 3.6 billion fry and fingerlings to provide adequate recreational fishing. (The locations of inland and coastal fish hatcheries and field stations are shown in **Figure 307**.)

The Coastal Fisheries Division is responsible for making management recommendations regarding saltwater fish populations in Texas' bays and estuaries and along the Gulf of Mexico coastline. In addition, this division is responsible for developing and maintaining artificial reefs off the Texas Coast for the purpose of enhancing marine habitat and providing additional fishing and diving opportunities.

In fulfilling its responsibilities, the Coastal Fisheries Division is involved in the following major activities:

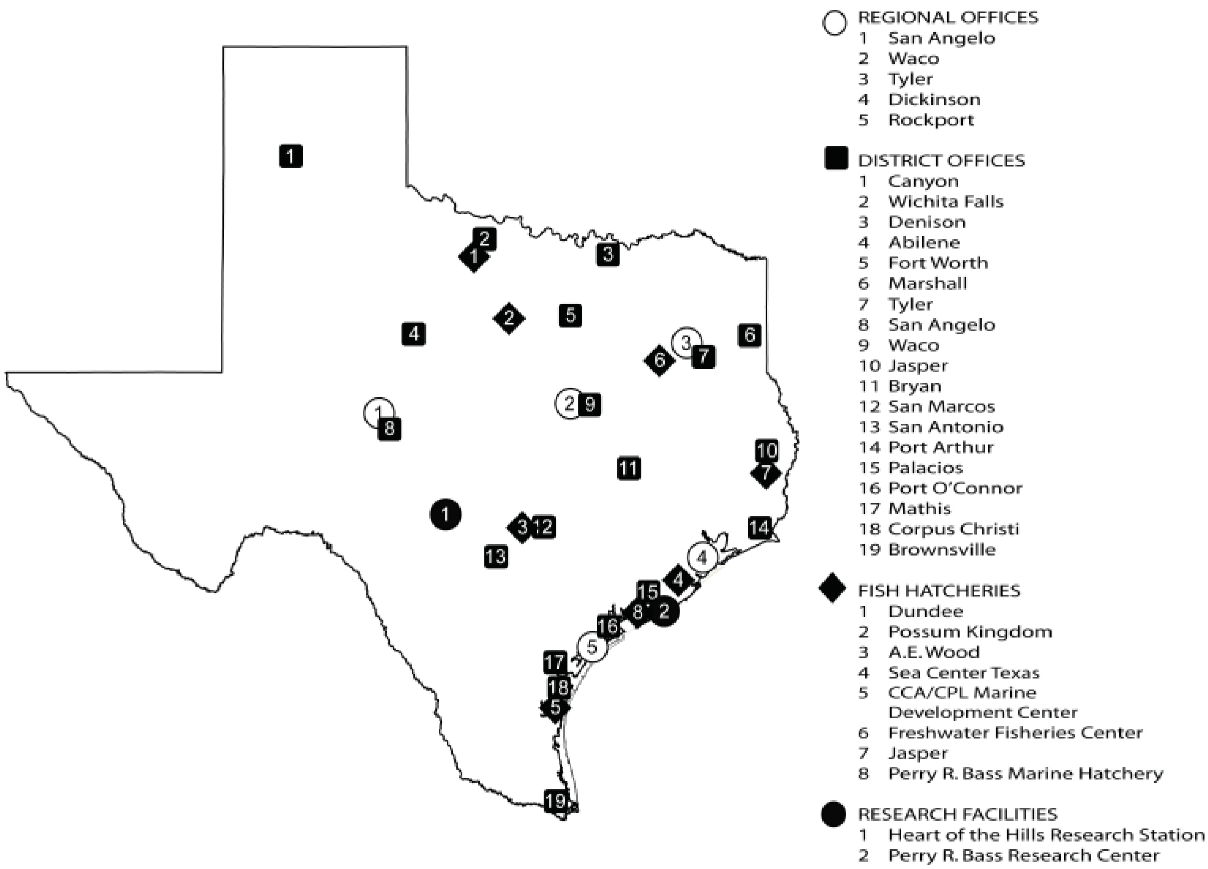
- assessing the status of finfish, shrimp, crab, and oyster populations;
- preparing management plans for fishery populations, including saltwater fishing regulations for commercial and recreational users that provide for optimal sustainable yields;
- identifying stock and engaging in the scientific monitoring of fishery populations through 10 field stations;
- using interviews with anglers, private boat and charter boat anglers, commercial boats, and commercial anglers to monitor the recreational harvest and commercial landings;
- monitoring finfish and shellfish population levels by taking more than 8,000 samples of saltwater fish per year and corresponding water-quality readings from bays and the Gulf of Mexico;
- researching coastal wetlands restoration and the restoration of damaged habitats; and
- maintaining and enhancing existing fishery stock by operating three marine fish hatcheries.

The Inland Fisheries Division is responsible for developing management recommendations regarding freshwater fish located in more than 800 public bodies of water, including harvest regulations and stocking recommendations. The division operates five fish hatcheries and has 15 field offices that monitor freshwater fish populations and habitat status.

The Inland Fisheries Division includes the following major activities:

- sampling fish populations and habitat in public reservoirs;
- surveying recreational anglers to determine catch and hours fished;

FIGURE 307
COASTAL AND INLAND FISHERIES
2010–11 BIENNIUM



Note: CCA/CPL = Coastal Conservation Association/Central Power and Light Company.
Source: Texas Parks and Wildlife Department.

- managing noxious vegetation; and
- operating outreach and public education programs, primarily at the Texas Freshwater Fisheries Center in Athens.

STATE PARKS DIVISION

The Texas State Park System consists of 91 parks, natural areas, and historic sites, totaling about 602,000 acres. One site, Sea Rim State Park, is only partially opened to the public because Hurricane Ike destroyed all of the park's facilities in September 2008. In fiscal year 2009, more than 7 million people visited these sites. Nationally, Texas ranks fifth in state park acreage, after Florida, New York, California, and Alaska. The State Parks Division's primary objectives are to ensure safe and cost-effective management of state parks; to increase educational opportunities at TPWD sites; and to satisfy state and local priorities for natural, cultural, and outdoor recreational resources.

Outdoor recreation planners point to the changing demographics of the state when evaluating trends in park visitations. More than 91 percent of the state's population lives in metropolitan areas and more than 67 percent live in the state's four major metropolitan areas: (1) Dallas/Fort Worth/Arlington, (2) Houston/Sugar Land/Baytown, (3) San Antonio, and (4) Austin/Round Rock. Further, older adults and minorities, two groups that are reportedly increasing at a faster rate than other population groups, participate less in traditional department programs like visiting state parks and recreational fishing than other population groups. As a result, when creating or developing new parks, TPWD focuses its efforts on sites within a 90-minute drive of the state's most populous cities.

Volunteers and private organizations play a significant role in the daily operations of many state parks. Volunteers clean park facilities, schedule and staff special events, raise private funds, and promote parks and related services. In addition, the agency uses inmate labor to perform numerous tasks to help lower the costs of maintaining and operating state parks.

STATE PARKS

The Eighty-first Legislature, Regular Session, 2009, appropriated $158.1 million to TPWD in All Funds for state park operations, division support, and minor repair. The funding is a net increase of $0.5 million compared to 2008–09 spending levels and includes the following:

- an increase of $3.2 million from the State Parks Account (General Revenue–Dedicated Funds), which includes providing 47.2 FTE positions for state park fiscal controls and other audit requirements ($2.4 million) and 21 FTE positions for seasonal staffing ($0.8 million);
- an increase of $0.4 million from General Revenue Funds and $0.1 million from Federal Funds, which includes providing 3 FTE positions in 2010 and 5.5 FTEs in 2011 to develop, operate, and maintain an off-road vehicle recreation site in the Canadian River Corridor; and,
- a decrease of $2.6 million for one-time expenditures in the 2008–09 biennium, including $2 million out of General Revenue Funds for matching funds related to the transfer of the Texas State Railroad from TPWD to the Texas State Railroad Authority and $0.6 million in the Texas Parks and Wildlife Capital and Conservation Account (General Revenue–Dedicated Funds) for the use of balances in license plate receipts.

In addition to the funding level noted above, the Legislature appropriated $14.2 million in All Funds for park land acquisition and development, including the purchase of tracts or in holdings at existing park sites ($4.9 million) and continued appropriation authority for proceeds from the fiscal year 2007 sale of Eagle Mountain Lake for acquiring new park land ($9.3 million). Under statute, TPWD is authorized to use land sale proceeds not only for land acquisition but to construct or expand facilities at existing park sites.

LOCAL PARK GRANTS

The State Parks Division also provides planning assistance and matching grants to local communities for the acquisition and development of local parks, public boat ramps, and regional trails. Any political subdivision in the state authorized by law to provide recreational opportunities for the general public, including cities, counties, and river authorities, is eligible to apply to TPWD for 50 percent matching grants for park projects costing up to $1 million.

Appropriations for local park, boating access, regional trails, and other grants in the 2010–11 biennium total $52.6 million, which includes $31.2 million in SGST receipts and a decrease of $16.7 million from the Texas Recreation and Parks Account (General Revenue–Dedicated Funds) for one-time designated local park grants in the 2008–09 biennium.

The Eighty-first Legislature, Regular Session, 2009, re-established the Large County and Municipality Recreation and Parks Account (General Revenue–Dedicated Funds), which had been established but not exempted from funds consolidation by the Eightieth Legislature. Statute provides that from the 94 percent of SGST allocated to TPWD, 10 percent is credited to the Large County and Municipality Recreation and Parks Account, which funds local park grants to counties or municipalities with populations at or exceeding 500,000. In the 2010–11 biennium, the Legislature appropriated $5.5 million from this source in matching funds for a special needs park in Bexar County for disabled children.

LAW ENFORCEMENT DIVISION

The Law Enforcement Division is responsible for enforcing all laws in the Texas Parks and Wildlife Code and certain sections of the Texas Penal Code, the Texas Water Code, and the Texas Antiquities Code. The division's objectives are to increase compliance with relevant state laws, decrease public water and hunting fatalities and boating accidents, increase hunting and fishing opportunities for targeted user groups, and minimize adverse effects on the state's fish and wildlife resources. The Law Enforcement Division operates 10 regional and 19 field offices that sell licenses, register boats, and disseminate information pertaining to local regions.

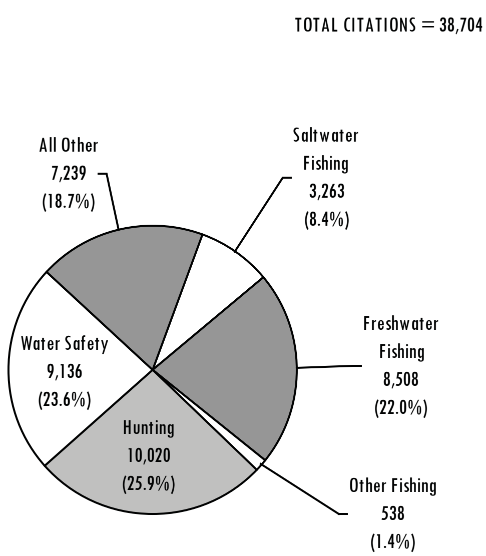
As of August 31, 2009, the division had approximately 498 game wardens throughout the state, with a cadet class of 36 scheduled to start in January 2010. As commissioned peace officers, game wardens are responsible for initiating enforcement action in response to any violation of state law that occurs in their presence and that constitutes a danger to life and property. The following are routine responsibilities of game wardens:

- patrolling daily to spot game law violations;
- patrolling to identify sport and commercial fishing violations and violations of the Texas Water Safety Act on inland and coastal waters;
- enforcing statutes and regulations applicable to air, water, and hazardous materials;
- issuing citations for illegal taking or dredging of state-owned sand, shell, or gravel; and,
- issuing citations for violations of penal statutes, including criminal trespass and discharging a firearm from a public road.

Figure 308 shows the percentage of each type of citation issued by TPWD law enforcement officers in fiscal year 2009.

Appropriations for the Law Enforcement Division total $96.9 million in All Funds for the 2010–11 biennium, which includes an increase of $1.7 million from the Operators and Chauffeurs License Account (General Revenue–Dedicated Funds) for 15 additional game wardens and overtime and operational costs for border security. In addition to these amounts, TPWD is appropriated $2.9 million for Schedule C pay increases ($2.6 million from the Game, Fish and Water Safety Account and $0.3 million from Federal Funds) for its game wardens.

FIGURE 308
CITATIONS ISSUED BY PARKS AND WILDLIFE LAW ENFORCEMENT DIVISION
FISCAL YEAR 2009



Source: Texas Parks and Wildlife Department.

In addition, the Governor's Office is appropriated $26.9 million out of Federal Funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to enhance border security, and from these amounts will provide TPWD $0.5 million for three 21-foot water patrol boats for border security. Two boats will be assigned to game wardens patrolling Falcon Lake and the third will be assigned to wardens patrolling the Amistad Reservoir on the Trans-Mexico border. Total TPWD funding for border security in 2010–11, including the $0.5 million in ARRA funds, is $4.3 million and provides for 30 game wardens. Although the game wardens are assigned to the Texas–Mexico border to provide assistance on border security initiatives, the wardens' principal duties are to enforce laws relating to wildlife and natural resources conservation and laws relating to boating and recreational water safety.

INFRASTRUCTURE DIVISION

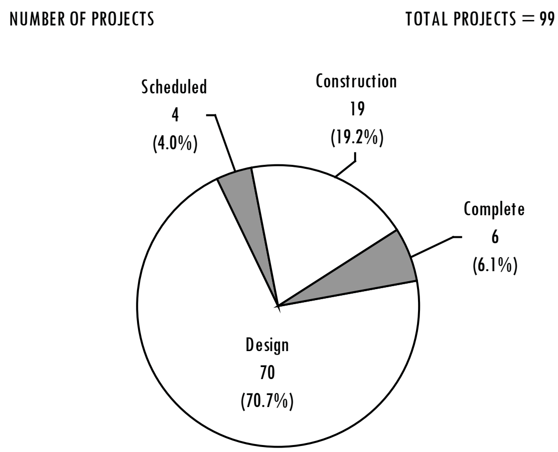
HURRICANE IKE

Hurricane Ike made landfall in September 2008 and destroyed roads, buildings, residences, dunes and beaches at Sea Rim and Galveston Island state parks. The storm damaged facilities at three other state parks and three wildlife management areas in southeast and east Texas, as well as the Sea Center Fish Hatchery in Lake Jackson. House Bill 4586, enacted by the Eighty-first Legislature, Regular Session, 2009, appropriated $14 million to TPWD from General Revenue Funds in fiscal year 2009 to initiate repairs at the damaged sites.

PARK INFRASTRUCTURE

TPWD established the Infrastructure Division in 1997 to manage repairs in the aging state parks infrastructure. The Eightieth Legislature, 2007, appropriated $44.1 million in General Obligation (GO) bond proceeds for statewide capital repairs. This amount included $17 million in previously authorized GO bonds that were approved by Texas voters in 2001 and $27.1 million in GO bonds approved by Texas voters in November 2007. The Eightieth Legislature also increased the agency's appropriations by $3 million and approved 25 FTE positions for the Infrastructure Division for project management, planning, design, and construction. The $44.1 million funded critical repairs at 43 facilities statewide, mostly for structural repairs and water and sewer system improvements. **Figure 309** depicts the current status of these GO bond projects.

FIGURE 309
GENERAL OBLIGATION BONDS, PROJECT STATUS
AS OF AUGUST 31, 2009
2010–11 BIENNIUM



NOTES: Appropriated 2008–09 Biennium = $44.1 million. Bond financing was approved in July 2008.
Expended/Encumbered as of August 31, 2009 = $8 million.
To date, commercial paper issued in August 2008 ($5 million) and August 2009 ($10 million).
SOURCES: Legislative Budget Board; Texas Parks and Wildlife Department.

TPWD is also charged with managing repairs to the Battleship TEXAS, a historic dreadnought first commissioned in 1914, which is moored at the San Jacinto Battleground. The Eightieth Legislature, 2007, appropriated the agency $25 million in GO bond proceeds to both dry berth the ship and make related repairs. TPWD was required to complete an engineering assessment of the ship's condition, and the project's bond financing was approved in May 2009 by the Bond Review Board. TPWD estimates repairing the ship and constructing the dry berth will take just under four years, although delays related to public hearings or environmental impacts could prolong the project by another two to four years.

The Eighty-first Legislature, 2009, appropriated $28 million in GO bond proceeds for ongoing repairs to the agency's facility infrastructure. Of this amount, an estimated $20.5 million is allocated for statewide repairs at park facilities, $5.5 million is allocated for statewide repairs to wildlife, coastal fishery, and law enforcement facilities, and the remaining $1.9 million is allocated for repairs of the agency's headquarters. An additional $10 million in GO bonds are appropriated for weather-related repairs at Mother Neff State Park, Palo Duro State Park, and Government Canyon State Natural Area. The agency also received $0.5 million in appropriations to develop an off-road vehicle recreation site in the Canadian River Corridor.

WILDLIFE AND FISHERIES INFRASTRUCTURE

The agency is appropriated $9.6 million in proceeds from sale of the $5 freshwater fish stamp in the 2010–11 biennium for ongoing inland hatchery construction needs, including $3.7 million for water supply and treatment upgrades at the Dundee Fish Hatchery; $3 million for a storage reservoir at the Texas Freshwater Fisheries Center, and $2.9 million to replace the A.E. Wood Fish Health and Genetics Laboratory. In the 2008–09 biennium, TPWD was appropriated $12.3 million in proceeds from stamp sales for the East Texas Fish Hatchery in Jasper. Together with prior year issuances of $15 million in revenue bonds for the East Texas Fish Hatchery, the new hatchery is expected to cost $27 million and is scheduled to be completed in 2011. The stamp, which was authorized by legislation enacted by the Seventy-eighth Legislature, Regular Session, 2003, will expire at the end of fiscal year 2013.

Appropriations of an additional $7.6 million in projects funded by General Revenue–Dedicated Funds (Game, Fish and Water Safety Account receipts) in the 2010–11 biennium are used primarily for (1) renovations at the Perry R. Bass Coastal Fisheries Marine Research Center ($3.6 million), (2) additional renovations to inland hatcheries and facilities ($3.4 million), and (3) $0.6 million in repairs for wildlife management and law enforcement facilities statewide.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect TPWD.

Enactment of House Bill 1749 authorizes creation of marine conservation specialty license plates and directs TPWD to administer pass-through funding from the sale of those plates to support activities of the Coastal Conservation Association of Texas (CCA). Prior to the legislation, a specialty license plate to generate revenue for the CAA already existed (Redfish License Plates). Receipts from sales of specialty plates to support CCA activities are estimated to total $24,600 each fiscal year from the Marine Conservation License Plate Account (General Revenue–Dedicated Funds).

Enactment of House Bill 3391, the agency's Sunset Legislation, authorizes continued operations of the agency for 12 years and incorporates the following recommendations of the Sunset Advisory Commission:

- requires TPWD to create a list of aquatic plants that may be imported and possessed within Texas without a permit;
- requires state agencies that receive TPWD's comments on proposed projects or permits to notify TPWD of actions taken in response to those comments;
- establishes an Internal Affairs Office in statute, requiring the office to report to the Texas Parks and Wildlife (TPW) Commission and granting the commission authority to initiate investigations;
- authorizes the TPW Commission to join the Interstate Wildlife Violator Compact on behalf of the state;
- instructs TPWD and the Texas Youth Commission to jointly seek representation by the Office of the Attorney General to pursue a modification of the Parrie Haynes Trust to designate TPWD as the state agency responsible for the Parrie Haynes Ranch and Trust;
- adds emergency rulemaking authority for the executive director in cases of Governor-declared disasters;
- clarifies that starlings, sparrows, and rock doves may be killed in any manner, and adds pigeons to the definition of "pen-reared birds" for the purposes of private bird hunting areas; and
- permits the sale of feathers, bonds, or feet of game birds other than migratory game birds and the sale of feathers of migratory game birds as permitted by federal law. Provisions of the legislation also allow the sale of the hair, hide, antlers, bones, hooves, horns, skulls, or sinew of pronghorn antelope, deer, desert bighorn sheep, javelina, and red and grey squirrels.

Enactment of House Bill 4583 re-establishes the Large County and Municipality Recreation and Parks Account, which was established by the Eightieth Legislature, 2007, but was not exempted from funds consolidation. Statute provides that from the 94 percent of Sporting Goods Sales Tax revenue allocated to TPWD, 10 percent is credited to the Large County and Municipality Recreation and Parks Account, which funds local park grants to counties or municipalities with populations at or exceeding 500,000.

In addition to $14 million in appropriations from General Revenue to repair damage caused by Hurricane Ike, enactment of House Bill 4586 appropriates $1 million in General Revenue Funds for agency needs associated with the statewide project to consolidate data center operations of 27 agencies and an additional $1 million in General Revenue Funds passed through TPWD to the Texas State Railroad Authority for a revolving working capital loan to support operations of the Texas State Railroad.

Enactment of Senate Bill 2445 authorizes the Texas Commission on Environmental Quality to issue rules concerning the disposal of sewage by boats operating on the surface waters of the state (up to three miles from shore) and to delegate the administration, enforcement, and certification of proper disposal to TPWD, or any other entity with registration and enforcement capabilities.

RAILROAD COMMISSION

The three-member Railroad Commission of Texas (RRC), authorized by the Texas Constitution, was established in 1891 to regulate "railroads, terminals, wharves, and express companies." Members of the commission are full-time, statewide-elected officials.

The agency's responsibilities have changed significantly since its inception. Its current mission is to serve Texas by its stewardship of natural resources and the environment, concern for personal and community safety, and support of enhanced development and economic vitality for the benefit of Texans. The agency performs four goals that guide it in fulfilling its mission: Energy Resources; Safety Programs; Environmental Protection; and Technology Enhancements.

RRC has four regulatory divisions that oversee the Texas oil and gas industry, gas utilities, pipeline safety, safety in the liquefied petroleum gas industry, and the surface mining of coal and uranium. In fiscal year 2008, Texas ranked number one among the 50 states in the production of crude oil and in the production of marketed natural gas.

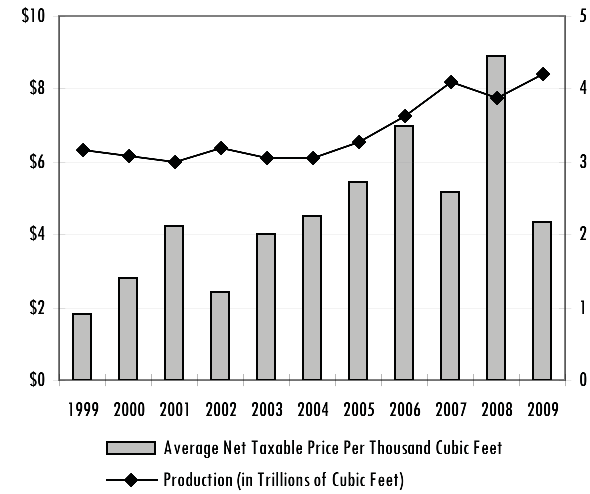
Appropriations to RRC for the 2010–11 biennium total $143.4 million in All Funds and provide for 743.6 full-time-equivalent (FTE) positions in each fiscal year. This amount includes $125.2 million in General Revenue Funds and General Revenue–Dedicated Funds (87.3 percent). Of the agency's appropriations from General Revenue–Dedicated Funds (Oil Field Cleanup Account), $1.9 million and 21 FTE positions for reducing permitting times and to prevent permitting backlogs are contingent upon revenues to the account exceeding the Comptroller of Public Account's Biennial Revenue Estimate for the 2010–11 biennium.

ENERGY RESOURCES

The agency supports the development, management, and use of Texas oil and gas energy resources, protecting correlative rights and equal and fair energy access to all entities.

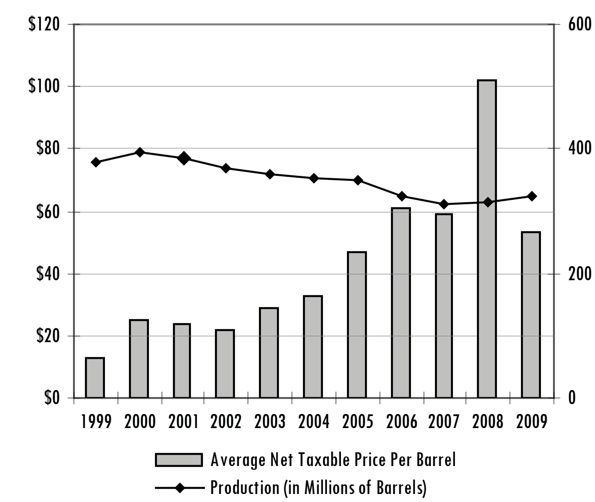
To carry out its regulatory responsibilities to prevent waste and protect the rights of others who may be affected, RRC grants drilling permits based on established spacing and density rules. It also assigns production limits on oil and gas wells and performs audits to ensure that those limits are not exceeded. The agency received operators' production reports on 146,816 oil wells and 92,689 producing gas wells as of July 31, 2009. Production allowables (amounts which a producer is permitted to extract from a well in a given year) are assigned according to factors such as tested well capability, reservoir mechanics, market demand for production, and past production. **Figure 310** and **Figure 311** show gas and oil production and the average taxable price for each fiscal year from 1999 to 2009.

FIGURE 310
TEXAS GAS PRODUCTION
FISCAL YEARS 1999 TO 2009



SOURCE: Comptroller of Public Accounts.

FIGURE 311
TEXAS OIL PRODUCTION
FISCAL YEARS 1999 TO 2009



SOURCE: Comptroller of Public Accounts.

RRC is also responsible for the regulation of gas utilities. The agency audits utilities to ensure that the proper gas utility tax is paid and monitors rates charged customers for natural gas and services.

The Alternative Fuels Research and Education Division (AFRED) promotes propane as an environmentally and economically beneficial alternative fuel. State law requires that 50 percent of delivery-fee revenue be used for consumer rebate programs. Enactment of House Bill 1731, Eighty-first Legislature, Regular Session, 2009, requires that funds made available but not used for consumer rebates in a fiscal year must be made available for rebates in the next fiscal year, notwithstanding the 50 percent limit. The agency uses these funds as well as federal, state, and private-sector grants to develop competitive propane technologies, marketing activities, and educational materials related to propane's usefulness as a clean, economical, Texas-produced fuel.

Energy Resources is appropriated $23.8 million in All Funds for the 2010–11 biennium, or 16.6 percent of the agency's budget, which provides for 179.4 FTE positions.

SAFETY PROGRAMS

By providing training, monitoring, and enforcement, the agency advances safety in the delivery and use of Texas petroleum products. The agency's Pipeline Safety Program regulates the safety of intrastate natural gas pipelines and hazardous liquid pipelines in Texas. The agency is a certified agent of the U.S. Department of Transportation for the enforcement of federal pipeline safety regulations for intrastate pipeline facilities pursuant to the federal Pipeline Safety Act.

The Pipeline Safety Division enforces pipeline operators' compliance with federal and state laws. The division issues licenses and permits, conducts field inspections and accident investigations, and responds to emergencies. **Figure 3**12 shows the number of safety inspections the agency has performed and the number of violations found through those inspections from fiscal year 1996 to fiscal year 2010.

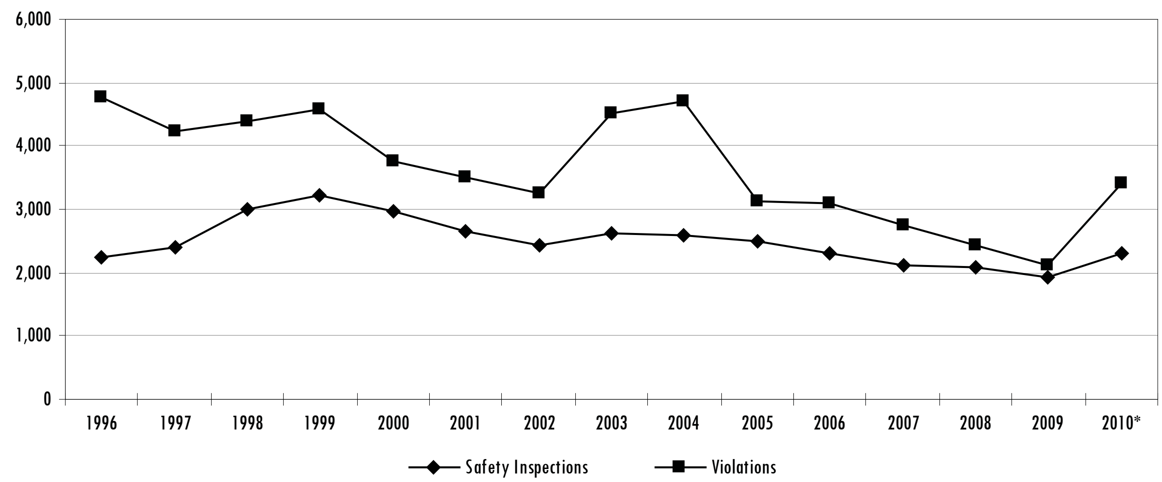
Safety Programs are appropriated $13.2 million in All Funds for the 2010–11 biennium, or 9.2 percent of total agency appropriations. The function encompasses approximately 98.1 of the agency's FTE positions.

ENVIRONMENTAL PROTECTION

The agency ensures that Texas' fossil fuel energy production, storage, and delivery occurs in a manner that minimizes harmful effects on the state's environment and preserves natural resources. The agency accomplishes this through monitoring and inspections, and remediation, reclamation, and plugging of oil and gas wells. RRC addresses these responsibilities through a variety of activities:

- promulgating rules for regulated industries;
- registering organizations;

FIGURE 312
RAILROAD COMMISSION SAFETY INSPECTIONS AND VIOLATIONS
FISCAL YEARS 1996 TO 2010



*Estimated.
Source: Railroad Commission of Texas.

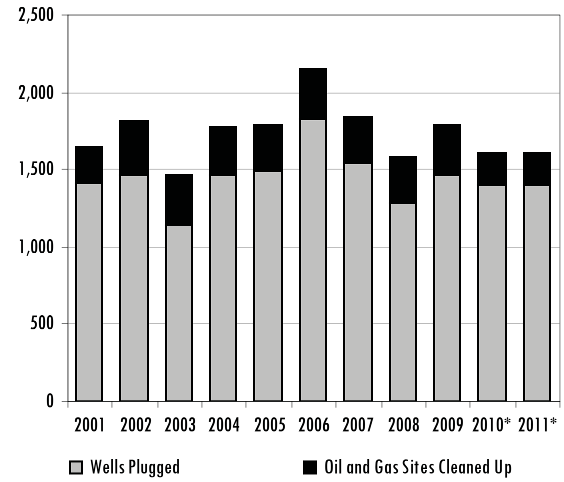
- maintaining financial assurance of operators;
- requiring and maintaining certain filings by operators;
- granting permits and licenses;
- monitoring performance and inspecting facilities;
- maintaining records and maps;
- reviewing variance requests;
- investigating complaints and responding to emergencies; and
- plugging abandoned (or orphaned) oil and gas wells and cleaning up associated facilities and pollution sites.

The Oil Field Cleanup (OFCU) Fund, supported entirely by fees, penalties, and other payments collected from the oil and gas industry, is used by RRC to plug orphaned wells. Since the inception of the oil field cleanup program in 1984 to July 2009, the agency has plugged 30,077 wells with the use of these state funds. The agency identified a backlog of approximately 8,024 unplugged and orphaned wells as of July 2009. The agency uses a priority rating system that includes four categories and 26 rated factors of human health, safety, environment, and wildlife to determine which wells pose the greatest risk to public safety and the environment.

RRC coordinates state-funded cleanup of abandoned oil field sites and reviews and monitors voluntary cleanups funded by the industry. Professional environmental engineering firms hired by RRC perform environmental assessments, conduct site investigations, submit remedial designs, and perform remedial action oversight at oil and gas industry exploration and production sites and associated facilities across the state. The engineering firms perform the cleanup of oil and gas waste and other regulated substances that are causing or are likely to cause the pollution of surface or subsurface water. **Figure 313** shows the number of wells plugged and the number of polluted oil and gas sites cleaned up using state funds since fiscal year 2001.

The agency also regulates surface mining of coal/lignite, uranium, and iron ore and the reclamation of abandoned mine lands. Reclamation of abandoned surface mines usually consists of earthwork burial or treatment of unsuitable spoil (usually acidic or radioactive spoil), installation of erosion- and water-control structures, and re-vegetation. Dangerous abandoned underground mine openings are usually closed by backfilling, capping (concrete or metal grating), or metal gating. The agency oversees contractors hired to perform these services.

FIGURE 313
WELLS PLUGGED AND OIL AND GAS SITES CLEANED UP USING STATE FUNDS
FISCAL YEARS 2001 TO 2011



*Estimated.
SOURCE: Railroad Commission of Texas.

Environmental Protection receives 70.7 percent of the agency's appropriations, or $101.5 million for the 2010–11 biennium, which provides for approximately 416.3 FTE positions (or 60 percent of the agency's workforce).

TECHNOLOGICAL ENHANCEMENTS

RRC is committed to maximizing electronic access to government entities. The agency is responsible for collecting, maintaining, and preserving data submitted to it, providing efficient public access to this information, offering regulated industries a means to conduct their business electronically, and continuing the conversion of mainframe technologies to Internet-based technology.

RRC has been working to make all forms and reports capable of being filed through the RRC Online System. The agency estimates that 82 percent of forms and reports will be filed electronically through the RRC Online System in fiscal year 2011.

Technological Enhancements received $5 million in appropriations for the 2010–11 biennium, or 3.5 percent of the agency's budget, and approximately 58 FTE positions.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several pieces of legislation that will have a significant effect on the Railroad Commission. Enactment of House Bill 1731 requires the RRC to make available unexpended funds that were appropriated for consumer rebates out of General Revenue–Dedicated Funds (AFRED Account No. 101) in the AFRED program in a given fiscal year for rebates in the following fiscal year. Under previous law, 50 percent of the annual revenue from Liquified Propane Gas (LPG) delivery fees deposited to AFRED Account No. 101 was required to be expended on administering the consumer incentive rebate program for purchasers of LPG-fueled appliances and equipment, and 50 percent was required to be expended on rebates.

Enactment of House Bill 2259 changed previous RRC requirements related to plugging inactive wells by mandating removal of surface equipment and establishing seven options to obtain plugging exceptions. In addition, the legislation addresses standards for electric transmission lines and termination of electric service under certain conditions. In addition, the legislation establishes requirements for Abeyance of Plugging Reports and provides that operators pay an annual fee of $100 for each well covered in the reports, to be deposited to the credit of OFCU Account No. 145. The legislation also requires hydraulic fuel tests and imposes an annual $50 fee on the operator filing documentation of the results of a successful fluid level or hydraulic pressure test for each well covered by the documentation. The fee is deposited to the credit of OFCU Account No. 145. The agency estimates that implementing the legislation will result in $2.2 million in additional revenues to OFCU Account No. 145 during the 2010–11 biennium. RRC received $1.9 million in additional appropriations out of the OFCU Account No. 145 for the 2010–11 biennium to cover administrative costs associated with implementing the legislation; $1.2 million of this appropriation is contingent upon the generation of new revenue.

Enactment of Senate Bill 1387 gives RRC jurisdiction over the injection and storage of carbon dioxide (CO2) in formations that are or may be productive of oil or gas and over storage in saline formations that exist above or below an oil or gas formation. The legislation includes requirements for permitting, financial assurance, monitoring, and inspection. The legislation also calls for the Texas Commission on Environmental Quality (TCEQ), RRC, and the University of Texas Bureau of Economic Geology to conduct a study of and report back to the legislature on the appropriate agency to regulate the long-term storage of CO2 into non-oil- or gas-producing geologic formations. The legislation enhances coordination between RRC and TCEQ to ensure regulation of CO2 storage in Texas is done in an economically and environmentally sound manner.

Enactment of Senate Bill 1658 increased the cap on the annual pipeline safety inspection fee for natural gas distribution operators from 50 cents to $1 per service line operated to fund the agency's Pipeline Safety program. The Railroad Commission increased the fee to 70 cents per line in July 2009. The agency estimates that this increase will generate approximately $0.9 million in additional annual revenues to the General Revenue Fund for the 2010–11 biennium. RRC is appropriated $1.2 million in General Revenue Funds and $0.6 million in Federal Funds, contingent on new revenue from these fee increases. he agency is authorized an additional 13.5 FTE positions to enhance the Pipeline Safety program.

SOIL AND WATER CONSERVATION BOARD

The Texas State Soil and Water Conservation Board (TSSWCB) was established in 1939. Its mission is to administer the state's soil and water conservation law, coordinate the programs of soil and water conservation districts, and guide the abatement of agricultural and silvicultural (i.e., forestry) nonpoint source pollution so that all of Texas' present and future needs for soil and related resources can be met in a manner that promotes a clean, healthful environment and strong economic growth.

Appropriations to TSSWCB for the 2010–11 biennium total $57.2 million in All Funds and provide for 73.5 full-time-equivalent positions. These appropriations include $45.1 million in General Revenue Funds (84.5 percent).

The agency has three goals: (1) to provide soil and water conservation assistance; (2) to control and abate agricultural and silvicultural nonpoint source pollution; and (3) to enhance the state's water supply.

SOIL AND WATER CONSERVATION ASSISTANCE

There are 217 soil and water conservation districts in the state, covering 99 percent of all Texas land. The agency provides districts with financial, technical, and program-management assistance for the development of district soil and water conservation programs. Financial assistance is offered through grant funding to pay salaries of district personnel involved in assisting owners and operators of agricultural and other lands in the design and application of conservation practices. Conservation assistance matching grants are also available to local districts to help offset operating costs.

The agency offers technical assistance and program-management assistance through education and outreach programs to the districts, providing them with information about water quality improvement measures, water yield enhancement methods, and soil and water conservation techniques. Agency field staff are located throughout the state to consult with local soil and water district directors and landowners to ensure that appropriate land and water conservation methods are in use. In addition, the agency works closely with the Natural Resource Conservation Service of the U.S. Department of Agriculture to assure districts' technical assistance needs are met.

TSSWCB assists districts with operations and maintenance of, structural repair to, and rehabilitation needs of flood control dams across the state. These dams are generally earthen structures that were created in the 1950s on private property with the help of the federal government to help prevent flooding. Of 1,988 flood control dams across the state, 1,969 are no longer effective because of the need for operations and maintenance assistance or structural repair.

Appropriations for Soil and Water Conservation Assistance total $23.6 million for the 2010–11 biennium, which includes $15 million in General Revenue Funds to provide operations and maintenance, structural repair, and rehabilitation needs to flood control dams across the state.

NONPOINT SOURCE POLLUTION ABATEMENT

The agency's second goal is to effectively administer a program for the prevention and abatement of nonpoint source pollution caused by runoff from agricultural and silvicultural uses of the state's soil and water resources consistent with the Texas Nonpoint Source Management Program. TSSWCB administers all programs for abating nonpoint source pollution in the state and represents the state before the federal government in all matters related to agricultural and silvicultural nonpoint source pollution. The agency accomplishes the second goal through two strategies: implementing a statewide management plan for controlling nonpoint source pollution and developing pollution abatement plans for designated agricultural areas. Appropriations for nonpoint source pollution abatement total $23.4 million for the 2010–11 biennium.

STATEWIDE MANAGEMENT PLAN

TSSWCB identifies areas with the potential for water quality problems resulting from agriculture and silviculture uses. The agency facilitates the development and implementation of (1) select Federal Clean Water Act (CWA) functions, such as total maximum daily loads; (2) watershed protection plans; and (3) one-half of the state's annual CWA Section 319(h) Nonpoint Source Grant Program, which is achieved through a statewide management plan for the control of agricultural and silvicultural nonpoint source water pollution. The Texas Commission on Environmental Quality (TCEQ) implements the other half of the state's annual CWA Section 319(h) Nonpoint Source Grant Program to address urban nonpoint source water pollution.

POLLUTION ABATEMENT PLANS

The agency implements the Water Quality Management Plan Certification Program, which provides for the development, supervision, and monitoring of individual water quality management plans in designated areas. The water quality management plans are voluntarily developed by landowners to mitigate nonpoint source pollution on their land.

WATER SUPPLY ENHANCEMENT

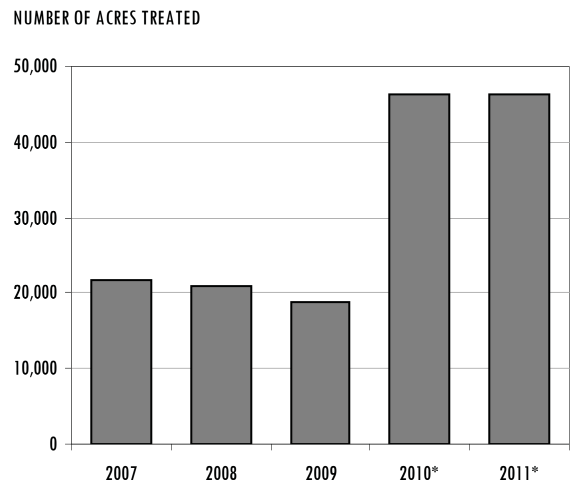
TSSWCB also protects and enhances the state's water supply, increase water conservation, and enhance water yields. Appropriations for this purpose total $9.1 million for the 2010–11 biennium.

WATER CONSERVATION AND ENHANCEMENT

Under its third goal, TSSWCB implements the Water Conservation and Enhancement strategy, also known as Brush Control, to increase water yields in specific watersheds of the state. During the 2010–11 biennium, all of the appropriations for this strategy are in General Revenue Funds. The agency uses funds in the Water Conservation and Enhancement strategy to implement cost-share programs in which the state pays a maximum of 70 percent of the share of a brush control project, and the landowner pays the remaining costs. The agency plans to use funds during the 2010–11 biennium to continue work in areas that yield the highest amount of water. These project areas include 17 watersheds throughout the state.

Figure 314 shows the number of acres of brush treated through the Water Supply Enhancement program in fiscal years 2007 to 2009 and estimated amounts in fiscal years 2010 and 2011.

FIGURE 314
WATER SUPPLY ENHANCEMENT PROGRAM
FISCAL YEARS 2007 TO 2011



*Estimated.
SOURCE: Texas State Soil and Water Conservation Board.

WATER DEVELOPMENT BOARD

The Texas Water Development Board (TWDB) was established in 1957. Its mission is to provide leadership, planning, financial assistance, information, and education for the conservation and responsible development of water for Texas.

Appropriations for the 2010–11 biennium total $97.7 million (All Funds) and provide for 357.6 full-time-equivalent (FTE) positions in fiscal year 2010 and fiscal year 2011. The appropriated amount includes $58 million in General Revenue Funds, or 59.4 percent of total agency All Funds appropriations.

Not included in the appropriations to TWDB is $1.5 billion in funds outside the appropriations process, including $168.4 million in the Water Development Fund II, $945.5 million in the Clean Water State Revolving Fund, and $408.5 million in the Drinking Water State Revolving Fund. The Water Development Fund II provides loans and grants for: the acquisition, improvement or construction of water-related pojects such as water wells, retail distribution and wholesale transmission lines, pumping facilities, storage reservoirs and tanks, water treatment plants, and wastewater collection and treatment projects; the purchase of water rights; and flood control projects. The Clean Water State Revolving Fund provides reduced iinterest loans and grants for: wastewater projects that address compliance issues related to the Clean Water Act; nonpoint source projects; and estuary management projects. The Drinking Water State Revolving Fund provides low interest loans and grants for projects that ensure compliance with national primary drinking water standards. In addition to these amounts, the Eighty-first Legislature authorized TWDB to issue an additional $782.8 million in non-self supporting General Obligation water bonds, primarily to finance projects associated with implementation of the 2007 State Water Plan.

TWDB has two goals: (1) to plan and guide the conservation, orderly and cost-effective development, and best management of the state's water resources for the benefit of all Texans; and (2) to provide cost-effective financing for the development of water supplies, water quality protection, and other water-related projects.

WATER RESOURCE PLANNING

TWDB develops and periodically updates a water plan that assesses the state's water needs for a 50-year period. This plan, which is published once every five years, provides an overview of the state's current and prospective water use and identifies water supplies and estimated facility needs and costs. It also describes water problems and opportunities, outlines significant environmental concerns and water issues, and offers policy and funding recommendations to the Legislature. In January 2007, TWDB released the 2007 State Water Plan entitled Water for Texas, which identifies over 4,500 water management strategies and projects to meet future water needs. These strategies include water conservation; reuse; acquisition of available existing water supplies; and development of new water supplies. The agency has four objectives under the Water Resource Planning goal: (1) Data Collection, (2) Water Planning, (3) Conservation, and (4) Administration of the National Flood Insurance Program.

DATA COLLECTION AND DISSEMINATION

The planning process at TWDB is supported by ongoing collection of basic data. Data collection determines the location, quantity, and quality of surface and groundwater resources across the state. TWDB conducts both localized and regional groundwater studies and prepares reports on these studies for use by individuals, municipalities, industry, and other state agencies involved in developing and managing groundwater resources.

TWDB's data collection and dissemination activities include management of the Texas Natural Resource Information System (TNRIS). TNRIS serves as a clearinghouse for other state agencies and the public, providing access to natural resources and census data. The agency is also undertaking an initiative known as StratMap. StratMap digitizes geographic data maps, thereby enhancing public access to geographic data, serving a wide variety of data needs, and avoiding duplication of effort through coordination with federal, state, and local entities.

Appropriations for Data Collection and Dissemination total $15.8 million for the 2010–11 biennium, or 16.1 percent of total agency All Funds appropriations.

WATER PLANNING

In addition to its statewide planning activities, TWDB provides grants to local governments for the development and updating of regional water plans, which guide the use and management of an area's water supplies. The regional plans outline water management strategies to meet projected water supply needs and are incorporated into the State Water Plan. The appropriation for the the agency's Water Planning activities totals $31.3 million for the 2010–11 biennium, or 32 percent of the agency's All Funds appropriations. This appropriation includes $1.7 million in fiscal year 2010 from Water Assistance Fund No. 480 (Other Funds) to be used for grants and studies related to the Edwards Aquifer Recovery Implementation Program.

CONSERVATION

Within the Water Conservation Education and Assistance strategy, TWDB promotes water conservation through educational and technical assistance programs, financial assistance, and evaluations of water and wastewater systems. Appropriations for this strategy total $2.9 million for the 2010–11 biennium. The agency provides assistance to municipal water suppliers as well as to agricultural interests. $1.2 million from the Agricultural Water Conservation Fund (Other Funds) is for agriculture water conservation grants.

NATIONAL FLOOD INSURANCE PROGRAM

In 2007, the Eightieth Legislature named TWDB as the state agency responsible for coordinating the National Flood Insurance Program (NFIP) within the state. The NFIP state coordinator serves as the liaison between the federal component of the program and the local communities. The primary duty of the state coordinator is to provide guidance and education to the communities to assist in meeting federal eligibility requirements for entrance into the NFIP and to assist the communities with maintaining their NFIP participation status.

WATER PROJECT FINANCING

Under its second goal, TWDB provides financial assistance for building or expanding water and wastewater infrastructure throughout the state. Under the State and Federal Financial Assistance and Economically Distressed Areas strategies, the agency administers various grant and loan programs.

FINANCIAL ASSISTANCE

Programs operated within the State and Federal Financial Assistance strategy provide financial assistance for water and wastewater infrastructure to communities and other entities engaged in demonstration projects. Major activities within this strategy include the Water Development Fund Program (also known as DFund I and DFund II), which is funded by General Obligation (GO) bond proceeds; the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF), which are capitalized with Federal Funds and revenue bond and GO bond proceeds; and the Rural Water Assistance Fund (RWAF) Program.

WATER DEVELOPMENT FUND

Since 1957, the citizens of Texas have approved constitutional amendments authorizing TWDB to issue approximately $4.2 billion in water development bonds. Through the end of fiscal year 2009, the agency had issued nearly $2.8 billion in GO bonds. Proceeds from the water development bonds provide financial assistance to Texas communities in the form of direct loans and state match of Federal Funds.

CLEAN WATER STATE REVOLVING FUND

TWDB operates the Clean Water State Revolving Fund (CWSRF). The CWSRF provides reduced interest rate loans for wastewater projects addressing compliance issues consistent with the goals of the Clean Water Act; 1 percent and zero interest loans for wastewater projects addressing compliance issues in disadvantaged communities; linked deposits to local lending institutions to make loans to individuals for nonpoint source projects; and loans for estuary management projects. Since CWSRF's inception in 1988, TWDB has received $1.4 billion in federal capitalization grants (i.e., Federal Funds for construction projects) and anticipates receiving approximately $210.2 million in fiscal year 2010, including $179.1 million in Federal Funds from the American Recovery and Reinvestment Act (ARRA). State matching funds, leveraged with GO bond proceeds, have made approximately $4.9 billion available for loans. As of August 31, 2009, TWDB committed assistance to 333 different communities through 647 loans and grants to improve wastewater treatment facilities across the state. The agency also created a Clean Water Disadvantaged Communities Program within the CWSRF.

DRINKING WATER STATE REVOLVING FUND

TWDB operates the Drinking Water State Revolving Fund (DWSRF) Program, authorized under the federal Safe Drinking Water Act. Initiated in fiscal year 1997, the DWSRF includes federal capitalization grants matched with TWDB-issued GO bonds and loan repayments deposited back into the fund. The fund provides financial assistance primarily to ensure compliance with the national primary drinking water standards. Since inception of the DWSRF, the agency has been awarded capitalization grants totaling $752.9 million and anticipates a DWSRF capitalization grant of $228.1 million in fiscal year 2010, including $161 million in Federal Funds (ARRA). As of September 2009, TWDB has made 157 loan commitments totaling $1 billion for projects that will assist 102 communities through the DWSRF.

RURAL WATER ASSISTANCE FUND PROGRAM

The Rural Water Assistance Fund Program is funded from GO bond proceeds using the state Private Activity Bond cap. Private Activity Bonds are a financing tool that allows private sector investment in public projects. The benefits of this tool include interest rates lower than conventional taxable financing, lower delivered cost of service, and a readily available money supply. The program is designed to assist small rural utilities to obtain low-cost financing for water and wastewater projects.

Appropriations for State and Federal Financial Assistance for the 2010–11 biennium total $24.4 million, or 24.9 percent of agency appropriations. This total does not include the assistance made through the Water Development Fund, the CWSRF, and the DWSRF because these amounts are not part of TWDB's appropriation.

STATE WATER PLAN PROGRAMS

The Eighty-first Legislature, Regular Session, 2009, authorized TWDB to issue $707.8 million in existing bond authority during the 2010–11 biennium to finance projects associated with the implementation of the 2007 State Water Plan. The Legislature appropriated $72.4 million in General Revenue Funds for the related debt service. These projects, which address the future water needs identified in the 2007 State Water Plan, are implemented through three agency programs: (1) the State Participation Program; (2) the Water Infrastructure Fund (WIF) Program; and (3) the Economically Distressed Areas Program (EDAP—see the following section).

The State Participation Program allows TWDB to invest in a local infrastructure project to provide the capital necessary to scale projects for future growth needs including those identified in the 2007 State Water Plan. The State Participation Program is structured so that local political subdivisions begin purchasing the state's interest on a deferred timetable to allow a sufficient rate base to develop in the project area to allow the borrower to repay the loan. Ultimately, however, the funding is repaid to TWDB through purchase payments, which allows TWDB to recover its principal and interest costs and issuance expenses on a deferred timetable.

The Water Infrastructure Fund (WIF) Program provides reduced-interest loan rates and deferral of annual principal and interest payments for 2007 State Water Plan projects funded through the Water Infrastructure Fund. WIF finances current project needs and pre-construction environmental and engineering studies.

Figure 315 shows the level of financial assistance TWDB expects to provide through the State Participation Program, WIF, and EDAP for 2007 State Water Plan projects. The figure also shows the level of financial assistance TWDB expects to provide through the non-State Water Plan portion of the State Participation Program and EDAP, as well as the other programs in the Financial Assistance strategies during the 2010–11 biennium.

ECONOMICALLY DISTRESSED AREAS PROGRAM

The Economically Distressed Areas Program (EDAP) provides financial assistance for the supply of water and wastewater services to economically distressed areas where water or wastewater facilities are inadequate to meet minimum state standards. With voter approval of two constitutional amendments in 1989 and 1991, TWDB was authorized to issue $250 million in GO bonds to provide affordable water and wastewater services in these areas. Of this amount, $12 million in GO bond authority remains. A constitutional amendment passed by the Eightieth Legislature, 2007, and approved by the voters in November 2007, authorized the issuance of an additional $250 million in GO bonds for EDAP. Therefore, TWDB has $262 million in authorized, but unissued GO bond authority for EDAP as of September 2009. From 1993 to 1999, the federal government provided $300 million through the federal Colonia Wastewater Treatment Assistance Program to complement the state's EDAP program.

Legislation enacted by the Seventy-ninth Legislature, Regular Session, 2005, modified certain eligibility requirements for communities to qualify for funding under EDAP, removing requirements linking eligibility to average per capita income, unemployment levels, and proximity to the international border. Any county with a median household income of less than 75 percent of the median state household income is now eligible for EDAP, which significantly expands the area of eligibility.

As of August 31, 2009, TWDB directed $606 million in funding through EDAP/CWTAP to provide water and wastewater improvements for the benefit of 226,420 residents, mostly in colonias located along the Texas–Mexico border. An additional 74,745 residents could be served through projects currently in the planning stages. The Eighty-

FIGURE 315
TEXAS WATER DEVELOPMENT BOARD FINANCIAL ASSISTANCE PROGRAMS
2010–11 BIENNIUM

FUND/ELIGIBLE RECIPIENTS	TYPE OF FUNDS	ASSISTANCE LEVEL (IN MILLIONS)
STATE FINANCIAL ASSISTANCE		
Texas Water Development Fund Local government providers of water and wastewater services	TWDB GO bond proceeds	$410.0
Rural Water Assistance Fund Rural political subdivisions, including nonprofit water supply corporations	TWDB GO bond proceeds using state Private Activity Bond (PAB) cap	45.0
State Participation Program Local government providers of water and wastewater services	TWDB GO bond proceeds	25.0
State Water Plan–State Participation Program Local government providers of water and wastewater services	TWDB GO bond proceeds	200.0
State Water Plan–Economically Distressed Areas Local government providers of water and wastewater services in areas determined to be economically distressed, including nonprofit water supply corporations	TWDB GO bond proceeds	34.4
State Water Plan–Water Infrastructure Program Local government providers of water and wastewater services	TWDB GO bond proceeds	473.4
Economically Distressed Areas Program Local government providers of water and wastewater services in areas determined to be economically distressed, including nonprofit water supply corporations	TWDB GO bond proceeds	50.0
Colonia Self-help Program Local government providers of water and wastewater services in areas determined to be economically distressed, including nonprofit water supply corporations	Appropriation	0.6
FEDERAL FINANCIAL ASSISTANCE		
Clean Water State Revolving Fund Local government providers of wastewater services	Federal Funds, TWDB GO bond proceeds	$1,044.0
Drinking Water State Revolving Fund Local government operators of public water systems	Federal Funds, TWDB GO bond proceeds, General Revenue	313.0
TOTAL ASSISTANCE		**$2,595.4**

Source: Texas Water Development Board.

first Legislature, Regular Session, 2009, authorized debt service for the issuance of $84.4 million in GO bonds for EDAP. Of this total, $34.4 million is related to implementing the 2007 State Water Plan. The agency estimates that at the end of the 2010–11 biennium, the remaining authorized but unissued GO bond authority for EDAP will total $177.6 million.

The Economically Distressed Areas strategy is appropriated $4.2 million for the 2010–11 biennium for the administration of EDAP-related programs, including $600,000 for the Colonia Self-help Program, in which resident volunteers provide sweat equity and/or donate equipment, materials, and supplies to construct water and wastewater facilities. EDAP assistance amounts from bond proceeds and Federal Funds are not included in this total because these amounts are not part of TWDB's appropriation.

DEBT SERVICE

Much of the state funding for projects is financed through bonds. The issuance of bonds requires debt service to repay the principal and interest on the bonds. In the case of most programs within the Water Development Fund, the CWSRF, and the DWSRF, debt service is fully recovered through loan repayments. This is not the case, however, with the bonds issued through EDAP, the State Participation Program, and the WIF. The debt service for these bonds, referred to as non-self supporting GO water bonds, is not fully recovered through loan repayments and requires General Revenue

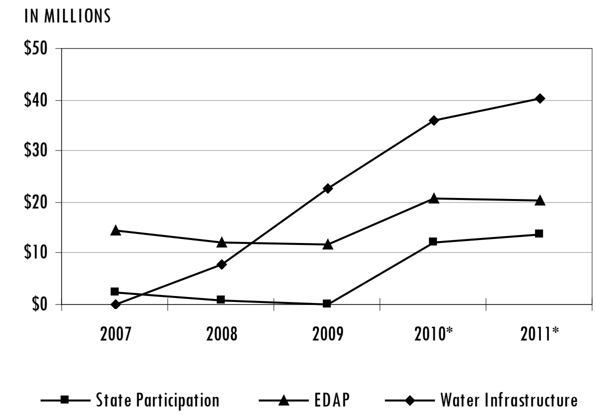
Funds to cover debt service requirements. In the case of EDAP, loan repayments are insufficient to cover debt service because the vast majority of assistance comes from grants and below-market-rate loans. The Eighty-first Legislature, Regular Session, 2009, appropriated $47.6 million for the 2010–11 biennium for debt service on EDAP bonds issued by the state, of which $40.8 million is in General Revenue Funds. Of this amount, $4.9 million is the debt service related to $34.4 million in bonds for EDAP projects associated with implementation of the 2007 State Water Plan.

Under the State Participation Program, recipients do not begin paying principal payments until the thirteenth year of the loan. Appropriations of General Revenue Funds are therefore necessary to meet debt service requirements in the early years of a project's life. The Eighty-first Legislature, Regular Session, 2009, appropriated $43.1 million for the 2010–11 biennium for debt service on State Participation Program bonds issued to support the program, which includes $26 million in General Revenue Funds. Of this amount, $19.7 million is the debt service related to $200.1 million in bonds for State Participation Program projects associated with implementation of the 2007 State Water Plan.

Loan repayments made under the WIF are also deferred, up to 10 years, and therefore require appropriations of General Revenue Funds to meet debt service requirements in the first years of the project. The Eighty-first Legislature, Regular Session, 2009, appropriated $108.9 million for the 2010–11 biennium, which includes $76.2 million in General Revenue Funds. Of this amount, $47.8 million is the debt service related to $473.4 million in bonds for WIF projects associated with implementation of the 2007 State Water Plan.

The funding for EDAP, the State Participation Program, and WIF is not included in TWDB's appropriations, but is appropriated as "Debt Service Payments–Non-self-supporting GO Water Bonds." A summary of expected debt service needs for each of the three programs from fiscal year 2007 to fiscal year 2011 is shown in **Figure 316**.

FIGURE 316
GENERAL REVENUE DEBT SERVICE PAYMENTS
FISCAL YEARS 2007 TO 2011



*Estimated.
NOTES: State Participation includes issuance of $225.1 million in bonds in the 2010–11 biennium. EDAP includes issuance of $84.4 million in bonds in the 2010–11 biennium. Water Infrastructure Fund includes issuance of $473.4 million in bonds in the 2010–11 biennium.
SOURCE: Texas Water Development Board.

10. BUSINESS AND ECONOMIC DEVELOPMENT

*As shown in **Figure 317**, All Funds appropriations (excluding American Recovery and Reinvestment Act funds) for Business and Economic Development for the 2010–11 biennium total $20.7 billion, or 11.4 percent of all state appropriations. This amount is a decrease of $795.7 million, or 3.7 percent, from the 2008–09 biennium. **Figure 318** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal years 2006 to 2011 for all business and economic development agencies.*

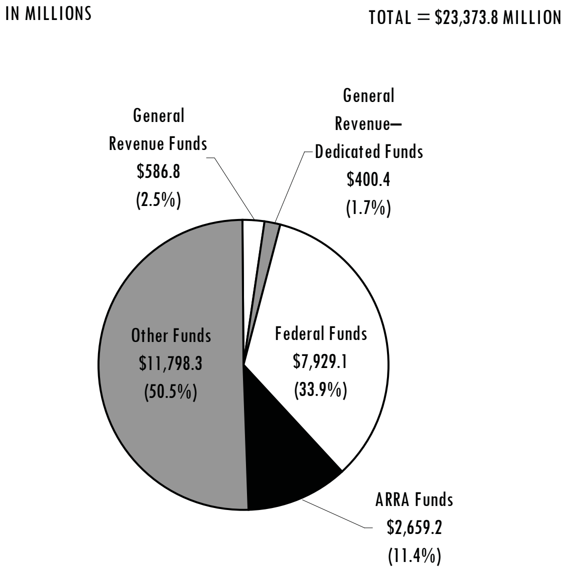
FIGURE 317
ALL FUNDS APPROPRIATIONS FOR BUSINESS AND ECONOMIC DEVELOPMENT
2010–11 BIENNIUM

IN MILLIONS

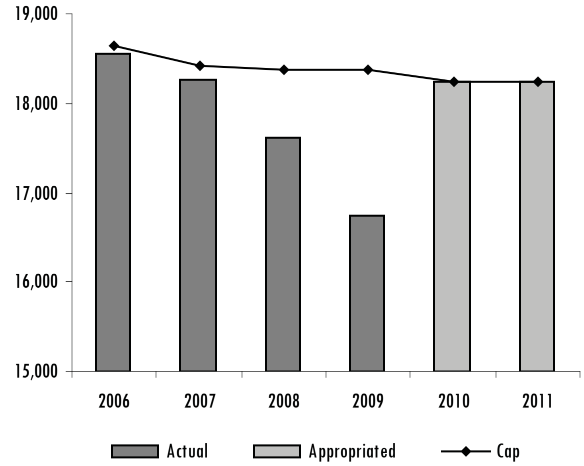
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$751.2	$343.6	($407.6)	(54.3)
Texas Lottery Commission	418.8	394.2	(24.6)	(5.9)
Department of Motor Vehicles	0.0	142.9	142.9	NA
Texas Department of Rural Affairs	221.4	181.2	(40.2)	(18.2)
Department of Transportation	17,452.4	16,939.9	(512.5)	(2.9)
Texas Workforce Commission	2,124.2	2,125.8	1.6	0.1
Reimbursements to the Unemployment Compensation Benefit Account	30.3	33.9	3.6	11.8
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$20,998.4**	**$20,161.5**	**($836.9)**	**(4.0)**
Retirement and Group Insurance	$433.4	$486.5	$53.1	12.2
Social Security and Benefit Replacement Pay	132.9	135.2	2.4	1.8
SUBTOTAL, EMPLOYEE BENEFITS	**$566.3**	**$621.8**	**$55.4**	**9.8**
Bond Debt Service Payments	$39.9	$21.4	($18.5)	(46.4)
Lease Payments	1.6	2.3	0.7	42.1
SUBTOTAL, DEBT SERVICE	**$41.5**	**$23.6**	**($17.8)**	**(43.0)**
Less Interagency Contracts	$95.9	$92.3	($3.6)	(3.7)
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$21,510.3**	**$20,714.6**	**($795.7)**	**(3.7)**
ARRA Appropriations, Article XII[3]	$662.2	$2,659.2	$1,997.0	301.6
GRAND TOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$22,172.5**	**$23,373.8**	**$1,201.3**	**5.4**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 318
BUSINESS AND ECONOMIC DEVELOPMENT APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

FIGURE 319
THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) APPROPRIATIONS FOR BUSINESS AND ECONOMIC DEVELOPMENT
2008–09 AND 2010–11 BIENNIA

IN MILLIONS	2008–09 APPROPRIATIONS			2010–11 APPROPRIATIONS		
AGENCY	REGULAR ALL FUNDS	ARRA (ART. XII)[1]	TOTAL	REGULAR ALL FUNDS	ARRA (ART. XII)[1]	TOTAL
Department of Housing and Community Affairs				$343.6	$565.1	$908.6
Texas Department of Rural Affairs				$181.2	$19.5	$200.7
Department of Transportation	$17,452.4	$662.2	$18,114.6	$16,939.9	$1,637.8	$18,577.7
Texas Workforce Commission				$2,125.8	$436.8	$2,562.6
TOTAL, ARRA APPROPRIATIONS FOR BUSINESS AND ECONOMIC DEVELOPMENT		**$662.2**			**$2,659.2**	

[1]ARRA appropriations reflected above include both appropriations made to agencies in Article XII, Section 1, as well as the appropriate allocation to agencies of "Higher Education and Other Government Programs" appropriations as outlined by Article XII, Section 25.
SOURCE: Legislative Budget Board.

Six state agencies provide services supporting the Texas economy through business development, transportation, and community infrastructure. These agencies include the Department of Housing and Community Affairs (TDHCA), the Texas Lottery Commission (TLC), the Department of Motor Vehicles (DMV), the Department of Rural Affairs (TDRA), the Department of Transportation (TxDOT), and the Texas Workforce Commission (TWC).

MAJOR FUNDING ISSUES

Several of the Business and Economic Development agencies experienced significant changes in funding levels for the 2010–11 biennium. The Eighty-first Legislature, Regular Session, 2009, appropriated these agencies $23.4 billion in

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

All Funds for the 2010–11 biennium, including $2.7 billion in Federal Funds from the American Recovery and Reinvestment Act of 2009 (ARRA). This funding level exceeds 2008–09 expenditures by $1.2 billion, or 5.4 percent.

All Funds appropriations to TxDOT for the 2010–11 biennium are a net increase of $463.1 million, or 2.6 percent, above the agency's 2008–09 expenditure level. The net increase in All Funds for the 2010–11 biennium is attributable to a net increase of $271.8 million in Federal Funds combined with a net increase of $352.2 million in Other Funds, offset by a net decrease of $160.9 million in General Revenue Funds. Included in the Federal Funds increase is $1.6 billion in ARRA funding for highway and bridge construction, public transportation, general aviation, and ferry projects. The decrease in General Revenue Fund appropriations is primarily for bond debt service payments on State Highway Fund bonds.

Funding for the newly established DMV includes $142.9 million in All Funds transferred from 2010–11 appropriations made to TxDOT for vehicle titling and registration, vehicle dealer regulation, and automobile theft prevention. Pursuant to enactment of House Bill 3097, Eighty-first Legislature, Regular Session, 2009, and the General Appropriations Act, 2010–11 Biennium, all unobligated and unexpended appropriations and full-time-equivalent positions associated with these functions, including appropriations and personnel that provide administrative support for these functions, are transferred from TxDOT to DMV.

All Funds appropriations to TLC for the 2010–11 biennium are a decrease of $24.6 million, or 5.9 percent, below the agency's 2008–09 expenditure level. The net decrease comprises an increase of $0.3 million in General Revenue Funds for regulating charitable bingo, offset by a reduction of $24.9 million in General Revenue–Dedicated Funds for reduced Lottery Operator Contract payments resulting from an anticipated decline in lottery ticket sales and for reduced Mass Media Advertising Contract payments based on the expectation that prize payouts will equal 62 percent of gross ticket sale revenue in both fiscal years of the biennium.

All Funds appropriations to TWC for the 2010–11 biennium increased $438.4 million, or 20.6 percent, above the agency's 2008–09 expenditure level. The All Funds increase includes a net increase of $391.2 million in Federal Funds, an increase of $61.3 million in General Revenue Funds, and a decrease of $14.2 million in Other Funds. The increase in Federal Funds consists of $436.8 million in ARRA funds offset by a decrease of $45.6 million in non ARRA Federal Funds no longer anticipated to be available to the agency. The increase in General Revenue Funds are to provide for:

- training an additional 15,000 workers through the Skills Development Program;
- establishing public private partnerships with employers to move Texans off public benefits and into the workforce;
- assisting an additional 13,165 offenders thorugh the Project Reintegration of Offenders program; and
- funding increased maintenance-of-effort spending for Temporary Assistance for Needy Families.

Appropriations to TDRA for the 2010–11 biennium are a 9.4 percent decrease of $20.7 million from the agency's 2008–09 expenditure level. This net reduction is attributable primarily to a net increase of $7 million in General Revenue Funds that is offset by an anticipated net decrease of $27.8 million in Federal Funds. The increased General Revenue Funds provide grants to rural communities on a competitive basis. The decrease in Federal Funds is because funds are no longer available from disaster relief funds, Community Development Block Grant funds, and State Rural Hospital Program funds. Although there is an overall decrease in Federal Funds, the agency is appropriated $19.5 million in ARRA funds to stimulate job growth in rural communities.

Funding for TDHCA in the 2010–11 biennium is a 21 percent increase of $157.5 million in All Funds above the agency's 2008–09 expenditure level. The increase results from:

- a net increase of $124.8 million in Federal Funds from ARRA to support the existing Weatherization Assistance and Community Services Block Grant Programs and the new Homeless Prevention and Rapid Rehousing and Tax Credit Assistance programs along with increases for the Low-Income Home Energy Assistance and HOME Investment Partnership programs offsetting previously received disaster relief for hurricanes Katrina and Rita anticipated to no longer be available;

- an increase of $30.5 million in General Revenue Funds for housing loans and grants ($10 million), for services to homeless individuals and families in regional urban areas ($20 million), and for establishment and operation of a council to coordinate housing and health services ($0.5 million); and
- an additional $2.1 million in Appropriated Receipts from fee-generated revenues to support the First-Time Homebuyer program, Colonia Field Offices and Self-Help Centers, Manufactured Housing operations, and agency administration.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

The Texas Department of Housing and Community Affairs (TDHCA) was established in 1991 as a result of consolidation of the Texas Housing Agency and the Texas Department of Community Affairs. TDHCA's mission is to help Texans achieve an improved quality of life through the development of better communities.

Appropriations for the 2010–11 biennium total $908.6 million in All Funds, including $565.1 billion in ARRA funds, and allows for 314 full-time-equivalent (FTE) positions. General Revenue Funds account for $44.8 million, or 13 percent, of the appropriations.

TDHCA's goals are to (1) increase the availability of safe, decent, and affordable housing; (2) promote improved housing conditions for extremely low, very low, and low-income households by providing information and technical assistance; (3) improve the living conditions of the poor and homeless and reduce the cost of home energy for very low-income households; (4) ensure compliance with federal and state mandates; (5) regulate the manufactured housing industry; and (6) provide indirect administration.

TDHCA also issues mortgage revenue bonds, the majority of which are federally authorized, tax-exempt private activity bonds. The proceeds of these bonds are for financing low-interest loans to income-eligible first-time homebuyers and to developers of affordable rental housing. The bond proceeds are held outside the State Treasury and are not included in the General Appropriations Act. The outstanding balance owed by TDHCA to the bond investors mostly comprises the funds held outside the Treasury. TDHCA pays these investors as it receives loan repayments from homeowners and developers. Bond-financed programs are included under the Mortgage Revenue Bond–Single Family and Mortgage Revenue Bond–Multifamily strategies.

At the end of fiscal year 2009, TDHCA had approximately $2.5 billion in bonds outstanding. The agency anticipates that it will issue $120 million in Single Family Mortgage Revenue Bonds (SFMRBs) and $60 million in Multifamily Mortgage Revenue Bonds (MFMRBs) in fiscal year 2010. In fiscal year 2011, the agency anticipates that it will issue $120 million in SFMRBs and $60 million in MFMRBs.

AFFORDABLE HOUSING

For the 2010–11 biennium, the housing-related goal is supported by an appropriation of $118.2 million in All Funds. Through this goal, TDHCA finances both multifamily activities such as the development of rental properties and single family activities such as homeownership and home repair assistance. Most housing activities are made available through four federally funded or federally authorized programs that provide affordable housing to extremely low, very low, low, and moderate-income families. **Figure 320** shows a breakdown of household incomes for a family of four at each income classification by metropolitan area. **Figure 321** shows, by multifamily and single-family designation, the number of units funded by program in fiscal year 2009 and the number of units anticipated to be funded in fiscal years 2010 and 2011.

The federal HOME Investment Partnerships (HOME) Program provides grants or loans for the construction of single and multifamily housing units by public and private sector partnerships. HOME awards also finance homebuyer, home repair, and tenant-based rental assistance and can be used to help eligible communities affected by natural disasters. By statute, 95 percent of TDHCA's HOME funds are available only to areas of the state that are mostly rural that do not receive HOME funds directly from the federal government. The remaining 5 percent of the funds are reserved for people with disabilities who reside in any part of the state. The HOME program targets extremely low, very low, and low-income families and requires matching funds.

The Section 8 Rental Assistance Program is a federal program in which qualified tenants typically pay 30 percent of their adjusted income for rent; the federal government pays the balance in an amount not to exceed fair market value. The program provides rental payments directly to landlords on behalf of extremely low, very low, and low-income families and individuals, including the elderly and persons with disabilities. The Section 8 Rental Assistance Program administered by TDHCA serves only a limited number of rural communities that do not have local public housing authorities.

The federal Housing Tax Credit (HTC) Program facilitates private investment in new construction or rehabilitation of affordable rental housing by providing tax credits to developers, which reduces their federal income tax liability. The value of these tax credits, which are typically sold to investors via syndications, allows developers to produce quality housing while offering reduced rent to income-

FIGURE 320
TARGETED HOUSEHOLDS BY AREA MEDIAN FAMILY INCOME*
FISCAL YEAR 2009

	AREA MEDIAN FAMILY INCOME (AMFI)	EXTREMELY LOW INCOME (30% AMFI)	VERY LOW INCOME (50% AMFI)	VERY LOW INCOME (60% AMFI)	LOW INCOME (80% AMFI)
STATE OF TEXAS MEDIAN FOR METROPOLITAN STATISTICAL AREA [MSA] COUNTIES	**$57,587**	**$16,500**	**$27,500**	**$32,980**	**$44,000**
SAMPLE MSAs					
Austin–San Marcos MSA (Bastrop, Caldwell, Hays, Travis, and Williamson counties)	$73,300	$22,620	$37,700	$45,240	$60,320
Dallas MSA (Collin, Dallas, Denton, Ellis, Henderson, Hunt, Kaufman, and Rockwall counties)	$67,600	$20,820	$34,700	$41,640	$55,520
El Paso MSA (El Paso County)	$39,700	$13,950	$23,250	$27,900	$37,200
Houston MSA (Chambers, Fort Bend, Liberty, Harris, Montgomery, and Waller counties)	$63,800	$19,150	$31,900	$38,280	$51,050
San Antonio MSA (Bexar, Comal, Guadalupe, and Wilson counties)	$57,200	$17,150	$28,600	$34,320	$45,750
STATE OF TEXAS MEDIAN FOR NON-MSA COUNTIES	**$46,900**	**$15,390**	**$25,650**	**$30,780**	**$41,040**

*Based on family size of four members.
Source: Texas Department of Housing and Community Affairs.

FIGURE 321
MULTIFAMILY AND SINGLE-FAMILY UNITS BY PROGRAM
FISCAL YEARS 2009 TO 2011

	HOUSEHOLDS/UNITS 2009			HOUSEHOLDS/UNITS 2010			HOUSEHOLDS/UNITS 2011		
PROGRAM	MULTI-FAMILY	SINGLE FAMILY	TOTAL	MULTI-FAMILY	SINGLE FAMILY	TOTAL	MULTI-FAMILY	SINGLE FAMILY	TOTAL
Housing Trust Fund	160	228	388	38	344	382	38	344	382
HOME Program	402	715	1117	262	952	1,214	262	952	1,214
Low Income Housing Tax Credit Program	3,666	0	3,666	10,928	0	10,928	10,874	0	10,874
Mortgage Revenue Bond Program	504	735	1239	1,000	1,911	3,911	1,000	1,877	3,911
Section 8 Program	0	971	971		1,100	1,100	0	1,100	1,100
TOTAL	**4,732**	**2,649**	**7,381**	**12,228**	**4,307**	**17,535**	**12,174**	**4,273**	**17,481**

Note: Some units received funding from multiple programs and may be counted more than once.
Source: Texas Department of Housing and Community Affairs.

qualified tenants. In return for the tax credits, owners must set aside a minimum of 20 percent of units for use by extremely low and very low income tenants; most owners set aside 100 percent of units for qualified low income families. TDHCA administers both credits (9 percent) that are allocated annually on a competitive basis and credits (4 percent) that are allocated to developments receiving private activity bond financing from TDHCA or another authorized issuer. The HTC program is open to nonprofit and for-profit developers and is available statewide. Appropriations for the HTC strategy are for only the administrative costs of this program.

Through its Single Family Mortgage Revenue Bond and Multifamily Mortgage Revenue Bond programs, TDHCA issues federally authorized, tax-exempt private activity bonds (PAB). TDHCA uses the resulting bond proceeds to offer loans to income-eligible first-time homebuyers and to developers of affordable multifamily housing. PAB investors are willing to accept a lower interest rate in return for a federal tax exemption associated with interest earned on the bonds. This allows TDHCA to offer below-market interest rates to participants of its loan programs. TDHCA's primary homeownership program, the First-Time Homebuyer (FTHB) Program, is financed through PABs. The FTHB Program is offered statewide and targets very low to moderate-income households. Some FTHB loans include down payment assistance. TDHCA's Multifamily Bond (MFB) Program is also primarily funded through PABs. PAB loans are used to finance new construction or rehabilitation of high quality multifamily housing. In return for the low interest loan, a developer must set aside a portion of units for income-eligible tenants. While the MFB program is available statewide, these loans typically do not provide sufficient financing to be feasible in rural communities. Appropriations for mortgage revenue bond strategies are for only the administrative costs of these programs.

The Housing Trust Fund is the only state-funded housing program. TDHCA is appropriated $21.9 million in General Revenue Funds for the Housing Trust Fund program for the 2010–11 biennium to provide loans and grants for the development of affordable housing for extremely low, very low, and low-income housing. TDHCA applies approximately half of these funds to support the legislatively mandated Texas Bootstrap Home Loan Program, a self-help loan program that targets economically distressed communities. The remaining funds are used for a variety of purposes, including homeownership initiatives, rental production, barrier removal, and disaster recovery assistance. **Figure 322** shows a history of Housing Trust Fund appropriations. The program is available throughout the state.

FIGURE 322
HOUSING TRUST FUND APPROPRIATIONS
FISCAL YEARS 2007 TO 2011

IN MILLIONS

FISCAL YEAR	APPROPRIATION
2007	$3.0
2008	$5.8
2009	$5.8
2010	$11.0
2011	$11.0

SOURCE: Texas Department of Housing and Community Affairs.

INFORMATION AND TECHNICAL ASSISTANCE

The goal of providing information and technical assistance is appropriated $2.4 million in All Funds in the 2010–11 biennium. This goal has two strategies. The first strategy relates to the legislatively mandated Housing Resource Center (Housing Center), which serves as a clearinghouse of information about housing and community services programs statewide. The second strategy relates to providing Colonia residents and communities along the Texas–Mexico border technical assistance through TDHCA field offices and Colonia self-help centers. The majority of funding for this goal is from Appropriated Receipts received through administration fees from single-family mortgage revenue bond proceeds associated with the single-family bond programs, from the federal HOME funds administered by TDHCA, and from General Revenue Funds appropriated in association with the Affordable Housing Research and Information Program. The goal also receives federal and state Community Development Block Grant program funds from the Texas Department of Rural Affairs.

Funding for this goal is for primarily administrative costs for TDHCA's Housing Center and Office of Colonia Initiatives (OCI). The Housing Center provides information and technical assistance on the state's housing needs and on community services and affordable housing programs to consumers, developers, researchers, and the general public. The Housing Center is also responsible for developing legislatively required planning documents such as the State Low-Income Housing Plan. OCI provides concentrated technical assistance to border residents through field offices and Colonia self-help centers. The field offices provide information regarding TDHCA and other programs to local government entities, nonprofit and for-profit organizations, and residents. The Colonia self-help centers serve specified Colonias through education and self-help programs. In addition, OCI administers the Texas Bootstrap Loan Program.

ASSISTANCE FOR THE POOR AND HOMELESS

The agency's goal of improving the living conditions of the poor and the homeless is supported by two strategies. The Poverty-related Funds strategy and the Energy-assistance Programs strategy are appropriated $190.4 million for the 2010–11 biennium. Federal programs administered by the U.S. Department of Health and Human Services, the U.S. Department of Housing and Urban Development, the U.S. Department of Energy, and General Revenue Funds are the primary sources of funding for these strategies.

TDHCA administers the federal Community Services Block Grant Program and the Emergency Shelter Grant Program through its poverty-related funds to provide emergency and permanent shelter, utilities, nutrition, clothing, medical, and other services for the elderly, the needy, homeless persons, and persons with disabilities. These programs help communities to improve living conditions for poor and homeless persons and to transition families out of poverty. These programs also provide assistance to individuals affected by natural disasters. Funds are dispersed through community action agencies, nonprofit organizations, and local governments and are available statewide. General Revenue Funds appropriated under this goal allow TDHCA to fund homeless housing and services in the state's eight largest cities and to provide technical assistance to rural coalitions seeking federal funds.

Grant funding for the Energy-assistance strategy comes from the federal Low Income Home Energy Assistance Program and the Weatherization Assistance for Low Income Persons Program. The strategy also receives Other Funds from energy efficiency contracts with regulated, investor-owned utilities.

TDHCA administers grants to local organizations for energy-related assistance to dwellings occupied by very low-income persons and families. Home weatherization, energy-efficiency guidance, utility assistance, and financial intervention for energy crisis emergencies are provided. The goals of the programs are to reduce families' energy-related costs and provide healthier environments. The programs target those most vulnerable to extreme weather conditions such as the elderly, people with disabilities, and families with small children. The agency's energy-assistance programs are available statewide.

COMPLIANCE MONITORING

The goal of ensuring compliance with federal and state program mandates is supported by two strategies. The housing and federal grant-monitoring programs are appropriated $9.4 million for the 2010–11 biennium. The first strategy ensures that TDHCA-supported rental developments adhere to commitments made at the time of funding, including serving low-income households, charging restricted rents, and maintaining the physical condition of the property. To ensure compliance, TDHCA conducts onsite monitoring visits to review documentation and physically inspect the properties. The second strategy relates primarily to contracts TDHCA has with HOME Investment Partnerships Program subrecipients that are providing services such as home repair. TDHCA monitors to ensure promised benefits are being delivered to low-income households and that federal and state requirements are being met.

MANUFACTURED HOUSING

TDHCA's Manufactured Housing Division, which is governed by a separate board and executive director, is appropriated $9.7 million in Appropriated Receipts associated with title, inspection, and licensing fees for the 2010–11 biennium to support the goal of regulating the manufactured housing industry. This goal consists of four strategies: (1) providing timely and efficient statements of ownership and location and registration service; (2) conducting inspections of manufactured homes; (3) protecting the general public and consumers; and (4) providing processing of occupational licenses, registrations, or permit fees through TexasOnline. In addition, the Manufactured Housing Division is appropriated $600,000 in Federal Funds for inspection oversight as a State Administrative Agency for the U.S. Department of Housing and Urban Development.

INDIRECT ADMINISTRATION

The agency is appropriated $13.4 million for the 2010–11 biennium for its Indirect Administration goal. This goal provides administrative services to support the functions of the agency through three strategies: Central Administration; Information Resource Technologies; and Operating/Support.

FEDERAL STIMULUS FUNDING

The agency is appropriated $565 million in Federal Funds provided through the American Reinvestment and Recovery Act of 2009 (ARRA). Appropriated ARRA funds support the existing Weatherization Assistance and the Community Services Block Grant Programs and two new programs. The Homeless Prevention and Rapid Rehousing Program provides financial assistance, counseling, and case management services to prevent families and individuals from becoming homeless and to quickly stabilize and rehouse the homeless. The Tax Credit Assistance Program addresses the decreased value of housing tax credits in the current economy by providing additional subsidies to affordable rental developments that have previously been awarded credits. Funding for these programs is provided through the U.S. Department of Energy, the U.S. Department of Health and Human Services, and the U.S. Department of Housing and Urban Development (HUD).

Through prior federal stimulus actions, the agency received direct funding for the Neighborhood Stabilization Program. This program provides funds to purchase foreclosed or abandoned homes to rehabilitate, resell, or redevelop those homes, thereby stabilizing neighborhoods and stemming the decline of home values. The agency has also applied for competitive ARRA funding available for this program. The agency will receive additional ARRA funding through (1) the Housing Tax Credit Exchange Program, which allows states to exchange housing tax credits for direct subsidy, and (2) the Tax Credit Assistance Program, a HUD-administered program with many characteristics similar to the federal tax credit program but is a separate source of cash, which may be loaned to qualifying recipients of certain tax credits. The agency is authorized to receive up to $700 million for these programs; this funding is not included in the General Appropriations Act, 2010–11 Biennium. Funding for these programs is provided through the U.S. Department of Housing and Urban Development and the U.S. Treasury.

DISASTER RECOVERY

Housing activities funded under the Community Development Block Grant (CDBG) disaster recovery funds are carried out through the statutorily required Disaster Recovery Division under several programs, each with its own characteristics unique to the affected areas and state policy. See **Figure 323** for program information and funding. By statute, the agency is required to enter into pre-event contracts to provide temporary or emergency housing as needed following a disaster. While those housing costs may be paid for out of the disaster contingency fund, procedures for accessing these funds are currently being established so the agency can carry out this function. This process is important in providing emergency housing because the agency would need to purchase a substantial number of travel trailers that meet recently created formaldehyde emission standards.

FIGURE 323
ADDITIONAL FEDERAL FUNDS ADMINISTERED BY TDHCA

IN MILLIONS	
Disaster Recovery*	$1,605.4
Neighborhood Stabilization Program**	102.0
Housing Tax Credit Exchange Program (ARRA)	552.8
Article XII ARRA Funds***	565.1
TOTAL	**$2,825.3**

*Includes Hurricanes Rita I (housing portion), Rita II, Ike I (housing portion) and Ike II (estimated housing portion) Community Development Block Grant Disaster Recover funds and Federal Emergency Management Agency funds.
**Funded through Housing and Economic Recovery Act of 2008
***Includes ARRA funds for Community Services Block Grant, Weatherization Assistance Program, Homelessness Prevention, and Tax Credit Gap Programs.
Source: Texas Department of Housing and Community Affairs.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 679, which relates to the Housing Trust Fund (HTF) and the Owner–Builder Program (Texas Bootstrap Program). The legislation modernizes the programs and improves their efficiency and effectiveness. The legislation clarifies TDHCA's authority to accept gifts, grants, or donations for the HTF and the requirement to produce a report on the planned use of the HTF. It also conforms the statute with adopted agency rules and practices to authorize those who are helped by established state certified self-help organizations (e.g., Habitat for Humanity) to participate in the program. The legislation also updates the loan and funding amounts under the program because the costs of construction and materials have increased since the program was first established in 1999. Additionally, the legislation clarifies the type of administrative support that can be provided to help build capacity and strengthen the program's reach.

Enactment of Senate Bill 1717 requires TDHCA to adopt a rule requiring all housing sponsors of multifamily housing developments that receive funds from the state or federal government, or are subject to a land use restrictive covenant, to submit a quarterly unit vacancy report to TDHCA. The agency must then provide this information, disaggregated by zip code, to each member of the Legislature upon request. The legislation prohibits tax credit developers from locking out or threatening to lock out residents, except by judicial process or if there is a necessity to perform repairs/construction, or there is an emergency. Tax credit developers are further prohibited from seizing or threatening to seize residents' personal property, except by judicial process or if the resident has abandoned the premises.

Enactment of House Bill 2238 amends statutes governing regulation of manufactured housing. The legislation authorizes the executive director of the Manufactured Housing Division of TDHCA to waive any fee in a state disaster area declared by the Governor. The legislation removes authority to issue probationary licenses and requires that all licenses be valid for two years. The legislation further changes the renewal license expiration date from the first anniversary of the date of issuance to the second anniversary and change the annual fee payment to a "required" fee payment for license renewal.

Enactment of House Bill 2450 authorizes an applicant for federal disaster recovery assistance administered through TDHCA to establish homeownership through non-traditional documentation of title. The legislation requires TDHCA to create and make available a form that establishes homeownership by the applicant. The legislation also establishes the Natural Disaster Housing Reconstruction Advisory Committee, which is tasked with developing a natural disaster reconstruction plan and housing reconstruction demonstration pilot programs for three disaster-affected areas. TDHCA is tasked with appointing all members of this committee.

TEXAS LOTTERY COMMISSION

The Texas Lottery was established by the Seventy-second Legislature, 1991, and was administered by the office of the Comptroller of Public Accounts until 1993 when the Seventy-third Legislature created the Texas Lottery Commission (TLC). Responsibility for charitable Bingo administration was transferred to the Lottery Commission from the Texas Alcoholic Beverage Commission in 1994.

The Lottery Commission consists of three members appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms. The agency's mission is to generate revenue for the State of Texas through the responsible management and sale of entertaining lottery products and to provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting Bingo.

The agency's appropriation for the 2010–11 biennium totals $394.2 million in All Funds (General Revenue and General Revenue–Dedicated Funds) and provides for 321.5 full-time-equivalent (FTE) positions. Total appropriations are $24.6 million, or 5.9 percent, below 2008–09 expenditure levels primarily as a result of reductions in lottery operator contract costs and mass media advertising.

OPERATION OF THE TEXAS LOTTERY

One goal of the agency is to operate a lottery system that is self-supporting, produces revenue, and is free of criminal activity. The 2010–11 biennial appropriation for the agency's lottery-related strategies totals $363.1 million and provides for 272.5 FTE positions.

The agency's lottery-related activities include issuance of licenses to qualified lottery retailers, collection of retailer receipts, and enforcement of applicable state laws and agency rules. The agency estimates that it will issue or renew 16,500 retailer licenses during the 2010–11 biennium. Lottery-related activities also include developing lottery products and games, advertising and promoting the lottery, and recruiting business retailers and vendors to sell lottery tickets.

The agency is responsible for ensuring the quality and integrity of the lottery system as well as the physical security of operating sites. To enforce the Texas Lottery Act, the agency investigates possible criminal and regulatory violations relating to lottery games.

Proceeds from the sale of lottery tickets is the source of revenue used to pay for all costs of operation for the Texas Lottery, including the payment of lottery prizes, retailer commissions, and other costs for operation and administration of the lottery. The Texas Lottery Act limits the amount of these funds that may be expended for retailer commissions and agency administration to 12 percent of gross ticket revenues. The Texas Lottery Act also establishes a minimum retailer commission of 5 percent of gross ticket sales, which leaves 7 percent of gross sales that may be expended for agency administration. The agency transfers any unexpended administrative funds to the state's General Revenue Fund.

Although state revenue from the games is less than the levels experienced in the late 1990s, a declining trend that began in fiscal year 1999 was reversed in fiscal year 2002. From fiscal year 2004 to 2009, TLC transferred more than $1 billion to the state each year. The Comptroller of Public Accounts estimates that transfers to the state will decline in fiscal years 2010 and 2011. **Figure 324** shows the actual revenues deposited and estimated revenues from net annual proceeds after deductions for prizes and administrative costs. These funds are deposited in the state's General Revenue Fund for funding public education.

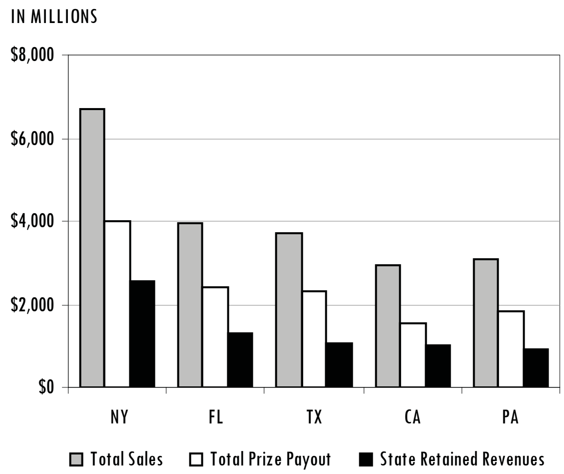
Figure 325 shows a comparison of net revenues, prize payouts, and gross sales among the top five lottery revenue-producing states for fiscal year 2009. Texas retained $1 billion of the annual gross sales of lottery tickets, placing it third

FIGURE 324
LOTTERY COMMISSION TRANSFERS TO THE GENERAL REVENUE FUND AND GENERAL REVENUE–DEDICATED FUNDS, CASH BASIS FISCAL YEARS 2000 TO 2011

FISCAL YEAR	NET PROCEEDS (IN MILLIONS)
2000	$918.10
2001	$864.90
2002	$956.60
2003	$955.20
2004	$1,044.10
2005	$1,076.80
2006	$1,066.10
2007	$1,089.40
2008	$1,036.60
2009	$1,043.50
2010*	$997.90
2011*	$979.80

*Estimated by the Comptroller of Public Accounts. Fiscal years 2000 to 2011 include transfers to the state from sales and unclaimed prizes.
Source: Legislative Budget Board; Comptroller of Public Accounts.

FIGURE 325
LOTTERY SALES, PRIZES, AND REVENUE
FISCAL YEAR 2009



Source: Texas Lottery Commission.

behind New York and Florida in retained revenues. The Texas Lottery awarded $2.3 billion in total prizes in 2009, placing it third among the top five lottery revenue-producing states, following New York and Florida. When comparing total gross sales, Texas' total sales of $3.7 billion also ranks third behind New York and Florida.

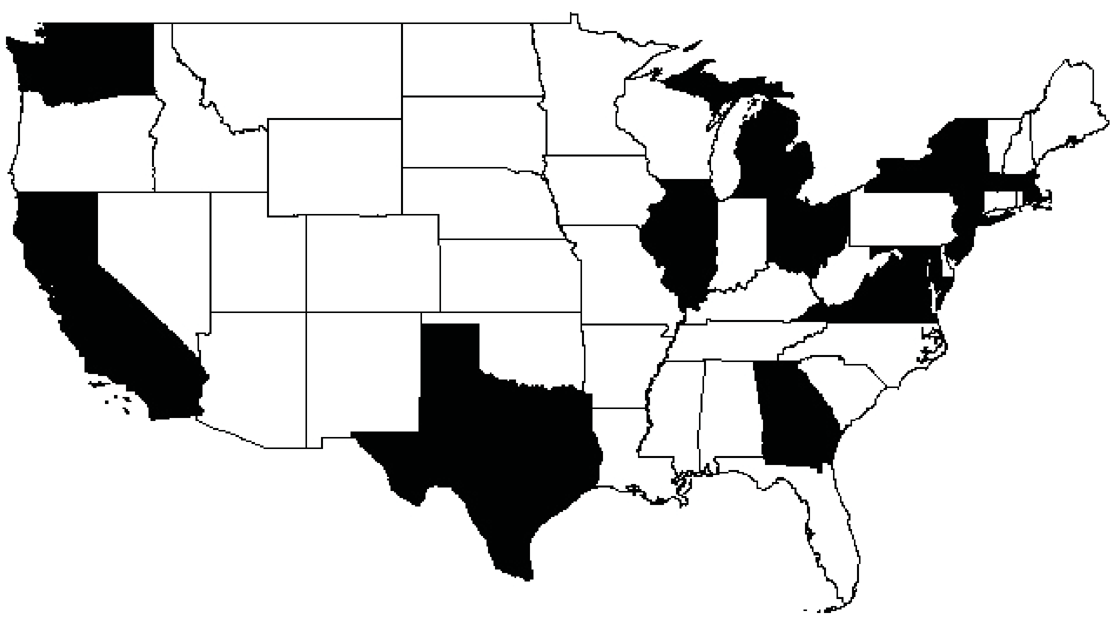
The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation authorizing the state to participate in a multi-jurisdictional lottery game. Texas began participating in the Mega Millions multi-state lottery game in December 2003 (**Figure 326**). The Mega Millions lottery game generated approximately $478.7 million from ticket sales in Texas during the 2008–09 biennium.

BINGO LAW ENFORCEMENT

The agency is appropriated $31.1 million for the 2010–11 biennium for charitable Bingo regulation and is authorized 49 FTE positions per year. The majority of funding for the agency's Bingo-related activities relates to the allocation of Bingo prize fees to counties and municipalities, as required by the Texas Occupations Code. These allocations are estimated to be $25.3 million for the 2010–11 biennium.

TLC strives to (1) enforce regulations applicable to charitable Bingo games, (2) ensure that these games are conducted fairly to provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting Bingo, (3) ensure that all charitable Bingo funds are used for a lawful purpose, and (4) promote and maintain the integrity of the charitable Bingo industry throughout Texas. TLC estimates that charitable organizations will receive about $68 million from Bingo events during the 2010–11 biennium.

FIGURE 326
MEGA MILLIONS PARTICIPATING STATES
FISCAL YEAR 2009



Source: Texas Lottery Commission

The agency's Bingo-related activities are performed under strategies for licensing of individuals and organizations, providing education and development, ensuring Bingo law compliance, and ensuring proper prize fee allocations and accounting. The agency estimates that approximately 120 individuals and organizations will receive new Bingo licenses during each year of the 2010–11 biennium. During this same period, the agency estimates that there will be 3,200 license renewals each year.

SIGNIFICANT LEGISLATION

Legislation enacted by the Eighty-first Legislature, Regular Session, 2009, that affects TLC includes House Bill 1474 and House Bill 1963.

Enactment of House Bill 1474 revises various provisions in law relating to the regulation and operation of charitable Bingo in Texas. The legislation requires TLC to submit to the Governor, Lieutenant Governor, Speaker of the House, and the chairs of the House and Senate standing committees with primary jurisdiction over charitable Bingo a biennial report on the total amount of adjusted gross receipts and net proceeds reported by licensed organizations from their Bingo operations. The legislation authorizes TLC to obtain criminal history record information from the Department of Public Safety, the Federal Bureau of Investigation, or another law enforcement agency for investigations into a license applicant, a person required to be named in the application, or a person who works with the license holder required to undergo a criminal background check. The legislation also amends various Bingo license application and eligibility requirements and provisions including requiring each licensed organization to designate a Bingo chairperson to oversee the conduct of Bingo under the terms of the organization's license, increasing from 12 to 24 the number of temporary licenses that may be held by a licensed organization, establishing the option for late license renewals and late renewal fees, and eliminating the $25 fee for applying for a two-year license. Additionally, the legislation authorizes TLC to issue a Bingo license to a religious society that has existed in Texas for at least three years rather than eight years under previous law and a voluntary emergency medical services provider organization that has existed in Texas for at least three years. The legislation limits the amount of operating capital that a licensed organization may retain in its Bingo account to an amount based on the organization's average quarterly Bingo expenses during its previous license period, with a maximum amount of $50,000 unless TLC establishes by rule a higher amount for organizations of a certain class or grants a request from an organization's Bingo director to raise the limit as necessary to facilitate the organization's operations. The legislation requires a licensed organization to collect a prize fee of 5 percent of the amount or value of the prize from a person who wins a Bingo prize greater than $5. Under previous statute, a 5 percent fee was collected on all prizes. Additionally, under provisions of the legislation, an organization is required to remit to TLC a fee in the amount of 5 percent of the amount of all prizes awarded by the organization.

The enactment of House Bill 1963 removes the statutory limitation on lottery advertising expenses. Previously, the Texas Lottery Act established a maximum annual advertising budget of $40 million and required a reduction of $1 million to the annual advertising budget for each full percent by which the total amount of lottery prizes awarded in the previous fiscal year exceeded 52 percent of gross ticket revenue.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) was established by the Eighty-first Legislature, Regular Session, 2009, by transferring responsibilities for vehicle registration and titling, motor carrier registration and enforcement, motor vehicle dealer regulation, and the Automobile Burglary and Theft Prevention Authority from the Department of Transportation (TxDOT).

The DMV is governed by a board that consists of nine members appointed by the Governor with the advice and consent of the Senate to serve six-year overlapping terms.

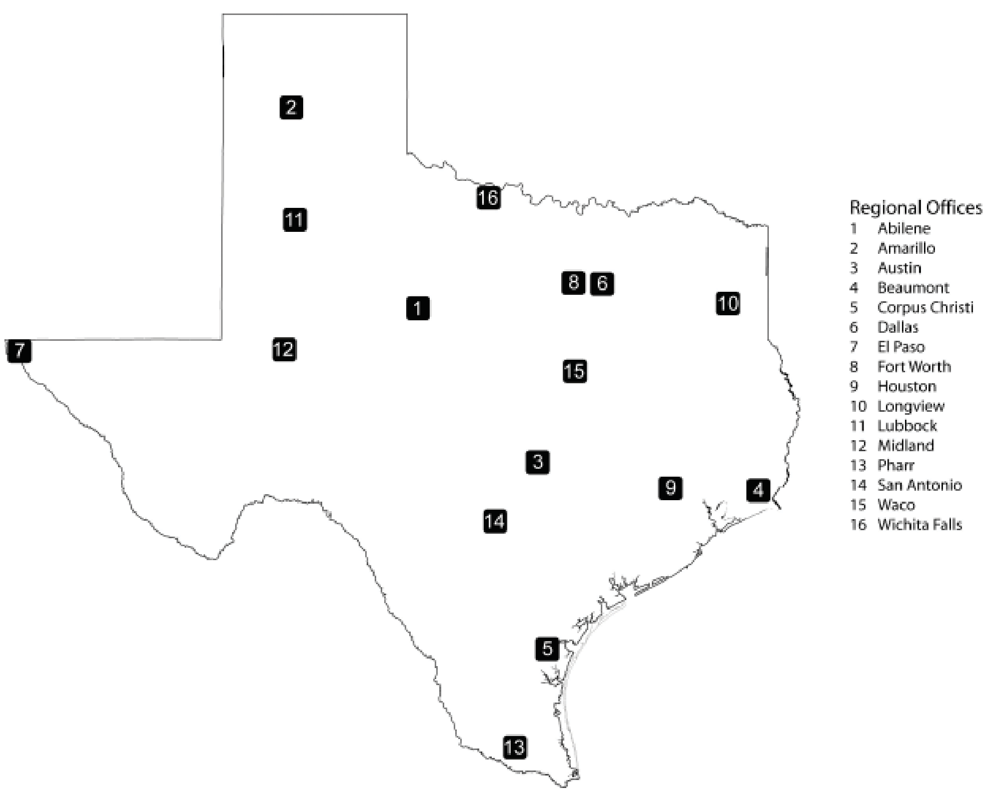
The agency's appropriation for the 2010–11 biennium includes $142.9 million in All Funds and provides for 624 full-time-equivalent (FTE) positions transferred from 2010–11 appropriations made to TxDOT for vehicle titling and registration, vehicle dealer regulation, and automobile theft prevention. Pursuant to the provisions of House Bill 3097, Eighty-first Legislature, Regular Session, 2009, and the General Appropriations Act, 2010–11 Biennium, all unobligated and unexpended appropriations and FTE positions associated with these functions, including appropriations and personnel that provide administrative support for these functions, are to be transferred from TxDOT to DMV.

REGISTRATION AND TITLING

The 2010–11 biennial appropriation for registration and titling of vehicles totals $121.3 million. The DMV Vehicle Titles and Registration Division works through 16 regional offices (**Figure 327**) and in partnership with 254 county tax assessor-collectors to administer motor vehicle titles, register vehicles, distribute license plates and registration insignia stickers, distribute parking placards for persons with disabilities, and collect the related fees. DMV maintains a Registration and Titling System (RTS) that provides an automated point-of-sale system used by the agency and the tax assessor-collectors in each county to account for the registration of motor vehicles, fees, and taxes and provides access to law enforcement to vehicle ownership information.

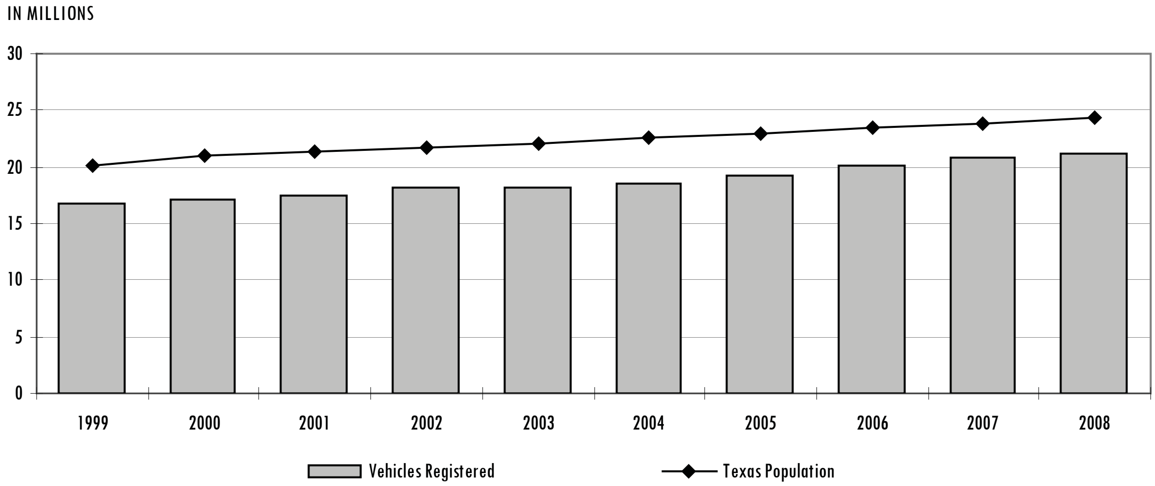
Figure 328 shows the changes in the number of vehicles registered in the state compared to the Texas population from fiscal years 1999 to 2008.

FIGURE 327
VEHICLE TITLES AND REGISTRATION REGIONAL OFFICES



SOURCE: Department of Motor Vehicles.

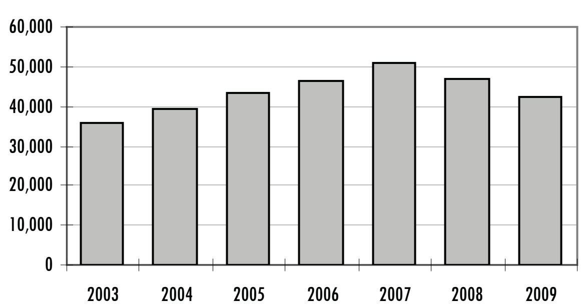
FIGURE 328
POPULATION COMPARED TO NUMBER OF VEHICLES REGISTERED
FISCAL YEARS 1999 TO 2008



SOURCE: Texas Department of Transportation.

The 2010–11 appropriations for registration and titling also fund the agency's commercial motor carrier registration and enforcement functions. Motor carriers operating equipment with a gross vehicle weight of over 26,000 pounds, passenger bus operators, and household goods carriers operating in Texas are required to obtain a motor carrier registration with DMV. DMV also processes and investigates consumer complaints and provides mediation services to household goods movers and their customers. **Figure 329** shows the changes in the number of registered motor carriers from fiscal years 2003 to 2009. The number of motor carriers registered with the DMV has decreased since the implementation of the fedaral Unified Carrier Registration (UCR) Act of 2005 in calendar year 2007. Under this federal provision, intra-state carriers have the option of registering under the federal UCR rather than registering with single states.

FIGURE 329
NUMBER OF REGISTERED MOTOR CARRIERS
FISCAL YEARS 2003 TO 2009



SOURCE: Texas Department of Transportation.

VEHICLE DEALER REGULATION

The 2010–11 appropriations for Vehicle Dealer Regulation total $6.4 million. Funding for the Vehicle Dealer Regulation strategy provides for licensing motor vehicle dealers and enforcing the state's "Lemon Law." During fiscal year 2009, 15,415 licenses were issued to franchised and independent motor vehicle dealers; new motor vehicle manufacturers, distributors, and converters; representatives of new motor vehicle manufacturers, distributors, or converters; and lessors and lease facilitators in the state. Additionally, manufacturers replaced, repurchased, or reacquired 163 motor vehicles in accordance with the Lemon Law.

AUTOMOBILE BURGLARY AND THEFT PREVENTION

The Automobile Theft Prevention Authority (ATPA) was established by the Seventy-second Legislature, 1991, to reduce vehicle theft in Texas. With enactment of House Bill 1887, Eightieth Legislature, 2007, the scope of the ATPA was expanded to include prevention of automobile burglary. The Automobile Burglary and Theft Prevention Authority (ABTPA) coordinates efforts within a network of law enforcement and judicial agencies, local prosecutors, the insurance industry, and citizens to reduce vehicle burglary and theft through grants that fund theft reduction initiatives, education, and public awareness. The ABTPA also communicates with officials from bordering Mexican states and enters into partnership agreements with them to reduce the number of stolen vehicles crossing the border between Texas and Mexico. In fiscal year 2009, the ABTPA awarded approximately $13.8 million in grants to 29 local agencies and organizations. The 2010–11 appropriations to DMV include $15.2 million for ABTPA operating expenses and grants.

SIGNIFICANT LEGISLATION

Legislation enacted by the Eighty-first Legislature, Regular Session, 2009, that affects DMV includes House Bill 2553, House Bill 3433, and Senate Bill 1759.

Enactment of House Bill 2553 standardizes various vehicle title, registration, and license plate fees and reduces more than 1,600 heavy vehicle fees down to seven categories of fees. The legislation establishes a registration fee of $50.75 for vehicles weighing 6,000 pounds or less in place of the current tiered fee structure based on the age of the vehicle by model year. The legislation also establishes a new fee schedule for vehicles, road tractors, and certain trailers with a gross weight of more than 6,000 pounds, ranging from $54 for a vehicle between 6,001 and 10,000 pounds and up to $840 for a vehicle between 70,001 and 80,000 pounds, and establishes a fee of $45 for certain trailers with a gross weight of 6,000 pounds or less. Additionally, the legislation increases the fee for replacement registration insignia from $5 to $6; eliminates the initial license plate issuance fee for classic motor vehicles, cotton vehicles, forestry vehicles, tow trucks, and radio operator and volunteer firefighter license plates; and reduces the fee for golf cart license plates from $10 to $6. These provisions of the legislation will take effect on September 1, 2011.

Enactment of House Bill 3433 and Senate Bill 1759 require DMV to implement a system to authorize the owner of a commercial fleet of at least 25 motor vehicles to register the fleet vehicles for an extended period of one year to a maximum of eight years, with payment of all applicable fees occurring at the time of registration. In addition to the standard registration fees, the legislation would require the fleet owner to pay an annual fleet registration fee of $10 per vehicle and a one-time license plate manufacturing fee of $1.50 per vehicle or an $8 plate manufacturing fee if the fleet owner requests the inclusion of the name or logo of the business entity that owns the fleet on each license plate.

Enactment of House Bill 3097 establishes the Texas Department of Motor Vehicles (DMV) and establishes a nine-member board of the DMV appointed by the Governor with the advice and consent of the Senate to serve staggered six-year terms. The legislation requires the DMV board to organize the agency into divisions to accomplish the agencies functions, including divisions for administration, motor carriers, a motor vehicle board, and vehicle titles and registration. The legislation establishes a sunset date of September 1, 2015, for DMV. The legislation requires the transfer of all powers, duties, obligations, rights of action, personnel, computers, other property and equipment, files, and related materials from TxDOT's Motor Carrier Division (with the exception of oversize/overweight vehicle permitting and enforcement), Motor Vehicle Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Authority to the new DMV. All applicable powers, duties, obligations, and rights of action of the TTC associated with these divisions are also required to be transferred to the board of the DMV. The legislation transfers and reappropriates in fiscal year 2010 any unobligated and unexpended balance of appropriations made to TxDOT for the 2008–09 biennium relating to the transferred programs. The legislation requires the two agencies to create memorandums of understanding regarding the transfer of FTE positions, the coordination of information systems, and for the transfer of applicable powers and duties of TTC to the DMV board. The legislation requires TxDOT to establish a DMV transition team to plan for and recommend transfers of appropriate obligations, property, and personnel to DMV. The legislation requires the transfers from TxDOT to DMV to occur on November 1, 2009. Additionally, the legislation requires the State Auditor's Office to conduct an initial financial audit of DMV to establish financial benchmarks for DMV and to report the audit findings to the DMV board.

TEXAS DEPARTMENT OF RURAL AFFAIRS

The Texas Department of Rural Affairs (TDRA), formerly known as the Office of Rural Community Affairs, was established by the Seventy-seventh Legislature, 2001, to support community and economic development, to promote access to healthcare in rural Texas, and to ensure the general welfare of rural communities in Texas. TDRA is a stand-alone executive branch agency that combined the Center for Rural Health Initiatives programs from the former Department of Health with the Community Development Block Grant (CDBG) program from the Texas Department of Housing and Community Affairs (TDHCA) to assure a continuing focus on rural issues, to monitor governmental actions affecting rural Texas, and to coordinate rural programs run by state agencies.

TDRA is charged with identifying and prioritizing policy issues and concerns affecting rural communities in the state in consultation with rural community leaders, locally elected officials, state elected and appointed officials, academic and industry experts, and an interagency workgroup. Further, the agency acts to strengthen coordination efforts among state agencies and officials to improve the results and the cost-effectiveness of state-sponsored programs affecting rural communities.

For the 2010–11 biennium, the agency is appropriated $200.7 million in All Funds, of which $156.2 million is Federal Funds, $19.5 million is federal economic stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA), $19.6 million is in General Revenue Funds, $4.4 million is Tobacco Settlement proceeds (General Revenue–Dedicated Funds and Other Funds), and $1 million is Other Funds from Appropriated Receipts and interagency contracts. The agency is authorized to have 64 FTE positions in fiscal year 2010 and 62 positions in fiscal year 2011. **Figure 330** shows the agency's level of funding and level of performance in three key performance measures from fiscal years 2007 to 2011.

TDRA's mission is to enhance the quality of life for rural Texans. TDRA carries out this mission through its four goals: (1) Community Economic Development; (2) Equitable Access to Medical Care; (3) Outreach and Assistance; and (4) Indirect Administration.

COMMUNITY ECONOMIC DEVELOPMENT

The agency is appropriated $164 million for the 2010–11 biennium to fund its primary goal of supporting community and economic development. The majority of the funding for this goal is from federal CDBG funds distributed to the state by the U.S. Department of Housing and Urban Development (HUD), through which the agency provides grants for community and economic development projects. The CDBG funds administered by TDRA assist non-entitlement areas of the state, which consist of cities with populations below 50,000 and counties not eligible for entitlement status. Cities and counties with entitlement status receive CDBG funds directly from HUD. The agency's CDBG program gives priority to community development of water and wastewater systems and to economic development projects that create or retain jobs. The program also provides ongoing technical assistance to support community and economic development.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

The agency is appropriated $19.5 million in ARRA funds, which was allocated by the U.S. Department of Housing and

FIGURE 330
TEXAS DEPARTMENT OF RURAL AFFAIRS FUNDING AND PERFORMANCE
FISCAL YEARS 2007 TO 2011

	2007	2008	2009	2010*	2011*
All Funds (in millions)	$89.8	$135.2	$86.2	$110.2	$90.5
Percentage of the Small Communities' Population Benefitting from Public Facility, Economic Development, Housing Assistance and Planning Projects	50.70%	39.60%	34.65%	39.0%	39.0%
Number of New Community/Economic Development Contracts Awarded	298	356	364	335	335
Ratio of Rural County Population to Number of Health Care Professionals in Rural Counties	1,358	1,288	1,496	1,300	1,300

*Estimated.
Source: Legislative Budget Board.

Urban Development to stimulate job growth in rural communities. TDRA supplemented the ARRA funding with additional de-obligated Federal Funds and other available funds to provide over $20 million in grants. The agency awarded stimulus funds on September 3, 2009. De-obligated Federal Funds are grant funds from previous fiscal year awards for projects that were under budget or did not continue to comply with the federal grant guidelines. Other available funds include revenues generated from the use of CDBG funds.

RECOVERY FROM HURRICANES IKE AND DOLLY

TDRA is the Governor's lead agency to receive disaster recovery funding, distribute funds to other state agencies, and specifically administer the non-housing portion of the CDBG disaster recovery funds. Texas has been allocated disaster recovery funding by HUD in two separate rounds. The first allocation of $1.3 billion was announced on November 26, 2008 and the second allocation of $1.7 billion on June 10, 2009. TDRA allocates the agency's portion of the funds to the affected Councils of Government, which then distribute the funds into the affected communities. The disaster recovery funds may be used for housing awards, overseen by TDHCA, and for non-housing awards, infrastructure, and economic development awards, overseen by TDRA. Regions are allowed to move funds between housing and non-housing based on the needs of the affected area.

EQUITABLE ACCESS TO MEDICAL CARE

The agency is appropriated $12.5 million for the 2010–11 biennium, distributed among three strategies, to support its goal of providing equitable access to medical care in rural Texas. The Health Care Access Programs strategy increases access to primary healthcare in rural areas through four primary activities: (1) Health Find is an annual conference where TDRA recruits healthcare professionals to serve in rural areas of the state; (2) the Outstanding Rural Scholar Recognition Program assists rural communities in "growing their own" healthcare professionals by matching community funds with state funds to support a health-professional student that is chosen by a rural community; (3) the Medically Underserved Community–State Matching Incentive Program attracts primary care physicians to medically underserved communities by providing funds to cover the start-up costs of establishing physicians' practices in those communities; and (4) the Rural Community Health Care Investment Program recruits and retains health professionals to practice in medically underserved communities by providing incentives in the form of stipends and/or loan reimbursements for qualifying educational loans. The Health Facility Capital Improvement strategy, which is funded by Tobacco Settlement proceeds, provides grants to rural health facilities for the acquisition, construction, or improvement of a facility, equipment, or real property used to provide health services.

OUTREACH ASSISTANCE

Appropriations of $3.8 million for the 2010–11 biennium support the agency's Outreach and Assistance goal and Rural Policy and Research strategy. The funds provide the agency with resources to develop rural policy recommendations for Texas and to strengthen coordination efforts among state agencies and officials. Through increased coordination, the agency improves the results and the cost-effectiveness of state-sponsored programs affecting rural communities. This goal also includes TDRA's renewable energy, emergency services district, and volunteer fire department related activities. The renewable energy pilot program receives the majority of the funds for this goal to fund wind-powered groundwater desalination projects in rural communities where brackish water is available.

INDIRECT ADMINISTRATION

The agency is appropriated $1 million for the 2010–11 biennium for its Indirect Administration goal. This goal provides administrative services to support the functions of the agency through two strategies: Central Administration and Information Resources.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted legislation affecting TDRA and its operations.

Enactment of House Bill 1918 changed the name of the agency from the Office of Rural Community Affairs to the Texas Department of Rural Affairs.

Enactment of House Bill 1079 abolished the state community development review committee, modified the CDBG appellate process, and streamlined the CDBG grant approval process.

DEPARTMENT OF TRANSPORTATION

The Texas Department of Transportation (TxDOT) was established in 1991 with the merger of the State Department of Highways and Public Transportation, the Department of Aviation, and the Motor Vehicle Commission. The Texas Turnpike Authority (TTA) was merged into TxDOT by the Seventy-fifth Legislature in 1997. The TTA board of directors was later abolished by the Seventy-seventh Legislature in 2001, and the duties and responsibilities of the board were transferred to the Texas Transportation Commission (TTC). With the enactment of legislation by the Eighty-first Legislature, Regular Session, 2009, the responsibilities for vehicle titling and registration, motor carrier registration and enforcement, motor vehicle dealer regulation, and the Automobile Burglary and Theft Prevention Authority will be transferred from TxDOT to a newly-created Department of Motor Vehicles in fiscal year 2010.

In 2003, the Seventy-eighth Legislature expanded TxDOT's governing body from a three-member to a five-member commission. Each member is appointed by the Governor with the advice and consent of the Senate for a six-year term. The Governor designates the commission's chair, who serves as the state's Commissioner of Transportation. The agency's executive director is selected by the five-member commission.

The agency's mission is to work cooperatively to provide safe, effective, and efficient movement of people and goods to facilitate trade and economic opportunity.

APPROPRIATIONS AND FINANCING

TxDOT's 2010–11 biennial appropriations include the following funding sources:

- State Highway Fund No. 006;
- Federal Funds;
- General Revenue Funds;
- Texas Highway Beautification Account No. 071, a special account within the General Revenue Fund;
- Texas Mobility Fund No. 365 (Other Funds); and
- General Obligation bond proceeds.

The agency's appropriation for the 2010–11 biennium totals $18.6 billion in All Funds, including an estimated $1.6 billion in federal economic stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA). This is an increase of approximately $463.1 million, or 2.6 percent, from the agency's 2008–09 expenditure level. The increase is attributable to the availability of ARRA funds and increases in appropriations of State Highway Funds and General Obligation bond proceeds for transportation construction during the 2010–11 biennium.

Appropriations for the 2010–11 biennium support 14,710.2 full-time-equivalent (FTE) positions in fiscal year 2010 and 14,088.2 FTE positions in fiscal year 2011 after the transfer of an estimated 622 positions to the new Department of Motor Vehicles. Additionally, the agency has been authorized up to 1,200 FTE positions for its Summer Hire Program during the third and fourth quarters of each fiscal year.

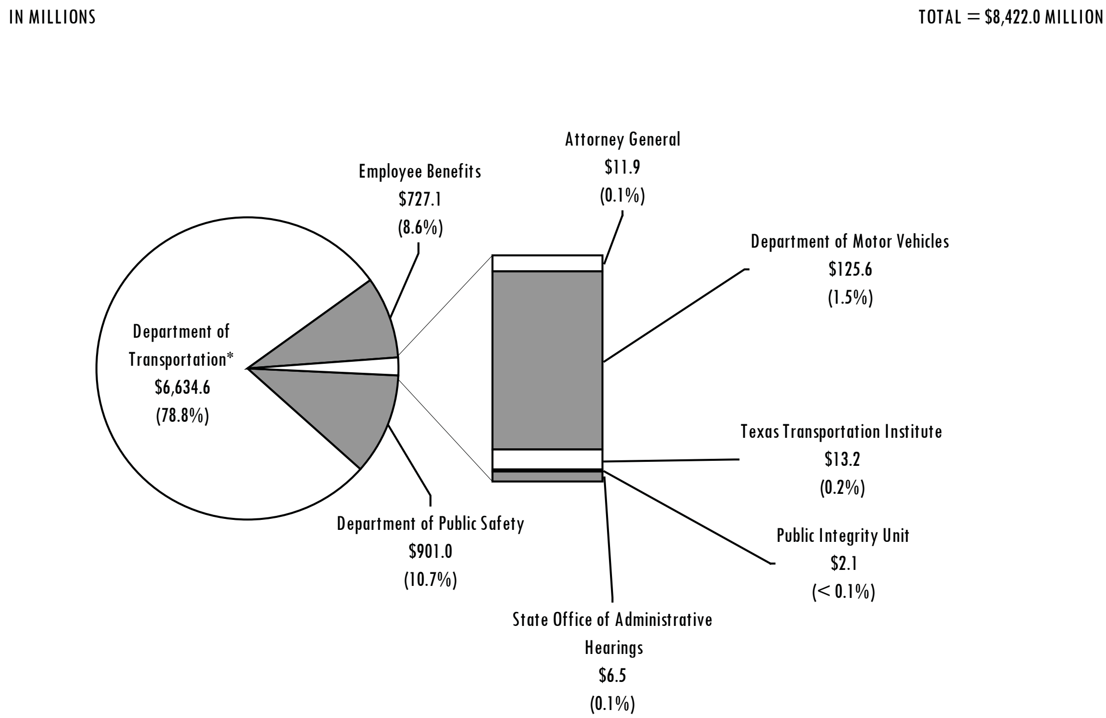
STATE HIGHWAY FUND NO. 006

State revenues deposited to State Highway Fund No. 006, excluding bond proceeds, account for 35.7 percent (approximately $6.6 billion in Other Funds) of the agency's total 2010–11 appropriations. **Figure 331** shows the distribution of State Highway Fund appropriations to TxDOT, other state agencies and institutions, and employee benefits costs for the 2010–11 biennium. Motor fuel taxes and motor vehicle registration fees are the principal sources of state revenues deposited to State Highway Fund No. 006. Other state revenues deposited to State Highway Fund No. 006 include sales taxes on motor lubricants, oversize/overweight vehicle permit fees, receipts from toll facility agreements, bond proceeds, and interest earned on state deposits. Federal highway funding receipts are also deposited to State Highway Fund No. 006.

Motor fuels tax revenue has been funding highway infrastructure spending since the inception of a $0.01 per gallon tax on gasoline in 1923. Taxes on diesel fuel and liquefied gas were added over several decades, along with periodic rate increases for all motor fuel taxes, to finance considerable increases in spending for highway construction and maintenance. (**Figure 332** shows the changes in total construction and maintenance costs from fiscal years 2002 to 2008.) The current rate of $0.15 per gallon for liquefied gas was established in fiscal year 1987, and the current rate of $0.20 per gallon for gasoline and diesel fuel was established in fiscal year 1991.

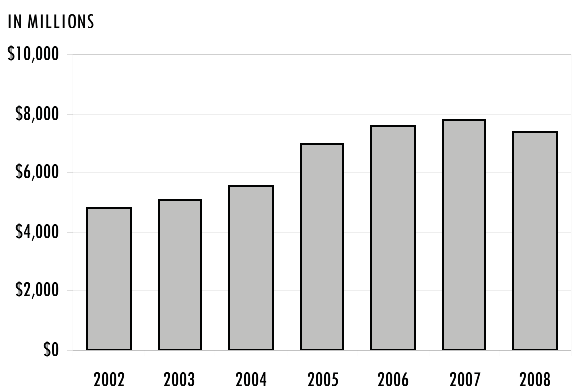
Approximately three-fourths of the revenue collected from the state motor fuel tax is deposited into State Highway Fund No. 006, and the remaining one-fourth is deposited into the Available School Fund. The Comptroller of Public Account's (CPA) January 2009 Biennial Revenue Estimate forecasts

FIGURE 331
STATE HIGHWAY FUND APPROPRIATIONS
2010–11 BIENNIUM



*Estimated. Includes proceeds from State Highway 130 and State Highway 121 concession payments deposited to the State Highway Fund.
Note: Excludes State Highway Fund Revenue Bond Proceeds and Federal Highway Reimbursements.
Source: Legislative Budget Board.

FIGURE 332
TOTAL CONSTRUCTION AND MAINTENANCE COSTS
FISCAL YEARS 2002 TO 2008



Source: Texas Department of Transportation.

that the state will collect and transfer approximately $4.6 billion in motor fuel taxes to State Highway Fund No. 006 during the 2010–11 biennium. **Figure 333** shows how these and other sources of revenue have changed since fiscal year 2003.

STATE HIGHWAY FUND BONDING AUTHORITY

With the enactment of House Bills 3588 and 471, Seventy-eighth Legislature, Regular Session, 2003, and voter approval of House Joint Resolution 28 under Proposition 14, 2003, (Texas Constitution, Article 3, Sections 49-m and 49-n), the TTC became authorized to issue highway tax and revenue anticipation notes in the event of a cash-flow shortfall in the State Highway Fund and to issue bonds secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund. Pursuant to House Bill 3588, the TTC is authorized to issue State Highway Fund Revenue Bonds (Proposition 14 Bonds) and other public securities in an aggregate principal amount not to exceed $3 billion, with no more than $1 billion to be issued each year to finance state highway improvement and safety projects. Senate Bill 792, Eightieth Legislature, 2007, increased the authorized aggregate principal amount to $6 billion and increased the amount that may be issued each year to $1.5 billion. As of August 31, 2008, the TTC had issued approximately $2.9 billion in Proposition 14 Bonds, the proceeds of which are deposited to the credit of State Highway Fund No. 006. The agency's 2010–11 biennial appropriations include $1.2

FIGURE 333
REVENUE DEPOSITED INTO STATE HIGHWAY FUND NO. 006
FISCAL YEARS 2003 TO 2011

IN MILLIONS

REVENUE SOURCE	2003	2004	2005	2006	2007	2008	2009	2010*	2011*
Motor Fuels Tax	$2,087.0	$2,130.0	$2,148.3	$2,194.2	$2,238.2	$2,276.0	$2,226.6	$2,285.5	$2,330.8
Motor Vehicle Registration Fees	789.1	845.8	875.1	932.7	984.2	1,024.0	1,066.2	1,015.4	1,037.1
Sales Tax on Lubricants	30.9	31.7	33.0	34.9	36.8	38.9	39.6	40.4	41.0
Federal Revenue	2,604.1	2,776.4	3,250.4	3,090.6	1,974.3	2,690.1	2,705.9	3,235.0	2,946.2
Other Revenue	323.1	318.5	730.6	2,616.2	3,511.8	6,826.0	1,601.9	383.8	385.0
TOTAL	**$5,834.2**	**$6,102.4**	**$7,037.4**	**$8,868.6**	**$8,745.3**	**$12,855.0**	**$7,640.2**	**$6,960.1**	**$6,740.1**

*Estimated.
Note: Totals may not sum due to rounding. Other Revenue in fiscal years 2005 through 2009 includes deposits from Proposition 14 bond proceeds and transfers from the Texas Mobility Fund. Fiscal year 2008 includes $3,197.1 million received from the North Texas Tollway Authority for the State Highway 121 agreement.
Source: Comptroller of Public Accounts.

billion in Proposition 14 Bond proceeds and $847.5 million in All Funds for debt service payments on those bonds.

COMPREHENSIVE DEVELOPMENT AGREEMENTS

A Comprehensive Development Agreement (CDA) is an agreement with a private entity that typically provides for the design and construction of certain transportation projects but may also provide for the financing, acquisition, maintenance, and operation of transportation projects. House Bill 3588, Seventy-eighth Legislature, Regular Session, 2003, and House Bill 2702, Seventy-ninth Legislature, Regular Session, 2005, authorized TxDOT to enter into CDAs and established standards and procedures by which the agency can enter into such agreements. Pursuant to enactment Senate Bill 792, Eightieth Legislature, 2007, TxDOT's general authority to enter into CDAs expired on August 31, 2009. Senate Bill 792 made an exception for the expiration date for when TxDOT may enter into CDAs that meet certain criteria, with August 31, 2011, as the expiration date for those CDAs. The 2011 expiration date applies to the agency's authority to enter into a CDA that does not grant a private entity the right to finance a toll project or to enter into a CDA in connection with a project (1) that includes one or more managed lane facilities to be added to an existing controlled-access highway; (2) the major portion of which is located in a nonattainment or near-nonattainment air quality area as designated by the United States Environmental Protection Agency; and (3) for which TxDOT has issued a request for qualifications before May 1, 2007.

TxDOT has used three types of CDAs to allow varying degrees of private sector participation and capital investment to accelerate the completion of transportation projects: (1) design-build contracts for the Central Texas Turnpike System and Dallas–Fort Worth Connector projects, in which a private sector developer assumes the responsibility for the design and construction of a transportation project; (2) master development agreements for portions of the North Tarrant Express and Trans-Texas Corridor 35 and 69, in which the private developer is responsible for delivering a master development plan, financial plan, and facility implementation plan; and (3) concession agreements for State Highway 130 (Segments 5 and 6), the North Tarrant Express, and Interstate 635/LBJ Freeway Managed Lanes projects, in which the private developer assumes the responsibilities to design, construct, finance, operate, maintain, and may be authorized to collect tolls on the transportation project.

One CDA project that is currently under development is State Highway 130, Segments 5 and 6, which will be a 40-mile toll facility in Central Texas with an estimated total cost of $1.3 billion. In calendar year 2007, TxDOT entered into a concession CDA with a private sector developer under which the developer assumed the responsibilities to design, construct, finance, operate, and maintain the facility for 50 years. Construction of the facility was scheduled to begin in calendar year 2009, and the facility is anticipated to be open to traffic in calendar year 2012. Under a concession CDA, the private developer may agree to pay an up-front concession fee to the state and may agree to terms allowing for toll revenue sharing in return for the right to operate and collect tolls on the facility. TxDOT received a $26 million concession payment in fiscal year 2008 for the State Highway 130, Segments 5 and 6, agreement. Total payments to the state from concession fees and revenue sharing over the life of the contract are estimated to be $1.7 billion. Payments received by TxDOT under a CDA are deposited into a dedicated toll project subaccount in State Highway Fund No. 006 and may be used only to finance transportation and air quality projects in the region encompassing the project. Total appropriations to TxDOT from State Highway Fund No. 006 for the 2010–11 biennium include $7 million from the State Highway 130, Segments 5 and 6, concession fee payment to finance construction projects in TxDOT's Austin and San Antonio districts.

In fiscal year 2008, TxDOT entered into a concession agreement with the North Texas Tollway Authority (NTTA), a public entity, which authorized NTTA to design, build, operate, maintain, and collect tolls on State Highway 121 in Collin, Dallas, and Denton counties for a term of 50 years. Under the agreement, TxDOT received a lump sum payment of $3.2 billion that was deposited to State Highway Fund No. 006 in fiscal year 2008 and is held in dedicated toll project subaccounts. These funds may be used only to finance transportation and air quality projects in the TxDOT district encompassing the State Highway 121 toll facility operated by NTTA. Total appropriations to TxDOT from State Highway Fund No. 006 for the 2010–11 biennium include $1 billion from these proceeds for the planning and design, acquisition of rights-of-way, construction, and maintenance of transportation projects in TxDOT's Dallas district.

FEDERAL FUNDS

TxDOT's largest funding source is Federal Funds, accounting for 39.2 percent (approximately $7.3 billion) of the agency's total 2010–11 appropriations. Federal Funds consist of aid for highway construction, planning and research, and related activities, in addition to funding for traffic safety ($77.9 million), public transportation ($168 million), and other federal receipts for general aviation, reliever, and non-primary commercial service airports ($84 million).

On August 10, 2005, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law to authorize federal transportation funding, nationally, for fiscal years 2005 to 2009. The SAFETEA-LU funding authorization was to expire on September 30, 2009, but currently operates under a continuing resolution passed by Congress. The resolution continues funding at current levels until a new highway authorization act is passed. The federal government taxes motor fuel at a rate of 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel, the proceeds from which are deposited to the federal Highway Trust Fund. SAFETEA-LU established the "Equity Bonus Program," which adjusts apportionments to each state to ensure that no state's percentage of return from the federal Highway Trust Fund drops below a set amount. In theory this provision would have allowed Texas, a motor fuel tax "donor state" that contributes more tax revenue to the federal Highway Trust Fund than it receives, to increase its rate of return from 90.1 percent per dollar of tax contribution in 2005 to 92 percent in fiscal year 2009. However, Texas' actual rate of return is less than the 92 percent threshold due to the use of innovating finance provisions authorized by SAFETEA-LU, automatic federal highway funding rescissions, and recurrent shortfalls in the federal Highway Trust Fund. Across all programs, the average annual increase to Texas under SAFETEA-LU equals approximately $788.1 million. This is a 37.4 percent increase above the funding rate under the previous highway funding act, which was the Transportation Equity Act for the 21st Century (TEA-21). Between the time SAFETEA-LU was enacted in 2005 and September 2009, the federal government enacted various bills that rescinded federal highway apportionments to the states to fund other federal budget priorities, resulting in reductions of approximately $1.9 billion in highway funding to Texas.

Federal aid for transportation is typically distributed to states in the form of reimbursements of state expenditures for eligible projects. Historically, the state would finance 100 percent of the cost of transportation projects receiving federal aid. As work is completed and payments are made, the state is reimbursed in accordance with the federal–state participation matching ratios established for the various program categories. The federal Highway Trust Fund reimburses a portion of the cost of a participating project, usually 80 percent, throughout the life of that project. In some projects, TxDOT has used optional federal innovative financing techniques to help manage cash flow. Among several innovative finance provisions contained in SAFETEA-LU, the act continues to offer an option that Texas has used for years called Tapered Match. Tapered Match allows states to vary the required matching ratio over the life of a project. With this tool, states can delay the use of their own funds while using federal funds to bring projects through the critical early phases of construction.

Congress passed the American Recovery and Reinvestment Act in February 2009 (ARRA). Under ARRA, Texas is allocated $2.6 billion in federal economic stimulus funds, including $2.25 billion in federal highway and bridge construction funds and $371.8 million in public transit funds. Of these amounts, TTC and TxDOT are responsible for administering $2.25 billion in highway and bridge construction funds for "ready to go" projects and $50.6 million in public transit funds for disbursement to small rural transit providers. The remaining $321.2 million in transit funds for Texas will be sent directly from the federal government to the large urban transit providers. Additionally, TxDOT received $11.1 million for general aviation projects and $7.2 million for the construction of a ferry vessel from other discretionary grant programs under ARRA. TxDOT's total Federal Funds appropriations for the 2010–11 biennium include an estimated $1.6 billion in ARRA funds for highway and bridge construction and $50 million for rural public transit.

The federal ARRA legislation also establishes the Build America Bond (BAB) program, which authorizes state and local governmental entities to issue taxable bonds to finance capital projects and provides federal subsidies to offset the entities' borrowing costs. In August 2009, TTC issued approximately $1.2 billion in Texas Mobility Fund bonds under the authority of the BAB program. The BAB program provides a direct federal subsidy in an amount equal to 35 percent of the total interest payments made to investors throughout the term of the debt. The federal subsidy during the 30-year life of the BAB Texas Mobility Fund bonds is estimated to be $647 million, including $37.2 million in the 2010–11 biennium.

TEXAS MOBILITY FUND

State revenues and bond proceeds deposited to the Texas Mobility Fund (TMF) No. 365 account for 6.6 percent (approximately $1.2 billion in Other Funds) of the agency's total 2010–11 appropriations. The biennial appropriations include approximately $527.1 million in TMF bond proceeds for transportation planning and design, acquisition of rights-of-way, and construction and approximately $690.9 million for debt service payments on TMF bonds.

The enactment of legislation by the Seventy-seventh Legislature, Regular Session, 2001, and voter approval of Senate Joint Resolution 16 (Texas Constitution, Article 3, § 9-k) in November 2001, created the Texas Mobility Fund within the treasury of the State of Texas and established the TTC as the administrator of the fund. Under the constitutional provision and its enabling legislation, the TTC is authorized to issue bonds and enter into related credit agreements that are payable from and secured by a pledge of and a lien on all or part of the money on deposit in the TMF. Additionally, the TTC is charged with administering the TMF as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition, and expansion of state highways. This includes the cost of any necessary design and the cost of acquisition of rights-of-way, as determined by the TTC, and provides state participation in the payment of a portion of the cost of constructing and providing publicly owned toll roads and other public transportation projects in accordance with standards and procedures established by law. As of August 31, 2009, the TTC issued approximately $6.2 billion in TMF bonds.

Article 3, § 49-k of the Texas Constitution authorizes the Texas Legislature to dedicate to the TMF any taxes or other revenues that are not otherwise dedicated by the Texas Constitution, namely motor fuel taxes, motor lubricant sales taxes, and motor vehicle registration fees dedicated to the State Highway Fund. Money dedicated to the TMF is appropriated when received by the state and is pledged to payment of any outstanding obligations or credit agreements. Additionally, the Legislature may not reduce, rescind, or repeal any revenue sources dedicated to the TMF while money in the fund is pledged to payment of outstanding obligations unless the Legislature by law dedicates a substitute revenue source that is projected by the Comptroller of Public Accounts (CPA) to be of equal or greater value than the source being reduced. During the 2006–07 biennium, motor vehicle inspection fees, a portion of driver record information fees, and a portion of driver license point surcharges and $30 state traffic fines were deposited to the TMF. Beginning in the 2008–09 biennium, driver license fees and motor vehicle certificate of title fees were deposited to the fund. The CPA's January 2009 Biennial Revenue Estimate projects revenues deposited to the TMF to be approximately $695.3 million for the 2010–11 biennium.

PROPOSITION 12 GENERAL OBLIGATION BONDS

With voter approval of Senate Joint Resolution 64, Eightieth Legislature, 2007, (Texas Constitution, Article 3, § 49-p) under Proposition 12 in November 2007, and the enactment of House Bill 1, Eighty-first Legislature, First Called Session, 2009, TTC is authorized to issue Proposition 12 General Obligation bonds in an aggregate amount not to exceed $5 billion to provide funding for highway improvement projects, including the acquisition of a highway, construction, reconstruction, major maintenance, design, and the acquisition of right-of-way. The agency's 2010–11 appropriations include $2 billion in Proposition 12 General Obligation bonds to fund transportation planning and design, right-of-way acquisition, and construction, and $100 million in General Revenue Funds for the associated debt service payments.

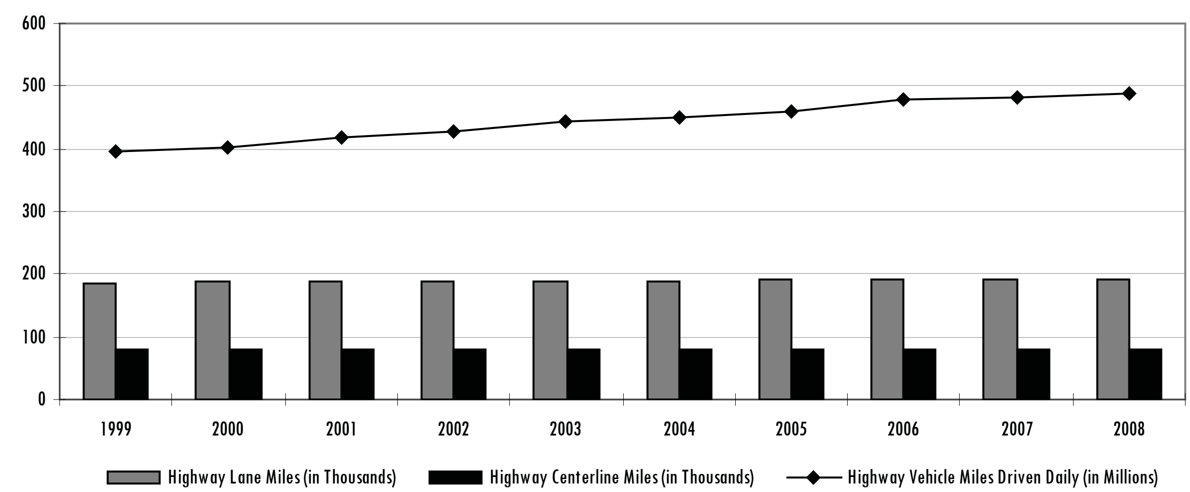
TEXAS HIGHWAY SYSTEM

State highway system mileage is accounted for in terms of centerline miles and lane miles. Centerline miles represent corridor mileage; lane miles represent the unidirectional single-vehicle, travel-way mileage on state-maintained roadways. The state highway system consists of approximately 80,000 centerline miles and carries approximately 74 percent of the state's motor vehicle traffic. Overall, individual components of the system include 28,459 miles of U.S. and state highways, which carry about 36 percent of all traffic; 40,969 miles of farm-to-market roads, which carry about 11 percent of all traffic; 10,302 miles of interstate highways and frontage roads, which carry 27 percent of all traffic; and 337 miles of parks and recreation roads, which carry less than 1 percent of all traffic. Approximately 106 centerline miles of tolled highways are in operation on the state highway system, which include 68 miles on the Central Texas Turnpike System, 5 miles on State Highway 121 in Dallas, 7 miles on Loop 49 in Tyler, 21 miles on State Highway 255 (formerly the Camino Columbia Toll Road) in south Texas, and 5 miles on State Highway 99 in the Houston area. In fiscal year 2008, the state highway system consisted of approximately 192,542 lane miles. **Figure 334** shows changes in the number of highway lane miles and centerline miles on the state highway system and the number of highway vehicle miles driven daily since fiscal year 1999.

Farm-to-market routes are designed primarily to meet rural traffic needs and to provide access to metropolitan markets. The process of changing county roads into state highway system farm-to-market roads is ongoing. TxDOT has the authority to designate a county road as a farm-to-market road for purposes of construction, reconstruction, and maintenance. Once a county road has been so designated, it becomes part of the state highway system. Approximately 145,478 centerline miles of county roads and approximately 79,871 centerline miles of city streets in Texas are not included on the state highway system.

Interstate highways in Texas make up part of the National System of Interstate and Defense Highways, established in 1956, that includes over 46,000 miles. The interstate system is designed to link approximately 90 percent of the nation's metropolitan areas and to carry 20 percent of the nation's traffic.

FIGURE 334
HIGHWAY MILES AND VEHICLE MILES DRIVEN DAILY
FISCAL YEARS 1999 TO 2008



SOURCE: Texas Department of Transportation.

TRANSPORTATION PLANNING

The Eighty-first Legislature, Regular Session, 2009, appropriated $1.8 billion for the 2010–11 biennium for transportation planning and development. Appropriations for planning and development fund project planning, design, and management functions carried out by agency staff; contracted planning and design services; acquisition of rights-of-way; and research and development programs.

The planning and development of transportation construction projects is a complex process. First, the need for a transportation project is identified through the input and involvement of cities, counties, Metropolitan Planning Organizations (MPO), and citizen groups. To obtain federal funding for a project, current federal law requires each MPO to develop a local transportation improvement program, which is a four-year, prioritized program of transportation projects covering a metropolitan planning area in a manner consistent with the metropolitan transportation plan. Next, the TTC selects projects for inclusion in the Unified Transportation Plan, which is a 10-year planning document to guide and control project development for TxDOT in a feasible and economical manner, and in the Statewide Transportation Improvement Program, which is a multiyear, statewide, intermodal program of transportation projects that includes a financial implementation plan and that must be implemented within each three-year period after the adoption of the program. Then, TxDOT begins several simultaneous actions to develop projects, including conducting public hearings; undertaking feasibility and environmental studies, route and locations studies, traffic and revenue studies, and road inventory surveys; purchasing rights-of-way; designing construction plans; and performing a variety of other preliminary engineering functions.

Appropriations for the 2010–11 biennium for project planning, design, and management functions carried out by agency staff total $747.7 million. Appropriations by which the agency enters into contracts to carry out project planning and design functions total $428.5 million for the 2010–11 biennium.

Funding for transportation planning initiatives also includes acquiring rights-of-way and research and development efforts. The Eighty-first Legislature, Regular Session, 2009, appropriated $592 million for the 2010–11 biennium for acquiring rights-of-way and $44.7 million for research and development programs. Rights-of-way acquisition costs include all related contract expenses, adjustments of utility facilities directly affected by transportation construction projects, relocation expenses incurred for displaced residents and businesses, and no less than 90 percent of acquisition cost reimbursements for cities and counties that are authorized to acquire rights-of-way in the name of the state.

TRANSPORTATION CONSTRUCTION

The Eighty-first Legislature, Regular Session, 2009, appropriated $8 billion for transportation construction for the 2010–11 biennium, which is approximately 43 percent of TxDOT's total appropriations. Because TxDOT contracts with private firms for the construction and reconstruction of all roads, bridges, and other transportation facilities on the state highway system, payments to contractors account for approximately 75 percent ($6 billion) of 2010–11 appropriations for transportation construction project expenditures. This function also includes planning and installing various warning and protection devices at railroad/highway crossings off the state highway system on a match basis, of which 90 percent is funded by the state and 10 percent is funded by the railroad. The remaining 2010–11 appropriations for construction ($2 billion) are budgeted to provide (1) state participation in transportation improvement projects carried out by local entities through grants to counties to pave roads in colonias located along the Texas–Mexico border, (2) pass-through financing to reimburse local governments for their participation in the development of state highway improvement projects, and (3) loans through the State Infrastructure Bank, a revolving loan fund within the State Highway Fund, to provide low-interest financing for eligible transportation projects. In the 2008–09 biennium, TxDOT contracted for 1,334 highway construction projects. The agency plans to award 1,600 contracts for highway construction projects in the 2010–11 biennium.

Funding for construction also includes Aviation Services Division projects. The functions of the Aviation Services Division include protecting, developing, and promoting public interest in aeronautics and Texas aviation. This includes assisting with the development and maintenance of a statewide system of modern airports and air navigation aids for public use. The division also acts as the agent of the state and each of the state's political subdivisions for the purposes of applying for, receiving, and disbursing federal funds for the state's general aviation, reliever, and non-primary commercial service airports. Additionally, the division conducts airport inspections as required by the Federal Aviation Administration to check for obstructions to aircraft operations and safety violations in relation to the condition of airports. During inspections, data is collected on the number of based aircraft, on the services that are available, and on operations information such as radio frequencies and aircraft operation patterns. Although the division had assumed the responsibilities and duties of the State Aircraft Pooling Board (SAPB) pursuant to an interagency contract agreement beginning in fiscal year 2004, the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, abolished the SAPB and transferred its powers and duties to TxDOT. TxDOT serves as a point of coordination for state officials and agencies to contract for the use of state aircraft to access remote and rural areas and to provide all necessary hangar space, maintenance, and services for the use of state aircraft.

Appropriations for aviation service operations and projects for the 2010–11 biennium total $177.6 million. This amount includes $86.7 million from the State Highway Fund and $84 million in Federal Funds, of which $156.1 million is for airport facility grants that will be matched with local funds. TxDOT awarded 95 grants to 69 general aviation airports in fiscal year 2008, 81 grants to 59 airports in fiscal year 2009, and inspected 20 airports during the 2008–09 biennium. The agency projects awarding grants to 36 airports in fiscal year 2010 and 54 airports in fiscal year 2011 and plans to inspect 30 airports during the 2010–11 biennium.

MAINTENANCE AND PRESERVATION

TxDOT is responsible for the preservation, upkeep, and restoration of the state highway system. Highway system maintenance includes roadway surface repairs and improvements, road base repairs, bridge and drainage structure inspection and maintenance, and road sign and traffic signal installation and repair. Responsibilities also encompass litter cleanup, roadside mowing, rest area maintenance, and repair of damage caused by floods, hurricanes, and other disasters. Additionally, TxDOT is responsible for regulating movement of oversize and overweight vehicles and loads on the state highway system, which the agency accomplishes by issuing oversize/overweight vehicle permits and routing such vehicles on roadways suitable for the dimension and weight of the vehicles. During the 2008–09 biennium, the agency contracted or performed 46,178 bridge inspections, resurfaced 33,687 highway lane miles, contracted for mowing approximately 3.4 million roadside acres, and issued 1.1 million oversize/overweight vehicle permits. The agency estimates contracting for or performing more than 45,000 bridge inspections, resurfacing 45,886 highway lane miles, and issuing 1.3 million oversize/overweight vehicle permits during the 2010–11 biennium.

Transportation system maintenance is the agency's largest function in terms of the number of employees involved. In fiscal year 2008, approximately 43 percent of the agency's personnel (6,126 FTE positions) were directly involved in the maintenance function. It is the second-largest function in terms of appropriations. Excluding indirect administration costs, TxDOT expended $2.8 billion for contracted maintenance functions (84 percent of maintenance expenditures) and $518.4 million for routine and preventive maintenance work performed by state employees in fiscal year 2008. The Eighty-first Legislature, Regular Session, 2009, appropriated $5.8 billion for transportation system maintenance in the 2010–11 biennium, including $4.6 billion for contracted maintenance functions and $1.2 billion for maintenance work performed by state employees.

Funding for maintenance also includes maintaining the Gulf Intra-coastal Waterway and two toll-free ferry systems. The Eighty-first Legislature, Regular Session, 2009, appropriated $1.9 million for the 2010–11 biennium for the purpose of maintaining the Gulf Intra-coastal Waterway, which extends 423 miles from the Sabine River to the Brownsville Ship Channel. The toll-free ferry systems connect Port Aransas to Aransas Pass (a 0.25-mile crossing) and Galveston Island to the Bolivar Peninsula (a 2.5-mile crossing). In fiscal year 2009, the six-boat ferry system at Port Aransas transported approximately 2.2 million vehicles and the five-boat ferry system at Galveston transported approximately 1.2 million vehicles. The Eighty-first Legislature, Regular Session, 2009, appropriated $60.7 million for the 2010–11 biennium for the purpose of operating and maintaining the two toll-free ferry systems.

PUBLIC TRANSPORTATION

The Federal Transit Act and state law both require TxDOT to support and promote public transportation by working with local governments, nonprofit entities, and the Federal Transit Administration (FTA). The Eighty-first Legislature, Regular Session, 2009, appropriated $228.6 million for the 2010–11 biennium to fund public transportation programs. Funding for TxDOT's public transportation responsibilities consists of State Highway Funds for agency administrative costs and state public transportation grants and federal receipts for the FTA State Planning and Research Grants Program, Metropolitan Planning Program, Non-urbanized Area Formula Program (Rural Systems), Elderly and Persons with Disabilities Program, Job Access and Reverse Commute Program, and New Freedom Program.

State public transportation grant funds are allocated to rural and urban transit districts based on a formula determined by the TTC and may be used for any approved public transportation project. TxDOT also acts as the state's administrator for 100 percent of the state's federal apportionments for the State Planning and Research Grants Program, Metropolitan Planning Program, and Elderly and Persons with Disabilities Program. In addition, TxDOT administers all federal apportionments to the state for the Non-urbanized Area Formula Program and the portions of the Job Access and Reverse Commute Program and New Freedom Program designated for small urbanized areas of fewer than 200,000 population and rural areas of fewer than 50,000 population. With the exception of federal apportionments for the State Planning and Research Grants Program and Metropolitan Planning Program, urbanized areas above 200,000 in population typically obtain federal funding directly from FTA through coordination with TxDOT. In fiscal year 2009, TxDOT awarded state and federal public transportation grants to 30 small urban transit districts, 39 rural transit districts, and 71 other recipients including intercity bus operators, private for-profit and nonprofit transit operators, MPOs, and independent living centers.

TRAFFIC SAFETY

TxDOT coordinates the Texas Traffic Safety Program and the State and Community Highway Safety Program and implements the Highway Safety Plan, which provides state and federal traffic safety grant funding in accordance with the National Highway Safety Act of 1966 and the Texas Traffic Safety Act of 1967. These programs reduce traffic accidents and resultant deaths, injuries, and property damage, as well as provide education, engineering, and enforcement efforts conducted in a partnership among federal, state, county, local jurisdictions, and nonprofit organizations. With the enactment of legislation by the Eightieth Legislature, 2007, all duties associated with the collection, tabulation, analysis, and maintenance of traffic accident reports and records were transferred from the Department of Public Safety to TxDOT. TxDOT is responsible for collecting comprehensive data regarding motor vehicle accidents and maintaining a crash records information system that provides enhanced abilities to capture, manage, and disseminate timely and accurate data to improve the safety of Texas roadways. During fiscal year 2009, the agency funded 298 state agencies, educational institutions, public and private organizations, and local governments for projects included in the Highway Safety Plan. In total, approximately $38 million in traffic safety grants were awarded in fiscal year 2009. The Eighty-first Legislature, Regular Session, 2009, appropriated $96.8 million for the 2010–11 biennium for traffic safety.

REGISTRATION AND TITLING, VEHICLE DEALER REGULATION, AND AUTOMOBILE BURGLARY AND THEFT PREVENTION

Appropriations to TxDOT for the 2010–11 biennium include $119.6 million for vehicle titling and registration, $6.4 million for motor vehicle dealer regulation, and $15.2 million for the Automobile Burglary and Theft Prevention Authority. However, House Bill 3097, Eighty-first Legislature, Regular Session, 2009, establishes the Department of Motor Vehicles and transfers these functions from TxDOT to the new agency, effective November 1, 2009. Pursuant to enactment of the provisions of House Bill 3097 and the Eighty-first Legislature, General Appropriations Act (GAA), 2010–11 Biennium, any unexpended and unobligated amounts from these appropriations to TxDOT are to be transferred from TxDOT to the Department of Motor Vehicles. See the Department of Motor Vehicles for more information regarding these programs.

TRAVEL INFORMATION

The agency also operates 12 facilities—11 travel information centers across the state and one information center located in the State Capitol complex—that provide transportation and travel information and services to the media and to the public. In fiscal year 2009, the travel information centers received approximately 2.6 million visitors. In addition, TxDOT publishes the monthly Texas Highways magazine, the state's official travel magazine. Approximately 2.7 million copies were sold in fiscal year 2009. The Eighty-first Legislature, Regular Session, 2009, appropriated $37.3 million for the 2010–11 biennium to support the agency's travel information activities.

RAIL SAFETY

With the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, all powers and duties of the Texas Railroad Commission associated with railroads and the regulation of railroads were transferred to TxDOT. TxDOT rail safety personnel conduct safety inspections of railroad facilities and equipment and monitor compliance with both state and federal safety regulations regarding hazardous materials, operating practices, motive power and equipment, signal and train control, and track. The

Eighty-first Legislature, 2009, appropriated $2.4 million for rail safety in the 2010–11 biennium.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature enacted several significant bills that affect TxDOT. Among the more significant are House Bill 3097, Regular Session, 2009; House Bill 1, First Called Session, 2009; and Senate Bill 2, First Called Session, 2009.

Enactment of House Bill 3097 establishes the Texas Department of Motor Vehicles (DMV) and establishes a nine-member board of the DMV appointed by the Governor with the advice and consent of the Senate to serve staggered six-year terms. The legislation requires the DMV board to organize the agency into divisions to accomplish the agencies functions, including divisions for administration, motor carriers, a motor vehicle board, and vehicle titles and registration. The legislation establishes a sunset date of September 1, 2015, for DMV. The legislation requires the transfer of all powers, duties, obligations, rights of action, personnel, computers, other property and equipment, files, and related materials from TxDOT's Motor Carrier Division (with the exception of oversize/overweight vehicle permitting and enforcement), Motor Vehicle Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Authority to the new DMV. All applicable powers, duties, obligations, and rights of action of the TTC associated with these divisions are also required to be transferred to the board of the DMV. The legislation transfers and reappropriates in fiscal year 2010 any unobligated and unexpended balance of appropriations made to TxDOT for the 2008–09 biennium relating to the transferred programs. The legislation requires the two agencies to create memorandums of understanding regarding the transfer of FTE positions, the coordination of information systems, and for the transfer of applicable powers and duties of TTC to the DMV board. The legislation requires TxDOT to establish a DMV transition team to plan for and recommend transfers of appropriate obligations, property, and personnel to DMV. The legislation requires the transfers from TxDOT to DMV to occur on November 1, 2009. Additionally, the legislation requires the State Auditor's Office to conduct an initial financial audit of DMV to establish financial benchmarks for DMV and to report the audit findings to the DMV board.

Enactment of House Bill 1, First Called Session, 2009, authorizes TTC to issue up to $5 billion in General Obligation bonds under the authority of Article 3, § 49-p of the Texas Constitution (Proposition 12 General Obligation bonds). The legislation authorizes TTC to use the bonds to pay costs of highway improvement projects and to pay the costs of administering authorized projects, the cost or expense of the issuance of the bonds, or a payment owed under a credit agreement. The legislation prohibits the bond proceeds from being expended unless appropriated by the Legislature. The legislation requires the Comptroller of Public Accounts to pay the principal and interest and any costs related to the bonds that become due. The legislation also amends Rider 60, Article 7, Department of Transportation, 2010–11 GAA to require $1 billion of the contingent appropriation from Proposition 12 General Obligation bond proceeds to capitalize the State Infrastructure Bank to be used for the purpose of making loans to public entities, provided that money in the State Infrastructure Bank may not be used to convert a non-tolled road or highway to a tolled road or highway.

Enactment of Senate Bill 2, First Called Session, 2009, extends the sunset date for TxDOT to September 1, 2011, from September 1, 2009. The legislation authorizes the Sunset Advisory Commission to review the appropriateness of its recommendations to the Eighty-first Legislature regarding TxDOT and to include in its report to the Eighty-second Legislature, 2011, any of those recommendations it considers appropriate.

TEXAS WORKFORCE COMMISSION

The Texas Workforce Commission (TWC) was established in 1995 by the Seventy-fourth Legislature. In addition to replacing the Texas Employment Commission, the agency administers programs previously located in nine state agencies. TWC administers workforce training programs that provide services to both the state's workers and private employers. These services are intended to equip workers with the skills needed to foster economic development. TWC also administers child-care subsidies For families dependent on cash assistance, as well as those at risk of becoming welfare-dependant, to help pay for child care while the recipient looks for and maintains employment.

The commission consists of three full-time members, representing employers, labor, and the public. The commissioners are appointed by the Governor with the advice and consent of the Senate and serve staggered six-year terms. The agency is administered by an executive director appointed by the commission.

MISSION AND GOALS

The agency's mission is to promote and support a workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity.

The majority of TWC's strategies for fulfilling its mission fall under two goals:

(1) Workforce Development—to support a workforce system that offers employers, individuals, and communities the opportunity to achieve and sustain economic prosperity; and

(2) Program Accountability and Enforcement—to ensure workforce program accountability and reduce employment and housing discrimination.

OVERVIEW OF FUNDS

For the 2010–11 biennium, TWC has a total appropriation of $2.6 billion in All Funds, which includes $436.5 million in ARRA funds, and provides for 2,832 full-time-equivalent (FTE) positions in fiscal years 2010 and 2011.

Federal Funds account for $2.2 billion, or 84.6 percent, of the agency's total appropriation, with nearly 75 percent of these funds allocated to local workforce development areas for workforce boards to deliver workforce and support services throughout the state. Those allocations include $787.1 million in Federal Child Care and Development Funds (CCDF) to provide child-care services to low-income families with employed parents; $290 million for Workforce Investment Act (WIA) funds for job training programs for low-income adults and youth; $156.6 million for the state's Temporary Assistance for Needy Families (TANF) funds for job-training and job-retention; $64.3 million for the Employment Services Program for the general workforce; and $29.3 million for the Supplemental Nutrition Assistance Program (SNAP) to provide workforce and training services for recipients of supplemental nutrition assistance.

In addition to workforce-related programs and services allocated to workforce areas, TWC funds other activities with Federal Funds, including $17 million in Trade Act Services training and other services for laid-off workers included in federally-certified trade petitions; $11.3 million for public or community service jobs for economically-disadvantaged older workers in the Senior Community Service Employment Program (SCSEP); $9.1 million in Bureau of Labor Statistics funding to develop and report labor market information; $2.3 million to reduce housing and employment discrimination; and $1.1 million to process requests for alien labor certifications.

Additionally, TWC received an appropriation of $436.8 million in Federal Funds from the American Recovery and Reinvestment Act of 2009 (ARRA) for fiscal year 2010, with carry-over authority for fiscal year 2011. Of this amount, $198.5 million is for Child Care and Development Fund Block Grants for child-care subsidies for qualified low-income families with employed parents, and for required quality improvement activities. Remaining ARRA funds include $27.2 million for Employment Services, $1.3 million for SCSEP, $39.7 million for Unemployment Insurance for system improvements, $170 million in WIA funds to serve qualified individuals, and $10 million to add to the Skills Development Fund program.

Appropriations for the administration of the unemployment insurance program for the 2010–11 biennium total $191.7 million. (Money paid as benefits to unemployed workers is separate from this appropriation.)

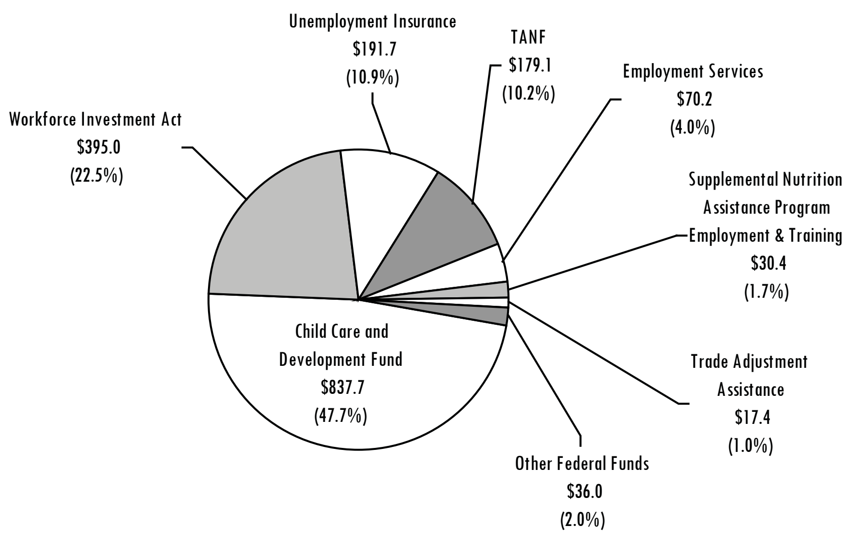
Figure 335 shows appropriations of Federal Funds for the various programs by percentage of total Federal Funds appropriated.

Of the agency's total appropriations, $288.6 million, or 13.6 percent, are in General Revenue Funds. More than half of these funds are also allocated to local workforce development

FIGURE 335
TEXAS WORKFORCE COMMISSION FEDERAL FUNDS BY PROGRAM (INCLUDES ARRA)
2010–11 BIENNIUM

IN MILLIONS

TOTAL = $1,757.5 MILLION



Source: Texas Workforce Commission.

areas for workforce development boards to deliver workforce and support services. These appropriations include $85.1 million to match the federal matching portion of the CCDF child-care grant, $55.5 million for federally-required maintenance of effort for the CCDF child-care grant, $1.7 million for federally-required maintenance of effort to meet the state's eligibility for the federal TANF block grant, and $8 million to match federal SNAP matching funds.

The remaining General Revenue Fund appropriations support non-child-care programs. This includes $21.5 million in General Revenue Funds for Project Reintegration of Offenders (Project RIO) for training, education and employment activities for offenders during incarceration and after release to reduce recidivism by increasing the chances for employment soon after release. Of this amount, $4.6 million is annually contracted with the Texas Department of Criminal Justice for Project RIO services prior to release. Other program funding includes $81 million in General Revenue Funds for the Skills Development Fund customized skills training program, $3.4 million for apprenticeship training, $1.8 million for regulation of career schools and colleges, and $1.8 million for employment and community services.

The remaining agency appropriations comprise $60 million in Interagency Contracts for child care for children in foster care and children needing protective services; $6.9 million in General Revenue–Dedicated Funds for labor law inspections and enforcement; and $5 million in Appropriated Receipts from local and community organizations to match federal child-care funding.

WORKFORCE DEVELOPMENT

A variety of workforce programs and services is offered through TWC as part of the agency's Workforce Development goal, including Workforce Investment Act (WIA) programs, job training for TANF-eligible recipients, and general employment services and employment assistance for displaced manufacturing employees, offenders reentering society, and senior citizens, as well as apprenticeship programs.

The goal of the WIA programs is to improve the quality of the adult workforce, reduce welfare dependency, reemploy dislocated workers, and enhance economic productivity and competitiveness, as well as help eligible youth to acquire skills, training, and support needed to successfully transition to careers and productive adulthood. TWC allocates funds to local workforce development areas, whose workforce boards contract for training and workforce services and for maintenance of one-stop centers. TWC estimates that 37,513 adults will participate in WIA programs each year of the biennium.

About 85 percent of the agency's TANF appropriations will be expended by local workforce development boards for job readiness and job-training services to an estimated 43,267 TANF-eligible recipients per year participating in the TANF Choices program. SNAP assists clients who are not eligible for TANF cash assistance to obtain employment, education, or vocational training needed to become self-sufficient. This program is appropriated an estimated $37.6 million for the 2010–11 biennium; more than 78 percent of the budget is in Federal Funds.

The Employment Services Program provides services to the general workforce and is expected to serve approximately 1.5 million clients during each year of the biennium. While these job search and recruitment assistance services are physically provided through the state's network of local workforce development boards, over 550 TWC employees administer the Employment Services Program consistent with current federal requirements.

Under the federal Trade Adjustment Assistance Act, TWC provides funding to workforce boards to provide training, case management, job search, and related services to qualified laid-off workers who are included in trade positions certified by the U.S. Department of Labor. In concert with the reauthorization of the federal Trade Adjustment Assistance Act, which became effective during fiscal year 2009, the agency anticipates that significantly broadened purposes, expanded program targets, and revised operating requirements will create a larger and enhanced Trade Act Services program, with substantially more federal funding available than anticipated when the General Appropriations Act , 2010–11 Biennium, was enacted.

The Senior Community Service Employment Program is appropriated $11.4 million in Federal Funds for the 2010–11 biennium to fund public or community service jobs for economically- disadvantaged citizens age 55 and older, to enhance individual economic self-sufficiency. TWC is appropriated $3.6 million for the 2010–11 biennium for apprenticeship training to prepare individuals for occupations in skilled trades and crafts. The program combines on-the-job training with job-related classroom instruction for more than 3,600 trainees per year.

In addition to workforce services, TWC provides business services in support of its Workforce Development goal. The Skills Development Fund program and the Self-Sufficiency Fund program respond to the workforce needs of Texas employers and industry. Both programs provide grants to community colleges and technical schools to fund customized training programs tailored to new or existing jobs with local employers. The 2010–11 biennium appropriation for the Skills Development Fund programs is $80.1 million in General Revenue Funds and the Self-Sufficiency Fund programs have $6.1 million in TANF appropriations. All trainees participating in Self-Sufficiency Fund grant programs must be current or potential TANF recipients.

TWC also provides child-care services for eligible recipients as part of its Workforce Development goal. Child-care services enhance education services and job training provided to public assistance recipients and low-income individuals with children by allowing the participants to remain employed or to complete education and skills training. Federal Child Care and Development Fund, TANF, and matching General Revenue Funds, as well as maintenance-of-effort appropriations to TWC, total $978.3 million for the 2010–11 biennium. At this level of funding, the agency estimates that child care will be provided to an average of 110,765 children per day in fiscal year 2010 and 110,845 children per day in fiscal year 2011. Agency projections indicate that 7,545 children per day will come from families of clients participating in the TANF Choices program in fiscal year 2010 and 7,544 in fiscal year 2011 (**Figure 336**).

UNEMPLOYMENT INSURANCE

The agency administers the state's unemployment insurance program under its Workforce Development goal, collecting payroll taxes from the state's employers and providing monetary assistance to persons unemployed through no fault of their own. The program promotes economic stability by preserving buying power in communities experiencing an economic downturn and includes an appellate component through which a claimant or employer may appeal a determination of benefit rights. TWC is also responsible for measuring the propriety of benefits paid, for recovering benefits that have been overpaid, and for initiating criminal or civil legal actions when fraud is detected. Unemployed individuals can make claims by telephone or by using an online filing application. The state's employers can also use an online system to file their payroll tax information with TWC.

FIGURE 336
TEXAS WORKFORCE COMMISSION
SELECTED PERFORMANCE MEASURES

	FISCAL YEAR						
MEASURE	2005	2006	2007	2008	2009	*2010	*2011
Entered Employment Rate	75.9%	76.9%	78.3%	80.0%	79.8%	79%	79%
Employment Retention Rate	82.1%	82.4%	82.2%	83.4%	83.5%	83%	83%
Percent of Unemployment Insurance Claimants Paid Timely	97.4%	97.3%	97.7%	97.4%	95.1%	97%	97%
Average Number of Children Served per Day, Transitional and At-risk Services	97,824	102,339	112,924	107,109	107,204	103,220	103,301
Average Number of Children Served per Day, TANF Choices Services	18,916	13,570	10,487	8,210	7,785	7,545	7,544

*Estimated.
Source: Texas Workforce Commission.

Employer taxes are collected in the Unemployment Compensation Trust Fund, from which workers' benefits are paid. Like other employers, state agencies reimburse the Unemployment Compensation Trust Fund for benefits paid to former employees who become unemployed. TWC credits the Trust Fund for this activity through the Reimbursements to the Unemployment Compensation Benefit Account.

PROGRAM ACCOUNTABILITY AND ENFORCEMENT

To support the agency's Program Accountability and Enforcement goal, TWC receives General Revenue–Dedicated Funds for enforcing the Texas Pay Day Law to assist workers in obtaining payment of wages due and the Texas Child Labor Law to protect children from exploitation in the workplace. The agency also uses fee-generated General Revenue Funds to license and regulate career schools and colleges that offer vocational or continuing education.

Another aspect of accountability and enforcement involves enforcing civil rights laws. To enforce the Texas Commission on Human Rights Act and the Texas Fair Housing Act, the Civil Rights Division of TWC investigates complaints, reviews personnel policies and procedures of state agencies and institutions of higher education, reviews initial firefighter testing, reports statistics, and conducts training. Appropriations for those functions total $4.6 million for the 2010–11 biennium, slightly more than half of which comes from contracts with the federal Department of Housing and Urban Development and the Equal Employment Opportunity Commission.

SIGNIFICANT LEGISLATION

Enactment of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, authorizes TWC to adjust unemployment eligibility periods as necessary to maximize receipt of any 100 percent federally funded benefit. As a result of the commission having adopted rules following enactment of this measure, 100 percent federally funded unemployment compensation benefits authorized by the American Recovery and Reinvestment Act of 2009 were approved for Texas, triggering payment of $250 million in additional extended unemployment compensation benefits.

11. REGULATORY

*As shown in **Figure 337**, All Funds appropriations for regulatory agencies for the 2010–11 biennium total $847.2 million, or 0.5 percent of all state appropriations. This amount is an increase of $78.6 million, or 10.2 percent, from the 2008–09 biennium. **Figure 338** shows 2010–11 appropriations by method of financing and full-time-equivalent positions from fiscal years 2006 to 2011 for all regulatory agencies.*

FIGURE 337
ALL FUNDS APPROPRIATIONS FOR REGULATORY
2010–11 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$18.7	$21.1	$2.4	13.0
Department of Banking[3]	29.9	0.0	(29.9)	(100.0)
Board of Chiropractic Examiners	0.9	1.3	0.3	35.7
Office of Consumer Credit Commissioner[3]	9.4	0.0	(9.4)	(100.0)
Credit Union Department[3]	3.6	0.0	(3.6)	(100.0)
Texas State Board of Dental Examiners	3.8	4.9	1.2	31.0
Funeral Service Commission	1.3	1.6	0.3	19.3
Board of Professional Geoscientists	0.9	1.4	0.6	61.9
Health Professions Council	0.3	3.3	3.0	922.1
Office of Injured Employee Counsel	14.7	15.5	0.9	5.9
Department of Insurance	201.1	241.0	39.9	19.9
Office of Public Insurance Counsel	2.1	2.2	0.1	5.2
Board of Professional Land Surveying	0.8	0.9	0.1	11.7
Department of Licensing and Regulation	43.2	48.5	5.3	12.4
Texas Medical Board	19.0	23.0	4.0	21.1
Texas Board of Nursing	14.2	17.0	2.8	19.6
Optometry Board	0.9	1.0	0.1	15.9
Board of Pharmacy	8.4	11.3	2.9	34.2
Executive Council of Physical Therapy & Occupational Therapy Examiners	2.2	2.3	0.1	3.7
Board of Plumbing Examiners	3.8	4.8	1.0	25.6
Board of Podiatric Medical Examiners	0.5	0.5	0.0	1.9
Board of Examiners of Psychologists	1.6	1.9	0.3	16.9
Racing Commission	20.0	21.6	1.6	8.0
Real Estate Commission	13.2	16.8	3.5	26.6
Residential Construction Commission	19.2	9.0	(10.2)	(53.1)
Department of Savings and Mortgage Lending[3]	9.5	0.0	(9.5)	(100.0)
Securities Board	11.7	15.7	4.0	34.2
Board of Tax Professional Examiners	0.4	0.2	(0.2)	(45.2)
Public Utility Commission of Texas	212.5	280.4	67.9	31.9
Office of Public Utility Counsel	3.5	3.5	0.0	0.6
Board of Veterinary Medical Examiners	1.7	2.0	0.3	18.0
SUBTOTAL, REGULATORY	**$673.0**	**$752.8**	**79.7**	**11.8**

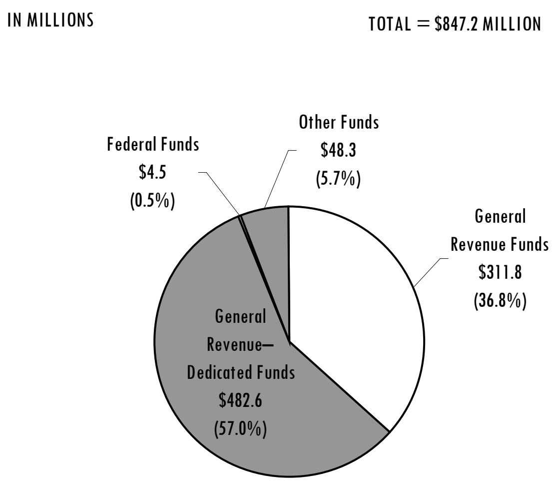
FIGURE 337 (CONTINUED)
ALL FUNDS APPROPRIATIONS FOR REGULATORY
2010–11 BIENNIUM

IN MILLIONS

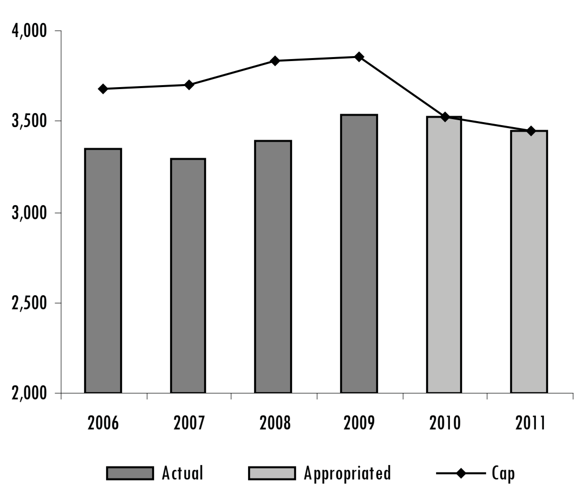
AGENCY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Retirement and Group Insurance	$64.6	$73.2	$8.6	13.3
Social Security and Benefit Replacement Pay	27.1	28.4	1.3	4.8
SUBTOTAL, EMPLOYEE BENEFITS	**$91.7**	**$101.6**	**$9.9**	**10.8**
Lease Payments	$9.7	$3.8	($5.9)	(60.5)
SUBTOTAL, DEBT SERVICE	**$9.7**	**$3.8**	**($5.9)**	**(60.5)**
Less Interagency Contracts	$5.9	$11.0	$5.1	87.4
TOTAL, ARTICLE VIII – REGULATORY	**$768.6**	**$847.2**	**$78.6**	**10.2**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 338
REGULATORY APPROPRIATIONS AND FULL-TIME-EQUIVALENT POSITIONS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.



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

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

A wide range of industries and occupations are regulated by the 26 regulatory agencies included in Article VIII of the General Appropriations Act (GAA). Regulated industries include insurance, worker's compensation, health-related occupations, non-health-related occupations, telecommunications, electric utilities, securities, real estate, residential construction, and pari-mutuel racing. The appropriations and indirect costs for 23 of the regulatory agencies are supported by fees generated from the industries and occupations they regulate. These agencies are subject to a special provision expressing legislative requirements that agency revenues cover the cost of agency appropriations as well as an amount equal to other direct and indirect costs appropriated elsewhere in the 2010–11 GAA. Several major agencies included in the Regulatory Article are highlighted below.

MAJOR FUNDING ISSUES

The Eighty-first Legislature, Regular Session, 2009, increased appropriations for agencies included in Article VIII by a net amount of $78.6 million in All Funds above 2008–09 spending levels. The following is a summary of the more significant increases included in regulatory program areas for the 2010–11 biennium compared to prior biennium spending levels:

- $67.7 million for the Low Income Discount Program at the Public Utility Commission to provide up to a 17 percent discount for eligible customers for 5 months;
- $34.8 million and 0.5 full-time-equivalent (FTE) positions for the new Healthy Texas Program at the Department of Insurance;
- $31.0 million and 50.7 FTE positions for new programs and to enhance the regulation of the health related and non-health related industries;
- $3.2 million and up to 15 FTE positions to provide adequate regulation for the securities and racing industries in the event that additional resources are needed;
- $3 million to provide for a new Health Professions Council Database project to be used by the Board of Dental Examiners, the Board of Plumbing Examiners, the Board of Psychologists, the Optometry Board, the Board of Pharmacy, and the Board of Professional Land Surveying; and
- $2.8 million to cover additional Database Consolidation costs at the Department of Licensing and Regulation, the Department of Insurance, and the Public Utility Commission.

There is a decrease of $63.9 million in regulatory program areas for the 2010–11 biennium compared to prior biennium spending levels. These decreases result in part from enactment of House Bill 2774, which authorizes the Department of Banking, the Department of Savings and Mortgage Lending, the Office of Consumer Credit Commissioner, and the Credit Union Department to operate outside of the appropriations process. Under provisions of the Sunset Act, the Residential Construction Commission is discontinued, which also contributes to the decrease in appropriated levels. Supplemental appropriations made available to the Department of Licensing and Regulation and the Racing Commission in fiscal year 2009 with the enactment of House Bill 4586 were also not continued for the 2010–11 biennium. These are the All Funds amounts of decreases for each of the affected agencies:

- $29.9 million and 180 FTE positions for the Department of Banking;
- $9.5 million and 88 FTE positions for the Department of Savings and Mortgage Lending;
- $9.4 million and 71 FTE positions for the Office of Consumer Credit Commissioner;
- $3.6 million and 26 FTE positions for the Credit Union Department;
- $10.2 million and 80 FTE positions for the Residential Construction Commission;
- $1 million for the Department of Licensing and Regulation; and
- $0.3 million for the Racing Commission.

Appropriations for 11 health-related licensing agencies total $66.6 million in All Funds and $64.2 million in fee-supported General Revenue Funds and General Revenue–Dedicated Funds for the 2010–11 biennium. This is an increase of 22.5 percent in All Funds and 23.8 percent in General Revenue Funds and General Revenue–Dedicated Funds from 2008–09 expenditure levels. These amounts do not include appropriations for the Health Professions Council, which is funded through required interagency contracts ($3.3 million for the 2010–11 biennium) established with the 11 health-related licensing agencies.

Appropriations for the 15 non-health-related regulatory agencies total $673 million in All Funds and $625.2 million in General Revenue Funds and General Revenue–Dedicated Funds for the 2010–11 biennium. Of this amount, $563 million (94.9 percent) is fee-generated General Revenue Funds and General Revenue–Dedicated Funds. This is an increase of 20.4 percent in All Funds and 15.4 percent in General Revenue Funds and General Revenue–Dedicated Funds above 2008–09 expenditure levels.

The Eighty-first Legislature, Regular Session, 2009, evaluated seven Article VIII agencies through the Sunset review process. While four of these were continued as independent stand-alone agencies, one was abolished and its functions were transferred to another existing agency, one was continued but removed from the appropriations process and one was not continued. The Board of Medical Examiners, the Department of Insurance, the Office of Public Insurance Council, and the Racing Commission were continued. The Board of Tax Professionals was abolished and its functions were transferred to the Department of Licensing and Regulation. The Credit Union Department was continued but was removed from the legislative process. The Residential Construction Commission was not continued but is funded throughout the first year of the biennium to phase out its operations.

A number of licensing agencies participate in the TexasOnline Internet occupational licensing system. Fees charged to a licensee when they use the TexasOnline system are appropriated through strategies in agency budgets that are both estimated and non-transferable. Approximately $5.6 million is appropriated for the 2010–11 biennium to support the online system.

A number of licensing agencies also conduct background and criminal history checks on individuals licensed in the state. Fees charged to licensees are subsequently appropriated through agency budgets to pay for these checks at either the Department of Public Safety or through third-party vendors. Approximately $5 million is appropriated for the 2010–11 biennium for this purpose. Enactment of House Bill 963 requires licensing authorities to issue criminal history evaluation letters to prospective license applicants determining occupational license eligibility.

STATE OFFICE OF ADMINISTRATIVE HEARINGS

The State Office of Administrative Hearings (SOAH) was established in 1991 to hear contested cases for agencies that do not employ an administrative law judge to arbitrate such disputes. The agency is authorized under the Texas Administrative Procedure Act (Chapter 2001, Texas Government Code) and operates under the direction of the Chief Administrative Law Judge, whom the Governor appoints for a two-year term upon Senate confirmation.

SOAH's mission is to conduct fair, objective, prompt, and efficient hearings and alternative dispute resolution (ADR) proceedings and to provide fair, logical, and timely decisions. Conducting administrative hearings and preparing proposals for decisions and final orders comprise the agency's primary functions. The agency provides an independent forum for the resolution of contested cases arising from the enforcement of state regulations. SOAH's ADR function includes conducting mediated settlement conferences, arbitrations, and other alternative dispute resolution proceedings. An administrative law judge may refer cases to ADR or serve as an impartial third party for negotiated rulemaking.

The agency's internal structure includes seven teams that hear contested cases involving specific areas of regulatory law: Administrative License Revocation (ALR) and Field Enforcement; Alternative Dispute Resolution; Economics; Licensing and Enforcement; Natural Resources; Tax; and Utilities. The ALR program is conducted jointly with the Department of Public Safety (DPS), which refers cases to SOAH relating to the suspension of drivers' licenses for operating a motor vehicle while under the influence of alcohol or drugs. **Figure 339** shows certain key agency performance measures from fiscal years 2007 to 2011.

Appropriations for the 2010–11 biennium total $21.1 million in All Funds and provide for 126 full-time-equivalent (FTE) positions in fiscal year 2010 and 127 FTE positions in fiscal year 2011. Of the total appropriation, $7 million, or 33 percent, is in General Revenue Funds and covers the cost of hearings conducted for 49 agencies. SOAH also enters into hourly contracts with agencies not covered by its appropriations of General Revenue Funds to conduct contested case hearings at a rate of $100 per hour. The agency estimates approximately $7.3 million will be generated through Interagency Contracts in the 2010–11 biennium, which is a $2.2 million increase above the 2008–09 spending level, resulting from a projected increase in case hours from the Texas Department of Insurance Division of Workers' Compensation; the Department of Family and Protective Services; and the Motor Vehicle Division of the Texas Department of Transportation, and that division's newly-created successor, the Department of Motor Vehicles. The Texas Commission on Environmental Quality (TCEQ) will make a $0.9 million lump sum Interagency Contract payment each fiscal year during the biennium to cover the cost of its referred cases. Agency appropriations also include $6.5 million from the State Highway Fund to conduct ALR hearings for DPS.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3612, which establishes a three-year pilot program in six counties allowing property owners to appeal appraisal review board determinations for certain real or personal properties to SOAH. The pilot program is limited to 3,000 appeals and is intended to fund itself through the retention of filing fees and collection of costs from losing parties.

FIGURE 339
STATE OFFICE OF ADMINISTRATIVE HEARINGS PERFORMANCE MEASURES
FISCAL YEARS 2007 TO 2011

PERFORMANCE MEASURE	2007	2008	2009	2010*	2011*
Total Agencies Served	47	51	46	49	49
Total Cases Received**	31,955	37,129	36,537	39,971	39,179
Total Cases Disposed	31,334	35,045	35,369	36,848	36,848
Total Administrative License Revocation Cases Disposed	26,493	29,882	29,521	28,828	28,828
Total Alternative Dispute Resolution Cases Requested or Referred	520	488	115	139	139

*Estimated.
**Total includes all cases received, except for alternative dispute resolution cases.
Source: State Office of Administrative Hearings.

OFFICE OF INJURED EMPLOYEE COUNSEL

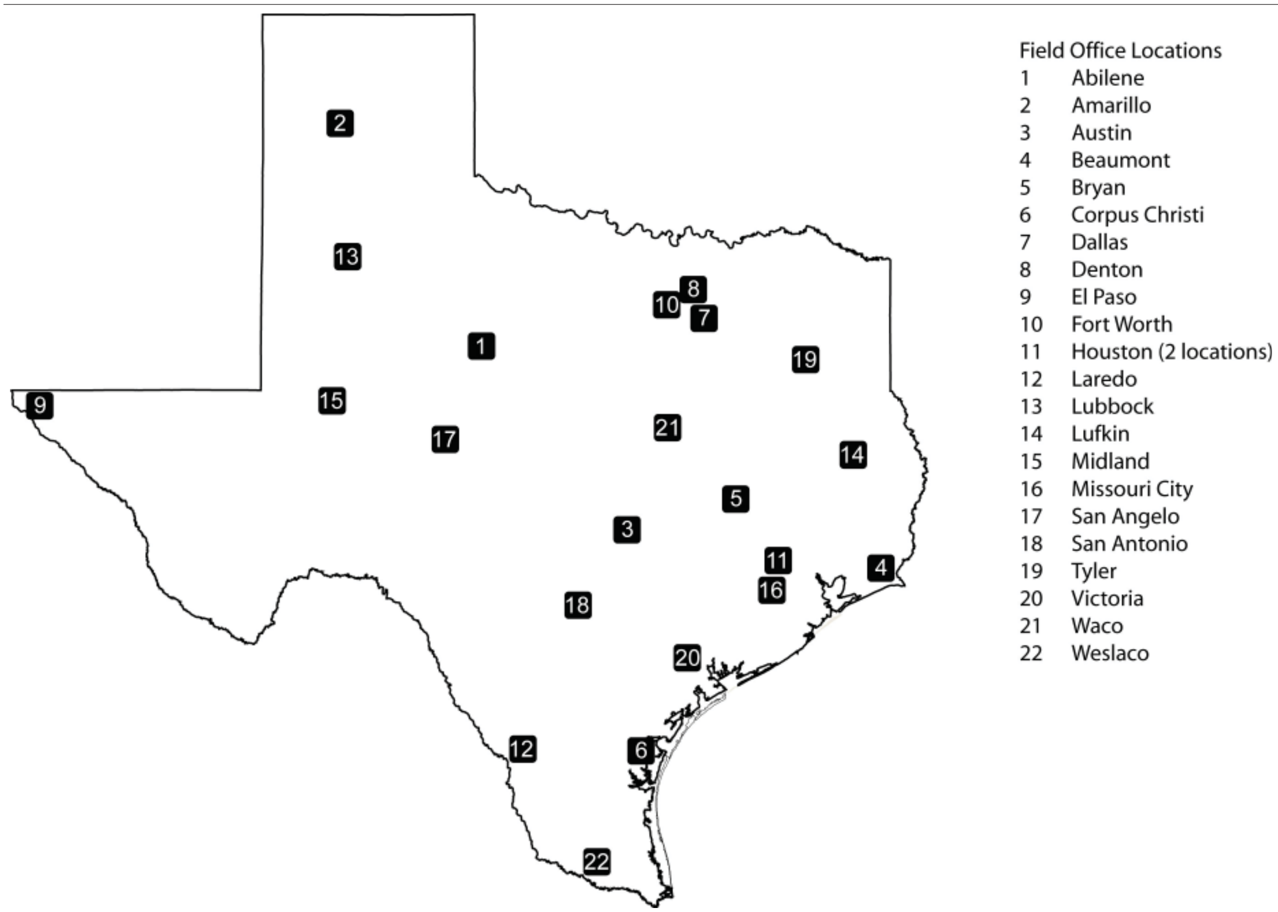
The Seventy-ninth Legislature, Regular Session, 2005, enacted legislation that created the Office of Injured Employee Counsel (OIEC), which is administratively attached to the Texas Department of Insurance (TDI). OIEC is governed by a Public Counsel who is appointed by the Governor and confirmed by the Senate for a two-year term, which expires February 1 of each odd-numbered year. The mission of the agency is to assist, educate, and advocate on behalf of the injured employees of Texas.

Appropriations for the 2010–11 biennium total $15.5 million in General Revenue–Dedicated Funds from the Texas Department of Insurance Operating Fund and provide for 184 full-time-equivalent (FTE) positions. The increase of $0.9 million, or 5.8 percent, is for expanding the agency's outreach efforts and to support one full-time internal auditor position to provide independent reviews of the agency's operations.

The agency carries out its mission through three goals. The first goal, Ombudsman Program, includes assisting injured employees through the administrative proceedings process. Ombudsmen and ombudsmen assistants are based in the agency's central office as well as in 22 field offices (**Figure 340**). Ombudsmen assist injured employees at benefit review conferences, contested case hearings, and appeals, and conduct preparation appointments with injured employees prior to these proceedings. The Ombudsman Program and the Customer Service Program work in concert to resolve disputes through early intervention and case development.

The agency achieves its second goal, Education and Referral, by sending the Rights and Responsibilities document to injured employees. This document contains an overview of an injured employee's rights and their responsibilities within

FIGURE 340
OFFICE OF INJURED EMPLOYEE COUNSEL FIELD OFFICES
2010–11 BIENNIUM



Source: Office of Injured Employee Counsel.

the Texas workers' compensation system and includes the OIEC toll-free number. The agency also refers injured employees to programs, services, and licensing boards.

The third goal, Advocate for Injured Employees, includes participating in rulemaking by analyzing and commenting on TDI's Division of Workers' Compensation (DWC) rules in both the formal and informal phases of DWC's rulemaking efforts.

SIGNIFICANT LEGISLATION

Several bills were enacted by the Eighty-first Legislature, Regular Session 2009, affecting OIEC. Among the most significant are House Bill 673 and House Bill 1058.

Provisions within House Bill 673 clarify an injured employee's right to seek assistance with a dispute before the State Office of Administrative Hearings; increase measures to protect confidentiality of communication between the OIEC Ombudsman and an injured employee; transfer the approval process of adopting a notice of injured employee rights from TDI to OIEC; limit OIEC from accessing a regulator's attorney-work-product; and provide OIEC with the right to refuse service to threatening or abusive injured employees or injured employees pursuing a criminal act.

Provisions within House Bill 1058 revise procedures for payment of death benefits under the Texas Workers' Compensation System by (1) prohibiting total payments from exceeding 104 weeks regardless of the number of surviving eligible parents and (2) stipulating that failure to file a claim in the time required bars the claim unless good cause exists for failing to file a claim. Additionally, what defines a person as an "eligible parent" for the purposes of determining eligibility for receiving death benefits is modified by removing the requirement that the person received burial benefits under the Texas Workers' Compensation System.

DEPARTMENT OF INSURANCE

With origins dating back to 1876, the Texas Department of Insurance (TDI) was established in its present form in 1991 to guarantee the availability of quality insurance products at reasonable prices and terms while promoting competition and ensuring solvency standards. TDI regulates various types of insurance, including life, health, title, property and casualty, and workers' compensation. The enactment of House Bill 7, Seventy-ninth Legislature, Regular Session, 2005, transferred the functions of the Workers' Compensation Commission to TDI and created the Division of Workers' Compensation (DWC) within TDI. The agency also has exclusive regulatory authority over health maintenance organizations. In addition, the State Fire Marshal is a part of TDI. **Figure 341** lists agent licensing and company certification data for fiscal years 2006 to 2011.

TDI is headed by the Commissioner of Insurance, a position appointed by the Governor for a two-year term and subject to Senate confirmation. The commissioner is charged with regulating the Texas insurance industry by administering and enforcing the Texas Insurance Code and other applicable laws. The commissioner is required by the Texas Insurance Code to raise revenues through a maintenance tax on insurer gross premiums and through fees sufficient to fund the agency's General Revenue Fund and General Revenue–Dedicated Fund appropriations. **Figure 342** shows the taxable premiums and maintenance tax assessment rates by line of insurance or entity for calendar year 2008. **Figure 343** compares assessment rates by Health Maintenance Organization type. The commissioner also represents the state as a member of the National Association of Insurance Commissioners, which provides opportunities for interstate coordination in the absence of federal regulation of interstate insurance transactions.

Agency appropriations for the 2010–11 biennium total $241 million in All Funds and provide for 1,695.5 full-time equivalent (FTE) positions in each fiscal year. Approximately $190.9 million, or 79.2 percent, of these appropriations are supported from maintenance tax revenues. Total appropriations increased by $39.9 million, or 19.9 percent above the 2008–09 actual expenditures. Most of the increase ($34.8 million) is for the Healthy Texas Program, a new program under which health benefit plan issuers may receive reimbursement for claims paid for individuals covered under qualifying group health plans.

The agency carries out its mission through nine goals. The first is to encourage fair competition in the insurance industry. In the 2010–11 biennium, the agency is appropriated approximately $78.7 million in All Funds for activities that directly support this goal, such as promoting competition, increasing availability of coverage for the underserved, investigating and resolving complaints, and preventing insurer fraud.

Activities to promote competition include providing comparative rate and price information to consumers and insurers, licensing insurance agents, certifying companies to conduct insurance business in Texas, and reviewing and approving the forms used by insurance companies to contract with policyholders. TDI also regulates rates for the sale of automobile and residential insurance.

To increase the availability of insurance, TDI identifies underserved markets for automobile and homeowners insurance and encourages insurers to offer policies in these markets. In addition, the agency investigates consumer complaints, initiates enforcement actions to stop unlawful trade practices, investigates allegations of insurer fraud, and refers fraud cases to the Office of the Attorney General, the

FIGURE 341
INSURANCE LICENSES ISSUED
FISCAL YEARS 2006 TO 2011

	NUMBER PER FISCAL YEAR					
LICENSE/CERTIFICATION	2006	2007	2008	2009*	2010*	2011*
Insurance Agent License	68,693	62,748	64,755	72,828	76,000	79,000
Domestic Company License (Texas Based)	775	768	768	764	759	759
Foreign Company License (Companies outside of Texas.)	1,957	1,932	1,948	1,966	1,980	1,980

*Based on Legislative Reporting System Estimates.
Source: Texas Department of Insurance.

FIGURE 342
TAXABLE INSURANCE PREMIUMS AND ASSESSMENT RATES FOR CALENDAR YEAR 2008

(IN MILLIONS)

INSURANCE COVERAGE/ENTITY	GROSS PREMIUMS	% ASSESSMENT RATES
Fire and allied lines	$9,638.3	.237
Casualty and fidelity	$5,176.0	.112
Motor vehicle	$14,863.8	.0063
Worker's compensation	$4,051.1	.072
Life, accident, and health	$30,452.3	.04
Prepaid Legal	$3.7	.036
Title	$1,231.6	.115
Third-party administrators	$737.4	.104

SOURCE: Texas Department of Insurance.

FIGURE 343
NUMBER OF HEALTH MAINTENANCE ORGANIZATION (HM0) ENROLLEES AND ASSESSMENT RATES FISCAL YEAR 2008

INSURANCE COVERAGE/ENTITY	ENROLLEES	ENROLLEE ASSESSMENT RATES
HMO–Multi-service	2,481,592	$1.08
HMO–Single Service	843,417	$0.36
HMO–Limited Service	492,047	$0.36

SOURCE: Texas Department of Insurance.

local District Attorney, or other appropriate agencies or law enforcement authorities for prosecution.

The agency's second goal is to encourage the financial health of the insurance industry. TDI is appropriated almost $25.9 million in All Funds for the 2010–11 biennium to analyze the financial condition of insurers operating in Texas. When the conservation of assets is not sufficient to rehabilitate a financially weak insurance company facing insolvency, TDI may seek a court order to place the insurer into receivership which is administered by a special deputy receiver.

TDI's third goal is to decrease insurance industry loss costs. Appropriations of $8.4 million in All Funds for the 2010–11 biennium will allow the agency to provide safety education programs, inspect insurance loss programs offered to policyholders, and assure compliance with filed property schedules and windstorm construction codes.

The fourth goal is to reduce the loss of life and property caused by fire. TDI is appropriated $8.6 million in All Funds for the biennium to support the State Fire Marshal's registration, licensing, investigation, and enforcement activities. Cigarette manufacturers are required to certify to the State Fire Marshal's Office that the cigarettes meet performance standards and the package must contain markings with this certification.

The Division of Workers' Compensation administers the fifth goal, which is to promote safe and healthy workplaces. Appropriations of $8.3 million in All Funds for the 2010–11 biennium allow DWC to offer appropriate incentives, education, consultation, and inspections related to worker safety.

DWC also administers the sixth goal, which is to ensure the appropriate delivery of workers' compensation benefits. Appropriations of $61 million in All Funds are provided for the 2010–11 biennium. DWC administers this program through its 24 field offices, which provide claims services, customer services, and dispute resolution services. DWC certifies and regulates self-insured employers, monitors compliance and takes necessary enforcement action, and resolves indemnity and medical disputes. In addition, DWC administers the Subsequent Injury Fund (SIF). The SIF was established in 1947 to pay lifetime income benefits, and funding is provided through payments by insurance carriers from proceeds of on-the-job death claims in which no beneficiary survives the deceased employee.

Central administration, information resources, and other support services comprise the agency's seventh goal. Appropriations of $48.9 million in All Funds support this goal in the 2010–11 biennium.

The agency's eighth goal is to create a long-term care insurance partnership program to reduce future reliance on Medicaid. TDI is appropriated $0.3 million for the 2010–11 biennium to improve insurance availability in the long-term care market.

The agency's ninth goal provides for the implementation of three share premium assistance programs. TDI is appropriated $0.9 million for the 2010–11 biennium to award grants to local government entities for research and development of three-share premium assistance programs to increase access to private healthcare coverage for the uninsured.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, 2009, in both the Regular Session and the First Called Session, enacted bills that affect the agency. Among the most significant from the Regular

Session are Senate Bill 78, Senate Bill 79, Senate Bill 963, Senate Bill 1814, House Bill 2256, House Bill 4341, House Bill 4338, House Bill 4339, and House Bill 4409. The most significant from the First Called Session was Senate Bill 2, which authorizes continuation of the agency until September 1, 2013.

Enactment of Senate Bill 78 establishes the TexLink to Health Coverage Program at TDI to promote awareness and education of health coverage. The bill also establishes the Healthy Texas Program under which health benefit plan issuers may receive reimbursement for claims paid for individuals covered under qualifying group health plans. The legislation requires TDI to develop group coverage plans, review and approve plan rates, report certain information regarding cost per member per month, and limit the number of insurers participating if necessary.

Provisions within Senate Bill 79 require TDI to establish a voluntary specialty certification program for individuals who market small employer health benefit plans in accordance with the Texas Health Insurance Portability and Availability Act (HIPAA). The bill specifies the qualifications for receiving the certification and the initial training that is required of individuals seeking certification.

Enactment of Senate Bill 963 authorizes the Commissioner of Insurance to approve or disapprove long-term care premium rates. The legislation is applicable to any rate increase implemented on or after September 1, 2009.

Enactment of Senate Bill 1814 extends a pilot program to authorize reimbursement to small businesses for making workplace modifications to help return an injured employee to work. The legislation increases the amount of the reimbursement from $2,500 up to $5,000 annually and authorizes the Commissioner of Workers' Compensation to extend these reimbursements to other categories of employers as needed.

Provisions of House Bill 2256 make mediation of out-of-network health benefit claim disputes mandatory upon request by an enrollee if the enrollee's payment responsibility to a facility-based physician is greater than $1,000 and the health benefit claim is for a medical service or supply provided in a contracted or preferred provider hospital.

Enactment of House Bill 4341 requires TDI to regulate discount healthcare programs. The legislation contains provisions relating to advertising, marketing, examination by TDI, and enforcement and penalties.

Provisions of House Bill 4338 establish new auditing requirements for certain title agents and require development of a mandatory professional training program for title insurance agents. The bill provides TDI more flexibility in overseeing title insurance agents and companies identified as impaired as defined in chapter 2602 of the Insurance Code.

Enactment of House Bill 4339 establishes an unauthorized-insurance guaranty fund to alleviate the financial hardship resulting from the sale of unauthorized insurance in Texas.

Provisions of House Bill 4409 apply to emergency preparation and management procedures and include revisions to the purpose of the Texas Windstorm Insurance Association (TWIA) and how it operates. One of the revisions affects future funding sources to pay claims after a natural disaster by restructuring the revenues collected and deposited into the Catastrophe Reserve Trust Fund, authorizing the Texas Public Finance Authority to issue public securities on behalf of TWIA and eliminating premium tax credits resulting from certain assessments on insurers after a disaster. Under provisions of the bill, TWIA will be reviewed by the Sunset Advisory Commission in fiscal year 2015 and is required to submit to TDI, the Legislature, and the Sunset Advisory Commission a biennial report on or before December 31 of each even-numbered year. The legislation also requires TDI to develop incentive programs to encourage authorized insurers to write insurance on a voluntary basis and to minimize the use of TWIA as a means to obtain insurance.

OFFICE OF PUBLIC INSURANCE COUNSEL

The Office of Public Insurance Counsel (OPIC) was established as a state agency in 1991 with the mission of representing the interests of insurance consumers in Texas. OPIC is headed by the Public Counsel, who is appointed by the Governor for a two-year term, subject to the consent of the Senate.

All Funds appropriations to the agency for the 2010–11 biennium total $2.2 million from fee-supported General Revenue Funds and provide for 16.5 full-time-equivalent positions. Of that amount, $48,000 each fiscal year is from an interagency contract with the Department of Insurance (TDI). These funds are allocated from the Texas Department of Insurance Operating Fund to provide consumers with insurance information to make informed decisions.

OPIC is required to generate sufficient revenue to cover its appropriations. The Texas Insurance Code provides funding for OPIC operations through annual assessments of $0.057 on each property, casualty, title (owner and mortgage), life, health, and accident insurance policy (individual or group) in force during each calendar year.

In support of its mission, OPIC's two goals are to advocate on behalf of Texas insurance consumers and to increase effective consumer choice. To achieve the first goal, OPIC participates as a party in hearings before the TDI involving insurance rates, rules, and policy forms; in judicial proceedings; and in other proceedings the Public Counsel determines insurance consumers need representation.

OPIC's role in filings and proceedings is to present expert testimony, actuarial analysis, and other supporting evidence to advocate the position most favorable to consumers as a class. The agency expects to review approximately 64 rate filings during the 2010–11 biennium. In addition, OPIC may participate in judicial proceedings and recommends legislation that will positively affect consumer interests.

OPIC's efforts to increase effective consumer choice entail providing information to enhance consumers' awareness of their rights and responsibilities and educating them concerning the operation of Texas insurance markets. In support of this goal, OPIC staff give public presentations; deliver speeches; participate in panel discussions; prepare a consumer "bill of rights" for each personal line of insurance regulated by the state; and produce Health Maintenance Organization "report cards."

SIGNIFICANT LEGISLATION

Enactment of Senate Bill 2, Eighty-first Legislature, First Called Session, 2009, continues OPIC until September 1, 2011.

DEPARTMENT OF LICENSING AND REGULATION

The Texas Department of Licensing and Regulation (TDLR) was created in 1909 as the Bureau of Labor and Statistics and has become a regulatory umbrella for the licensing, certification, and enforcement of regulatory statutes involving diverse businesses, industries, general trades, and occupations. A seven-member commission appointed by the Governor with the consent of the Senate governs the agency.

TDLR's mission is to protect public safety and welfare through the fair regulation of mandated industries and through the education of consumers regarding their rights and obligations. The agency administers and enforces state laws that regulate the following entities: air conditioning and refrigeration contractors; architectural barriers; auctioneers; barbers; boiler inspections; combative sports; cosmetologists; discount health cards; electricians, including pool-related electrical maintenance technicians and contractors; elevators, escalators, and related equipment; for-profit legal service contracts; industrialized housing and buildings; licensed court interpreters; loss damage waivers; personnel employment services; property tax consultants and tax professionals; polygraph examiners; service contract providers; staff leasing services; talent agencies; employers of certain temporary common workers; tow trucks and vehicle storage facilities; identity recovery service providers; used automotive parts recyclers; vehicle booting by private entities; vehicle protection product warrantors; water-well drillers and pump installers; and weather modification businesses.

The 2010–11 biennial appropriation for TDLR includes an All Funds total of $48.5 million and 407.5 full-time-equivalent (FTE) positions in fiscal year 2010 and 413.2 FTE positions in fiscal year 2011. Of that amount, $47.4 million, or 97.8 percent, is from fee-supported General Revenue Funds and General Revenue–Dedicated Funds. Contingent on revenue collections and a finding of fact by the Comptroller of Public Accounts, the 2010–11 appropriations provide $30.8 million for enforcing regulations, issuing licenses, resolving complaints, and conducting investigations. Appropriation and FTE position increases support expansion of agency operations and implementation of legislation enacted by the Eighty-first Legislature, Regular Session, 2009, discussed under Significant Legislation below. **Figure 344** shows the agency's level of performance in three key performance measures from fiscal years 2007 to 2011.

LICENSING AND ENFORCEMENT

The agency estimates that it will issue over 950,000 individual licenses, certifications, and registrations during the 2010–11 biennium. To protect the health and safety of consumers, TDLR inspects and investigates licensees and businesses. Agency investigators throughout the state routinely examine the operations and activities of persons conducting business under the agency's jurisdiction. As part of its enforcement function, TDLR performed 123,988 routine inspections and completed approximately 10,801 complaint investigations in fiscal year 2009. TDLR estimates that it will perform 268,015 routine inspections and complete 22,412 complaint investigations during the 2010–11 biennium.

TDLR develops and distributes information about agency licensing and complaint processes and operates a toll-free telephone line to inform consumers about the agency and its operations. The agency also administers the Architectural Barriers Program and the Auctioneer's Education Recovery Fund. The Architectural Barriers Program ensures that persons with disabilities are not denied access to new and renovated buildings and facilities. The Auctioneer's Education Recovery Fund protects consumers against financial loss caused by an auctioneer's non-payment of funds from the sale of goods and helps provide continuing education for auctioneers.

FIGURE 344
TEXAS DEPARTMENT OF LICENSING AND REGULATION PERFORMANCE MEASURES
FISCAL YEARS 2007 TO 2011

PERFORMANCE MEASURES	2007	2008	2009	2010*	2011*
Licenses Issued	349,519	411,128	460,862	474,823	481,946
Complaints Resolved	4,342	8,494	10,801	9,622	9,784
Jurisdictional Complaints Received	6,518	10,040	13,327	12,820	12,980
FTE Positions	238.5	309.8	350.74	407.5	413.2

*Estimated.
Source: Texas Department of Licensing and Regulation.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that establish new programs and regulatory responsibilities for TDLR. Provisions of House Bill 2447 abolish the Board of Tax Professional Examiners and transfer its functions to TDLR. The legislation requires the transfer to occur by March 1, 2010.

Enactment of Senate Bill 1005 abolishes the Polygraph Examiners Board and transfers its functions to TDLR by January 1, 2010.

Enactment of Senate Bill 778 authorizes TDLR to license and regulate identity recovery service providers and includes identity recovery service agreements in certain service contracts and vehicle protection products.

Enactment of House Bill 1973 amends the Occupations Code and authorizes TDLR to license and regulate pool-related electrical maintenance technicians and pool-related electrical maintenance contractors.

Enactment of Senate Bill 1095 authorizes TDLR to license and regulate used automotive parts recyclers.

Enactment of Senate Bill 2153 authorizes TDLR to regulate the booting of vehicles by private entities in parking facilities.

Provisions of House Bill 2310 authorize the executive director of TDLR to issue emergency orders and temporary and emergency licenses.

RACING COMMISSION

Following ratification of the Texas Racing Act of 1986 by statewide referendum, the Texas Racing Commission began operations in 1988. The commission consists of seven members appointed by the Governor with the consent of the Senate and two ex-officio members: the Chair of the Public Safety Commission and the Comptroller of Public Accounts, or their designees. Five commission members must represent the public and have knowledge of business or agribusiness; the other two appointed members must be knowledgeable about or experienced in greyhound racing or horseracing.

The agency's mission is to oversee the pari-mutuel racing industry and to foster an environment of trust and safety. Further, the agency is charged with stimulating participation by patrons and licensees to maximize the amount of money circulating through the industry and its constituent and ancillary businesses. As **Figure 345** shows, the total amount of the pari-mutuel wagering handle (the total amount wagered on racing) has declined from a high in fiscal year 2007. The agency reports that increased competition from expanded gambling opportunities in neighboring states as well as illegal Internet wagering is contributing to this decrease.

Direct appropriations for the 2010–11 biennium total $20.3 million in fee-generated General Revenue–Dedicated Funds and provide for 75.5 full-time-equivalent (FTE) positions in each fiscal year. This includes $18.8 million in fee-generated General Revenue–Dedicated Funds and $1.5 million in General Revenue Funds. The agency is required to repay the $1.5 million in General Revenue Funds with additiional interest from fee-generated General Revenue–Dedicated Funds in fiscal year 2010. This is an increase of $0.3 million above actual expenditures in the 2008–09 biennium as a result of a previously closed greyhound track reopening and supplemental appropriations made to the agency for 2009 in House Bill 4586. Also, contingent upon the opening of each new horse racetrack each fiscal year of the biennium, additional appropriations from General Revenue–Dedicated Funds are available to the agency: $303,600 and 5 FTE positions for regulatory functions and $332,037 for the Texas Bred Incentive Program. To receive these appropriations, the agency must collect the revenue from each new horse racetrack that begins operations during the 2010–11 biennium. The contingent appropriations are an increase of $34,585 above the contingent appropriation in the 2008–09 biennium for salary increase for the 5 FTE positions.

The agency carries out its mission through four goals. The first goal, to enforce racing regulation, includes regulating racetrack owners, administering the Texas Bred Incentive Program, supervising racing conduct, and providing health and drug testing of horses and greyhounds. There are currently seven horse racetracks and three greyhound racetracks in the state. The Texas Bred Incentive Program provides an incentive award distributed as a purse supplement paid from the pari-mutuel wagering pools to breeders and owners of Texas-bred greyhounds and horses that place first, second, or third in any race. The program encourages agriculture and the horse-breeding and greyhound-breeding industries.

The agency achieves its second goal, to regulate participation in racing, by administering the occupational-licensing program, which includes enforcement and regulation, and licensing of individuals through the TexasOnline Authority. All persons working at a racetrack must be licensed. The

FIGURE 345
TEXAS RACING COMMISSION SELECTED PERFORMANCE MEASURES
FISCAL YEARS 2007 TO 2011

PERFORMANCE MEASURE	2007	2008	2009	2010*	2011*
Total Racetrack Inspections	79	108	90	100	100
Total Texas-Bred Awards	22,144	17,786	15,818	16,562	16,562
Total New Occupational Licenses Issued	4,919	4,650	4,500	4,775	4,775
Total Pari-mutuel Handle (in millions)	$497.8	$463.9	$450.4	$450.2	$463.6
Total Take to State Treasury from Pari-mutuel Wagering on Live and Simulcast Races (in millions)	$4.5	$4.1	$4.0	$4.1	$4.0
Total Occupational Licensees Suspended or Revoked	220	172	175	175	175
Total Investigations Completed	294	220	200	210	210

*Estimated.
Source: Texas Racing Commission.

agency ensures that all licensees meet the requirements to qualify for licensing.

The agency's third goal, to regulate pari-mutuel wagering in Texas, includes investigating illegal wagering and conducting compliance audits at the racetracks. The agency's responsibilities include increasing the Totalisator (tote) tests and pass rate for pari-mutuel compliance audits. The tote is a complex computer system that tallies and calculates the pari-mutuel wagers. A licensed racetrack contracts with one company to provide a computer system to tally and calculate the pari-mutuel wagers at its facilities.

The agency's fourth goal provides indirect support through central administration and other support services.

SIGNIFICANT LEGISLATION

Enactment of Senate Bill 2, Eighty-first Legislature, First Called Session, 2009, continues the Texas Racing Commission until September 1, 2011.

REAL ESTATE COMMISSION

The Texas Real Estate Commission (TREC) was created in 1949 to administer and enforce the Texas Real Estate License Act by licensing real estate brokers, salespersons, appraisers, and inspectors and by investigating and adjudicating complaints filed against licensees. The commission has nine members appointed by the Governor with the consent of the Senate. Commission members serve six-year terms.

The Texas Appraiser Licensing and Certification Board (TALCB) is an independent subdivision of TREC. Formerly the Texas Real Estate Appraiser Certification Committee under the auspices of the Real Estate Commission, TALCB became an independent entity in 1991. It consists of nine members, eight of whom are appointed by the Governor with Senate consent, and one representative from the Texas Veterans Land Board.

TREC's mission is to assist and protect consumers of real estate services and to foster economic growth in Texas. Appropriations to the agency for the 2010–11 biennium increased by $3.5 million, or 26.6 percent, from 2008–09 expenditure levels and total $16.8 million in All Funds. The agency's 2010–11 appropriations provide for a staff of 94 full-time equivalent (FTE) positions for the agency and 16.5 FTE positions for TALCB each year, which exceeds 2008–09 staffing levels by 5 FTE positions each year. These appropriation and FTE position increases support expanded agency operations in licensing and enforcement.

The agency's appropriations are distributed among five goals: (1) determining that applicants for licensure meet legal requirements for real estate license issuance; (2) acting promptly and aggressively enforcing the rules of the commission in a fair manner; (3) providing information to the public and receiving information concerning matters within the jurisdiction of the commission; (4) ensuring that consumers of real estate appraisal services are served by appraisers qualified in accordance with federal and state law; and (5) ensuring the agency functions efficiently through indirect administration services.

As **Figure 346** shows, TREC expects the total number of licensees (salespersons, brokers, inspectors, and easement or right-of-way agents) to reach 148,500 in each year of the biennium. The decrease can be attributed to fewer people entering the profession, as well as fewer existing licensees renewing their licenses because of a general decline in the real estate market. Fewer inspectors have renewed their licenses since agency statutes were changed to require professional insurance effective September 1, 2007. As **Figure 346** shows, the number of appraisers is expected to reach 6,375 each year of the biennium.

The agency also assists and protects consumers of real estate services by requiring all real estate brokers and salespersons to meet and maintain specified levels of education to hold a license to act as a real estate agent. Agents are required to follow the provisions of the Texas Real Estate License Act and the rules of the agency in all transactions, and deal with the public in a competent and honest manner. The number of complaints resolved decreased in recent years after a change in mandatory continuing education extensions went into effect. Licensees who have not completed the required education at the time of renewal may pay an additional fee for a 60-day extension. Previously, if a licensee had not

FIGURE 346
LICENSES ISSUED FOR REAL ESTATE PROFESSIONALS
FISCAL YEARS 2007 TO 2011

LICENSE TYPE	2007	2008	2009	2010*	2011*
Salespersons	110,810	105,618	101,183	100,000	100,000
Brokers	42,351	42,809	43,036	43,000	43,000
Inspectors	4,260	4,018	3,533	3,500	3,500
Easement or Right-of-Way Agents	1,545	1,764	1,932	2,000	2,000
Subtotal - Real Estate Commission	**158,966**	**154,209**	**149,684**	**148,500**	**148,500**
Appraisers	5,616	5,797	5,719	5,725	5,725
Appraiser Trainees	1,191	961	644	650	650
Subtotal - Real Estate Appraisers	**6,807**	**6,758**	**6,363**	**6,375**	**6,375**
TOTAL	**165,773**	**160,967**	**156,047**	**154,875**	**154,875**

*Estimated.
Source: Texas Real Estate Commission.

completed the mandatory continuing education or paid the fee within 60 days, an enforcement complaint was opened and disciplinary action was taken against the licensee. Under a change in rules effective October 2008, if a licensee fails to pay the fee or complete the continuing education within the 60-day extension period, the license converts to inactive status. The licensee must pay an additional penalty, show proof of continuing education completion, and pay the first fee to change the license status back to active. This process has eliminated about 80 complaints per month, or almost 1,000 annually. As **Figure 347** shows, the agency estimates resolving 2,540 complaints in fiscal year 2010 and 2,570 in fiscal year 2011.

FIGURE 347
REAL ESTATE RELATED COMPLAINTS RESOLVED
FISCAL YEARS 2007 TO 2011

AGENCY	2007	2008	2009	2010*	2011*
Texas Real Estate Commission	2,448	2,696	2,191	2,240	2,240
Texas Appraiser Licensing and Certification Board	128	222	259	300	330
TOTAL	**2,576**	**2,918**	**2,450**	**2,540**	**2,570**

*Estimated.
Source: Texas Real Estate Commission.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted Senate Bill 862, which authorizes modification of the TREC licensing fee structure and provides that as of August 31, 2011, $50 of the $200 annual broker professional fee will be deposited to a separate account dedicated to the Real Estate Research Center at Texas A&M University. The legislation adds disability and familial status to the list of grounds on which licensees may not discriminate, consistent with federal law. The legislation revises the recovery fund provisions of the Real Estate License Act to minimize the effect of bankruptcy on a claim. Under provisions of the legislation, the State Office of Administrative Hearings is designated as the forum for timeshare and residential service company complaints. This process was previously administered by TREC's in-house hearing officer.

RESIDENTIAL CONSTRUCTION COMMISSION

The Seventy-eighth Legislature, Regular Session, 2003, enacted legislation that established the Texas Residential Construction Commission (TRCC) to adopt the state's minimum warranties and performance standards for residential construction, register residential builders and remodelers, and oversee a state inspection process for alleged post-construction defects. No legislation to continue the agency's functions was enacted by the Eighty-first Legislature, 2009, in either the Regular Session or the First Called Session, therefore, effective September 1, 2009, the agency's enabling statute in Title 16, Property Code, is expired. Pursuant to the Sunset Law in Chapter 325 of the Government Code, the agency may continue in existence until September 1, 2010, to conclude its business.

Appropriations to TRCC for the 2010–11 biennium total approximately $9 million in General Revenue Funds after the Governor's veto of the agency's appropriations for fiscal year 2011. Pursuant to the provisions of the General Appropriations Act, the agency may use as much of these appropriations as necessary to phase out agency operations.

STATE SECURITIES BOARD

The State Securities Board was established in 1957 by the Fifty-fifth Legislature and consists of five members appointed by the Governor and subject to Senate confirmation. The Securities Commissioner is appointed by the board. The agency's primary mission is to protect Texas investors. In accordance with its mission, the agency strives to ensure a free and competitive securities market for Texas, increase investor confidence, and encourage the formation of capital and the creation of new jobs.

Appropriations for the 2010–11 biennium total $15.7 million in All Funds (fee-generated General Revenue Funds), which is a $4 million increase above the 2008–09 expenditure level for enforcement and inspections, providing for 109 full-time-equivalent (FTE) positions each year. Of the increased amount, $1.9 million and 10 FTE positions each year are contingent on major changes in the securities industry that might occur as a result of reductions in federal regulatory resources, dramatic industry growth, or the agency's inability to regulate the industry because of turnover in financial examiner positions.

The agency's four major strategies—law enforcement, securities registration, dealer registration, and inspections—are organized to support its goal of protecting investors from fraud and misrepresentation while ensuring the availability of capital to business.

Law enforcement activities include investigating suspected violations of the Texas Securities Act and, if appropriate, promptly initiating administrative enforcement proceedings or referring matters for criminal prosecution or civil action. The Securities Board staff collects and summarizes evidence for cases adjudicated before State Office of Administrative Hearings administrative law judges and cases referred to the Office of the Attorney General in civil injunction actions.

The Securities Board reviews all applications to register securities for sale in the State of Texas to ensure investor access to full and fair disclosure of all relevant investment information. The agency ensures that offering terms are in compliance with the Texas Securities Act and Securities Board rules.

All securities dealers, their sales agents, and investment advisers in Texas must be registered with the Securities Board, unless the Texas Securities Act exempts them from registering, or they are preempted by federal law. The agency's dealer registration function examines applications for registration of dealers, investment advisers, and agents, and maintains an ongoing review process by examining amendments and renewals submitted by registrants.

Securities dealers and investment advisers must maintain certain records and make them available for review upon the request of the Securities Commissioner. The Securities Board also verifies continuing compliance with the Texas Securities Act through periodic inspections of registered firms.

In 1996, the U.S. Congress passed legislation that eliminated federal examinations for investment advisers managing less than $25 million in assets. With this change in federal law, the Securities Board became the only government agency responsible for examining this group of securities dealers in Texas. **Figure 348** shows the number of securities agents, dealers, advisers, and adviser representatives registered by the Securities Board from 2000 to 2011, as well as the revenue deposited to the State Treasury from securities applications during that same period. The Securities Board estimates approximately $237.3 million in revenue deposits to the state treasury from securities applications during the 2010–11 biennium.

FIGURE 348
SELECTED PERFORMANCE MEASURES, STATE SECURITIES BOARD
FISCAL YEARS 2000 TO 2011

FISCAL YEAR	SECURITIES APPLICATIONS	SECURITIES REVENUE (IN MILLIONS)	DEALERS/ AGENTS	DEALER REVENUES (IN MILLIONS)
2000	29,967	$93.8	164,084	$44.7
2001	31,987	$75.3	176,172	$48.0
2002	29,427	$59.1	162,122	$44.5
2003	35,603	$56.5	162,671	$43.4
2004	39,913	$69.0	169,700	$70.9
2005	39,450	$75.7	181,602	$51.5
2006	44,292	$94.7	191,949	$54.3
2007	51,796	$109.9	209,494	$59.3
2008	50,252	$115.9	212,904	$61.5
2009	46,477	$124.6	214,029	$73.2
2010*	53,000	$117.5	210,000	$63.2
2011*	53,000	$119.8	210,000	$64.5

*Estimated.
Source: State Securities Board.

PUBLIC UTILITY COMMISSION OF TEXAS

The Public Utility Commission of Texas (PUC) was established in 1975 to regulate electric and telecommunications utilities and had jurisdiction over water utilities. In 1985, water utility regulation was moved to the Texas Water Commission (now the Texas Commission on Environmental Quality). The agency's mission is to protect customers, foster competition, and promote high-quality utility infrastructure. The agency is headed by three commissioners who are appointed by the Governor, subject to Senate confirmation, and serve full time for six-year, staggered terms. In addition, the agency has an executive director who manages its daily operations.

The Eighty-first Legislature, Regular Session, 2009, appropriated $280.4 million in All Funds to PUC for the 2010–11 biennium, which exceeds 2008–09 spending levels by $67.9 million, or 24.2 percent. Of this appropriation, $257.8 million is in General Revenue–Dedicated Funds from the System Benefit Account, which includes $67.7 million more than 2008–09 spending levels, and is earmarked for programs related to electric-utility restructuring. The largest program, the Low-Income Discount Program (appropriated $119.6 million in fiscal year 2010 and $132.3 million in fiscal year 2011), provides a discount of up to 17 percent on electric bills during the months of May through September to low-income customers. The remaining System Benefit Account appropriation includes $1.5 million for continued public education funding, $2.4 million for electric market oversight contracts, and $2.0 million for administration related to wholesale and retail electric market oversight.

The 2010–11 appropriation provides for 188.6 full-time-equivalent positions and supports the agency's two main goals: (1) ensuring fair competition, just and reasonable rates, and reliable high quality service; and (2) providing enforcement and education to both electric utility and telecommunications customers in a competitive environment.

RETAIL COMPETITION

Competitive markets in both the electric and telecommunications industries began developing in Texas in the 1990s as a result of federal and state legislation. This legislation authorized competition in telecommunications services and created a competitive electric wholesale market. In 1999, the Legislature enacted legislation that restructured the electric utility industry, introduced retail competition, and established new laws to ensure protection of customers' rights.

Retail competition in the electric market began on January 1, 2002, for all customers of investor-owned utilities in the Electric Reliability Council of Texas (ERCOT) region. Residential and business customers in most areas of the state were provided the ability to choose a supplier of electricity. **Figure 349** shows the 20 most-populous cities in Texas, the availability of retail competition in those cities, and the number of retail electric providers offering residential service at the beginning of fiscal year 2010.

The Texas Legislature also established programs to educate consumers about choices in retail electric providers, authorized appropriations for weatherization programs for

FIGURE 349
AVAILABILITY OF RESIDENTIAL ELECTRIC CHOICE IN MOST–POPULOUS CITIES AS OF SEPTEMBER 1, 2009

CITY	POPULATION*	COMPETITION	RESIDENTIAL REP**
Houston	2,242,193	YES	46
San Antonio	1,351,305	NO	NA
Dallas	1,279,910	YES	46
Austin	757,688	NO	NA
Fort Worth	703,073	YES	46
El Paso	613,190	NO	NA
Arlington	374,417	YES	46
Corpus Christi	286,462	YES	46
Plano	267,480	YES	46
Laredo	221,659	YES	46
Lubbock	220,483	NO	NA
Garland	218,577	YES	46
Irving	201,358	YES	46
Amarillo	187,236	NO	NA
Brownsville	175,494	NO	NA
Grand Prairie	160,641	YES	46
Pasadena	146,439	YES	46
Mesquite	132,123	YES	46
McAllen	129,776	YES	46
Carrollton	125,595	YES	46

*Population based upon U.S Census Bureau estimates as of July 1, 2008.
**REP = Retail Electric Provider.
Source: Public Utility Commission of Texas.

housing with poor insulation, and established the Low Income Discount Program to assist low-income electricity customers with electricity bills during the hottest months of the year, May to September. **Figure 350** shows the average discount provided to low-income customers and the average number of participants from the inception of the program in fiscal year 2002 to fiscal year 2009.

ELECTRIC RELIABILITY COUNCIL OF TEXAS

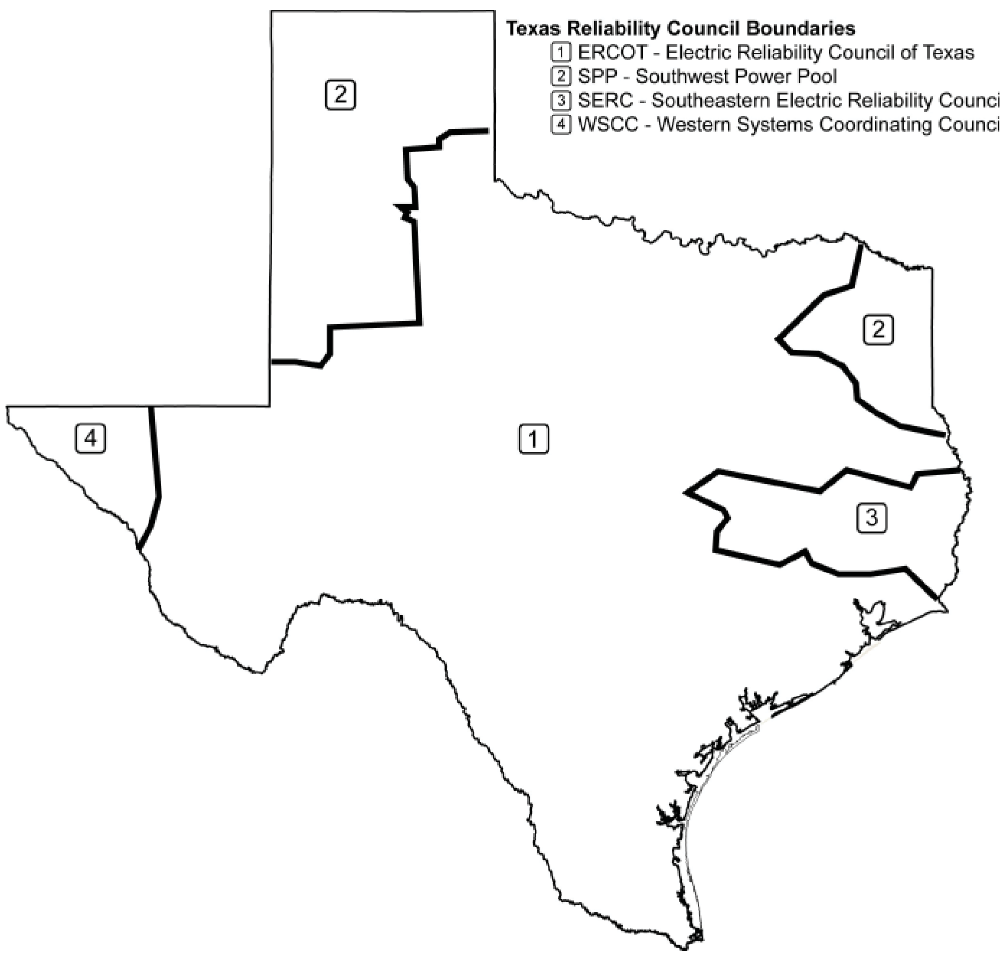
The Electric Reliability Council of Texas (ERCOT), which is located wholly within the borders of the state, provides 85 percent of the electric load in Texas. The Southwest Power Pool, the Southeastern Electric Reliability Council, and the Western Systems Coordinating Council provide service to the rest of the state. **Figure 351** shows the Texas Reliability Council boundaries. Statute requires that 50 percent of the installed electricity generating capacity be provided by natural

FIGURE 350
LOW INCOME DISCOUNT PROGRAM AVERAGES PER MONTH FISCAL YEARS 2002 TO 2009

FISCAL YEAR	AVERAGE DISCOUNT	AVERAGE PARTICIPANTS
2002	$13.45	407,540
2003	$18.53	706,054
2004	$11.18	566,768
2005	$11.93	368,069
2006*	$0.00	0
2007	$24.90	353,017
2008	$37.80	365,205
2009	$37.03	424,615

*Low Income Discount Program was not funded in fiscal year 2006.
Source: Public Utility Commission of Texas.

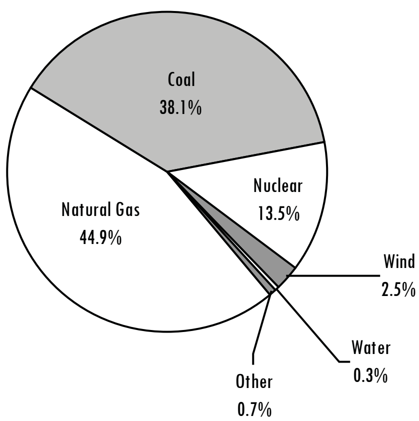
FIGURE 351
TEXAS RELIABILITY COUNCIL BOUNDARIES



Source: Public Utility Commission of Texas.

gas; natural gas installed capacity in Texas is currently above 60 percent. **Figure 352** shows the five-year average percentage of ERCOT energy as run by fuel type for fiscal years 2004 to 2008.

FIGURE 352
ERCOT ENERGY AS RUN BY FUEL TYPE
AVERAGE FISCAL YEARS 2004 TO 2008



Source: Electric Reliability Council of Texas.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills affecting PUC. Provisions of House Bill 1783 require the agency to provide free access to internet video of the commission's public hearings and meetings on the PUC website. The bill also requires the PUC to ensure that ERCOT provides free access to internet video of its public hearings and meetings.

Enactment of House Bill 1799 requires PUC to adopt rules that require retail electric providers to include on a customer's bill a statement directing the customer to the PUC's Power-to-Choose website. Senate Bill 547 authorizes the delay of retail competition in the Southwest Electric Power Company area until fair competition and reliable service are available to all retail customers in the state.

Enactment of Senate Bill 1492 authorizes the delay of retail electric competition in the Texas portion of the Southeastern Electric Reliability Council. The bill also authorizes PUC to require specified power providers to sell electricity to an electric utility, municipally owned utility or electric cooperative that is unable to supply power to meet customer demand due to a natural disaster or other emergency.

Provisions of House Bill 1831 require the Communication Coordination Group, a group responsible for coordinating interagency communications during state declared disasters, to include a member of the PUC. The legislation also requires PUC to conduct a study to evaluate (1) the locations in Texas that are most likely to experience a natural disaster or other emergency; (2) actions that utilities and other electric companies should take to prepare for a natural disaster; and (3) the potential for distributed power generation to strengthen reliability of electric service during a natural disaster or other emergency.

OFFICE OF PUBLIC UTILITY COUNSEL

The Office of Public Utility Counsel (OPUC) was created in 1983 to represent the interests of utility consumers in legal proceedings. Its mission is to ensure the availability of utility services at fair and reasonable rates in an increasingly competitive environment by providing representation to Texas residential and small-business utility consumers in proceedings before the Public Utility Commission of Texas, the Federal Energy Regulatory Commission, the Federal Communications Commission, and state and federal court. OPUC is headed by the Public Counsel, who is appointed by the Governor, subject to Senate confirmation, for a two-year term.

Appropriations to OPUC for the 2010–11 biennium total $3.5 million in All Funds (General Revenue Funds), which provides funding for 23 full-time-equivalent positions.

To fulfill its mission, OPUC focuses on representing residential and small-business electric utility and telecommunications consumers to ensure that customers benefit from competition and are protected during the transition to more competitive markets. **Figure 353** shows the type and number of proceedings in which OPUC participated from fiscal years 2007 to 2009, and is estimated to participate in 2010 and 2011.

FIGURE 353
OPUC PROCEEDINGS
FISCAL YEARS 2007 TO 2011

PROCEEDING TYPE	2007	2008	2009	2010*	2011*
Electric Cases	45	45	51	45	45
Electric Projects	17	25	34	15	15
Telecommunication Cases	3	1	5	3	3
Telecommunication Projects	17	20	27	24	24

*Estimated.
SOURCE: Office of Public Utility Counsel.

HEALTH-RELATED LICENSING AGENCIES

Numerous boards and commissions license and regulate occupations and industries in Texas. **Figure 354** shows the number of licenses issued, complaints resolved, funding appropriated, and total full-time-equivalent positions allocated for fiscal years 2007 to 2011 for health-related licensing agencies that are not otherwise addressed in this chapter. Appropriations for these agencies total $66.6 million for the 2010–11 biennium and include $64.2 million in fee-supported General Revenue Funds and General Revenue–Dedicated Funds. These amounts do not include appropriations for the Health Professions Council, which is funded through required Interagency Contracts ($3.3 millions for the 2010–11 biennium) established with the 11 health-related licensing agencies.

FIGURE 354
HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING
FISCAL YEARS 2007 TO 2011

	2007 EXPENDED	2008 ESTIMATED	2009 BUDGETED	2010 APPROPRIATED	2011 APPROPRIATED
Chiropractic Examiners, Board of					
Licenses Issued	9,071	9,415	9,600	9,700	9,900
Complaints Resolved	218	240	213	350	350
All Funds Total	$392,567	$468,510	$463,863	$641,620	$623,620
Full-Time-Equivalent Positions	7.0	7.8	7.9	11.0	11.0
Dental Examiners, Texas State Board of					
Licenses Issued	49,926	50,397	52,003	51,011	51,620
Complaints Resolved	818	674	712	665	715
All Funds Total	$1,595,396	$1,907,884	$1,867,270	$2,771,845	$2,174,718
Full-Time-Equivalent Positions	26.1	28.2	32.3	37.0	37.0
Funeral Service Commission					
Licenses Issued	4,128	4,043	4,356	4,115	4,165
Complaints Resolved	187	225	240	230	230
All Funds Total	$660,718	$666,257	$672,554	$801,751	$795,751
Full-Time-Equivalent Positions	11.0	11.0	11.0	13.0	13.0
Texas Medical Board					
Licenses Issued	41,583	44,812	44,186	45,030	46,116
Complaints Resolved	2,219	2,535	2,584	2,484	2,664
All Funds Total	$9,555,930	$9,679,093	$9,346,852	$11,656,240	$11,392,824
Full-Time-Equivalent Positions	130.5	142.5	142.5	160.0	162.5
Texas Board of Nursing					
Licenses Issued	156,684	162,563	171,478	174,150	178,100
Complaints Resolved	7,856	9,162	12,854	12,000	12,000
All Funds Total	$7,445,040	$7,070,168	$7,150,168	$8,373,383	$8,628,633
Full-Time-Equivalent Positions	77.0	76.5	86.7	96.7	96.7
Optometry Board					
Licenses Issued	3,641	3,714	3,811	3,851	3,915
Complaints Resolved	113	144	149	145	145
All Funds Total	$407,919	$439,916	$443,075	$533,358	$489,962
Full-Time-Equivalent Positions	6.5	6.6	7.0	7.0	7.0

FIGURE 354 (CONTINUED)
HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING
FISCAL YEARS 2007 TO 2011

	2007 EXPENDED	2008 ESTIMATED	2009 BUDGETED	2010 APPROPRIATED	2011 APPROPRIATED
Pharmacy, Board of					
Licenses Issued	44,237	44,334	44,436	39,274	39,776
Complaints Resolved	4,932	5,303	6,120	4,980	4,980
All Funds Total	$3,723,939	$4,207,914	$4,176,371	$6,110,971	$5,141,070
Full-Time-Equivalent Positions	55.9	57.7	61.2	72.0	72.0
Physical Therapy and Occupational Therapy Examiners, Executive Council of					
Licenses Issued	15,262	15,284	15,921	15,440	15,700
Complaints Resolved	407	332	506	450	480
All Funds Total	$1,030,757	$1,108,392	$1,083,642	$1,141,398	$1,131,797
Full-Time-Equivalent Positions	17.7	17.8	18.0	18.0	18.0
Podiatric Medical Examiners, Board of					
Licenses Issued	1,206	1,211	1,236	1,233	1,243
Complaints Resolved	240	107	50	135	135
All Funds Total	$224,069	$239,487	$236,135	$242,998	$241,575
Full-Time-Equivalent Positions	3.8	3.4	4.0	4.0	4.0
Psychologists, Board of Examiners of					
Licenses Issued	7,627	7,721	8,090	7,750	7,750
Complaints Resolved	220	238	222	210	210
All Funds Total	$754,436	$793,980	$790,573	$972,374	$879,604
Full-Time-Equivalent Positions	12.0	12.5	12.5	14.0	14.0
Veterinary Medical Examiners, Board of					
Licenses Issued	6,846	6,998	7,217	7,430	7,595
Complaints Resolved	320	346	343	500	500
All Funds Total	$638,567	$872,549	$837,020	$1,011,657	$1,005,027
Full-Time-Equivalent Positions	10.7	12.0	13.0	17.0	17.0

Sources: Legislative Budget Board; Board of Chiropractic Examiners; Texas State Board of Dental Examiners; Funeral Service Commission; Texas Medical Board; Texas Board of Nursing; Optometry Board; Board of Pharmacy; Executive Council of Physical Therapy and Occupational Therapy Examiners; Board of Podiatric Medical Examiners; Board of Examiners of Psychologists; Board of Veterinary Medical Examiners.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect the health-related licensing agencies. The more significant legislation is discussed here.

Enactment of Senate Bill 455 authorizes the State Board of Dental Examiners to issue certification to eligible dental assistants to perform certain procedures delegated by a licensed dentist.

Provisions of House Bill 1468 clarify the ingress and egress rights to cemeteries on private land and requires the Funeral Services Commission, with the assistance of the Office of the Attorney General, to enforce this provision. The legislation changes the reporting requirements of provisional licensees from monthly to once at the end of the provisional licensing program.

Enactment of Senate Bill 911 prohibits a pain management clinic from operating in this state unless the clinic is certified. The bill requires the Texas Medical Board (TMB) to adopt rules to ensure quality of patient care and personnel requirements for the clinic, including requirements for a physician who practices at a clinic.

Enactment of Senate Bill 292 requires each person who holds a license to practice medicine in Texas to submit telephone numbers, fax numbers, and e-mail addresses to TMB for the board to use to contact the license holder in an emergency. The legislation exempts such information from disclosure under state public information laws and prohibits its use for any reason other than disseminating information to a physician, a designated public health or emergency management official, or the Federation of State Medical Boards in a public health emergency. The legislation also establishes the Texas Physician Health Program within TMB to promote physician and physician assistant wellness and treatment of all health conditions, including mental health issues, substance abuse issues, and addiction issues, that have the potential to compromise a physician's or physician assistant's ability to practice with reasonable skill and safety. The program is a confidential, non-disciplinary therapeutic program for physicians and physician assistants.

Provisions of House Bill 3961 establish regulations regarding confidentiality requirements and the authority of the Board of Nursing to require a nurse or applicant to submit to physical or psychological evaluations. The legislation authorizes the Board of Nursing to increase the surcharge for renewing a registered nurse or vocational nurse license to generate fees to transmit to the Department of State Health Services for the Texas Nursing Resource Center to conduct a study of alternate ways to assure clinical competency of graduates of nursing educational programs.

Enactment of Senate Bill 1853 authorizes the Texas State Board of Pharmacy to take certain disciplinary actions in regulating pharmacy technicians and pharmacy technician trainees.

OTHER REGULATORY AGENCIES

Numerous boards and commissions license and regulate occupations and industries in Texas. **Figure 355** shows the number of licenses issued, complaints resolved, funding appropriated, and total full-time-equivalent (FTE) positions for fiscal years 2007 to 2011 for non-health-related licensing agencies that are not discussed elsewhere in this chapter. Appropriations for these agencies total $7.2 million for the 2010–11 biennium and include $7 million in General Revenue Funds (99 percent) that are generated from fees.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted several bills that affect the non-health-related licensing agencies. The more significant legislation includes House Bill 2774, Senate Bill 1354, Senate Bill 1410, and House Bill 1758.

Enactment of House Bill 2774 authorizes the Texas Department of Banking, the Office of Consumer Credit Commissioner, the Department of Savings and Mortgage Lending, and the Credit Union Department, to operate as self-directed semi-independent agencies. The bill removes the agencies from the legislative budgeting process and authorizes the agencies to operate outside the provisions of the 2010–11 General Appropriations Act. The bill directly appropriates an amount equal to 50 percent of the amount of the General Revenue Funds appropriated to each agency for fiscal year 2009 in each fiscal year of the 2010–11 biennium. Under the provisions of the bill, the amount can be spent as the agency directs and will be repaid to the General Revenue Fund in the fiscal year in which it is appropriated.

Provisions within Senate Bill 1354 revise the requirements for the different types of plumbing licenses and amends plumbing permitting, registration, and various fees collected by municipalities.

Provisions of Senate Bill 1410 stipulate that municipalities may not require residential fire sprinklers in one- and two-family dwellings and establish a new endorsement authorizing Journeymen and Master Plumbers who hold the endorsement to install multipurpose residential fire protection sprinklers.

Provisions within House Bill 1758 revise the training requirements for the different types of plumbing licenses.

FIGURE 355
NON-HEALTH-RELATED LICENSING AGENCIES ACTIVITIES AND FUNDING
FISCAL YEARS 2007 TO 2011

	2007 EXPENDED	2008 ESTIMATED	2009 BUDGETED	2010 APPROPRIATED	2011 APPROPRIATED
Geoscientists, Board of Professional					
Licenses Issued	5,026	6,361	6,216	5,220	5,254
Complaints Resolved	4	1	2	5	5
All Funds Total	$416,363	$448,136	$447,209	$795,812	$653,953
Full-Time-Equivalent Positions	5.5	5.7	6.0	11.0	11.0
Land Surveying, Board of Professional					
Licenses Issued	2,983	2,895	2,939	3,056	3,056
Complaints Resolved	45	53	42	57	57
All Funds Total	$340,026	$429,504	$401,865	$486,493	$442,124
Full-Time-Equivalent Positions	4.4	5.0	5.0	5.0	5.0
Plumbing Examiners, Board of					
Licenses Issued	25,401	29,178	30,259	27,170	27,360
Complaints Resolved	961	936	866	950	950
All Funds Total	$1,796,198	$1,939,449	$1,883,264	$2,672,544	$2,127,659
Full-Time-Equivalent Positions	22.8	23.0	23.1	26.3	27.0

Sources: Legislative Budget Board; Board of Professional Geoscientists; Board of Professional Land Surveyors; Board of Plumbing Examiners.

12. THE LEGISLATURE

*As shown in **Figure 356**, All Funds appropriations for the Legislature for the 2010–11 biennium total $354.9 million, or 0.2 percent of all state appropriations. This amount is an increase of $10.9 million, or 3.2 percent, from the 2008–09 biennium. General Revenue Funds account for almost 96.6 percent of these appropriations. **Figure 357** shows 2010–11 appropriations by method of financing for the Legislature.*

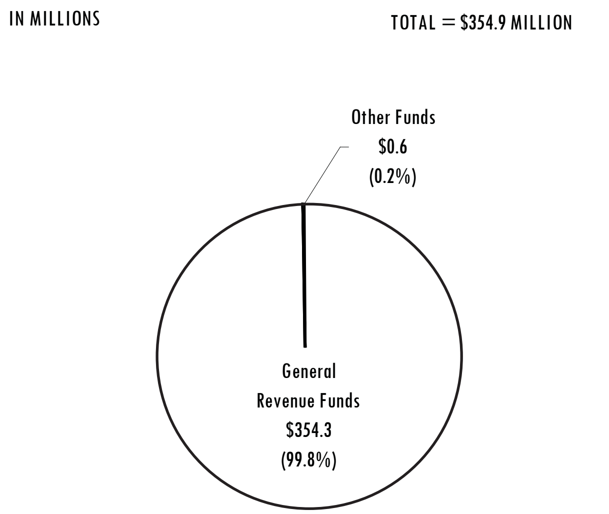
FIGURE 356
ALL FUNDS APPROPRIATIONS FOR THE LEGISLATURE
2010–11 BIENNIUM

IN MILLIONS

AGENCY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$63.2	$63.5	$0.2	0.4
House of Representatives	70.3	70.7	0.4	0.6
Legislative Budget Board	26.5	26.7	0.2	0.8
Sunset Commission	4.0	4.0	0.0	0.8
Legislative Council	75.7	75.7	(0.1)	(0.1)
Commission on Uniform State Laws	0.4	0.4	0.0	0.0
State Auditor's Office	35.0	37.0	2.0	5.7
Legislative Reference Library	3.1	3.1	0.0	0.5
SUBTOTAL, THE LEGISLATURE	**$278.3**	**$281.1**	**$2.8**	**1.0**
Retirement and Group Insurance	$42.0	$46.6	$4.5	10.8
Social Security and Benefit Replacement Pay	15.6	16.0	0.4	2.5
SUBTOTAL, EMPLOYEE BENEFITS	**$57.6**	**$62.6**	**$4.9**	**8.6**
Lease Payments	$15.4	$20.2	$4.8	31.0
Less Interagency Contracts	7.4	9.0	1.7	22.5
TOTAL, ARTICLE X – THE LEGISLATURE	**$344.0**	**$354.9**	**$10.9**	**3.2**

NOTES: Article totals exclude interagency contracts. Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, table totals may not sum because of rounding.
SOURCE: Legislative Budget Board.

FIGURE 357
LEGISLATURE APPROPRIATIONS
ALL FUNDS
2010–11 BIENNIUM



SOURCE: Legislative Budget Board.

Texas became the twenty-eighth state of the Union on December 29, 1845. Subsequently, the Texas Legislature was created by the Texas Constitution in 1876. All powers of the state's legislative branch are vested in the Texas Senate and the Texas House of Representatives, which convene biennially in Austin for a 140-day regular session during odd-numbered years. The legislative order of business for a regular legislative session is outlined in the state constitution, with the first 30 days of the legislative session devoted to the introduction of bills and resolutions, consideration of emergency appropriations, and confirmation of interim appointees of the Governor to boards and commissions. During the second 30 days, the various committees of each respective chamber hold hearings to consider all bills and resolutions and other pending matters. The remainder of the legislative session is set aside for the legislature to act on bills and resolutions. The legislature may consider emergency matters submitted by the Governor throughout the legislative session. The Texas Constitution authorizes the Governor to call additional 30-day special sessions as needed, during which the Legislature may consider only the subjects submitted to it by the Governor.

According to the publication, *State Rankings 2009, A Statistical View of America*, Texas ranks eleventh in the number of legislative members, with 181 members representing approximately 24.3 million citizens. This represents an average of 134,403 citizens per legislator, second only to California, which averages 306,306 per legislator. Members of the Texas legislature receive an annual salary of $7,200. In addition, during regular and special sessions and while doing official business of the state such as attending interim committee hearings, members may receive reimbursement for actual mileage and per diem for living expenses.

MAJOR FUNDING ISSUES

Overall, appropriations out of the General Revenue Fund increased less than 1 percent above the 2008–09 expended and budgeted levels for legislative agencies.

NOTE: Biennial change and percentage change have been calculated on actual amounts before rounding in all figures in this chapter. Figure totals may not sum because of rounding.

SENATE

The Senate consists of 31 senators elected to staggered four-year terms of office. The Lieutenant Governor, the presiding officer (President) of the Senate, is elected statewide and serves a four-year term. In addition, at the beginning and close of each legislative session, the Senate is required to elect a member as President pro tem who performs the duties of the Lieutenant Governor in his or her absence or incapacitation.

The Senate Committee on Administration implements all Senate policies and procedures. The Secretary of the Senate, elected by Senate members, is the chief executive administrator and is in charge of central Senate operations. Appropriations to fund activities of the Senate for the 2010–11 biennium total $63.5 million in General Revenue Funds.

The Texas Senate's primary duties include legislating all Texas laws and resolutions, approving the state budget, submitting all constitutional amendments to Texas voters, and confirming most gubernatorial appointees.

The Lieutenant Governor appoints all committee chairs and members of Senate standing and select committees, and refers all bills to the committees. There are approximately 20 standing, select, and joint committees, which during the interim—between legislative sessions—study selected topics, or charges, assigned by the Lieutenant Governor, and during the legislative session receive legislation for hearing and referral back to the full Senate for consideration. During the Eighty-first Legislature, Regular Session, 2009, the Senate passed 647 bills and resolutions, or 24 percent of the 2,720 bills and resolutions introduced by the Senate. These amounts exclude 1,111 resolutions, which are passed in honor or acknowledgement of individuals and entities.

HOUSE OF REPRESENTATIVES

The House of Representatives consists of 150 representatives elected in even-numbered years to two-year terms of office. At the beginning of each regular legislative session, the House elects a Speaker from its members to serve as the presiding officer.

The Committee on House Administration provides administrative support for all House operations. The committee employs a director and staff to handle the day-to-day operations of the House. Appropriations to fund activities of the House of Representatives for the 2010–11 biennium total $70.7 million in General Revenue Funds.

Primary duties of the House of Representatives include legislating all Texas laws and resolutions, submitting all constitutional amendments for voter approval, and approving the state budget. All legislation increasing state taxation must originate in the House.

The Speaker of the House (the Speaker) appoints all chairs and members of House standing and select committees and refers all bills to the committees for consideration. There are approximately 36 standing, select, and joint House committees, which during the interim—between legislative sessions—study selected topics, or charges, assigned by the Speaker and during the legislative session receive bills for hearing and referral back to the full House for consideration. Each bill passed out of committee is referred to the Calendars Committee, which schedules all legislation that is voted on by the full House of Representatives. During the Eighty-first Legislature, Regular Session, 2009, the House passed 1,079 bills and joint resolutions, or 21 percent of the 5,261 bills and resolutions filed by the House. These amounts exclude 3,073 resolutions, which are passed in honor or acknowledgement of individuals and entities.

LEGISLATIVE BUDGET BOARD

The Legislative Budget Board (LBB) was established by statute in 1949, primarily to develop budget recommendations for legislative appropriations. The LBB's statutory responsibilities remained virtually unchanged until 1973 when the legislature expanded the board's duties to include evaluation of agency programs and estimation of the probable costs of implementing legislation introduced in the legislative session. Membership of the 10-member board includes the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the House Committee on Appropriations, the chair of the House Committee on Ways and Means, the chair of the Senate Finance Committee, three members of the Senate appointed by the Lieutenant Governor, and two members of the House of Representatives appointed by the Speaker.

The board is assisted by the LBB director and the LBB staff. Funds for operating the LBB are provided through appropriations of General Revenue Funds to the Texas Senate and House of Representatives and are transferred to a special operating account each fiscal year. Appropriations to be transferred for the 2010–11 biennium total $9.2 million. In addition, the agency receives a direct appropriation of $17.5 million in General Revenue Funds, for a total biennial budget of $26.7 million in General Revenue Funds.

GENERAL APPROPRIATIONS BILL DRAFT AND LEGISLATIVE BUDGET ESTIMATES

At the beginning of each regular session of the Legislature and during special sessions as required, the LBB director transmits copies of the board's recommended General Appropriations Bill draft and Legislative Budget Estimates (LBE) to all members of the Legislature and to the Governor. The General Appropriations Bill draft and LBE are products of a review process that includes a public hearing on each agency's budget request and an LBB staff analysis of each agency's expenditures and performance results. The LBE provides both historical expenditures and proposed appropriations for each state agency and institution of higher education.

Once the General Appropriations Bill is enacted, it is referred to as the General Appropriations Act (GAA). The GAA allocates each agency's appropriation by goals and strategies and establishes key performance targets for each strategy. In addition, the strategic planning and performance budgeting system requires agencies to report actual performance data each quarter so the LBB staff can monitor progress toward the achievement of established performance targets.

The LBB also determines the limit on the growth of appropriations from state tax revenue not dedicated by the Constitution for the upcoming biennium. In addition, it determines the maximum amount that may be paid out of state funds for assistance grants to or on behalf of needy dependent children and their caretakers (i.e., Temporary Assistance for Needy Families, or TANF).

BUDGET EXECUTION AUTHORITY

Texas Government Code, § 317, provides the LBB with budget execution authority, which allows state expenditure decisions to be altered when the full legislature is not convened. This process begins when the Governor or the LBB proposes that funds appropriated to an agency be prohibited from expenditure, transferred from one agency to another, or retained by an agency to be used for a purpose other than originally intended. A budget execution order takes effect only if both the Governor and the LBB concur.

CRIMINAL JUSTICE DATA ANALYSIS TEAM

The Criminal Justice Data Analysis Team monitors Texas' adult and juvenile correctional populations. Further, the team projects adult and juvenile correctional populations, calculates recidivism rates for adult and juvenile correctional populations, and calculates cost-per-day information for criminal justice populations. In addition, the team conducts research projects based on significant legislative actions that may affect correctional populations.

FEDERAL FUNDS ANALYSIS

The LBB Federal Funds Analysis Team monitors and analyzes federal legislation, regulations, and guidance on issues that might affect the state budget, such as healthcare, education, human services, and transportation. The team produces a newsletter, *Federal Funds Watch*, that provides the Texas Legislature with information on federal legislation and federal funding.

PERFORMANCE REVIEWS

The LBB is authorized to conduct performance reviews and evaluations of state agencies, public junior colleges, general academic teaching institutions, and school districts, including charter schools. The findings and recommendations resulting from reviews and related policy analyses are reported to the Legislature in the publication, *Texas State Government*

Effectiveness and Efficiency, published at the beginning of each regular legislative session, and in other LBB publications published throughout the biennium. Recommendations are implemented through the General Appropriations Act and through other legislation.

FISCAL NOTES

Fiscal notes identify the probable costs, savings, revenue gains, or revenue losses of each bill or resolution that is proposed by the legislature. Under Senate Rules, a fiscal note must be attached to a bill or resolution prior to a final vote by a committee for the bill or resolution to be reported out of committee. Under House Rules, when a fiscal note is requested by a committee, the fiscal note must be attached to a bill before a committee hearing on that bill may be conducted. A fiscal note representing the most recent version of the bill must remain with the bill or resolution throughout the legislative process, including the point at which it is submitted to the Governor.

IMPACT STATEMENTS

In addition to fiscal notes, LBB staff prepare impact statements that provide the Legislature information about and analysis of certain bills being considered for enactment. There are seven types of impact statements provided by the LBB: criminal justice policy impact statements, equalized education funding impact statements, tax equity notes, actuarial impact statements, open-government impact statements, water development policy impact statements, and higher education impact statements. **Figure 358** shows the number of fiscal notes and impact statements prepared by the LBB for the past six regular legislative sessions.

Criminal justice policy impact statements identify the probable impact of proposed legislation on the state's juvenile and adult correctional populations. In support of this effort, the LBB maintains databases and simulation models relating to the criminal justice system, which are used to forecast correctional populations and to estimate the impact of specific legislation and policy alternatives in the area of adult corrections.

Equalized education funding impact statements, as well as other special reports on school finance, are prepared by the LBB for certain public education bills. School finance reports contain projected costs of current and proposed school funding formulas as well as the projected impact on system equity. Current and historical data by school district is also available through this reporting system.

Tax equity notes are prepared for certain revenue bills and assess the distributional impact of proposed revenue measures on Texas businesses and individuals.

Actuarial impact statements provide estimates of changes in public pension funds. The LBB produces these impact statements with assistance from the Pension Review Board.

Open-government impact statements show the estimated impact of proposed public-access legislation. Such legislation can involve either expressed or implied changes to both public access to government information or the transaction of public business by impacting open records law, open meetings law, or other law.

FIGURE 358
FISCAL NOTES AND IMPACT STATEMENTS DEVELOPED DURING REGULAR LEGISLATIVE SESSIONS

TYPE OF ANALYSIS	76TH 1999	77TH 2001	78TH 2003	79TH 2005	80TH 2007	81ST 2009
Fiscal note	9,512	9,354	8,391	8,159	9,410	10,316
Criminal justice impact statement	916	939	645	760	961	1,011
Equalized education statement	554	338	554	344	10	23
Tax/Fee equity note	761	418	211	65	22	482
Actuarial impact statement	230	168	116	152	118	51
Open government impact statement	123	33	29	48	19	9
Water development policy impact statement	48	88	78	242	260	267
Higher education impact statement	183	28	139	187	10	3
TOTAL NOTES AND STATEMENTS	**12,327**	**11,366**	**10,163**	**9,957**	**10,810**	**12,162**

SOURCE: Legislative Budget Board.

Water development policy impact statements provide estimates of changes resulting from the creation of water districts.

Higher education impact statements estimate the implications of creating or changing the classification, mission, or governance of an institution of higher education.

INFORMATION RESOURCES

The LBB staff is responsible for analyzing and evaluating agency Biennial Operating Plans and monitoring and providing oversight of information resource projects within agencies and universities by attending project meetings, coordinating committee meetings, and conducting on-site visits. In addition to these responsibilities, the LBB, the State Auditor's Office, and the Department of Information Resources staff serve in a joint capacity on the Quality Assurance Team, reviewing state agency information resource projects that cost at least $1 million and meet other established criteria. During fiscal year 2009, the Quality Assurance Team monitored 46 information technology projects representing more than $1,037million.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 4586 and Senate Bill 1, which include provisions requiring state agencies to develop and submit spending plans within established intervals for federal funds made available through the American Recovery and Reinvestment Act of 2009. The spending plans are subject to approval by the Legislative Budget Board and the Governor.

SUNSET ADVISORY COMMISSION

The Sunset Advisory Commission was established by the Sixty-fifth Legislature, Regular Session, 1977, to provide for greater openness in government decision-making and to improve government accountability. The 12-member commission consists of five members of the Senate and one public member appointed by the Lieutenant Governor, and five members of the House of Representatives and one public member appointed by the Speaker.

Funds for operating the Sunset Advisory Commission are provided through appropriations of General Revenue Funds to the Senate and House of Representatives and are transferred to a special operating account each fiscal year. Appropriations to be transferred for the 2010–11 biennium total $4 million in General Revenue Funds.

The Texas Sunset Act requires the automatic termination of designated agencies or boards and commissions 12 years after review unless the Legislature extends the life of the agency by statute. To assist the Legislature in this determination, the Sunset Advisory Commission evaluates the operations of agencies or boards and commissions scheduled for termination. It reports its findings and recommendations to the Legislature; drafts legislation incorporating its recommendations for termination, continuation, or modification; and prepares the legislation for introduction during the legislative session.

From fiscal year 1978 to fiscal year 2009, the Sunset Advisory Commission conducted 424 agency and board/commission reviews. As a result of sunset reviews, the Legislature has abolished 58 agencies, consolidated 12 agencies into other agencies, and split 2 agencies, with a reported savings of almost $785 million.

Based on recommendations from the Sunset Advisory Commission, the Eighty-first Legislature, Regular Session, 2009, considered legislation affecting 25 agencies and boards under sunset review and enacted bills affecting 18 entities. Enactment of this legislation is expected to result in $776,389 in savings and revenue gains over the next two fiscal years by streamlining agency processes; eliminating waste, duplication, and inefficiency in state government; and improving services to the citizens of Texas.

The Legislature took actions that continue the following agencies until September 1, 2010: Texas Department of Transportation, Texas Department of Insurance, Office of Public Insurance Counsel, Texas Racing Commission Equine

Research Account Advisory Committee, and the State Affordable Housing Corporation. The Legislature did not continue the Residential Construction Commission and also abolished the Board of Tax Professional Examiners and the Polygraph Examiners Board, transferring these agencies' functions to the Texas Department of Licensing and Regulation. In addition, the Texas-Israel Exchange Fund Board was abolished and its functions will continue with the Department of Agriculture, but without an independent board. The Legislature removed the sunset dates for four entities: the Texas Military Preparedness Commission, Texas Private Security Board, Prescribed Burning Board, and the Office of Independent Ombudsman for the Texas Youth Commission. However, sunset review of these entities will be in conjunction with the state agencies to which they are administratively attached.

The Legislature took actions that continue 11 other agencies, many with significant changes. In addition, the Legislature directed the Sunset Advisory Commission to continue evaluation of the Texas Youth Commission and the Texas Juvenile Probation Commission, extending the agencies' sunset dates for only two years. During the 2010–11 biennium, the agency will conduct 28 reviews, as shown in **Figure 359**.

FIGURE 359
SUNSET REVIEW SCHEDULE: 2010–11 BIENNIUM

General Government
- Texas Public Finance Authority
- Commission on State Emergency Communications
- Department of Information Resources (DIR)
- DIR–Electronic Government Program Management Office

Higher Education
- Texas Forest Service

Public Safety and Criminal Justice
- Texas Juvenile Probation Commission (3)
- Texas Youth Commission (3)

Natural Resources
- Coastal Coordination Council
- Texas Commission on Environmental Quality
- Equine Research Account Advisory Committee (2)
- On–site Wastewater Treatment Research Council
- Railroad Commission of Texas
- State Soil and Water Conservation Board
- Texas Water Development Board

Business and Economic Development
- Texas Department of Housing and Community Affairs
- Texas State Affordable Housing Corporation (2)
- Texas Department of Transportation (2)

Regulatory
- Electric Reliability Council of Texas (ERCOT) (1)
- State Committee of Examiners in the Fitting and Dispensing of Hearing Instruments
- Office of Injured Employee Counsel
- Texas Department of Insurance (2)
- Texas Department of Insurance–Division of Workers' Compensation
- Office of Public Insurance Counsel (2)
- Public Utility Commission of Texas
- Office of Public Utility Council
- Texas Racing Commission (2)
- State Board of Examiners for Speech–Language Pathology and Audiology

Other
- Capital Metropolitan Transportation Authority (1)

1–Special purpose review
2–Limited review
3–Focused review

Source: Sunset Advisory Commission.

TEXAS LEGISLATIVE COUNCIL

The Texas Legislative Council was established by statute in 1949 and began operations in 1950. The council is a 14-member board consisting of the Lieutenant Governor and the Speaker of the House of Representatives (who serve as joint chairs), six members of the Senate appointed by the Lieutenant Governor, the Chair of the House Administration Committee, and five members of the House of Representatives appointed by the Speaker. Appropriations for the 2010–11 biennium total $75.7 million in General Revenue Funds.

The agency employs an executive director, who is responsible for employing professional and clerical staff and supervising their performance. The agency is responsible for the following statutorily defined duties:

- assisting the Legislature in drafting proposed legislation;
- providing data-processing services to aid the members and committees of the Legislature in accomplishing their duties;
- gathering and disseminating information for the Legislature;
- conducting other investigations, studies, and reports as may be deemed useful to the legislative branch of state government; and
- investigating departments, agencies, and officers and studying their functions and problems.

The agency also develops and implements plans for the continuing revision of state statutes, including simplifying classification, improving numbering, and clarifying the statutes without substantively changing them.

During legislative sessions, council staff drafts bills, resolutions, amendments, committee substitutes, and conference committee reports for both the Senate and the House. In addition, staff members engross and enroll House documents, and distribute House bills. The agency also assists the Legislature with infrequent or unusual responsibilities, such as redistricting and election contests.

The Texas Legislature is responsible for redistricting state senate, state house, U.S. congressional, and the State Board of Education districts during the first regular session following publication of each U.S. decennial census, and for making changes to state judicial districts. Redistricting is the revision or replacement of existing districts, resulting in new districts with different geographical boundaries to equalize population in state and congressional districts. The Texas Legislative Council has several responsibilities relating to the redistricting process:

- prepares publications about the redistricting process, data, and law to assist those involved or interested in the redistricting process;
- provides technical and legal support to the Legislature, including development and support of district modeling computer systems and development of web information resources; and
- prepares and distributes maps to the Legislature of redistricting plans and current districts of the Texas House of Representatives, Texas Senate, Texas delegation to the U.S. House of Representatives, and the State Board of Education.

Between sessions, the agency assists standing and special legislative committees with research. The legal staff devotes the majority of its interim efforts to statutory revision projects that, when completed, are presented to the next regular session of the Legislature for consideration.

The Legislative Information Systems Division makes data-processing equipment and techniques available to the legislative branch. This division develops and operates automated systems that support the legislative process. It processes the text of draft documents, bills, resolutions, and House and Senate Journals and reports on bill status and legislative committee activity. It also supports automated budget analysis and the production of appropriations bills.

In addition, the division provides programming support for the fiscal notes system, tracks membership of boards and commissions, and designs accounting, payroll, and personnel systems for use by the Legislature and legislative branch agencies.

COMMISSION ON UNIFORM STATE LAWS

The Commission on Uniform State Laws was established in 1951 to promote uniformity in state laws in subject areas in which uniformity is desirable and practicable. The agency also promotes uniform judicial interpretation of all uniform state laws, advises the Legislature on adoption of uniform state laws, and sends staff members to national conferences on uniform state laws.

The commission consists of nine Governor-appointed members, the Executive Director of the Texas Legislative Council, and other members who qualify by service with the Texas commission or the National Conference of Commissioners on Uniform State Laws. The commission receives accounting, clerical, and other support services from the Texas Legislative Council. Appropriations to the Commission on Uniform State Laws for the 2010–11 biennium total $0.4 million in General Revenue Funds.

STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) was established in 1943 and functions as the independent auditor for Texas state government. SAO is authorized to perform audits, investigations, and other services to ensure that state agencies, higher education institutions, and other governmental entities follow state and federal laws and regulations.

The State Auditor is appointed by the Legislative Audit Committee, a permanent standing joint committee of the Legislature. The six-member committee consists of the Lieutenant Governor (joint chair), the Speaker of the House of Representatives (joint chair), the chair of the Senate Finance Committee, one member of the Senate appointed by the Lieutenant Governor, the chair of the House Appropriations Committee, and the chair of the House Ways and Means Committee. In addition to appointing the State Auditor, the Legislative Audit Committee approves SAO's annual audit plan and budget.

Appropriations for SAO for the 2010–11 biennium total $37 million in All Funds, which includes $27.5 million in General Revenue Funds, or 74.2 percent of the agency's appropriations.

SAO's annual audit plan identifies all the audits, reviews, investigations, and other activities that the State Auditor may initiate during the state fiscal year. It includes both statutorily required and discretionary projects, which are developed based on a standardized risk assessment process.

AUDITS AND INVESTIGATIONS

Audits are performed in accordance with generally accepted government auditing standards, which include standards issued by the American Institute of Certified Public Accountants. SAO is authorized to perform four types of audits:

- Economy and Efficiency audits, which determine whether entities are managing and using their resources in an economical and efficient manner;
- Effectiveness audits, which evaluate whether the objectives and intended benefits of a program are being achieved and whether the program is duplicative;
- Financial audits, which evaluate whether accounting controls are adequate and whether the records, books, and accounts of state agencies, including institutions of higher education, and the financial statements for the

State of Texas as a whole accurately reflect their financial and fiscal operations; and

- Compliance audits, which determine whether funds have been spent in accordance with the purpose for which the funds were appropriated and authorized by law. (Note: Performance measure audits, a type of compliance audit, are used to certify the accuracy of state agencies' and institutions' performance measures.)

SAO also investigates specific acts or allegations of impropriety and abuse of state funds and resources. All state agencies and higher education institutions are required to report suspected fraud or unlawful conduct to the SAO.

STATE CLASSIFICATION OFFICE

The Position Classification Act of 1961 established the State Classification Office within the State Auditor's Office. The State Classification Office is responsible for maintaining and updating the State's Position Classification Plan (Plan). As of September 1, 2009, the Plan included 882 classification titles covering approximately 151,000 full-time classified employees at state agencies. During the biennial budget process, the State Classification Office recommends the addition and deletion of job classification titles and the reallocation of salary groups assigned to specific classifications. The classification index in the General Appropriations Act includes three salary schedules: Schedule A is for clerical and technical positions, Schedule B is for professional positions, and Schedule C is for law enforcement positions.

In addition, the State Classification Office performs classification compliance audits of positions to ensure conformity with the Plan, serves as a resource on state human resource management matters, and compiles and reports the number of full-time-equivalent state employees on an annual basis.

The State Classification Office also prepares a report on classified regular employee turnover. It is responsible for maintaining an online employee exit survey to obtain direct feedback from employees regarding reasons for leaving state employment. Analysis of this data is used to develop strategies to decrease the state's turnover rate. The State Auditor's Office, through the State Classification Office, also develops guidelines for state agencies to use when preparing the workforce plans that are included within their overall five-year strategic plans.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature, Regular Session, 2009, enacted House Bill 3097 and House Bill 4586, which significantly affect the State Auditor's Office.

Enactment of House Bill 3097 requires the State Auditor's Office to conduct a financial audit of the state Department of Motor Vehicles (DMV), as soon as practicable, to establish financial benchmarks for the DMV on its overall status and condition in relation to funds on hand, equipment and other assets, pending matters, and other issues considered appropriate by the Office of the State Auditor.

Enactment of House Bill 4586 authorizes the State Auditor's Office to prescribe and implement any payment or post-payment audit procedures to ensure compliance with the federal American Recovery and Reinvestment Act of 2009 (ARRA). House Bill 4586 also requires state agencies and institutions of higher education that receive funds under the ARRA to submit reports to the State Auditor's Office.

LEGISLATIVE REFERENCE LIBRARY

The Legislative Reference Library (LRL) was established by the Sixty-first Legislature in 1969 as an independent agency. LRL is governed by the Legislative Library Board, a six-member board consisting of the Lieutenant Governor, the Speaker of the House of Representatives, the chair of the House Appropriations Committee, two members of the Senate appointed by the Lieutenant Governor, and one member of the House of Representatives appointed by the Speaker. Appropriations for the 2010–11 biennium total $3.1 million in All Funds, primarily consisting of General Revenue Funds.

LRL contains Texas legal and public affairs materials and the statutes of all 50 states. It also houses the original legislative bill files dating from 1973. In addition, it has a large collection of Texas state documents and a unique collection of Texas periodicals. The LRL collects from a variety of source materials on state government and issues affecting the Texas Legislature.

LRL generates and manages data in the Texas Legislative Information System—the Legislature's online bill-status system—and operates a statewide telephone service for obtaining legislative information during legislative sessions. Also, the library developed a number of in-house databases accessible through the Legislature's computer network that contain specialized information on Texas state government, including state boards and commissions, specific facts and statistics on the Texas Legislature, an online card catalog, and newspaper articles included in the legislative clipping service. Additional in-house databases provide access to the legislative bill files and indexes on how legislation affects statutes.

APPENDIX A – AGENCIES BY ARTICLE

ARTICLE I — GENERAL GOVERNMENT

Commission on the Arts
Office of the Attorney General
Bond Review Board
Cancer Prevention and Research Institute of Texas
Comptroller of Public Accounts
    Fiscal Programs – Comptroller of Public Accounts
    Social Security and Benefit Replacement Pay
Commission on State Emergency Communications
Employees Retirement System
Texas Ethics Commission
Facilities Commission
Public Finance Authority
Fire Fighters' Pension Commissioner
Office of the Governor
    Trusteed Programs Within the Office of the Governor
Historical Commission
Department of Information Resources
Library and Archives Commission
Pension Review Board
Preservation Board
State Office of Risk Management
Secretary of State
Office of State–Federal Relations
Veterans Commission

ARTICLE II — HEALTH AND HUMAN SERVICES

Department of Aging and Disability Services
Department of Assistive and Rehabilitative Services
Department of Family and Protective Services
Department of State Health Services
Health and Human Services Commission

ARTICLE III — AGENCIES OF EDUCATION

Public Education

Texas Education Agency
School for the Blind and Visually Impaired
School for the Deaf
Teacher Retirement System
Optional Retirement System

Higher Education

Higher Education Coordinating Board

General Academic Institutions

The University of Texas System Administration
The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas – Pan American
The University of Texas at Brownsville
The University of Texas of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler
Texas A&M University System Administrative and General Offices
Texas A&M University
Texas A&M University at Galveston
Prairie View A&M University
Tarleton State University
Texas A&M University – Corpus Christi
Texas A&M University – Kingsville
Texas A&M International University
West Texas A&M University
Texas A&M University – Commerce
Texas A&M University – Texarkana
University of Houston System Administration
University of Houston
University of Houston – Clear Lake
University of Houston – Downtown

ARTICLE III — AGENCIES OF EDUCATION *(CONTINUED)*

University of Houston – Victoria

Midwestern State University

University of North Texas System Administration

University of North Texas

Stephen F. Austin State University

Texas Southern University

Texas Tech University System Administration

Texas Tech University

Angelo State University

Texas Woman's University

Lamar University

Sam Houston State University

Texas State University – San Marcos

Sul Ross State University

Sul Ross State University Rio Grande College

Two-year Institutions

Lamar Institute of Technology

Lamar University – Orange

Lamar University – Port Arthur

Texas State Technical College System Administration

Texas State Technical College – Harlingen

Texas State Technical College – West Texas

Texas State Technical College – Marshall

Texas State Technical College – Waco

Public Community/Junior Colleges

Health-related Institutions

The University of Texas Southwestern Medical Center at Dallas

The University of Texas Medical Branch at Galveston

The University of Texas Health Science Center at Houston

The University of Texas Health Science Center at San Antonio

The University of Texas M. D. Anderson Cancer Center

The University of Texas Health Center at Tyler

Texas A&M University System Health Science Center

University of North Texas Health Science Center at Fort Worth

ARTICLE III — AGENCIES OF EDUCATION *(CONTINUED)*

Texas Tech University Health Sciences Center

A&M University Services

Texas AgriLife Research

Texas AgriLife Extension Service

Texas Engineering Experiment Station

Texas Transportation Institution

Texas Engineering Extension Service

Texas Forest Service

Texas Veterinary Medical Diagnostic Laboratory

ARTICLE IV — THE JUDICIARY

Supreme Court of Texas

Court of Criminal Appeals

First Court of Appeals District, Houston

Second Court of Appeals District, Fort Worth

Third Court of Appeals District, Austin

Fourth Court of Appeals District, San Antonio

Fifth Court of Appeals District, Dallas

Sixth Court of Appeals District, Texarkana

Seventh Court of Appeals District, Amarillo

Eighth Court of Appeals District, El Paso

Ninth Court of Appeals District, Beaumont

Tenth Court of Appeals District, Waco

Eleventh Court of Appeals District, Eastland

Twelfth Court of Appeals District, Tyler

Thirteenth Court of Appeals District, Corpus Christi–Edinburg

Fourteenth Court of Appeals District, Houston

Office of Court Administration, Texas Judicial Council

Office of the State Prosecuting Attorney

State Law Library

State Commission on Judicial Conduct

Judiciary Section, Comptroller's Department

ARTICLE V — PUBLIC SAFETY AND CRIMINAL JUSTICE

Adjutant General's Department

Alcoholic Beverage Commission

Department of Criminal Justice

Commission on Fire Protection

Commission on Jail Standards

Juvenile Probation Commission

Commission on Law Enforcement Officer Standards and Education

Department of Public Safety

Youth Commission

ARTICLE VI — NATURAL RESOURCES

Department of Agriculture

Animal Health Commission

Commission on Environmental Quality

General Land Office and Veterans' Land Board

Parks and Wildlife Department

Railroad Commission

Soil and Water Conservation Board

Water Development Board

ARTICLE VII — BUSINESS AND ECONOMIC DEVELOPMENT

Department of Housing and Community Affairs

Texas Lottery Commission

Department of Motor Vehicles

Department of Rural Affairs

Department of Transportation

Texas Workforce Commission

ARTICLE VIII — REGULATORY

State Office of Administrative Hearings

Board of Chiropractic Examiners

Texas State Board of Dental Examiners

Funeral Service Commission

Board of Professional Geoscientists

Health Professions Council

Office of Injured Employee Counsel

Department of Insurance

ARTICLE VIII — REGULATORY *(CONTINUED)*

Office of Public Insurance Counsel

Board of Professional Land Surveying

Department of Licensing and Regulation

Texas Medical Board

Texas Board of Nursing

Optometry Board

Board of Pharmacy

Executive Council of Physical Therapy and Occupational Therapy Examiners

Board of Plumbing Examiners

Board of Podiatric Medical Examiners

Board of Examiners of Psychologists

Racing Commission

Real Estate Commission

Securities Board

Board of Tax Professional Examiners

Public Utility Commission of Texas

Office of Public Utility Counsel

Board of Veterinary Medical Examiners

ARTICLE X — THE LEGISLATURE

Senate

House of Representatives

Legislative Budget Board

Sunset Advisory Commission

Legislative Council

Commission on Uniform State Laws

State Auditor's Office

Legislative Reference Library

APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

The following notes apply to all methods of finance in this Appendix:

a. *As footnoted, amounts shown in appendices reflect provisions not only of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009 but also of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations and other appropriating legislation. Appropriations related to House Bill 4586 are subject to the appropriation life stated therein and are not shortened by inclusion in House Bill 1, Eightieth Legislature, 2007 or extended by inclusion in Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.*
b. *Unless expressly provided by House Bill 4586 or other appropriating legislation, such appropriations are not subject to General Provisions contained in Article IX of House Bill 1, Eightieth Legislature, 2007 or Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.*
c. *Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs within the Office of the Comptroller and are not allocated to state agencies in their respective articles.*

ALL FUNDS

TABLE B1
ALL FUNDS — STATEWIDE SUMMARY

FUNCTION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$4,034,809,626	$4,466,403,454	$431,593,828	10.7
Article II – Health and Human Services	55,376,399,043	59,746,491,317	4,370,092,274	7.9
Article III – Agencies of Education	74,442,160,326	75,451,740,724	1,009,580,398	1.4
Article IV – The Judiciary	624,171,232	671,754,128	47,582,896	7.6
Article V – Public Safety and Criminal Justice[3]	10,874,269,062	10,767,822,967	(106,446,095)	(1.0)
Article VI – Natural Resources[3]	3,494,649,200	3,463,841,597	(30,807,603)	(0.9)
Article VII – Business and Economic Development	21,510,279,587	20,714,565,324	(795,714,263)	(3.7)
Article VIII – Regulatory	768,583,995	847,207,163	78,623,168	10.2
Article IX – General Provisions	0	27,768,000	27,768,000	NA
Article X – The Legislature	343,953,914	354,877,072	10,923,158	3.2
Article XII – The American Recovery and Reinvestment Act	662,200,000	5,675,495,115	5,013,295,115	757.1
TOTAL, ALL FUNCTIONS	**$172,131,475,985**	**$182,187,966,861**	**$10,056,490,876**	**5.8**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$9,859,589	$14,846,584	$4,986,995	50.6
Office of the Attorney General	984,822,022	1,009,591,462	24,769,440	2.5
Bond Review Board	1,216,937	1,225,081	8,144	0.7
Cancer Prevention and Research Institute of Texas	7,820,361	448,167,000	440,346,639	5,630.8
Comptroller of Public Accounts	440,580,779	464,398,966	23,818,187	5.4
Fiscal Programs – Comptroller of Public Accounts	739,003,579	868,869,984	129,866,405	17.6
Commission on State Emergency Communications	152,334,523	142,535,072	(9,799,451)	(6.4)
Employees Retirement System	15,221,953	15,221,953	0	0.0
Texas Ethics Commission	4,183,913	4,147,329	(36,584)	(0.9)
Facilities Commission	214,259,840	136,656,068	(77,603,772)	(36.2)
Public Finance Authority	1,836,746	6,686,156	4,849,410	264.0
Fire Fighter’s Pension Commissioner	9,953,533	1,552,146	(8,401,387)	(84.4)
Office of the Governor	22,204,986	23,719,453	1,514,467	6.8
Trusteed Programs Within the Office of the Governor	828,536,827	633,708,682	(194,828,145)	(23.5)
Historical Commission	99,041,548	100,157,115	1,115,567	1.1
Department of Information Resources	464,553,689	535,050,078	70,496,389	15.2
Library & Archives Commission	66,441,906	70,831,749	4,389,843	6.6
Pension Review Board	1,424,046	1,455,936	31,890	2.2
Preservation Board	36,568,313	34,012,168	(2,556,145)	(7.0)
State Office of Risk Management	16,481,120	17,811,828	1,330,708	8.1
Workers’ Compensation Payments	90,854,014	98,135,500	7,281,486	8.0
Secretary of State	108,137,092	96,096,502	(12,040,590)	(11.1)
Office of State-Federal Relations	1,589,797	0	(1,589,797)	(100.0)
Veteran’s Commission	32,022,230	34,125,601	2,103,371	6.6
SUBTOTAL, GENERAL GOVERNMENT	**$4,348,949,343**	**$4,759,002,413**	**$410,053,070**	**9.4**
Retirement and Group Insurance	$173,326,728	$197,312,754	$23,986,026	13.8
Social Security and Benefit Replacement Pay	81,282,256	79,533,246	(1,749,010)	(2.2)
SUBTOTAL, EMPLOYEE BENEFITS	**$254,608,984**	**$276,846,000**	**$22,237,016**	**8.7**
Bond Debt Service Payments	$15,853,381	$80,937,963	$65,084,582	410.5
Lease Payments	24,613,991	23,155,077	(1,458,914)	(5.9)
SUBTOTAL, DEBT SERVICE	**$40,467,372**	**$104,093,040**	**$63,625,668**	**157.2**
Less Interagency Contracts	$609,216,073	$673,537,999	$64,321,926	10.6
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$4,034,809,626**	**$4,466,403,454**	**$431,593,828**	**10.7**
ARRA Appropriations, Article XII[3]	$0	$403,727,300	$403,727,300	NA
GRAND TOTAL, GENERAL GOVERNMENT	**$4,034,809,626**	**$4,870,130,754**	**$835,321,128**	**20.7**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$11,829,289,178	$13,379,973,668	$1,550,684,490	13.1
Department of Assistive and Rehabilitative Services	1,190,689,397	1,255,207,919	64,518,522	5.4
Department of Family and Protective Services	2,548,174,684	2,671,608,186	123,433,502	4.8
Department of State Health Services	5,626,439,634	5,853,902,314	227,462,680	4.0
Health and Human Services Commission	33,507,779,889	35,754,772,976	2,246,993,087	6.7
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$54,702,372,782**	**$58,915,465,063**	**$4,213,092,281**	**7.7**
Retirement and Group Insurance	$909,897,550	$1,043,170,361	$133,272,811	14.6
Social Security and Benefit Replacement Pay	311,036,908	329,386,539	18,349,631	5.9
SUBTOTAL, EMPLOYEE BENEFITS	**$1,220,934,458**	**$1,372,556,900**	**$151,622,442**	**12.4**
Bond Debt Service Payments	$47,082,150	$65,172,430	$18,090,280	38.4
Lease Payments	13,258,174	13,876,756	618,582	4.7
SUBTOTAL, DEBT SERVICE	**$60,340,324**	**$79,049,186**	**$18,708,862**	**31.0**
Less Interagency Contracts	$607,248,521	$620,579,832	$13,331,311	2.2
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$55,376,399,043**	**$59,746,491,317**	**$4,370,092,274**	**7.9**
ARRA Appropriations, Article XII[3]	$0	$213,763,816	$213,763,816	NA
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$55,376,399,043**	**$59,960,255,133**	**$4,583,856,090**	**8.3**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — EDUCATION

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC EDUCATION				
Texas Education Agency	$49,453,831,720	$49,089,742,073	($364,089,647)	(0.7)
School for the Blind and Visually Impaired	140,129,882	76,102,998	(64,026,884)	(45.7)
School for the Deaf	47,438,091	50,360,089	2,921,998	6.2
SUBTOTAL, PUBLIC EDUCATION	**$49,641,399,693**	**$49,216,205,160**	**($425,194,533)**	**(0.9)**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$1,881,455,291	$1,859,243,158	($22,212,133)	(1.2)
Lamar Institute of Technology	25,436,408	25,720,831	284,423	1.1
Lamar University - Orange	18,735,027	18,490,840	(244,187)	(1.3)
Lamar University - Port Arthur	24,097,686	22,965,860	(1,131,826)	(4.7)
SUBTOTAL, LAMAR STATE COLLEGES	**$68,269,121**	**$67,177,531**	**($1,091,590)**	**(1.6)**
Texas State Technical College System Administration	$8,368,807	$17,956,836	$9,588,029	114.6
Texas State Technical College - Harlingen	49,300,797	51,649,178	2,348,381	4.8
Texas State Technical College - West Texas	29,782,223	30,006,947	224,724	0.8
Texas State Technical College - Marshall	10,102,751	11,430,350	1,327,599	13.1
Texas State Technical College - Waco	66,893,200	67,296,138	402,938	0.6
Subtotal, Texas State Technical Colleges	164,447,778	178,339,449	13,891,671	8.4
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$2,114,172,190**	**$2,104,760,138**	**($9,412,052)**	**(0.4)**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$17,092,192	$19,281,250	$2,189,058	12.8
The University of Texas at Arlington	267,290,718	271,771,645	4,480,927	1.7
The University of Texas at Austin	751,835,906	777,839,604	26,003,698	3.5
The University of Texas at Dallas	200,068,842	219,598,706	19,529,864	9.8
The University of Texas at El Paso	200,502,897	210,751,218	10,248,321	5.1
The University of Texas - Pan American	167,170,187	173,313,893	6,143,706	3.7
The University of Texas at Brownsville	60,998,961	63,685,359	2,686,398	4.4
The University of Texas of the Permian Basin	65,385,566	64,532,929	(852,637)	(1.3)
The University of Texas at San Antonio	266,086,930	280,972,433	14,885,503	5.6
The University of Texas at Tyler	74,721,756	74,972,038	250,282	0.3
Texas A&M University System Administrative and General Offices	17,999,377	21,672,009	3,672,632	20.4
Texas A&M University	678,670,686	723,359,314	44,688,628	6.6
Texas A&M University at Galveston	45,211,526	40,118,850	(5,092,676)	(11.3)
Prairie View A&M University	144,413,831	142,268,566	(2,145,265)	(1.5)
Tarleton State University	106,609,601	117,052,912	10,443,311	9.8
Texas A&M University - Corpus Christi	119,062,266	123,425,667	4,363,401	3.7
Texas A&M University - Kingsville	104,167,066	110,791,759	6,624,693	6.4

TABLE B1—*(CONTINUED)*
ALL FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M International University	$91,734,472	$85,718,833	($6,015,639)	(6.6)
West Texas A&M University	79,804,712	80,994,157	1,189,445	1.5
Texas A&M University - Commerce	93,707,659	93,619,171	(88,488)	(0.1)
Texas A&M University - Texarkana	36,989,252	36,340,299	(648,953)	(1.8)
University of Houston System Administration	12,546,448	5,681,234	(6,865,214)	(54.7)
University of Houston	437,751,720	459,538,469	21,786,749	5.0
University of Houston - Clear Lake	79,521,689	84,682,483	5,160,794	6.5
University of Houston - Downtown	84,803,684	88,989,408	4,185,724	4.9
University of Houston - Victoria	39,602,596	43,225,742	3,623,146	9.1
Midwestern State University	53,150,004	53,724,144	574,140	1.1
University of North Texas System Administration	20,015,828	29,508,474	9,492,646	47.4
University of North Texas	316,073,827	321,137,724	5,063,897	1.6
Stephen F. Austin State University	120,856,712	124,120,693	3,263,981	2.7
Texas Southern University	198,750,594	152,859,957	(45,890,637)	(23.1)
Texas Tech University System Administration	830,094	4,000,000	3,169,906	381.9
Texas Tech University	369,614,828	376,633,635	7,018,807	1.9
Angelo State University	66,645,795	67,928,539	1,282,744	1.9
Texas Woman's University	150,969,087	150,653,855	(315,232)	(0.2)
Texas State University System	2,417,496	2,278,496	(139,000)	(5.7)
Lamar University	105,371,342	118,553,514	13,182,172	12.5
Sam Houston State University	164,650,311	162,545,907	(2,104,404)	(1.3)
Texas State University - San Marcos	254,804,719	264,161,510	9,356,791	3.7
Sul Ross State University	35,148,762	35,253,960	105,198	0.3
Sul Ross State University Rio Grande College	13,632,473	13,444,926	(187,547)	(1.4)
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$6,116,682,412**	**$6,291,003,282**	**$174,320,870**	**2.8**
HEALTH-RELATED INSTITUTIONS				-
The University of Texas Southwestern Medical Center at Dallas	$327,001,423	$334,399,956	$7,398,533	2.3
The University of Texas Medical Branch at Galveston	1,358,362,273	1,063,355,498	(295,006,775)	(21.7)
The University of Texas Health Science Center at Houston	343,327,874	357,708,788	14,380,914	4.2
The University of Texas Health Science Center at San Antonio	336,234,790	349,766,203	13,531,413	4.0
The University of Texas M.D. Anderson Cancer Center	4,322,377,334	4,700,658,228	378,280,894	8.8
The University of Texas Health Science Center at Tyler	162,365,206	174,774,967	12,409,761	7.6
Texas A&M University System Health Science Center	218,249,471	248,781,913	30,532,442	14.0

TABLE B1—*(CONTINUED)*
ALL FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
University of North Texas Health Science Center at Fort Worth	$129,715,990	$139,462,097	$9,746,107	7.5
Texas Tech University Health Sciences Center	329,514,581	355,078,696	25,564,115	7.8
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$7,527,148,942**	**$7,723,986,346**	**$196,837,404**	**2.6**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$142,075,863	$146,632,150	$4,556,287	3.2
Texas AgriLife Extension Service	137,702,232	140,196,092	2,493,860	1.8
Texas Engineering Experiment Station	188,086,368	196,015,487	7,929,119	4.2
Texas Transportation Institute	89,425,249	94,315,909	4,890,660	5.5
Texas Engineering Extension Service	159,417,836	158,572,473	(845,363)	(0.5)
Texas Forest Service	120,592,485	109,160,291	(11,432,194)	(9.5)
Texas Veterinary Medical Diagnostic Laboratory	33,859,764	31,918,707	(1,941,057)	(5.7)
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$871,159,797**	**$876,811,109**	**$5,651,312**	**0.6**
Higher Education Fund	$525,000,000	$525,000,000	$0	-
Available University Fund	1,023,971,795	1,070,236,741	46,264,946	4.5
Higher Education Coordinating Board	1,284,024,332	1,734,767,038	450,742,706	35.1
SUBTOTAL, HIGHER EDUCATION	**$19,462,159,468**	**$20,326,564,654**	**$864,405,186**	**4.4**
EMPLOYEE BENEFITS				
Teacher Retirement System	$3,761,891,906	$4,005,049,992	$243,158,086	6.5
Optional Retirement Program	285,549,829	294,652,706	9,102,877	3.2
Higher Education Employees Group Insurance Contributions	852,964,231	1,124,388,935	271,424,704	31.8
Retirement and Group Insurance	52,098,567	58,399,658	6,301,091	12.1
Social Security and Benefits Replacement Pay	518,856,420	554,880,713	36,024,293	6.9
SUBTOTAL, EMPLOYEE BENEFITS	**$5,471,360,953**	**$6,037,372,004**	**$566,011,051**	**10.3**
DEBT SERVICE				
Bond Debt Service Payments	$3,230,063	$13,631,100	$10,401,037	322.0
Lease Payments	12,617,376	5,904,034	(6,713,342)	(53.2)
SUBTOTAL, DEBT SERVICE	**$15,847,439**	**$19,535,134**	**$3,687,695**	**23.3**
Less Interagency Contracts	$148,607,227	$147,936,228	($670,999)	(0.5)
TOTAL, ARTICLE III – EDUCATION	**$74,442,160,326**	**$75,451,740,724**	**$1,009,580,398**	**1.4**
ARRA Appropriations, Article XII[3]	$0	$2,363,507,500	$2,363,507,500	NA
GRAND TOTAL, EDUCATION	**$74,442,160,326**	**$77,815,248,224**	**$3,373,087,898**	**4.5**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$38,545,980	$60,944,718	$22,398,738	58.1
Court of Criminal Appeals	28,860,872	30,462,616	1,601,744	5.5
First Court of Appeals District, Houston	7,255,656	7,723,565	467,909	6.4
Second Court of Appeals District, Fort Worth	5,595,839	5,881,398	285,559	5.1
Third Court of Appeals District, Austin	4,870,902	5,122,205	251,303	5.2
Fourth Court of Appeals District, San Antonio	5,544,928	5,922,150	377,222	6.8
Fifth Court of Appeals District, Dallas	9,852,665	10,561,618	708,953	7.2
Sixth Court of Appeals District, Texarkana	2,604,755	2,779,444	174,689	6.7
Seventh Court of Appeals District, Amarillo	3,261,843	3,435,564	173,721	5.3
Eighth Court of Appeals District, El Paso	2,668,617	2,838,492	169,875	6.4
Ninth Court of Appeals District, Beaumont	3,266,425	3,425,816	159,391	4.9
Tenth Court of Appeals District, Waco	2,547,080	2,755,219	208,139	8.2
Eleventh Court of Appeals District, Eastland	2,611,095	2,779,094	167,999	6.4
Twelfth Court of Appeals District, Tyler	2,606,343	2,832,291	225,948	8.7
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	4,883,580	5,148,500	264,920	5.4
Fourteenth Court of Appeals District, Houston	7,297,914	7,758,844	460,930	6.3
Office of Court Administration, Texas Judicial Council	88,087,199	94,442,199	6,355,000	7.2
Office of the State Prosecuting Attorney	907,954	919,904	11,950	1.3
State Law Library	1,972,791	2,253,524	280,733	14.2
State Commission on Judicial Conduct	1,807,033	1,998,252	191,219	10.6
Judiciary Section, Comptroller’s Department	281,153,433	289,872,289	8,718,856	3.1
SUBTOTAL, THE JUDICIARY	**$506,202,904**	**$549,857,702**	**$43,654,798**	**8.6**
Retirement and Group Insurance	$110,112,696	$113,637,813	$3,525,117	3.2
Social Security and Benefit Replacement Pay	18,881,171	19,366,925	485,754	2.6
SUBTOTAL, EMPLOYEE BENEFITS	**$128,993,867**	**$133,004,738**	**$4,010,871**	**3.1**
Lease Payments	$4,937,750	$4,943,290	$5,540	0.1
Less Interagency Contracts	15,963,289	16,051,602	88,313	0.6
TOTAL, ARTICLE IV – THE JUDICIARY	**$624,171,232**	**$671,754,128**	**$47,582,896**	**7.6**

[1]Relects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	$243,416,215	$186,728,723	($56,687,492)	(23.3)
Alcoholic Beverage Commission[3]	81,852,356	88,804,389	6,952,033	8.5
Department of Criminal Justice[3]	5,999,766,340	6,171,834,373	172,068,033	2.9
Commission on Fire Protection	5,866,136	6,935,108	1,068,972	18.2
Commission on Jail Standards	1,910,664	2,150,696	240,032	12.6
Juvenile Probation Commission	302,493,908	362,590,086	60,096,178	19.9
Commission on Law Enforcement Officer Standards and Education	6,013,374	6,725,463	712,089	11.8
Department of Public Safety[3]	2,021,094,388	1,733,004,702	(288,089,686)	(14.3)
Youth Commission	561,932,855	455,884,022	(106,048,833)	(18.9)
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$9,224,346,236**	**$9,014,657,562**	**($209,688,674)**	**(2.3)**
Retirement and Group Insurance	$971,038,181	$1,068,046,811	$97,008,630	10.0
Social Security and Benefit Replacement Pay	322,752,244	331,141,706	8,389,462	2.6
SUBTOTAL, EMPLOYEE BENEFITS	**$1,293,790,425**	**$1,399,188,517**	**$105,398,092**	**8.1**
Bond Debt Service Payments	$493,387,366	$490,921,093	($2,466,273)	(0.5)
Lease Payments	4,442,404	4,016,700	(425,704)	(9.6)
SUBTOTAL, DEBT SERVICE	**$497,829,770**	**$494,937,793**	**($2,891,977)**	**(0.6)**
Less Interagency Contracts	$141,697,369	$140,960,905	($736,464)	(0.5)
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$10,874,269,062**	**$10,767,822,967**	**($106,446,095)**	**(1.0)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$797,575,454	$882,728,678	$85,153,224	10.7
Animal Health Commission	29,485,480	30,648,262	1,162,782	3.9
Commission on Environmental Quality	1,135,009,640	965,972,229	(169,037,411)	(14.9)
General Land Office and Veterans' Land Board	243,226,058	166,211,042	(77,015,016)	(31.7)
Parks and Wildlife Department[3]	702,882,627	672,997,789	(29,884,838)	(4.3)
Railroad Commission	155,396,821	143,431,022	(11,965,799)	(7.7)
Soil and Water Conservation Board	37,035,349	57,206,170	20,170,821	54.5
Water Development Board	113,672,300	97,730,716	(15,941,584)	(14.0)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	81,052,141	199,520,916	118,468,775	146.2
SUBTOTAL, NATURAL RESOURCES	**$3,295,335,870**	**$3,216,446,824**	**($78,889,046)**	**(2.4)**
Retirement and Group Insurance	$171,066,719	$191,085,166	$20,018,447	11.7
Social Security and Benefit Replacement Pay	67,435,361	69,593,601	2,158,240	3.2
SUBTOTAL, EMPLOYEE BENEFITS	**$238,502,080**	**$260,678,767**	**$22,176,687**	**9.3**
Bond Debt Service Payments	$15,811,062	$21,797,455	$5,986,393	37.9
Lease Payments	8,435,077	7,843,871	(591,206)	(7.0)
SUBTOTAL, DEBT SERVICE	**$24,246,139**	**$29,641,326**	**$5,395,187**	**22.3**
Less Interagency Contracts	$63,434,889	$42,925,320	($20,509,569)	(32.3)
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$3,494,649,200**	**$3,463,841,597**	**($30,807,603)**	**(0.9)**
ARRA Appropriations, Article XII	$0	$35,309,000	$35,309,000	NA
GRAND TOTAL, NATURAL RESOURCES	**$3,494,649,200**	**$3,499,150,597**	**$4,501,397**	**0.1**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$751,177,651	$343,553,825	($407,623,826)	(54.3)
Texas Lottery Commission	418,820,769	394,213,779	(24,606,990)	(5.9)
Department of Motor Vehicles	0	142,941,633	142,941,633	NA
Texas Department of Rural Affairs	221,420,320	181,207,067	(40,213,253)	(18.2)
Department of Transportation	17,452,409,824	16,939,907,246	(512,502,578)	(2.9)
Texas Workforce Commission	2,124,213,394	2,125,771,151	1,557,757	0.1
Reimbursements to the Unemployment Compensation Benefit Account	30,316,681	33,891,065	3,574,384	11.8
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$20,998,358,639**	**$20,161,485,766**	**($836,872,873)**	**(4.0)**
Retirement and Group Insurance	$433,433,119	$486,524,722	$53,091,603	12.2
Social Security and Benefit Replacement Pay	132,877,589	135,235,391	2,357,802	1.8
SUBTOTAL, EMPLOYEE BENEFITS	**$566,310,708**	**$621,760,113**	**$55,449,405**	**9.8**
Bond Debt Service Payments	$39,892,329	$21,381,816	($18,510,513)	(46.4)
Lease Payments	1,587,115	2,255,085	667,970	42.1
SUBTOTAL, DEBT SERVICE	**$41,479,444**	**$23,636,901**	**($17,842,543)**	**(43.0)**
Less Interagency Contracts	$95,869,204	$92,317,456	($3,551,748)	(3.7)
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$21,510,279,587**	**$20,714,565,324**	**($795,714,263)**	**(3.7)**
ARRA Appropriations, Article XII	$662,200,000	$2,659,187,499	$1,996,987,499	301.6
GRAND TOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$22,172,479,587**	**$23,373,752,823**	**$1,201,273,236**	**5.4**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Note: Article totals exclude interagency contracts.
Source: Legislative Budget Board.

TABLE B1—(CONTINUED)
ALL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$18,665,229	$21,092,778	$2,427,549	13.0
Department of Banking[3]	29,905,008	0	(29,905,008)	(100.0)
Board of Chiropractic Examiners	932,373	1,265,240	332,867	35.7
Office of Consumer Credit Commissioner[3]	9,401,203	0	(9,401,203)	(100.0)
Credit Union Department[3]	3,629,545	0	(3,629,545)	(100.0)
Texas State Board of Dental Examiners	3,775,154	4,946,563	1,171,409	31.0
Funeral Service Commission	1,338,811	1,597,502	258,691	19.3
Board of Professional Geoscientists	895,372	1,449,765	554,393	61.9
Health Professions Council	321,145	3,282,441	2,961,296	922.1
Office of Injured Employee Counsel	14,672,631	15,539,084	866,453	5.9
Department of Insurance	201,080,839	241,027,539	39,946,700	19.9
Office of Public Insurance Counsel	2,133,609	2,243,554	109,945	5.2
Board of Professional Land Surveying	831,369	928,617	97,248	11.7
Department of Licensing and Regulation	43,162,543	48,511,927	5,349,384	12.4
Texas Medical Board	19,025,945	23,049,064	4,023,119	21.1
Texas Board of Nursing	14,220,336	17,002,016	2,781,680	19.6
Optometry Board	882,991	1,023,320	140,329	15.9
Board of Pharmacy	8,384,285	11,252,041	2,867,756	34.2
Executive Council of Physical Therapy & Occupational Therapy Examiners	2,192,034	2,273,195	81,161	3.7
Board of Plumbing Examiners	3,822,713	4,800,203	977,490	25.6
Board of Podiatric Medical Examiners	475,622	484,573	8,951	1.9
Board of Examiners of Psychologists	1,584,553	1,851,978	267,425	16.9
Racing Commission	19,962,952	21,568,077	1,605,125	8.0
Real Estate Commission	13,242,490	16,765,585	3,523,095	26.6
Residential Construction Commission	19,173,937	8,995,102	(10,178,835)	(53.1)
Department of Savings and Mortgage Lending[3]	9,543,224	0	(9,543,224)	(100.0)
Securities Board	11,717,233	15,723,056	4,005,823	34.2
Board of Tax Professional Examiners	351,645	192,763	(158,882)	(45.2)
Public Utility Commission of Texas	212,514,147	280,384,097	67,869,950	31.9
Office of Public Utility Counsel	3,496,453	3,517,434	20,981	0.6
Board of Veterinary Medical Examiners	1,709,569	2,016,684	307,115	18.0
SUBTOTAL, REGULATORY	**$673,044,960**	**$752,784,198**	**$79,739,238**	**11.8**
Retirement and Group Insurance	$64,607,382	$73,177,577	$8,570,195	13.3
Social Security and Benefit Replacement Pay	27,083,626	28,396,221	1,312,595	4.8
SUBTOTAL, EMPLOYEE BENEFITS	**$91,691,008**	**$101,573,798**	**$9,882,790**	**10.8**
Lease Payments	$9,711,319	$3,835,781	($5,875,538)	(60.5)
SUBTOTAL, DEBT SERVICE	**$9,711,319**	**$3,835,781**	**($5,875,538)**	**(60.5)**
Less Interagency Contracts	$5,863,292	$10,986,614	$5,123,322	87.4
TOTAL, ARTICLE VIII – REGULATORY	**$768,583,995**	**$847,207,163**	**$78,623,168**	**10.2**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$27,768,000	$27,768,000	NA
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$27,768,000**	**$27,768,000**	**NA**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$63,245,427	$63,470,427	$225,000	0.4
House of Representatives	70,307,018	70,737,018	430,000	0.6
Legislative Budget Board	26,504,632	26,716,197	211,565	0.8
Sunset Commission	3,989,570	4,021,546	31,976	0.8
Legislative Council	75,737,923	75,682,213	(55,710)	(0.1)
Commission on Uniform State Laws	379,627	379,627	0	NA
State Auditor’s Office	35,012,281	37,002,142	1,989,861	5.7
Legislative Reference Library	3,110,758	3,127,680	16,922	0.5
SUBTOTAL, THE LEGISLATURE	**$278,287,236**	**$281,136,850**	**$2,849,614**	**1.0**
Retirement and Group Insurance	$42,044,786	$46,594,126	$4,549,340	10.8
Social Security and Benefit Replacement Pay	15,570,660	15,967,001	396,341	2.5
SUBTOTAL, EMPLOYEE BENEFITS	**$57,615,446**	**$62,561,127**	**$4,945,681**	**8.6**
Lease Payments	$15,403,774	$20,182,295	$4,778,521	31.0
Less Interagency Contracts	7,352,542	9,003,200	1,650,658	22.5
TOTAL, ARTICLE X – THE LEGISLATURE	**$343,953,914**	**$354,877,072**	**$10,923,158**	**3.2**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B1—*(CONTINUED)*
ALL FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND INVESTMENT ACT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$0	$427,300	$427,300	NA
Office of the Attorney General	0	10,100,000	10,100,000	NA
Fiscal Programs – Comptroller of Public Accounts	0	284,800,000	284,800,000	NA
Trusteed Programs within the Office of the Governor	0	101,400,000	101,400,000	NA
Department of Aging and Disability Services	0	6,000,000	6,000,000	NA
Department of Assistive and Rehabilitative Services	0	87,600,000	87,600,000	NA
Department of Family and Protective Services	0	64,370,942	64,370,942	NA
Department of State Health Services	0	5,698,070	5,698,070	NA
Health and Human Services Commission	0	47,594,804	47,594,804	NA
Texas Education Agency	0	2,624,192,500	2,624,192,500	NA
Higher Education Coordinating Board	0	80,000,000	80,000,000	NA
General Academic Institutions	0	81,000,000	81,000,000	NA
Health Related Higher Education Institution	0	51,000,000	51,000,000	NA
Higher Education and Other Government Programs	0	111,407,500	111,407,500	NA
Public Community/Junior Colleges	0	15,000,000	15,000,000	NA
Department of Agriculture	0	21,800,000	21,800,000	NA
Commission on Environmental Quality	0	12,509,000	12,509,000	NA
Department of Housing and Community Affairs	0	565,075,732	565,075,732	NA
Texas Department of Rural Affairs	0	19,500,000	19,500,000	NA
Department of Transportation	662,200,000	1,637,800,000	975,600,000	147.3
Texas Workforce Commission	0	436,811,767	436,811,767	NA
Article XII, Special Provisions	0	(588,592,500)	(588,592,500)	NA
SUBTOTAL, GENERAL PROVISIONS	**$662,200,000**	**$5,675,495,115**	**$5,013,295,115**	**757.1**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$662,200,000**	**$5,675,495,115**	**$5,013,295,115**	**757.1**

SOURCE: Legislative Budget Board.

APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

GENERAL REVENUE FUNDS

TABLE B2
GENERAL REVENUE FUNDS — STATEWIDE SUMMARY

FUNCTION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$2,242,432,947	$2,442,924,479	$200,491,532	8.9
Article II – Health and Human Services	21,776,304,774	24,413,608,359	2,637,303,585	12.1
Article III – Agencies of Education	48,484,355,486	48,942,872,786	458,517,300	0.9
Article IV – The Judiciary	402,929,330	437,765,297	34,835,967	8.6
Article V – Public Safety and Criminal Justice[3]	8,293,176,021	8,630,192,525	337,016,504	4.1
Article VI – Natural Resources	755,150,434	875,064,994	119,914,560	15.9
Article VII – Business and Economic Development	648,319,176	586,760,534	(61,558,642)	(9.5)
Article VIII – Regulatory	339,939,292	311,842,282	(28,097,010)	(8.3)
Article IX – General Provisions	0	2,115,994	2,115,994	NA
Article X – The Legislature	343,487,427	354,314,272	10,826,845	3.2
Article XII – The American Recovery and Reinvestment Act	(1,647,143,693)	(6,383,292,500)	(4,736,148,807)	287.5
TOTAL, ALL FUNCTIONS	**$81,638,951,194**	**$80,614,169,022**	**($1,024,782,172)**	**(1.3)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$1,324,301	$1,334,447	$10,146	0.8
Office of the Attorney General	373,003,324	386,016,246	13,012,922	3.5
Bond Review Board	1,216,937	1,225,081	8,144	0.7
Cancer Prevention and Research Institute of Texas	7,513,203	0	(7,513,203)	(100.0)
Comptroller of Public Accounts	436,375,490	460,381,486	24,005,996	5.5
Fiscal Programs – Comptroller of Public Accounts	625,304,651	799,105,866	173,801,215	27.8
Commission on State Emergency Communications	0	0	0	NA
Employees Retirement System	15,221,953	15,221,953	0	0.0
Texas Ethics Commission	4,017,533	4,130,949	113,416	2.8
Facilities Commission	59,482,802	58,678,429	(804,373)	(1.4)
Public Finance Authority	1,118,767	1,127,202	8,435	0.8
Fire Fighters' Pension Commissioner	9,872,336	1,476,146	(8,396,190)	(85.0)
Office of the Governor	21,276,236	22,789,453	1,513,217	7.1
Trusteed Programs Within the Office of the Governor	308,983,183	217,815,882	(91,167,301)	(29.5)
Historical Commission	31,845,770	34,947,908	3,102,138	9.7
Department of Information Resources	1,573,501	1,585,355	11,854	0.8
Library & Archives Commission	36,945,136	40,935,207	3,990,071	10.8
Pension Review Board	1,365,414	1,435,936	70,522	5.2
Preservation Board	25,489,323	33,933,178	8,443,855	33.1
State Office of Risk Management	7,451,690	0	(7,451,690)	(100.0)
Workers' Compensation Payments	0	0	0	NA
Secretary of State	37,945,305	38,246,936	301,631	0.8
Office of State-Federal Relations	1,224,879	0	(1,224,879)	(100.0)
Veteran's Commission	9,700,402	14,240,470	4,540,068	46.8
SUBTOTAL, GENERAL GOVERNMENT	**$2,018,252,136**	**$2,134,628,130**	**$116,375,994**	**5.8**
Retirement and Group Insurance	$127,778,294	$147,335,289	$19,556,995	15.3
Social Security and Benefit Replacement Pay	61,073,051	62,317,146	1,244,095	2.0
SUBTOTAL, EMPLOYEE BENEFITS	**$188,851,345**	**$209,652,435**	**$20,801,090**	**11.0**
Bond Debt Service Payments	$10,715,475	$75,488,837	$64,773,362	604.5
Lease Payments	24,613,991	23,155,077	(1,458,914)	(5.9)
SUBTOTAL, DEBT SERVICE	**$35,329,466**	**$98,643,914**	**$63,314,448**	**179.2**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$2,242,432,947**	**$2,442,924,479**	**$200,491,532**	**8.9**
ARRA Appropriations, Article XII	($27,300,000)	($27,300,000)	$0	NA
GRAND TOTAL, GENERAL GOVERNMENT	**$2,215,132,947**	**$2,415,624,479**	**$200,491,532**	**9.1**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$4,620,274,716	$5,499,105,654	$878,830,938	19.0
Department of Assistive and Rehabilitative Services	197,528,655	225,593,892	28,065,237	14.2
Department of Family and Protective Services	1,023,574,728	1,092,410,934	68,836,206	6.7
Department of State Health Services	2,053,698,671	2,205,307,518	151,608,847	7.4
Health and Human Services Commission	13,167,707,636	14,573,118,963	1,405,411,327	10.7
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$21,062,784,406**	**$23,595,536,961**	**$2,532,752,555**	**12.0**
Retirement and Group Insurance	$496,721,408	$572,001,646	$75,280,238	15.2
Social Security and Benefit Replacement Pay	161,773,833	172,274,628	10,500,795	6.5
SUBTOTAL, EMPLOYEE BENEFITS	**$658,495,241**	**$744,276,274**	**$85,781,033**	**13.0**
Bond Debt Service Payments	$41,766,953	$59,918,368	$18,151,415	43.5
Lease Payments	13,258,174	13,876,756	618,582	4.7
SUBTOTAL, DEBT SERVICE	**$55,025,127**	**$73,795,124**	**$18,769,997**	**34.1**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$21,776,304,774**	**$24,413,608,359**	**$2,637,303,585**	**12.1**
ARRA Appropriations, Article XII	($1,619,843,693)	($2,517,200,000)	($897,356,307)	55.4
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$20,156,461,081**	**$21,896,408,359**	**$1,739,947,278**	**8.6**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — EDUCATION

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC EDUCATION				
Texas Education Agency	$32,491,458,503	$31,752,322,719	($739,135,784)	(2.3)
School for the Blind and Visually Impaired	27,860,679	30,682,650	2,821,971	10.1
School for the Deaf	35,707,958	38,652,557	2,944,599	8.2
SUBTOTAL, PUBLIC EDUCATION	**$32,555,027,140**	**$31,821,657,926**	**($733,369,214)**	**(2.3)**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$1,881,455,291	$1,859,243,158	($22,212,133)	(1.2)
Lamar Institute of Technology	19,736,408	20,021,555	285,147	1.4
Lamar University - Orange	14,355,748	13,913,562	(442,186)	(3.1)
Lamar University - Port Arthur	20,046,350	18,913,662	(1,132,688)	(5.7)
SUBTOTAL, LAMAR STATE COLLEGES	**$54,138,506**	**$52,848,779**	**($1,289,727)**	**(2.4)**
Texas State Technical College System Administration	$7,063,819	$17,063,818	$9,999,999	141.6
Texas State Technical College - Harlingen	36,851,523	39,080,783	2,229,260	6.0
Texas State Technical College - West Texas	24,087,451	24,906,496	819,045	3.4
Texas State Technical College - Marshall	8,094,043	9,517,775	1,423,732	17.6
Texas State Technical College - Waco	50,831,005	52,790,915	1,959,910	3.9
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$126,927,841**	**$143,359,787**	**$16,431,946**	**12.9**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$2,062,521,638**	**$2,055,451,724**	**($7,069,914)**	**(0.3)**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$14,643,988	$17,077,250	$2,433,262	16.6
The University of Texas at Arlington	183,579,045	189,860,102	6,281,057	3.4
The University of Texas at Austin	548,667,123	571,661,017	22,993,894	4.2
The University of Texas at Dallas	137,957,612	155,146,155	17,188,543	12.5
The University of Texas at El Paso	148,437,963	159,244,244	10,806,281	7.3
The University of Texas - Pan American	122,626,913	129,006,898	6,379,985	5.2
The University of Texas at Brownsville	52,635,869	54,922,857	2,286,988	4.3
The University of Texas of the Permian Basin	56,950,505	56,394,193	(556,312)	(1.0)
The University of Texas at San Antonio	190,959,243	203,817,067	12,857,824	6.7
The University of Texas at Tyler	61,463,178	61,354,011	(109,167)	(0.2)
Texas A&M University System Administrative and General Offices	8,131,717	11,995,121	3,863,404	47.5
Texas A&M University	488,216,320	530,054,677	41,838,357	8.6
Texas A&M University at Galveston	38,458,912	33,560,877	(4,898,035)	(12.7)
Prairie View A&M University	113,686,467	109,581,509	(4,104,958)	(3.6)
Tarleton State University	81,287,147	93,307,332	12,020,185	14.8
Texas A&M University - Corpus Christi	95,846,689	100,363,514	4,516,825	4.7
Texas A&M University - Kingsville	79,861,101	88,245,713	8,384,612	10.5

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M International University	$78,894,302	$71,505,429	($7,388,873)	(9.4)
West Texas A&M University	60,273,214	61,863,831	1,590,617	2.6
Texas A&M University - Commerce	66,623,023	73,334,395	6,711,372	10.1
Texas A&M University - Texarkana	32,884,077	32,402,954	(481,123)	(1.5)
University of Houston System Administration	12,546,448	5,681,234	(6,865,214)	(54.7)
University of Houston	316,033,771	334,424,214	18,390,443	5.8
University of Houston - Clear Lake	58,273,576	63,862,296	5,588,720	9.6
University of Houston - Downtown	57,310,514	60,627,521	3,317,007	5.8
University of Houston - Victoria	32,154,460	34,522,958	2,368,498	7.4
Midwestern State University	37,712,059	39,861,421	2,149,362	5.7
University of North Texas System Administration	20,015,828	29,508,474	9,492,646	47.4
University of North Texas	211,385,670	217,871,278	6,485,608	3.1
Stephen F. Austin State University	86,812,953	91,360,935	4,547,982	5.2
Texas Southern University	154,983,504	122,177,625	(32,805,879)	(21.2)
Texas Tech University System Administration	830,094	4,000,000	3,169,906	381.9
Texas Tech University	274,992,766	282,001,990	7,009,224	2.5
Angelo State University	50,389,855	51,763,186	1,373,331	2.7
Texas Woman's University	112,060,337	110,637,945	(1,422,392)	(1.3)
Texas State University System	2,266,496	2,266,496	0	0.0
Lamar University	76,804,445	86,688,835	9,884,390	12.9
Sam Houston State University	88,860,525	92,798,196	3,937,671	4.4
Texas State University - San Marcos	174,302,954	183,182,143	8,879,189	5.1
Sul Ross State University	30,201,655	30,723,508	521,853	1.7
Sul Ross State University Rio Grande College	10,751,798	11,482,143	730,345	6.8
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$4,470,774,116**	**$4,660,141,544**	**$189,367,428**	**4.2**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$297,612,887	$304,340,633	$6,727,746	2.3
The University of Texas Medical Branch at Galveston	607,749,136	566,532,697	(41,216,439)	(6.8)
The University of Texas Health Science Center at Houston	290,200,560	310,694,866	20,494,306	7.1
The University of Texas Health Science Center at San Antonio	282,662,529	308,824,503	26,161,974	9.3
The University of Texas M.D. Anderson Cancer Center	309,187,014	329,830,055	20,643,041	6.7
The University of Texas Health Science Center at Tyler	71,274,895	74,722,422	3,447,527	4.8
Texas A&M University System Health Science Center	185,590,682	215,683,003	30,092,321	16.2

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
University of North Texas Health Science Center at Fort Worth	$114,774,108	$125,104,975	$10,330,867	9.0
Texas Tech University Health Sciences Center	287,368,453	325,746,161	38,377,708	13.4
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$2,446,420,264**	**$2,561,479,315**	**$115,059,051**	**4.7**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$114,314,197	$118,845,484	$4,531,287	4.0
Texas AgriLife Extension Service	97,206,494	99,649,354	2,442,860	2.5
Texas Engineering Experiment Station	28,358,556	29,248,713	890,157	3.1
Texas Transportation Institute	0	1,900,000	1,900,000	NA
Texas Engineering Extension Service	15,108,730	14,318,369	(790,361)	(5.2)
Texas Forest Service	76,370,730	38,550,563	(37,820,167)	(49.5)
Texas Veterinary Medical Diagnostic Laboratory	12,528,231	13,148,707	620,476	5.0
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$343,886,938**	**$315,661,190**	**($28,225,748)**	**(8.2)**
Higher Education Fund	$525,000,000	$525,000,000	$0	0.0
Available University Fund	0	0	0	NA
Higher Education Coordinating Board	1,036,780,015	1,423,947,717	387,167,702	37.3
SUBTOTAL, HIGHER EDUCATION	**$10,885,382,971**	**$11,541,681,490**	**$656,298,519**	**6.0**
EMPLOYEE BENEFITS				
Teacher Retirement System	$3,469,812,278	$3,688,007,709	$218,195,431	6.3
Optional Retirement Program	243,611,206	251,377,146	7,765,940	3.2
Higher Education Employees Group Insurance Contributions	851,826,029	1,123,066,327	271,240,298	31.8
Retirement and Group Insurance	42,786,697	48,109,962	5,323,265	12.4
Social Security and Benefits Replacement Pay	420,069,849	449,437,092	29,367,243	7.0
SUBTOTAL, EMPLOYEE BENEFITS	**$5,028,106,059**	**$5,559,998,236**	**$531,892,177**	**10.6**
DEBT SERVICE				
Bond Debt Service Payments	$3,221,940	$13,631,100	$10,409,160	323.1
Lease Payments	12,617,376	5,904,034	(6,713,342)	(53.2)
SUBTOTAL, DEBT SERVICE	**$15,839,316**	**$19,535,134**	**$3,695,818**	**23.3**
TOTAL, ARTICLE III – EDUCATION	**$48,484,355,486**	**$48,942,872,786**	**$458,517,300**	**0.9**
ARRA Appropriations, Article XII	$0	($3,838,792,499)	($3,838,792,499)	NA
GRAND TOTAL, EDUCATION	**$48,484,355,486**	**$45,104,080,287**	**($3,380,275,199)**	**(7.0)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$13,564,530	$33,519,588	$19,955,058	147.1
Court of Criminal Appeals	8,762,089	9,747,524	985,435	11.2
First Court of Appeals District, Houston	6,583,926	7,074,465	490,539	7.5
Second Court of Appeals District, Fort Worth	5,021,739	5,307,298	285,559	5.7
Third Court of Appeals District, Austin	4,403,834	4,652,405	248,571	5.6
Fourth Court of Appeals District, San Antonio	5,014,959	5,394,050	379,091	7.6
Fifth Court of Appeals District, Dallas	9,000,765	9,709,718	708,953	7.9
Sixth Court of Appeals District, Texarkana	2,406,855	2,586,544	179,689	7.5
Seventh Court of Appeals District, Amarillo	3,000,643	3,174,364	173,721	5.8
Eighth Court of Appeals District, El Paso	2,417,717	2,587,592	169,875	7.0
Ninth Court of Appeals District, Beaumont	3,005,225	3,164,616	159,391	5.3
Tenth Court of Appeals District, Waco	2,340,830	2,550,319	209,489	8.9
Eleventh Court of Appeals District, Eastland	2,410,195	2,578,194	167,999	7.0
Twelfth Court of Appeals District, Tyler	2,408,443	2,634,391	225,948	9.4
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	4,409,780	4,674,700	264,920	6.0
Fourteenth Court of Appeals District, Houston	6,632,053	7,104,066	472,013	7.1
Office of Court Administration, Texas Judicial Council	24,918,285	25,223,620	305,335	1.2
Office of the State Prosecuting Attorney	851,004	851,004	0	0.0
State Law Library	1,886,591	2,167,524	280,933	14.9
State Commission on Judicial Conduct	1,807,033	1,998,252	191,219	10.6
Judiciary Section, Comptroller's Department	171,804,406	177,453,756	5,649,350	3.3
SUBTOTAL, THE JUDICIARY	**$282,650,902**	**$314,153,990**	**$31,503,088**	**11.1**
Retirement and Group Insurance	$100,919,496	$103,906,425	$2,986,929	3.0
Social Security and Benefit Replacement Pay	14,421,182	14,761,592	340,410	2.4
SUBTOTAL, EMPLOYEE BENEFITS	**$115,340,678**	**$118,668,017**	**$3,327,339**	**2.9**
Lease Payments	$4,937,750	$4,943,290	$5,540	0.1
TOTAL, ARTICLE IV – THE JUDICIARY	**$402,929,330**	**$437,765,297**	**$34,835,967**	**8.6**

[1]Relects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	$31,816,013	$31,036,515	($779,498)	(2.5)
Alcoholic Beverage Commission[3]	80,367,436	87,794,489	7,427,053	9.2
Department of Criminal Justice[3]	5,700,532,283	5,906,679,493	206,147,210	3.6
Commission on Fire Protection	5,801,136	6,865,108	1,063,972	18.3
Commission on Jail Standards	1,853,914	2,093,696	239,782	12.9
Juvenile Probation Commission	246,930,347	298,471,347	51,541,000	20.9
Commission on Law Enforcement Officer Standards and Education	0	203,710	203,710	NA
Department of Public Safety	234,281,953	241,073,091	6,791,138	2.9
Youth Commission	461,725,206	415,137,273	(46,587,933)	(10.1)
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$6,763,308,288**	**$6,989,354,722**	**$226,046,434**	**3.3**
Retirement and Group Insurance	778,818,773	877,675,945	98,857,172	12.7
Social Security and Benefit Replacement Pay	253,805,844	268,224,065	14,418,221	5.7
SUBTOTAL, EMPLOYEE BENEFITS	**$1,032,624,617**	**$1,145,900,010**	**$113,275,393**	**11.0**
Bond Debt Service Payments	$492,800,712	$490,921,093	($1,879,619)	(0.4)
Lease Payments	4,442,404	4,016,700	(425,704)	(9.6)
SUBTOTAL, DEBT SERVICE	**$497,243,116**	**$494,937,793**	**($2,305,323)**	**(0.5)**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$8,293,176,021**	**$8,630,192,525**	**$337,016,504**	**4.1**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$146,184,434	$144,042,135	($2,142,299)	(1.5)
Animal Health Commission	19,815,069	21,505,136	1,690,067	8.5
Commission on Environmental Quality	25,605,769	29,496,019	3,890,250	15.2
General Land Office and Veterans' Land Board	53,113,337	10,379,926	(42,733,411)	(80.5)
Parks and Wildlife Department	171,589,380	206,045,611	34,456,231	20.1
Railroad Commission	56,511,802	59,786,972	3,275,170	5.8
Soil and Water Conservation Board	24,443,015	45,086,670	20,643,655	84.5
Water Development Board	60,258,784	58,042,524	(2,216,260)	(3.7)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	60,359,615	142,982,834	82,623,219	136.9
SUBTOTAL, NATURAL RESOURCES	**$617,881,205**	**$717,367,827**	**$99,486,622**	**16.1**
Retirement and Group Insurance	$100,951,967	$112,017,988	$11,066,021	11.0
Social Security and Benefit Replacement Pay	16,936,430	17,507,085	570,655	3.4
SUBTOTAL, EMPLOYEE BENEFITS	**$117,888,397**	**$129,525,073**	**$11,636,676**	**9.9**
Bond Debt Service Payments	$10,945,755	$20,328,223	$9,382,468	85.7
Lease Payments	8,435,077	7,843,871	(591,206)	(7.0)
SUBTOTAL, DEBT SERVICE	**$19,380,832**	**$28,172,094**	**$8,791,262**	**45.4**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$755,150,434**	**$875,064,994**	**$119,914,560**	**15.9**
ARRA Appropriations, Article XII	$0	$0	$0	NA
GRAND TOTAL, NATURAL RESOURCES	**$755,150,434**	**$875,064,994**	**$119,914,560**	**15.9**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$14,735,125	$45,240,132	$30,505,007	207.0
Texas Lottery Commission	30,733,677	31,066,961	333,284	1.1
Department of Motor Vehicles	0	16,645,711	16,645,711	NA
Texas Department of Rural Affairs	12,550,612	19,536,505	6,985,893	55.7
Department of Transportation	310,961,769	150,082,481	(160,879,288)	(51.7)
Texas Workforce Commission	227,255,042	288,578,788	61,323,746	27.0
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	NA
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$596,236,225**	**$551,150,578**	**($45,085,647)**	**(7.6)**
Retirement and Group Insurance	$8,491,602	$9,816,525	$1,324,923	15.6
Social Security and Benefit Replacement Pay	2,116,583	2,156,530	39,947	1.9
SUBTOTAL, EMPLOYEE BENEFITS	**$10,608,185**	**$11,973,055**	**$1,364,870**	**12.9**
Bond Debt Service Payments	$39,887,651	$21,381,816	($18,505,835)	(46.4)
Lease Payments	1,587,115	2,255,085	667,970	42.1
SUBTOTAL, DEBT SERVICE	**$41,474,766**	**$23,636,901**	**($17,837,865)**	**(43.0)**
Less Interagency Contracts	$0	$0	$0	NA
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$648,319,176**	**$586,760,534**	**($61,558,642)**	**(9.5)**
ARRA Appropriations, Article XII	$0	$0	$0	NA
GRAND TOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$648,319,176**	**$586,760,534**	**($61,558,642)**	**(9.5)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$6,791,204	$6,974,355	$183,151	2.7
Department of Banking	29,892,808	0	(29,892,808)	(100.0)
Board of Chiropractic Examiners	870,373	1,203,240	332,867	38.2
Office of Consumer Credit Commissioner	9,401,203	0	(9,401,203)	(100.0)
Credit Union Department	3,619,697	0	(3,619,697)	(100.0)
Texas State Board of Dental Examiners	3,598,854	4,802,563	1,203,709	33.4
Funeral Service Commission	1,222,866	1,481,502	258,636	21.1
Board of Professional Geoscientists	895,372	1,449,765	554,393	61.9
Health Professions Council	5,321	0	(5,321)	(100.0)
Office of Injured Employee Counsel	0	0	0	NA
Department of Insurance	69,440,680	72,628,291	3,187,611	4.6
Office of Public Insurance Counsel	2,037,609	2,147,554	109,945	5.4
Board of Professional Land Surveying	831,369	928,617	97,248	11.7
Department of Licensing and Regulation	42,035,275	47,278,619	5,243,344	12.5
Texas Medical Board	13,610,519	18,462,295	4,851,776	35.6
Texas Board of Nursing	12,574,136	15,355,816	2,781,680	22.1
Optometry Board	783,830	924,159	140,329	17.9
Board of Pharmacy	8,368,825	11,236,581	2,867,756	34.3
Executive Council of Physical Therapy & Occupational Therapy Examiners	2,030,680	2,111,841	81,161	4.0
Board of Plumbing Examiners	3,717,470	4,702,703	985,233	26.5
Board of Podiatric Medical Examiners	462,922	478,173	15,251	3.3
Board of Examiners of Psychologists	1,425,757	1,693,182	267,425	18.8
Racing Commission	348,525	0	(348,525)	(100.0)
Real Estate Commission	12,624,890	16,144,585	3,519,695	27.9
Residential Construction Commission	19,167,237	8,991,102	(10,176,135)	(53.1)
Department of Savings and Mortgage Lending	9,517,724	0	(9,517,724)	(100.0)
Securities Board	11,717,233	15,723,056	4,005,823	34.2
Board of Tax Professional Examiners	351,645	192,763	(158,882)	(45.2)
Public Utility Commission of Texas	21,362,892	21,662,956	300,064	1.4
Office of Public Utility Counsel	3,496,453	3,517,434	20,981	0.6
Board of Veterinary Medical Examiners	1,705,758	2,012,916	307,158	18.0
SUBTOTAL, REGULATORY	**$293,909,127**	**$262,104,068**	**($31,805,059)**	**(10.8)**
Retirement and Group Insurance	$29,467,783	$33,972,002	$4,504,219	15.3
Social Security and Benefit Replacement Pay	12,680,767	13,602,281	921,514	7.3
SUBTOTAL, EMPLOYEE BENEFITS	**$42,148,550**	**$47,574,283**	**$5,425,733**	**12.9**
Lease Payments	$3,881,615	$2,163,931	($1,717,684)	(44.3)
SUBTOTAL, DEBT SERVICE	**$3,881,615**	**$2,163,931**	**($1,717,684)**	**(44.3)**
TOTAL, ARTICLE VIII – REGULATORY	**$339,939,292**	**$311,842,282**	**($28,097,010)**	**(8.3)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
Source: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriations for a Salary Increase for State Employee in Schedule C	$0	$2,115,994	$2,115,994	NA
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$2,115,994**	**$2,115,994**	**NA**

SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$63,245,427	$63,470,427	$225,000	0.4
House of Representatives	70,307,018	70,737,018	430,000	0.6
Legislative Budget Board	26,504,632	26,716,197	211,565	0.8
Sunset Commission	3,989,570	4,021,546	31,976	0.8
Legislative Council	75,737,923	75,682,213	(55,710)	(0.1)
Commission on Uniform State Laws	379,627	379,627	0	NA
State Auditor's Office	27,212,142	27,452,142	240,000	0.9
Legislative Reference Library	3,091,868	3,111,680	19,812	0.6
SUBTOTAL, THE LEGISLATURE	**$270,468,207**	**$271,570,850**	**$1,102,643**	**0.4**
Retirement and Group Insurance	$42,044,786	$46,594,126	$4,549,340	10.8
Social Security and Benefit Replacement Pay	15,570,660	15,967,001	396,341	2.5
SUBTOTAL, EMPLOYEE BENEFITS	**$57,615,446**	**$62,561,127**	**$4,945,681**	**8.6**
Lease Payments	$15,403,774	$20,182,295	$4,778,521	31.0
TOTAL, ARTICLE X – THE LEGISLATURE	**$343,487,427**	**$354,314,272**	**$10,826,845**	**3.2**

SOURCE: Legislative Budget Board.

TABLE B2—*(CONTINUED)*
GENERAL REVENUE FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND INVESTMENT ACT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$0	$0	$0	NA
Office of the Attorney General	(27,300,000)	(27,300,000)	0	0.0
Fiscal Programs – Comptroller of Public Accounts	0	0	0	NA
Trusteed Programs within the Office of the Governor	0	0	0	NA
Historical Commission	0	0	0	NA
Department of Aging and Disability Services	0	(4,200,000)	(4,200,000)	NA
Department of Assistive and Rehabilitative Services	0	0	0	NA
Department of Family and Protective Services	0	0	0	NA
Department of State Health Services	0	0	0	NA
Health and Human Services Commission	(1,619,843,693)	(2,513,000,000)	(893,156,307)	55.1
Texas Education Agency	0	(3,250,200,000)	(3,250,200,000)	NA
Higher Education Coordinating Board	0	0	0	NA
General Academic Institutions	0	0	0	NA
Health Related Higher Education Institution	0	0	0	NA
Higher Education and Other Government Programs	0	0	0	NA
Public Community/Junior Colleges	0	0	0	NA
Department of Agriculture	0	0	0	NA
Commission on Environmental Quality	0	0	0	NA
Department of Housing and Community Affairs	0	0	0	NA
Texas Department of Rural Affairs	0	0	0	NA
Department of Transportation	0	0	0	NA
Texas Workforce Commission	0	0	0	NA
Article XII, Special Provisions	0	(588,592,500)	(588,592,500)	NA
SUBTOTAL, GENERAL PROVISIONS	**($1,647,143,693)**	**($6,383,292,500)**	**($4,736,148,807)**	**287.5**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**($1,647,143,693)**	**($6,383,292,500)**	**($4,736,148,807)**	**287.5**

SOURCE: Legislative Budget Board.

APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

GENERAL REVENUE–DEDICATED FUNDS

TABLE B3
GENERAL REVENUE–DEDICATED FUNDS — STATEWIDE SUMMARY

FUNCTION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$719,768,529	$672,692,699	($47,075,830)	(6.5)
Article II – Health and Human Services	967,509,595	990,225,746	22,716,151	2.3
Article III – Agencies of Education	2,354,476,872	2,382,156,638	27,679,766	1.2
Article IV – The Judiciary	53,735,080	61,457,393	7,722,313	14.4
Article V – Public Safety and Criminal Justice	28,382,223	77,819,579	49,437,356	174.2
Article VI – Natural Resources[3]	1,501,133,493	1,319,056,855	(182,076,638)	(12.1)
Article VII – Business and Economic Development	423,762,200	400,392,304	(23,369,896)	(5.5)
Article VIII – Regulatory	408,322,202	482,565,079	74,242,877	18.2
Article IX – General Provisions	0	2,956,080	2,956,080	NA
Article X – The Legislature	0	0	0	NA
Article XII – The American Recovery and Reinvestment Act	0	0	0	NA
TOTAL, ALL FUNCTIONS	**$6,457,090,194**	**$6,389,322,373**	**($67,767,821)**	**(1.0)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$4,039,457	$9,479,237	$5,439,780	134.7
Office of the Attorney General	189,218,773	187,660,429	(1,558,344)	(0.8)
Bond Review Board	0	0	0	NA
Cancer Prevention and Research Institute of Texas	22,050	42,000	19,950	90.5
Comptroller of Public Accounts	0	0	0	NA
Fiscal Programs – Comptroller of Public Accounts	56,976,776	66,481,386	9,504,610	16.7
Commission on State Emergency Communications	151,406,865	142,055,072	(9,351,793)	(6.2)
Employees Retirement System	0	0	0	NA
Texas Ethics Commission	0	0	0	NA
Facilities Commission	5,241,556	8,152,989	2,911,433	55.5
Public Finance Authority	0	4,836,000	4,836,000	NA
Fire Fighters' Pension Commissioner	0	0	0	NA
Office of the Governor	0	0	0	NA
Trusteed Programs Within the Office of the Governor	285,756,773	236,283,115	(49,473,658)	(17.3)
Historical Commission	1,050,000	820,000	(230,000)	(21.9)
Department of Information Resources	0	0	0	NA
Library & Archives Commission	15,737	10,263	(5,474)	(34.8)
Pension Review Board	0	0	0	NA
Preservation Board	0	0	0	NA
State Office of Risk Management	0	0	0	NA
Workers' Compensation Payments	0	0	0	NA
Secretary of State	13,772,189	4,010,000	(9,762,189)	(70.9)
Office of State-Federal Relations	0	0	0	NA
Veteran's Commission	5,344	11,000	5,656	105.8
SUBTOTAL, GENERAL GOVERNMENT	**$707,505,520**	**$659,841,491**	**($47,664,029)**	**(6.7)**
Retirement and Group Insurance	$4,793,992	$5,267,813	$473,821	9.9
Social Security and Benefit Replacement Pay	2,349,600	2,134,269	(215,331)	(9.2)
SUBTOTAL, EMPLOYEE BENEFITS	**$7,143,592**	**$7,402,082**	**$258,490**	**3.6**
Bond Debt Service Payments	$5,119,417	$5,449,126	$329,709	6.4
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$5,119,417**	**$5,449,126**	**$329,709**	**6.4**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$719,768,529**	**$672,692,699**	**($47,075,830)**	**(6.5)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$112,638,704	$109,629,249	($3,009,455)	(2.7)
Department of Assistive and Rehabilitative Services	30,652,499	29,229,722	(1,422,777)	(4.6)
Department of Family and Protective Services	13,979,584	15,327,696	1,348,112	9.6
Department of State Health Services	787,078,306	818,163,817	31,085,511	3.9
Health and Human Services Commission	6,712,284	0	(6,712,284)	(100.0)
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$951,061,377**	**$972,350,484**	**$21,289,107**	**2.2**
Retirement and Group Insurance	$10,296,732	$11,507,865	$1,211,133	11.8
Social Security and Benefit Replacement Pay	6,151,486	6,367,397	215,911	3.5
SUBTOTAL, EMPLOYEE BENEFITS	**$16,448,218**	**$17,875,262**	**$1,427,044**	**8.7**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$967,509,595**	**$990,225,746**	**$22,716,151**	**2.3**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — EDUCATION

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC EDUCATION				
Texas Education Agency	$96,701,280	$234,346	($96,466,934)	(99.8)
School for the Blind and Visually Impaired	0	0	0	NA
School for the Deaf	0	0	0	NA
SUBTOTAL, PUBLIC EDUCATION	**$96,701,280**	**$234,346**	**($96,466,934)**	**(99.8)**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$0	$0	$0	NA
Lamar Institute of Technology	5,700,000	5,699,276	(724)	(0.0)
Lamar University - Orange	4,379,279	4,577,278	197,999	4.5
Lamar University - Port Arthur	4,051,336	4,052,198	862	0.0
SUBTOTAL, LAMAR STATE COLLEGES	**$14,130,615**	**$14,328,752**	**$198,137**	**1.4**
Texas State Technical College System Administration	$1,304,988	$893,018	($411,970)	(31.6)
Texas State Technical College - Harlingen	12,449,274	12,568,395	119,121	1.0
Texas State Technical College - West Texas	5,694,772	5,100,451	(594,321)	(10.4)
Texas State Technical College - Marshall	2,008,708	1,912,575	(96,133)	(4.8)
Texas State Technical College - Waco	16,062,195	14,505,223	(1,556,972)	(9.7)
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$37,519,937**	**$34,979,662**	**($2,540,275)**	**(6.8)**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$51,650,552**	**$49,308,414**	**($2,342,138)**	**(4.5)**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$0	$0	$0	NA
The University of Texas at Arlington	83,711,673	81,911,543	(1,800,130)	(2.2)
The University of Texas at Austin	203,168,783	206,178,587	3,009,804	1.5
The University of Texas at Dallas	62,111,230	64,452,551	2,341,321	3.8
The University of Texas at El Paso	49,467,434	48,866,974	(600,460)	(1.2)
The University of Texas - Pan American	43,901,272	43,664,993	(236,279)	(0.5)
The University of Texas at Brownsville	8,363,092	8,762,502	399,410	4.8
The University of Texas of the Permian Basin	8,435,061	8,138,736	(296,325)	(3.5)
The University of Texas at San Antonio	75,127,687	77,155,366	2,027,679	2.7
The University of Texas at Tyler	13,258,578	13,618,027	359,449	2.7
Texas A&M University System Administrative and General Offices	9,867,660	9,676,888	(190,772)	(1.9)
Texas A&M University	184,334,366	186,632,779	2,298,413	1.2
Texas A&M University at Galveston	6,752,614	6,557,973	(194,641)	(2.9)
Prairie View A&M University	30,727,364	32,687,057	1,959,693	6.4
Tarleton State University	25,322,454	23,745,580	(1,576,874)	(6.2)
Texas A&M University - Corpus Christi	23,215,577	23,062,153	(153,424)	(0.7)
Texas A&M University - Kingsville	24,305,965	22,546,046	(1,759,919)	(7.2)

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas A&M International University	$12,453,120	$13,826,354	$1,373,234	11.0
West Texas A&M University	19,531,498	19,130,326	(401,172)	(2.1)
Texas A&M University - Commerce	27,084,636	20,284,776	(6,799,860)	(25.1)
Texas A&M University - Texarkana	4,105,175	3,937,345	(167,830)	(4.1)
University of Houston System Administration	0	0	0	NA
University of Houston	121,717,949	125,114,255	3,396,306	2.8
University of Houston - Clear Lake	21,248,113	20,820,187	(427,926)	(2.0)
University of Houston - Downtown	27,493,170	28,361,887	868,717	3.2
University of Houston - Victoria	7,448,136	8,702,784	1,254,648	16.8
Midwestern State University	15,437,945	13,862,723	(1,575,222)	(10.2)
University of North Texas System Administration	0	0	0	NA
University of North Texas	104,688,157	103,266,446	(1,421,711)	(1.4)
Stephen F. Austin State University	34,043,759	32,759,758	(1,284,001)	(3.8)
Texas Southern University	43,767,090	30,682,332	(13,084,758)	(29.9)
Texas Tech University System Administration	0	0	0	NA
Texas Tech University	94,622,062	94,631,645	9,583	0.0
Angelo State University	16,255,940	16,165,353	(90,587)	(0.6)
Texas Woman's University	38,908,750	40,015,910	1,107,160	2.8
Texas State University System	151,000	12,000	(139,000)	(92.1)
Lamar University	28,566,897	31,864,679	3,297,782	11.5
Sam Houston State University	75,789,786	69,747,711	(6,042,075)	(8.0)
Texas State University - San Marcos	80,501,765	80,979,367	477,602	0.6
Sul Ross State University	4,947,107	4,530,452	(416,655)	(8.4)
Sul Ross State University Rio Grande College	2,880,675	1,962,783	(917,892)	(31.9)
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$1,633,713,540**	**$1,618,316,828**	**($15,396,712)**	**(0.9)**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$19,503,399	$21,401,323	$1,897,924	9.7
The University of Texas Medical Branch at Galveston	25,082,151	25,331,092	248,941	1.0
The University of Texas Health Science Center at Houston	36,187,523	31,457,357	(4,730,166)	(13.1)
The University of Texas Health Science Center at San Antonio	18,589,935	16,736,225	(1,853,710)	(10.0)
The University of Texas M.D. Anderson Cancer Center	52,221,393	64,076,671	11,855,278	22.7
The University of Texas Health Science Center at Tyler	544,039	509,227	(34,812)	(6.4)
Texas A&M University System Health Science Center	15,962,763	15,236,007	(726,756)	(4.6)

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
University of North Texas Health Science Center at Fort Worth	$10,234,659	$9,796,282	($438,377)	(4.3)
Texas Tech University Health Sciences Center	21,856,798	22,035,335	178,537	0.8
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$200,182,660**	**$206,579,519**	**$6,396,859**	**3.2**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$1,000,000	$1,000,000	$0	0.0
Texas AgriLife Extension Service	0	51,000	51,000	NA
Texas Engineering Experiment Station	1,904,038	1,904,038	0	0.0
Texas Transportation Institute	0	0	0	NA
Texas Engineering Extension Service	0	0	0	NA
Texas Forest Service	34,008,000	62,021,000	28,013,000	82.4
Texas Veterinary Medical Diagnostic Laboratory	0	0	0	NA
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$36,912,038**	**$64,976,038**	**$28,064,000**	**76.0**
Higher Education Fund	$0	$0	$0	NA
Available University Fund	0	0	0	NA
Higher Education Coordinating Board	43,047,225	118,466,000	75,418,775	175.2
SUBTOTAL, HIGHER EDUCATION	**$1,965,506,015**	**$2,057,646,799**	**$92,140,784**	**4.7**
EMPLOYEE BENEFITS				
Teacher Retirement System	$171,174,549	$196,204,337	$25,029,788	14.6
Optional Retirement Program	41,938,623	43,275,560	1,336,937	3.2
Higher Education Employees Group Insurance Contributions	0	0	0	NA
Retirement and Group Insurance	8,869	10,777	1,908	21.5
Social Security and Benefits Replacement Pay	79,147,536	84,784,819	5,637,283	7.1
SUBTOTAL, EMPLOYEE BENEFITS	**$292,269,577**	**$324,275,493**	**$32,005,916**	**11.0**
DEBT SERVICE				
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE III – EDUCATION	**$2,354,476,872**	**$2,382,156,638**	**$27,679,766**	**1.2**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eight-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$300,000	$2,000,000	$1,700,000	566.7
Court of Criminal Appeals	0	0	0	NA
First Court of Appeals District, Houston	0	0	0	NA
Second Court of Appeals District, Fort Worth	0	0	0	NA
Third Court of Appeals District, Austin	0	0	0	NA
Fourth Court of Appeals District, San Antonio	0	0	0	NA
Fifth Court of Appeals District, Dallas	0	0	0	NA
Sixth Court of Appeals District, Texarkana	0	0	0	NA
Seventh Court of Appeals District, Amarillo	0	0	0	NA
Eighth Court of Appeals District, El Paso	0	0	0	NA
Ninth Court of Appeals District, Beaumont	0	0	0	NA
Tenth Court of Appeals District, Waco	0	0	0	NA
Eleventh Court of Appeals District, Eastland	0	0	0	NA
Twelfth Court of Appeals District, Tyler	0	0	0	NA
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	NA
Fourteenth Court of Appeals District, Houston	0	0	0	NA
Office of Court Administration, Texas Judicial Council	53,218,591	59,228,089	6,009,498	11.3
Office of the State Prosecuting Attorney	0	0	0	NA
State Law Library	0	0	0	NA
State Commission on Judicial Conduct	0	0	0	NA
Judiciary Section, Comptroller's Department	0	0	0	NA
SUBTOTAL, THE JUDICIARY	**$53,518,591**	**$61,228,089**	**$7,709,498**	**14.4**
Retirement and Group Insurance	$140,400	$151,275	$10,875	7.7
Social Security and Benefit Replacement Pay	76,089	78,029	1,940	2.5
SUBTOTAL, EMPLOYEE BENEFITS	**$216,489**	**$229,304**	**$12,815**	**5.9**
Lease Payments	$0	$0	$0	NA
TOTAL, ARTICLE IV – THE JUDICIARY	**$53,735,080**	**$61,457,393**	**$7,722,313**	**14.4**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	$0	$0	$0	NA
Alcoholic Beverage Commission	0	0	0	NA
Department of Criminal Justice	6,125,733	6,653,610	527,877	8.6
Commission on Fire Protection	0	0	0	NA
Commission on Jail Standards	0	0	0	NA
Juvenile Probation Commission	0	0	0	NA
Commission on Law Enforcement Officer Standards and Education	5,346,111	5,805,753	459,642	8.6
Department of Public Safety	6,019,145	53,421,888	47,402,743	787.5
Youth Commission	0	0	0	NA
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$17,490,989**	**$65,881,251**	**$48,390,262**	**276.7**
Retirement and Group Insurance	$9,607,907	$10,173,089	$565,182	5.9
Social Security and Benefit Replacement Pay	1,283,327	1,765,239	481,912	37.6
SUBTOTAL, EMPLOYEE BENEFITS	**$10,891,234**	**$11,938,328**	**$1,047,094**	**9.6**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$28,382,223**	**$77,819,579**	**$49,437,356**	**174.2**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$1,373,224	$1,375,835	$2,611	0.2
Animal Health Commission	0	0	0	NA
Commission on Environmental Quality	998,574,623	838,840,050	(159,734,573)	(16.0)
General Land Office and Veterans' Land Board	25,165,174	23,110,051	(2,055,123)	(8.2)
Parks and Wildlife Department[3]	334,829,708	302,911,649	(31,918,059)	(9.5)
Railroad Commission	62,796,113	65,444,790	2,648,677	4.2
Soil and Water Conservation Board	0	0	0	NA
Water Development Board	0	0	0	NA
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	NA
SUBTOTAL, NATURAL RESOURCES	**$1,422,738,842**	**$1,231,682,375**	**($191,056,467)**	**(13.4)**
Retirement and Group Insurance	$41,757,568	$49,026,992	$7,269,424	17.4
Social Security and Benefit Replacement Pay	36,637,083	38,347,488	1,710,405	4.7
SUBTOTAL, EMPLOYEE BENEFITS	**$78,394,651**	**$87,374,480**	**$8,979,829**	**11.5**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$1,501,133,493**	**$1,319,056,855**	**($182,076,638)**	**(12.1)**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$0	$0	$0	NA
Texas Lottery Commission	388,087,092	363,146,818	(24,940,274)	(6.4)
Department of Motor Vehicles	0	0	0	NA
Texas Department of Rural Affairs	4,404,922	4,200,000	(204,922)	(4.7)
Department of Transportation	1,252,998	1,259,406	6,408	0.5
Texas Workforce Commission	11,768,088	11,786,131	18,043	0.2
Reimbursements to the Unemployment Compensation Benefit Account	8,740,063	9,770,531	1,030,468	11.8
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$414,253,163**	**$390,162,886**	**($24,090,277)**	**(5.8)**
Retirement and Group Insurance	$6,341,512	$6,993,385	$651,873	10.3
Social Security and Benefit Replacement Pay	3,167,525	3,236,033	68,508	2.2
SUBTOTAL, EMPLOYEE BENEFITS	**$9,509,037**	**$10,229,418**	**$720,381**	**7.6**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$423,762,200**	**$400,392,304**	**($23,369,896)**	**(5.5)**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session.
SOURCE: Legislative Budget Board.

TABLE B3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$0	$0	$0	NA
Department of Banking	0	0	0	NA
Board of Chiropractic Examiners	0	0	0	NA
Office of Consumer Credit Commissioner	0	0	0	NA
Credit Union Department	0	0	0	NA
Texas State Board of Dental Examiners	0	0	0	NA
Funeral Service Commission	0	0	0	NA
Board of Professional Geoscientists	0	0	0	NA
Health Professions Council	0	0	0	NA
Office of Injured Employee Counsel	14,672,631	15,539,084	866,453	5.9
Department of Insurance	123,498,840	127,567,570	4,068,730	3.3
Office of Public Insurance Counsel	0	0	0	NA
Board of Professional Land Surveying	0	0	0	NA
Department of Licensing and Regulation	50,000	156,040	106,040	212.1
Texas Medical Board	5,225,580	4,457,923	(767,657)	(14.7)
Texas Board of Nursing	0	0	0	NA
Optometry Board	0	0	0	NA
Board of Pharmacy	0	0	0	NA
Executive Council of Physical Therapy & Occupational Therapy Examiners	0	0	0	NA
Board of Plumbing Examiners	0	0	0	NA
Board of Podiatric Medical Examiners	0	0	0	NA
Board of Examiners of Psychologists	0	0	0	NA
Racing Commission	19,614,427	21,568,077	1,953,650	10.0
Real Estate Commission	240,000	240,000	0	0.0
Residential Construction Commission	0	0	0	NA
Department of Savings and Mortgage Lending	0	0	0	NA
Securities Board	0	0	0	NA
Board of Tax Professional Examiners	0	0	0	NA
Public Utility Commission of Texas	190,046,255	257,771,141	67,724,886	35.6
Office of Public Utility Counsel	0	0	0	NA
Board of Veterinary Medical Examiners	0	0	0	NA
SUBTOTAL, REGULATORY	**$353,347,733**	**$427,299,835**	**$73,952,102**	**20.9**
Retirement and Group Insurance	$35,139,599	$39,205,575	$4,065,976	11.6
Social Security and Benefit Replacement Pay	14,005,166	14,387,819	382,653	2.7
SUBTOTAL, EMPLOYEE BENEFITS	**$49,144,765**	**$53,593,394**	**$4,448,629**	**9.1**
Lease Payments	$5,829,704	$1,671,850	($4,157,854)	(71.3)
SUBTOTAL, DEBT SERVICE	**$5,829,704**	**$1,671,850**	**($4,157,854)**	**(71.3)**
TOTAL, ARTICLE VIII – REGULATORY	**$408,322,202**	**$482,565,079**	**$74,242,877**	**18.2**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$2,956,080	$2,956,080	NA
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$2,956,080**	**$2,956,080**	**NA**

SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$0	$0	$0	NA
House of Representatives	0	0	0	NA
Legislative Budget Board	0	0	0	NA
Sunset Commission	0	0	0	NA
Legislative Council	0	0	0	NA
Commission on Uniform State Laws	0	0	0	NA
State Auditor's Office	0	0	0	NA
Legislative Reference Library	0	0	0	NA
SUBTOTAL, THE LEGISLATURE	**$0**	**$0**	**$0**	**NA**
Retirement and Group Insurance	$0	$0	$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**NA**
Lease Payments	$0	$0	$0	NA
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**NA**

SOURCE: Legislative Budget Board.

TABLE B3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND INVESTMENT ACT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$0	$0	$0	NA
Office of the Attorney General	0	0	0	NA
Fiscal Programs – Comptroller of Public Accounts	0	0	0	NA
Trusteed Programs within the Office of the Governor	0	0	0	NA
Historical Commission	0	0	0	NA
Department of Aging and Disability Services	0	0	0	NA
Department of Assistive and Rehabilitative Services	0	0	0	NA
Department of Family and Protective Services	0	0	0	NA
Department of State Health Services	0	0	0	NA
Health and Human Services Commission	0	0	0	NA
Texas Education Agency	0	0	0	NA
Higher Education Coordinating Board	0	0	0	NA
General Academic Institutions	0	0	0	NA
Health Related Higher Education Institution	0	0	0	NA
Higher Education and Other Government Programs	0	0	0	NA
Public Community/Junior Colleges	0	0	0	NA
Department of Agriculture	0	0	0	NA
Commission on Environmental Quality	0	0	0	NA
Department of Housing and Community Affairs	0	0	0	NA
Texas Department of Rural Affairs	0	0	0	NA
Department of Transportation	0	0	0	NA
Texas Workforce Commission	0	0	0	NA
Article XII, Special Provisions	0	0	0	NA
SUBTOTAL, GENERAL PROVISIONS	$0	**$0**	**$0**	**NA**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	$0	**$0**	**$0**	**NA**

SOURCE: Legislative Budget Board.

APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

FEDERAL FUNDS

TABLE B4
FEDERAL FUNDS — STATEWIDE SUMMARY

FUNCTION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$715,364,375	$692,481,869	($22,882,506)	(3.2)
Article II – Health and Human Services	32,149,491,300	33,832,509,675	1,683,018,375	5.2
Article III – Education	8,827,627,591	9,381,040,946	553,413,355	6.3
Article IV – The Judiciary	3,636,347	4,990,698	1,354,351	37.2
Article V – Public Safety and Criminal Justice[3]	899,258,302	617,805,953	(281,452,349)	(31.3)
Article VI – Natural Resources[3]	1,016,995,353	1,010,962,867	(6,032,486)	(0.6)
Article VII – Business and Economic Development	9,156,323,562	7,929,140,458	(1,227,183,104)	(13.4)
Article VIII – Regulatory	4,316,481	4,509,246	192,765	4.5
Article IX – General Provisions	0	1,398,620	1,398,620	NA
Article X – The Legislature	0	0	0	NA
Article XII – The American Recovery and Reinvestment Act	2,309,343,693	12,058,787,615	9,749,443,922	422.2
TOTAL, ALL FUNCTIONS	**$55,082,357,004**	**$65,533,627,947**	**$10,451,270,943**	**19.0**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$1,839,400	$1,768,900	($70,500)	(3.8)
Office of the Attorney General	365,554,282	375,798,154	10,243,872	2.8
Bond Review Board	0	0	0	NA
Cancer Prevention and Research Institute of Texas	100,000	0	(100,000)	(100.0)
Comptroller of Public Accounts	0	0	0	NA
Fiscal Programs – Comptroller of Public Accounts	22,766,846	3,282,732	(19,484,114)	(85.6)
Commission on State Emergency Communications				
Employees Retirement System	0	0	0	NA
Texas Ethics Commission	0	0	0	NA
Facilities Commission	54,835	0	(54,835)	(100.0)
Public Finance Authority	0	0	0	NA
Fire Fighters' Pension Commissioner	0	0	0	NA
Office of the Governor	0	0	0	NA
Trusteed Programs Within the Office of the Governor	171,966,159	171,888,685	(77,474)	(0.0)
Historical Commission	1,857,496	1,877,702	20,206	1.1
Department of Information Resources	284,239	0	(284,239)	(100.0)
Library & Archives Commission	21,378,711	21,924,393	545,682	2.6
Pension Review Board	0	0	0	NA
Preservation Board	11,000,000	0	(11,000,000)	(100.0)
State Office of Risk Management	0	0	0	NA
Workers' Compensation Payments	0	0	0	NA
Secretary of State	42,594,127	40,065,000	(2,529,127)	(5.9)
Office of State-Federal Relations	0	0	0	NA
Veteran's Commission	22,316,484	19,862,876	(2,453,608)	(11.0)
SUBTOTAL, GENERAL GOVERNMENT	**$661,712,579**	**$636,468,442**	**($25,244,137)**	**(3.8)**
Retirement and Group Insurance	$38,399,385	$42,140,491	$3,741,106	9.7
Social Security and Benefit Replacement Pay	15,252,411	13,872,936	(1,379,475)	(9.0)
SUBTOTAL, EMPLOYEE BENEFITS	**$53,651,796**	**$56,013,427**	**$2,361,631**	**4.4**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$715,364,375**	**$692,481,869**	**($22,882,506)**	**(3.2)**
ARRA Appropriations, Article XII	$27,300,000	$431,027,300	$403,727,300	1,478.9
GRAND TOTAL, GENERAL GOVERNMENT	**$742,664,375**	**$1,123,509,169**	**$380,844,794**	**51.3**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$7,012,407,164	$7,649,348,046	$636,940,882	9.1
Department of Assistive and Rehabilitative Services	924,953,111	963,455,203	38,502,092	4.2
Department of Family and Protective Services	1,497,018,919	1,549,673,004	52,654,085	3.5
Department of State Health Services	2,535,614,649	2,502,176,111	(33,438,538)	(1.3)
Health and Human Services Commission	19,628,782,320	20,554,277,665	925,495,345	4.7
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$31,598,776,163**	**$33,218,930,029**	**$1,620,153,866**	**5.1**
Retirement and Group Insurance	$402,879,410	$458,517,362	$55,637,952	13.8
Social Security and Benefit Replacement Pay	143,111,589	150,338,146	7,226,557	5.0
SUBTOTAL, EMPLOYEE BENEFITS	**$545,990,999**	**$608,855,508**	**$62,864,509**	**11.5**
Bond Debt Service Payments	$4,724,138	$4,724,138	$0	0.0
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$4,724,138**	**$4,724,138**	**$0**	**0.0**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$32,149,491,300**	**$33,832,509,675**	**$1,683,018,375**	**5.2**
ARRA Appropriations, Article XII	$1,619,843,693	$2,730,963,816	$1,111,120,123	68.6
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$33,769,334,993**	**$36,563,473,491**	**$2,794,138,498**	**8.3**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — EDUCATION

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC EDUCATION				
Texas Education Agency	$8,500,477,786	$9,057,657,104	$557,179,318	6.6
School for the Blind and Visually Impaired	4,753,816	4,697,880	(55,936)	(1.2)
School for the Deaf	2,400,078	2,286,904	(113,174)	(4.7)
SUBTOTAL, PUBLIC EDUCATION	**$8,507,631,680**	**$9,064,641,888**	**$557,010,208**	**6.5**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$0	$0	$0	NA
Lamar Institute of Technology	0	0	0	NA
Lamar University - Orange	0	0	0	NA
Lamar University - Port Arthur	0	0	0	NA
SUBTOTAL, LAMAR STATE COLLEGES	**$0**	**$0**	**$0**	**NA**
Texas State Technical College System Administration	$0	$0	$0	NA
Texas State Technical College - Harlingen	0	0	0	NA
Texas State Technical College - West Texas	0	0	0	NA
Texas State Technical College - Marshall	0	0	0	NA
Texas State Technical College - Waco	0	0	0	NA
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$0**	**$0**	**$0**	**NA**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$0**	**$0**	**$0**	**NA**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$0	$0	$0	NA
The University of Texas at Arlington	0	0	0	NA
The University of Texas at Austin	0	0	0	NA
The University of Texas at Dallas	0	0	0	NA
The University of Texas at El Paso	0	0	0	NA
The University of Texas - Pan American	0	0	0	NA
The University of Texas at Brownsville	0	0	0	NA
The University of Texas of the Permian Basin	0	0	0	NA
The University of Texas at San Antonio	0	0	0	NA
The University of Texas at Tyler	0	0	0	NA
Texas A&M University System Administrative and General Offices	0	0	0	NA
Texas A&M University	0	0	0	NA
Texas A&M University at Galveston	0	0	0	NA
Prairie View A&M University	0	0	0	NA
Tarleton State University	0	0	0	NA
Texas A&M University - Corpus Christi	0	0	0	NA
Texas A&M University - Kingsville	0	0	0	NA
Texas A&M International University	0	0	0	NA

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
West Texas A&M University	$0	$0	$0	NA
Texas A&M University - Commerce	0	0	0	NA
Texas A&M University - Texarkana	0	0	0	NA
University of Houston System Administration	0	0	0	NA
University of Houston	0	0	0	NA
University of Houston - Clear Lake	0	0	0	NA
University of Houston - Downtown	0	0	0	NA
University of Houston - Victoria	0	0	0	NA
Midwestern State University	0	0	0	NA
University of North Texas System Administration	0	0	0	NA
University of North Texas	0	0	0	NA
Stephen F. Austin State University	0	0	0	NA
Texas Southern University	0	0	0	NA
Texas Tech University System Administration	0	0	0	NA
Texas Tech University	0	0	0	NA
Angelo State University	0	0	0	NA
Texas Woman's University	0	0	0	NA
Texas State University System	0	0	0	NA
Lamar University	0	0	0	NA
Sam Houston State University	0	0	0	NA
Texas State University - San Marcos	0	0	0	NA
Sul Ross State University	0	0	0	NA
Sul Ross State University Rio Grande College	0	0	0	NA
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$0**	**$0**	**$0**	**NA**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$0	$0	$0	NA
The University of Texas Medical Branch at Galveston	0	0	0	NA
The University of Texas Health Science Center at Houston	0	0	0	NA
The University of Texas Health Science Center at San Antonio	0	0	0	NA
The University of Texas M.D. Anderson Cancer Center	0	0	0	NA
The University of Texas Health Science Center at Tyler	0	0	0	NA
Texas A&M University System Health Science Center	0	0	0	NA
University of North Texas Health Science Center at Fort Worth	0	0	0	NA

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$0	$0	$0	NA
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$0**	**$0**	**$0**	**NA**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$14,392,338	$14,392,338	$0	0.0
Texas AgriLife Extension Service	22,611,182	22,611,182	0	0.0
Texas Engineering Experiment Station	91,683,052	96,919,224	5,236,172	5.7
Texas Transportation Institute	10,592,644	11,788,084	1,195,440	11.3
Texas Engineering Extension Service	48,029,189	48,029,198	9	0.0
Texas Forest Service	7,553,021	6,905,266	(647,755)	(8.6)
Texas Veterinary Medical Diagnostic Laboratory	600,000	600,000	0	0.0
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$195,461,426**	**$201,245,292**	**$5,783,866**	**3.0**
Higher Education Fund	$0	$0	$0	NA
Available University Fund	0	0	0	NA
Higher Education Coordinating Board	$113,130,644	$102,811,873	($10,318,771)	(9.1)
SUBTOTAL, HIGHER EDUCATION	**$308,592,070**	**$304,057,165**	**($4,534,905)**	**(1.5)**
EMPLOYEE BENEFITS				
Teacher Retirement System	$0	$0	$0	NA
Optional Retirement Program	0	0	0	NA
Higher Education Employees Group Insurance Contributions	0	0	0	NA
Retirement and Group Insurance	7,984,565	8,837,005	852,440	10.7
Social Security and Benefits Replacement Pay	3,419,276	3,504,888	85,612	2.5
SUBTOTAL, EMPLOYEE BENEFITS	**$11,403,841**	**$12,341,893**	**$938,052**	**8.2**
DEBT SERVICE				
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE III – EDUCATION	**$8,827,627,591**	**$9,381,040,946**	**$553,413,355**	**6.3**
ARRA Appropriations, Article XII	$0	$6,202,299,999	$6,202,299,999	NA
GRAND TOTAL, EDUCATION	**$8,827,627,591**	**$15,583,340,945**	**$6,755,713,354**	**76.5**

SOURCE: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$3,636,347	$4,990,698	$1,354,351	37.2
Court of Criminal Appeals	0	0	0	NA
First Court of Appeals District, Houston	0	0	0	NA
Second Court of Appeals District, Fort Worth	0	0	0	NA
Third Court of Appeals District, Austin	0	0	0	NA
Fourth Court of Appeals District, San Antonio	0	0	0	NA
Fifth Court of Appeals District, Dallas	0	0	0	NA
Sixth Court of Appeals District, Texarkana	0	0	0	NA
Seventh Court of Appeals District, Amarillo	0	0	0	NA
Eighth Court of Appeals District, El Paso	0	0	0	NA
Ninth Court of Appeals District, Beaumont	0	0	0	NA
Tenth Court of Appeals District, Waco	0	0	0	NA
Eleventh Court of Appeals District, Eastland	0	0	0	NA
Twelfth Court of Appeals District, Tyler	0	0	0	NA
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	NA
Fourteenth Court of Appeals District, Houston	0	0	0	NA
Office of Court Administration, Texas Judicial Council	0	0	0	NA
Office of the State Prosecuting Attorney	0	0	0	NA
State Law Library	0	0	0	NA
State Commission on Judicial Conduct	0	0	0	NA
Judiciary Section, Comptroller's Department	0	0	0	NA
SUBTOTAL, THE JUDICIARY	**$3,636,347**	**$4,990,698**	**$1,354,351**	**37.2**
Retirement and Group Insurance	$0	$0	$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**NA**
Lease Payments	$0	$0	$0	NA
TOTAL, ARTICLE IV – THE JUDICIARY	**$3,636,347**	**$4,990,698**	**$1,354,351**	**37.2**

SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	$180,931,788	$142,784,324	($38,147,464)	(21.1)
Alcoholic Beverage Commission	1,142,476	702,400	(440,076)	(38.5)
Department of Criminal Justice	40,239,194	37,203,479	(3,035,715)	(7.5)
Commission on Fire Protection	0	0	0	NA
Commission on Jail Standards	0	0	0	NA
Juvenile Probation Commission	29,880,909	38,418,312	8,537,403	28.6
Commission on Law Enforcement Officer Standards and Education	0	0	0	NA
Department of Public Safety[1]	603,988,592	359,660,262	(244,328,330)	(40.5)
Youth Commission	24,138,707	20,663,405	(3,475,302)	(14.4)
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$880,321,666**	**$599,432,182**	**($280,889,484)**	**(31.9)**
Retirement and Group Insurance	$13,890,479	$13,718,612	($171,867)	(1.2)
Social Security and Benefit Replacement Pay	5,046,157	4,655,159	(390,998)	(7.7)
SUBTOTAL, EMPLOYEE BENEFITS	**$18,936,636**	**$18,373,771**	**($562,865)**	**(3.0)**
Bond Debt Service Payments	0	0	0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$899,258,302**	**$617,805,953**	**($281,452,349)**	**(31.3)**

[1]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$641,019,330	$726,492,148	$85,472,818	13.3
Animal Health Commission	9,670,128	9,143,126	(527,002)	(5.4)
Commission on Environmental Quality	91,745,922	80,141,548	(11,604,374)	(12.6)
General Land Office and Veterans' Land Board	69,205,195	33,935,183	(35,270,012)	(51.0)
Parks and Wildlife Department[3]	119,534,731	85,659,497	(33,875,234)	(28.3)
Railroad Commission	14,714,966	14,040,280	(674,686)	(4.6)
Soil and Water Conservation Board	12,500,000	12,119,500	(380,500)	(3.0)
Water Development Board	28,254,592	18,357,393	(9,897,199)	(35.0)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	NA
SUBTOTAL, NATURAL RESOURCES	**$986,644,864**	**$979,888,675**	**($6,756,189)**	**(0.7)**
Retirement and Group Insurance	$20,366,736	$21,296,380	$929,644	4.6
Social Security and Benefit Replacement Pay	9,983,753	9,777,812	(205,941)	(2.1)
SUBTOTAL, EMPLOYEE BENEFITS	**$30,350,489**	**$31,074,192**	**$723,703**	**2.4**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$1,016,995,353**	**$1,010,962,867**	**($6,032,486)**	**(0.6)**
ARRA Appropriations, Article XII	$0	$35,309,000	$35,309,000	NA
GRAND TOTAL, NATURAL RESOURCES	**$1,016,995,353**	**$1,046,271,867**	**$29,276,514**	**2.9**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$705,595,402	$265,323,694	($440,271,708)	(62.4)
Texas Lottery Commission	0	0	0	NA
Department of Motor Vehicles	0	665,700	665,700	NA
Texas Department of Rural Affairs	203,465,406	156,162,956	(47,302,450)	(23.2)
Department of Transportation	6,354,922,291	5,651,110,671	(703,811,620)	(11.1)
Texas Workforce Commission	1,803,129,073	1,757,529,259	(45,599,814)	(2.5)
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	NA
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$9,067,112,172**	**$7,830,792,280**	**($1,236,319,892)**	**(13.6)**
Retirement and Group Insurance	$68,350,680	$77,110,589	$8,759,909	12.8
Social Security and Benefit Replacement Pay	20,860,710	21,237,589	376,879	1.8
SUBTOTAL, EMPLOYEE BENEFITS	**$89,211,390**	**$98,348,178**	**$9,136,788**	**10.2**
Bond Debt Service Payments	$0	$0	$0	NA
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$9,156,323,562**	**$7,929,140,458**	**($1,227,183,104)**	**(13.4)**
ARRA Appropriations, Article XII	$662,200,000	$2,659,187,499	$1,996,987,499	301.6
GRAND TOTAL, BUSINESS AND ECONOMC DEVELOPMENT	**$9,818,523,562**	**$10,588,327,957**	**$769,804,395**	**7.8**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$0	$0	$0	NA
Department of Banking	0	0	0	NA
Board of Chiropractic Examiners	0	0	0	NA
Office of Consumer Credit Commissioner	0	0	0	NA
Credit Union Department	0	0	0	NA
Texas State Board of Dental Examiners	0	0	0	NA
Funeral Service Commission	0	0	0	NA
Board of Professional Geoscientists	0	0	0	NA
Health Professions Council	0	0	0	NA
Office of Injured Employee Counsel	0	0	0	NA
Department of Insurance	4,316,481	4,509,246	192,765	4.5
Office of Public Insurance Counsel	0	0	0	NA
Board of Professional Land Surveying	0	0	0	NA
Department of Licensing and Regulation	0	0	0	NA
Texas Medical Board	0	0	0	NA
Texas Board of Nursing	0	0	0	NA
Optometry Board	0	0	0	NA
Board of Pharmacy	0	0	0	NA
Executive Council of Physical Therapy & Occupational Therapy Examiners	0	0	0	NA
Board of Plumbing Examiners	0	0	0	NA
Board of Podiatric Medical Examiners	0	0	0	NA
Board of Examiners of Psychologists	0	0	0	NA
Racing Commission	0	0	0	NA
Real Estate Commission	0	0	0	NA
Residential Construction Commission	0	0	0	NA
Department of Savings and Mortgage Lending	0	0	0	NA
Securities Board	0	0	0	NA
Board of Tax Professional Examiners	0	0	0	NA
Public Utility Commission of Texas	0	0	0	NA
Office of Public Utility Counsel	0	0	0	NA
Board of Veterinary Medical Examiners	0	0	0	NA
SUBTOTAL, REGULATORY	**$4,316,481**	**$4,509,246**	**$192,765**	**4.5**
Retirement and Group Insurance	$0	$0	$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**NA**
Lease Payments	$0	$0	$0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
Less Interagency Contracts	$0	$0	$0	NA
TOTAL, ARTICLE VIII – REGULATORY	**$4,316,481**	**$4,509,246**	**$192,765**	**4.5**

SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$1,398,620	$1,398,620	NA
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$1,398,620**	**$1,398,620**	**NA**

SOURCE: Legislative Budget Board.

TABLE B4—(CONTINUED)
FEDERAL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$0	$0	$0	NA
House of Representatives	0	0	0	NA
Legislative Budget Board	0	0	0	NA
Sunset Commission	0	0	0	NA
Legislative Council	0	0	0	NA
Commission on Uniform State Laws	0	0	0	NA
State Auditor's Office	0	0	0	NA
Legislative Reference Library	0	0	0	NA
SUBTOTAL, THE LEGISLATURE	**$0**	**$0**	**$0**	**NA**
Retirement and Group Insurance	$0	$0	$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**NA**
Lease Payments	$0	$0	$0	NA
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**NA**

SOURCE: Legislative Budget Board.

TABLE B4—*(CONTINUED)*
FEDERAL FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND INVESTMENT ACT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$0	$427,300	$427,300	NA
Office of the Attorney General	27,300,000	37,400,000	10,100,000	37.0
Fiscal Programs – Comptroller of Public Accounts	0	284,800,000	284,800,000	NA
Trusteed Programs within the Office of the Governor	0	101,400,000	101,400,000	NA
Department of Aging and Disability Services	0	10,200,000	10,200,000	NA
Department of Assistive and Rehabilitative Services	0	87,600,000	87,600,000	NA
Department of Family and Protective Services	0	64,370,942	64,370,942	NA
Department of State Health Services	0	5,698,070	5,698,070	NA
Health and Human Services Commission	1,619,843,693	2,560,594,804	940,751,111	58.1
Texas Education Agency	0	5,874,392,500	5,874,392,500	NA
Higher Education Coordinating Board	0	80,000,000	80,000,000	NA
General Academic Institutions	0	81,000,000	81,000,000	NA
Health Related Higher Education Institution	0	51,000,000	51,000,000	NA
Higher Education and Other Government Programs	0	111,407,500	111,407,500	NA
Public Community/Junior Colleges	0	15,000,000	15,000,000	NA
Department of Agriculture	0	21,800,000	21,800,000	NA
Commission on Environmental Quality	0	12,509,000	12,509,000	NA
Department of Housing and Community Affairs	0	565,075,732	565,075,732	NA
Texas Department of Rural Affairs	0	19,500,000	19,500,000	NA
Department of Transportation	662,200,000	1,637,800,000	975,600,000	147.3
Texas Workforce Commission	0	436,811,767	436,811,767	NA
Article XII, Special Provisions	0	0	0	NA
SUBTOTAL, GENERAL PROVISIONS	**$2,309,343,693**	**$12,058,787,615**	**$9,749,443,922**	**422.2**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$2,309,343,693**	**$12,058,787,615**	**$9,749,443,922**	**422.2**

Source: Legislative Budget Board.

APPENDIX B — SUMMARY OF STATE BUDGET BY BIENNIUM

OTHER FUNDS

TABLE B5
OTHER FUNDS — STATEWIDE SUMMARY

FUNCTION	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Article I – General Government	$357,243,775	$658,304,407	$301,060,632	84.3
Article II – Health and Human Services	483,093,374	510,147,537	27,054,163	5.6
Article III – Education	14,775,700,377	14,745,670,354	(30,030,023)	(0.2)
Article IV – The Judiciary	163,870,475	167,540,740	3,670,265	2.2
Article V – Public Safety and Criminal Justice[3]	1,653,452,516	1,442,004,910	(211,447,606)	(12.8)
Article VI – Natural Resources	221,369,920	258,756,881	37,386,961	16.9
Article VII – Business and Economic Development	11,281,874,649	11,798,272,028	516,397,379	4.6
Article VIII – Regulatory	16,006,020	48,290,556	32,284,536	201.7
Article IX – General Provisions	0	21,297,306	21,297,306	NA
Article X – The Legislature	466,487	562,800	96,313	20.6
Article XII – The American Recovery and Reinvestment Act	0	0	0	NA
TOTAL, ALL FUNCTIONS	**$28,953,077,593**	**$29,650,847,519**	**$697,769,926**	**2.4**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	ESTIMATED/BUDGETED 2008–09[1]	APPROPRIATED 2010–11[2]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$2,656,431	$2,264,000	($392,431)	(14.8)
Office of the Attorney General	57,045,643	60,116,633	3,070,990	5.4
Bond Review Board	0	0	0	NA
Cancer Prevention and Research Institute of Texas	185,108	448,125,000	447,939,892	241,988.4
Comptroller of Public Accounts	4,205,289	4,017,480	(187,809)	(4.5)
Fiscal Programs – Comptroller of Public Accounts	33,955,306	0	(33,955,306)	(100.0)
Commission on State Emergency Communications	927,658	480,000	(447,658)	(48.3)
Employees Retirement System	0	0	0	NA
Texas Ethics Commission	166,380	16,380	(150,000)	(90.2)
Facilities Commission	149,480,647	69,824,650	(79,655,997)	(53.3)
Public Finance Authority	717,979	722,954	4,975	0.7
Fire Fighters’ Pension Commissioner	81,197	76,000	(5,197)	(6.4)
Office of the Governor	928,750	930,000	1,250	0.1
Trusteed Programs Within the Office of the Governor	61,830,712	7,721,000	(54,109,712)	(87.5)
Historical Commission	64,288,282	62,511,505	(1,776,777)	(2.8)
Department of Information Resources	462,695,949	533,464,723	70,768,774	15.3
Library & Archives Commission	8,102,322	7,961,886	(140,436)	(1.7)
Pension Review Board	58,632	20,000	(38,632)	(65.9)
Preservation Board	78,990	78,990	0	0.0
State Office of Risk Management	9,029,430	17,811,828	8,782,398	97.3
Workers’ Compensation Payments	90,854,014	98,135,500	7,281,486	8.0
Secretary of State	13,825,471	13,774,566	(50,905)	(0.4)
Office of State-Federal Relations	364,918	0	(364,918)	(100.0)
Veteran’s Commission	0	11,255	11,255	NA
SUBTOTAL, GENERAL GOVERNMENT	**$961,479,108**	**$1,328,064,350**	**$366,585,242**	**38.1**
Retirement and Group Insurance	$2,355,057	$2,569,161	$214,104	9.1
Social Security and Benefit Replacement Pay	2,607,194	1,208,895	(1,398,299)	(53.6)
SUBTOTAL, EMPLOYEE BENEFITS	**$4,962,251**	**$3,778,056**	**($1,184,195)**	**(23.9)**
Bond Debt Service Payments	$18,489	$0	($18,489)	(100.0)
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$18,489**	**$0**	**($18,489)**	**(100.0)**
Less Interagency Contracts	$609,216,073	$673,537,999	$64,321,926	10.6
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$357,243,775**	**$658,304,407**	**$301,060,632**	**84.3**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Aging and Disability Services	$83,968,594	$121,890,719	$37,922,125	45.2
Department of Assistive and Rehabilitative Services	37,555,132	36,929,102	(626,030)	(1.7)
Department of Family and Protective Services	13,601,453	14,196,552	595,099	4.4
Department of State Health Services	250,048,008	328,254,868	78,206,860	31.3
Health and Human Services Commission	704,577,649	627,376,348	(77,201,301)	(11.0)
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$1,089,750,836**	**$1,128,647,589**	**$38,896,753**	**3.6**
Retirement and Group Insurance	$0	$1,143,488	$1,143,488	NA
Social Security and Benefit Replacement Pay	0	406,368	406,368	NA
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$1,549,856**	**$1,549,856**	**NA**
Bond Debt Service Payments	$591,059	$529,924	($61,135)	(10.3)
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$591,059**	**$529,924**	**($61,135)**	**(10.3)**
Less Interagency Contracts	$607,248,521	$620,579,832	$13,331,311	2.2
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$483,093,374**	**$510,147,537**	**$27,054,163**	**5.6**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — EDUCATION

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
PUBLIC EDUCATION				
Texas Education Agency	$8,365,194,151	$8,279,527,904	($85,666,247)	(1.0)
School for the Blind and Visually Impaired	107,515,387	40,722,468	(66,792,919)	(62.1)
School for the Deaf	9,330,055	9,420,628	90,573	1.0
SUBTOTAL, PUBLIC EDUCATION	**$8,482,039,593**	**$8,329,671,000**	**($152,368,593)**	**(1.8)**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$0	$0	$0	NA
Lamar Institute of Technology	0	0	0	NA
Lamar University - Orange	0	0	0	NA
Lamar University - Port Arthur	0	0	0	NA
SUBTOTAL, LAMAR STATE COLLEGES	**$0**	**$0**	**$0**	**NA**
Texas State Technical College System Administration	$0	$0	$0	NA
Texas State Technical College - Harlingen	0	0	0	NA
Texas State Technical College - West Texas	0	0	0	NA
Texas State Technical College - Marshall	0	0	0	NA
Texas State Technical College - Waco	0	0	0	NA
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$0**	**$0**	**$0**	**NA**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$0**	**$0**	**$0**	**NA**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$2,448,204	$2,204,000	($244,204)	(10.0)
The University of Texas at Arlington	0	0	0	NA
The University of Texas at Austin	0	0	0	NA
The University of Texas at Dallas	0	0	0	NA
The University of Texas at El Paso	2,597,500	2,640,000	42,500	1.6
The University of Texas - Pan American	642,002	642,002	0	0.0
The University of Texas at Brownsville	0	0	0	NA
The University of Texas of the Permian Basin	0	0	0	NA
The University of Texas at San Antonio	0	0	0	NA
The University of Texas at Tyler	0	0	0	NA
Texas A&M University System Administrative and General Offices	0	0	0	NA
Texas A&M University	6,120,000	6,671,858	551,858	9.0
Texas A&M University at Galveston	0	0	0	NA
Prairie View A&M University	0	0	0	NA
Tarleton State University	0	0	0	NA
Texas A&M University - Corpus Christi	0	0	0	NA
Texas A&M University - Kingsville	0	0	0	NA
Texas A&M International University	387,050	387,050	0	0.0

TABLE B5—*(CONTINUED)*
OTHER FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
West Texas A&M University	$0	$0	$0	NA
Texas A&M University - Commerce	0	0	0	NA
Texas A&M University - Texarkana	0	0	0	NA
University of Houston System Administration	0	0	0	NA
University of Houston	0	0	0	NA
University of Houston - Clear Lake	0	0	0	NA
University of Houston - Downtown	0	0	0	NA
University of Houston - Victoria	0	0	0	NA
Midwestern State University	0	0	0	NA
University of North Texas System Administration	0	0	0	NA
University of North Texas	0	0	0	NA
Stephen F. Austin State University	0	0	0	NA
Texas Southern University	0	0	0	NA
Texas Tech University System Administration	0	0	0	NA
Texas Tech University	0	0	0	NA
Angelo State University	0	0	0	NA
Texas Woman's University	0	0	0	NA
Texas State University System	0	0	0	NA
Lamar University	0	0	0	NA
Sam Houston State University	0	0	0	NA
Texas State University - San Marcos	0	0	0	NA
Sul Ross State University	0	0	0	NA
Sul Ross State University Rio Grande College	0	0	0	NA
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$12,194,756**	**$12,544,910**	**$350,154**	**2.9**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$9,885,137	$8,658,000	($1,227,137)	(12.4)
The University of Texas Medical Branch at Galveston	725,530,986	471,491,709	(254,039,277)	(35.0)
The University of Texas Health Science Center at Houston	16,939,791	15,556,565	(1,383,226)	(8.2)
The University of Texas Health Science Center at San Antonio	34,982,326	24,205,475	(10,776,851)	(30.8)
The University of Texas M.D. Anderson Cancer Center	3,960,968,927	4,306,751,502	345,782,575	8.7
The University of Texas Health Science Center at Tyler	90,546,272	99,543,318	8,997,046	9.9
Texas A&M University System Health Science Center	16,696,026	17,862,903	1,166,877	7.0
University of North Texas Health Science Center at Fort Worth	4,707,223	4,560,840	(146,383)	(3.1)

TABLE B5—*(CONTINUED)*
OTHER FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Texas Tech University Health Sciences Center	$20,289,330	$7,297,200	($12,992,130)	(64.0)
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$4,880,546,018**	**$4,955,927,512**	**$75,381,494**	**1.5**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$12,369,328	$12,394,328	$25,000	0.2
Texas AgriLife Extension Service	17,884,556	17,884,556	0	0.0
Texas Engineering Experiment Station	66,140,722	67,943,512	1,802,790	2.7
Texas Transportation Institute	78,832,605	80,627,825	1,795,220	2.3
Texas Engineering Extension Service	96,279,917	96,224,906	(55,011)	(0.1)
Texas Forest Service	2,660,734	1,683,462	(977,272)	(36.7)
Texas Veterinary Medical Diagnostic Laboratory	20,731,533	18,170,000	(2,561,533)	(12.4)
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$294,899,395**	**$294,928,589**	**$29,194**	**0.0**
Higher Education Fund	$0	$0	$0	NA
Available University Fund	1,023,971,795	1,070,236,741	46,264,946	4.5
Higher Education Coordinating Board	$91,066,448	$89,541,448	($1,525,000)	(1.7)
SUBTOTAL, HIGHER EDUCATION	**$6,302,678,412**	**$6,423,179,200**	**$120,500,788**	**1.9**
EMPLOYEE BENEFITS				
Teacher Retirement System	$120,905,079	$120,837,946	($67,133)	(0.1)
Optional Retirement Program	0	0	0	NA
Higher Education Employees Group Insurance Contributions	1,138,202	1,322,608	184,406	16.2
Retirement and Group Insurance	1,318,436	1,441,914	123,478	9.4
Social Security and Benefits Replacement Pay	16,219,759	17,153,914	934,155	5.8
SUBTOTAL, EMPLOYEE BENEFITS	**$139,581,476**	**$140,756,382**	**$1,174,906**	**0.8**
DEBT SERVICE				
Bond Debt Service Payments	$8,123	$0	($8,123)	(100.0)
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$8,123**	**$0**	**($8,123)**	**(100.0)**
Less Interagency Contracts	$148,607,227	$147,936,228	($670,999)	(0.5)
TOTAL, ARTICLE III – EDUCATION	**$14,775,700,377**	**$14,745,670,354**	**($30,030,023)**	**(0.2)**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—(CONTINUED)
OTHER FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Supreme Court of Texas	$21,045,103	$20,434,432	($610,671)	(2.9)
Court of Criminal Appeals	20,098,783	20,715,092	616,309	3.1
First Court of Appeals District, Houston	671,730	649,100	(22,630)	(3.4)
Second Court of Appeals District, Fort Worth	574,100	574,100	0	NA
Third Court of Appeals District, Austin	467,068	469,800	2,732	0.6
Fourth Court of Appeals District, San Antonio	529,969	528,100	(1,869)	(0.4)
Fifth Court of Appeals District, Dallas	851,900	851,900	0	NA
Sixth Court of Appeals District, Texarkana	197,900	192,900	(5,000)	(2.5)
Seventh Court of Appeals District, Amarillo	261,200	261,200	0	NA
Eighth Court of Appeals District, El Paso	250,900	250,900	0	NA
Ninth Court of Appeals District, Beaumont	261,200	261,200	0	NA
Tenth Court of Appeals District, Waco	206,250	204,900	(1,350)	(0.7)
Eleventh Court of Appeals District, Eastland	200,900	200,900	0	NA
Twelfth Court of Appeals District, Tyler	197,900	197,900	0	NA
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	473,800	473,800	0	NA
Fourteenth Court of Appeals District, Houston	665,861	654,778	(11,083)	(1.7)
Office of Court Administration, Texas Judicial Council	9,950,323	9,990,490	40,167	0.4
Office of the State Prosecuting Attorney	56,950	68,900	11,950	21.0
State Law Library	86,200	86,000	(200)	(0.2)
State Commission on Judicial Conduct	0	0	0	NA
Judiciary Section, Comptroller's Department	109,349,027	112,418,533	3,069,506	2.8
SUBTOTAL, THE JUDICIARY	**$166,397,064**	**$169,484,925**	**$3,087,861**	**1.9**
Retirement and Group Insurance	$9,052,800	$9,580,113	$527,313	5.8
Social Security and Benefit Replacement Pay	4,383,900	4,527,304	143,404	3.3
SUBTOTAL, EMPLOYEE BENEFITS	**$13,436,700**	**$14,107,417**	**$670,717**	**5.0**
Lease Payments	$0	$0	$0	NA
Less Interagency Contracts	15,963,289	16,051,602	88,313	0.6
TOTAL, ARTICLE IV – THE JUDICIARY	**$163,870,475**	**$167,540,740**	**$3,670,265**	**2.2**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Adjutant General's Department	$30,668,414	$12,907,884	($17,760,530)	(57.9)
Alcoholic Beverage Commission	342,444	307,500	(34,944)	(10.2)
Department of Criminal Justice	252,869,130	221,297,791	(31,571,339)	(12.5)
Commission on Fire Protection	65,000	70,000	5,000	7.7
Commission on Jail Standards	56,750	57,000	250	0.4
Juvenile Probation Commission	25,682,652	25,700,427	17,775	0.1
Commission on Law Enforcement Officer Standards and Education	667,263	716,000	48,737	7.3
Department of Public Safety[1]	1,176,804,698	1,078,849,461	(97,955,237)	(8.3)
Youth Commission	76,068,942	20,083,344	(55,985,598)	(73.6)
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$1,563,225,293**	**$1,359,989,407**	**($203,235,886)**	**(13.0)**
Retirement and Group Insurance	$168,721,022	$166,479,165	($2,241,857)	(1.3)
Social Security and Benefit Replacement Pay	62,616,916	56,497,243	(6,119,673)	(9.8)
SUBTOTAL, EMPLOYEE BENEFITS	**$231,337,938**	**$222,976,408**	**($8,361,530)**	**(3.6)**
Bond Debt Service Payments	$586,654	$0	($586,654)	(100.0)
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$586,654**	**$0**	**($586,654)**	**(100.0)**
Less Interagency Contracts	$141,697,369	$140,960,905	($736,464)	(0.5)
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$1,653,452,516**	**$1,442,004,910**	**($211,447,606)**	**(12.8)**

[1]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Agriculture	$8,998,466	$10,818,560	$1,820,094	20.2
Animal Health Commission	283	0	(283)	(100.0)
Commission on Environmental Quality	19,083,326	17,494,612	(1,588,714)	(8.3)
General Land Office and Veterans' Land Board	95,742,352	98,785,882	3,043,530	3.2
Parks and Wildlife Department	76,928,808	78,381,032	1,452,224	1.9
Railroad Commission	21,373,940	4,158,980	(17,214,960)	(80.5)
Soil and Water Conservation Board	92,334	0	(92,334)	(100.0)
Water Development Board	25,158,924	21,330,799	(3,828,125)	(15.2)
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	20,692,526	56,538,082	35,845,556	173.2
SUBTOTAL, NATURAL RESOURCES	**$268,070,959**	**$287,507,947**	**$19,436,988**	**7.3**
Retirement and Group Insurance	$7,990,448	$8,743,806	$753,358	9.4
Social Security and Benefit Replacement Pay	3,878,095	3,961,216	83,121	2.1
SUBTOTAL, EMPLOYEE BENEFITS	**$11,868,543**	**$12,705,022**	**$836,479**	**7.0**
Bond Debt Service Payments	$4,865,307	$1,469,232	($3,396,075)	(69.8)
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$4,865,307**	**$1,469,232**	**($3,396,075)**	**(69.8)**
Less Interagency Contracts	$63,434,889	$42,925,320	($20,509,569)	(32.3)
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$221,369,920**	**$258,756,881**	**$37,386,961**	**16.9**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
Department of Housing and Community Affairs	$30,847,124	$32,989,999	$2,142,875	6.9
Texas Lottery Commission	0	0	0	NA
Department of Motor Vehicles	0	125,630,222	125,630,222	NA
Texas Department of Rural Affairs	999,380	1,307,606	308,226	30.8
Department of Transportation	10,785,272,766	11,137,454,688	352,181,922	3.3
Texas Workforce Commission	82,061,191	67,876,973	(14,184,218)	(17.3)
Reimbursements to the Unemployment Compensation Benefit Account	21,576,618	24,120,534	2,543,916	11.8
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$10,920,757,079**	**$11,389,380,022**	**$468,622,943**	**4.3**
Retirement and Group Insurance	$350,249,325	$392,604,223	$42,354,898	12.1
Social Security and Benefit Replacement Pay	106,732,771	108,605,239	1,872,468	1.8
SUBTOTAL, EMPLOYEE BENEFITS	**$456,982,096**	**$501,209,462**	**$44,227,366**	**9.7**
Bond Debt Service Payments	$4,678	$0	($4,678)	(100.0)
Lease Payments	0	0	0	NA
SUBTOTAL, DEBT SERVICE	**$4,678**	**$0**	**($4,678)**	**(100.0)**
Less Interagency Contracts	$95,869,204	$92,317,456	($3,551,748)	(3.7)
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$11,281,874,649**	**$11,798,272,028**	**$516,397,379**	**4.6**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—(CONTINUED)
OTHER FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11[1]	BIENNIAL CHANGE	PERCENTAGE CHANGE
State Office of Administrative Hearings	$11,874,025	$14,118,423	$2,244,398	18.9
Department of Banking[2]	12,200	0	(12,200)	(100.0)
Board of Chiropractic Examiners	62,000	62,000	0	NA
Office of Consumer Credit Commissioner[2]	0	0	0	NA
Credit Union Department[2]	9,848	0	(9,848)	(100.0)
Texas State Board of Dental Examiners	176,300	144,000	(32,300)	(18.3)
Funeral Service Commission	115,945	116,000	55	0.0
Board of Professional Geoscientists	0	0	0	NA
Health Professions Council	315,824	3,282,441	2,966,617	939.3
Office of Injured Employee Counsel	0	0	0	NA
Department of Insurance	3,824,838	36,322,432	32,497,594	849.6
Office of Public Insurance Counsel	96,000	96,000	0	NA
Board of Professional Land Surveying	0	0	0	NA
Department of Licensing and Regulation	1,077,268	1,077,268	0	NA
Texas Medical Board	189,846	128,846	(61,000)	(32.1)
Texas Board of Nursing	1,646,200	1,646,200	0	NA
Optometry Board	99,161	99,161	0	NA
Board of Pharmacy	15,460	15,460	0	NA
Executive Council of Physical Therapy & Occupational Therapy Examiners	161,354	161,354	0	NA
Board of Plumbing Examiners	105,243	97,500	(7,743)	(7.4)
Board of Podiatric Medical Examiners	12,700	6,400	(6,300)	(49.6)
Board of Examiners of Psychologists	158,796	158,796	0	NA
Racing Commission	0	0	0	NA
Real Estate Commission	377,600	381,000	3,400	0.9
Residential Construction Commission	6,700	4,000	(2,700)	(40.3)
Department of Savings and Mortgage Lending[2]	25,500	0	(25,500)	(100.0)
Securities Board	0	0	0	NA
Board of Tax Professional Examiners	0	0	0	NA
Public Utility Commission of Texas	1,105,000	950,000	(155,000)	(14.0)
Office of Public Utility Counsel	0	0	0	NA
Board of Veterinary Medical Examiners	3,811	3,768	(43)	(1.1)
SUBTOTAL, REGULATORY	**$21,471,619**	**$58,871,049**	**$37,399,430**	**174.2**
Retirement and Group Insurance	$0	$0	$0	NA
Social Security and Benefit Replacement Pay	397,693	406,121	8,428	2.1
SUBTOTAL, EMPLOYEE BENEFITS	**$397,693**	**$406,121**	**$8,428**	**2.1**
Lease Payments	$0	$0	$0	NA
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**NA**
Less Interagency Contracts	$5,863,292	$10,986,614	$5,123,322	87.4
TOTAL, ARTICLE VIII – REGULATORY	**$16,006,020**	**$48,290,556**	**$32,284,536**	**201.7**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session.
[2]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$21,297,306	$21,297,306	NA
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$21,297,306**	**$21,297,306**	**NA**

SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Senate	$0	$0	$0	NA
House of Representatives	0	0	0	NA
Legislative Budget Board	0	0	0	NA
Sunset Commission	0	0	0	NA
Legislative Council	0	0	0	NA
Commission on Uniform State Laws	0	0	0	NA
State Auditor's Office	7,800,139	9,550,000	1,749,861	22.4
Legislative Reference Library	18,890	16,000	(2,890)	(15.3)
SUBTOTAL, THE LEGISLATURE	**$7,819,029**	**$9,566,000**	**$1,746,971**	**22.3**
Retirement and Group Insurance	$0	$0	$0	NA
Social Security and Benefit Replacement Pay	0	0	0	NA
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**NA**
Lease Payments	$0	$0	$0	NA
Less Interagency Contracts	7,352,542	9,003,200	1,650,658	22.5
TOTAL, ARTICLE X – THE LEGISLATURE	**$466,487**	**$562,800**	**$96,313**	**20.6**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE B5—*(CONTINUED)*
OTHER FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND INVESTMENT ACT	ESTIMATED/BUDGETED 2008–09	APPROPRIATED 2010–11	BIENNIAL CHANGE	PERCENTAGE CHANGE
Commission on the Arts	$0	$0	$0	NA
Office of the Attorney General	0	0	0	NA
Fiscal Programs – Comptroller of Public Accounts	0	0	0	NA
Trusteed Programs within the Office of the Governor	0	0	0	NA
Historical Commission	0	0	0	NA
Department of Aging and Disability Services	0	0	0	NA
Department of Assistive and Rehabilitative Services	0	0	0	NA
Department of Family and Protective Services	0	0	0	NA
Department of State Health Services	0	0	0	NA
Health and Human Services Commission	0	0	0	NA
Texas Education Agency	0	0	0	NA
Higher Education Coordinating Board	0	0	0	NA
General Academic Institutions	0	0	0	NA
Health Related Higher Education Institution	0	0	0	NA
Higher Education and Other Government Programs	0	0	0	NA
Public Community/Junior Colleges	0	0	0	NA
Department of Agriculture	0	0	0	NA
Commission on Environmental Quality	0	0	0	NA
Department of Housing and Community Affairs	0	0	0	NA
Texas Department of Rural Affairs	0	0	0	NA
Department of Transportation	0	0	0	NA
Texas Workforce Commission	0	0	0	NA
Article XII, Special Provisions	0	0	0	NA
SUBTOTAL, GENERAL PROVISIONS	$0	**$0**	**$0**	**NA**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$0**	**$0**	**$0**	**NA**

SOURCE: Legislative Budget Board.

APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

The following notes apply to all methods of finance in this Appendix:

a. *As footnoted, amounts shown in appendices reflect provisions not only of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009 but also of House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations and other appropriating legislation. Appropriations related to House Bill 4586 are subject to the appropriation life stated therein and are not shortened by inclusion in House Bill 1, Eightieth Legislature, 2007 or extended by inclusion in Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.*
b. *Unless expressly provided by House Bill 4586 or other appropriating legislation, such appropriations are not subject to General Provisions contained in Article IX of House Bill 1, Eightieth Legislature, 2007 or Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.*
c. *Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs within the Office of the Comptroller and are not allocated to state agencies in their respective articles.*

ALL FUNDS

TABLE C1
ALL FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Article I – General Government	$2,002,824,017	$2,031,985,609	$2,578,156,897	$1,888,246,557
Article II – Health and Human Services	26,327,886,957	29,048,512,086	29,692,649,744	30,053,841,573
Article III – Agencies of Education	35,837,799,690	38,604,360,636	36,634,782,807	38,816,957,917
Article IV – The Judiciary	307,785,866	316,385,366	335,128,621	336,625,507
Article V – Public Safety and Criminal Justice[3]	5,328,486,811	5,545,782,251	5,484,735,918	5,283,087,049
Article VI – Natural Resources[3]	1,555,295,521	1,939,353,679	1,781,055,745	1,682,785,852
Article VII – Business and Economic Development	10,254,006,950	11,256,272,637	9,894,311,987	10,820,253,337
Article VIII – Regulatory	373,018,796	395,565,199	422,310,781	424,896,382
Article IX – General Provisions	0	0	13,884,000	13,884,000
Article X – The Legislature	163,330,858	180,623,056	171,915,240	182,961,832
Article XII – The American Recovery and Reinvestment Act	0	662,200,000	5,675,495,115	0
TOTAL, ALL FUNCTIONS	**$82,150,435,466**	**$89,981,040,519**	**$92,684,426,855**	**$89,503,540,006**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Note: Article totals exclude interagency contracts.
Source: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Commission on the Arts	$5,119,146	$4,740,443	$10,139,440	$4,707,144
Office of the Attorney General	469,283,417	515,538,605	504,358,241	505,233,221
Bond Review Board	604,396	612,541	612,540	612,541
Cancer Prevention and Research Institute of Texas	3,276,355	4,544,006	224,155,000	224,012,000
Comptroller of Public Accounts	221,043,639	219,537,140	232,317,483	232,081,483
Fiscal Programs – Comptroller of Public Accounts	317,168,504	421,835,075	550,277,186	318,592,798
Commission on State Emergency Communications	88,434,521	63,900,002	74,350,596	68,184,476
Employees Retirement System	7,573,111	7,648,842	7,610,976	7,610,977
Texas Ethics Commission	1,937,313	2,246,600	2,072,514	2,074,815
Facilities Commission	106,614,719	107,645,121	84,460,960	52,195,108
Public Finance Authority	875,153	961,593	3,070,078	3,616,078
Fire Fighters' Pension Commissioner	9,374,603	578,930	838,573	713,573
Office of the Governor	11,197,022	11,007,964	12,409,727	11,309,726
Trusteed Programs Within the Office of the Governor	456,193,023	372,343,804	477,199,011	156,509,671
Historical Commission	72,399,908	26,641,640	79,885,219	20,271,896
Department of Information Resources	244,232,254	220,321,435	279,527,397	255,522,681
Library & Archives Commission	32,189,045	34,252,861	35,580,586	35,251,163
Pension Review Board	719,668	704,378	752,968	702,968
Preservation Board	14,108,890	22,459,423	22,986,037	11,026,131
State Office of Risk Management	7,941,643	8,539,477	9,033,914	8,777,914
Workers' Compensation Payments	44,786,264	46,067,750	48,567,750	49,567,750
Secretary of State	50,269,797	57,867,295	71,219,055	24,877,447
Office of State-Federal Relations	685,092	904,705	0	0
Veteran's Commission	15,781,149	16,241,081	17,102,395	17,023,206
SUBTOTAL, GENERAL GOVERNMENT	**$2,181,808,632**	**$2,167,140,711**	**$2,748,527,646**	**$2,010,474,767**
Retirement and Group Insurance	$85,170,122	$88,156,606	$95,779,012	$101,533,742
Social Security and Benefit Replacement Pay	36,822,991	44,459,265	39,575,738	39,957,508
SUBTOTAL, EMPLOYEE BENEFITS	**$121,993,113**	**$132,615,871**	**$135,354,750**	**$141,491,250**
Bond Debt Service Payments	$10,302,603	$5,550,778	$27,259,069	$53,678,894
Lease Payments	12,321,283	12,292,708	11,861,135	11,293,942
SUBTOTAL, DEBT SERVICE	**$22,623,886**	**$17,843,486**	**$39,120,204**	**$64,972,836**
Less Interagency Contracts	$323,601,614	$285,614,459	$344,845,703	$328,692,296
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$2,002,824,017**	**$2,031,985,609**	**$2,578,156,897**	**$1,888,246,557**
ARRA Appropriations, Article XII[3]	$0	$0	$403,727,300	$0
GRAND TOTAL, GENERAL GOVERNMENT	**$2,002,824,017**	**$2,031,985,609**	**$2,981,884,197**	**$1,888,246,557**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Aging and Disability Services	$5,647,296,590	$6,181,992,588	$6,690,575,198	$6,689,398,470
Department of Assistive and Rehabilitative Services	598,198,560	592,490,837	623,164,536	632,043,383
Department of Family and Protective Services	1,271,883,199	1,276,291,485	1,300,853,176	1,370,755,010
Department of State Health Services	2,800,602,571	2,825,837,063	2,942,180,511	2,911,721,803
Health and Human Services Commission	15,678,301,397	17,829,478,492	17,737,257,498	18,017,515,478
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$25,996,282,317**	**$28,706,090,465**	**$29,294,030,919**	**$29,621,434,144**
Retirement and Group Insurance	$445,126,828	$464,770,722	$503,003,402	$540,166,959
Social Security and Benefit Replacement Pay	151,993,207	159,043,701	163,747,939	165,638,600
SUBTOTAL, EMPLOYEE BENEFITS	**$597,120,035**	**$623,814,423**	**$666,751,341**	**$705,805,559**
Bond Debt Service Payments	$27,128,400	$19,953,750	$33,266,604	$31,905,826
Lease Payments	6,781,819	6,476,355	7,526,864	6,349,892
SUBTOTAL, DEBT SERVICE	**$33,910,219**	**$26,430,105**	**$40,793,468**	**$38,255,718**
Less Interagency Contracts	$299,425,614	$307,822,907	$308,925,984	$311,653,848
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$26,327,886,957**	**$29,048,512,086**	**$29,692,649,744**	**$30,053,841,573**
ARRA Appropriations, Article XII[3]	$0	$0	$213,763,816	$0
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$26,327,886,957**	**$29,048,512,086**	**$29,906,413,560**	**$30,053,841,573**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — EDUCATION

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
PUBLIC EDUCATION				
Texas Education Agency	$23,691,957,656	$25,761,874,064	$23,519,384,618	$25,570,357,455
School for the Blind and Visually Impaired	27,949,019	112,180,863	55,649,056	20,453,942
School for the Deaf	23,122,102	24,315,989	26,549,207	23,810,882
SUBTOTAL, PUBLIC EDUCATION	**$23,743,028,777**	**$25,898,370,916**	**$23,601,582,881**	**$25,614,622,279**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$860,412,423	$1,021,042,868	$929,621,578	$929,621,580
Lamar Institute of Technology	11,715,737	13,720,671	12,861,571	12,859,260
Lamar University - Orange	9,200,224	9,534,803	9,243,483	9,247,357
Lamar University - Port Arthur	11,859,160	12,238,526	11,258,018	11,707,842
SUBTOTAL, LAMAR STATE COLLEGES	**$32,775,121**	**$35,494,000**	**$33,363,072**	**$33,814,459**
Texas State Technical College System Administration	$4,297,897	$4,070,910	$13,978,418	$3,978,418
Texas State Technical College - Harlingen	23,796,064	25,504,733	25,791,743	25,857,435
Texas State Technical College - West Texas	14,729,506	15,052,717	14,990,059	15,016,888
Texas State Technical College - Marshall	5,047,765	5,054,986	5,707,776	5,722,574
Texas State Technical College - Waco	33,779,928	33,113,272	33,611,392	33,684,746
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$81,651,160**	**$82,796,618**	**$94,079,388**	**$84,260,061**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$974,838,704**	**$1,139,333,486**	**$1,057,064,038**	**$1,047,696,100**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$8,511,414	$8,580,778	$9,638,650	$9,642,600
The University of Texas at Arlington	134,022,554	133,268,164	135,766,821	136,004,824
The University of Texas at Austin	370,962,277	380,873,629	388,628,861	389,210,743
The University of Texas at Dallas	98,798,308	101,270,534	109,698,351	109,900,355
The University of Texas at El Paso	99,596,148	100,906,749	105,289,117	105,462,101
The University of Texas - Pan American	83,595,056	83,575,131	86,584,561	86,729,332
The University of Texas at Brownsville	29,912,390	31,086,571	31,823,522	31,861,837
The University of Texas of the Permian Basin	32,494,448	32,891,118	32,256,391	32,276,538
The University of Texas at San Antonio	133,994,442	132,092,488	140,356,573	140,615,860
The University of Texas at Tyler	36,753,957	37,967,799	37,458,832	37,513,206
Texas A&M University System Administrative and General Offices	12,663,571	5,335,806	9,185,569	12,486,440
Texas A&M University	338,202,619	340,468,067	361,335,719	362,023,595
Texas A&M University at Galveston	19,228,503	25,983,023	20,048,423	20,070,427
Prairie View A&M University	71,475,484	72,938,347	71,094,510	71,174,056
Tarleton State University	53,136,222	53,473,379	59,754,123	57,298,789
Texas A&M University - Corpus Christi	59,761,721	59,300,545	61,696,234	61,729,433
Texas A&M University - Kingsville	51,783,201	52,383,865	55,181,567	55,610,192

TABLE C1—*(CONTINUED)*
ALL FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Texas A&M International University	$45,803,672	$45,930,800	$43,669,134	$42,049,699
West Texas A&M University	39,879,439	39,925,273	40,462,780	40,531,377
Texas A&M University - Commerce	47,208,512	46,499,147	46,752,175	46,866,996
Texas A&M University - Texarkana	18,395,610	18,593,642	18,160,519	18,179,780
University of Houston System Administration	2,602,180	9,944,268	2,840,617	2,840,617
University of Houston	218,741,376	219,010,344	229,570,667	229,967,802
University of Houston - Clear Lake	39,103,496	40,418,193	42,312,758	42,369,725
University of Houston - Downtown	42,128,295	42,675,389	44,456,228	44,533,180
University of Houston - Victoria	20,362,011	19,240,585	21,612,267	21,613,475
Midwestern State University	26,101,279	27,048,725	26,833,811	26,890,333
University of North Texas System Administration	7,553,109	12,462,719	14,003,007	15,505,467
University of North Texas	157,897,719	158,176,108	159,989,520	161,148,204
Stephen F. Austin State University	60,377,116	60,479,596	61,990,019	62,130,674
Texas Southern University	88,576,441	110,174,153	76,380,851	76,479,106
Texas Tech University System Administration	415,047	415,047	2,000,000	2,000,000
Texas Tech University	184,874,708	184,740,120	188,153,297	188,480,338
Angelo State University	33,399,912	33,245,883	33,920,006	34,008,533
Texas Woman's University	74,699,950	76,269,137	75,257,054	75,396,801
Texas State University System	1,279,248	1,138,248	1,140,248	1,138,248
Lamar University	54,551,748	50,819,594	59,284,320	59,269,194
Sam Houston State University	82,506,913	82,143,398	82,482,440	80,063,467
Texas State University - San Marcos	127,625,218	127,179,501	131,943,881	132,217,629
Sul Ross State University	17,508,220	17,640,542	17,613,202	17,640,758
Sul Ross State University Rio Grande College	6,826,499	6,805,974	6,721,151	6,723,775
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$3,033,310,033**	**$3,083,372,379**	**$3,143,347,776**	**$3,147,655,506**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$162,852,264	$164,149,159	$166,972,908	$167,427,048
The University of Texas Medical Branch at Galveston	583,991,569	774,370,704	573,995,255	489,360,243
The University of Texas Health Science Center at Houston	168,393,156	174,934,718	178,739,219	178,969,569
The University of Texas Health Science Center at San Antonio	164,561,001	171,673,789	174,856,974	174,909,229
The University of Texas M.D. Anderson Cancer Center	2,130,138,606	2,192,238,728	2,241,410,508	2,459,247,720
The University of Texas Health Science Center at Tyler	79,972,328	82,392,878	87,178,969	87,595,998
Texas A&M University System Health Science Center	106,910,764	111,338,707	126,885,074	121,896,839

TABLE C1—*(CONTINUED)*
ALL FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
University of North Texas Health Science Center at Fort Worth	$64,151,998	$65,563,992	$69,717,650	$69,744,447
Texas Tech University Health Sciences Center	166,646,585	162,867,996	175,320,829	179,757,867
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$3,627,618,271**	**$3,899,530,671**	**$3,795,077,386**	**$3,928,908,960**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$73,123,847	$68,952,016	$73,316,075	$73,316,075
Texas AgriLife Extension Service	68,436,759	69,265,473	70,116,547	70,079,545
Texas Engineering Experiment Station	92,603,703	95,482,665	98,007,743	98,007,744
Texas Transportation Institute	44,267,343	45,157,906	47,357,955	46,957,954
Texas Engineering Extension Service	76,715,412	82,702,424	79,286,236	79,286,237
Texas Forest Service	41,055,007	79,537,478	54,586,646	54,573,645
Texas Veterinary Medical Diagnostic Laboratory	15,094,756	18,765,008	15,959,353	15,959,354
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$411,296,827**	**$459,862,970**	**$438,630,555**	**$438,180,554**
Higher Education Fund	$262,500,000	$262,500,000	$262,500,000	$262,500,000
Available University Fund	475,332,173	548,639,622	540,906,439	529,330,302
Higher Education Coordinating Board	611,966,249	672,058,083	907,376,126	827,390,912
SUBTOTAL, HIGHER EDUCATION	**$9,396,862,257**	**$10,065,297,211**	**$10,144,902,320**	**$10,181,662,334**
EMPLOYEE BENEFITS				
Teacher Retirement System	$1,838,532,946	$1,923,358,960	$1,963,124,792	$2,041,925,200
Optional Retirement Program	140,664,940	144,884,889	145,149,116	149,503,590
Higher Education Employees Group Insurance Contributions	503,468,404	349,495,827	543,728,398	580,660,537
Retirement and Group Insurance	25,759,598	26,338,969	28,168,155	30,231,503
Social Security and Benefits Replacement Pay	255,059,684	263,796,736	272,787,389	282,093,324
SUBTOTAL, EMPLOYEE BENEFITS	**$2,763,485,572**	**$2,707,875,381**	**$2,952,957,850**	**$3,084,414,154**
DEBT SERVICE				
Bond Debt Service Payments	$1,638,853	$1,591,210	$5,926,610	$7,704,490
Lease Payments	6,343,453	6,273,923	3,381,260	2,522,774
SUBTOTAL, DEBT SERVICE	**$7,982,306**	**$7,865,133**	**$9,307,870**	**$10,227,264**
Less Interagency Contracts	$73,559,222	$75,048,005	$73,968,114	$73,968,114
TOTAL, ARTICLE III – EDUCATION	**$35,837,799,690**	**$38,604,360,636**	**$36,634,782,807**	**$38,816,957,917**
ARRA Appropriations, Article XII[3]	$0	$0	$2,722,911,500	($359,404,000)
GRAND TOTAL, EDUCATION	**$35,837,799,690**	**$38,604,360,636**	**$39,357,694,307**	**$38,457,553,917**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]ARRA amounts shown above are net of any method of finance adjustment with General Revenue Funds, and reflect only a net gain in funding as a result of ARRA.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Supreme Court of Texas	$19,517,026	$19,028,954	$30,844,862	$30,099,856
Court of Criminal Appeals	14,343,005	14,517,867	14,798,713	15,663,903
First Court of Appeals District, Houston	3,639,144	3,616,512	3,729,013	3,994,552
Second Court of Appeals District, Fort Worth	2,695,652	2,900,187	2,815,932	3,065,466
Third Court of Appeals District, Austin	2,428,982	2,441,920	2,441,919	2,680,286
Fourth Court of Appeals District, San Antonio	2,767,784	2,777,144	2,883,364	3,038,786
Fifth Court of Appeals District, Dallas	4,926,333	4,926,332	5,104,825	5,456,793
Sixth Court of Appeals District, Texarkana	1,274,211	1,330,544	1,323,647	1,455,797
Seventh Court of Appeals District, Amarillo	1,627,347	1,634,496	1,640,896	1,794,668
Eighth Court of Appeals District, El Paso	1,330,483	1,338,134	1,348,575	1,489,917
Ninth Court of Appeals District, Beaumont	1,628,877	1,637,548	1,637,548	1,788,268
Tenth Court of Appeals District, Waco	1,229,453	1,317,627	1,297,262	1,457,957
Eleventh Court of Appeals District, Eastland	1,299,745	1,311,350	1,319,297	1,459,797
Twelfth Court of Appeals District, Tyler	1,280,557	1,325,786	1,377,834	1,454,457
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	2,435,725	2,447,855	2,458,535	2,689,965
Fourteenth Court of Appeals District, Houston	3,531,390	3,766,524	3,752,813	4,006,031
Office of Court Administration, Texas Judicial Council	41,130,963	46,956,236	48,987,532	45,454,667
Office of the State Prosecuting Attorney	448,902	459,052	459,952	459,952
State Law Library	977,195	995,596	1,127,463	1,126,061
State Commission on Judicial Conduct	881,766	925,267	1,001,626	996,626
Judiciary Section, Comptroller's Department	139,699,322	141,454,111	144,451,571	145,420,718
SUBTOTAL, THE JUDICIARY	**$249,093,862**	**$257,109,042**	**$274,803,179**	**$275,054,523**
Retirement and Group Insurance	$54,725,943	$55,386,753	$56,251,720	$57,386,093
Social Security and Benefit Replacement Pay	9,362,033	9,519,138	9,627,573	9,739,352
SUBTOTAL, EMPLOYEE BENEFITS	**$64,087,976**	**$64,905,891**	**$65,879,293**	**$67,125,445**
Lease Payments	$2,489,628	$2,448,122	$2,468,899	$2,474,391
SUBTOTAL, DEBT SERVICE	**$2,489,628**	**$2,448,122**	**$2,468,899**	**$2,474,391**
Less Interagency Contracts	$7,885,600	$8,077,689	$8,022,750	$8,028,852
TOTAL, ARTICLE IV – THE JUDICIARY	**$307,785,866**	**$316,385,366**	**$335,128,621**	**$336,625,507**

[1]Relects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Adjutant General's Department	$67,096,975	$176,319,240	$126,991,786	$59,736,937
Alcoholic Beverage Commission[3]	40,878,681	40,973,675	45,106,720	43,697,669
Department of Criminal Justice[3]	2,893,320,612	3,106,445,728	3,058,920,512	3,112,913,861
Commission on Fire Protection	2,922,818	2,943,318	3,479,739	3,455,369
Commission on Jail Standards	949,316	961,348	1,075,348	1,075,348
Juvenile Probation Commission	144,585,825	157,908,083	182,774,142	179,815,944
Commission on Law Enforcement Officer Standards and Education	3,031,618	2,981,756	3,369,861	3,355,602
Department of Public Safety[3]	1,068,781,374	952,313,014	973,820,894	759,183,808
Youth Commission	281,795,256	280,137,599	233,191,500	222,692,522
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$4,503,362,475**	**$4,720,983,761**	**$4,628,730,502**	**$4,385,927,060**
Retirement and Group Insurance	$480,406,133	$490,632,048	$516,960,529	$551,086,282
Social Security and Benefit Replacement Pay	159,434,636	163,317,608	164,443,033	166,698,673
SUBTOTAL, EMPLOYEE BENEFITS	**$639,840,769**	**$653,949,656**	**$681,403,562**	**$717,784,955**
Bond Debt Service Payments	$256,333,894	$237,053,472	$243,170,775	$247,750,318
Lease Payments	2,239,741	2,202,663	2,041,515	1,975,185
SUBTOTAL, DEBT SERVICE	**$258,573,635**	**$239,256,135**	**$245,212,290**	**$249,725,503**
Less Interagency Contracts	$73,290,068	$68,407,301	$70,610,436	$70,350,469
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$5,328,486,811**	**$5,545,782,251**	**$5,484,735,918**	**$5,283,087,049**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Agriculture	$377,550,380	$420,025,074	$442,530,843	$440,197,835
Animal Health Commission	14,677,427	14,808,053	15,392,131	15,256,131
Commission on Environmental Quality	446,904,879	688,104,761	493,198,133	472,774,096
General Land Office and Veterans' Land Board	81,538,098	161,687,960	83,815,420	82,395,622
Parks and Wildlife Department[3]	355,235,400	347,647,227	381,716,015	291,281,774
Railroad Commission	74,698,475	80,698,346	71,461,467	71,969,555
Soil and Water Conservation Board	19,073,082	17,962,267	28,603,085	28,603,085
Water Development Board	48,698,659	64,973,641	50,381,480	47,349,236
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	34,635,395	46,416,746	92,690,531	106,830,385
SUBTOTAL, NATURAL RESOURCES	**$1,453,011,795**	**$1,842,324,075**	**$1,659,789,105**	**$1,556,657,719**
Retirement and Group Insurance	$84,851,074	$86,215,645	$92,299,870	$98,785,296
Social Security and Benefit Replacement Pay	33,483,364	33,951,997	34,600,034	34,993,567
SUBTOTAL, EMPLOYEE BENEFITS	**$118,334,438**	**$120,167,642**	**$126,899,904**	**$133,778,863**
Bond Debt Service Payments	$9,057,885	$6,753,177	$11,914,941	$9,882,514
Lease Payments	4,260,826	4,174,251	4,023,955	3,819,916
SUBTOTAL, DEBT SERVICE	**$13,318,711**	**$10,927,428**	**$15,938,896**	**$13,702,430**
Less Interagency Contracts	$29,369,423	$34,065,466	$21,572,160	$21,353,160
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$1,555,295,521**	**$1,939,353,679**	**$1,781,055,745**	**$1,682,785,852**
ARRA Appropriations, Article XII	$0	$0	$35,309,000	$0
GRAND TOTAL, NATURAL RESOURCES	**$1,555,295,521**	**$1,939,353,679**	**$1,816,364,745**	**$1,682,785,852**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Housing and Community Affairs	$595,487,605	$155,690,046	$171,705,064	$171,848,761
Texas Lottery Commission	209,169,810	209,650,959	198,908,424	195,305,355
Department of Motor Vehicles	0	0	200,000	142,741,633
Texas Department of Rural Affairs	135,225,903	86,194,417	90,698,580	90,508,487
Department of Transportation	7,984,500,072	9,467,909,752	8,087,782,181	8,852,125,065
Texas Workforce Commission	1,079,214,547	1,044,998,847	1,061,697,474	1,064,073,677
Reimbursements to the Unemployment Compensation Benefit Account	14,716,176	15,600,505	16,738,057	17,153,008
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$10,018,314,113**	**$10,980,044,526**	**$9,627,729,780**	**$10,533,755,986**
Retirement and Group Insurance	$214,498,636	$218,934,483	$234,490,158	$252,034,564
Social Security and Benefit Replacement Pay	66,032,148	66,845,441	67,349,446	67,885,945
SUBTOTAL, EMPLOYEE BENEFITS	**$280,530,784**	**$285,779,924**	**$301,839,604**	**$319,920,509**
Bond Debt Service Payments	$6,056,639	$33,835,690	$9,682,374	$11,699,442
Lease Payments	749,269	837,846	1,135,235	1,119,850
SUBTOTAL, DEBT SERVICE	**$6,805,908**	**$34,673,536**	**$10,817,609**	**$12,819,292**
Less Interagency Contracts	$51,643,855	$44,225,349	$46,075,006	$46,242,450
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$10,254,006,950**	**$11,256,272,637**	**$9,894,311,987**	**$10,820,253,337**
ARRA Appropriations, Article XII	$0	$662,200,000	$2,659,187,499	$0
GRAND TOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$10,254,006,950**	**$11,918,472,637**	**$12,553,499,486**	**$10,820,253,337**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
State Office of Administrative Hearings	$9,131,457	$9,533,772	$10,549,213	$10,543,565
Department of Banking[3]	14,810,949	15,094,059	0	0
Board of Chiropractic Examiners	468,510	463,863	641,620	623,620
Office of Consumer Credit Commissioner[3]	4,727,352	4,673,851	0	0
Credit Union Department[3]	1,804,119	1,825,426	0	0
Texas State Board of Dental Examiners	1,907,884	1,867,270	2,771,845	2,174,718
Funeral Service Commission	666,257	672,554	801,751	795,751
Board of Professional Geoscientists	448,163	447,209	795,812	653,953
Health Professions Council	157,924	163,221	2,513,779	768,662
Office of Injured Employee Counsel	7,042,044	7,630,587	7,769,542	7,769,542
Department of Insurance	98,253,928	102,826,911	120,836,843	120,190,696
Office of Public Insurance Counsel	1,059,332	1,074,277	1,121,777	1,121,777
Board of Professional Land Surveying	429,504	401,865	486,493	442,124
Department of Licensing and Regulation	20,313,513	21,893,030	24,205,850	24,306,077
Texas Medical Board	9,679,093	9,346,852	11,656,240	11,392,824
Texas Board of Nursing	7,070,168	7,150,168	8,373,383	8,628,633
Optometry Board	439,916	443,075	533,358	489,962
Structural Pest Control Board	0	0	0	0
Board of Pharmacy	4,207,914	4,176,371	6,110,971	5,141,070
Executive Council of Physical Therapy & Occupational Therapy Examiners	1,108,392	1,083,642	1,141,398	1,131,797
Board of Plumbing Examiners	1,939,449	1,883,264	2,672,544	2,127,659
Board of Podiatric Medical Examiners	239,487	236,135	242,998	241,575
Board of Examiners of Psychologists	793,980	790,573	972,374	879,604
Racing Commission	9,752,716	9,861,711	10,784,039	10,784,038
Real Estate Commission	6,226,016	7,016,474	8,323,851	8,441,734
Residential Construction Commission	8,747,318	10,426,619	8,995,102	0
Department of Savings and Mortgage Lending[3]	4,282,669	5,260,555	0	0
Securities Board	5,686,526	6,030,707	7,851,340	7,871,716
Board of Tax Professional Examiners	175,132	176,513	192,763	0
Public Utility Commission of Texas	101,349,966	111,164,181	133,877,833	146,506,264
Office of Public Utility Counsel	1,666,376	1,830,077	1,758,717	1,758,717
Board of Veterinary Medical Examiners	872,549	837,020	1,011,657	1,005,027
SUBTOTAL, REGULATORY	**$325,458,603**	**$346,281,832**	**$376,993,093**	**$375,791,105**
Retirement and Group Insurance	$32,058,614	$32,548,768	$35,334,283	$37,843,294
Social Security and Benefit Replacement Pay	13,445,477	13,638,149	14,131,925	14,264,296
SUBTOTAL, EMPLOYEE BENEFITS	**$45,504,091**	**$46,186,917**	**$49,466,208**	**$52,107,590**
Lease Payments	$4,904,982	$4,806,337	$2,217,345	$1,618,436
SUBTOTAL, DEBT SERVICE	**$4,904,982**	**$4,806,337**	**$2,217,345**	**$1,618,436**
Less Interagency Contracts	$2,848,880	$3,014,412	$6,365,865	$4,620,749
TOTAL, ARTICLE VIII – REGULATORY	**$373,018,796**	**$394,260,674**	**$422,310,781**	**$424,896,382**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Schedule C Employee Pay Raise	$0	$0	$13,884,000	$13,884,000
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$13,884,000**	**$13,884,000**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Senate	$29,816,368	$33,429,059	$30,039,758	$33,430,669
House of Representatives	32,577,018	37,730,000	33,005,408	37,731,610
Legislative Budget Board	12,407,559	14,097,073	13,358,098	13,358,099
Sunset Commission	1,991,565	1,998,005	2,010,773	2,010,773
Legislative Council	34,934,858	40,803,065	35,157,003	40,525,210
Commission on Uniform State Laws	170,160	209,467	170,160	209,467
State Auditor’s Office	17,929,707	17,082,574	18,501,071	18,501,071
Legislative Reference Library	1,447,401	1,663,357	1,466,323	1,661,357
SUBTOTAL, THE LEGISLATURE	**$131,274,636**	**$147,012,600**	**$133,708,594**	**$147,428,256**
Retirement and Group Insurance	$20,841,506	$21,203,280	$22,544,445	$24,049,681
Social Security and Benefit Replacement Pay	7,721,135	7,849,525	7,937,911	8,029,090
SUBTOTAL, EMPLOYEE BENEFITS	**$28,562,641**	**$29,052,805**	**$30,482,356**	**$32,078,771**
Lease Payments	$7,687,620	$7,716,154	$12,225,890	$7,956,405
SUBTOTAL, DEBT SERVICE	**$7,687,620**	**$7,716,154**	**$12,225,890**	**$7,956,405**
Less Interagency Contracts	$4,194,039	$3,158,503	$4,501,600	$4,501,600
TOTAL, ARTICLE X – THE LEGISLATURE	**$163,330,858**	**$180,623,056**	**$171,915,240**	**$182,961,832**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C1—*(CONTINUED)*
ALL FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Commission on the Arts	$0	$0	$427,300	$0
Office of the Attorney General	0	0	10,100,000	0
Fiscal Programs – Comptroller of Public Accounts	0	0	284,800,000	0
Trusteed Programs within the Office of the Governor	0	0	101,400,000	0
Department of Aging and Disability Services	0	0	6,000,000	0
Department of Assistive and Rehabilitative Services	0	0	87,600,000	0
Department of Family and Protective Services	0	0	64,370,942	0
Department of State Health Services	0	0	5,698,070	0
Health and Human Services Commission	0	0	47,594,804	0
Texas Education Agency	0	0	2,624,192,500	0
Higher Education Coordinating Board	0	0	80,000,000	0
General Academic Institutions	0	0	81,000,000	0
Health Related Higher Education Institution	0	0	51,000,000	0
Higher Education and Other Government Programs	0	0	111,407,500	0
Public Community/Junior Colleges	0	0	15,000,000	0
Department of Agriculture	0	0	21,800,000	0
Commission on Environmental Quality	0	0	12,509,000	0
Department of Housing and Community Affairs	0	0	565,075,732	0
Texas Department of Rural Affairs	0	0	19,500,000	0
Department of Transportation	0	662,200,000	1,637,800,000	0
Texas Workforce Commission	0	0	436,811,767	0
Article XII, Special Provisions	0	0	(588,592,500)	0
SUBTOTAL, GENERAL PROVISIONS	**$0**	**$662,200,000**	**$5,675,495,115**	**$0**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$0**	**$662,200,000**	**$5,675,495,115**	**$0**

SOURCE: Legislative Budget Board.

APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE FUNDS

TABLE C2
GENERAL REVENUE FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Article I – General Government	$1,108,947,255	$1,133,485,692	$1,376,442,907	$1,066,481,572
Article II – Health and Human Services	10,266,074,010	11,510,230,764	12,026,723,855	12,386,884,504
Article III – Agencies of Education	22,976,818,797	25,507,536,689	23,514,100,694	25,428,772,092
Article IV – The Judiciary	201,332,377	201,596,953	218,458,426	219,306,871
Article V – Public Safety and Criminal Justice[3]	3,982,929,690	4,310,246,331	4,260,984,481	4,369,208,044
Article VI – Natural Resources	318,897,956	436,252,478	454,680,781	420,384,213
Article VII – Business and Economic Development	462,655,034	185,664,142	256,078,661	330,681,873
Article VIII – Regulatory	164,306,526	175,632,766	161,303,691	150,538,591
Article IX – General Provisions	0	0	1,057,997	1,057,997
Article X – The Legislature	163,072,371	180,415,056	171,633,840	182,680,432
Article XII – The American Recovery and Reinvestment Act	0	(1,647,143,693)	(6,383,292,500)	0
TOTAL, ALL FUNCTIONS	**$39,645,034,016**	**$41,993,917,178**	**$36,058,172,833**	**$44,555,996,189**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Commission on the Arts	$159,750	$1,164,551	$1,024,769	$309,678
Office of the Attorney General	178,023,204	194,980,120	193,389,462	192,626,784
Bond Review Board	604,396	612,541	612,540	612,541
Cancer Prevention and Research Institute of Texas	3,029,197	4,484,006	0	0
Comptroller of Public Accounts	218,847,090	217,528,400	230,308,743	230,072,743
Fiscal Programs - Comptroller of Public Accounts	283,263,054	342,041,597	501,977,415	297,128,451
Commission on State Emergency Communications	0	0	0	0
Employees Retirement System	7,573,111	7,648,842	7,610,976	7,610,977
Texas Ethics Commission	1,919,540	2,097,993	2,064,324	2,066,625
Facilities Commission	28,413,302	31,069,500	29,339,215	29,339,214
Public Finance Authority	550,118	568,649	563,601	563,601
Fire Fighters' Pension Commissioner	9,331,906	540,430	800,573	675,573
Office of the Governor	10,726,374	10,549,862	11,944,727	10,844,726
Trusteed Programs Within the Office of the Governor	171,735,637	137,247,546	158,957,489	58,858,393
Historical Commission	14,431,679	17,414,091	19,074,616	15,873,292
Department of Information Resources	780,823	792,678	792,677	792,678
Library & Archives Commission	17,481,102	19,464,034	20,620,182	20,315,025
Pension Review Board	690,352	675,062	742,968	692,968
Preservation Board	14,051,645	11,437,678	22,928,792	11,004,386
State Office of Risk Management	3,676,653	3,775,037	0	0
Workers' Compensation Payments	0	0	0	0
Secretary of State	26,841,166	11,104,139	27,492,934	10,754,002
Office of State-Federal Relations	609,351	615,528	0	0
Veteran's Commission	4,724,087	4,976,315	7,152,702	7,087,768
SUBTOTAL, GENERAL GOVERNMENT	**$997,463,537**	**$1,020,788,599**	**$1,237,398,705**	**$897,229,425**
Retirement and Group Insurance	$62,937,064	$64,841,230	$71,458,605	$75,876,684
Social Security and Benefit Replacement Pay	28,556,611	32,516,440	30,969,456	31,347,690
SUBTOTAL, EMPLOYEE BENEFITS	**$91,493,675**	**$97,357,670**	**$102,428,061**	**$107,224,374**
Bond Debt Service Payments	$7,668,760	$3,046,715	$24,755,006	$50,733,831
Lease Payments	12,321,283	12,292,708	11,861,135	11,293,942
SUBTOTAL, DEBT SERVICE	**$19,990,043**	**$15,339,423**	**$36,616,141**	**$62,027,773**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$1,108,947,255**	**$1,133,485,692**	**$1,376,442,907**	**$1,066,481,572**
ARRA Appropriations, Article XII	$0	($27,300,000)	($27,300,000)	$0
GRAND TOTAL, GENERAL GOVERNMENT	**$1,108,947,255**	**$1,106,185,692**	**$1,349,142,907**	**$1,066,481,572**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Aging and Disability Services	$2,190,015,119	$2,430,259,597	$2,728,616,248	$2,770,489,406
Department of Assistive and Rehabilitative Services	96,995,339	100,533,316	111,848,770	113,745,122
Department of Family and Protective Services	487,832,186	535,742,542	517,439,635	574,971,299
Department of State Health Services	1,016,858,970	1,036,839,701	1,093,157,172	1,112,150,346
Health and Human Services Commission	6,119,236,563	7,048,471,073	7,177,629,544	7,395,489,419
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$9,910,938,177**	**$11,151,846,229**	**$11,628,691,369**	**$11,966,845,592**
Retirement and Group Insurance	$244,430,677	$252,290,731	$274,589,910	$297,411,736
Social Security and Benefit Replacement Pay	79,484,018	82,289,815	85,277,054	86,997,574
SUBTOTAL, EMPLOYEE BENEFITS	**$323,914,695**	**$334,580,546**	**$359,866,964**	**$384,409,310**
Bond Debt Service Payments	$24,439,319	$17,327,634	$30,638,658	$29,279,710
Lease Payments	6,781,819	6,476,355	7,526,864	6,349,892
SUBTOTAL, DEBT SERVICE	**$31,221,138**	**$23,803,989**	**$38,165,522**	**$35,629,602**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$10,266,074,010**	**$11,510,230,764**	**$12,026,723,855**	**$12,386,884,504**
ARRA Appropriations, Article XII	$0	($1,619,843,693)	($1,951,984,861)	($565,215,139)
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$10,266,074,010**	**$9,890,387,071**	**$10,074,738,994**	**$11,821,669,365**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
SOURCE: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — EDUCATION

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
PUBLIC EDUCATION				
Texas Education Agency	$15,168,655,661	$17,322,802,842	$14,903,702,117	$16,848,620,602
School for the Blind and Visually Impaired	14,008,695	13,851,984	15,342,714	15,339,936
School for the Deaf	17,252,009	18,455,949	20,750,368	17,902,189
SUBTOTAL, PUBLIC EDUCATION	**$15,199,916,365**	**$17,355,110,775**	**$14,939,795,199**	**$16,881,862,727**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$860,412,423	$1,021,042,868	$929,621,578	$929,621,580
Lamar Institute of Technology	8,865,737	10,870,671	10,011,227	10,010,328
Lamar University - Orange	6,933,024	7,422,724	6,959,683	6,953,879
Lamar University - Port Arthur	9,830,819	10,215,531	9,231,490	9,682,172
SUBTOTAL, LAMAR STATE COLLEGES	**$25,629,580**	**$28,508,926**	**$26,202,400**	**$26,646,379**
Texas State Technical College System Administration	$3,531,909	$3,531,910	$13,531,909	$3,531,909
Texas State Technical College - Harlingen	17,974,589	18,876,934	19,541,383	19,539,400
Texas State Technical College - West Texas	12,046,862	12,040,589	12,453,609	12,452,887
Texas State Technical College - Marshall	4,047,840	4,046,203	4,759,213	4,758,562
Texas State Technical College - Waco	25,503,459	25,327,546	26,397,717	26,393,198
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$63,104,659**	**$63,823,182**	**$76,683,831**	**$66,675,956**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$949,146,662**	**$1,113,374,976**	**$1,032,507,809**	**$1,022,943,915**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$7,321,994	$7,321,994	$8,536,650	$8,540,600
The University of Texas at Arlington	91,800,295	91,778,750	94,838,190	95,021,912
The University of Texas at Austin	269,599,384	279,067,739	285,736,523	285,924,494
The University of Texas at Dallas	68,874,209	69,083,403	77,523,583	77,622,572
The University of Texas at El Paso	74,282,853	74,155,110	79,590,041	79,654,203
The University of Texas - Pan American	61,259,191	61,367,722	64,432,057	64,574,841
The University of Texas at Brownsville	25,719,392	26,916,477	27,444,907	27,477,950
The University of Texas of the Permian Basin	28,420,041	28,530,464	28,188,927	28,205,266
The University of Texas at San Antonio	95,475,461	95,483,782	101,797,243	102,019,824
The University of Texas at Tyler	30,090,988	31,372,190	30,652,405	30,701,606
Texas A&M University System Administrative and General Offices	7,603,355	528,362	4,328,125	7,666,996
Texas A&M University	245,757,297	242,459,023	264,875,965	265,178,712
Texas A&M University at Galveston	16,135,736	22,323,176	16,773,167	16,787,710
Prairie View A&M University	55,986,089	57,700,378	54,769,814	54,811,695
Tarleton State University	40,645,351	40,641,796	47,894,299	45,413,033
Texas A&M University - Corpus Christi	48,227,724	47,618,965	50,170,221	50,193,293
Texas A&M University - Kingsville	39,989,739	39,871,362	43,918,435	44,327,278

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Texas A&M International University	$39,455,436	$39,438,866	$36,572,872	$34,932,557
West Texas A&M University	30,146,778	30,126,436	30,918,287	30,945,544
Texas A&M University - Commerce	33,313,076	33,309,947	36,617,532	36,716,863
Texas A&M University - Texarkana	16,443,531	16,440,546	16,193,428	16,209,526
University of Houston System Administration	2,602,180	9,944,268	2,840,617	2,840,617
University of Houston	157,617,221	158,416,550	167,082,499	167,341,715
University of Houston - Clear Lake	28,670,569	29,603,007	31,913,168	31,949,128
University of Houston - Downtown	28,668,353	28,642,161	30,287,365	30,340,156
University of Houston - Victoria	16,628,781	15,525,679	17,262,673	17,260,285
Midwestern State University	18,656,663	19,055,396	19,906,413	19,955,008
University of North Texas System Administration	7,553,109	12,462,719	14,003,007	15,505,467
University of North Texas	105,760,179	105,625,491	108,426,143	109,445,135
Stephen F. Austin State University	43,127,367	43,685,586	45,614,221	45,746,714
Texas Southern University	69,803,420	85,180,084	61,057,239	61,120,386
Texas Tech University System Administration	415,047	415,047	2,000,000	2,000,000
Texas Tech University	137,530,445	137,462,321	140,881,792	141,120,198
Angelo State University	25,226,357	25,163,498	25,838,163	25,925,023
Texas Woman's University	55,133,948	56,926,389	55,264,268	55,373,677
Texas State University System	1,133,248	1,133,248	1,133,248	1,133,248
Lamar University	40,298,735	36,505,710	43,370,588	43,318,247
Sam Houston State University	44,502,670	44,357,855	46,336,872	46,461,324
Texas State University - San Marcos	87,097,124	87,205,830	91,468,157	91,713,986
Sul Ross State University	15,119,113	15,082,542	15,348,957	15,374,551
Sul Ross State University Rio Grande College	5,375,824	5,375,974	5,739,800	5,742,343
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$2,217,468,273**	**$2,253,305,843**	**$2,327,547,861**	**$2,332,593,683**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$148,782,340	$148,830,547	$152,214,669	$152,125,964
The University of Texas Medical Branch at Galveston	228,954,955	378,794,181	331,854,314	234,678,383
The University of Texas Health Science Center at Houston	144,607,649	145,592,911	155,412,196	155,282,670
The University of Texas Health Science Center at San Antonio	139,900,323	142,762,206	154,454,884	154,369,619
The University of Texas M.D. Anderson Cancer Center	152,739,888	156,447,126	164,926,404	164,903,651
The University of Texas Health Science Center at Tyler	34,905,094	36,369,801	37,362,761	37,359,661
Texas A&M University System Health Science Center	89,617,776	95,972,906	110,347,936	105,335,067

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — EDUCATION (CONTINUED)

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
University of North Texas Health Science Center at Fort Worth	$56,385,726	$58,388,382	$62,540,846	$62,564,129
Texas Tech University Health Sciences Center	150,907,676	136,460,777	160,940,004	164,806,157
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$1,146,801,427**	**$1,299,618,837**	**$1,330,054,014**	**$1,231,425,301**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$59,255,514	$55,058,683	$59,422,742	$59,422,742
Texas AgriLife Extension Service	48,188,890	49,017,604	49,824,678	49,824,676
Texas Engineering Experiment Station	14,009,278	14,349,278	14,624,356	14,624,357
Texas Transportation Institute	0	0	1,150,000	750,000
Texas Engineering Extension Service	6,926,865	8,181,865	7,159,184	7,159,185
Texas Forest Service	19,379,616	56,991,114	19,275,282	19,275,281
Texas Veterinary Medical Diagnostic Laboratory	6,232,616	6,295,615	6,574,353	6,574,354
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$153,992,779**	**$189,894,159**	**$158,030,595**	**$157,630,595**
Higher Education Fund	$262,500,000	$262,500,000	$262,500,000	$262,500,000
Available University Fund	0	0	0	0
Higher Education Coordinating Board	482,914,194	553,865,821	736,678,922	687,268,795
SUBTOTAL, HIGHER EDUCATION	**$5,212,823,335**	**$5,672,559,636**	**$5,847,319,201**	**$5,694,362,289**
EMPLOYEE BENEFITS				
Teacher Retirement System	$1,705,547,032	$1,764,265,246	$1,806,672,541	$1,881,335,168
Optional Retirement Program	120,005,520	123,605,686	123,831,106	127,546,040
Higher Education Employees Group Insurance Contributions	502,899,303	348,926,726	543,088,839	579,977,488
Retirement and Group Insurance	21,167,000	21,619,697	23,167,605	24,942,357
Social Security and Benefits Replacement Pay	206,486,059	213,583,790	220,918,333	228,518,759
SUBTOTAL, EMPLOYEE BENEFITS	**$2,556,104,914**	**$2,472,001,145**	**$2,717,678,424**	**$2,842,319,812**
DEBT SERVICE				
Bond Debt Service Payments	$1,630,730	$1,591,210	$5,926,610	$7,704,490
Lease Payments	6,343,453	6,273,923	3,381,260	2,522,774
SUBTOTAL, DEBT SERVICE	**$7,974,183**	**$7,865,133**	**$9,307,870**	**$10,227,264**
TOTAL, ARTICLE III – EDUCATION	**$22,976,818,797**	**$25,507,536,689**	**$23,514,100,694**	**$25,428,772,092**
ARRA Appropriations, Article XII	$0	$0	($3,437,199,999)	($401,592,500)
GRAND TOTAL, EDUCATION	**$22,976,818,797**	**$25,507,536,689**	**$20,076,900,695**	**$25,027,179,592**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Supreme Court of Texas	$6,947,662	$6,616,868	$16,800,014	$16,719,574
Court of Criminal Appeals	4,349,768	4,412,321	4,891,167	4,856,357
First Court of Appeals District, Houston	3,291,964	3,291,962	3,404,463	3,670,002
Second Court of Appeals District, Fort Worth	2,408,602	2,613,137	2,528,882	2,778,416
Third Court of Appeals District, Austin	2,196,814	2,207,020	2,207,019	2,445,386
Fourth Court of Appeals District, San Antonio	2,501,865	2,513,094	2,619,314	2,774,736
Fifth Court of Appeals District, Dallas	4,500,383	4,500,382	4,678,875	5,030,843
Sixth Court of Appeals District, Texarkana	1,171,761	1,235,094	1,227,197	1,359,347
Seventh Court of Appeals District, Amarillo	1,496,747	1,503,896	1,510,296	1,664,068
Eighth Court of Appeals District, El Paso	1,205,033	1,212,684	1,223,125	1,364,467
Ninth Court of Appeals District, Beaumont	1,498,277	1,506,948	1,506,948	1,657,668
Tenth Court of Appeals District, Waco	1,125,653	1,215,177	1,194,812	1,355,507
Eleventh Court of Appeals District, Eastland	1,199,295	1,210,900	1,218,847	1,359,347
Twelfth Court of Appeals District, Tyler	1,181,607	1,226,836	1,278,884	1,355,507
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	2,198,825	2,210,955	2,221,635	2,453,065
Fourteenth Court of Appeals District, Houston	3,192,918	3,439,135	3,425,424	3,678,642
Office of Court Administration, Texas Judicial Council	13,063,076	11,855,209	14,381,403	10,842,217
Office of the State Prosecuting Attorney	426,402	424,602	425,502	425,502
State Law Library	934,095	952,496	1,084,463	1,083,061
State Commission on Judicial Conduct	881,766	925,267	1,001,626	996,626
Judiciary Section, Comptroller's Department	85,741,074	86,063,332	88,350,230	89,103,526
SUBTOTAL, THE JUDICIARY	**$141,513,587**	**$141,137,315**	**$157,180,126**	**$156,973,864**
Retirement and Group Insurance	$50,174,351	$50,745,145	$51,467,684	$52,438,741
Social Security and Benefit Replacement Pay	7,154,811	7,266,371	7,341,717	7,419,875
SUBTOTAL, EMPLOYEE BENEFITS	**$57,329,162**	**$58,011,516**	**$58,809,401**	**$59,858,616**
Lease Payments	$2,489,628	$2,448,122	$2,468,899	$2,474,391
SUBTOTAL, DEBT SERVICES	**$2,489,628**	**$2,448,122**	**$2,468,899**	**$2,474,391**
TOTAL, ARTICLE IV – THE JUDICIARY	**$201,332,377**	**$201,596,953**	**$218,458,426**	**$219,306,871**

[1]Relects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Adjutant General's Department	$15,827,593	$15,988,420	$15,500,653	$15,535,862
Alcoholic Beverage Commission[3]	40,190,211	40,177,225	44,601,770	43,192,719
Department of Criminal Justice[3]	2,738,492,026	2,962,040,257	2,911,443,066	2,995,236,427
Commission on Fire Protection	2,887,818	2,913,318	3,444,739	3,420,369
Commission on Jail Standards	921,066	932,848	1,046,848	1,046,848
Juvenile Probation Commission	121,220,476	125,709,871	150,743,963	147,727,384
Commission on Law Enforcement Officer Standards and Education	0	0	101,855	101,855
Department of Public Safety	56,364,937	177,917,016	120,815,594	120,257,497
Youth Commission	238,700,327	223,024,879	209,606,186	205,531,087
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$3,214,604,454**	**$3,548,703,834**	**$3,457,304,674**	**$3,532,050,048**
Retirement and Group Insurance	$384,897,776	$393,920,997	$425,212,478	$452,463,467
Social Security and Benefit Replacement Pay	125,190,479	128,615,365	133,255,039	134,969,026
SUBTOTAL, EMPLOYEE BENEFITS	**$510,088,255**	**$522,536,362**	**$558,467,517**	**$587,432,493**
Bond Debt Service Payments	$255,997,240	$236,803,472	$243,170,775	$247,750,318
Lease Payments	2,239,741	2,202,663	2,041,515	1,975,185
SUBTOTAL, DEBT SERVICE	**$258,236,981**	**$239,006,135**	**$245,212,290**	**$249,725,503**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$3,982,929,690**	**$4,310,246,331**	**$4,260,984,481**	**$4,369,208,044**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Agriculture	$63,180,995	$83,003,439	$83,535,644	$60,506,491
Animal Health Commission	9,739,233	10,075,836	10,820,568	10,684,568
Commission on Environmental Quality	10,298,387	15,307,382	15,559,747	13,936,272
General Land Office and Veterans' Land Board	3,085,149	50,028,188	8,645,738	1,734,188
Parks and Wildlife Department	78,546,270	93,043,110	107,316,675	98,728,936
Railroad Commission	28,036,770	28,475,032	30,155,281	29,631,691
Soil and Water Conservation Board	12,480,748	11,962,267	22,543,335	22,543,335
Water Development Board	22,336,771	37,922,013	29,082,630	28,959,894
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	23,434,472	36,925,143	68,900,081	74,082,753
SUBTOTAL, NATURAL RESOURCES	**$251,138,795**	**$366,742,410**	**$376,559,699**	**$340,808,128**
Retirement and Group Insurance	$50,141,558	$50,810,409	$54,222,131	$57,795,857
Social Security and Benefit Replacement Pay	8,432,011	8,504,419	8,695,093	8,811,992
SUBTOTAL, EMPLOYEE BENEFITS	**$58,573,569**	**$59,314,828**	**$62,917,224**	**$66,607,849**
Bond Debt Service Payments	$4,924,766	$6,020,989	$11,179,903	$9,148,320
Lease Payments	4,260,826	4,174,251	4,023,955	3,819,916
SUBTOTAL, DEBT SERVICE	**$9,185,592**	**$10,195,240**	**$15,203,858**	**$12,968,236**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$318,897,956**	**$436,252,478**	**$454,680,781**	**$420,384,213**
ARRA Appropriations, Article XII	$0	$0	$0	$0
GRAND TOTAL, NATURAL RESOURCES	**$318,897,956**	**$436,252,478**	**$454,680,781**	**$420,384,213**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Housing and Community Affairs	$7,183,450	$7,551,675	$22,643,144	$22,596,988
Texas Lottery Commission	15,207,501	15,526,176	15,546,681	15,520,280
Department of Motor Vehicles	0	0	200,000	16,445,711
Texas Department of Rural Affairs	8,752,758	3,797,854	9,788,299	9,748,206
Department of Transportation	305,238,543	5,723,226	47,027,498	103,054,983
Texas Workforce Commission	114,241,274	113,013,768	144,289,397	144,289,391
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	0
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$450,623,526**	**$145,612,699**	**$239,495,019**	**$311,655,559**
Retirement and Group Insurance	$4,178,793	$4,312,809	$4,692,323	$5,124,202
Social Security and Benefit Replacement Pay	1,051,485	1,065,098	1,073,710	1,082,820
SUBTOTAL, EMPLOYEE BENEFITS	**$5,230,278**	**$5,377,907**	**$5,766,033**	**$6,207,022**
Bond Debt Service Payments	$6,051,961	$33,835,690	$9,682,374	$11,699,442
Lease Payments	749,269	837,846	1,135,235	1,119,850
SUBTOTAL, DEBT SERVICE	**$6,801,230**	**$34,673,536**	**$10,817,609**	**$12,819,292**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$462,655,034**	**$185,664,142**	**$256,078,661**	**$330,681,873**
ARRA Appropriations, Article XII	$0	$0	$0	$0
GRAND TOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$462,655,034**	**$185,664,142**	**$256,078,661**	**$330,681,873**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
State Office of Administrative Hearings	$3,319,307	$3,471,897	$3,490,002	$3,484,353
Department of Banking[3]	14,804,849	15,087,959	0	0
Board of Chiropractic Examiners	437,510	432,863	610,620	592,620
Office of Consumer Credit Commissioner[3]	4,727,352	4,673,851	0	0
Credit Union Department[3]	1,797,271	1,822,426	0	0
Texas State Board of Dental Examiners	1,803,584	1,795,270	2,699,845	2,102,718
Funeral Service Commission	608,312	614,554	743,751	737,751
Board of Professional Geoscientists	448,163	447,209	795,812	653,953
Health Professions Council	1,762	3,559	0	0
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	33,347,796	36,092,884	36,418,858	36,209,433
Office of Public Insurance Counsel	1,011,332	1,026,277	1,073,777	1,073,777
Board of Professional Land Surveying	429,504	401,865	486,493	442,124
Department of Licensing and Regulation	19,749,879	21,329,396	23,642,216	23,636,403
Texas Medical Board	6,926,449	6,684,070	9,363,536	9,098,759
Texas Board of Nursing	6,247,068	6,327,068	7,550,283	7,805,533
Optometry Board	390,336	393,494	483,778	440,381
Structural Pest Control Board	0	0	0	0
Board of Pharmacy	4,200,184	4,168,641	6,103,241	5,133,340
Executive Council of Physical Therapy & Occupational Therapy Examiners	1,022,038	1,008,642	1,060,722	1,051,119
Board of Plumbing Examiners	1,882,956	1,834,514	2,623,794	2,078,909
Board of Podiatric Medical Examiners	229,987	232,935	239,798	238,375
Board of Examiners of Psychologists	714,582	711,175	892,976	800,206
Racing Commission	0	0	0	0
Real Estate Commission	5,918,916	6,705,974	8,013,351	8,131,234
Residential Construction Commission	8,743,118	10,424,119	8,991,102	0
Department of Savings and Mortgage Lending[3]	4,263,169	5,254,555	0	0
Securities Board	5,686,526	6,030,707	7,851,340	7,871,716
Board of Tax Professional Examiners	175,132	176,513	192,763	0
Public Utility Commission of Texas	10,008,389	11,354,503	10,877,758	10,785,198
Office of Public Utility Counsel	1,666,376	1,830,077	1,758,717	1,758,717
Board of Veterinary Medical Examiners	870,623	835,135	1,009,773	1,003,143
SUBTOTAL, REGULATORY	**$141,432,470**	**$151,172,132**	**$136,974,306**	**$125,129,762**
Retirement and Group Insurance	$14,630,635	$14,837,148	$16,378,282	$17,593,720
Social Security and Benefit Replacement Pay	6,289,932	6,390,835	6,765,577	6,836,704
SUBTOTAL, EMPLOYEE BENEFITS	**$20,920,567**	**$21,227,983**	**$23,143,859**	**$24,430,424**
Lease Payments	$1,953,489	$1,928,126	$1,185,526	$978,405
SUBTOTAL, DEBT SERVICE	**$1,953,489**	**$1,928,126**	**$1,185,526**	**$978,405**
TOTAL, ARTICLE VIII – REGULATORY	**$164,306,526**	**$174,328,241**	**$161,303,691**	**$150,538,591**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$0	$1,057,997	$1,057,997
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$1,057,997**	**$1,057,997**

SOURCE: Legislative Budget Board.

TABLE C2—(CONTINUED)
GENERAL REVENUE FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Senate	$29,816,368	$33,429,059	$30,039,758	$33,430,669
House of Representatives	32,577,018	37,730,000	33,005,408	37,731,610
Legislative Budget Board	12,407,559	14,097,073	13,358,098	13,358,099
Sunset Commission	1,991,565	1,998,005	2,010,773	2,010,773
Legislative Council	34,934,858	40,803,065	35,157,003	40,525,210
Commission on Uniform State Laws	170,160	209,467	170,160	209,467
State Auditor's Office	13,486,071	13,726,071	13,726,071	13,726,071
Legislative Reference Library	1,438,511	1,653,357	1,458,323	1,653,357
SUBTOTAL, THE LEGISLATURE	**$126,822,110**	**$143,646,097**	**$128,925,594**	**$142,645,256**
Retirement and Group Insurance	$20,841,506	$21,203,280	$22,544,445	$24,049,681
Social Security and Benefit Replacement Pay	7,721,135	7,849,525	7,937,911	8,029,090
SUBTOTAL, EMPLOYEE BENEFITS	**$28,562,641**	**$29,052,805**	**$30,482,356**	**$32,078,771**
Lease Payments	$7,687,620	$7,716,154	$12,225,890	$7,956,405
SUBTOTAL, DEBT SERVICE	**$7,687,620**	**$7,716,154**	**$12,225,890**	**$7,956,405**
TOTAL, ARTICLE X – THE LEGISLATURE	**$163,072,371**	**$180,415,056**	**$171,633,840**	**$182,680,432**

SOURCE: Legislative Budget Board.

TABLE C2—*(CONTINUED)*
GENERAL REVENUE FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Commission on the Arts	$0	$0	$0	$0
Office of the Attorney General	0	(27,300,000)	(27,300,000)	0
Fiscal Programs – Comptroller of Public Accounts	0	0	0	0
Trusteed Programs within the Office of the Governor	0	0	0	0
Historical Commission	0	0	0	0
Department of Aging and Disability Services	0	0	(4,200,000)	0
Department of Assistive and Rehabilitative Services	0	0	0	0
Department of Family and Protective Services	0	0	0	0
Department of State Health Services	0	0	0	0
Health and Human Services Commission	0	(1,619,843,693)	(2,513,000,000)	0
Texas Education Agency	0	0	(3,250,200,000)	0
Higher Education Coordinating Board	0	0	0	0
General Academic Institutions	0	0	0	0
Health Related Higher Education Institution	0	0	0	0
Higher Education and Other Government Programs	0	0	0	0
Public Community/Junior Colleges	0	0	0	0
Department of Agriculture	0	0	0	0
Commission on Environmental Quality	0	0	0	0
Department of Housing and Community Affairs	0	0	0	0
Texas Department of Rural Affairs	0	0	0	0
Department of Transportation	0	0	0	0
Texas Workforce Commission	0	0	0	0
Article XII, Special Provisions	0	0	(588,592,500)	0
SUBTOTAL, GENERAL PROVISIONS	**$0**	**($1,647,143,693)**	**($6,383,292,500)**	**$0**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$0**	**($1,647,143,693)**	**($6,383,292,500)**	**$0**

SOURCE: Legislative Budget Board.

APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

GENERAL REVENUE–DEDICATED FUNDS

TABLE C3
GENERAL REVENUE–DEDICATED FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Article I – General Government	$403,908,847	$315,859,682	$431,291,510	$241,401,189
Article II – Health and Human Services	476,967,892	490,541,703	493,103,684	497,122,062
Article III – Agencies of Education	1,208,368,305	1,146,108,567	1,198,205,569	1,183,951,069
Article IV – The Judiciary	23,512,966	30,222,114	30,476,687	30,980,706
Article V – Public Safety and Criminal Justice	11,632,441	16,749,782	59,075,869	18,743,710
Article VI – Natural Resources[3]	630,264,430	870,869,063	671,169,092	647,887,763
Article VII – Business and Economic Development	211,503,391	212,258,809	201,803,922	198,588,382
Article VIII – Regulatory	199,056,789	209,265,413	234,616,655	247,948,424
Article IX – General Provisions	0	0	1,478,040	1,478,040
Article X – The Legislature	0	0	0	0
Article XII – The American Recovery and Reinvestment Act	0	0	0	0
TOTAL, ALL FUNCTIONS	**$3,165,215,061**	**$3,291,875,133**	**$3,321,221,028**	**$3,068,101,345**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Commission on the Arts	$2,571,265	$1,468,192	$7,098,221	$2,381,016
Office of the Attorney General	87,938,563	101,280,210	93,847,659	93,812,770
Bond Review Board	0	0	0	0
Cancer Prevention and Research Institute of Texas	12,050	10,000	30,000	12,000
Comptroller of Public Accounts	0	0	0	0
Fiscal Programs – Comptroller of Public Accounts	24,961,413	32,015,363	46,658,405	19,822,981
Commission on State Emergency Communications	87,746,863	63,660,002	74,110,596	67,944,476
Employees Retirement System	0	0	0	0
Texas Ethics Commission	0	0	0	0
Facilities Commission	2,550,888	2,690,668	5,510,920	2,642,069
Public Finance Authority	0	0	2,145,000	2,691,000
Fire Fighters' Pension Commissioner	0	0	0	0
Office of the Governor	0	0	0	0
Trusteed Programs Within the Office of the Governor	190,069,340	95,687,433	193,465,221	42,817,894
Historical Commission	525,000	525,000	396,000	424,000
Department of Information Resources	0	0	0	0
Library & Archives Commission	2,390	13,347	6,263	4,000
Pension Review Board	0	0	0	0
Preservation Board	0	0	0	0
State Office of Risk Management	0	0	0	0
Workers' Compensation Payments	0	0	0	0
Secretary of State	1,524,657	12,247,532	1,891,000	2,119,000
Office of State-Federal Relations	0	0	0	0
Veteran's Commission	2,672	2,672	7,000	4,000
SUBTOTAL, GENERAL GOVERNMENT	**$397,905,101**	**$309,600,419**	**$425,166,285**	**$234,675,206**
Retirement and Group Insurance	$2,367,230	$2,426,762	$2,559,800	$2,708,013
Social Security and Benefit Replacement Pay	1,021,162	1,328,438	1,061,362	1,072,907
SUBTOTAL, EMPLOYEE BENEFITS	**$3,388,392**	**$3,755,200**	**$3,621,162**	**$3,780,920**
Bond Debt Service Payments	$2,615,354	$2,504,063	$2,504,063	$2,945,063
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$2,615,354**	**$2,504,063**	**$2,504,063**	**$2,945,063**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$403,908,847**	**$315,859,682**	**$431,291,510**	**$241,401,189**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects other enacted legislation affecting appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Aging and Disability Services	$57,120,054	$55,518,650	$55,064,625	$54,564,624
Department of Assistive and Rehabilitative Services	16,862,324	13,790,175	14,614,763	14,614,959
Department of Family and Protective Services	6,989,793	6,989,791	7,663,848	7,663,848
Department of State Health Services	387,894,821	399,183,485	407,034,578	411,129,239
Health and Human Services Commission	0	6,712,284	0	0
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$468,866,992**	**$482,194,385**	**$484,377,814**	**$487,972,670**
Retirement and Group Insurance	$5,089,245	$5,207,487	$5,557,264	$5,950,601
Social Security and Benefit Replacement Pay	3,011,655	3,139,831	3,168,606	3,198,791
SUBTOTAL, EMPLOYEE BENEFITS	**$8,100,900**	**$8,347,318**	**$8,725,870**	**$9,149,392**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$476,967,892**	**$490,541,703**	**$493,103,684**	**$497,122,062**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — EDUCATION

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
PUBLIC EDUCATION				
Texas Education Agency	$96,590,140	$111,140	$136,173	$98,173
School for the Blind and Visually Impaired	0	0	0	0
School for the Deaf	0	0	0	0
SUBTOTAL, PUBLIC EDUCATION	**$96,590,140**	**$111,140**	**$136,173**	**$98,173**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar Institute of Technology	2,850,000	2,850,000	2,850,344	2,848,932
Lamar University - Orange	2,267,200	2,112,079	2,283,800	2,293,478
Lamar University - Port Arthur	2,028,341	2,022,995	2,026,528	2,025,670
SUBTOTAL, LAMAR STATE COLLEGES	**$7,145,541**	**$6,985,074**	**$7,160,672**	**$7,168,080**
Texas State Technical College System Administration	$765,988	$539,000	$446,509	$446,509
Texas State Technical College - Harlingen	5,821,475	6,627,799	6,250,360	6,318,035
Texas State Technical College - West Texas	2,682,644	3,012,128	2,536,450	2,564,001
Texas State Technical College - Marshall	999,925	1,008,783	948,563	964,012
Texas State Technical College - Waco	8,276,469	7,785,726	7,213,675	7,291,548
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$18,546,501**	**$18,973,436**	**$17,395,557**	**$17,584,105**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$25,692,042**	**$25,958,510**	**$24,556,229**	**$24,752,185**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$0	$0	$0	$0
The University of Texas at Arlington	42,222,259	41,489,414	40,928,631	40,982,912
The University of Texas at Austin	101,362,893	101,805,890	102,892,338	103,286,249
The University of Texas at Dallas	29,924,099	32,187,131	32,174,768	32,277,783
The University of Texas at El Paso	24,035,795	25,431,639	24,379,076	24,487,898
The University of Texas - Pan American	22,014,864	21,886,408	21,831,503	21,833,490
The University of Texas at Brownsville	4,192,998	4,170,094	4,378,615	4,383,887
The University of Texas of the Permian Basin	4,074,407	4,360,654	4,067,464	4,071,272
The University of Texas at San Antonio	38,518,981	36,608,706	38,559,330	38,596,036
The University of Texas at Tyler	6,662,969	6,595,609	6,806,427	6,811,600
Texas A&M University System Administrative and General Offices	5,060,216	4,807,444	4,857,444	4,819,444
Texas A&M University	89,345,322	94,989,044	93,163,102	93,469,677
Texas A&M University at Galveston	3,092,767	3,659,847	3,275,256	3,282,717
Prairie View A&M University	15,489,395	15,237,969	16,324,696	16,362,361
Tarleton State University	12,490,871	12,831,583	11,859,824	11,885,756
Texas A&M University - Corpus Christi	11,533,997	11,681,580	11,526,013	11,536,140
Texas A&M University - Kingsville	11,793,462	12,512,503	11,263,132	11,282,914

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Texas A&M International University	$6,154,711	$6,298,409	$6,902,737	$6,923,617
West Texas A&M University	9,732,661	9,798,837	9,544,493	9,585,833
Texas A&M University - Commerce	13,895,436	13,189,200	10,134,643	10,150,133
Texas A&M University - Texarkana	1,952,079	2,153,096	1,967,091	1,970,254
University of Houston System Administration	0	0	0	0
University of Houston	61,124,155	60,593,794	62,488,168	62,626,087
University of Houston - Clear Lake	10,432,927	10,815,186	10,399,590	10,420,597
University of Houston - Downtown	13,459,942	14,033,228	14,168,863	14,193,024
University of Houston - Victoria	3,733,230	3,714,906	4,349,594	4,353,190
Midwestern State University	7,444,616	7,993,329	6,927,398	6,935,325
University of North Texas System Administration	0	0	0	0
University of North Texas	52,137,540	52,550,617	51,563,377	51,703,069
Stephen F. Austin State University	17,249,749	16,794,010	16,375,798	16,383,960
Texas Southern University	18,773,021	24,994,069	15,323,612	15,358,720
Texas Tech University System Administration	0	0	0	0
Texas Tech University	47,344,263	47,277,799	47,271,505	47,360,140
Angelo State University	8,173,555	8,082,385	8,081,843	8,083,510
Texas Woman's University	19,566,002	19,342,748	19,992,786	20,023,124
Texas State University System	146,000	5,000	7,000	5,000
Lamar University	14,253,013	14,313,884	15,913,732	15,950,947
Sam Houston State University	38,004,243	37,785,543	36,145,568	33,602,143
Texas State University - San Marcos	40,528,094	39,973,671	40,475,724	40,503,643
Sul Ross State University	2,389,107	2,558,000	2,264,245	2,266,207
Sul Ross State University Rio Grande College	1,450,675	1,430,000	981,351	981,432
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$809,760,314**	**$823,953,226**	**$809,566,737**	**$808,750,091**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$9,375,373	$10,128,026	$10,429,239	$10,972,084
The University of Texas Medical Branch at Galveston	12,965,705	12,116,446	12,485,449	12,845,643
The University of Texas Health Science Center at Houston	14,850,864	21,336,659	15,581,924	15,875,433
The University of Texas Health Science Center at San Antonio	9,394,779	9,195,156	8,297,685	8,438,540
The University of Texas M.D. Anderson Cancer Center	21,305,143	30,916,250	31,741,762	32,334,909
The University of Texas Health Science Center at Tyler	286,225	257,814	255,702	253,525
Texas A&M University System Health Science Center	8,570,162	7,392,601	7,587,945	7,648,062

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
University of North Texas Health Science Center at Fort Worth	$5,339,469	$4,895,190	$4,896,384	$4,899,898
Texas Tech University Health Sciences Center	10,834,359	11,022,439	10,732,225	11,303,110
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$92,922,079**	**$107,260,581**	**$102,008,315**	**$104,571,204**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$500,000	$500,000	$500,000	$500,000
Texas AgriLife Extension Service	0	0	44,000	7,000
Texas Engineering Experiment Station	952,019	952,019	952,019	952,019
Texas Transportation Institute	0	0	0	0
Texas Engineering Extension Service	0	0	0	0
Texas Forest Service	15,756,000	18,252,000	31,017,000	31,004,000
Texas Veterinary Medical Diagnostic Laboratory	0	0	0	0
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$17,208,019**	**$19,704,019**	**$32,513,019**	**$32,463,019**
Higher Education Fund	$0	$0	$0	$0
Available University Fund	0	0	0	0
Higher Education Coordinating Board	24,048,113	18,999,112	71,654,000	46,812,000
SUBTOTAL, HIGHER EDUCATION	**$969,630,567**	**$995,875,448**	**$1,040,298,300**	**$1,017,348,499**
EMPLOYEE BENEFITS				
Teacher Retirement System	$82,590,714	$88,583,835	$94,784,704	$101,419,633
Optional Retirement Program	20,659,420	21,279,203	21,318,010	21,957,550
Higher Education Employees Group Insurance Contributions	0	0	0	0
Retirement and Group Insurance	4,326	4,543	5,080	5,697
Social Security and Benefits Replacement Pay	38,893,138	40,254,398	41,663,302	43,121,517
SUBTOTAL, EMPLOYEE BENEFITS	**$142,147,598**	**$150,121,979**	**$157,771,096**	**$166,504,397**
DEBT SERVICE				
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE III – EDUCATION	**$1,208,368,305**	**$1,146,108,567**	**$1,198,205,569**	**$1,183,951,069**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eight-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C3—(CONTINUED)
GENERAL REVENUE–DEDICATED FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
Supreme Court of Texas	$300,000	$0	$750,000	$1,250,000
Court of Criminal Appeals	0	0	0	0
First Court of Appeals District, Houston	0	0	0	0
Second Court of Appeals District, Fort Worth	0	0	0	0
Third Court of Appeals District, Austin	0	0	0	0
Fourth Court of Appeals District, San Antonio	0	0	0	0
Fifth Court of Appeals District, Dallas	0	0	0	0
Sixth Court of Appeals District, Texarkana	0	0	0	0
Seventh Court of Appeals District, Amarillo	0	0	0	0
Eighth Court of Appeals District, El Paso	0	0	0	0
Ninth Court of Appeals District, Beaumont	0	0	0	0
Tenth Court of Appeals District, Waco	0	0	0	0
Eleventh Court of Appeals District, Eastland	0	0	0	0
Twelfth Court of Appeals District, Tyler	0	0	0	0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	0
Fourteenth Court of Appeals District, Houston	0	0	0	0
Office of Court Administration, Texas Judicial Council	23,105,454	30,113,137	29,614,045	29,614,044
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	0	0	0	0
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	0	0	0	0
SUBTOTAL, THE JUDICIARY	**$23,405,454**	**$30,113,137**	**$30,364,045**	**$30,864,044**
Retirement and Group Insurance	$69,782	$70,618	$73,851	$77,424
Social Security and Benefit Replacement Pay	37,730	38,359	38,791	39,238
SUBTOTAL, EMPLOYEE BENEFITS	**$107,512**	**$108,977**	**$112,642**	**$116,662**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**0**	**0**	**0**	**0**
TOTAL, ARTICLE IV – THE JUDICIARY	**$23,512,966**	**$30,222,114**	**$30,476,687**	**$30,980,706**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Adjutant General's Department	$0	$0	$0	$0
Alcoholic Beverage Commission	0	0	0	0
Department of Criminal Justice	2,549,558	3,576,175	3,326,805	3,326,805
Commission on Fire Protection	0	0	0	0
Commission on Jail Standards	0	0	0	0
Juvenile Probation Commission	0	0	0	0
Commission on Law Enforcement Officer Standards and Education	2,643,855	2,702,256	2,910,006	2,895,747
Department of Public Safety	1,036,785	4,982,360	47,048,617	6,373,271
Youth Commission	0	0	0	0
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$6,230,198**	**$11,260,791**	**$53,285,428**	**$12,595,823**
Retirement and Group Insurance	$4,767,145	$4,840,762	$4,911,957	$5,261,132
Social Security and Benefit Replacement Pay	635,098	648,229	878,484	886,755
SUBTOTAL, EMPLOYEE BENEFITS	**$5,402,243**	**$5,488,991**	**$5,790,441**	**$6,147,887**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$11,632,441**	**$16,749,782**	**$59,075,869**	**$18,743,710**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Agriculture	$405,764	$967,460	$1,187,917	$187,918
Animal Health Commission	0	0	0	0
Commission on Environmental Quality	376,799,684	621,774,939	428,657,806	410,182,244
General Land Office and Veterans' Land Board	13,355,967	11,809,207	11,345,026	11,765,025
Parks and Wildlife Department[3]	169,404,100	165,425,608	155,356,289	147,555,360
Railroad Commission	31,366,891	31,429,222	32,180,947	33,263,843
Soil and Water Conservation Board	0	0	0	0
Water Development Board	0	0	0	0
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	0
SUBTOTAL, NATURAL RESOURCES	**$591,332,406**	**$831,406,436**	**$628,727,985**	**$602,954,390**
Retirement and Group Insurance	$20,731,059	$21,026,509	$23,411,714	$25,615,278
Social Security and Benefit Replacement Pay	18,200,965	18,436,118	19,029,393	19,318,095
SUBTOTAL, EMPLOYEE BENEFITS	**$38,932,024**	**$39,462,627**	**$42,441,107**	**$44,933,373**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$630,264,430**	**$870,869,063**	**$671,169,092**	**$647,887,763**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
Department of Housing and Community Affairs	$0	$0	$0	$0
Texas Lottery Commission	193,962,309	194,124,783	183,361,743	179,785,075
Department of Motor Vehicles	0	0	0	0
Texas Department of Rural Affairs	2,106,630	2,298,292	2,100,000	2,100,000
Department of Transportation	626,704	626,294	629,703	629,703
Texas Workforce Commission	5,848,127	5,919,961	5,887,808	5,898,323
Reimbursements to the Unemployment Compensation Benefit Account	4,242,559	4,497,504	4,825,452	4,945,079
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$206,786,329**	**$207,466,834**	**$196,804,706**	**$193,358,180**
Retirement and Group Insurance	$3,144,688	$3,196,824	$3,389,045	$3,604,340
Social Security and Benefit Replacement Pay	1,572,374	1,595,151	1,610,171	1,625,862
SUBTOTAL, EMPLOYEE BENEFITS	**$4,717,062**	**$4,791,975**	**$4,999,216**	**$5,230,202**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$211,503,391**	**$212,258,809**	**$201,803,922**	**$198,588,382**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session.
SOURCE: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
State Office of Administrative Hearings	$0	$0	$0	$0
Department of Banking	0	0	0	0
Board of Chiropractic Examiners	0	0	0	0
Office of Consumer Credit Commissioner	0	0	0	0
Credit Union Department	0	0	0	0
Texas State Board of Dental Examiners	0	0	0	0
Funeral Service Commission	0	0	0	0
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	7,042,044	7,630,587	7,769,542	7,769,542
Department of Insurance	61,440,655	62,058,185	64,012,646	63,554,924
Office of Public Insurance Counsel	0	0	0	0
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	25,000	25,000	25,000	131,040
Texas Medical Board	2,627,221	2,598,359	2,228,281	2,229,642
Texas Board of Nursing	0	0	0	0
Optometry Board	0	0	0	0
Structural Pest Control Board	0	0	0	0
Board of Pharmacy	0	0	0	0
Executive Council of Physical Therapy & Occupational Therapy Examiners	0	0	0	0
Board of Plumbing Examiners	0	0	0	0
Board of Podiatric Medical Examiners	0	0	0	0
Board of Examiners of Psychologists	0	0	0	0
Racing Commission	9,752,716	9,861,711	10,784,039	10,784,038
Real Estate Commission	120,000	120,000	120,000	120,000
Residential Construction Commission	0	0	0	0
Department of Savings and Mortgage Lending	0	0	0	0
Securities Board	0	0	0	0
Board of Tax Professional Examiners	0	0	0	0
Public Utility Commission of Texas	90,711,577	99,334,678	122,525,075	135,246,066
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	0	0	0	0
SUBTOTAL, REGULATORY	**$171,719,213**	**$181,628,520**	**$207,464,583**	**$219,835,252**
Retirement and Group Insurance	$17,427,979	$17,711,620	$18,956,001	$20,249,574
Social Security and Benefit Replacement Pay	6,958,104	7,047,062	7,164,252	7,223,567
SUBTOTAL, EMPLOYEE BENEFITS	**$24,386,083**	**$24,758,682**	**$26,120,253**	**$27,473,141**
Lease Payments	$2,951,493	$2,878,211	$1,031,819	$640,031
SUBTOTAL, DEBT SERVICE	**$2,951,493**	**$2,878,211**	**$1,031,819**	**$640,031**
TOTAL, ARTICLE VIII – REGULATORY	**$199,056,789**	**$209,265,413**	**$234,616,655**	**$247,948,424**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010–11	APPROPRIATED 2011
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$0	$1,478,040	$1,478,040
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$1,478,040**	**$1,478,040**

Source: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Senate	$0	$0	$0	$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Sunset Commission	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
State Auditor's Office	0	0	0	0
Legislative Reference Library	0	0	0	0
SUBTOTAL, THE LEGISLATURE	**$0**	**$0**	**$0**	**$0**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**$0**

Source: Legislative Budget Board.

TABLE C3—*(CONTINUED)*
GENERAL REVENUE–DEDICATED FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Commission on the Arts	$0	$0	$0	$0
Office of the Attorney General	0	0	0	0
Fiscal Programs – Comptroller of Public Accounts	0	0	0	0
Trusteed Programs within the Office of the Governor	0	0	0	0
Historical Commission	0	0	0	0
Department of Aging and Disability Services	0	0	0	0
Department of Assistive and Rehabilitative Services	0	0	0	0
Department of Family and Protective Services	0	0	0	0
Department of State Health Services	0	0	0	0
Health and Human Services Commission	0	0	0	0
Texas Education Agency	0	0	0	0
Higher Education Coordinating Board	0	0	0	0
General Academic Institutions	0	0	0	0
Health Related Higher Education Institution	0	0	0	0
Higher Education and Other Government Programs	0	0	0	0
Public Community/Junior Colleges	0	0	0	0
Department of Agriculture	0	0	0	0
Commission on Environmental Quality	0	0	0	0
Department of Housing and Community Affairs	0	0	0	0
Texas Department of Rural Affairs	0	0	0	0
Department of Transportation	0	0	0	0
Texas Workforce Commission	0	0	0	0
Article XII, Special Provisions	0	0	0	0
SUBTOTAL, GENERAL PROVISIONS	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$0**	**$0**	**$0**	**$0**

SOURCE: Legislative Budget Board.

APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

FEDERAL FUNDS

TABLE C4
FEDERAL FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Article I – General Government	$330,609,545	$384,754,830	$395,806,208	$296,675,661
Article II – Health and Human Services	15,364,146,409	16,785,344,891	16,856,047,617	16,976,462,058
Article III – Education	4,224,690,436	4,602,937,155	4,661,912,531	4,719,128,415
Article IV – The Judiciary	1,445,977	2,190,370	3,077,132	1,913,566
Article V – Public Safety and Criminal Justice[3]	523,455,123	375,803,179	345,895,506	271,910,447
Article VI – Natural Resources[3]	501,512,026	515,483,327	492,100,229	518,862,638
Article VII – Business and Economic Development	4,453,600,858	4,702,722,704	4,022,842,819	3,906,297,639
Article VIII – Regulatory	2,061,858	2,254,623	2,254,623	2,254,623
Article IX – General Provisions	0	0	699,310	699,310
Article X – The Legislature	0	0	0	0
Article XII – The American Recovery and Reinvestment Act	0	2,309,343,693	12,058,787,615	0
TOTAL, ALL FUNCTIONS	**$25,401,522,232**	**$29,680,834,772**	**$38,839,423,590**	**$26,694,204,357**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
Source: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011
Commission on the Arts	$876,700	$962,700	$884,450	$884,450
Office of the Attorney General	175,982,347	189,571,935	187,243,836	188,554,318
Bond Review Board	0	0	0	0
Cancer Prevention and Research Institute of Texas	50,000	50,000	0	0
Comptroller of Public Accounts	0	0	0	0
Fiscal Programs – Comptroller of Public Accounts	1,209,374	21,557,472	1,641,366	1,641,366
Commission on State Emergency Communications	0	0	0	0
Employees Retirement System	0	0	0	0
Texas Ethics Commission	0	0	0	0
Facilities Commission	47,863	6,972	0	0
Public Finance Authority	0	0	0	0
Fire Fighters' Pension Commissioner	0	0	0	0
Office of the Governor	0	0	0	0
Trusteed Programs Within the Office of the Governor	89,448,101	82,518,058	121,790,801	50,097,884
Historical Commission	918,645	938,851	938,851	938,851
Department of Information Resources	202,420	81,819	0	0
Library & Archives Commission	10,541,574	10,837,137	10,962,628	10,961,765
Pension Review Board	0	0	0	0
Preservation Board	0	11,000,000	0	0
State Office of Risk Management	0	0	0	0
Workers' Compensation Payments	0	0	0	0
Secretary of State	14,905,525	27,688,602	34,959,095	5,105,905
Office of State-Federal Relations	0	0	0	0
Veteran's Commission	11,054,390	11,262,094	9,931,438	9,931,438
SUBTOTAL, GENERAL GOVERNMENT	**$305,236,939**	**$356,475,640**	**$368,352,465**	**$268,115,977**
Retirement and Group Insurance	$18,701,845	$19,697,540	$20,509,381	$21,631,110
Social Security and Benefit Replacement Pay	6,670,761	8,581,650	6,944,362	6,928,574
SUBTOTAL, EMPLOYEE BENEFITS	**$25,372,606**	**$28,279,190**	**$27,453,743**	**$28,559,684**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$330,609,545**	**$384,754,830**	**$395,806,208**	**$296,675,661**
ARRA Appropriations, Article XII	$0	$27,300,000	$431,027,300	$0
GRAND TOTAL, GENERAL GOVERNMENT	**$330,609,545**	**$412,054,830**	**$826,833,508**	**$296,675,661**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Aging and Disability Services	$3,361,209,404	$3,651,197,760	$3,817,692,334	$3,831,655,712
Department of Assistive and Rehabilitative Services	465,443,550	459,509,561	478,239,156	485,216,047
Department of Family and Protective Services	770,468,196	726,550,723	768,651,417	781,021,587
Department of State Health Services	1,277,348,371	1,258,266,278	1,248,712,555	1,253,463,556
Health and Human Services Commission	9,222,209,464	10,406,572,856	10,242,820,343	10,311,457,322
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$15,096,678,985**	**$16,502,097,178**	**$16,556,115,805**	**$16,662,814,224**
Retirement and Group Insurance	$195,606,906	$207,272,504	$222,445,253	$236,072,109
Social Security and Benefit Replacement Pay	69,497,534	73,614,055	75,123,575	75,214,571
SUBTOTAL, EMPLOYEE BENEFITS	**$265,104,440**	**$280,886,559**	**$297,568,828**	**$311,286,680**
Bond Debt Service Payments	$2,362,984	$2,361,154	$2,362,984	$2,361,154
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$2,362,984**	**$2,361,154**	**$2,362,984**	**$2,361,154**
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$15,364,146,409**	**$16,785,344,891**	**$16,856,047,617**	**$16,976,462,058**
ARRA Appropriations, Article XII	$0	$1,619,843,693	$2,730,963,816	$0
GRAND TOTAL, HEALTH AND HUMAN SERVICES	**$15,364,146,409**	**$18,405,188,584**	**$19,587,011,433**	**$16,976,462,058**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
Source: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — EDUCATION

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
PUBLIC EDUCATION				
Texas Education Agency	$4,060,802,237	$4,439,675,549	$4,497,482,376	$4,560,174,728
School for the Blind and Visually Impaired	2,376,908	2,376,908	2,348,940	2,348,940
School for the Deaf	1,164,126	1,235,952	1,143,452	1,143,452
SUBTOTAL, PUBLIC EDUCATION	**$4,064,343,271**	**$4,443,288,409**	**$4,500,974,768**	**$4,563,667,120**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar Institute of Technology	0	0	0	0
Lamar University - Orange	0	0	0	0
Lamar University - Port Arthur	0	0	0	0
SUBTOTAL, LAMAR STATE COLLEGES	**$0**	**$0**	**$0**	**$0**
Texas State Technical College System Administration	$0	$0	$0	$0
Texas State Technical College - Harlingen	0	0	0	0
Texas State Technical College - West Texas	0	0	0	0
Texas State Technical College - Marshall	0	0	0	0
Texas State Technical College - Waco	0	0	0	0
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$0**	**$0**	**$0**	**$0**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$0**	**$0**	**$0**	**$0**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$0	$0	$0	$0
The University of Texas at Arlington	0	0	0	0
The University of Texas at Austin	0	0	0	0
The University of Texas at Dallas	0	0	0	0
The University of Texas at El Paso	0	0	0	0
The University of Texas - Pan American	0	0	0	0
The University of Texas at Brownsville	0	0	0	0
The University of Texas of the Permian Basin	0	0	0	0
The University of Texas at San Antonio	0	0	0	0
The University of Texas at Tyler	0	0	0	0
Texas A&M University System Administrative and General Offices	0	0	0	0
Texas A&M University	0	0	0	0
Texas A&M University at Galveston	0	0	0	0
Prairie View A&M University	0	0	0	0
Tarleton State University	0	0	0	0
Texas A&M University - Corpus Christi	0	0	0	0
Texas A&M University - Kingsville	0	0	0	0

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Texas A&M International University	$0	$0	$0	$0
West Texas A&M University	0	0	0	0
Texas A&M University - Commerce	0	0	0	0
Texas A&M University - Texarkana	0	0	0	0
University of Houston System Administration	0	0	0	0
University of Houston	0	0	0	0
University of Houston - Clear Lake	0	0	0	0
University of Houston - Downtown	0	0	0	0
University of Houston - Victoria	0	0	0	0
Midwestern State University	0	0	0	0
University of North Texas System Administration	0	0	0	0
University of North Texas	0	0	0	0
Stephen F. Austin State University	0	0	0	0
Texas Southern University	0	0	0	0
Texas Tech University System Administration	0	0	0	0
Texas Tech University	0	0	0	0
Angelo State University	0	0	0	0
Texas Woman’s University	0	0	0	0
Texas State University System	0	0	0	0
Lamar University	0	0	0	0
Sam Houston State University	0	0	0	0
Texas State University - San Marcos	0	0	0	0
Sul Ross State University	0	0	0	0
Sul Ross State University Rio Grande College	0	0	0	0
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$0**	**$0**	**$0**	**$0**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$0	$0	$0	$0
The University of Texas Medical Branch at Galveston	0	0	0	0
The University of Texas Health Science Center at Houston	0	0	0	0
The University of Texas Health Science Center at San Antonio	0	0	0	0
The University of Texas M.D. Anderson Cancer Center	0	0	0	0
The University of Texas Health Science Center at Tyler	0	0	0	0
Texas A&M University System Health Science Center	0	0	0	0

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
University of North Texas Health Science Center at Fort Worth	$0	$0	$0	$0
Texas Tech University Health Sciences Center	0	0	0	0
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$0**	**$0**	**$0**	**$0**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$7,196,169	$7,196,169	$7,196,169	$7,196,169
Texas AgriLife Extension Service	11,305,591	11,305,591	11,305,591	11,305,591
Texas Engineering Experiment Station	44,723,440	46,959,612	48,459,612	48,459,612
Texas Transportation Institute	5,109,814	5,482,830	5,894,042	5,894,042
Texas Engineering Extension Service	22,510,189	25,519,000	24,014,599	24,014,599
Texas Forest Service	4,100,388	3,452,633	3,452,633	3,452,633
Texas Veterinary Medical Diagnostic Laboratory	300,000	300,000	300,000	300,000
SUBTOTAL, TEXAS A&M UNIVERSITY SERVICES	**$95,245,591**	**$100,215,835**	**$100,622,646**	**$100,622,646**
Higher Education Fund	$0	$0	$0	$0
Available University Fund	0	0	0	0
Higher Education Coordinating Board	59,478,795	53,651,849	54,272,480	48,539,393
SUBTOTAL, HIGHER EDUCATION	**$154,724,386**	**$153,867,684**	**$154,895,126**	**$149,162,039**
EMPLOYEE BENEFITS				
Teacher Retirement System	$0	$0	$0	$0
Optional Retirement Program	0	0	0	0
Higher Education Employees Group Insurance Contributions	0	0	0	0
Retirement and Group Insurance	3,934,597	4,049,968	4,294,642	4,542,363
Social Security and Benefits Replacement Pay	1,688,182	1,731,094	1,747,995	1,756,893
SUBTOTAL, EMPLOYEE BENEFITS	**$5,622,779**	**$5,781,062**	**$6,042,637**	**$6,299,256**
DEBT SERVICE				
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts				
TOTAL, ARTICLE III – EDUCATION	**$4,224,690,436**	**$4,602,937,155**	**$4,661,912,531**	**$4,719,128,415**
ARRA Appropriations, Article XII	$0	$0	$6,160,111,499	$42,188,500
GRAND TOTAL, EDUCATION	**$4,224,690,436**	**$4,602,937,155**	**$10,822,024,030**	**$4,761,316,915**

SOURCE: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Supreme Court of Texas	$1,445,977	$2,190,370	$3,077,132	$1,913,566
Court of Criminal Appeals	0	0	0	0
First Court of Appeals District, Houston	0	0	0	0
Second Court of Appeals District, Fort Worth	0	0	0	0
Third Court of Appeals District, Austin	0	0	0	0
Fourth Court of Appeals District, San Antonio	0	0	0	0
Fifth Court of Appeals District, Dallas	0	0	0	0
Sixth Court of Appeals District, Texarkana	0	0	0	0
Seventh Court of Appeals District, Amarillo	0	0	0	0
Eighth Court of Appeals District, El Paso	0	0	0	0
Ninth Court of Appeals District, Beaumont	0	0	0	0
Tenth Court of Appeals District, Waco	0	0	0	0
Eleventh Court of Appeals District, Eastland	0	0	0	0
Twelfth Court of Appeals District, Tyler	0	0	0	0
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	0	0	0	0
Fourteenth Court of Appeals District, Houston	0	0	0	0
Office of Court Administration, Texas Judicial Council	0	0	0	0
Office of the State Prosecuting Attorney	0	0	0	0
State Law Library	0	0	0	0
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	0	0	0	0
SUBTOTAL, THE JUDICIARY	**$1,445,977**	**$2,190,370**	**$3,077,132**	**$1,913,566**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE IV – THE JUDICIARY	**$1,445,977**	**$2,190,370**	**$3,077,132**	**$1,913,566**

SOURCE: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Adjutant General's Department	$44,086,838	$136,844,950	$103,785,372	$38,998,952
Alcoholic Beverage Commission	491,026	651,450	351,200	351,200
Department of Criminal Justice	21,963,404	18,275,790	18,601,740	18,601,739
Commission on Fire Protection	0	0	0	0
Commission on Jail Standards	0	0	0	0
Juvenile Probation Commission	10,671,753	19,209,156	19,209,156	19,209,156
Commission on Law Enforcement Officer Standards and Education	0	0	0	0
Department of Public Safety[1]	423,568,519	180,420,073	184,305,130	175,355,132
Youth Commission	12,540,072	11,598,635	10,599,450	10,063,955
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$513,321,612**	**$367,000,054**	**$336,852,048**	**$262,580,134**
Retirement and Group Insurance	$7,438,915	$6,451,564	$6,709,252	$7,009,360
Social Security and Benefit Replacement Pay	2,694,596	2,351,561	2,334,206	2,320,953
SUBTOTAL, EMPLOYEE BENEFITS	**$10,133,511**	**$8,803,125**	**$9,043,458**	**$9,330,313**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$523,455,123**	**$375,803,179**	**$345,895,506**	**$271,910,447**

[1]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Agriculture	$309,810,383	$331,208,947	$351,960,400	$374,531,748
Animal Health Commission	4,938,061	4,732,067	4,571,563	4,571,563
Commission on Environmental Quality	49,575,788	42,170,134	40,128,274	40,013,274
General Land Office and Veterans' Land Board	17,707,129	51,498,066	14,004,163	19,931,020
Parks and Wildlife Department[3]	73,581,108	45,953,623	43,828,873	41,830,624
Railroad Commission	8,118,054	6,596,912	7,045,749	6,994,531
Soil and Water Conservation Board	6,500,000	6,000,000	6,059,750	6,059,750
Water Development Board	16,343,573	11,911,019	9,178,563	9,178,830
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	0	0	0	0
SUBTOTAL, NATURAL RESOURCES	**$486,574,096**	**$500,070,768**	**$476,777,335**	**$503,111,340**
Retirement and Group Insurance	$10,012,750	$10,353,986	$10,418,438	$10,877,942
Social Security and Benefit Replacement Pay	4,925,180	5,058,573	4,904,456	4,873,356
SUBTOTAL, EMPLOYEE BENEFITS	**$14,937,930**	**$15,412,559**	**$15,322,894**	**$15,751,298**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VI - NATURAL RESOURCES	**$501,512,026**	**$515,483,327**	**$492,100,229**	**$518,862,638**
ARRA Appropriations, Article XII	$0	$0	$35,309,000	$0
GRAND TOTAL, NATURAL RESOURCES	**$501,512,026**	**$515,483,327**	**$527,409,229**	**$518,862,638**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Department of Housing and Community Affairs	$573,741,427	$131,853,975	$132,646,833	$132,676,861
Texas Lottery Commission	0	0	0	0
Department of Motor Vehicles	0	0	0	665,700
Texas Department of Rural Affairs	123,900,488	79,564,918	78,156,478	78,006,478
Department of Transportation	2,793,979,634	3,560,942,657	2,886,774,043	2,764,336,628
Texas Workforce Commission	917,819,672	885,309,401	877,577,794	879,951,465
Reimbursements to the Unemployment Compensation Benefit Account	0	0	0	0
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$4,409,441,221**	**$4,657,670,951**	**$3,975,155,148**	**$3,855,637,132**
Retirement and Group Insurance	$33,794,049	$34,556,631	$37,111,782	$39,998,807
Social Security and Benefit Replacement Pay	10,365,588	10,495,122	10,575,889	10,661,700
SUBTOTAL, EMPLOYEE BENEFITS	**$44,159,637**	**$45,051,753**	**$47,687,671**	**$50,660,507**
Bond Debt Service Payments	$0	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$4,453,600,858**	**$4,702,722,704**	**$4,022,842,819**	**$3,906,297,639**
ARRA Appropriations, Article XII	$0	$662,200,000	$2,659,187,499	$0
GRAND TOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$4,453,600,858**	**$5,364,922,704**	**$6,682,030,318**	**$3,906,297,639**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009.
[2]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
State Office of Administrative Hearings	$0	$0	$0	$0
Department of Banking	0	0	0	0
Board of Chiropractic Examiners	0	0	0	0
Office of Consumer Credit Commissioner	0	0	0	0
Credit Union Department	0	0	0	0
Texas State Board of Dental Examiners	0	0	0	0
Funeral Service Commission	0	0	0	0
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	0	0	0	0
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	2,061,858	2,254,623	2,254,623	2,254,623
Office of Public Insurance Counsel	0	0	0	0
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	0	0	0	0
Texas Medical Board	0	0	0	0
Texas Board of Nursing	0	0	0	0
Optometry Board	0	0	0	0
Structural Pest Control Board	0	0	0	0
Board of Pharmacy	0	0	0	0
Executive Council of Physical Therapy & Occupational Therapy Examiners	0	0	0	0
Board of Plumbing Examiners	0	0	0	0
Board of Podiatric Medical Examiners	0	0	0	0
Board of Examiners of Psychologists	0	0	0	0
Racing Commission	0	0	0	0
Real Estate Commission	0	0	0	0
Residential Construction Commission	0	0	0	0
Department of Savings and Mortgage Lending	0	0	0	0
Securities Board	0	0	0	0
Board of Tax Professional Examiners	0	0	0	0
Public Utility Commission of Texas	0	0	0	0
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	0	0	0	0
SUBTOTAL, REGULATORY	**$2,061,858**	**$2,254,623**	**$2,254,623**	**$2,254,623**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE VIII – REGULATORY	**$2,061,858**	**$2,254,623**	**$2,254,623**	**$2,254,623**

Source: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$0	$699,310	$699,310
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$699,310**	**$699,310**

SOURCE: Legislative Budget Board.

TABLE C4—(CONTINUED)
FEDERAL FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Senate	$0	$0	$0	$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Sunset Commission	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
State Auditor’s Office	0	0	0	0
Legislative Reference Library	0	0	0	0
SUBTOTAL, THE LEGISLATURE	**$0**	**$0**	**$0**	**$0**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE X – THE LEGISLATURE	**$0**	**$0**	**$0**	**$0**

SOURCE: Legislative Budget Board.

TABLE C4—*(CONTINUED)*
FEDERAL FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Commission on the Arts	$0	$0	$427,300	$0
Office of the Attorney General	0	27,300,000	37,400,000	0
Fiscal Programs – Comptroller of Public Accounts	0	0	284,800,000	0
Trusteed Programs within the Office of the Governor	0	0	101,400,000	0
Department of Aging and Disability Services	0	0	10,200,000	0
Department of Assistive and Rehabilitative Services	0	0	87,600,000	0
Department of Family and Protective Services	0	0	64,370,942	0
Department of State Health Services	0	0	5,698,070	0
Health and Human Services Commission	0	1,619,843,693	2,560,594,804	0
Texas Education Agency	0	0	5,874,392,500	0
Higher Education Coordinating Board	0	0	80,000,000	0
General Academic Institutions	0	0	81,000,000	0
Health Related Higher Education Institution	0	0	51,000,000	0
Higher Education and Other Government Programs	0	0	111,407,500	0
Public Community/Junior Colleges	0	0	15,000,000	0
Department of Agriculture	0	0	21,800,000	0
Commission on Environmental Quality	0	0	12,509,000	0
Department of Housing and Community Affairs	0	0	565,075,732	0
Texas Department of Rural Affairs	0	0	19,500,000	0
Department of Transportation	0	662,200,000	1,637,800,000	0
Texas Workforce Commission	0	0	436,811,767	0
Article XII, Special Provisions	0	0	0	0
SUBTOTAL, GENERAL PROVISIONS	**$0**	**$2,309,343,693**	**$12,058,787,615**	**$0**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$0**	**$2,309,343,693**	**$12,058,787,615**	**$0**

Source: Legislative Budget Board.

APPENDIX C — SUMMARY OF STATE BUDGET BY FISCAL YEAR

OTHER FUNDS

TABLE C5
OTHER FUNDS — STATEWIDE SUMMARY

FUNCTION	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Article I – General Government	$159,358,370	$197,885,405	$374,616,272	$283,688,135
Article II – Health and Human Services	220,698,646	262,394,728	316,774,588	193,372,949
Article III – Education	7,427,922,152	7,347,778,225	7,260,564,013	7,485,106,341
Article IV – The Judiciary	81,494,546	82,375,929	83,116,376	84,424,364
Article V – Public Safety and Criminal Justice[3]	810,469,557	842,982,959	818,780,062	623,224,848
Article VI – Natural Resources	104,621,109	116,748,811	163,105,643	95,651,238
Article VII – Business and Economic Development	5,126,247,667	6,155,626,982	5,413,586,585	6,384,685,443
Article VIII – Regulatory	7,593,623	8,412,397	24,135,812	24,154,744
Article IX – General Provisions	0	0	10,648,653	10,648,653
Article X – The Legislature	258,487	208,000	281,400	281,400
Article XII – The American Recovery and Reinvestment Act	0	0	0	0
TOTAL, ALL FUNCTIONS	**$13,938,664,157**	**$15,014,413,436**	**$14,465,609,404**	**$15,185,238,115**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009.
[2]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations; other enacted legislation affecting appropriations, including those of the First Called Session; certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009; and the Governor's vetoes.
[3]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — GENERAL GOVERNMENT

ARTICLE I – GENERAL GOVERNMENT	EXPENDED 2008	BUDGETED 2009[1]	APPROPRIATED 2010[2]	APPROPRIATED 2011[2]
Commission on the Arts	$1,511,431	$1,145,000	$1,132,000	$1,132,000
Office of the Attorney General	27,339,303	29,706,340	29,877,284	30,239,349
Bond Review Board	0	0	0	0
Cancer Prevention and Research Institute of Texas	185,108	0	224,125,000	224,000,000
Comptroller of Public Accounts	2,196,549	2,008,740	2,008,740	2,008,740
Fiscal Programs – Comptroller of Public Accounts	7,734,663	26,220,643	0	0
Commission on State Emergency Communications	687,658	240,000	240,000	240,000
Employees Retirement System	0	0	0	0
Texas Ethics Commission	17,773	148,607	8,190	8,190
Facilities Commission	75,602,666	73,877,981	49,610,825	20,213,825
Public Finance Authority	325,035	392,944	361,477	361,477
Fire Fighters' Pension Commissioner	42,697	38,500	38,000	38,000
Office of the Governor	470,648	458,102	465,000	465,000
Trusteed Programs Within the Office of the Governor	4,939,945	56,890,767	2,985,500	4,735,500
Historical Commission	56,524,584	7,763,698	59,475,752	3,035,753
Department of Information Resources	243,249,011	219,446,938	278,734,720	254,730,003
Library & Archives Commission	4,163,979	3,938,343	3,991,513	3,970,373
Pension Review Board	29,316	29,316	10,000	10,000
Preservation Board	57,245	21,745	57,245	21,745
State Office of Risk Management	4,264,990	4,764,440	9,033,914	8,777,914
Workers' Compensation Payments	44,786,264	46,067,750	48,567,750	49,567,750
Secretary of State	6,998,449	6,827,022	6,876,026	6,898,540
Office of State-Federal Relations	75,741	289,177	0	0
Veteran's Commission	0	0	11,255	0
SUBTOTAL, GENERAL GOVERNMENT	**$481,203,055**	**$480,276,053**	**$717,610,191**	**$610,454,159**
Retirement and Group Insurance	$1,163,983	$1,191,074	$1,251,226	$1,317,935
Social Security and Benefit Replacement Pay	574,457	2,032,737	600,558	608,337
SUBTOTAL, EMPLOYEE BENEFITS	**$1,738,440**	**$3,223,811**	**$1,851,784**	**$1,926,272**
Bond Debt Service Payments	$18,489	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$18,489**	**$0**	**$0**	**$0**
Less Interagency Contracts	$323,601,614	$285,614,459	$344,845,703	$328,692,296
TOTAL, ARTICLE I – GENERAL GOVERNMENT	**$159,358,370**	**$197,885,405**	**$374,616,272**	**$283,688,135**

[1]Reflects provisions in House Bill 4586, Eighty-first Legislature, Regular Session, 2009, relating to supplemental appropriations made in fiscal year 2009. Appropriations made by House Bill 4586 for single retention payments to certain state employees are included in amounts shown for Fiscal Programs – Comptroller of Public Accounts and have not been allocated to state agencies.
[2]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — HEALTH AND HUMAN SERVICES

ARTICLE II – HEALTH AND HUMAN SERVICES	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
Department of Aging and Disability Services	$38,952,013	$45,016,581	$89,201,991	$32,688,728
Department of Assistive and Rehabilitative Services	18,897,347	18,657,785	18,461,847	18,467,255
Department of Family and Protective Services	6,593,024	7,008,429	7,098,276	7,098,276
Department of State Health Services	118,500,409	131,547,599	193,276,206	134,978,662
Health and Human Services Commission	336,855,370	367,722,279	316,807,611	310,568,737
SUBTOTAL, HEALTH AND HUMAN SERVICES	**$519,798,163**	**$569,952,673**	**$624,845,931**	**$503,801,658**
Retirement and Group Insurance	$0	$0	$410,975	$732,513
Social Security and Benefit Replacement Pay	0	0	178,704	227,664
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$589,679**	**$960,177**
Bond Debt Service Payments	$326,097	$264,962	$264,962	$264,962
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$326,097**	**$264,962**	**$264,962**	**$264,962**
Less Interagency Contracts	$299,425,614	$307,822,907	$308,925,984	$311,653,848
TOTAL, ARTICLE II – HEALTH AND HUMAN SERVICES	**$220,698,646**	**$262,394,728**	**$316,774,588**	**$193,372,949**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — EDUCATION

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
PUBLIC EDUCATION				
Texas Education Agency	$4,365,909,618	$3,999,284,533	$4,118,063,952	$4,161,463,952
School for the Blind and Visually Impaired	11,563,416	95,951,971	37,957,402	2,765,066
School for the Deaf	4,705,967	4,624,088	4,655,387	4,765,241
SUBTOTAL, PUBLIC EDUCATION	**$4,382,179,001**	**$4,099,860,592**	**$4,160,676,741**	**$4,168,994,259**
PUBLIC HIGHER EDUCATION				
TWO-YEAR INSTITUTIONS				
Public Community/Junior Colleges	$0	$0	$0	$0
Lamar Institute of Technology	0	0	0	0
Lamar University - Orange	0	0	0	0
Lamar University - Port Arthur	0	0	0	0
SUBTOTAL, LAMAR STATE COLLEGES	**$0**	**$0**	**$0**	**$0**
Texas State Technical College System Administration	$0	$0	$0	$0
Texas State Technical College - Harlingen	0	0	0	0
Texas State Technical College - West Texas	0	0	0	0
Texas State Technical College - Marshall	0	0	0	0
Texas State Technical College - Waco	0	0	0	0
SUBTOTAL, TEXAS STATE TECHNICAL COLLEGES	**$0**	**$0**	**$0**	**$0**
SUBTOTAL, TWO-YEAR INSTITUTIONS	**$0**	**$0**	**$0**	**$0**
GENERAL ACADEMIC INSTITUTIONS				
The University of Texas System Administration	$1,189,420	$1,258,784	$1,102,000	$1,102,000
The University of Texas at Arlington	0	0	0	0
The University of Texas at Austin	0	0	0	0
The University of Texas at Dallas	0	0	0	0
The University of Texas at El Paso	1,277,500	1,320,000	1,320,000	1,320,000
The University of Texas - Pan American	321,001	321,001	321,001	321,001
The University of Texas at Brownsville	0	0	0	0
The University of Texas of the Permian Basin	0	0	0	0
The University of Texas at San Antonio	0	0	0	0
The University of Texas at Tyler	0	0	0	0
Texas A&M University System Administrative and General Offices	0	0	0	0
Texas A&M University	3,100,000	3,020,000	3,296,652	3,375,206
Texas A&M University at Galveston	0	0	0	0
Prairie View A&M University	0	0	0	0
Tarleton State University	0	0	0	0
Texas A&M University - Corpus Christi	0	0	0	0
Texas A&M University - Kingsville	0	0	0	0
Texas A&M International University	193,525	193,525	193,525	193,525

TABLE C5—*(CONTINUED)*
OTHER FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
West Texas A&M University	$0	$0	$0	$0
Texas A&M University - Commerce	0	0	0	0
Texas A&M University - Texarkana	0	0	0	0
University of Houston System Administration	0	0	0	0
University of Houston	0	0	0	0
University of Houston - Clear Lake	0	0	0	0
University of Houston - Downtown	0	0	0	0
University of Houston - Victoria	0	0	0	0
Midwestern State University	0	0	0	0
University of North Texas System Administration	0	0	0	0
University of North Texas	0	0	0	0
Stephen F. Austin State University	0	0	0	0
Texas Southern University	0	0	0	0
Texas Tech University System Administration	0	0	0	0
Texas Tech University	0	0	0	0
Angelo State University	0	0	0	0
Texas Woman's University	0	0	0	0
Texas State University System	0	0	0	0
Lamar University	0	0	0	0
Sam Houston State University	0	0	0	0
Texas State University - San Marcos	0	0	0	0
Sul Ross State University	0	0	0	0
Sul Ross State University Rio Grande College	0	0	0	0
SUBTOTAL, GENERAL ACADEMIC INSTITUTIONS	**$6,081,446**	**$6,113,310**	**$6,233,178**	**$6,311,732**
HEALTH-RELATED INSTITUTIONS				
The University of Texas Southwestern Medical Center at Dallas	$4,694,551	$5,190,586	$4,329,000	$4,329,000
The University of Texas Medical Branch at Galveston	342,070,909	383,460,077	229,655,492	241,836,217
The University of Texas Health Science Center at Houston	8,934,643	8,005,148	7,745,099	7,811,466
The University of Texas Health Science Center at San Antonio	15,265,899	19,716,427	12,104,405	12,101,070
The University of Texas M.D. Anderson Cancer Center	1,956,093,575	2,004,875,352	2,044,742,342	2,262,009,160
The University of Texas Health Science Center at Tyler	44,781,009	45,765,263	49,560,506	49,982,812
Texas A&M University System Health Science Center	8,722,826	7,973,200	8,949,193	8,913,710
University of North Texas Health Science Center at Fort Worth	2,426,803	2,280,420	2,280,420	2,280,420
Texas Tech University Health Sciences Center	4,904,550	15,384,780	3,648,600	3,648,600

TABLE C5— *(CONTINUED)*
OTHER FUNDS — EDUCATION *(CONTINUED)*

ARTICLE III – EDUCATION	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
SUBTOTAL, HEALTH-RELATED INSTITUTIONS	**$2,387,894,765**	**$2,492,651,253**	**$2,363,015,057**	**$2,592,912,455**
TEXAS A&M UNIVERSITY SYSTEM AGENCIES				
Texas AgriLife Research	$6,172,164	$6,197,164	$6,197,164	$6,197,164
Texas AgriLife Extension Service	8,942,278	8,942,278	8,942,278	8,942,278
Texas Engineering Experiment Station	32,918,966	33,221,756	33,971,756	33,971,756
Texas Transportation Institute	39,157,529	39,675,076	40,313,913	40,313,912
Texas Engineering Extension Service	47,278,358	49,001,559	48,112,453	48,112,453
Texas Forest Service	1,819,003	841,731	841,731	841,731
Texas Veterinary Medical Diagnostic Laboratory	8,562,140	12,169,393	9,085,000	9,085,000
SUBTOTAL, TEXAS A&M UNIVERSITY SYSTEM AGENCIES	**$144,850,438**	**$150,048,957**	**$147,464,295**	**$147,464,294**
Higher Education Fund	$0	$0	$0	$0
Available University Fund	475,332,173	548,639,622	540,906,439	529,330,302
Higher Education Coordinating Board	45,525,147	45,541,301	44,770,724	44,770,724
SUBTOTAL, HIGHER EDUCATION	**$3,059,683,969**	**$3,242,994,443**	**$3,102,389,693**	**$3,320,789,507**
EMPLOYEE BENEFITS				
Teacher Retirement System	$50,395,200	$70,509,879	$61,667,547	$59,170,399
Optional Retirement Program	0	0	0	0
Higher Education Employees Group Insurance Contributions	569,101	569,101	639,559	683,049
Retirement and Group Insurance	653,675	664,761	700,828	741,086
Social Security and Benefits Replacement Pay	7,992,305	8,227,454	8,457,759	8,696,155
SUBTOTAL, EMPLOYEE BENEFITS	**$59,610,281**	**$79,971,195**	**$71,465,693**	**$69,290,689**
DEBT SERVICE				
Bond Debt Service Payments	$8,123	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$8,123**	**$0**	**$0**	**$0**
Less Interagency Contracts	$73,559,222	$75,048,005	$73,968,114	$73,968,114
TOTAL, ARTICLE III – EDUCATION	**$7,427,922,152**	**$7,347,778,225**	**$7,260,564,013**	**$7,485,106,341**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — THE JUDICIARY

ARTICLE IV – THE JUDICIARY	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
Supreme Court of Texas	$10,823,387	$10,221,716	$10,217,716	$10,216,716
Court of Criminal Appeals	9,993,237	10,105,546	9,907,546	10,807,546
First Court of Appeals District, Houston	347,180	324,550	324,550	324,550
Second Court of Appeals District, Fort Worth	287,050	287,050	287,050	287,050
Third Court of Appeals District, Austin	232,168	234,900	234,900	234,900
Fourth Court of Appeals District, San Antonio	265,919	264,050	264,050	264,050
Fifth Court of Appeals District, Dallas	425,950	425,950	425,950	425,950
Sixth Court of Appeals District, Texarkana	102,450	95,450	96,450	96,450
Seventh Court of Appeals District, Amarillo	130,600	130,600	130,600	130,600
Eighth Court of Appeals District, El Paso	125,450	125,450	125,450	125,450
Ninth Court of Appeals District, Beaumont	130,600	130,600	130,600	130,600
Tenth Court of Appeals District, Waco	103,800	102,450	102,450	102,450
Eleventh Court of Appeals District, Eastland	100,450	100,450	100,450	100,450
Twelfth Court of Appeals District, Tyler	98,950	98,950	98,950	98,950
Thirteenth Court of Appeals District, Corpus Christi–Edinburg	236,900	236,900	236,900	236,900
Fourteenth Court of Appeals District, Houston	338,472	327,389	327,389	327,389
Office of Court Administration, Texas Judicial Council	4,962,433	4,987,890	4,992,084	4,998,406
Office of the State Prosecuting Attorney	22,500	34,450	34,450	34,450
State Law Library	43,100	43,100	43,000	43,000
State Commission on Judicial Conduct	0	0	0	0
Judiciary Section, Comptroller's Department	53,958,248	55,390,779	56,101,341	56,317,192
SUBTOTAL, THE JUDICIARY	**$82,728,844**	**$83,668,220**	**$84,181,876**	**$85,303,049**
Retirement and Group Insurance	$4,481,810	$4,570,990	$4,710,185	$4,869,928
Social Security and Benefit Replacement Pay	2,169,492	2,214,408	2,247,065	2,280,239
SUBTOTAL, EMPLOYEE BENEFITS	**$6,651,302**	**$6,785,398**	**$6,957,250**	**$7,150,167**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$7,885,600	$8,077,689	$8,022,750	$8,028,852
TOTAL, ARTICLE IV – THE JUDICIARY	**$81,494,546**	**$82,375,929**	**$83,116,376**	**$84,424,364**

[1]Reflects certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — PUBLIC SAFETY AND CRIMINAL JUSTICE

ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Adjutant General's Department	$7,182,544	$23,485,870	$7,705,761	$5,202,123
Alcoholic Beverage Commission	197,444	145,000	153,750	153,750
Department of Criminal Justice	130,315,624	122,553,506	125,548,901	95,748,890
Commission on Fire Protection	35,000	30,000	35,000	35,000
Commission on Jail Standards	28,250	28,500	28,500	28,500
Juvenile Probation Commission	12,693,596	12,989,056	12,821,023	12,879,404
Commission on Law Enforcement Officer Standards and Education	387,763	279,500	358,000	358,000
Department of Public Safety[1]	587,811,133	588,993,565	621,651,553	457,197,908
Youth Commission	30,554,857	45,514,085	12,985,864	7,097,480
SUBTOTAL, PUBLIC SAFETY AND CRIMINAL JUSTICE	**$769,206,211**	**$794,019,082**	**$781,288,352**	**$578,701,055**
Retirement and Group Insurance	$83,302,297	$85,418,725	$80,126,842	$86,352,323
Social Security and Benefit Replacement Pay	30,914,463	31,702,453	27,975,304	28,521,939
SUBTOTAL, EMPLOYEE BENEFITS	**$114,216,760**	**$117,121,178**	**$108,102,146**	**$114,874,262**
Bond Debt Service Payments	$336,654	$250,000	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$336,654**	**$250,000**	**$0**	**$0**
Less Interagency Contracts	$73,290,068	$68,407,301	$70,610,436	$70,350,469
TOTAL, ARTICLE V – PUBLIC SAFETY AND CRIMINAL JUSTICE	**$810,469,557**	**$842,982,959**	**$818,780,062**	**$623,224,848**

[1]In addition to amounts indicated, Article IX, Section 17.01 of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, appropriates funds for Salary Schedule C pay raises for commissioned peace officers.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — NATURAL RESOURCES

ARTICLE VI – NATURAL RESOURCES	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Department of Agriculture	$4,153,238	$4,845,228	$5,846,882	$4,971,678
Animal Health Commission	133	150	0	0
Commission on Environmental Quality	10,231,020	8,852,306	8,852,306	8,642,306
General Land Office and Veterans' Land Board	47,389,853	48,352,499	49,820,493	48,965,389
Parks and Wildlife Department	33,703,922	43,224,886	75,214,178	3,166,854
Railroad Commission	7,176,760	14,197,180	2,079,490	2,079,490
Soil and Water Conservation Board	92,334	0	0	0
Water Development Board	10,018,315	15,140,609	12,120,287	9,210,512
Debt Service Payments - Non-Self Supporting G.O. Water Bonds	11,200,923	9,491,603	23,790,450	32,747,632
SUBTOTAL, NATURAL RESOURCES	**$123,966,498**	**$144,104,461**	**$177,724,086**	**$109,783,861**
Retirement and Group Insurance	$3,965,707	$4,024,741	$4,247,587	$4,496,219
Social Security and Benefit Replacement Pay	1,925,208	1,952,887	1,971,092	1,990,124
SUBTOTAL, EMPLOYEE BENEFITS	**$5,890,915**	**$5,977,628**	**$6,218,679**	**$6,486,343**
Bond Debt Service Payments	$4,133,119	$732,188	$735,038	$734,194
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$4,133,119**	**$732,188**	**$735,038**	**$734,194**
Less Interagency Contracts	$29,369,423	$34,065,466	$21,572,160	$21,353,160
TOTAL, ARTICLE VI – NATURAL RESOURCES	**$104,621,109**	**$116,748,811**	**$163,105,643**	**$95,651,238**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — BUSINESS AND ECONOMIC DEVELOPMENT

ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
Department of Housing and Community Affairs	$14,562,728	$16,284,396	$16,415,087	$16,574,912
Texas Lottery Commission	0	0	0	0
Department of Motor Vechicles	0	0	0	125,630,222
Texas Department of Rural Affairs	466,027	533,353	653,803	653,803
Department of Transportation	4,884,655,191	5,900,617,575	5,153,350,937	5,984,103,751
Texas Workforce Commission	41,305,474	40,755,717	33,942,475	33,934,498
Reimbursements to the Unemployment Compensation Benefit Account	10,473,617	11,103,001	11,912,605	12,207,929
SUBTOTAL, BUSINESS AND ECONOMIC DEVELOPMENT	**$4,951,463,037**	**$5,969,294,042**	**$5,216,274,907**	**$6,173,105,115**
Retirement and Group Insurance	$173,381,106	$176,868,219	$189,297,008	$203,307,215
Social Security and Benefit Replacement Pay	53,042,701	53,690,070	54,089,676	54,515,563
SUBTOTAL, EMPLOYEE BENEFITS	**$226,423,807**	**$230,558,289**	**$243,386,684**	**$257,822,778**
Bond Debt Service Payments	$4,678	$0	$0	$0
Lease Payments	0	0	0	0
SUBTOTAL, DEBT SERVICE	**$4,678**	**$0**	**$0**	**$0**
Less Interagency Contracts	$51,643,855	$44,225,349	$46,075,006	$46,242,450
TOTAL, ARTICLE VII – BUSINESS AND ECONOMIC DEVELOPMENT	**$5,126,247,667**	**$6,155,626,982**	**$5,413,586,585**	**$6,384,685,443**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session; and certain appropriation adjustments made in Article IX of Senate Bill 1, Eighty-first Legislature, Regular Session, 2009.
NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — REGULATORY

ARTICLE VIII – REGULATORY	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010[1]	APPROPRIATED 2011[1]
State Office of Administrative Hearings	$5,812,150	$6,061,875	$7,059,211	$7,059,212
Department of Banking[2]	6,100	6,100	0	0
Board of Chiropractic Examiners	31,000	31,000	31,000	31,000
Office of Consumer Credit Commissioner[2]	0	0	0	0
Credit Union Department[2]	6,848	3,000	0	0
Texas State Board of Dental Examiners	104,300	72,000	72,000	72,000
Funeral Service Commission	57,945	58,000	58,000	58,000
Board of Professional Geoscientists	0	0	0	0
Health Professions Council	156,162	159,662	2,513,779	768,662
Office of Injured Employee Counsel	0	0	0	0
Department of Insurance	1,403,619	2,421,219	18,150,716	18,171,716
Office of Public Insurance Counsel	48,000	48,000	48,000	48,000
Board of Professional Land Surveying	0	0	0	0
Department of Licensing and Regulation	538,634	538,634	538,634	538,634
Texas Medical Board	125,423	64,423	64,423	64,423
Texas Board of Nursing	823,100	823,100	823,100	823,100
Optometry Board	49,580	49,581	49,580	49,581
Structural Pest Control Board	0	0	0	0
Board of Pharmacy	7,730	7,730	7,730	7,730
Executive Council of Physical Therapy & Occupational Therapy Examiners	86,354	75,000	80,676	80,678
Board of Plumbing Examiners	56,493	48,750	48,750	48,750
Board of Podiatric Medical Examiners	9,500	3,200	3,200	3,200
Board of Examiners of Psychologists	79,398	79,398	79,398	79,398
Racing Commission	0	0	0	0
Real Estate Commission	187,100	190,500	190,500	190,500
Residential Construction Commission	4,200	2,500	4,000	0
Department of Savings and Mortgage Lending[2]	19,500	6,000	0	0
Securities Board	0	0	0	0
Board of Tax Professional Examiners	0	0	0	0
Public Utility Commission of Texas	630,000	475,000	475,000	475,000
Office of Public Utility Counsel	0	0	0	0
Board of Veterinary Medical Examiners	1,926	1,885	1,884	1,884
SUBTOTAL, REGULATORY	**$10,245,062**	**$11,226,557**	**$30,299,581**	**$28,571,468**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	197,441	200,252	202,096	204,025
SUBTOTAL, EMPLOYEE BENEFITS	**$197,441**	**$200,252**	**$202,096**	**$204,025**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$2,848,880	$3,014,412	$6,365,865	$4,620,749
TOTAL, ARTICLE VIII – REGULATORY	**$7,593,623**	**$8,412,397**	**$24,135,812**	**$24,154,744**

[1]Reflects other enacted legislation affecting appropriations, including those of the First Called Session.
[2]House Bill 2774, Eighty-first Legislature, Regular Session, 2009, was enacted, resulting in the Department of Banking, the Office of Consumer Credit Commissioner, the Credit Union Department, and the Department of Savings and Mortgage Lending becoming self-directed and semi-independent agencies. As such, appropriations for these agencies are voided since these agencies are removed from the legislative budgeting process and are generally allowed to operate outside the provisions of the 2010–11 General Appropriations Act.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — GENERAL PROVISIONS

ARTICLE IX – GENERAL PROVISIONS	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Appropriation for a Salary Increase for State Employees in Schedule C	$0	$0	$10,648,653	$10,648,653
TOTAL, ARTICLE IX – GENERAL PROVISIONS	**$0**	**$0**	**$10,648,653**	**$10,648,653**

SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — THE LEGISLATURE

ARTICLE X – THE LEGISLATURE	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Senate	$0	$0	$0	$0
House of Representatives	0	0	0	0
Legislative Budget Board	0	0	0	0
Sunset Commission	0	0	0	0
Legislative Council	0	0	0	0
Commission on Uniform State Laws	0	0	0	0
State Auditor's Office	4,443,636	3,356,503	4,775,000	4,775,000
Legislative Reference Library	8,890	10,000	8,000	8,000
SUBTOTAL, THE LEGISLATURE	**$4,452,526**	**$3,366,503**	**$4,783,000**	**$4,783,000**
Retirement and Group Insurance	$0	$0	$0	$0
Social Security and Benefit Replacement Pay	0	0	0	0
SUBTOTAL, EMPLOYEE BENEFITS	**$0**	**$0**	**$0**	**$0**
Lease Payments	$0	$0	$0	$0
SUBTOTAL, DEBT SERVICE	**$0**	**$0**	**$0**	**$0**
Less Interagency Contracts	$4,194,039	$3,158,503	$4,501,600	$4,501,600
TOTAL, ARTICLE X – THE LEGISLATURE	**$258,487**	**$208,000**	**$281,400**	**$281,400**

NOTE: Article totals exclude interagency contracts.
SOURCE: Legislative Budget Board.

TABLE C5—*(CONTINUED)*
OTHER FUNDS — THE AMERICAN RECOVERY AND REINVESTMENT ACT

ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	EXPENDED 2008	BUDGETED 2009	APPROPRIATED 2010	APPROPRIATED 2011
Commission on the Arts	$0	$0	$0	$0
Office of the Attorney General	0	0	0	0
Fiscal Programs – Comptroller of Public Accounts	0	0	0	0
Trusteed Programs within the Office of the Governor	0	0	0	0
Historical Commission	0	0	0	0
Department of Aging and Disability Services	0	0	0	0
Department of Assistive and Rehabilitative Services	0	0	0	0
Department of Family and Protective Services	0	0	0	0
Department of State Health Services	0	0	0	0
Health and Human Services Commission	0	0	0	0
Texas Education Agency	0	0	0	0
Higher Education Coordinating Board	0	0	0	0
General Academic Institutions	0	0	0	0
Health Related Higher Education Institution	0	0	0	0
Higher Education and Other Government Programs	0	0	0	0
Public Community/Junior Colleges	0	0	0	0
Department of Agriculture	0	0	0	0
Commission on Environmental Quality	0	0	0	0
Department of Housing and Community Affairs	0	0	0	0
Texas Department of Rural Affairs	0	0	0	0
Department of Transportation	0	0	0	0
Texas Workforce Commission	0	0	0	0
Article XII, Special Provisions	0	0	0	0
SUBTOTAL, GENERAL PROVISIONS	**$0**	**$0**	**$0**	**$0**
TOTAL, ARTICLE XII – THE AMERICAN RECOVERY AND REINVESTMENT ACT	**$0**	**$0**	**$0**	**$0**

SOURCE: Legislative Budget Board.

APPENDIX D – HOUSE COMMITTEE ON APPROPRIATIONS

EIGHTY-FIRST LEGISLATURE
2010–11

JIM PITTS, CHAIR, Representative District 10, Waxahachie

RICHARD PEÑA RAYMOND, VICE-CHAIR, Representative District 42, Laredo

Jimmie Don Aycock, Representative District 54, Killeen

Fred H. Brown, Representative District 14, College Station

Angie Chen Button, Representative District 112, Garland

Norma Chavez, Representative District 76, El Paso

Ellen R. Cohen, Representative District 134, Houston

Brandon Creighton, Representative District 16, Conroe

Myra Crownover, Representative District 64, Denton

Drew Darby, Representative District 72, San Angelo

Joe Driver, Representative District 113, Garland

Dawnna Dukes, Representative District 46, Austin

Al Edwards, Representative District 146, Houston

Craig Eiland, Representative District 23, Galveston

Ismael "Kino" Flores, Representative District 36, Palmview

Helen Giddings, Representative District 109, Dallas

Abel Herrero, Representative District 34, Robstown

Scott Hochberg, Representative District 137, Houston

Carl Isett, Representative District 84, Lubbock

Susan King, Representative District 71, Abilene

Ruth Jones McClendon, Representative District 120, San Antonio

Doug Miller, Representative District 73, New Braunfels

Geanie W. Morrison, Representative District 30, Victoria

John Otto, Representative District 18, Dayton

Debbie Riddle, Representative District 150, Tomball

Michael "Mike" Villarreal, Representative District 123, San Antonio

John Zerwas, Representative District 28, Richmond

APPENDIX E – SENATE COMMITTEE ON FINANCE

EIGHTY-FIRST LEGISLATURE
2010–11

STEVE OGDEN, CHAIR, Senatorial District 5, Bryan

JUDITH ZAFFIRINI, VICE-CHAIR, Senatorial District 21, Laredo

Kip Averitt, Senatorial District 22, Waco

Robert Deuell, M.D., Senatorial District 2, Greenville

Robert Duncan, Senatorial District 28, Lubbock

Kevin Eltife, Senatorial District 1, Tyler

Chris Harris, Senatorial District 9, Arlington

Kel Seliger, Senatorial District 31, Amarillo

Eddie Lucio, Jr., Senatorial District 27, Brownsville

Jane Nelson, Senatorial District 12, Lewisville

Florence Shapiro, Senatorial District 8, Plano

Royce West, Senatorial District 23, Dallas

John Whitmire, Senatorial District 15, Houston

Tommy Williams, Senatorial District 4, The Woodlands

APPENDIX F – LEGISLATIVE BUDGET BOARD STAFF

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Jack Mason
Melissa Nelson
Elizabeth Prado
Beth Tanner

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Jennifer Fox
Shaniqua Johnson
Mike Leo
Nancy Millard
Leora Rodell

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Kniesha Niemann
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APPENDIX G – ABBREVIATIONS AND ACRONYMS

AAA—Area Agencies on Aging

AAS—Agriculture Analytical Service

ABTPA—Automobile Burglary and Theft Prevention Authority

ACP—Alternative Certification Program; Texas Address Confidentiality Program

ADA—average daily attendance; Americans with Disabilities Act

ADP—average daily population

ADR—alternative dispute resolution

ADS—advanced database systems

AEIS—Academic Excellence Indicator System

AFRED—Alternative Fuels Research and Education Division

AGD—Adjutant General's Department

AISD—Austin Independent School District

AL-EXT—Texas AgriLife Extension Service

ALI—automatic location identification

ALR—Administrative License Revocation (Division)

AL-RSRCH—Texas AgriLife Research

APS—Adult Protective Services (Program)

ARRA—American Recovery and Reinvestment Act

ASEP—Accountability System for Educator Preparation

ASF—Available School Fund

ATPA—Automobile Theft Prevention Authority

AUF—Available University Fund

AYP—Adequate Yearly Progress

BAB—Build America Bond (program)

BCLS—Basic Civil Legal Services

BCOM—Baylor College of Medicine

BEG—(The University of Texas) Bureau of Economic Geology

BEST—Blindness, Education, Screening and Treatment (Program)

BET—Business Enterprises of Texas (Program)

BPP—Board of Pardons and Paroles

BRAC—Base Realignments and Closures

BRB—Bond Review Board

BRP—benefit replacement pay

CAS—Community Attendant Services

CASA—Court-appointed Special Advocate

CBA—Community-based Alternatives

CCA—Coastal Conservation Association

CCC—Coastal Coordination Council

CCDF—Child Care and Development Fund

CCR—Child Care Regulation (Program)

CCTS—Capitol Complex Telephone System

CDA—comprehensive development agreements

CDBG—Community Development Block Grant

CDL—constitutional debt limit

CEF—Cultural Endowment Fund

CFP—Texas Clean Fleet Program

CHIP—Children's Health Insurance Program

CHRI—criminal history record information

CIAP—Coastal Impact and Assistance Program

CIL—Centers for Independent Living

CISO—Chief Information Security Office

CJAD—Community Justice Assistance Division

CJD—Criminal Justice Division

CLASS—Community Living and Support Services (Waiver Program)

CLED—Criminal Law Enforcement Division

CMHCC—Correctional Managed Health Care Committee

CMP—Coastal Management Program

CO2—carbon dioxide

CPA—Comptroller of Public Accounts

CPRIT—Cancer Prevention and Research Institute of Texas

CPS—Child Protective Services (Program)

CRCB—Court Reporter Certification Board

CSCD—Community Supervision and Corrections Department

CSEC—Commission on State Emergency Communications

CSHCN—children with special health care needs

CSOT—Council of Sex Offender Treatment

CWA—Clean Water Act

CWP—Consolidated Waiver Program

CWSRF—Clean Water State Revolving Fund

CYD—Community Youth Development (Program)

DADS—Department of Aging and Disability Services

DAHS—Day Activity and Health Services

DARS—Department of Assistive and Rehabilitative Services

DAS—debt affordability study

DATE—District Awards for Teacher Excellence

DBMD—Deaf Blind/Multiple Disability (Waiver Program)

DCS—Data Center Services

DDS—Disability Determination Services

DEAAG—Defense Economic Adjustment Assistance Grants

DFPS—Department of Family and Protective Services

DIR—Department of Information Resources

DMV—Department of Motor Vehicles

DOE—U.S. Department of Energy

DPS—Department of Public Safety

DPV—district property values

DSH—disproportionate share hospital

DSHS—Department of State Health Services

DWC—Division of Workers' Compensation

DWSRF—Drinking Water State Revolving Fund

EA—Energy Assurance (Program)

EBT—electronic benefits transfer

ECI—(Interagency Council on) Early Childhood Intervention

EDA—existing debt allotment

EDAP—Economically Distressed Areas Program

EECBG—Energy Efficiency and Conservation Block Grant

EFMAP—Enhanced Federal Medical Assistance Percentage

EIA—equine infectious anemia

END—exotic Newcastle disease

EOC—end of course

EPO—exclusive provider organization

EPSDT—Early and Periodic Screening, Diagnosis, and Treatment (Program)

ERCOT—Electric Reliability Council of Texas

ERIG—Emissions Reduction Incentive Grants

ERP—Enterprise Resource Planning

ERS—Employees Retirement System

ESF—Economic Stabilization Fund

ESRD—end-stage renal disease

FCC—Federal Communications Commission

FCP—Family Care Physician

FDA—Food and Drug Administration

FEMA—Federal Emergency Management Agency

FFCS—Feed and Fertilizer Control Service

FFPC—Fire Fighters' Pension Commissioner

FMAP—federal medical assistance percentage

FPL—Federal Poverty Level

FQHC—federally qualified health centers

FSP—Foundation School Program

FTA—Federal Transit Administration

FTE—full-time equivalent

FTHB—First-Time Homebuyer Program

FTSE—full-time student equivalent

GAA—General Appropriations Act

GBP—Group Benefits Program

GCB—Guardianship Certification Board

GDEM—Governor's Division of Emergency Management

GDP—gross domestic product

GLO—General Land Office

GME—Graduate Medical Education (Formula)

GO—General Obligation (bonds)

GOTEPP—GO TEXAS Partner Program

GPA—grade point average

GSC—General Services Commission

GSP—gross state product

HAVA—Help America Vote Act

HCS—Home and Community-based Services (Waiver Program)

HDTRA—Heartland Disaster Tax Relief Act of 2008

HEF—Higher Education Fund

HEGI—Higher Education Employees Group Insurance

HERA—Housing and Economic Recovery Act of 2008

HHS—health and human services

HHSC—Health and Human Services Commission

HIPAA—Health Insurance Portability and Accountability Act

HIV—Human Immunodeficiency Virus

HMO—health maintenance organization

HOME—HOME Investment Partnerships

HTC—Housing Tax Credit (Program)

HTF—Housing Trust Fund

HUB—Historically Underutilized Business Program

HUD—(U.S. Department of) Housing and Urban Development

HVAC—heating, ventilation and air conditioning

IAC—interagency contracts

ICF–MR—intermediate care facilities for persons with mental retardation

ICTCC—Information and Communication Technology Cooperative Contracting

ID—(personal) identification

IDEA—Individuals with Disabilities Education Act

IEP—individual education plan

IFA—instructional facilities allotment

IHE—institutions of higher education

IHP—(Federal Assistance to) Individuals and Households Program

ILS—Independent Living Services

IOLTA—interest on lawyers' trust accounts

IPTC—In-Prison Therapy Community (Program)

IRS—Internal Revenue Service

ISAS—Integrated Statewide Administrative System

ISD—independent school district

ISP—intensive supervision probation

IT—information technology

ITP—individualized treatment plan

JAG—(Bryne) Justice Assistance Grants

JAMP—Joint Admission Medical Program

JET—Jobs and Education for Texas

JJAEP—Juvenile Justice Alternative Education Program

JRS—Judicial Retirement System

LBB—Legislative Budget Board

LBE—Legislative Budget Estimates

LECOS—Law Enforcement and Custodial Officer Supplement

LIRAP—Low-income Vehicle Repair, Retrofit and Accelerated Vehicle Retirement Program

LoanSTAR—Loans to Save Taxes and Resources

LPG—liquefied petroleum gas

LRA—less restrictive alternatives

LRL—Legislative Reference Library

LSTA—Library Services and Technology Act

MDCP—Medically Dependent Children's Program

MDL—multidistrict litigation

MFB—Multifamily Bond

MFMRB—Multifamily Mortgage Revenue Bonds

MH—mental health

MLPP—Master Lease Purchase Program

MMS—Minerals Management Service

MOU—memorandum of understanding

MPO—metropolitan planning organization

MR—mental retardation

MRA—Mental Retardation Authorities

MSU—Midwestern State University

NAAQS—National Ambient Air Quality Standards

NAIS—National Animal Identification System

NCIC—National Crime Information Center

NCLB—No Child Left Behind (Act)

NEA—National Endowment of the Arts

NERRTC—National Emergency Response and Rescue Training Center

NFIP—National Flood Insurance Program

NLS—National Library Service (for the Blind and Physically Handicapped)

NPL—National Priorities List

NRUF—National Research University Fund

NTIG—New Technology Implementation Grant

NTRD—New Technology Research and Development (Program)

NTSS—Network and Telecommunications Security Services

NTTA—North Texas Tollway Authority

OAG—Office of the Attorney General

OCA—Office of Court Administration

OCI—Office of Colonia Initiatives

OCS—Outer Continental Shelf

OCW—Office of Capital Writs

OEM—Office of Energy Management

OFCU—Oil Field Cleanup (Fund)

OIG—Office of Inspector General

OIO—Office of the Independent Ombudsman

OPIC—Office of Public Insurance Counsel

OPUC—Office of Public Utility Counsel

ORP—Optional Retirement Program

OSFR—Office of State–Federal Relations

OSPA—Office of the State Prosecuting Attorney

OTSC—Office of the State Chemist

PAB—private activity bond

PACE—Permanency Achieved through Coordinated Efforts; Program for All-inclusive Care for the Elderly

PAL—Preparation for Adult Living

PCCM—primary care case management

PD—Parole Division

PEB—Polygraph Examiners Board

PEI—prevention and early intervention

PELRP—Physician Education Loan Repayment Program of Texas

PHC—Primary Home Care

PHEF—Permanent Higher Education Fund

PIU—Public Integrity Unit

PRA—personal responsibility agreement

PRB—Pension Review Board

PRC—public retail customer

PSAP—public safety answering point

PSF—Permanent School Fund

PSRB—Process Server Review Board

PST—petroleum storage tank

PUC—Public Utility Commission

PUF—Permanent University Fund

RDF—Research Development Fund

REP—Retail Electric Provider

RESFA—Real Estate Special Fund Account

RIO—Reintegration of Offenders, as Project RIO

RIO-Y—Reintegration of Offenders–Youth

ROTC—Reserve Officer Training Corps

RPC—Regional Planning Commissions

RRC—Railroad Commission

RRPD—Rehabilitation and Reentry Program Division

RTS—Registration and Titling System

RWAF—Rural Water Assistance Fund

RZEDB—Recovery Zone Economic Development Bond

RZFB—Recovery Zone Facility Bond

SAFETEA-LU—Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users

SAFPF—Substance Abuse Felony Punishment Facility

SAPB—State Aircraft Pooling Board

SAPT—Substance Abuse Prevention and Treatment

SAO—State Auditor's Office

SBEA—Small Business Environmental Assistance

SBEC—State Board for Educator Certification

SBOE—State Board of Education

SCJC—State Commission on Judicial Conduct

SCSEP—Senior Community Service Employment Program

SDU—State Disbursement Unit

SECO–State Emergency Conservation Office

SEP—State Energy Program

SERC—Southeastern Electric Reliability Council

SFMRB—Single Family Mortgage Revenue Bonds

SGST—Sporting Goods Sales Tax

SKIP—State Kids Insurance Program

SLB—School Land Board

SNAP—Supplemental Nutrition Assistance Program

SOAH—State Office of Administrative Hearings

SORM—State Office of Risk Management

SOS—Secretary of State

SPB—State Preservation Board

SPP—Southwest Power Pool

SPU—Special Prosecution Unit

SSDI—Social Security Disability Insurance

SSI—Supplemental Security Income; Student Success Initiative

STAR—Services to At-Risk (Youth); State of Texas Access Reform (Program)

STD—sexually transmitted diseases

TAAS—Texas Assessment of Academic Skills

TABC—Texas Alcoholic Beverage Commission

TAFA—Texas Agricultural Finance Authority

TAHC—Texas Animal Health Commission

TAIS—Texas Apiary Inspection Service

TAJF—Texas Access to Justice Foundation

TAKS—Texas Assessment of Knowledge and Skills

TALCB—Texas Appraiser Licensing and Certification Board

TAMU—Texas A&M University

TAMUSHSC—Texas A&M University System Health Science Center

TANF—Temporary Assistance for Needy Families

TB—tuberculosis

TBPC—Texas Building and Procurement Commission

TCA—Texas Commission on the Arts

TCEQ—Texas Commission on Environmental Quality

TCFP—Texas Commission on Fire Protection

TCI—Texas Correctional Industries

TCIC—Texas Crime Information Center

TCID—Texas Center for Infectious Disease

TCJS—Texas Commission on Jail Standards

TCLEOSE—Texas Commission on Law Enforcement Officer Standards and Education

TCOOMMI—Texas Correctional Office on Offenders with Mental and Medical Impairments

TCPS—Texas Commission on Private Security

TDA—Texas Department of Agriculture

TDCJ—Texas Department of Criminal Justice

TDEM—Texas Division of Emergency Management

TDEx—Texas Data Exchange

TDHCA—Texas Department of Housing and Community Affairs

TDI—Texas Department of Insurance

TDLR—Texas Department of Licensing and Regulation

TDRA—Texas Department of Rural Affairs

TEA—Texas Education Agency

TEA-21—Transportation Equity Act for the 21st Century

TEC—Texas Ethics Commission

TEEG—Texas Educator Excellence Grants

TEES—Texas Engineering Experiment Station

TEEX—Texas Engineering Extension (Service)

TEG—Tuition Equalization Grant (Program)

TEKS— Texas Essential Knowledge and Skills

TERP—Texas Emissions Reduction Plan

TERT—Texas Emergency Response Team

TESRS—Texas Emergency Services Retirement System

TEXAS—Toward Excellence, Access, and Success (Program)

TExES—Texas Examinations of Educator Standards

TFC—Texas Facilities Commission

TFID—Task Force on Indigent Defense

TFS—Texas Forest Service

THC—Texas Historical Commission

THECB—Texas Higher Education Coordinating Board

THP—Texas Highway Patrol (Division)

TIERS—Texas Integrated Eligibility Redesign System

TJPC—Texas Juvenile Probation Commission

TLC—Texas Lottery Commission

TLFFRA—Texas Local Fire Fighters' Retirement Act

TMB—Texas Medical Board

TMF—Texas Mobility Fund

TMDL—total maximum daily load

TNRIS—Texas Natural Resources Information System

TPASS—Texas Procurement and Support Services

TPFA—Texas Public Finance Authority

TPWD—Texas Parks and Wildlife Department

TRACS—Texas Review and Comment System

TRAIL—Texas Records and Information Locator

TRB—Tuition Revenue Bond

TRCC—Texas Residential Construction Commission

TREC—Texas Real Estate Commission

TRS—Teacher Retirement System

TSBPA—Texas State Board of Public Accountancy

TSBVI—Texas School for the Blind and Visually Impaired

TSD—Texas School for the Deaf

TSG—Texas State Guard

TSLAC—Texas State Library and Archives Commission

TSSWCB—Texas State Soil and Water Conservation Board

TSTC—Texas State Technical College

TSU—Texas Southern University

TTA—Texas Turnpike Authority

TTC—Texas Transportation Commission

TTI—Texas Transportation Institute

TTUHSC—Texas Tech University Health Sciences Center

TVC—Texas Veterans Commission

TVMDL—Texas Veterinary Medical Diagnostic Laboratory

TWC—Texas Workforce Commission

TWDB—Texas Water Development Board

TWIA—Texas Windstorm Insurance Association

TxDOT—Texas Department of Transportation

TXNG—Texas National Guard

TXSG—Texas State Guard

TX-TF1—Texas Task Force 1

TYC—Texas Youth Commission

UCC—Uniform Commercial Code

UH—University of Houston

UIC—Underground Injection Control (Program)

UNT—University of North Texas

UNTHSC—University of North Texas Health Science Center at Fort Worth

UPL—Upper Payment Limit (Program)

USAS—Uniform Statewide Accounting System

USDA—U.S. Department of Agriculture

USDW—underground sources of drinking water

USPS—Uniform Statewide Payroll/Personnel System

UT—(The) University of Texas (System)

UT-Austin—The University of Texas at Austin

UTHSC—The University of Texas Health Science Center

UTMB—The University of Texas Medical Branch at Galveston

UTMDACC—The University of Texas M.D. Anderson Cancer Center

UTSWMC—The University of Texas Southwestern Medical Center at Dallas

VA—Veterans Affairs

VAP—voting age population

VEIMP—Vehicle Emissions Inspections and Maintenance Program

VLB—Veterans' Land Board

VR—vocational rehabilitation

WADA—weighted average daily attendance

WIA—Workforce Investment Act

WIC—Women, Infants and Children (Program)

WIF—Water Infrastructure Fund

WSCC—Western Systems Coordinating Council