

JOHN ZERWAS  
CHAIRMAN



OSCAR LONGORIA  
VICE CHAIRMAN

Texas House of Representatives  
Committee on Appropriations

**AGENDA**  
**SUBCOMMITTEE ON ARTICLES I, IV & V**

**CHAIR OSCAR LONGORIA**  
TUESDAY, FEBRUARY 21, 2017  
7:30 AM  
JOHN H. REAGAN BUILDING, RM. 140

**I. CALL TO ORDER**

**II. CHAIR'S OPENING REMARKS**

**III. OFFICE OF THE ATTORNEY GENERAL**

- Jordan Smith, Analyst, Legislative Budget Board
- Ken Paxton, Attorney General
- Jeff Mateer, First Assistant Attorney General
- Mara Friesen, Deputy Attorney General for Child Support and IV-D Director

**IV. COMPTROLLER OF PUBLIC ACCOUNTS & FISCAL PROGRAMS**

- Lena Conklin, Analyst, Legislative Budget Board
- Zelma Smith, Senior Analyst, Legislative Budget Board, *Improve Available Information Regarding Funds Held Outside the State Treasury*
- John Montgomery, Analyst, Legislative Budget Board, *Support and Enforce Contracting Best Practices*
- Glenn Hegar, Comptroller of Public Accounts
- Mike Reissig, Deputy Comptroller

**V. EMPLOYEES RETIREMENT SYSTEM &  
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY**

- Katy Fallon, Analyst, Legislative Budget Board
- Porter Wilson, Executive Director

**VI. PENSION REVIEW BOARD**

- Katy Fallon, Analyst, Legislative Budget Board
- Keith Brainard, Vice Chairman
- Anumeha, Executive Director

**VII. EMERGENCY SERVICES RETIREMENT SYSTEM**

- Katy Fallon, Analyst, Legislative Budget Board
- Kevin Deiters, Executive Director

**VIII. COMMISSION ON STATE EMERGENCY COMMUNICATIONS**

- Jordan Smith, Analyst, Legislative Budget Board
- Kelli Merriweather, Executive Director

**IX. PRESERVATION BOARD**

- Lena Conklin, Analyst, Legislative Budget Board
- Rod Welsh, Executive Director

**X. STATE CEMETERY**

- Jim Bayless, Member, Texas State Cemetery Committee

**XI. COMMISSION ON THE ARTS**

- Avery Saxe, Analyst, Legislative Budget Board
- Dale Brock, Commissioner - Ft. Worth
- Gary Gibbs, Ph. D., Executive Director

**XII. HISTORICAL COMMISSION**

- Avery Saxe, Analyst, Legislative Budget Board
- John Crain, Vice Chairman
- Mark Wolfe, Executive Director

**XIII. LIBRARY AND ARCHIVES COMMISSION**

- George Gogonas, Analyst, Legislative Budget Board
- Mark Smith, Director and Librarian

**XIV. PUBLIC TESTIMONY**

**XV. ADJOURN**

**Office of the Attorney General  
Summary of Recommendations - House**

**Section 1**

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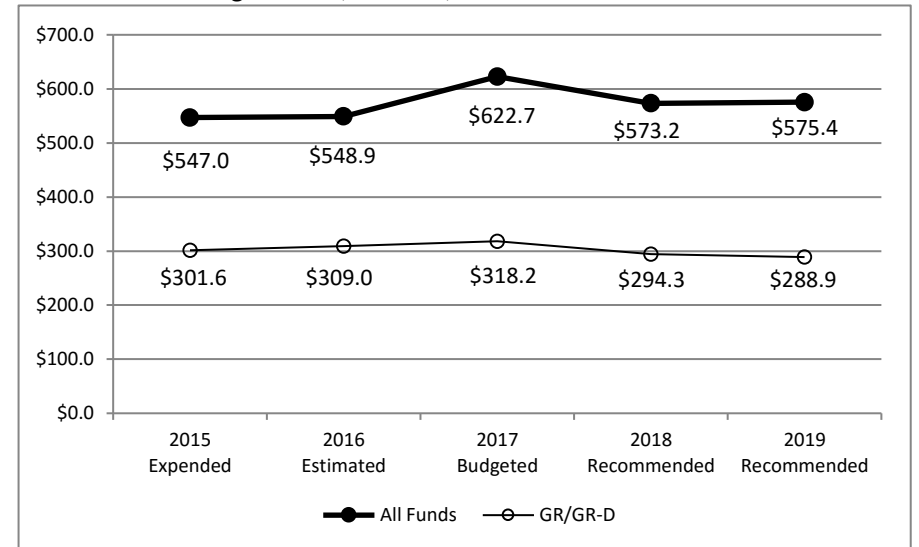
Ken Paxton, Attorney General

Jordan Smith, LBB Analyst

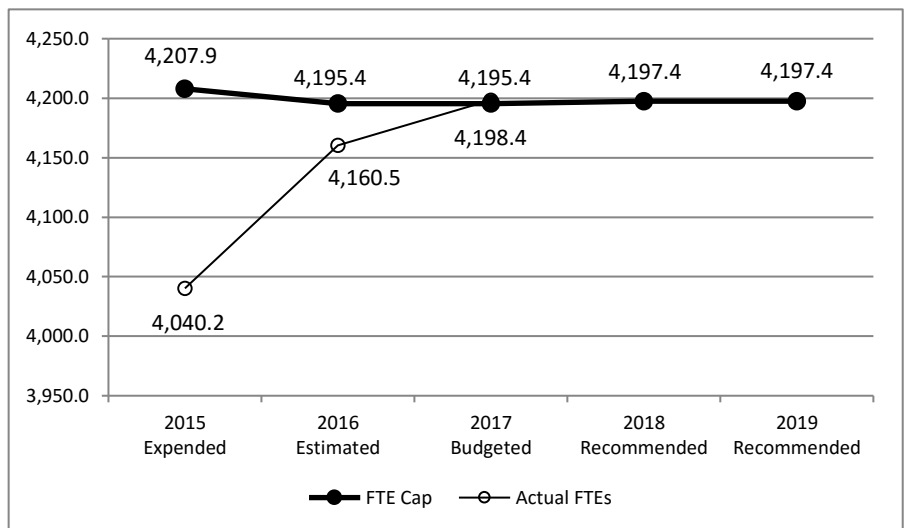
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$471,724,836	\$439,286,499	(\$32,438,337)	(6.9%)
GR Dedicated Funds	\$155,474,126	\$143,830,156	(\$11,643,970)	(7.5%)
<i>Total GR-Related Funds</i>	<i>\$627,198,962</i>	<i>\$583,116,655</i>	<i>(\$44,082,307)</i>	<i>(7.0%)</i>
Federal Funds	\$419,407,798	\$434,256,349	\$14,848,551	3.5%
Other	\$124,969,900	\$131,204,584	\$6,234,684	5.0%
<b>All Funds</b>	<b>\$1,171,576,660</b>	<b>\$1,148,577,588</b>	<b>(\$22,999,072)</b>	<b>(2.0%)</b>

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	4,198.4	4,197.4	(1.0)	(0.0%)

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

**Office of the Attorney General**  
**Summary of Funding Changes and Recommendations - House**

**Section 2**

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b>							
A)	Decrease in funding for Child Support Enforcement program contract and IT costs, Victims Assistance Grants, and Legal Services, pursuant to 4% reduction.	(\$15.2)	(\$4.2)	(\$24.3)	\$0.0	(\$43.7)	A.1.1, B.1.1, C.1.2
B)	Increase funding for Victim Assistance Grants to restore \$6.5 million in General Revenue reduced by the agency as part of 4% reduction. Recommendations restore grant funding to 2016-17 appropriated levels.	\$2.4	\$4.1	\$0.0	\$0.0	\$6.5	C.1.2
C)	Victim Assistance Grants strategy method of finance swap. Decrease in General Revenue coinciding with an increase in GR-D Account No. 469.	(\$13.1)	\$13.1	\$0.0	\$0.0	\$0.0	C.1.2
D)	Crime Victims Compensation strategy method of finance swap. Decrease in GR-D Account No. 469 coinciding with an increase of Federal Funds.	\$0.0	(\$24.6)	\$24.6	\$0.0	\$0.0	C.1.1
E)	Legal Services strategy method of finance swap. Decrease in General Revenue coinciding with an increase in Appropriated Receipts.	(\$6.5)	\$0.0	\$0.0	\$6.5	\$0.0	A.1.1
<b>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</b>							
F)	Decrease in estimated federal funds due to realignment of funding among certain Child Support activities causing a net decrease in budget authority due to differing federal requirements.	\$0.0	\$0.0	(\$0.3)	\$0.0	(\$0.3)	B.1.1, B.1.2, D.1.1
G)	Increase in Appropriated Receipts projected from attorney and court fees.	\$0.0	\$0.0	\$0.0	\$5.5	\$5.5	A.1.1
H)	Decrease in Interagency Contract receipts with Health and Human Services Commission (HHSC) for an anticipated reduction in Medicaid reimbursement collection payments from HHSC.	\$0.0	\$0.0	\$0.0	(\$5.5)	(\$5.5)	A.1.1, B.1.1
I)	Net increase in Federal Funds for increased victims compensation payments and completion of capital projects.	\$0.0	\$0.0	\$14.8	\$0.0	\$14.8	C.1.1
J)	Miscellaneous items.	\$0.0	\$0.0	\$0.0	(\$0.3)	(\$0.3)	4 Strategies
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>(\$32.4)</b>	<b>(\$11.6)</b>	<b>\$14.8</b>	<b>\$6.2</b>	<b>(\$23.0)</b>	As Listed
SIGNIFICANT & OTHER Funding Increases		\$2.4	\$17.2	\$39.4	\$12.0	\$26.8	As Listed
SIGNIFICANT & OTHER Funding Decreases		(\$34.8)	(\$28.8)	(\$24.6)	(\$5.8)	(\$49.8)	As Listed

**Office of the Attorney General  
Selected Fiscal and Policy Issues - House**

1. **Removal of expenditures to meet the four percent reduction.** Agency reductions totaled \$19.3 million in General Revenue (GR) and GR-Dedicated (GR-D).
  - Child Support Enforcement Program:
    - Decrease of \$7.1 million in GR and \$13.9 million in Federal Funds for the re-negotiation of the State Disbursement Unit Vendor contract.
    - Decrease of \$3.4 million in GR and \$6.6 million in Federal Funds for Data Center Services due to a reduced need for services as a result of the implementation of the Texas Child Support Enforcement System (T2) in fiscal year 2018.
    - Decrease of \$2.0 million in GR and \$3.8 million in Federal Funds for IT related software procurements and hardware purchases.
  - Decrease in Victim Assistance Grants of \$2.4 million in GR and \$4.1 million in GR-D. Program provides victim-related services support and assistance throughout the state. Recommendations restore this funding.
  - Legal Services decrease of \$0.3 million in GR due to the savings realized from the deletion of Rider 31 in 2018-19 as requested by both agencies. The current contract between the OAG and the Comptroller requires the OAG to provide tax attorney related legal services. The Comptroller's office will use its own in-house attorneys in the 2018-19 biennium.
  
2. **Victims Assistance Grants.** The OAG works with law enforcement agencies, prosecutors' offices, state agencies and local and statewide nonprofit organizations to provide grants and contracts supporting victim-related services or assistance across the state. Seven assistance programs are administered by the agency and their funding amounts are outlined in Rider 9 of the OAG bill pattern. Strategy C.1.2 is made up entirely of appropriations directed to these programs. As part of the 4 percent base reduction implementation, the agency reduced Victim Assistance Grant program funding by \$6.5 million in General Revenue – Related funds. Recommendations include restoration of the \$6.5 million in GR and GR-D to 2016-17 appropriated levels, as outlined in the table below. Additionally, recommendations include a method of finance (MOF) swap in Strategy C.1.2, Victims Assistance, reflecting a \$13.1 million increase in General Revenue - Dedicated Account No. 469 and a corresponding decrease to General Revenue.

<b>Program</b>	<b>Appropriated 2016-17 Biennium Total</b>	<b>Requested 2018-19 Biennium Total</b>	<b>Biennium Difference</b>	<b>Recommended 2018-19 Biennium Total</b>
Victims Asst Coordinators and Victims Liaisons	\$4,879,906	\$4,552,678	(\$327,228)	\$4,879,906
Sexual Assault Prevention and Crisis Services Program	\$26,173,154	\$21,956,686	(\$4,216,468)	\$26,173,154
Sexual Assault Services Program Grants	\$2,250,000	\$2,575,702	\$325,702	\$2,250,000
Legal Services Grants	\$5,000,000	\$4,678,644	(\$321,356)	\$5,000,000
Other Victim Assistance Grant	\$21,699,090	\$20,196,174	(\$1,502,916)	\$21,699,090
Statewide Victim Notification System	\$6,230,686	\$5,817,438	(\$413,248)	\$6,230,686
Address Confidentiality	\$322,698	\$326,260	\$3,562	\$322,698
<b>Total</b>	<b>\$66,555,534</b>	<b>\$60,103,582</b>	<b>(\$6,451,952)</b>	<b>\$66,555,534</b>

- 3 **Crime Victims' Compensation.** Recommendations include \$81.9 million in General Revenue – Dedicated Compensation to Victims of Crime Account No. 469 (GR-D Account No. 469) for crime victim compensation (Strategy C.1.1.) based on historic trends of applications for compensation (see page 6 for historical funding chart). Recommended appropriations from GR-D Acct. No. 469 are a \$24.7 million decrease from the 2016-17 biennium funding levels. This decrease in GR-D Account No. 469 is offset by an increase in federal funds Crime Victim Compensation awards of an equivalent amount. The agency has reported lapses in the previous biennium of available federal fund awards and the recommendations reflect the optimal allocation of state contribution to federal fund match in order to maintain requested funding in the Crime Victim Compensation strategy.

According to the agency, revenue into the GR-D Account No. 469 is affected by factors that could result in decreasing revenues to the account in future years. Future revenue declines include court costs, which are projected by the agency to be declining by 2.5 percent per year, and revenue from inmate phone calls, which is subject to new Federal Communication Commission regulations that may adversely affect revenues. Revenue in the account is anticipated to be \$81.8 million in fiscal year 2018 and \$81.5 million in fiscal year 2019. Current recommendations for appropriation from GR-D Account No. 469 align appropriations with anticipated revenues and allow the account to maintain its balance in future biennia.

Court costs provide the largest share revenue for GR-D Account No. 469 and are composed of fees collected at state courts when an individual is convicted of a misdemeanor or felony. The state court remits 90 percent of the fees collected by the Comptroller of Public Accounts (CPA). The CPA then deposits no less than 37.6 percent of the court costs into Account No. 469. The court costs and fund allocations are set in the Local Government Code, Section 133.102. Court costs were first consolidated in 1997 and last modified in 2003 in an effort to lessen the administrative burden on the courts and to increase the remittance rate of defendants.

4. **Method of Finance Swap for Child Support Funding.** Recommendations include a method of finance (MOF) swap in Strategy B.1.1, Child Support Enforcement, reflecting a \$48.3 million decrease from General Revenue (GR) and a corresponding increase to General Revenue - Child Support Retained Collections Account. No 787 (Retained Collections Account) for balances anticipated to be available in the 2018-19 biennium. The recommendation would leave an approximate balance of \$25.0 million in the Retained Collections Account at the end of fiscal year 2019 to provide cash flow and allow the agency to pay contracts and agreements prior to being reimbursed by the federal government. Both accounts are in General Revenue.

In the 2016-17 biennium additional General Revenue was appropriated to make up for anticipated loss in the Child Support Retained Collections Account. The analysis assumed Recovered Assistance revenues were decreasing and would continue to do so in the future as the number of Temporary Assistance to Needy Families (TANF) recipients declined. Recovered Assistance revenue comes from the state retaining a portion of the costs savings to Medicaid as a result of processing child support for individuals who are TANF recipients. As a result of replacing funding previously appropriated from Recovered Assistance revenues with GR, revenue continued to flow to the Retained Collections Account in the current biennium. Based on current revenue estimates submitted by OAG, recommendations for the 2018-19 biennium assume that there are sufficient balances in the Retained Collections Account to appropriate \$48.3 million in Recovered Assistance funds for child support expenditures. Based on current revenue estimates submitted by OAG for the 2018-19 biennium, the Retained Collections Account will include sufficient balances to cover the MOF swap.

5. **Method of Finance Swap for Legal Services.** Recommendations include a method of finance (MOF) swap in Strategy A.1.1, Legal Services, reflecting a \$6.5 million decrease from General Revenue (GR) and a corresponding increase to Appropriated Receipts due to unexpended balances anticipated to be available in the 2018-19 biennium. Appropriated Receipts are collected by the agency from court costs, attorney fees and other authorized collections.

6. **Child Support TXCES 2.0 (T2) Project.** The T2 Project seeks to enhance Texas' main system for the Child Support Division. Improvements include automation of child support service applications, child support orders, and order compliance enforcement, as well as the automatic collection and disbursement of child support payments. T2 development began in fiscal year 2009 but has experienced delays and cost overruns. T2 was originally scheduled for release as two phases between June of 2016 and July of 2017 at an estimated total cost of \$223.6 million. The cost of the T2 project is shared, with the state assuming 34% (\$76.0 million originally) and the federal Office of Child Support Enforcement assuming 66% (\$147.6 million originally) of the total project cost.

Due to state and vendor performance issues, as well as over 30 change orders issued on the development portion of the project, federal funding was suspended between November 2015 and March of 2016. Resumption of this funding was contingent on the adoption of a new governance model. OAG worked with QAT and federal partners to successfully amend the governance model in August of 2016. T2 is now expected to be released as one phase in December of 2018 at an estimated total cost of \$419.6 million (State = \$142.6 million, Federal = \$277.0 million).

Recommendations include \$57.1 million in All Funds for the Texas Child Support Enforcement System 2.0 (T2) capital project, which includes \$19.4 million in General Revenue and \$36.7 million in Federal Funds for the match requirement of 34 percent of state dollars to 66 percent of federal grants. Additionally, \$27.9 million in All Funds is for Data Center Services related to TXCES 2.0. Recommendations continue Rider 28, TXCES 2.0 Oversight, which requires the OAG to form an Executive Steering Committee to provide executive-level strategic direction and commitment to the T2 project and report any budget over-runs to the Legislative Budget Board. Committee membership includes executive level representatives from the OAG, Accenture Representatives, LBB staff and staff from the Department of Information Resources associated with the Quality Assurance Team (QAT). During the monthly scheduled meetings, the OAG provides project status reports including all deliverables and milestones, while providing opportunities for questions from the committee members.

7. **General Revenue – Dedicated Sexual Assault Program Account No. 5010.** Recommendations provide \$20.4 million in General Revenue – Dedicated Sexual Assault Program Account No. 5010 in the 2018-19 biennium to continue victim assistance grants at 2016-17 appropriation levels.

Account No. 5010 was created to receive community and parole supervision and probation fees from individuals convicted of sexually related offenses. House Bill 1751, Eightieth Legislature, Regular Session, 2007, required certain sexually oriented businesses to pay the state an amount equal to \$5 for each customer admitted and directed the first \$25 million collected from sexually oriented businesses to be deposited in Account No. 5010. The act has faced legal challenges, most notably in Texas Entertainment Association v. Combs, which was filed in December of 2007. The legal action challenged the \$5 provision as an unconstitutional occupation tax. The state constitution requires that 25 percent of occupation taxes must be allocated to public school funding (Texas Constitution, Article VII, Section 3(a)). The Comptroller of Public Accounts, through the Office of the Attorney General, counterclaimed that the provision is a general excise tax. The case was originally decided in district court for the plaintiffs in March 2008, but through the appeals process worked its way to the Texas Supreme Court, who remanded the case back to the trial court for further proceedings in August of 2011. In May 2014, the case had again reached the appellate court who ruled in favor of the state, affirming that the sexually oriented business fee is not unconstitutional and that the revenue from the fee was not to be treated like an occupation tax. The Texas Supreme Court declined to hear the appeal from the Texas Entertainment Assoc. on November 21, 2014. Petition to the U.S. Supreme Court was denied March 23, 2015.

Recommendations also delete Rider #27, Contingency for Victim Assistance Grants, which is a contingency rider that would provide General Revenue in the event that litigation prohibits the expenditure of the balances collected from the \$5 adult entertainment fee. According to information provided by the Comptroller, revenues and balances remain sufficient to cover recommended appropriations.

**Victims Assistance Programs Funded from the Crime Victims Compensation Fund No. 0469**  
**Funding History**

	Expended 2012-13	Expended 2014-15	Budgeted 2016-17	Recommended 2018-19
<b>Programs at the Office of the Attorney General (Represents use for 2016-17 Biennium)</b>				
(A) <b>Crime Victims Compensation.</b> Program serves as payer of last resort to victims of violent crime. Provides reimbursement to a victim for certain expenses resulting from the crime that cannot be paid with other sources. Eligible expenses include medical bills, lost wages, and relocation expenses for certain victims.	\$85,345,328	\$100,465,364	\$106,553,308	\$81,902,286
(B) <b>Victims Assistance:</b>				
1) <b>Victims Assistance Coordinators and Victims Liaisons.</b> Provides grants to local law enforcement agencies and prosecutor's offices to fund statutorily required coordinator/liaison positions.	\$4,867,389	\$2,785,672	\$4,885,220	\$4,879,906
2) <b>Court Appointed Special Advocates.</b> Provides funds to help develop and support local CASA programs. CASA volunteers are court appointed to advocate for the best interests of abused children involved in the legal and welfare systems. <i>Transferred to HHSC.</i>	\$17,000,000	\$9,468,090	\$0	\$0
3) <b>Sexual Assault Prevention and Crisis Services Program.</b> Provides funding and technical assistance to sexual assault programs in the state. Distributes training materials for law enforcement, medical personnel, and sexual assault staff and volunteers. Provides evidence collection protocol for sexual assault forensic evidence collection. Certifies sexual assault training programs and Sexual Assault Nurse Examiners.	\$12,498,784	\$7,906,570	\$26,200,549	\$26,173,154
4) <b>Sexual Assault Services Program Grants.</b> Provides a grant to the Texas Association Against Sexual Assault (TAASA) for program development, technical assistance, and training to support local sexual assault programs. The grant is also used for statewide training for local programs, law enforcement agencies and other victim services groups.	\$750,000	\$417,710	\$2,250,000	\$2,250,000
5) <b>Children's Advocacy Centers.</b> Provides funds to develop and support local child advocacy programs that offer a coordinated, multi-disciplinary response to cases of suspected child abuse. <i>Transferred to HHSC.</i>	\$15,998,006	\$8,910,032	\$0	\$0
6) <b>Legal Services Grants.</b> Funding for the Supreme Court to provide grants to local programs that offer civil legal services for victims of violent crime.	\$5,000,000	\$2,784,732	\$5,000,000	\$5,000,000
7) <b>Other Victim Assistance Grants.</b> Funding for grants to support various programs in the state that serve victims of crime, such as Mothers Against Drunk Driving, Safe Place, People Against Violent Crime, and others.	\$21,044,462	\$12,055,074	\$21,722,059	\$21,699,090
8) <b>Victim Notification System.</b> Funding for the implementation of a statewide automated system at the county level to provide victims with information about a change in offender status or change in court date, required by passage of House Bill 1572, 77th Legislature, Regular Session, 2001.	\$6,310,638	\$3,714,343	\$6,242,612	\$6,230,686
9) <b>Address Confidentiality.</b> Funding for the Address Confidentiality Program whose purpose is to protect family violence, sexual assault, human trafficking, and stalking victims by allowing them to utilize a post office box maintained by the OAG, which preserves the confidentiality of their residence or place of work.	\$317,062	\$321,080	\$326,260	\$322,698
<b>Total, Programs at the Office of the Attorney General</b>	<b>\$169,131,669</b>	<b>\$148,828,667</b>	<b>\$173,180,008</b>	<b>\$148,457,820</b>

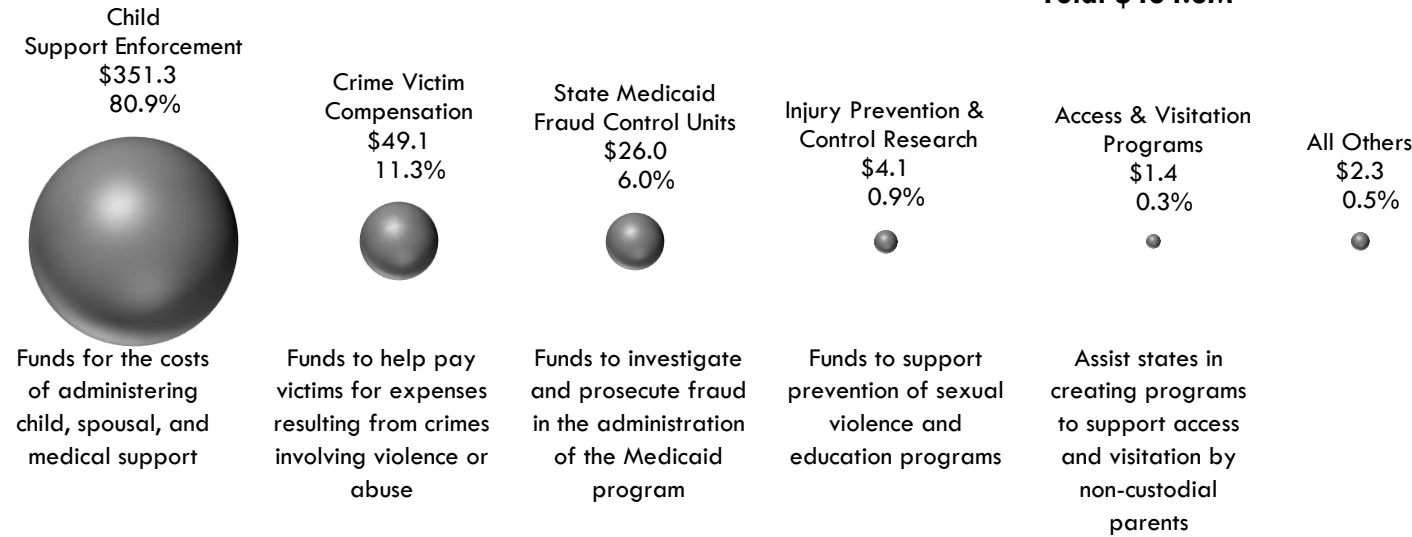
Note: SB 234, 84th Legislature, Regular Session, 2015, transferred Court Appointed Special Advocates and Children's Advocacy Center grants to the Health and Human Service Commission. Funding amounts above for Crime Victims Compensation do not include federal funds within the strategy appropriation. Funding amounts in Victims Assistance Grants also include additional methods of finance.



Office of the Attorney General

Summary of Federal Funds (2018 - 19) - House

Total \$434.3M

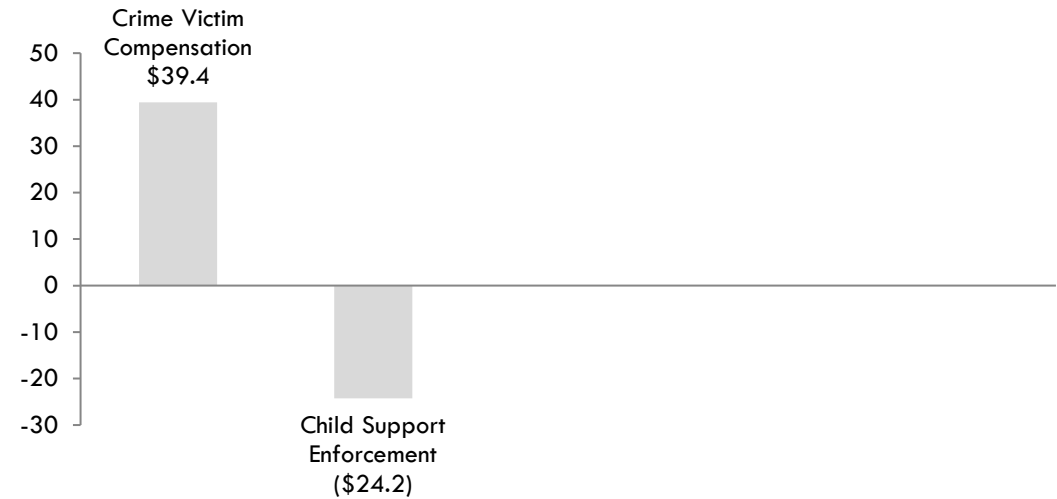


Selected Federal Fiscal and Policy Issues

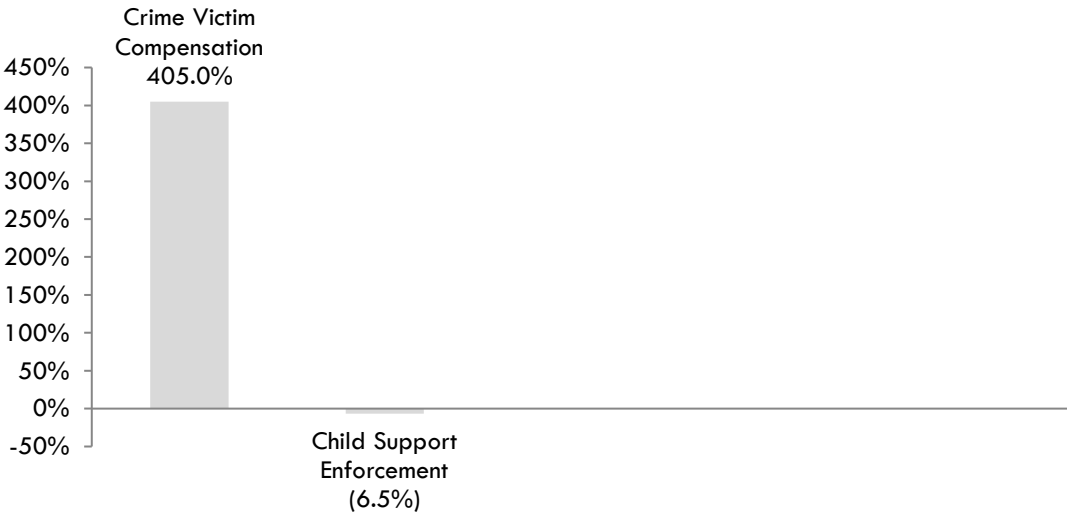
- 1. Federal Funds recommendations for the 2018-19 biennium reflect a decrease of \$24.2 million for federal Child Support Enforcement, which is directly attributable to increased expenditures in fiscal year 2017 for the same program.
  - 2. Agency reported a lapse of \$22.8 million in federal Crime Victim Compensation (CVC) awards in fiscal year 2016. LBB recommendations increase CVC expenditures for the 2018-19 biennium by \$24.7 million.
- See Section 3 for additional information on recommended state expenditures that would allow the state to fully expend federal awards.

Programs with Significant Federal Funding Changes from 2016 - 17

Program-by Amount



Program-by Percentage



Office of the Attorney General  
Contracting Highlights - House

Summary of Contracts Awarded 09/01/2014 to 01/17/2017 and Reported to LBB Contracts Database\*

(Dollar values rounded to the nearest tenth of a million)

	Number	Total Value	Average Value	% of total
Procurement Contracts	526	\$ 299.4	\$ 0.6	100%

Award Method

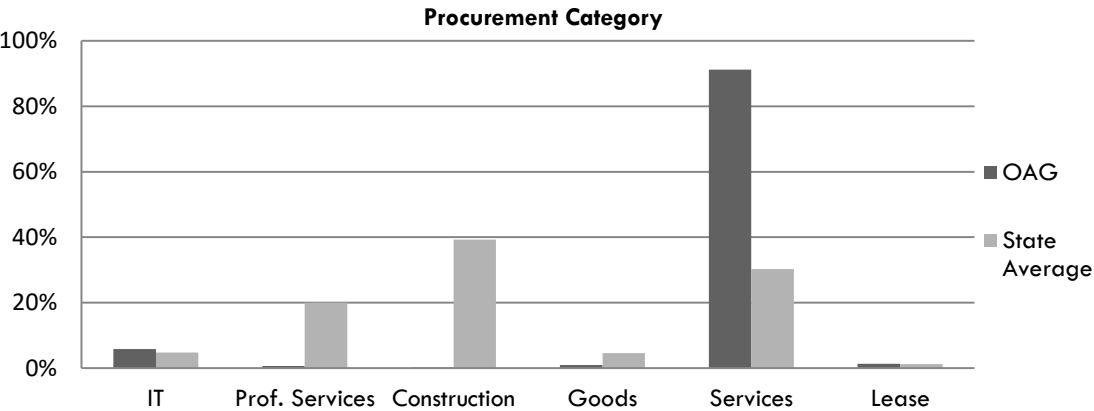
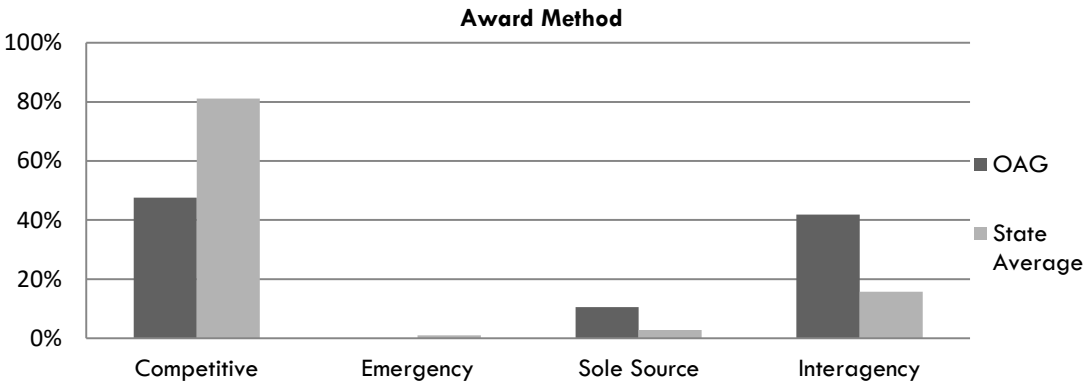
Total Competitive Contracts	404	\$ 142.5	\$ 0.4	47.6%
Total Non-Competitive	122	\$ 157.0	\$ 1.3	52.4%
Emergency	0	\$ -	\$ -	0.0%
Sole Source	31	\$ 31.7	\$ 1.0	10.6%
Interagency Agreement	91	\$ 125.3	\$ 1.4	41.8%

Procurement Category

Information Technology	43	\$ 17.4	\$ 0.4	5.8%
Professional Services	2	\$ 1.8	\$ 0.9	0.6%
Construction	1	\$ 0.4	\$ 0.4	0.1%
Goods	17	\$ 2.9	\$ 0.2	1.0%
Other Services	458	\$ 273.0	\$ 0.6	91.2%
Lease/Rental	5	\$ 4.0	\$ 0.8	1.3%

Revenue Generating Contracts	1	\$ 47.8	\$ 47.8	15.9%
Competitive	0	\$ -	\$ -	0.0%
Non-competitive	1	\$ 47.8	\$ 47.8	15.9%

Comparisons with State Averages



\*Note: These figures reflect the total value of reported contracts awarded 09/01/2014 to 01/17/2017 and reported to the LBB contract database. Values can include planned expenditures for subsequent years and represent the amounts contracted which may include funds from sources other than appropriated or General Revenue Funds.

## Office of the Attorney General

## Contracting Highlights

(Dollar values rounded to the nearest tenth of a million)

<b>Largest Active Contracts from Previous Fiscal Years</b>	<b>Award Method</b>	<b>Total Value</b>	<b>% Change*</b>	<b>Award Date</b>	<b>Length</b>	<b>Renewals</b>	<b>Vendor</b>
1 Data Center Services <sup>1</sup>	Interagency	\$ 202.6	-	05/01/12	5 years	2	Department of Information Resources
2 Texas Child Support Enforcement System 2.0 DDI	Competitive	\$ 150.2	114.9%	10/08/10	8 years	0	Accenture LLP
3 Data Center Consolidation Services	Interagency	\$ 21.1	-	05/01/12	5 years	0	Department of Information Resources
4 Quality Assurance Monitoring for TXCSES 2.0	Competitive	\$ 9.1	-	09/27/12	6 years	0	RFD & Associates
5 Child Support Medical Support	Competitive	\$ 8.1	23.7%	06/04/13	6 years	0	Maximus Human Services Inc.

**Largest Contracts Awarded in FY 17 to 01/17/2017**

1 Crime Victim Services Workflow and Imaging Software	Competitive	\$ 6.4	-	10/28/16	1 year	0	Adjacent Technologies Inc.
2 Crime Victim Services Web Portal	Competitive	\$ 3.5	-	11/22/16	3 years	0	Adjacent Technologies Inc.
3 Grant to State Sexual Assault Coalition	Interagency	\$ 0.8	-	09/01/16	1 year	0	Texas Assoc. Against Sexual Assault
4 Enterprise Electronic Discovery Solution	Competitive	\$ 0.5	-	11/21/16	1 year	0	Document Technologies LLC
5 Tarrant County State Case Registry & Customer Service	Interagency	\$ 0.5	-	09/01/16	5 years	0	Tarrant County Domestic Relations

**Largest Competitive Contracts Awarded in FY 15-16**

1 State Disbursement Unit and Payment Card Services	Competitive	\$ 44.7	-	03/25/15	4 years	3	Systems and Methods Inc.
2 Medicaid Child Support Cost Recovery Program	Interagency	\$ 47.8	-	09/01/15	2 years	0	HHSC
3 Private Service of Process	Competitive	\$ 21.0	-	08/31/15	6 years	0	Executive Process LLC
4 Child Support Court Administration	Interagency	\$ 13.7	-	09/01/15	2 years	0	Office of Court Administration
5 Legal Services	Interagency	\$ 12.2	-	09/01/15	2 years	0	Department of Transportation

\*Note: The percent change in contract value between initial award amount and the current contract value. Includes contract amendments and renewals.

Office of Attorney General  
Quality Assurance Team Highlights - House

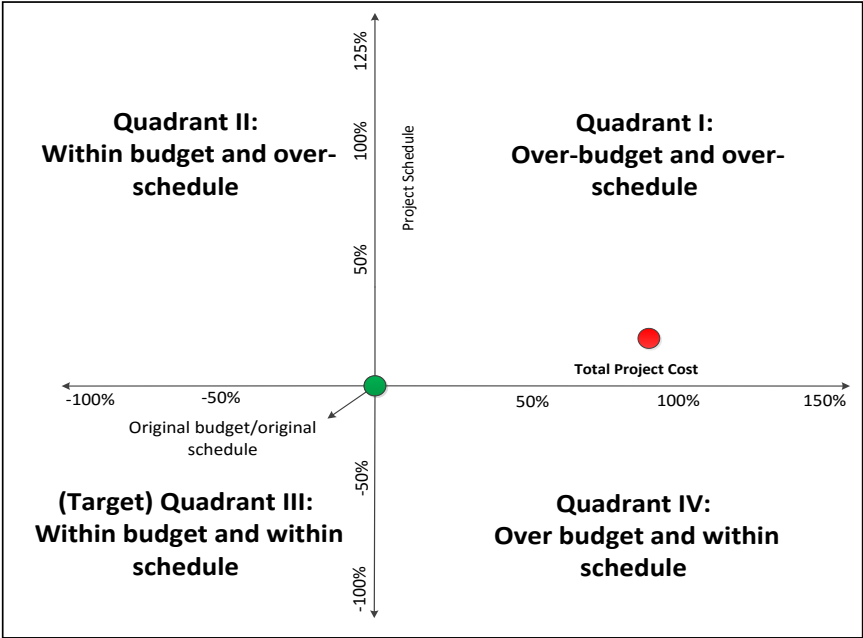
Section 3c

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team\*

Project Name	Original Projected Costs	Current Projected Costs	Difference in Costs	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Difference in Time	% Complete	
1 Crime Victims Services Web Portal	\$3.7	\$3.7	\$0.0	\$0.0	21	21	0	0%	●
2 Texas Child Support Enforcement System 2.0 Initiative (T2)	\$223.6	\$419.6	\$196.0	\$261.5	111	123	12	67%	●
State Share (34%)	\$76.0	\$142.6	\$66.6	\$88.9					
Federal Share (66%)	\$147.6	\$277.0	\$129.4	\$172.6					
Project Totals (2)	\$223.6	\$419.6	\$196.0	\$261.5					

Note: Increase to costs and duration for T2 are due to the agency's re-baseline of the project multiple times over the lifecycle of the project. The most notable is related to the federal Office of Child Support Enforcement (OCSE) freezing funds for portions of the project in December 2015. However, OAG was able to continue some infrastructure (Data Center and Project Management) work on the project because the freeze was related to funding that was being paid to Accenture. In June 2016 OAG submitted a contract amendment to QAT for review. On August 26, 2016 QAT approved the contract amendment which increased the contract from \$98.3 million to an estimated \$150.2 million. This approval provided OAG with the mechanism to re-baseline the project with a new estimated timeline and cost.

Major Information Resources Projects



- Legend**
- Project is within budget and within schedule
  - Project exceeds budget OR schedule
  - Project is over budget and behind schedule

\*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Legislative Budget Board, the State Auditor’s Office, and the Department of Information Resources.

Office of Attorney General  
Quality Assurance Team Highlights - House

Section 3c

Significant Project Highlights

1 **Crime Victims Services Web Portal**

This project was authorized to begin in FY 2016 as a two year project and was appropriated \$0.5 million for project development. The Office of the Attorney General (OAG) serves victims of crime by administering the Crime Victims' Compensation Program and victim service-related grants and contracts, in addition to offering training and outreach programs.

This project has recently been initiated and it is anticipated to use customized off the shelf (COTS) solution utilizing 90% of built in functionality making this system easier to maintain and upgrade. The project is expected to further enhance the new Crime Victims' Management System by providing information to clients by using a modern and efficient web portal. Existing cloud infrastructure services through the Vendor will be leveraged utilizing virtual servers with disaster recovery capabilities.

Due to negotiations on warranty work for the project, there has been a delay in the project start. Milestones are currently at a high-level and will be updated during the next monitoring report that is due March 2017.

2 **Texas Child Support Enforcement System 2.0 (T2) Initiative**

This project is headed by OAG's Child Support Division and was authorized to begin in FY 2010 as a seven year project. The initial stages included project planning by Deloitte, which concluded in 2012. (Funding is 66% Federal Funds and 34% General Revenue).

The T2 project will implement a server-based architecture for Case Initiation, Locate, Establishment, Enforcement and Financial business functions along with other supporting functionality, including Enterprise Content Management, Enterprise Reporting, Security Management, and Forms Processing. The original project completion was scheduled for December 31, 2017 but several delays and performance issues have extended this deadline through December 3, 2018.

OAG began a project review with Accenture in September 2015. In December 2015 the federal Office of Child Support Enforcement (OCSE) froze funding for portions of the T2 project. However, OAG was able to continue some infrastructure (Data Center and Project Management) work on the project because the freeze was related to funding that was being paid to Accenture for design, development, and implementation (DDI). Resumption of federal funding was contingent on the adoption of a revised governance model.

QAT Budget Highlights (in millions)

Project Name	2016-17 Base	2018-19 Requested	2018-19 Recommended
1 CVS Web Portal	\$0.5	\$0.0	\$0.0
2 TXCSES 2.0 Initiative	\$42.8	\$57.1	\$57.1
<b>Total</b>	<b>\$43.3</b>	<b>\$57.1</b>	<b>\$57.1</b>

\* Note: Requested amounts for 2018-19 include all baseline and exceptional item funding requested by the agency. Recommended amounts for 2018-19 include baseline funding only.

**Texas Child Support Enforcement System 2.0 (T2) Initiative (cont.)**

OAG submitted a revised draft amendment of the Accenture T2 DDI contract to QAT on June 6, 2016. On July 20, 2016, QAT relayed concerns regarding the initial version of the amendment. After addressing many of QAT's concerns, OAG provided the amendment to the federal Office of Child Support Enforcement (OCSE) for review. OCSE reviewed the amendment and made additional recommendations. OAG transmitted a copy of this updated amendment to QAT on August 17, 2016 for final evaluation.

On August 25, 2016 OCSE approved the contract amendment and QAT approved the contract amendment the following day. This approval provided OAG with the mechanism to re-baseline the project and create a new deployment method.

The initial contract amount of \$69.9 million increased over time to \$98.3 million due to multiple change order requests. This contract amendment increases the contract from \$98.3 million to an estimated \$150.2 million. Should future contract amendments increase the original contract amount more than 10 percent (or \$6.99 million), the agency will need to submit an additional contract amendment to QAT for review.

**Office of the Attorney General  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Capital Budget.** Recommendations revise this rider to update the Child Support TXCESES 2.0 project to a single release and increase the capital budget authority to \$30,790,829 in fiscal year 2018 and \$26,406,435 in fiscal year 2019. Recommendations also include capital budget authority of \$51,636,341 in fiscal year 2018 and \$51,981,462 in fiscal year 2019 to maintain current obligations for Data Center Consolidation (DCS) related costs.
9. **Victim Assistance Grants.** Recommendations revise this rider to incorporate language formerly located in Article IX, Section 18.27, which appropriated \$300,000 in General Revenue each fiscal year to fund domestic violence high risk teams. Recommendations leave grant funding levels consistent with the 2016-17 funding levels.

**Deleted Riders**

31. **Interagency Contract with the Comptroller of Public Accounts.** Recommendations delete this rider as the Comptroller has hired their own tax attorney to cover the work in which the OAG was required to do by this rider.

**Office of the Attorney General**  
**Items Not Included in Recommendations - House**

**Section 5**

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items - In Agency Priority Order**

1)	Funding for CAPPS Implementation	\$7,984,841	\$8,197,147	0.0	Yes	Yes	\$7,282,130
2)	Modification of Rider 9, Victims Assistance Grants. Request to increase the appropriation and funding allocation of Victim Assistance Grants.	\$71,166	\$71,166	0.0	No	No	\$71,166
3)	Modification of Rider 28, Outside Legal Contract Reviews, which will modify the reporting requirements of the agency regarding outside legal contract reviews.	\$0	\$0	0.0	No	No	\$0
4)	Modification of Rider 29, Human Trafficking Prevention Task Force, Reporting Requirement, which will modify the reporting requirement of the agency regarding the activities of the Human Trafficking Task Force.	\$0	\$0	0.0	No	No	\$0
5)	New Rider: Full-Time Equivalent Positions Intern Exemption, which will allow the agency to exclude certain FTEs in temporary positions from employment level limitations.	\$0	\$0	0.0	No	No	\$0

<b>TOTAL Items Not Included in Recommendations</b>	<b>\$8,056,007</b>	<b>\$8,268,313</b>	<b>0.0</b>				<b>\$7,353,296</b>
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**Office of the Attorney General  
Appendices - House**

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A	Funding Changes and Recommendations by Strategy	16
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\* Appendix is not included - no significant information to report

Office of the Attorney General  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
LEGAL SERVICES A.1.1	\$201,151,498	\$204,206,834	\$3,055,336	1.5%	Recommendations include: 1) \$1,392,876 decrease in General Revenue related to allocation of indirect costs and alignment of appropriations with appropriate rider allocations and rider deletions. 2) \$5,521,326 increase in projected Appropriated Receipts. 3) \$1,073,114 decrease in Interagency Contracts, primarily a result of expected contracts with TxDOT related to eminent domain cases expected to decline.
<b>Total, Goal A, PROVIDE LEGAL SERVICES</b>	<b>\$201,151,498</b>	<b>\$204,206,834</b>	<b>\$3,055,336</b>	<b>1.5%</b>	
CHILD SUPPORT ENFORCEMENT B.1.1	\$721,151,428	\$680,586,856	(\$40,564,572)	(5.6%)	Recommendations include: 1) \$11,118,458 net decrease in General Revenue resulting from allocation of indirect costs, a renegotiated State Disbursement vendor contract, lower Data Center Services costs, and decreases in non-T2 related software and hardware procurement and temporary workers. 2) \$25,021,085 decrease in Federal Funds due to corresponding reductions in General Revenue resulting in lower federal match calculations. 3) \$6,371 decrease in projected Appropriated Receipts. 4) \$4,418,658 decrease in projected Interagency Contract revenue from HHSC for OAG share of Medicaid reimbursement payments collected by HHSC from information provided by OAG.
STATE DISBURSEMENT UNIT B.1.2	\$27,281,321	\$27,625,306	\$343,985	1.3%	Recommendations include an increase of \$343,985 in Federal Funds for changes in budget authority due to federal match calculations.
<b>Total, Goal B, ENFORCE CHILD SUPPORT LAW</b>	<b>\$748,432,749</b>	<b>\$708,212,162</b>	<b>(\$40,220,587)</b>	<b>(5.4%)</b>	

Office of the Attorney General  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CRIME VICTIMS' COMPENSATION C.1.1	\$116,415,745	\$131,043,656	\$14,627,911	12.6%	Recommendations include: 1) \$143,769 decrease in General Revenue due to reallocation of indirect costs. 2) \$14,771,680 net increase in Federal Funds due to increases in crime victims compensation claim payments and a decrease resulting in the completion of crime victim capital projects in 2017.
VICTIMS ASSISTANCE C.1.2	\$66,626,700	\$66,555,534	(\$71,166)	(0.1%)	Recommendations include a \$71,666 decrease in General Revenue -Dedicated and Federal Funds due to reductions in Victim Assistance Grant allocations.
<b>Total, Goal C, CRIME VICTIMS' SERVICES</b>	<b>\$183,042,445</b>	<b>\$197,599,190</b>	<b>\$14,556,745</b>	<b>8.0%</b>	
MEDICAID INVESTIGATION D.1.1	\$37,313,126	\$37,280,904	(\$32,222)	(0.1%)	Recommendations include: 1) \$98,855 decrease in General Revenue due to reallocation of indirect costs. 2) \$102,950 increase in projected Federal Fund receipts. 3) \$36,317 decrease in projected Appropriated Receipts due to lower projections of overtime contracts.
<b>Total, Goal D, REFER MEDICAID CRIMES</b>	<b>\$37,313,126</b>	<b>\$37,280,904</b>	<b>(\$32,222)</b>	<b>(0.1%)</b>	
ADMINISTRATIVE SUPPORT FOR SORM E.1.1	\$1,636,842	\$1,278,498	(\$358,344)	(21.9%)	Recommendations include a \$358,344 total decrease in General Revenue and Interagency Contracts due to reallocation of indirect costs.
<b>Total, Goal E, ADMINISTRATIVE SUPPORT FOR SORM</b>	<b>\$1,636,842</b>	<b>\$1,278,498</b>	<b>(\$358,344)</b>	<b>(21.9%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,171,576,660</b>	<b>\$1,148,577,588</b>	<b>(\$22,999,072)</b>	<b>(2.0%)</b>	

**Office of the Attorney General**  
**Summary of Federal Funds - House**  
(Dollar amounts in Millions)

**Appendix B**

<b>Program</b>	<b>Est 2016</b>	<b>Bud 2017</b>	<b>Rec 2018</b>	<b>Rec 2019</b>	<b>2016-17 Base</b>	<b>2018-19 Rec</b>	<b>2018-19 Rec % Total</b>	<b>Recommended Over/(Under) Base</b>	<b>% Change from Base</b>
Child Support Enforcement	\$167.3	\$208.2	\$172.2	\$179.1	\$375.5	\$351.3	80.9%	(\$24.2)	(6.5%)
Crime Victim Compensation	\$3.7	\$6.0	\$24.3	\$24.9	\$9.7	\$49.1	11.3%	\$39.4	405.6%
State Medicaid Fraud Control Units	\$12.9	\$13.0	\$13.0	\$13.0	\$25.9	\$26.0	6.0%	\$0.1	0.4%
Injury Prevention and Control Research	\$2.1	\$2.1	\$2.1	\$2.1	\$4.1	\$4.1	0.9%	\$0.0	0.0%
Grants to States for Access and Visitation Programs	\$0.8	\$0.7	\$0.7	\$0.7	\$1.5	\$1.4	0.3%	(\$0.1)	(4.8%)
Preventive Health and Health Services Block Grant	\$0.6	\$0.6	\$0.6	\$0.6	\$1.1	\$1.1	0.3%	\$0.0	1.0%
Internet Crimes Against Children	\$0.4	\$0.4	\$0.4	\$0.4	\$0.8	\$0.8	0.2%	(\$0.0)	(0.0%)
South West Border High Intensity Drug Trafficking Areas	\$0.2	\$0.2	\$0.2	\$0.2	\$0.3	\$0.3	0.1%	\$0.0	0.0%
All Other Grants	\$0.4	\$0.0	\$0.0	\$0.0	\$0.4	\$0.0	0.0%	(\$0.4)	(95.1%)
<b>TOTAL:</b>	<b>\$188.3</b>	<b>\$231.1</b>	<b>\$213.4</b>	<b>\$220.9</b>	<b>\$419.4</b>	<b>\$434.3</b>	<b>100.0%</b>	<b>\$14.8</b>	<b>3.5%</b>

Office of the Attorney General  
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	4,207.9	4,195.4	4,195.4	4,197.4	4,197.4
Actual/Budgeted	4,040.2	4,074.5	4,198.4	NA	NA

Schedule of Exempt Positions (Cap)					
Attorney General, Group 6	\$150,000	\$153,750	\$153,750	\$153,750	\$153,750

Notes:

a) Fiscal years 2015 and 2016 actual FTE figures are less than the FTE cap limits primarily due to staff vacancies and turnover. Fiscal year 2017 budget FTEs exceed the cap by 3.0 FTEs due to allowances for 100% Federally Funded FTEs within the Texas Start Smart child support program.

b) The 2016 State Auditor's Office Report does not provide information regarding exempt salaries for elected officials.

**Office of the Attorney General**  
**Summary of Ten Percent Biennial Base Reduction Options Recommendations - House**

**Appendix E**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
1)	Child Support Program	Return of \$23,211,885 in un-appropriated balances from the Child Support Retained Collections Account. In the 2016-2017 GAA, the Legislature appropriated the Child Support Division (CSD) General Revenue in place of Recovered Assistance due to the declining revenues. According to the agency, \$42.5 million of Recovered Assistance revenue is projected to be available in the Retained Collections Account in 2018-19.	\$23,211,885	\$23,211,885	0.0	\$0	3.8%	Yes
2)	Child Support Program	Return of \$19,294,568 in un-appropriated balances from the Child Support Retained Collections Account. In the 2016-2017 GAA, the Legislature appropriated the Child Support Division (CSD) General Revenue in place of Recovered Assistance due to the declining revenues. According to the agency, \$42.5 million of Recovered Assistance revenue is projected to be available in the Retained Collections Account in 2018-19.	\$19,294,568	\$19,294,568	0.0	\$0	3.1%	Yes
3)	Crime Victim Services Program	Reduction of General Revenue and GR-D Sexual Assault Program Account Fund 5010 for the Victims Assistance Program. General Revenue reduction of \$521,122 would effect Victims Assistance Coordinators and Victims Liaisons, Legal Services grants (Supreme Court), Other Victims Assistance Grants, and Statewide Victim Notification System proportionately. GR-D Sexual Assault Program Account Fund 5010 reduction of \$803,412 would effect the Sexual Assault Prevention and Crisis Services Program and the Sexual Assault Services Program proportionately.	\$1,324,534	\$1,324,534	0.0	\$0	2.1%	No
4)	Legal Services Program - Civil Litigation	Method of finance swap of \$175,000 in GR used to fund the Legal Services Program – Civil Litigation with Interagency Contract Revenue resulting from contracts with client agencies in the FY 2018-2019 biennium. This would affect the Energy Rates Section within the Civil Litigation Program.	\$350,000	\$350,000	0.0	\$0	0.2%	No

**Office of the Attorney General**  
**Summary of Ten Percent Biennial Base Reduction Options Recommendations - House**

**Appendix E**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
5)	Legal Services Program - Civil Litigation	Reduction of \$416,550 in General Revenue by reducing 4.0 FTEs within the Legal Services Program - Civil Litigation for positions that perform business and support agency core functions. The elimination of these positions may have an impact on internal agency operations which may lead to future impacts on the performance measure "Legal Hours Billed to Litigation and Legal Counsel."	\$416,550	\$416,550	4.0	\$0	0.2%	No
6)	Criminal Medicaid Fraud Investigation Program	Decrease of \$874,272 in GR and 25.0 FTEs, through attrition, within the Criminal Medicaid Fraud Investigation Program. The Medicaid Fraud Control Unit (MFCU) is required by federal law and is comprised of auditors, investigators, and attorneys to combat Medicaid fraud.	\$874,272	\$874,272	25.0	\$2,622,814	0.2%	No
7)	Legal Services Program - General Legal Counsel	Decrease of \$260,000 in GR and 2.0 FTEs within the Legal Services Program - General Legal Counsel that provide legal counsel. This reduction could lead to more outside legal service costs incurred on local jurisdictions.	\$260,000	\$260,000	2.0	\$0	0.2%	No
8)	Law Enforcement Program	Decrease of \$691,960 in GR and 4.0 Commissioned Peace Officers (CPO), through attrition, within the Law Enforcement Program that perform criminal enforcement activities in the Criminal Investigations Division.	\$691,960	\$691,960	4.0	\$0	0.2%	No

<b>TOTAL, 10% Reduction Options</b>	<b>\$46,423,769</b>	<b>\$46,423,769</b>	<b>35.0</b>	<b>\$2,622,814</b>
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**KEN PAXTON**

ATTORNEY GENERAL OF TEXAS

**Office of the Attorney General  
Written Testimony to the House Appropriations Committee  
Submitted February 3, 2017**

The Texas Attorney General is the State of Texas's chief legal officer. Referenced in statute thousands of times, the Office of the Attorney General ("OAG") provides legal representation to state officials and agencies, renders legal opinions, safeguards the Texas Public Information Act, and enforces civil penalties prescribed by the Legislature. The OAG protects individual liberties and seeks justice for victims of crime through investigating and prosecuting criminal activities, including crimes of human trafficking, internet crimes against children, and apprehension of fugitives in violation of state sex offender laws. The OAG promotes and defends families through enforcing the state's child support laws and provides support to victims of violent crime by administering victim assistance programs.

The OAG is a significant source of revenue and cost savings to the state. Since January 2015, the OAG has recovered nearly \$400 million in fees and damages to the state. Importantly, the OAG has successfully defended Texas against potential multi-billion dollar lawsuits. Even though caseloads continue to rise dramatically, the OAG's Child Support Division ("CSD") continues to lead the nation by collecting over \$4 billion in total collections in FY 2016, collecting over \$12 in child support for every dollar spent on the program. Moreover, the CSD's efforts saved taxpayers an estimated \$1.65 billion in FY 2016 by avoiding public assistance costs, including TANF, Medicaid, and Food Stamp payments.

Beginning in the fall of 2015, Attorney General Ken Paxton initiated a zero-based budget review of all divisions and programs. This process identified the legal requirements, responsibilities, and authority that the OAG operates under and the level of resources necessary for each function. It also recognized areas for the agency to best align resources and determined the current and anticipated future level of service. Further, it detected duplication of tasks among divisions. The OAG utilized these efforts in developing the legislative appropriations request ("LAR") for the FY 2018-2019 biennium.





**KEN PAXTON**

ATTORNEY GENERAL OF TEXAS

As introduced within the OAG bill pattern, House Bill 1 provides appropriations sufficient for core agency functions. The recruitment and retention of attorneys remains a priority. The additional appropriations from the Legislature last session made a significant impact on retaining top legal talent as evidenced by the decline in turnover. A zero cost initiative toward retaining top legal talent is the OAG's request for a budget rider allowing an exemption from the Full-Time Equivalent (FTE) limitation for positions held by law clerks and interns. This budget rider will allow the OAG an opportunity to employ and train individuals within the legal services and child support teams without impacting the overall agency FTE cap.

The OAG is requesting one exceptional item to address the production and transition to the Centralized Accounting and Payroll/Personnel System (CAPPS) beginning in the 2018-2019 biennium. The OAG is approved and scheduled for CAPPS migration with a target completion date of FY 2021, pending legislative approval and appropriations.

Thank you for your work on the appropriations process and for working with the staff of the OAG.

Office of the Attorney General  
2016-2017 Biennium Expended/Budgeted  
and  
2018-2019 Biennium 85th Legislature House Bill (Introduced)

Method of Finance	2016-2017 Biennium Expended/Budgeted	2018-2019 Biennium House Bill (introduced)	Difference
General Revenue Funds	\$ 471,724,836	\$ 439,286,499	\$ (32,438,337) <sup>1</sup>
General Revenue - Dedicated Funds	155,474,126	143,830,156	(11,643,970) <sup>2</sup>
Subtotal - GR Related	\$ 627,198,962	\$ 583,116,655	\$ (44,082,307)
Federal Funds	\$ 419,407,798	\$ 434,256,349	\$ 14,848,551 <sup>3</sup>
Other Funds	124,969,900	131,204,584	6,234,684 <sup>4</sup>
<b>TOTAL</b>	<b>\$ 1,171,576,660</b>	<b>\$ 1,148,577,588</b>	<b>\$ (22,999,072)</b>

Notes:

- <sup>1</sup> The (\$32.4M) decrease in General Revenue has two primary drivers: (a) method of finance (MOF) swaps totaling (\$17.2M) contained in the introduced House Bill and (b) the 4% required base reduction directive submitted as part of the FY 2018-19 LAR totaling (\$15.2M). The introduced House Bill contains two MOF swaps: (\$10.7M) decrease for Victims Assistance grants from General Revenue offset by an increase in funding from General Revenue-Dedicated Compensation to Victims of Crime (CVC Fund 0469) and (\$6.5M) decrease for Legal Services from General Revenue offset by an increase in Other Funds - Appropriated Receipts.
- <sup>2</sup> The (\$11.6M) decrease in General Revenue-Dedicated has two primary drivers: (a) MOF swaps resulting in a (\$14.0M) decrease contained in the introduced House Bill and (b) \$2.4M restoration of the 4% required General Revenue base reduction directive submitted as part of the FY 2018-19 LAR. The introduced House Bill contains two MOF swaps: \$10.7M increase for Victims Assistance grants to CVC Fund 0469 from the MOF swap between General Revenue and (\$24.7M) decrease for Crime Victims Compensation claim payments from CVC Fund 0469 offset by an increase in Federal Funds. In addition, \$2.4M of the 4% required base reduction directive from General Revenue was restored in the introduced House Bill using CVC Fund 0469 for Victims Assistance grants.
- <sup>3</sup> The \$14.8M increase in Federal Funds primarily reflects increases from the following: (a) \$24.7M increase for Crime Victims Compensation claim payments from the MOF swap with CVC Fund 0469; (b) \$17.3M increase anticipated for Crime Victims Compensation claim payments above the 2016-17 level; and (c) \$0.3M increase in federal funds for State Disbursement Unit vendor contract. These increases are offset by the following decreases: (a) (\$24.3M) decrease for Child Support federal matching funds as a result of the 4% required General Revenue base reductions; (b) (\$2.4M) decrease in Crime Victims Compensation for crime victims systems; and (c) (\$0.7M) decrease in Child Support net budget authority.
- <sup>4</sup> The increase in Other Funds is primarily driven by the \$6.5M MOF swap in Legal Services increasing Other Funds - Appropriated Receipts and decreasing General Revenue.

**Comptroller of Public Accounts  
Summary of Recommendations - House**

**Section 1**

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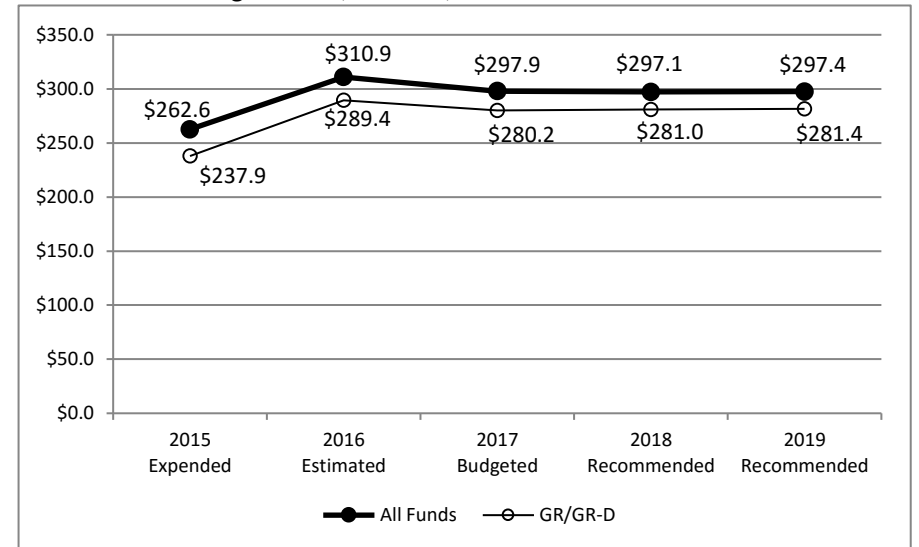
The Honorable Glenn Hegar, Comptroller of Public Accounts

Lena Conklin, LBB Analyst

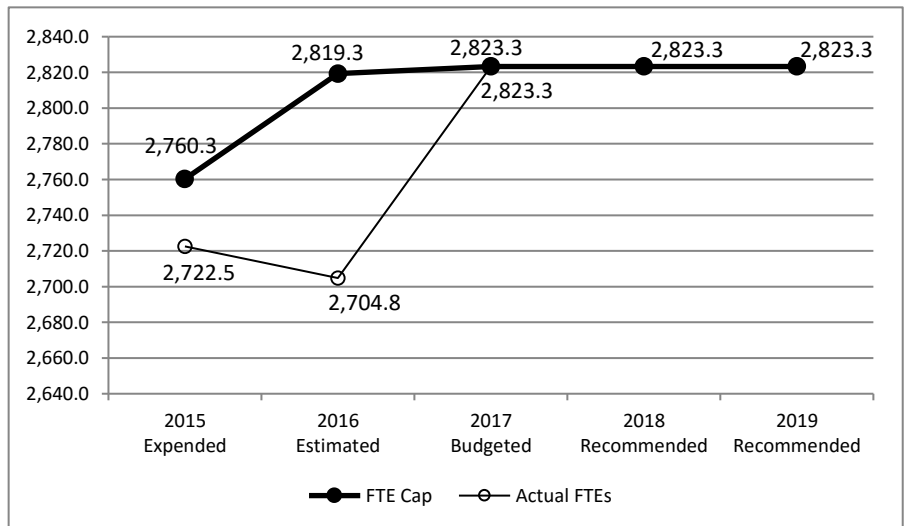
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$569,357,562	\$562,158,138	(\$7,199,424)	(1.3%)
GR Dedicated Funds	\$250,000	\$250,000	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$569,607,562</i>	<i>\$562,408,138</i>	<i>(\$7,199,424)</i>	<i>(1.3%)</i>
Federal Funds	\$64,075	\$0	(\$64,075)	(100.0%)
Other	\$39,173,925	\$32,041,826	(\$7,132,099)	(18.2%)
<b>All Funds</b>	<b>\$608,845,562</b>	<b>\$594,449,964</b>	<b>(\$14,395,598)</b>	<b>(2.4%)</b>

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	2,823.3	2,823.3	0.0	0.0%

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

**Comptroller of Public Accounts**  
**Summary of Funding Changes and Recommendations - House**

**Section 2**

<b>Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)</b>	<b>General Revenue</b>	<b>GR-Dedicated</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>All Funds</b>	<b>Strategy in Appendix A</b>
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***SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):***

A)	Decrease submitted in the agency's four percent reduction included one-time funding items of \$3.0 million for office furnishings and \$450,000 for the Senate Bill 20 centralized purchasing study.	(\$3.4)	\$0.0	\$0.0	\$0.0	(\$3.4)	All strategies except B.1.2
B)	Decrease in operating costs for information technology operations, primarily for contract programmers, to meet the four percent reductions.	(\$3.5)	\$0.0	\$0.0	\$0.0	(\$3.5)	All strategies except B.1.2 and B.4.1
C)	Decrease in information technology operations for the purchase and lease of personal computers (PCs).	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	All strategies except B.1.2 and B.4.1
D)	Decreases totaling \$5.1 million in Interagency Contracts (IACs) and Appropriated Receipts (ARs) for the Centralized Accounting and Payroll/Personnel System (CAPPS), which includes elimination of \$3.2 million previously paid by the Health and Human Services Commission (HHSC) for support of HHSC's CAPPS hub system and \$2.0 million in unexpended balances of IACs and ARs (SmartBuy receipts) carried forward from the 2014-15 biennium, offset by an increase of \$0.1 million in payments from agencies for PeopleSoft licenses.	\$0.0	\$0.0	\$0.0	(\$5.1)	(\$5.1)	B.1.2

***OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):***

E)	Decreases of \$0.1 million in Federal Funds and \$2.0 million in Appropriated Receipts from forfeitures and seizures resulting from criminal investigations.	\$0.0	\$0.0	(\$0.1)	(\$2.0)	(\$2.1)	A.1.1
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<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>(\$7.2)</b>	<b>\$0.0</b>	<b>(\$0.1)</b>	<b>(\$7.1)</b>	<b>(\$14.4)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$7.2)	\$0.0	(\$0.1)	(\$7.1)	(\$14.4)	As Listed

NOTE: Totals may not sum due to rounding.

Comptroller of Public Accounts  
Selected Fiscal and Policy Issues – House

1. **Adjustments to the Agency’s Baseline Budget.** Recommendations include the following adjustments to the agency’s 2018-19 baseline request.
- a. **Agency submitted reductions.** Recommendations decrease funding for one-time appropriations for office furnishings (\$2,972,296) and contract for services to assist with the centralized state purchasing study required by Senate Bill 20, Eighty-fourth Legislature, Regular Session (\$450,000). The reductions were submitted by the agency to meet their four percent reduction. The agency’s four percent reduction target of \$3.4 million was based on calculations that exempted 2016-17 base funding level of \$484.1 million for strategies included in Goal A, Compliance with Tax Laws, and Goal B, Manage Fiscal Affairs.
  - b. **Removal of expenditures to meet the 4 percent reduction.** Because the four percent reduction was taken by the agency from one-time funding items rather than programs, services or indirect administration, recommendations include a reduction of \$3,450,000 in GR, which consists of:
    - \$3,422,296 GR decrease for information technology (IT) programs and services, which includes the loss of contract programmers; and
    - the remaining GR amount of \$27,704 appropriated for office furnishings which was not reduced in the agency’s request (i.e., the difference between the \$3,000,000 appropriations and \$2,972,296 included in the agency’s four percent reductions).
2. **Reporting of Utilization of Historically Underutilized Businesses (HUBs).** Pursuant to Section 2161.127, Government Code, each state agency and institution of higher education (IHE) must include as part of its Legislative Appropriations Request (LAR) a report detailing the extent to which the agency or IHE has made “good faith” efforts to comply with both HUB-related general law and rules adopted by the Comptroller of Public Accounts. The LBB has subsequently gathered information related to agency HUB activity and created a report detailing that information which is available at <http://www.lbb.state.tx.us/Bill85/Art9HUBKeyMeasures.pdf>. **Figure 1** provides a high-level summary of agency and IHE attainment of HUB goals based on figures included in the report.

Figure 1: Summary of Agencies' and Institutions' of Higher Education Attainment of HUB Goals

Attainment of Agency HUB Goals	2014						2015					
	Goals Met or Exceeded		Goals Not Met		Goals Not Set by Agency or IHE*		Goals Met or Exceeded		Goals Not Met		Goals Not Set by Agency or IHE*	
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Heavy Construction	6	3.7%	47	29.2%	108	67.1%	10	6.2%	41	25.5%	110	68.3%
Building Construction	36	22.4%	47	29.2%	78	48.4%	27	16.8%	53	32.9%	81	50.3%
Special Trade Construction	41	25.5%	65	40.4%	55	34.2%	40	24.8%	68	42.2%	53	32.9%
Professional Services	52	32.3%	71	44.1%	38	23.6%	57	35.4%	67	41.6%	37	23.0%
Other Services	44	27.3%	111	68.9%	6	3.7%	41	25.5%	113	70.2%	7	4.3%
Commodities	95	59.0%	61	37.9%	5	3.1%	93	57.8%	63	39.1%	5	3.1%

\*If an agency or IHE set its goal for a procurement category at zero or did not submit a goal, these entities were excluded from counts and calculations for "Goals Met or Exceeded" and "Goals not Met."

Source: Legislative Budget Board

Please note that while fiscal year 2016 HUB data is not included in this report, it is included in the Comptroller’s Fiscal Year 2016 Annual HUB Report, which is available at <https://www.comptroller.texas.gov/data/purchasing/hub/fy16/>. Under Section VII, State Agency Expenditure Data, are the Consolidated Reports by Agency which have HUB expenditure data shown by procurement category. However, unlike the Legislative Budget Board report, the Consolidated Reports by Agency do not include the agencies’ and institutions’ HUB goals. Instead, the statewide HUB goals are reflected.

Recommendations maintain Article IX, Sec. 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures, which indicates that this report is available on the LBB website and provides the web address to the report.

- 3. **Personal Computer (PC) Replacement.** Recommendations provide funding for PC replacement totaling \$664,169 in GR for the 2018-19 biennium to fund a six-year PC refresh cycle. This is a reduction of \$327,128 in GR from the 2016-17 biennium.
- 4. **Centralized Accounting and Payroll/Personnel System (CAPPS).** Recommendations provide \$95.9 million for the agency’s deployment or migration of agencies onto CAPPS and ongoing support of the statewide version of CAPPS. The statewide version or central instance of CAPPS is the system used and supported by the Comptroller and the system to which almost all state agencies will eventually migrate. Recommendations for the Comptroller do not include costs to maintain and support agency-customized versions of CAPPS used by a limited number of agencies. Agencies which maintain a customized version of either one or both CAPPS HR/Payroll and Financials systems are referred to as hub agencies. The Comptroller’s office has indicated that hub agencies are responsible for implementation and maintenance of these systems, which are housed and operated separate from the central statewide version of CAPPS. Agencies which currently maintain a CAPPS hub system include HHSC for Article II agencies, Texas Education Agency, Department of Transportation, and Workforce Commission. Additionally, the Department of Housing and Community Affairs is anticipated to implement a Financials hub system during the 2018-19 biennium.

Recommendations for CAPPS reflect an overall reduction of \$6.3 million in All Funds and \$1.2 million in General Revenue. Reductions in General Revenue reflects a decrease of \$1.2 million in unexpended balances carried forward from the 2014-15 biennium to the 2016-17 biennium for deployment efforts. Additionally, the agency is no longer supporting the Health and Human Services Commission’s (HHSC’s) CAPPS hub system. As a result, the reductions include a loss of \$3.2 million in interagency contract receipts from HHSC.

Figure 2: Ongoing CAPPS Support within the Comptroller of Public Accounts

	2016	2017	2018	2019	Biennial Change
General Revenue	\$36,507,446	\$32,305,016	\$33,809,666	\$33,809,666	(\$1,193,130)
SmartBuy Fees (Appropriated Receipts)	\$12,211,476	\$12,000,000	\$12,000,000	\$12,000,000	(\$211,476)
Interagency Contracts (IAC)	\$7,103,889	\$2,080,929	\$2,133,003	\$2,133,003	(\$4,918,812)
Unexpended balances from FY 2015	\$1,833,012	\$0	\$0	\$0	(\$1,833,012)
HHSC Hub System Maintenance IAC	\$3,200,000	\$0	\$0	\$0	(\$3,200,000)
PeopleSoft License Payments	\$2,070,877	\$2,080,929	\$2,133,003	\$2,133,003	\$114,200
<b>Total</b>	<b>\$55,822,811</b>	<b>\$46,385,945</b>	<b>\$47,942,669</b>	<b>\$47,942,669</b>	<b>(\$6,323,418)</b>
Full Time Equivalent (FTE) Positions	49.5	51.0	51.0	51.0	0.0

As indicated in Figure 2, the agency receives approximately \$12.0 million annually from the Texas SmartBuy purchasing system vendor fees. Additionally, the agency receives approximately \$2.1 million in annual payments for PeopleSoft license maintenance from six agencies identified in Rider 14, Informational Listing: Enterprise Resource Planning Software License Payments, for a total of \$4.3 million for the biennium, reflecting an increase of \$0.1 million due to cost adjustments made by the PeopleSoft vendor Oracle. These payments began prior to the initiation of the CAPPs project as the cost for the initial licenses used for the Integrated Statewide Administrative System (ISAS), which was subsequently expanded in order to develop CAPPs. These six agencies are the original users of ISAS and continue to make payments to the Comptroller for the license maintenance:

- Office of the Attorney General,
- Health and Human Services Commission,
- Texas Education Agency,
- Department of Housing and Community Affairs,
- Department of Transportation, and
- Workforce Commission.

**Agency Deployments onto CAPPs:** The Comptroller largely began the process of migrating agencies onto the statewide version of CAPPs in the 2016-17 biennium. According to the Comptroller's most recent schedule, the migration of agencies onto CAPPs is anticipated to occur through September 1, 2023. An agency's migration or deployment onto CAPPs HR/Payroll tower and Financials tower is typically done separately in different years. The agencies which are scheduled to deploy one or both towers in the 2016-17 biennium and those scheduled to deploy during the 2018-19 biennium are identified in **Figure 3**.

While agencies deploying onto the statewide version of CAPPs do not pay direct costs to the Comptroller, they may incur internal costs associated with the deployment process and migration onto a new accounting and payroll system. Costs may include, but are not limited to:

- Addition of temporary staff to backfill permanent staff serving as subject matter experts during the migration process;
- IT programming services to modify agency systems which would interface with CAPPs;
- Costs to migrate or maintain legacy data; and
- Travel and training-related costs.

For deployments during the 2016-17 biennium, 10 agencies received additional funding totaling \$6.7 million in GR and 22.0 and 19.0 FTEs respectively in each fiscal year of the biennium in Article IX, Section 18.03, Centralized Accounting and Payroll/Personnel System Deployments. Certain agencies requested reallocation of this funding in their 2018-19 baseline request for CAPPs-related expenses and other purposes. With the exception of the Higher Education Coordinating Board where \$50,400 was reallocated for DCS costs, recommendations for these agencies reduce GR funding levels by these amounts.

**Figure 4** identifies the requests of 16 agencies totaling \$16.6 million in GR and General Revenue-Dedicated (GR-D) funds and \$16.9 million in All Funds, including 27.5 FTEs in fiscal year 2018 and 38.0 FTEs in fiscal year 2019. New CAPPs funding requested by agencies for the 2018-19 biennium are not included in the agencies' recommendations.

Figure 3: Centralized Accounting and Payroll Personnel System - Statewide Version Deployments

2016-17 Biennium			2018-19 Biennium		
HR/Payroll		Financials	HR/Payroll		Financials
* Comptroller of Public Accounts		Cancer Prevention and Research Institute of Texas	Arts, Commission on the		Bond Review Board
* Library and Archives Commission		* Library and Archives Commission	* Attorney General, Office of the		Emergency Communications, Commission on State
Texas Education Agency		* Veterans Commission	Bond Review Board		Emergency Services Retirement System
* Higher Education Coordinating Board		* Higher Education Coordinating Board	Emergency Services Retirement System		* Ethics Commission
Supreme Court		Supreme Court	Governor, Office of the		* Finance Authority, Texas Public
Court of Criminal Appeals		Court of Criminal Appeals	Governor's Trusteed Programs		* Historical Commission
Courts of Appeals		Courts of Appeals	Pension Review Board		Preservation Board
Capital Writs, Office of		* Court Administration, Office of	Risk Management, State Office of		* Deaf, School for the
Judicial Conduct, Commission on		Capital Writs, Office of	* Secretary of State		Teacher Retirement System
State Law Library		State Prosecuting Attorney, Office of	* Veterans Commission		Fire Protection, Texas Commission on
Comptroller's Judiciary Section		Judicial Conduct, State Commission on	* Blind and Visually Impaired, School for the		Jail Standards, Commission on
Law Enforcement, Commission on		State Law Library	* Deaf, School for the		* Public Safety, Department of
* Military Department		Comptroller's Judiciary Section	Teacher Retirement System		* Agriculture, Department of
* Public Safety, Department of		* Alcoholic Beverage Commission	* Alcoholic Beverage Commission		Soil and Water Conservation Board
* Animal Health Commission		Law Enforcement, Commission on	Juvenile Justice Department		* Water Development Board
Railroad Commission		* Military Department	* Parks and Wildlife Department		Utility Counsel, Office of Public
Housing and Community Affairs, Department of		* Animal Health Commission	Chiropractic Examiners, Board of		Dental Examiners, Texas State Board of
* Administrative Hearings, State Office of		* Administrative Hearings, State Office of	* Licensing and Regulation, Department of		Health Professions Council
Funeral Service Commission		* Licensing and Regulation, Department of	* Physical Therapy & Occupational Therapy Examiners, Executive Council of		Insurance Counsel, Office of Public
Injured Employee Counsel, Office of			Podiatric Medical Examiners, Board of		Medical Board, Texas
Insurance, Department of			Professional Land Surveying, Board of		* Nursing, Board of
Medical Board, Texas			Public Utility Commission		Pharmacy, Board of
Pharmacy, Board of					Plumbing Examiners
Psychologists, Board of Examinars of					Racing Commission
					Securities Board
					* Veterinary Medical Examiners, Board of
*Denotes agencies which received additional funding in the 2016-17 biennium for deployment-related costs and agencies which requested an exceptional item for the 2018-19 biennium or those which requested reallocation of CAPPS funding received in the 2016-17 biennium for further deployments or ongoing costs.					
Note: Appropriations made to the Office of Court Administration provides for deployment of the courts and judicial branch agencies.					

Figure 3



Figure 4: Centralized Accounting and Payroll/Personnel System (CAPPS) Transition Related Exceptional Item Requests for the 2018-19 Biennium

Article	Agency Name	Project Description	2018-19		FTEs	
			GR-related	All Funds	2018	2019
I	Attorney General	Deployment related cost to implement HR/Payroll in FY 2019. Agency indicates costs are for a staff augmentation contract to provide project management and enterprise architecture support for the migration to central CAPPS. Agency indicates vendor would also backfill current staff redirected to deployment efforts.	\$ 7,984,841	\$ 8,197,147	-	-
I	Ethics Commission	Agency is scheduled to deploy Financials during FY 2019. Request is for an administrative assistant to provide accounting support during the deployment process.	\$ 40,000	\$ 40,000	-	1.0
I	Finance Authority, Texas Public	Agency is scheduled to deploy Financials during FY 2019. Request is primarily salaries for 0.5 FTE in FY 2018 and 1.0 FTE in FY 2019 to assist with agency deployment efforts, training, and migration and/or disposition of agency legacy data. Request is out of revenue bond proceeds.	\$ -	\$ 127,411	0.5	1.0
I	Historical Commission	Agency is scheduled to deploy Financials in FY 2018. Request includes salaries for 2.0 FTEs (\$160,000 per fiscal year) for permanent staff to provide ongoing internal support for CAPPS, temporary staff to backfill FTEs, training and travel for staff around the state; and network connectivity upgrades at some sites.	\$ 513,500	\$ 513,500	2.0	2.0
I	Secretary of State	Agency is scheduled to deploy HR/Payroll in FY 2018. Agency is requesting funding for 2.0 FTEs for temporary IT programmers to modify agency systems to interface with CAPPS and to manage connectivity and other network issues that could occur during CAPPS transition.	\$ 200,000	\$ 200,000	2.0	-
I	Veterans Commission	Agency is scheduled to deploy HR/Payroll in FY 2018. Agency already deployed on Financials in the 2016-17 biennium and received funding of \$207,000 in General Revenue. Agency reallocated the funds in their 2018-19 biennial baseline request for other purposes; this amount is not included in recommendations for the agency. Exceptional item request is primarily composed of salaries for 3.0 FTEs (\$125,208 in each year) to "successfully implement the Texas Veterans Comission's transition to CAPPS."	\$ 280,168	\$ 280,168	3.0	3.0
III	Blind and Visually Impaired, School for	Agency is scheduled to deploy HR/Payroll in FY 2019. Request is almost entirely salaries (\$295,489 in FY 2019) for 1.0 accountant and 1.0 HR specialist to backfill subject matter experts and an additional 3.0 FTEs for a systems analyst position, a training specialist and a project manager to steer the conversion project and serve the agency as the CAPPS expert post-implementation.	\$ 299,489	\$ 299,489	-	5.0
III	Deaf, School for	Agency scheduled to deploy Financials in FY 2018 and HR/Payroll in FY 2019. Agency is requesting \$30,000 in FY 2018 for the cost of overtime salary expenses anticipated in conjunction with the migration planning and preparation efforts in deploying Financials. Agency is requesting \$180,000 in FY 2019 for professional fees and services to assist with deployment of HR/Payroll.	\$ 210,000	\$ 210,000	-	-

Figure 4

Figure 4: Centralized Accounting and Payroll/Personnel System (CAPPS) Transition Related Exceptional Item Requests for the 2018-19 Biennium

Article	Agency Name	Project Description	2018-19		FTEs	
			GR-related	All Funds	2018	2019
V	Alcoholic Beverage Commission	Agency deployed Financials in the 2016-17 biennium and is scheduled to deploy HR/Payroll in FY 2019. Agency was appropriated \$238,244 and 1.0 FTE for deployment in the 2016-17 biennium. Agency reallocated this funding in the 2018-19 biennium for other purposes and is also requesting an exceptional item of \$144,730 in GR for HR/Payroll deployment. Agency exceptional item request is for 1.0 permanent FTE (business analyst) to serve as a project manager for the conversion to CAPPS HR in addition to serving as the CAPPS Financials/HR Level 1 support post-implementation. FTE would also create and support agency internal and external reporting, create and document CAPPS business processes and overall manage financial and HR operations.	\$ 144,730	\$ 144,730	1.0	1.0
V	Public Safety, Department of	Agency is deploying HR/Payroll in 2016-17 and is scheduled to deploy Financials in FY 2018. Request includes \$1,094,096 in contract costs for a CAPPS Financials Project Manager, IT contractors to modify agency internal interfacing systems and integrate existing data, and other contractors to back-fill subject matter experts involved in the training of and transition to CAPPS. All contracts would expire in 2019. Agency indicates request would also fund computers, monitors, routers, and various hardware. Request also includes \$1,592,458 in salaries to support CAPPS.	\$ 3,527,534	\$ 3,527,534	12.0	12.0
VI	Agriculture, Department Of	Agency is scheduled to deploy Financials during FY 2019. Agency is requesting funds to cover costs for project management, contract support for gap analysis, and temporary staff to backfill permanent staff serving as subject matter experts during the deployment process. Temporary staff consists of two accountants, one purchaser and IT contractor support.	\$ 353,865	\$ 353,865	-	3.0
VI	Parks and Wildlife Department	Agency is scheduled to deploy HR/Payroll during FY 2018. Request is for staffing costs. Request includes (a) \$258,493 for 4.0 FTEs in FY 2018 and 1.0 FTE in FY 2019 to backfill current staff being redirected to the CAPPS deployment project. One FTE would be permanent staff that would remain in FY 2019 after deployment; (b) \$500,000 for programming services (IT staff augmentation contract) to modify internal interfacing systems; (c) \$10,000 travel costs and training; and (d) \$300,781 for 2.0 permanent FTEs each fiscal year (approx. \$150,000 each fiscal year).  Agency request for 3.0 permanent FTEs include 1.0 FTE in the Administrative Resources Division and 2.0 in the HR Division. The staff would serve as project managers during the deployment process and after deployment would serve as internal CAPPS expertise resources for the agency. Ongoing post-deployment costs included in the request are reflected beginning in FY 2019 (\$199,955).	\$ 1,069,273	\$ 1,069,273	6.0	3.0

Figure 4

Figure 4: Centralized Accounting and Payroll/Personnel System (CAPPS) Transition Related Exceptional Item Requests for the 2018-19 Biennium

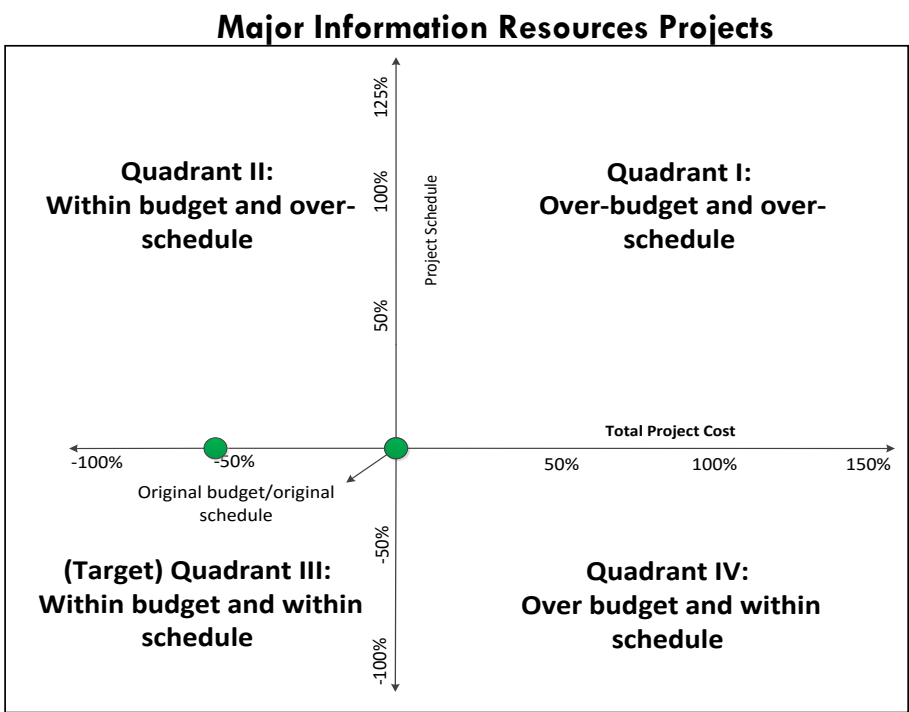
Article	Agency Name	Project Description	2018-19		FTEs	
			GR-related	All Funds	2018	2019
VI	Water Development Board	Agency is scheduled to deploy Financials during FY 2019. Agency is requesting: (a) \$500,000 for a readiness assessment; (b) \$70,000 for programming services to modify interfaces and conversions for TxWise (Water Information System Enhancement) system; (c) \$300,000 for historical data conversion and archiving of data primarily within TWDB's Micro Information Products (MIP) financial system; and (d) \$613,699 for IT staffing (project manager, systems analyst, and database administrator); and (e) \$249,600 to backfill 3.0 accountant positions.	\$ 1,733,200	\$ 1,733,200	-	6.0
VIII	Licensing and Regulation, Department of	Agency is deploying Financials in the 2016-17 biennium and is scheduled to deploy HR/Payroll in FY 2019. Agency was appropriated \$136,112 to fund deployment related costs during the 2016-17 biennium. The agency is requesting continuation of \$81,558 for the HR/Payroll deployment.	\$ 81,558	\$ 81,558	1.0	1.0
VIII	Physical Therapy & Occupational Therapy Examiners, Executive Council of	Agency is scheduled to deploy HR/Payroll during FY 2019. Funds requested are to make changes to the agency database to integrate the CAPPS system.	\$ 31,500	\$ 31,500	-	-
VIII	Veterinary Medical Examiners, Board of	Agency is scheduled to deploy Financials in FY 2019. Agency request is for temporary staffing to backfill FTEs.	\$ 104,000	\$ 104,000	-	-
		<b>Total Number of Exceptional Item Requests: 16</b>	<b>\$ 16,573,658</b>	<b>\$ 16,913,375</b>	<b>27.5</b>	<b>38.0</b>

Figure 4

Comptroller of Public Accounts  
Quality Assurance Team Highlights

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team\*

	Original Projected Costs	Current Projected Costs	Difference in Costs	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Difference in Time	% Complete	
Project Name									
1 Unclaimed Property System	\$5.7	\$3.1	-\$2.6	\$0.2	27	27	0	25%	●
2 Enterprise Content Management	\$4.0	\$4.0	\$0.0	\$2.0	22	22	0	65%	●
3 CAPPs HR/Payroll - Agency Deployment FY16	\$27.7	\$27.7	\$0.0	\$23.8	13	13	0	100%	●
3a CAPPs HR/Payroll - Agency Deployment FY17	\$16.2	\$16.2	\$0.0	\$2.6	12	12	0	39%	●
4 CAPPs Financials - Agency Deployment FY16	\$15.6	\$15.6	\$0.0	\$10.2	13	13	0	100%	●
4a CAPPs Financials - Agency Deployment FY17	\$14.6	\$14.6	\$0.0	\$2.3	12	12	0	31%	●
Project Totals (6)	\$83.8	\$81.2	-\$2.6	\$41.1					



\*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Legislative Budget Board, the State Auditor’s Office, and the Department of Information Resources.

Significant Project Highlights

1 Unclaimed Property System

This project was authorized in FY 2016 as a little more than a two year project and was appropriated \$4.1 million in General Revenue for project development. The agency allocated an additional \$2.3 million to the project from existing resources in the 2016-17 biennium.

Texas requires institutions, businesses and governmental entities to report to the state any personal property that has been abandoned or unclaimed for up to five years, depending on the property in question. Texas has \$4 billion in unclaimed property from forgotten bank accounts, uncashed checks, security deposits and utility refunds.

The Comptroller of Public Accounts (CPA) is currently finalizing a procurement for software and services to replace the Unclaimed Property System with a Commercial off-the-shelf (COTS) based solution.

2 Enterprise Content Management

This project was authorized in FY 2016 as a two year project and was appropriated \$0.7 million in GR for project development. The agency allocated an additional \$3.0 million to the project from existing resources in the 2016-17 biennium.

The CPA's existing ECMS processes present challenges due to the age, configuration, and processes surrounding the system's deployment. The system's processes serve as the core infrastructure for the collection of taxes for the state and data associated with those taxes and represents a significant risk to the agency if the systems cannot be maintained. CPA seeks to implement a fully integrated and current ECMS that is supportable and leverages several advancements in technology including improved recognition software, electronic document routing, and check21 electronic deposits.

In June 2016, the agency canceled the contract with the vendor for not being able to perform the functionality using a cloud hosted solution. CPA is leveraging the Commercial-Off-The-Shelf (COTS) software procured through the previous vendor and plans to complete the project using agency resources.

CPA is currently on budget and is expected to complete the project within the original estimated duration.

QAT Budget Highlights (in millions)

Project Name	2016-17 Base	2018-19 Requested	2018-19 Recommended
1 Unclaimed Property System	\$6.4	\$4.6	\$4.6
2 Enterprise Content Mgmt	\$3.7	\$3.3	\$3.3
3 CAPPs HR/Payroll	\$51.1	\$47.9	\$47.9
4 CAPPs Financials	\$51.1	\$47.9	\$47.9
Total	\$112.3	\$103.7	\$103.7

\* Note: Requested amounts for 2018-19 include all baseline and exceptional item funding requested by the agency. Recommended amounts for 2018-19 include baseline funding only.

**Comptroller of Public Accounts  
Quality Assurance Team Highlights**

**Section 3c**

**3 CAPPS HR/Payroll - Agency Deployment FY16**

This project relates to the deployment of the Centralized Accounting and Payroll/Personnel System (CAPPS) at certain agencies. CAPPS is the integrated financial system developed to meet the standards established by CPA pursuant to the charge set forth by the 80th Legislature in House Bill 3106 to create an Enterprise Resource Planning-based system. CAPPS consists of two components: 1) Financials and 2) HR/Payroll.

The scope of this CAPPS deployment includes moving the Comptroller of Public Accounts, District Courts, State Energy Conservation Office, Treasury Safekeeping Trust Company, Texas Department of Public Safety, Higher Education Coordinating Board, Library and Archives Commission, Supreme Court of Texas, Court of Criminal Appeal, Office of Capital Writs, State Commission on Judicial Conduct, State Law Library and the 14 court of appeals from their legacy systems to CAPPS HR Payroll for Centralized Processing. (See Figure 3 in Section 3 for a list of all deploying agencies.)

**3a CAPPS HR/Payroll - Agency Deployment FY17**

This is a continuation of the HR/Payroll FY16 project. The Quality Assurance Team (QAT) encouraged CPA to divide larger projects into smaller, more manageable projects using a phased approach. Based on QAT data, it appears that the phased approach with scalability results in more successful project outcomes with realistic initial estimates of costs and duration.

**4 CAPPS Financials - Agency Deployment FY16**

This project relates to the deployment of the Centralized Accounting and Payroll/Personnel System (CAPPS) at certain agencies. CAPPS is the integrated financial system developed to meet the standards established by CPA pursuant to the charge set forth by the 80th Legislature in House Bill 3106 to create an Enterprise Resource Planning-based system. CAPPS consists of two components: 1) Financials and 2) HR/Payroll.

The scope of this CAPPS deployment includes moving the Office of Court Administration, Office of State Prosecuting Attorney, District Courts - Comptroller's Judicial Section, State Auditor's Office (SAO), State Office of Administrative Hearings, Texas Military Department, Texas Veterans Commission, Texas Commission on Law Enforcement, Texas Department of Licensing and Regulation, Texas Alcoholic Beverage Commission and Texas Animal Health Commission from their legacy systems to CAPPS Financials for Centralized Processing. (See Figure 3 in Section 3 for a list of all deploying agencies.)

**4a CAPPS Financials - Agency Deployment FY17**

This is a continuation of the Financials FY16 project. The Quality Assurance Team (QAT) encouraged CPA to divide larger projects into smaller, more manageable projects using a phased approach. Based on QAT data, it appears that the phased approach with scalability results in more successful project outcomes with realistic initial estimates of costs and duration.

**Comptroller of Public Accounts  
Rider Highlights - House**

**Modification of Existing Riders**

13. **Appropriation of Liquidity Fees.** Recommendations revise text to clarify use of appropriations from liquidity fees.
14. **Informational Listing: Enterprise Resource Planning Software License Payments.** Recommendations revise estimated payments to the Comptroller from six agencies for PeopleSoft license maintenance.
15. **Statewide Procurement Fees.** Recommendations revise references identifying the strategies where procurement fees are allocated to align with funding recommendations.
18. **Collection of Sexually-Oriented Business Fees.** Recommendations revise allocations of General Revenue Dedicated Sexual Assault Program Account No. 5010 to align with funding recommendations. Recommendations do not include the agency's request to delete this rider; the rider is maintained to align the appropriation out of Account 5010 with the purpose of improving the compliance and enforcement of the collection of admission fees to certain sexually oriented businesses.

**New Riders**

19. **Contract Advisory Team Notification to the Legislative Budget Board.** Add rider directing the Contract Advisory Team (CAT) to provide the Legislative Budget Board with copies of recommendations made by CAT related to agencies' solicitation documents and contract documents and written explanations from agencies in response to CAT recommendations.

**Deleted Riders**

17. **Improvement and Modernization of Taxpayer Services and Systems.** Recommendations delete rider identifying additional appropriations provided in the 2016-17 biennium for the purpose of restructuring auditor salaries, providing additional staff and restructuring positions in the Tax Policy area, and modernizing the integrated tax system. Funding is continued in the recommendations.
20. **Replacement of Unclaimed Property System.** Recommendations delete rider identifying additional appropriations provided in the 2016-17 biennium for the purpose of replacing the Unclaimed Property System. Recommendations include funding of \$4.6 million in General Revenue in the agency's baseline request for maintenance of the system.

**Comptroller of Public Accounts  
Items Not Included in Recommendations - House**

**Section 5**

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items - In Agency Priority Order							
1)	General Revenue funding for contract programming services for the purpose of maintaining, updating and enhancing the agency's various IT systems.	\$3,450,000	\$3,450,000	0.0	Yes	Yes	\$3,450,000
TOTAL Items Not Included in Recommendations		\$3,450,000	\$3,450,000	0.0	\$3,450,000		



**Comptroller of Public Accounts  
Appendices - House**

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\* Appendix is not included - no significant information to report

**Comptroller of Public Accounts**  
**Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ONGOING AUDIT ACTIVITIES A.1.1	\$190,620,792	\$190,148,292	(\$472,500)	(0.2%)	Recommendations reflect General Revenue reductions for office furnishings (\$1.1 million), contract IT programmers (\$0.6 million), and PC leases (\$0.1 million) offset by reallocation of funds from other strategies (\$3.4 million) for full staffing levels.  Additionally, recommendations reflect reductions of \$0.1 million in Federal Funds and \$2.0 million in Appropriated Receipts, both from forfeitures and seizures resulting from criminal investigations.
TAX LAWS COMPLIANCE A.2.1	\$83,603,129	\$82,110,977	(\$1,492,152)	(1.8%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.7 million), contract IT programmers (\$0.8 million), and PC leases (\$0.1 million) offset by reallocation of approximately \$37,000 from other strategies for full staffing levels.
TAXPAYER INFORMATION A.3.1	\$33,917,759	\$33,225,989	(\$691,770)	(2.0%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.2 million), contract IT programmers (\$0.3 million), PC leases (approximately \$24,000), and reallocations to other strategies (\$0.1 million).
TAX HEARINGS A.4.1	\$19,536,585	\$19,452,384	(\$84,201)	(0.4%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.1 million), contract IT programmers (\$0.1 million), and PC leases (approximately \$8,000) offset by reallocation of approximately \$0.1 million from other strategies for full staffing levels.
<b>Total, Goal A, COMPLIANCE WITH TAX LAWS</b>	<b>\$327,678,265</b>	<b>\$324,937,642</b>	<b>(\$2,740,623)</b>	<b>(0.8%)</b>	
ACCOUNTING/REPORTING B.1.1	\$51,989,568	\$51,045,163	(\$944,405)	(1.8%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.3 million), contract IT programmers (\$0.5 million), PC leases (approximately \$37,000), and reallocations to other strategies (\$0.1 million).

Comptroller of Public Accounts  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
CAPPS IMPLEMENTATION B.1.2	\$102,208,756	\$95,885,338	(\$6,323,418)	(6.2%)	Recommendations reflect a reduction of \$1.2 million in General Revenue reallocated to other strategies. This amount included in the 2016-17 base originated from unexpended balances carried forward from the 2014-15 biennium for the deployment of agencies onto the Centralized Accounting and Payroll/Personnel System (CAPPS).  Recommendations reflect a total reduction of \$4.9 million in Interagency Contracts (IACs) which includes elimination of \$3.2 million previously paid by the Health and Human Services Commission for CAPPS support, elimination of \$1.8 million in unexpended IAC carried forward from the 2014-15 biennium, and increase of \$0.1 million in payments from agencies for PeopleSoft licenses. Additionally, the reductions reflect elimination of \$0.2 million in Appropriated Receipts carried forward from the 2014-15 biennium.
PROPERTY TAX PROGRAM B.2.1	\$19,489,215	\$19,270,111	(\$219,104)	(1.1%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.1 million), contract IT programmers (\$0.2 million), and PC leases (approximately \$14,000) offset by reallocation of approximately \$0.1 million from other strategies for full staffing levels.
TREASURY OPERATIONS B.3.1	\$10,656,478	\$10,441,343	(\$215,135)	(2.0%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.1 million), contract IT programmers (\$0.1 million), PC leases (approximately \$8,000), and reallocations to other strategies (approximately \$38,000).
PROCUREMENT AND SUPPORT SERVICES B.4.1	\$11,254,458	\$10,804,458	(\$450,000)	(4.0%)	Recommendations reflect elimination of \$450,000 in one-time funding for a statewide purchasing study required by Senate Bill 20, Eighty-fourth Legislature, Regular Session.
<b>Total, Goal B, MANAGE FISCAL AFFAIRS</b>	<b>\$195,598,475</b>	<b>\$187,446,413</b>	<b>(\$8,152,062)</b>	<b>(4.2%)</b>	

Comptroller of Public Accounts					
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS					
Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
REVENUE & TAX PROCESSING C.1.1	\$85,568,822	\$82,065,909	(\$3,502,913)	(4.1%)	Recommendations reflect General Revenue reductions for office furnishings (\$0.5 million), contract IT programmers (\$0.8 million), PC leases (\$0.1 million), and reallocations to other strategies (\$2.2 million).
Total, Goal C, MANAGE STATE REVENUE	\$85,568,822	\$82,065,909	(\$3,502,913)	(4.1%)	
Grand Total, All Strategies	\$608,845,562	\$594,449,964	(\$14,395,598)	(2.4%)	

**Comptroller of Public Accounts  
FTE Highlights - House**

**Appendix C**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2015</b>	<b>Estimated 2016</b>	<b>Budgeted 2017</b>	<b>Recommended 2018</b>	<b>Recommended 2019</b>
Cap	2,760.3	2,819.3	2,823.3	2,823.3	2,823.3
Actual/Budgeted	2,722.5	2,704.8	2,823.3	NA	NA

**Schedule of Exempt Positions (Cap)**

Comptroller of Public Accounts, Group 6	\$150,000	\$153,750	\$153,750	\$153,750	\$153,750
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**Notes:**

a) Fiscal years 2015 and 2016 reflect actual FTE figures which are lower than the FTE cap primarily due to staff vacancies and turnover.

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 16-706, August 2016), does not indicate market average salaries for elected officials. The salary for the Comptroller of Public Accounts is a public policy decision that is not tied directly to the market average for similar professional positions.

**Comptroller of Public Accounts**  
**Summary of Ten Percent Biennial Base Reduction Options Recommendations - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Other Operating Expenses	Reduction in operating expenses from the Information Technology area, including a loss of contract programmers. According to the agency, the reduction would cause delay or cancellation of technology projects focused on improving the reliability and efficiency of Comptroller managed technology solutions and greatly increase the probability of critical system failures. Agency also indicates that previous investments in new technologies would be lost without the ability to maintain and expand programs and the agency would be unable to make technology improvements, which focus on tax, revenue processing and statewide financial systems to ensure all money owed to the state is processed timely.	\$4,106,755	\$4,106,755	0.0	\$0	5%	Yes/ Partial
2)	Other Operating Expenses	Reduction in operating expenses in the Information Technology area, including a loss of contract programmers. According to the agency, the reduction would cause delay or cancellation of technology projects focused on improving the reliability and efficiency of Comptroller managed technology solutions and greatly increase the probability of critical system failures.	\$1,398,860	\$1,398,860	0.0	\$0	1%	No
3)	Salaries and Related Expenses	Reductions in staffing through attrition by 18 FTEs in the 2018-19 biennium. According to the agency, a loss of 18 FTEs in the administrative and information technology areas would severely impact the agency's ability to upgrade technology and conduct routine software and hardware maintenance in a timely manner, which greatly increases the probability of system failures and security related incidents for critical statewide business applications, including the tax, accounting, payroll, procurement and treasury systems. Delays in services would impact all areas of the agency, including the audit, enforcement and revenue processing areas.	\$2,707,896	\$2,707,896	18.0	\$0	1%	No
<b>TOTAL, 10% Reduction Options</b>			<b>\$8,213,511</b>	<b>\$8,213,511</b>	<b>18.0</b>	<b>\$0</b>		

Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures  
85TH REGULAR SESSION

Procurement Category:	Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
	Goal		Goal		Goal		Goal		Goal		Goal	
Statewide	11.2%		21.1%		32.9%		23.7%		26.0%		21.1%	

\*\*\*\*\*AGENCY DETAIL\*\*\*\*\*

Procurement Category:	Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual

Article I - General Government

Commission on the Arts		2014	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	0.0%	24.6%	2.3%	21.0%	22.4%
		2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	0.5%	21.1%	46.4%
Office of the Attorney General		2014	0.0%	0.0%	0.0%	0.0%	32.9%	56.8%	0.0%	0.0%	26.0%	27.8%	21.1%	51.0%
		2015	0.0%	0.0%	0.0%	0.0%	32.9%	33.2%	0.0%	0.0%	26.0%	33.8%	21.1%	20.3%
Bond Review Board		2014									24.6%	7.6%	21.0%	4.3%
		2015									26.0%	54.3%	21.0%	15.7%
Cancer Prevention and Research Institute of Texas		2014					32.7%	0.0%	23.6%	10.8%	24.6%	98.1%	21.0%	72.5%
		2015					32.9%	44.7%	23.7%	4.4%	26.0%	1.4%	21.1%	46.2%
Comptroller of Public Accounts		2014					32.7%	2.0%	23.6%	0.0%	24.6%	37.5%	21.0%	20.5%
		2015					32.9%	6.2%	23.7%	0.0%	26.0%	45.7%	21.1%	17.0%
Commission on State Emergency Communications		2014							23.6%	0.0%	24.6%	38.1%	21.0%	16.9%
		2015							23.6%	0.0%	24.6%	11.2%	21.0%	4.9%
Texas Emergency Services Retirement System		2014							23.6%	0.0%	24.6%	49.2%	21.0%	43.3%
		2015							23.6%	0.0%	24.6%	38.9%	21.0%	49.8%

Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article I - General Government													
Employees Retirement System													
	2014	0.0%	0.0%	2.0%	0.0%	17.0%	25.8%	8.0%	0.0%	5.0%	18.7%	24.0%	26.3%
	2015	0.0%	0.0%	2.0%	0.0%	17.0%	17.0%	8.0%	0.0%	5.0%	27.7%	24.0%	28.2%
Texas Ethics Commission													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	24.6%	92.3%	21.0%	85.6%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.7%	100.0%	26.0%	88.9%	21.1%	34.5%
Facilities Commission													
	2014	0.0%	100.0%	21.1%	21.3%	32.7%	48.5%	23.6%	31.0%	24.6%	17.9%	16.0%	19.3%
	2015	0.0%	0.0%	21.1%	21.2%	32.7%	13.3%	23.6%	14.6%	24.6%	25.8%	16.0%	18.1%
Public Finance Authority													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	0.0%	24.6%	0.1%	21.0%	10.4%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	0.0%	24.6%	0.0%	21.0%	74.4%
Office of the Governor													
	2014					0.0%	0.0%	23.6%	0.0%	24.6%	5.8%	21.0%	74.6%
	2015					32.9%	0.0%	23.7%	0.0%	26.0%	20.6%	21.1%	76.2%
Trusted Programs Within the Office of the Governor													
	2014					32.7%	89.1%			24.6%	1.9%	21.0%	54.3%
	2015					32.9%	0.0%			26.0%	2.7%	21.1%	30.0%
Historical Commission													
	2014	11.2%	0.0%	21.1%	32.4%	32.7%	7.3%	23.6%	61.5%	24.6%	10.9%	21.0%	14.2%
	2015	11.2%	0.0%	21.1%	2.0%	32.9%	2.3%	23.7%	54.2%	26.0%	26.4%	21.1%	13.8%
Department of Information Resources													
	2014					32.7%	20.4%	23.6%	0.0%	24.6%	26.1%	21.0%	16.6%
	2015					32.9%	0.0%	23.7%	0.0%	26.0%	31.2%	21.1%	75.1%
Library & Archives Commission													
	2014	0.0%	0.0%	0.0%	0.0%	5.0%	0.0%	25.0%	43.6%	2.0%	1.1%	15.0%	20.9%
	2015	0.0%	0.0%	0.0%	0.0%	5.0%	10.1%	25.0%	34.0%	2.0%	1.6%	15.0%	13.9%



Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article I - General Government													
Pension Review Board													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.0%	83.2%	21.1%	50.0%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.0%	27.2%	21.1%	13.6%
Preservation Board													
	2014	0.0%	0.0%	17.2%	20.6%	18.1%	15.3%	18.3%	63.9%	22.7%	2.4%	15.4%	6.5%
	2015	0.0%	0.0%	17.2%	10.7%	18.1%	20.5%	18.3%	32.8%	22.7%	1.8%	15.4%	8.0%
State Office of Risk Management													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	1.5%	2.4%	21.0%	74.7%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	1.5%	45.8%	21.0%	46.0%
Secretary of State													
	2014					32.9%	0.0%	23.7%	0.0%	26.0%	43.3%	21.1%	45.8%
	2015					32.9%	0.0%	23.7%	0.0%	26.0%	44.3%	21.1%	57.7%
Veterans Commission													
	2014							23.6%	0.0%	24.6%	5.5%	21.0%	52.2%
	2015							23.7%	0.0%	26.0%	12.5%	21.1%	35.2%
Article II - Health and Human Services													
Department of Family and Protective Services													
	2014	0.0%	0.0%	0.0%	0.0%	8.9%	48.4%	0.3%	0.0%	24.6%	19.5%	21.0%	40.1%
	2015	0.0%	0.0%	0.0%	0.0%	10.0%	35.9%	0.3%	13.8%	26.0%	19.9%	21.1%	46.3%
Department of State Health Services													
	2014	11.2%	0.0%	21.1%	13.1%	32.7%	27.9%	4.5%	4.2%	24.6%	34.2%	7.0%	7.1%
	2015	11.2%	3.8%	21.1%	1.2%	27.0%	14.7%	4.5%	4.1%	26.0%	31.9%	8.0%	5.8%
Health and Human Services Commission													
	2014	0.0%	0.0%	0.0%	0.0%	28.9%	11.1%	23.6%	20.2%	24.6%	22.6%	21.0%	18.3%
	2015	0.0%	0.0%	0.0%	0.0%	19.6%	11.4%	23.7%	0.0%	26.0%	18.0%	21.1%	23.5%

Article III - Education

Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
Texas Education Agency													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	31.7%	10.0%	10.3%	16.0%	10.9%	15.0%	21.0%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	10.0%	2.2%	16.0%	10.8%	15.0%	31.7%
School for the Blind and Visually Impaired													
	2014	11.2%	0.0%	21.1%	0.0%	32.9%	14.3%	23.7%	5.8%	26.0%	4.5%	21.1%	1.0%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	8.9%	21.1%	2.2%
School for the Deaf													
	2014	0.0%	0.0%	0.0%	0.0%	32.9%	55.9%	23.7%	30.9%	26.0%	15.8%	21.1%	7.8%
	2015	0.0%	0.0%	0.0%	0.0%	32.9%	39.2%	23.7%	15.6%	26.0%	4.1%	21.1%	3.4%
Teacher Retirement System													
	2014	0.0%	0.0%	0.0%	0.0%	25.0%	42.0%	5.0%	4.7%	15.0%	10.6%	35.0%	40.4%
	2015	0.0%	0.0%	0.0%	0.0%	35.0%	24.2%	5.0%	6.9%	15.0%	14.8%	45.0%	38.1%
Higher Education Coordinating Board													
	2014					0.0%	0.0%	19.5%	19.5%	19.0%	19.0%	7.4%	7.4%
	2015					0.0%	0.0%	21.4%	21.4%	36.4%	36.4%	22.7%	22.7%
The University of Texas System Administration													
	2014			23.4%	25.3%	22.7%	15.2%	23.6%	26.4%	10.6%	4.4%	48.3%	34.8%
	2015			24.0%	20.0%	20.2%	3.9%	20.0%	23.3%	4.8%	2.3%	31.0%	35.0%
The University of Texas at Arlington													
	2014	51.7%	5.8%	100.0%	40.3%	100.0%	48.1%	100.0%	29.4%	37.2%	9.1%	98.1%	20.6%
	2015	22.6%	2.5%	100.0%	56.9%	100.0%	43.8%	100.0%	25.9%	45.9%	11.3%	100.0%	27.8%
The University of Texas at Austin													
	2014	0.0%	33.3%	0.1%	4.7%	0.3%	30.7%	0.1%	13.4%	0.1%	15.7%	0.2%	20.7%
	2015	0.0%	0.0%	0.1%	10.0%	0.3%	19.5%	0.1%	20.1%	0.1%	7.3%	0.2%	24.2%
The University of Texas at Dallas													
	2014	11.2%	2.4%	21.1%	67.1%	32.7%	17.7%	23.6%	1.5%	24.6%	9.8%	21.0%	19.1%
	2015	11.2%	7.8%	21.1%	50.9%	32.9%	39.5%	23.7%	0.2%	26.0%	9.9%	21.1%	15.7%

Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
The University of Texas at El Paso													
	2014	0.0%	0.0%	73.0%	73.3%	60.2%	60.2%	6.2%	6.2%	19.1%	19.1%	24.1%	24.1%
	2015	0.0%	0.0%	8.0%	8.0%	35.2%	35.2%	3.9%	3.9%	11.8%	11.8%	18.0%	18.0%
The University of Texas Rio Grande Valley													
	2014	11.2%	0.0%	21.1%	22.9%	32.7%	44.9%	23.6%	17.8%	24.6%	7.6%	21.0%	22.8%
	2015	11.2%	26.0%	21.1%	34.2%	32.9%	53.7%	23.7%	12.5%	26.0%	8.5%	21.1%	23.4%
The University of Texas of the Permian Basin													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	28.1%	23.6%	85.9%	24.6%	0.6%	21.0%	26.4%
	2015	11.2%	0.0%	21.1%	5.3%	32.9%	0.1%	23.7%	0.0%	26.0%	3.9%	21.1%	15.9%
The University of Texas at San Antonio													
	2014	11.2%	79.6%	21.1%	43.4%	32.7%	43.4%	23.6%	29.5%	24.6%	15.4%	21.0%	28.9%
	2015	11.2%	18.6%	21.1%	13.7%	55.3%	55.2%	23.6%	18.7%	24.6%	10.2%	21.1%	30.9%
The University of Texas at Tyler													
	2014	0.0%	0.0%	32.0%	85.1%	47.0%	65.4%	5.0%	5.6%	12.0%	12.0%	11.0%	8.9%
	2015	0.0%	0.0%	32.0%	38.1%	33.0%	65.0%	5.0%	12.6%	12.0%	10.9%	13.0%	25.7%
Texas A&M University System Administrative and General Offices													
	2014	0.0%	0.0%	22.6%	13.4%	32.7%	1.6%	30.1%	30.9%	24.6%	7.1%	41.9%	64.2%
	2015	0.0%	0.0%	15.6%	7.6%	21.6%	23.5%	32.1%	46.9%	12.6%	4.0%	52.7%	53.7%
Texas A&M University													
	2014	0.0%	0.0%	21.1%	1.6%	52.4%	15.5%	34.1%	38.3%	26.0%	6.6%	25.8%	26.1%
	2015	0.0%	0.0%	21.1%	0.2%	52.4%	45.8%	34.1%	50.2%	26.0%	6.0%	25.8%	22.1%
Texas A&M University at Galveston													
	2014			0.0%	0.0%	32.7%	22.3%	23.6%	0.0%	24.6%	4.8%	21.0%	23.0%
	2015			0.0%	0.0%	32.7%	2.5%	23.6%	80.6%	24.6%	6.3%	21.0%	14.5%
Prairie View A&M University													
	2014	0.0%	0.0%	20.0%	52.6%	25.0%	22.3%	15.0%	27.5%	15.0%	18.5%	60.0%	47.6%
	2015	0.0%	0.0%	40.0%	41.5%	25.0%	10.2%	30.0%	47.9%	15.0%	27.6%	45.0%	45.5%

Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
Tarleton State University													
	2014	0.0%	0.0%	4.8%	0.0%	60.3%	16.9%	6.2%	42.8%	14.0%	35.3%	31.7%	29.2%
	2015	0.0%	0.0%	0.0%	0.0%	58.2%	22.6%	6.2%	0.0%	13.2%	30.2%	32.8%	33.2%
Texas A&M University - Central Texas													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	5.1%	23.6%	0.0%	24.6%	30.5%	21.0%	37.6%
	2015	11.2%	0.0%	21.1%	0.0%	24.6%	31.5%	23.6%	0.0%	32.7%	19.9%	21.0%	33.6%
Texas A&M University - Corpus Christi													
	2014	0.0%	0.0%	44.6%	26.2%	49.5%	20.7%	23.6%	25.7%	24.6%	8.5%	33.7%	32.4%
	2015	0.0%	0.0%	38.7%	12.7%	43.8%	73.3%	23.6%	27.1%	26.0%	5.7%	34.2%	32.0%
Texas A&M University - Kingsville													
	2014	13.2%	48.6%	36.8%	63.5%	39.0%	49.7%	23.6%	56.5%	24.6%	9.9%	26.3%	22.3%
	2015	11.2%	3.1%	38.1%	88.7%	37.4%	61.5%	23.6%	56.9%	24.6%	10.1%	21.0%	31.0%
Texas A&M University - San Antonio													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.5%	14.5%	16.3%	16.3%	13.8%	13.8%
	2015	0.0%	0.0%	0.0%	0.0%	42.5%	42.5%	100.0%	100.0%	8.4%	8.4%	14.7%	14.7%
Texas A&M International University													
	2014			81.2%	100.0%	52.4%	17.0%	23.6%	0.0%	25.0%	36.1%	60.1%	53.1%
	2015			82.9%	88.9%	52.3%	0.0%	23.6%	0.0%	39.4%	28.7%	43.5%	60.3%
West Texas A&M University													
	2014	0.0%	0.0%	42.5%	88.2%	50.1%	75.9%	23.6%	0.0%	15.3%	4.2%	24.5%	8.1%
	2015	0.0%	0.0%	51.4%	16.3%	74.6%	80.4%	23.6%	0.0%	15.3%	10.2%	29.8%	10.9%
Texas A&M University - Commerce													
	2014	0.0%	0.0%	24.3%	4.2%	46.1%	12.2%	23.6%	35.5%	16.1%	3.8%	31.1%	24.5%
	2015	0.0%	0.0%	24.3%	67.1%	32.9%	79.4%	23.7%	32.8%	26.0%	1.8%	27.1%	29.2%
Texas A&M University - Texarkana													
	2014	0.0%	0.0%	4.8%	15.7%	7.1%	62.1%	23.6%	99.9%	11.0%	3.0%	33.6%	35.9%
	2015	0.0%	0.0%	4.8%	2.3%	7.1%	0.0%	23.6%	1.7%	15.3%	3.2%	49.8%	29.1%

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Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
University of Houston System Administration													
	2014	0.0%	0.0%	0.0%	0.0%	32.7%	44.1%	0.0%	0.0%	24.6%	0.1%	21.0%	32.4%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.0%	1.2%	21.1%	41.9%
University of Houston													
	2014	0.0%	0.0%	21.1%	34.4%	32.7%	40.7%	23.6%	22.2%	24.6%	14.3%	21.0%	22.7%
	2015	0.0%	0.0%	21.1%	22.4%	32.9%	17.7%	23.7%	11.0%	26.0%	11.5%	21.1%	22.5%
University of Houston - Clear Lake													
	2014	0.0%	0.0%	9.3%	9.3%	39.7%	39.7%	25.4%	25.4%	13.8%	13.8%	54.5%	54.5%
	2015	0.0%	0.0%	0.0%	0.0%	0.6%	1.7%	0.3%	0.4%	7.9%	12.6%	49.3%	49.3%
University of Houston - Downtown													
	2014	0.0%	0.0%	25.0%	0.3%	10.0%	33.6%	12.0%	35.0%	9.0%	13.8%	35.0%	38.2%
	2015	0.0%	0.0%	25.0%	25.2%	10.0%	32.8%	12.0%	23.3%	9.0%	7.1%	35.0%	29.3%
University of Houston - Victoria													
	2014	0.0%	0.0%	15.0%	0.9%	20.0%	64.7%	15.0%	0.0%	15.0%	7.6%	35.0%	19.8%
	2015	0.0%	0.0%	15.0%	23.5%	20.0%	45.9%	15.0%	0.0%	15.0%	6.4%	35.0%	22.5%
Midwestern State University													
	2014	11.2%	0.0%	21.1%	71.1%	32.9%	41.1%	23.7%	31.3%	26.0%	23.9%	21.1%	51.5%
	2015	11.2%	9.1%	21.1%	29.8%	32.9%	34.1%	23.7%	84.5%	26.0%	63.9%	21.1%	48.5%
University of North Texas System Administration													
	2014	11.2%	0.0%	21.1%	18.4%	39.9%	2.4%	23.7%	54.6%	26.0%	13.7%	21.0%	62.3%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	8.8%	23.7%	4.8%	26.0%	8.4%	21.0%	14.7%
University of North Texas													
	2014	11.2%	0.0%	21.1%	13.6%	32.9%	24.9%	23.7%	29.4%	26.0%	17.7%	21.0%	15.0%
	2015	11.2%	90.4%	21.1%	19.0%	32.9%	13.5%	23.7%	46.2%	26.0%	8.3%	21.0%	15.6%
University of North Texas at Dallas													
	2014	11.2%	0.0%	21.1%	100.0%	32.9%	5.2%	23.7%	0.0%	26.0%	6.9%	21.0%	33.1%
	2015	11.2%	0.0%	21.1%	64.9%	32.9%	19.3%	23.7%	5.4%	26.0%	9.4%	21.0%	32.7%

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Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
Stephen F. Austin State University													
	2014	11.2%	87.4%	21.1%	8.9%	32.7%	21.3%	23.6%	6.4%	24.6%	4.3%	21.0%	14.4%
	2015	11.2%	72.6%	21.1%	52.0%	32.9%	26.7%	23.7%	2.6%	26.0%	15.7%	21.1%	10.9%
Texas Southern University													
	2014	11.2%	0.0%	21.1%	31.5%	32.9%	28.1%	23.7%	7.1%	26.0%	6.1%	21.1%	32.3%
	2015	11.2%	0.0%	21.1%	14.1%	32.9%	25.7%	23.7%	17.8%	26.0%	5.3%	21.1%	23.2%
Texas Tech University System Administration													
	2014	0.0%	0.0%	0.0%	0.0%	32.7%	0.0%	23.6%	6.6%	24.6%	7.4%	21.0%	37.2%
	2015	0.0%	0.0%	21.0%	0.0%	32.9%	14.0%	23.7%	0.0%	26.0%	9.3%	21.1%	19.4%
Texas Tech University													
	2014	11.2%	10.5%	21.1%	7.3%	32.7%	28.5%	23.6%	27.3%	24.6%	15.1%	21.0%	35.2%
	2015	11.2%	3.8%	21.1%	13.0%	32.7%	23.3%	23.6%	32.3%	24.6%	16.0%	21.0%	35.7%
Angelo State University													
	2014	11.2%	0.0%	21.1%	1.0%	17.4%	17.4%	22.4%	5.2%	18.7%	3.0%	21.0%	13.6%
	2015	11.2%	0.0%	21.1%	11.0%	17.4%	8.8%	22.4%	0.4%	18.7%	1.8%	21.0%	14.3%
Texas Woman's University													
	2014	11.2%	15.1%	21.1%	1.0%	32.7%	49.3%	23.6%	12.3%	24.6%	10.2%	21.0%	25.7%
	2015	11.2%	4.7%	21.1%	0.0%	32.7%	8.6%	23.6%	79.8%	24.6%	11.5%	21.0%	24.5%
Texas State University System													
	2014							0.0%	72.3%	12.8%	7.9%	21.0%	8.6%
	2015							0.0%	14.8%	12.8%	2.6%	21.0%	41.7%
Lamar University													
	2014	11.2%	0.0%	21.1%	0.0%	17.4%	50.4%	10.5%	13.1%	23.9%	8.0%	5.4%	14.5%
	2015	0.0%	0.0%	18.7%	18.7%	18.8%	18.8%	23.6%	23.6%	7.0%	7.0%	16.4%	16.4%
Lamar Institute of Technology													
	2014	11.9%	0.0%	26.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	13.4%	21.1%	52.8%
	2015	0.0%	0.0%	0.0%	0.0%	32.7%	27.4%	0.0%	0.0%	24.6%	30.3%	21.0%	31.3%

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Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
Lamar State College - Orange													
	2014	11.2%	0.0%	21.1%	40.6%	32.7%	1.3%	23.6%	0.0%	24.6%	25.5%	21.0%	19.0%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.9%	23.7%	0.0%	26.0%	24.3%	21.1%	33.6%
Lamar State College - Port Arthur													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	9.6%	23.6%	0.0%	24.6%	5.1%	21.0%	29.3%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.7%	23.7%	0.0%	26.0%	19.2%	21.5%	40.9%
Sam Houston State University													
	2014			21.1%	26.1%	32.7%	35.7%	25.0%	32.2%	12.0%	16.3%	25.0%	22.4%
	2015			21.1%	26.7%	32.7%	32.7%	25.0%	46.7%	12.0%	15.3%	25.0%	23.9%
Texas State University													
	2014	11.2%	0.0%	21.1%	29.2%	32.7%	11.4%	23.6%	26.2%	24.6%	11.5%	17.1%	17.1%
	2015	11.2%	0.0%	21.1%	16.5%	32.7%	17.8%	23.6%	24.3%	24.6%	10.1%	21.0%	15.8%
Sul Ross State University													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.6%	3.4%	21.1%	32.9%
	2015	0.0%	0.0%	0.0%	0.0%	32.9%	0.0%	23.7%	100.0%	26.0%	5.2%	21.1%	23.5%
Sul Ross State University Rio Grande College													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.6%	3.4%	21.0%	32.9%
	2015	0.0%	0.0%	0.0%	0.0%	32.9%	0.0%	23.7%	100.0%	26.0%	5.2%	21.1%	23.5%
The University of Texas Southwestern Medical Center													
	2014	0.0%	0.0%	21.3%	21.3%	20.9%	20.9%	13.9%	13.9%	9.0%	9.0%	14.0%	14.0%
	2015	11.2%	0.0%	14.2%	14.2%	20.7%	20.7%	12.0%	12.0%	11.0%	11.0%	11.7%	11.7%
The University of Texas Medical Branch at Galveston													
	2014					32.2%	52.1%	7.6%	9.7%	12.4%	8.6%	8.3%	5.4%
	2015					33.2%	20.6%	8.4%	4.6%	13.2%	7.2%	8.5%	6.3%
The University of Texas Health Science Center at Houston													
	2014	0.0%	0.0%	28.2%	28.2%	16.2%	16.2%	16.0%	16.0%	9.7%	9.7%	8.6%	15.9%
	2015	0.0%	0.0%	5.6%	5.6%	16.5%	16.5%	7.5%	7.5%	14.2%	14.2%	14.2%	14.2%

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Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
The University of Texas Health Science Center at San Antonio													
	2014	0.0%	0.0%	24.9%	66.3%	31.0%	5.0%	7.3%	6.5%	13.3%	9.9%	10.3%	9.0%
	2015	0.0%	0.0%	44.3%	0.0%	32.2%	36.9%	7.6%	4.2%	13.1%	11.2%	10.6%	9.8%
The University of Texas M.D. Anderson Cancer Center													
	2014	11.2%	0.0%	21.1%	18.1%	32.7%	9.9%	23.6%	26.6%	24.6%	9.6%	21.0%	2.7%
	2015	0.0%	0.0%	21.1%	9.9%	32.7%	14.0%	23.6%	47.2%	24.6%	9.9%	21.0%	2.0%
The University of Texas Health Science Center at Tyler													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	41.2%	23.6%	8.5%	24.6%	5.9%	21.0%	4.1%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	3.5%	23.7%	15.4%	26.0%	2.1%	21.1%	4.1%
Texas A&M University System Health Science Center													
	2014			17.8%	5.4%	33.6%	1.0%	6.2%	0.5%	18.1%	10.1%	27.5%	24.5%
	2015			9.3%	0.0%	13.5%	0.1%	6.6%	0.2%	16.5%	6.5%	26.6%	26.2%
University of North Texas Health Science Center at Fort Worth													
	2014	11.2%	0.0%	21.1%	46.6%	32.9%	38.2%	23.7%	20.1%	26.0%	17.7%	21.0%	9.1%
	2015	11.2%	0.0%	21.1%	30.2%	32.9%	40.0%	23.7%	0.1%	26.0%	3.9%	21.0%	11.5%
Texas Tech University Health Sciences Center													
	2014	11.2%	0.0%	21.1%	26.7%	32.7%	21.9%	1.3%	5.4%	7.3%	12.7%	21.1%	32.7%
	2015	11.2%	28.9%	21.1%	33.5%	32.7%	39.9%	1.3%	11.5%	7.3%	8.6%	21.1%	31.1%
Texas State Technical College System Administration													
	2014	11.2%	0.0%	21.1%	3.2%	32.7%	9.5%	23.6%	10.5%	24.6%	7.0%	21.0%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%
Texas State Technical College - Harlingen													
	2014	11.2%	0.0%	21.1%	3.2%	32.7%	9.5%	23.6%	10.5%	24.6%	7.0%	21.0%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%
Texas State Technical College - West Texas													
	2014	11.2%	0.0%	21.1%	3.2%	32.7%	9.5%	23.6%	10.5%	24.6%	7.0%	21.0%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%



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Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
Texas State Technical College - Marshall													
	2014	11.2%	0.0%	21.1%	3.2%	32.7%	9.5%	23.6%	10.5%	24.6%	7.0%	21.0%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%
Texas State Technical College - Waco													
	2014	11.2%	0.0%	21.1%	3.2%	32.9%	9.5%	23.7%	10.5%	26.0%	7.0%	21.1%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%
Texas State Technical College - Ft. Bend													
	2014	11.2%	0.0%	21.1%	3.2%	32.7%	9.5%	23.6%	10.5%	24.6%	7.0%	21.0%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%
Texas State Technical College - North Texas													
	2014	11.2%	0.0%	21.1%	3.2%	32.7%	9.5%	23.6%	10.5%	24.6%	7.0%	21.0%	7.8%
	2015	11.2%	3.1%	21.1%	1.3%	32.9%	10.2%	23.7%	19.7%	26.0%	4.1%	21.1%	9.7%
Texas A&M AgriLife Research													
	2014	1.7%	36.1%	20.1%	0.0%	28.5%	51.2%	23.6%	0.0%	9.3%	3.9%	15.4%	14.8%
	2015	3.1%	14.1%	21.3%	0.0%	20.7%	34.6%	23.6%	0.0%	9.5%	5.7%	16.2%	13.3%
Texas A&M AgriLife Extension Service													
	2014			4.8%	0.0%	18.6%	0.6%	22.6%	0.0%	19.4%	15.4%	32.6%	37.6%
	2015			4.8%	0.0%	16.9%	43.9%	22.6%	0.0%	19.4%	8.0%	32.8%	28.9%
Texas A&M Engineering Experiment Station													
	2014	0.0%	0.0%	77.7%	88.6%	32.2%	51.7%	20.9%	0.0%	21.4%	38.8%	21.2%	16.7%
	2015	0.0%	0.0%	72.1%	55.4%	32.5%	74.3%	28.7%	2.0%	29.4%	12.9%	20.2%	24.4%
Texas A&M Transportation Institute													
	2014	0.0%	0.0%	0.2%	17.6%	19.1%	94.4%	0.0%	0.0%	11.8%	4.3%	46.2%	47.0%
	2015	0.0%	0.0%	0.0%	0.0%	51.4%	47.7%	47.1%	100.0%	8.0%	4.0%	47.8%	48.0%
Texas A&M Engineering Extension Service													
	2014	72.6%	2.4%	8.3%	57.6%	47.1%	22.3%	6.2%	0.0%	17.8%	4.3%	30.4%	29.4%
	2015	19.5%	40.3%	8.3%	55.9%	41.7%	22.5%	6.2%	0.0%	17.3%	6.6%	31.4%	32.5%

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Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article III - Education													
Texas A&M Forest Service													
	2014	0.0%	0.0%	4.8%	0.0%	22.3%	35.5%	6.4%	0.0%	17.7%	7.1%	18.0%	24.0%
	2015	0.0%	0.0%	0.0%	0.0%	33.3%	11.0%	0.0%	0.2%	7.5%	6.1%	13.0%	16.1%
Texas A&M Veterinary Medical Diagnostic Laboratory													
	2014	0.0%	0.0%	0.0%	0.0%	18.6%	0.0%	0.0%	0.0%	9.5%	1.0%	20.7%	21.7%
	2015	0.0%	0.0%	4.8%	0.0%	18.6%	0.0%	6.2%	0.0%	8.6%	1.9%	20.6%	20.6%
Article IV - The Judiciary													
Supreme Court of Texas													
	2014					23.6%	39.2%			24.6%	24.6%	21.1%	22.8%
	2015					32.9%	100.0%			24.6%	12.4%	21.1%	38.5%
Court of Criminal Appeals													
	2014							0.0%	0.0%	0.0%	0.0%	0.0%	41.4%
	2015							0.0%	0.0%	0.0%	5.6%	0.0%	22.4%
First Court of Appeals District, Houston													
	2014									24.6%	0.0%	21.0%	59.2%
	2015									26.0%	44.2%	21.1%	104.7%
Second Court of Appeals District, Fort Worth													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.2%	11.0%	11.3%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	1.0%	0.9%
Third Court of Appeals District, Austin													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	0.0%	92.6%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.2%	0.0%	20.6%
Fourth Court of Appeals District, San Antonio													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	0.0%	24.6%	0.7%	21.0%	16.8%
	2015	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	0.0%	24.6%	0.5%	21.0%	32.2%

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		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article IV - The Judiciary													
Fifth Court of Appeals District, Dallas													
	2014	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	0.0%	21.1%	36.6%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	17.1%	23.7%	0.0%	26.0%	0.1%	21.1%	25.3%
Sixth Court of Appeals District, Texarkana													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.6%	0.0%	21.0%	0.9%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.0%	0.0%	21.1%	0.0%
Seventh Court of Appeals District, Amarillo													
	2014									24.6%	0.0%	21.0%	0.0%
	2015									26.0%	0.0%	21.1%	0.0%
Eighth Court of Appeals District, El Paso													
	2014									24.6%	2.9%	21.0%	24.1%
	2015									26.0%	7.3%	21.1%	48.7%
Ninth Court of Appeals District, Beaumont													
	2014									26.0%	0.0%	100.0%	0.0%
	2015									26.0%	0.0%	100.0%	100.0%
Tenth Court of Appeals District, Waco													
	2014					32.7%	0.0%			24.6%	43.5%	21.0%	68.9%
	2015					32.9%	0.0%			26.0%	41.6%	21.1%	0.0%
Eleventh Court of Appeals District, Eastland													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	3.1%	60.0%	89.4%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	1.4%	60.0%	96.4%
Twelfth Court of Appeals District, Tyler													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	32.8%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	48.1%
Thirteenth Court of Appeals District, Corpus Christi-Edinburg													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article IV - The Judiciary													
Fourteenth Court of Appeals District, Houston													
	2014									24.6%	15.9%	21.0%	61.2%
	2015									26.0%	33.7%	21.1%	62.3%
Office of Court Administration, Texas Judicial Council													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	38.3%	35.0%	94.2%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	18.8%	45.0%	85.4%
Office of Capital and Forensic Writs													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	0.0%	24.6%	0.0%	21.0%	7.5%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	0.0%	21.1%	1.7%
Office of the State Prosecuting Attorney													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	100.0%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.0%	100.0%
State Law Library													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	0.0%	24.6%	0.0%	21.0%	12.0%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	0.0%	21.1%	15.9%
State Commission on Judicial Conduct													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	33.0%	51.9%	12.6%	33.4%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	33.0%	33.4%	12.6%	33.4%
Article V - Public Safety and Criminal Justice													
Alcoholic Beverage Commission													
	2014	11.2%	0.0%	21.1%	0.0%	32.9%	27.5%	23.7%	100.0%	26.0%	14.5%	21.1%	22.6%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.5%	23.7%	100.0%	26.0%	18.1%	21.1%	27.4%
Department of Criminal Justice													
	2014	17.5%	3.3%	36.9%	7.8%	32.7%	50.5%	23.6%	1.2%	24.6%	4.8%	21.0%	15.5%
	2015	17.5%	11.8%	36.9%	0.0%	32.7%	59.2%	23.6%	6.0%	24.6%	6.1%	21.0%	12.7%

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		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article V - Public Safety and Criminal Justice													
Commission on Fire Protection													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	24.6%	0.0%	21.0%	42.4%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.7%	100.0%	26.0%	0.0%	21.1%	39.7%
Commission on Jail Standards													
	2014									24.6%	0.0%	21.0%	11.6%
	2015									26.0%	0.0%	21.1%	2.3%
Juvenile Justice Department													
	2014			18.0%	31.2%	33.0%	51.1%	17.0%	12.1%	19.0%	11.5%	21.0%	23.1%
	2015			18.0%	17.9%	33.0%	18.1%	17.0%	1.9%	19.0%	9.3%	21.0%	23.5%
Commission on Law Enforcement													
	2014					32.9%	100.0%			26.0%	60.6%	21.1%	46.4%
	2015					0.0%	0.0%			26.0%	41.4%	21.1%	29.2%
Military Department													
	2014	11.2%	48.4%	21.1%	44.9%	32.7%	34.3%	23.6%	20.3%	24.6%	12.6%	21.0%	14.8%
	2015	11.2%	28.6%	21.1%	72.1%	32.9%	35.2%	23.7%	89.5%	26.0%	45.2%	21.1%	18.0%
Department of Public Safety													
	2014	11.2%	1.3%	21.1%	16.1%	32.7%	30.2%	23.6%	0.2%	24.6%	14.0%	21.0%	10.7%
	2015	11.2%	76.1%	21.1%	2.6%	32.9%	22.3%	23.7%	39.5%	26.0%	14.6%	21.0%	13.9%
Article VI - Natural Resources													
Department of Agriculture													
	2014	0.0%	0.0%	0.0%	0.0%	32.9%	(28.0)%	23.7%	0.4%	26.0%	8.6%	21.1%	10.7%
	2015	0.0%	0.0%	0.0%	0.0%	32.9%	0.0%	23.7%	3.1%	26.0%	11.1%	21.1%	12.2%
Animal Health Commission													
	2014	0.0%	0.0%	0.0%	0.0%	15.0%	0.0%	100.0%	96.4%	10.0%	4.2%	20.0%	18.4%
	2015	0.0%	0.0%	0.0%	0.0%	15.0%	0.0%	100.0%	97.9%	10.0%	8.0%	20.0%	16.0%

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		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article VI - Natural Resources													
Commission on Environmental Quality													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	7.3%	23.7%	20.1%	26.0%	34.2%	21.1%	31.2%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	9.4%	23.7%	12.4%	26.0%	35.0%	21.1%	42.0%
General Land Office and Veterans' Land Board													
	2014	0.0%	0.0%	21.1%	28.9%	32.7%	14.7%	23.6%	4.5%	24.6%	5.3%	21.0%	1.3%
	2015	0.0%	0.0%	21.1%	31.7%	32.7%	16.3%	23.6%	18.5%	24.6%	3.5%	21.0%	1.2%
Parks and Wildlife Department													
	2014	35.8%	34.1%	4.2%	0.5%	42.4%	31.1%	27.9%	38.3%	11.8%	7.7%	16.8%	18.7%
	2015	11.2%	25.7%	3.3%	45.1%	32.9%	46.9%	23.7%	30.1%	11.1%	10.9%	17.1%	20.1%
Railroad Commission													
	2014	0.0%	0.0%	0.0%	100.0%	0.0%	8.9%	20.0%	4.4%	15.0%	7.5%	20.0%	21.9%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	20.0%	6.8%	15.0%	14.3%	20.0%	39.8%
Soil and Water Conservation Board													
	2014	11.9%	0.0%	26.1%	0.0%	57.2%	0.0%	20.0%	0.0%	33.0%	0.6%	12.6%	9.4%
	2015	11.9%	0.0%	26.1%	0.0%	57.2%	0.0%	20.0%	0.0%	1.3%	0.2%	9.4%	10.9%
Water Development Board													
	2014	32.7%	0.0%					23.6%	0.0%	24.6%	15.8%	21.0%	30.0%
	2015	32.9%	0.0%					23.7%	1.3%	26.0%	23.4%	36.3%	36.3%
Article VII - Business and Economic Development													
Department of Housing and Community Affairs													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.6%	33.4%	21.0%	84.3%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.0%	30.2%	21.1%	74.5%
Texas Lottery Commission													
	2014			0.0%	0.0%	12.7%	0.3%	23.6%	89.1%	24.6%	28.2%	21.0%	52.0%
	2015			0.0%	0.0%	11.8%	18.1%	23.7%	74.8%	26.0%	12.9%	21.1%	55.5%

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		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article VII - Business and Economic Development													
Department of Motor Vehicles													
	2014			0.0%	14.1%	0.0%	100.0%			15.0%	17.8%	13.0%	15.4%
	2015			0.0%	100.0%	0.0%	14.6%			15.0%	21.9%	13.0%	26.9%
Department of Transportation													
	2014	11.2%	5.5%	21.1%	60.1%	32.7%	35.1%	23.6%	12.0%	24.6%	19.6%	21.0%	14.9%
	2015	7.1%	5.0%	20.2%	26.2%	36.1%	40.9%	18.8%	39.0%	25.1%	18.4%	15.8%	10.3%
Texas Workforce Commission													
	2014	0.0%	0.0%	0.0%	0.0%	32.7%	35.1%	23.6%	57.0%	24.6%	23.4%	21.0%	26.7%
	2015	0.0%	0.0%	0.0%	0.0%	32.9%	38.9%	23.7%	9.5%	26.0%	27.4%	21.1%	31.9%
Article VIII - Regulatory													
State Office of Administrative Hearings													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	0.0%	24.6%	70.4%	21.0%	76.0%
	2015	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	99.0%	24.6%	71.8%	21.0%	63.9%
Board of Chiropractic Examiners													
	2014							100.0%	100.0%	51.0%	51.0%	36.0%	36.0%
	2015							100.0%	100.0%	2.0%	2.0%	85.7%	85.7%
Texas State Board of Dental Examiners													
	2014	11.2%	0.0%					24.6%	0.0%	24.6%	0.0%	21.0%	61.4%
	2015	11.2%	0.0%					24.7%	0.0%	26.0%	7.4%	21.1%	72.1%
Funeral Service Commission													
	2014									5.0%	0.7%	50.0%	32.6%
	2015									1.0%	1.5%	35.0%	63.5%
Board of Professional Geoscientists													
	2014							24.6%	100.0%	24.6%	39.1%	21.0%	96.7%
	2015							23.7%	100.0%	26.0%	52.4%	21.1%	98.0%

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		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article VIII - Regulatory													
Health Professions Council													
	2014									26.0%	27.1%	21.1%	915.2%
	2015									26.0%	16.4%	21.1%	3.1%
Office of Injured Employee Counsel													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.6%	58.8%	36.2%	1.4%	35.5%	7.6%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	0.0%	21.1%	79.9%
Department of Insurance													
	2014					0.0%	0.0%	12.6%	0.6%	36.2%	11.6%	35.5%	27.9%
	2015					0.0%	0.0%	0.8%	4.3%	18.6%	9.4%	21.1%	8.4%
Office of Public Insurance Counsel													
	2014							23.6%	100.0%	24.6%	34.3%	21.0%	52.2%
	2015							23.7%	100.0%	26.0%	9.9%	21.1%	4.3%
Board of Professional Land Surveying													
	2014									24.6%	0.0%	21.0%	50.4%
	2015									26.0%	0.0%	21.1%	42.4%
Department of Licensing and Regulation													
	2014					32.7%	0.0%	23.6%	100.0%	24.6%	5.8%	21.0%	34.3%
	2015					32.9%	0.0%	23.7%	100.0%	26.0%	3.7%	21.1%	8.4%
Texas Medical Board													
	2014							23.6%	0.0%	24.6%	11.5%	21.0%	28.0%
	2015							23.7%	89.0%	26.0%	16.8%	21.1%	64.8%
Texas Board of Nursing													
	2014							20.0%	0.0%	20.0%	5.8%	20.0%	24.3%
	2015							20.0%	81.0%	20.0%	8.6%	20.0%	21.2%
Optometry Board													
	2014							23.6%	100.0%	24.6%	1.1%	21.0%	95.0%
	2015							23.7%	100.0%	26.0%	0.0%	21.1%	86.6%



Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article VIII - Regulatory													
Board of Pharmacy													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	24.6%	11.1%	21.0%	37.8%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	24.6%	1.8%	21.0%	38.2%
Executive Council of Physical Therapy & Occupational Therapy Examiners													
	2014									30.0%	6.3%	12.6%	29.4%
	2015									26.0%	18.6%	21.1%	46.9%
Board of Plumbing Examiners													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	83.5%	45.0%	42.3%	55.0%	65.6%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	45.0%	29.6%	55.0%	37.4%
Board of Podiatric Medical Examiners													
	2014							23.6%	100.0%	24.6%	2.7%	21.0%	71.3%
	2015							23.7%	100.0%	26.0%	0.0%	21.1%	94.4%
Board of Examiners of Psychologists													
	2014									2.0%	0.0%	50.0%	44.2%
	2015									0.5%	0.9%	45.0%	52.0%
Racing Commission													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.6%	100.0%	24.6%	26.2%	21.0%	71.2%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.7%	100.0%	26.0%	10.3%	21.1%	63.7%
Securities Board													
	2014	11.2%	0.0%	21.1%	0.0%	32.7%	0.0%	23.6%	100.0%	24.6%	22.9%	21.0%	91.9%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	100.0%	26.0%	12.4%	21.1%	50.1%
Public Utility Commission of Texas													
	2014	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	24.3%	21.1%	73.6%
	2015	11.2%	0.0%	21.1%	0.0%	32.9%	0.0%	23.7%	0.0%	26.0%	16.3%	21.1%	78.1%
Office of Public Utility Counsel													
	2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.6%	1.3%	21.0%	37.8%
	2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.0%	1.3%	21.1%	62.1%

Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures

85TH REGULAR SESSION

Procurement Category:		Heavy Construction		Building Construction		Special Trade		Professional Services		Other Services		Commodities	
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Article VIII - Regulatory													
Board of Veterinary Medical Examiners													
	2014									24.6%	13.8%	21.0%	60.4%
	2015									26.0%	3.1%	21.1%	19.1%

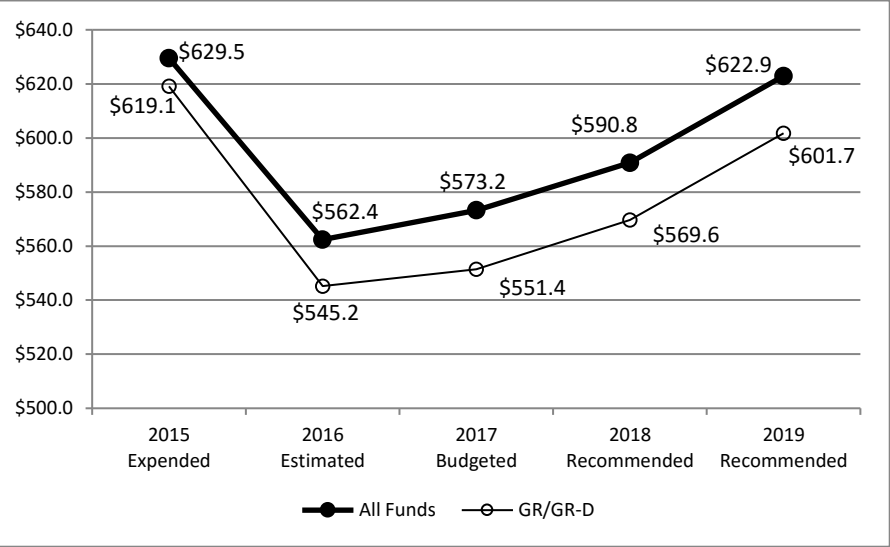
Fiscal Programs - Comptroller of Public Accounts  
Summary of Recommendations - House

Page I-23  
The Honorable Glenn Hegar, Comptroller of Public Accounts  
Lena Conklin, LBB Analyst

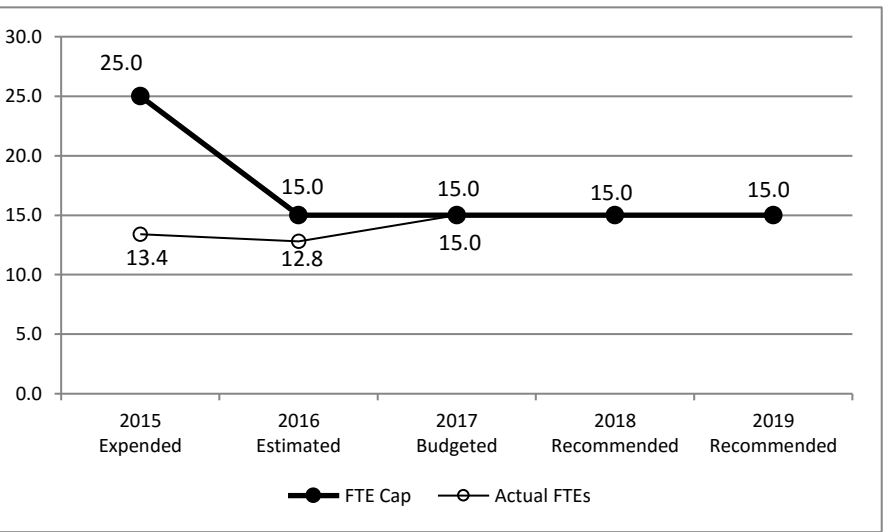
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,061,474,923	\$1,137,687,547	\$76,212,624	7.2%
GR Dedicated Funds	\$35,094,257	\$33,644,432	(\$1,449,825)	(4.1%)
Total GR-Related Funds	\$1,096,569,180	\$1,171,331,979	\$74,762,799	6.8%
Federal Funds	\$20,783,056	\$27,746,983	\$6,963,927	33.5%
Other	\$18,249,134	\$14,600,000	(\$3,649,134)	(20.0%)
All Funds	\$1,135,601,370	\$1,213,678,962	\$78,077,592	6.9%

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	15.0	15.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 32.1% of the agency's estimated total available funds for the 2018-19 biennium.

**Fiscal Programs - Comptroller of Public Accounts  
Summary of Funding Changes and Recommendations - House**

**Section 2**

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<b><i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i></b>							
A)	Increase for disbursements of mixed beverage gross receipts tax and sales tax revenues to cities and counties.	\$50.3	\$0.0	\$0.0	\$0.0	\$50.3	A.1.2
B)	Increase for estimated payments of unclaimed property claims.	\$40.0	\$0.0	\$0.0	\$0.0	\$40.0	A.1.6
<b><i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i></b>							
C)	Decrease in estimate of payments for miscellaneous and wrongful imprisonment claims based on historical expenditures.	(\$5.5)	(\$0.0)	(\$0.0)	(\$3.6)	(\$9.2)	A.1.1
D)	Increase in payments of county taxes on University of Texas endowment lands.	\$1.9	\$0.0	\$0.0	\$0.0	\$1.9	A.1.4
E)	Increase in funds allocated for disabled veterans assistance payments to qualified cities and counties.	\$1.5	\$0.0	\$0.0	\$0.0	\$1.5	A.1.15
F)	Decrease in one-time funding transferred to the Safekeeping Trust Company for management of the Emerging Technology Fund Portfolio.	(\$12.0)	\$0.0	\$0.0	\$0.0	(\$12.0)	A.1.16
G)	Increase in funding for the State Energy Conservation Office. Reduction in General Revenue Dedicated Oil Overcharge Account No. 5005 is based on estimated repayments of LoanSTAR loans and depository interest accrued. Increase in Federal Funds are primarily reflective of an increase in State Energy Program (SEP) revolving loan fund estimated repayments and interest from LoanSTAR loans.	\$0.0	(\$1.4)	\$7.0	\$0.0	\$5.5	B.1.1, B.1.2, B.1.3
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$76.2</b>	<b>(\$1.5)</b>	<b>\$7.0</b>	<b>(\$3.6)</b>	<b>\$78.1</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		<i>\$93.7</i>	<i>\$0.0</i>	<i>\$7.0</i>	<i>\$0.0</i>	<i>\$100.7</i>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		<i>(\$17.5)</i>	<i>(\$1.5)</i>	<i>(\$0.0)</i>	<i>(\$3.6)</i>	<i>(\$22.6)</i>	As Listed

NOTE: Totals may not sum due to rounding.

**Fiscal Programs - Comptroller of Public Accounts  
Selected Fiscal and Policy Issues - House**

1. **Mixed Beverage Tax Disbursements and Unclaimed Property Claims.** Recommendations reflect a \$90.3 million increase for Strategy A.1.2, Reimburse – Beverage Tax, and Strategy A.1.6, Unclaimed Property, to reflect the disbursements and payments to be made during the 2018-19 biennium as estimated by the Comptroller of Public Accounts (CPA) in the Legislative Appropriations Request. The agency, as required by Section 183.051, Tax Code, disburses revenues deposited to the General Revenue Fund from the mixed beverage gross receipts tax and mixed beverage sales tax to cities and counties where the receipts were collected. At minimum and as required by Rider 15, Mixed Beverage Tax Reimbursements, the agency disburses 10.7143 percent of revenues to cities and 10.7143 percent to counties. Estimated disbursements of \$459.2 million out of General Revenue in the 2018-19 biennium reflect an increase of \$50.3 million from the 2016-17 base funding levels. The agency indicated that personal income growth was the principal factor for increases in mixed beverage tax receipts.

Additionally, payment of unclaimed property claims is required under Section 74.501, Property Code. Unclaimed property remitted to the state by business, financial institutions and governmental entities typically come in the form of forgotten bank accounts, insurance proceeds, uncashed checks, security deposits and utility refunds. Recommendations for payment of unclaimed property claims include an estimated \$575 million, reflecting an increase of \$40 million from 2016-17 base funding levels. The agency indicated that anticipated growth is due an increase number of claims received and processed and the dollar amount of claims paid. The agency has additionally cited outreach activities and improved efficiencies in processing claims as drivers of increased claim payments.

2. **Texas Bullion Depository Appropriation Authority.** Recommendations include a new rider, Rider 18, Appropriation of Texas Bullion Depository Receipts, which would appropriate the fees, charges and penalties collected from administration the Texas Bullion Depository. House Bill 483, Eighty-fourth Legislature, Regular Session, establishes the Texas Bullion Depository as an agency of the state within the office of the Comptroller. The depository would hold certain bullion and specie acquired by the state or a political subdivision of the state and could receive and hold such deposits for private entities. The Comptroller by rule would establish fees, service charges and penalties to be charged to a depository holder, with receipts to be deposited to the General Revenue Fund.

The agency has indicated that operation of the depository may utilize state of Texas branding which would constitute intellectual property. The agency has requested, and recommendations include, appropriation of revenue collected in connection with intellectual property associated with the depository. Additionally, the rider would appropriate any interest earned in the state treasury on the depository revenue. The CPA is in the procurement process for selection of a vendor to operate the depository. The agency required that respondents submit a proposed fee schedule as part of their response. Because the amount of receipts to be collected from operation of the depository is unknown, there is no estimate of the appropriation included in Rider 18.

3. **Unfunded Liability of the Texas Guaranteed Tuition Plan.** The Texas Guaranteed Tuition Plan (TGTP), which is a prepaid tuition program within the Texas Tomorrow Fund, is backed by the full faith and credit of the state and is projected to be insolvent by fiscal year 2020. The 2016 Actuarial Report projects an unfunded liability of \$635.5 million on August 31, 2017. The unfunded liability represents the difference between the sum of the market value of the assets and the present value of expected future contract payments and the sum of the present value of expected future tuition and required fees, refunds and expenses. The estimates are based on a number of assumptions including investment performance of fund assets and tuition increases. If actual returns are lower than assumptions or tuition increases are higher than expected in the future, the unfunded liability could significantly increase.

The report also projects that the fund will run out of money and switch to pay-as-you-go in fiscal year 2020. Once the fund becomes pay-as-you-go, an appropriation of \$240.6 million would be required during the 2020-21 biennium to pay plan benefits. If an appropriation is not made in the General Appropriations Act for the 2020-21 biennium and subsequent biennia, Article 7, Section 19 of the Texas Constitution provides authority for the CPA to pay benefits “out of the first money coming into the state treasury in each fiscal year not otherwise appropriated by the constitution”. Current estimates of pay-as-you-go benefits and expenses for fiscal year 2020 through fiscal year 2038 (when obligations cease) total \$693.9 million if actually paid out in that manner and all assumptions hold.

The Eighty-fourth Legislature appropriated in fiscal year 2015 to the TGTP \$87.7 million in House Bill 2, supplemental appropriations bill. The 2014 Actuarial Report projected an unfunded liability of \$593.7 million for August 31, 2015. The 2015 Actuarial Report revised the projected unfunded liability as of the same date to \$535.5 million, a reduction of \$58.2 million. The unfunded liability was reduced by an amount lesser than the appropriation, due to offsetting factors including:

- lower investment returns realized in fiscal year 2015,
- reduced invest return assumptions for future years, and
- higher than projected withdrawals and matriculation which decrease the present value of expected payments from purchasers.

However, fiscal year 2015 experienced a favorable variance in actual tuition increases when compared to the assumptions.

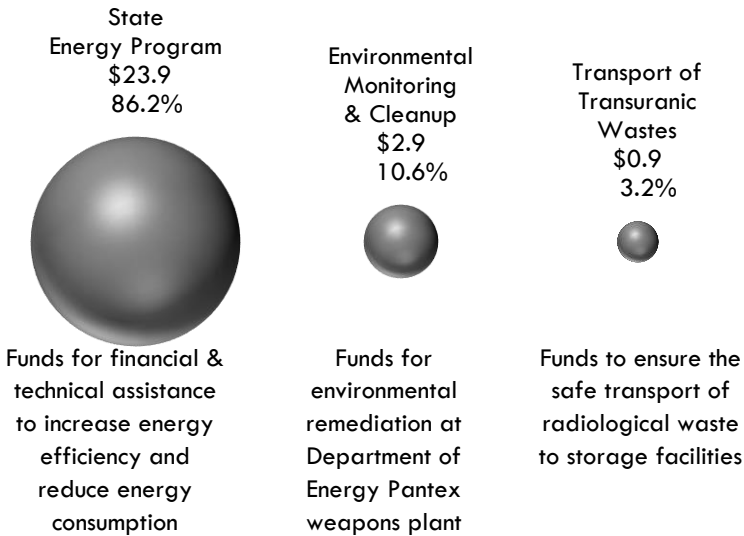
Appropriations to the TGTP prior to the fund's cash depletion would reduce the total state cost when compared to appropriating on a pay-as-you-go basis:

- If the state were to pay off the projected unfunded liability of \$635.5 million in September 2017 (fiscal year 2018), the state would be projected to save \$58.4 million.
- If the state were to pay off half of the projected unfunded liability or \$317.7 million, the state would be projected to save \$21.9 million and the projected date of cash depletion would be extended to fiscal year 2022.

Fiscal Programs - Comptroller of Public Accounts

Summary of Federal Funds (2018 - 19) - House

Total \$27.7M



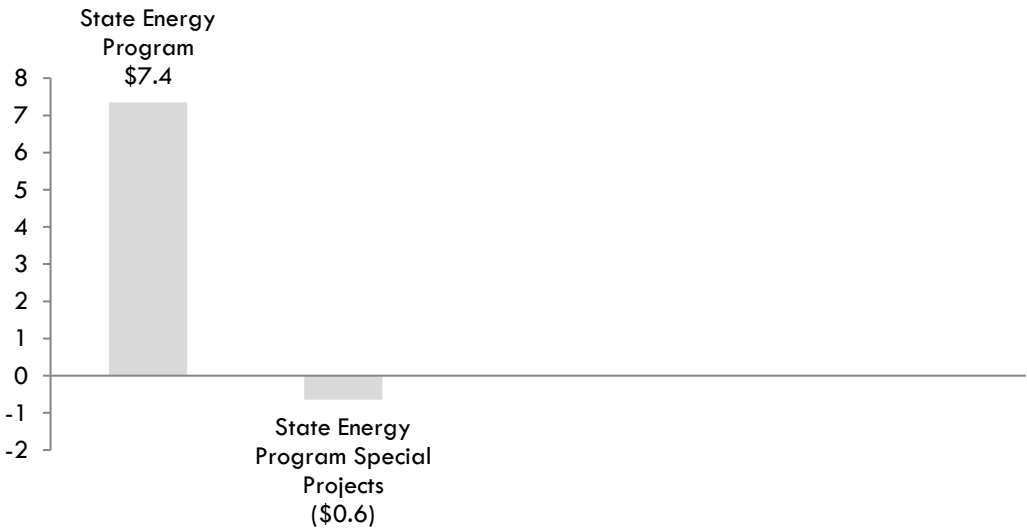
**Selected Federal Fiscal and Policy Issues**

1. State Energy Program has two components: (1) the formula grant to promote energy efficiency has remained level funded at \$2.4 million per year; and (2) the LoanSTAR Revolving Loan Program, seeded with ARRA funding in 2009. Revolving loan program provides energy efficiency loans to state and local entities on a reimbursement basis. Agency estimates higher revenue in future years in comparison to expenditures toward current loans in prior years.

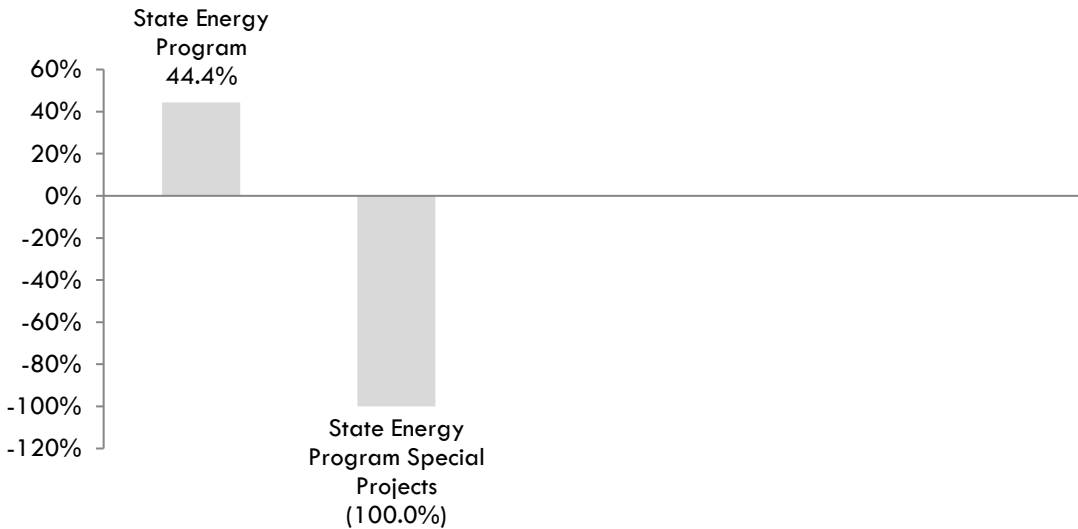
2. The agency has only received funding for State Energy Program-Special Projects in fiscal years 2014 and 2017. Funding for this program in future years is unknown at this time.

Programs with Significant Federal Funding Changes from 2016 - 17

Program-by Amount



Program-by Percentage



**Fiscal Programs - Comptroller of Public Accounts  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Appropriation from the Compensation to Victims of Crime Auxiliary Fund.** Recommendations revise the estimated appropriations referenced in the rider based on recommended funding levels in Strategy A.1.9, Subsequent CVC Claims.
10. **Oil Overcharge Settlement Funds.** Recommendations revise the rider to update estimated revenue and estimated depository interest allocated for programs specified in the rider based on recommended funding levels out of the General Revenue Dedicated Oil Overcharge Account No. 5005 in Strategy B.1.1, Energy Office, and Strategy B.1.2, Oil Overcharge Settlement Funds.
11. **Department of Energy (DOE) Federal Funds.** Recommendations update Federal Funds amounts anticipated for the Pantex and State Energy Programs to align with recommended funding levels included in Strategy B.1.1, Energy Office, and Strategy B.1.3, Federal Funds.
16. **Habitat Protection Fund.** Recommendations remove language providing authority to carry forward unexpended and unobligated balances between fiscal years of the biennium out of appropriations for the Habitat Protection Fund. Because appropriations are transferred to the Habitat Protection Fund outside the state treasury in the first year of the biennium, carry forward authority is not required.
17. **Disabled Veteran Assistance Payments.** Recommendations revise the rider title (currently *Contingency for SB 1368*) and remove contingency language which is no longer applicable. Recommendations also revise amounts referencing appropriations for disabled veteran assistance payments to align with recommended funding levels in Strategy A.1.12, Disabled Veteran Assist Payments.

**New Riders**

18. **Appropriation of Texas Bullion Depository Receipts.** Recommendations add a new rider to appropriate revenue and interest earned on the revenue generated from operation of the Texas Bullion Depository. The rider would also provide authority to carry forward balances between fiscal years of the biennium.



Fiscal Programs - Comptroller of Public Accounts  
Items Not Included in Recommendations - House

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items - In Agency Priority Order							
1)	None.	\$0	\$0	0.0			\$0
TOTAL Items Not Included in Recommendations		\$0	\$0	0.0			\$0

**Fiscal Programs - Comptroller of Public Accounts  
Appendices - House**

<b>Table of Contents</b>		
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<b>B</b>	Summary of Federal Funds	12
<b>C</b>	FTE Highlights	13
<b>D</b>	Performance Measure Highlights	*
<b>E</b>	Summary of Ten Percent Biennial Base Reduction Options	14

\* Appendix is not included - no significant information to report

**Fiscal Programs - Comptroller of Public Accounts**  
**Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
MISCELLANEOUS CLAIMS A.1.1	\$35,181,606	\$26,000,000	(\$9,181,606)	(26.1%)	Recommendations include \$26 million in General Revenue funds for payment of miscellaneous and wrongful imprisonment claims as estimated by the agency, representing a decrease of \$5.5 million in General Revenue funds, a decrease of \$3.6 million in State Highway Fund 6 and a combined decrease of less than \$25,000 out of Federal Funds and other special funds and accounts. Recommendations continue estimated appropriation authority out of General Revenue and other special funds and accounts as necessary for the payment of miscellaneous and wrongful imprisonment claims as authorized by Section 403.074, Government Code.
REIMBURSE - BEVERAGE TAX A.1.2	\$408,917,000	\$459,228,000	\$50,311,000	12.3%	Recommendations reflect an increase of \$50.3 million in General Revenue funds for distribution of 10.7143 percent of mixed beverage gross receipts tax and sales tax receipts to cities and counties. Increase is due to growth of mixed beverage tax revenues.
JUDGMENTS AND SETTLEMENTS A.1.3	\$1,500,000	\$1,500,000	\$0	0.0%	
COUNTY TAXES - UNIVERSITY LANDS A.1.4	\$13,192,774	\$15,104,405	\$1,911,631	14.5%	Recommendations reflect an estimated increase of \$1.9 million in General Revenue funds for payment of county taxes on University of Texas endowment lands. The estimated increase is due to a projected increase in mineral production and county tax rates.
LATERAL ROAD FUND DISTRICTS A.1.5	\$14,600,000	\$14,600,000	\$0	0.0%	
UNCLAIMED PROPERTY A.1.6	\$535,000,000	\$575,000,000	\$40,000,000	7.5%	Recommendations include an increase of \$40 million in General Revenue funds for estimated unclaimed property payments. Increase is due to growth in claims made and improvement in processing of claims.
LOCAL CONTINUING EDUCATION GRANTS A.1.7	\$12,000,000	\$12,000,000	\$0	0.0%	
ADVANCED TAX COMPLIANCE A.1.8	\$14,231,148	\$14,231,148	\$0	0.0%	

Fiscal Programs - Comptroller of Public Accounts  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
SUBSEQUENT CVC CLAIMS A.1.9	\$30,000	\$50,000	\$20,000	66.7%	Recommendations provide an estimated increase of \$20,000 in General Revenue-Dedicated Compensation to Victims of Crime Auxiliary Account No. 494. The increase is due to an anticipated increase in compensation claims made. Balances out of this account are not counted towards certification.
GROSS WEIGHT/AXLE FEE DISTRIBUTION A.1.10	\$34,000,000	\$34,000,000	\$0	0.0%	
JOBS AND EDUCATION FOR TEXANS A.1.11	\$0	\$0	\$0	0.0%	
REIMBURSE GR FOR INS. TAX CREDITS A.1.12	\$0	\$0	\$0	0.0%	
HABITAT PROTECTION FUND A.1.13	\$5,000,000	\$5,000,000	\$0	0.0%	
TEXAS GUARANTEED TUITION PLAN A.1.14	\$0	\$0	\$0	0.0%	
DISABLED VETERAN ASSIST PAYMENTS A.1.15	\$5,000,000	\$6,500,000	\$1,500,000	30.0%	Recommendations reflect an increase of \$1.5 million in General Reveue funds for disabled veteran assistance payments to qualified cities and counties. Pursuant to Section 140.011, Local Government Code, qualified cities and counties are entitled to payments equal to lost property tax revenue from the granting of exemptions to 100 percent disabled veterans or their surviving spouses less one percent of the city or county's general fund revenue. In fiscal year 2016, Bell County, City of Killeen, City of Copperas Cove and Coryell County requested a total of approximately \$3.2 million.
EMERGING TECH FUND PORTFOLIO MGMT A.1.16	\$12,000,000	\$0	(\$12,000,000)	(100.0%)	Recommendations reflect a decrease of \$12.0 million in General Revenue funds transferred to the Safekeeping Trust Company for the purpose of managing the Emerging Technology Fund portfolio.
<b>Total, Goal A, CPA - FISCAL PROGRAMS</b>	<b>\$1,090,652,528</b>	<b>\$1,163,213,553</b>	<b>\$72,561,025</b>	<b>6.7%</b>	

Fiscal Programs - Comptroller of Public Accounts  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ENERGY OFFICE B.1.1	\$5,053,044	\$4,688,332	(\$364,712)	(7.2%)	Recommendations reflect a reduction of \$0.4 million in Federal Funds from the Department of Energy allocated to administration of the State Energy Conservation Office.
OIL OVERCHARGE SETTLEMENT FUNDS B.1.2	\$21,924,642	\$20,475,108	(\$1,449,534)	(6.6%)	Recommendations reflect a decrease of \$1.4 million in General Revenue-Dedicated Oil Overcharge Account No. 5005 and are based on anticipated repayments and interest from LoanSTAR energy efficiency retrofit loans and depository interest.
FEDERAL FUNDS B.1.3	\$17,971,156	\$25,301,969	\$7,330,813	40.8%	Recommendations are primarily reflective of a \$6.7 million increase in State Energy Program (SEP) revolving loan fund applied towards the LoanSTAR program. The increase is based on estimated repayments and interests to be received in the 2018-19 biennium above loan disbursements made in the 2016-17 biennium. Additionally the agency anticipates an increase of \$0.6 million in annual SEP and Pantex grants from the Department of Energy for grants to state and local entities.
<b>Total, Goal B, ENERGY OFFICE</b>	<b>\$44,948,842</b>	<b>\$50,465,409</b>	<b>\$5,516,567</b>	<b>12.3%</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,135,601,370</b>	<b>\$1,213,678,962</b>	<b>\$78,077,592</b>	<b>6.9%</b>	

**Fiscal Programs - Comptroller of Public Accounts**  
**Summary of Federal Funds - House**  
(Dollar amounts in Millions)

Appendix B

Program	Est 2016	Bud 2017	Rec 2018	Rec 2019	2016-17 Base	2018-19 Rec	2018-19 Rec % Total	Recommended Over/(Under) Base	% Change from Base
State Energy Program	\$4.4	\$12.2	\$12.0	\$12.0	\$16.6	\$23.9	86.2%	\$7.4	44.4%
DOE: Environmental Monitoring/Clean-up and Other Programs	\$1.3	\$1.5	\$1.5	\$1.5	\$2.8	\$2.9	10.6%	\$0.2	5.7%
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant	\$0.4	\$0.4	\$0.4	\$0.5	\$0.8	\$0.9	3.2%	\$0.1	12.1%
Comptroller Misc. Claims Federal Fund Payments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	(\$0.0)	(100.0%)
State Energy Program Special Projects	\$0.3	\$0.4	\$0.0	\$0.0	\$0.6	\$0.0	0.0%	(\$0.6)	(100.0%)
<b>TOTAL:</b>	<b>\$6.3</b>	<b>\$14.5</b>	<b>\$13.9</b>	<b>\$13.9</b>	<b>\$20.8</b>	<b>\$27.7</b>	<b>100.0%</b>	<b>\$7.0</b>	<b>33.5%</b>

**Fiscal Programs - Comptroller of Public Accounts  
FTE Highlights - House**

**Appendix C**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2015</b>	<b>Estimated 2016</b>	<b>Budgeted 2017</b>	<b>Recommended 2018</b>	<b>Recommended 2019</b>
Cap	25.0	15.0	15.0	15.0	15.0
Actual/Budgeted	13.4	12.8	15.0	NA	NA

**Schedule of Exempt Positions (Cap)**

None.

Notes:

a) Fiscal years 2015 and 2016 actual FTE figures are less than the FTE cap limits primarily due to staff vacancies and turnover.

**Fiscal Programs - Comptroller of Public Accounts**  
**Summary of Ten Percent Biennial Base Reduction Options Recommendations - House**

Appendix E

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Reimbursement - Beverage Tax	The Unclaimed Property and Mixed Beverage Tax programs collectively make up the bulk of the funds appropriated to the Comptroller's Fiscal Programs. The monies appropriated in the Mixed Beverage strategy are used to reimburse mixed beverage taxes to cities and counties. Reimbursements are driven by receipts collected within the counties or incorporated municipalities. According to the agency, the funding is needed to pay an estimated \$22.4 million in city and county mixed beverage reimbursements.	\$22,414,580	\$22,414,580	0.0	\$0	5%	No
2)	Unclaimed Property	The Unclaimed Property and Mixed Beverage Tax programs collectively make up the bulk of the funds appropriated to the Comptroller's Fiscal Programs. The monies appropriated in the Unclaimed Property strategy are used to return unclaimed assets to property owners. The majority of the recipients of these funds are citizens or local governments and payments are driven by claims requests. According to the agency, the funding is needed to pay an estimated \$29.1 million in unclaimed property claims.	\$29,113,191	\$29,113,191	0.0	\$0	5%	No
3)	Reimbursement - Beverage Tax	The monies appropriated in the Mixed Beverage strategy are used to reimburse mixed beverage taxes to cities and counties. Reimbursements are driven by receipts collected within the counties or incorporated municipalities. According to the agency, the funding is needed to pay an estimated \$22.4 million in city and county mixed beverage reimbursements.	\$22,414,580	\$22,414,580	0.0	\$0	5%	No
4)	Unclaimed Property	The monies appropriated in the Unclaimed Property strategy are used to return unclaimed assets to property owners. The majority of the recipients of these funds are citizens or local governments and payments are driven by claims requests. According to the agency, the funding is needed to pay an estimated \$29.1 million in unclaimed property claims.	\$29,113,190	\$29,113,190	0.0	\$0	5%	No
<b>TOTAL, 10% Reduction Options</b>			<b>\$103,055,541</b>	<b>\$103,055,541</b>	<b>0.0</b>	<b>\$0</b>		



# Presentation to the **House Appropriations Committee**

Presented by:  
**Glenn Hegar, Comptroller**  
Texas Comptroller of Public Accounts

# **COMPTROLLER OF PUBLIC ACCOUNTS (AGENCY 304)**

# Restoration of Budget Reduction

- The Comptroller's primary duty is to collect more than **60 separate taxes, fees and assessments**, including local sales taxes on behalf of more than 1,400 cities, counties and other local governments. These taxes make up **almost half** of Texas state government's revenue.
- In fiscal 2016, the Comptroller's office:
  - collected more than **\$60.5 billion** in state revenue;
  - assessed more than **\$1.5 billion** in auditor-generated tax adjustments;
  - collected more than **\$954 million** in delinquent taxes;
  - processed more than **5.3 million** tax returns
  - deposited **4 million** tax payments

# Restoration of Budget Reduction

- Over the past two years, the agency has focused on:
  - simplifying compliance;
  - streamlining tax administration to reduce confusion over laws and regulations; and
  - ensuring that state tax laws and procedures are implemented consistently across the state to improve voluntary compliance and increase revenue.
- Integral to the agency's tax collection efforts is the Integrated Tax System, developed in the 1990s. This system is the backbone of the Comptroller's ability to efficiently maintain taxpayer accounts, accept and process tax returns, document and track taxpayer contacts and collection action taken and ensure that taxpayers receive quick and accurate support.

# Restoration of Budget Reduction

- Utilizing funding provided last session, technical enhancements are underway to update and modernize the system to ensure continued viability and bring it into the 21st century. Improvements already completed, for example, include expanding opportunities for electronic filing by adding taxes to the online filing system and adding self-service features to allow taxpayers to update address and other information online.
- These improvements are part of a multi-year project. To continue the update and modernization effort you approved last session, the **\$3.4 million funding reduction made to our baseline budget must be restored**. The loss of these funds would force the delay or cancellation of technology projects that are focused on improving and enhancing agency tax systems to increase voluntary compliance and state revenue. The revenue estimate assumes continued funding of these projects, making restoration of these funds essential.

# Fiscal Programs - Comptroller of Public Accounts

No materials provided.

## Employees Retirement System Summary of Recommendations - House

Section 1

Page I-34

Porter Wilson, Executive Director

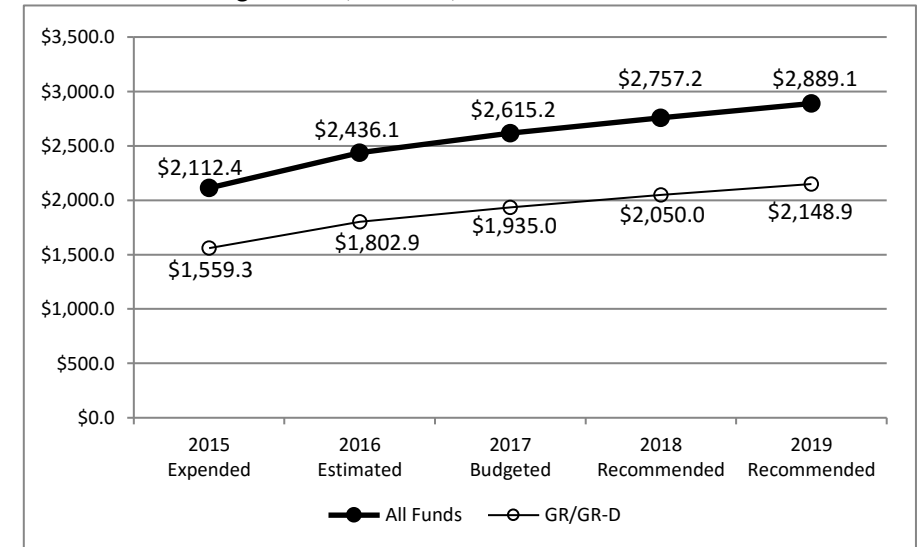
Katy Fallon, LBB Analyst

Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$3,510,447,494	\$3,962,961,665	\$452,514,171	12.9%
GR Dedicated Funds	\$227,442,195	\$235,993,116	\$8,550,921	3.8%
<i>Total GR-Related Funds</i>	<i>\$3,737,889,689</i>	<i>\$4,198,954,781</i>	<i>\$461,065,092</i>	<i>12.3%</i>
Federal Funds	\$751,491,537	\$818,828,415	\$67,336,878	9.0%
Other	\$561,915,473	\$628,525,042	\$66,609,569	11.9%
<b>All Funds</b>	<b>\$5,051,296,699</b>	<b>\$5,646,308,238</b>	<b>\$595,011,539</b>	<b>11.8%</b>

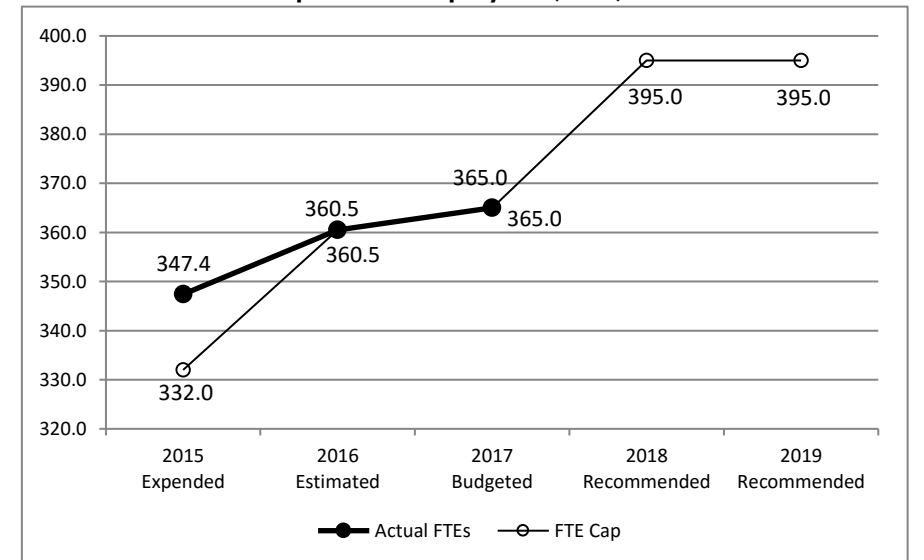
	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	365.0	395.0	30.0	8.2%

The bill pattern for this agency (2018-19 Recommended) represents an estimated 11.8% of the agency's estimated total available funds for the 2018-19 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



**Employees Retirement System**  
**Summary of Funding Changes and Recommendations - House**

**Section 2**

<b>Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)</b>	<b>General Revenue</b>	<b>GR-Dedicated</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>All Funds</b>	<b>Strategy in Appendix A</b>
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***SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):***

A)	Net increase in ERS Retirement for 0.5 percent salary growth in fiscal year 2017. GR-Dedicated and Federal Funds decreased due to method of finance adjustments.	\$33.2	(\$4.4)	(\$1.9)	\$0.2	\$27.0	A.1.1
B)	Increase in Law Enforcement and Correctional Officers Supplemental Retirement Fund to maintain funding at the fiscal year 2017 level, which is an increase from fiscal year 2016 expenditures.	\$0.4	\$0.0	\$0.0	\$0.0	\$0.4	A.1.2
C)	Decrease in Public Safety Death Benefits funding due to high volume of claims in the 2016-17 biennium.	(\$4.0)	(\$2.3)	\$0.0	\$0.0	(\$6.3)	A.1.5
D)	Increase in Group Benefits Program funding due to the growth of health care costs.	\$423.7	\$15.2	\$69.3	\$66.5	\$574.7	B.1.1

***OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):***

E)	Decrease in Judicial Retirement System I funding due to attrition.	(\$0.8)	\$0.0	\$0.0	\$0.0	(\$0.8)	A.1.4
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<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$452.5</b>	<b>\$8.5</b>	<b>\$67.4</b>	<b>\$66.7</b>	<b>\$595.0</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$457.3	\$10.8	\$67.4	\$66.7	\$602.1	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$4.8)	(\$2.3)	\$0.0	\$0.0	(\$7.1)	As Listed

NOTE: Totals may not sum due to rounding.



Employees Retirement System  
Selected Fiscal and Policy Issues - House

1. **Employees Retirement System.** Recommendations for the 2018-19 biennium total \$1,305.1 million in All Funds (\$922.3 million in General Revenue) for the system that provides a defined retirement benefit to state employees and elected officials. This is an All Funds increase from the 2016-17 biennium of \$27.0 million (2.11 percent) and a General Revenue increase of \$33.2 million (3.73 percent).

Contribution Structure					<div>2016 Actuarial Valuation Fiscal Year 2016 Actuarially Sound Contribution Rate (ASC): 19.88% Fiscal Year 2017 ASC: 20.17% Normal Cost: 12.28% Amortization Period: 35 years Assumed Rate of Return: 8.0%  2018-19 Legislative Appropriations Request - Updated All Funds Exceptional Item Request: \$92.0 million GR-Related Exceptional Item Request: \$66.4 million</div>
	State	Agency	Member	Total	
2014	7.5% (6.5% + 1% UB)	0.5%	6.6%	14.6%	
2015	7.5%	0.5%	6.9%	14.9%	
2016	9.5%	0.5%	9.5%	19.5%	
2017	9.5%	0.5%	9.5%	19.5%	
Requested 2018	10.17%	0.5%	9.5%	20.17%	
Requested 2019	10.17%	0.5%	9.5%	20.17%	
Recommended 2018	9.5%	0.5%	9.5%	19.5%	
Recommended 2019	9.5%	0.5%	9.5%	19.5%	

The recommendations assume 0.5 percent payroll growth in fiscal year 2017, and no payroll growth in fiscal years 2018 and 2019. Recommendations also maintain the contribution structure from the 2016-17 biennium depicted above. This recommendation accounts for FTE increases at the Department of Public Safety (DPS) as well as FTE growth and transfers between health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.

Legislation and appropriations by the Eighty-fourth Legislature increased both state and member contributions to ERS, now totaling 19.5 percent, and the system now has a funding period of 35 years instead of infinite as reported in the 2014 actuarial valuation.

House Bill 9, Eighty-fourth Legislature, Regular Session, increased the member contribution rate to 9.5 percent; the rate was 6.9 percent in fiscal year 2015 and previously set to be 7.2 percent in fiscal year 2016 and 7.5 percent in fiscal year 2017. House Bill 9 also eliminated the 90-day membership waiting period. Member and state contributions now begin on the first day of employment.

The Eighty-fourth Legislature provided \$329.8 million to increase the 7.5 percent state contribution rate to 9.5 percent and continued the Article IX requirement that agencies contribute 0.5 percent. The combined state and agency contribution rate of 10.0 percent is equal to the maximum contribution rate according to the Texas Constitution (Article XVI, Sec. 67 (b)(3)).

The Eighty-fourth Legislature also provided \$333.1 million for a 2.5 percent salary increase to state employees, intended to offset the impact of members' increased contributions to the system.

2. **Law Enforcement and Correctional Officers Supplemental (LECOS) Retirement Fund.** Recommendations for the 2018-19 biennium total \$17.9 million in All Funds (\$17.6 million in General Revenue), an increase over the 2016-17 biennium of \$0.4 million (2.1 percent) All Funds and General Revenue. Recommendations continue the base amount and contribution structure from fiscal year 2017. LECOS provides a supplemental retirement benefit to law enforcement and custodial officers in addition to their benefit as state employees through the ERS plan.

	Contribution Structure				<div>2016 Actuarial Valuation Fiscal Year 2016 Actuarially Sound Contribution Rate (ASC): 2.33% + \$19.2 million court fees Fiscal Year 2017 ASC: 2.44% + \$19.2 million court fees Normal Cost: 1.81% Amortization Period: Infinite Assumed Rate of Return: 8.0%  <u>2018-19 Legislative Appropriations Request - Updated</u> All Funds Exceptional Item Request: \$51.6 million GR-Related Exceptional Item Request: \$51.5 million</div>
	State	Court Fees*	Member	Total	
2014	0.5%	1.2%	0.5%	2.2%	
2015	0.5%	1.2%	0.5%	2.2%	
2016	0.5%	\$19.2 million	0.5%	1.0% + \$19.2M	
2017	0.5%	\$19.2 million	0.5%	1.0% + \$19.2M	
Requested 2018	1.94%	\$19.2 million	0.5%	2.44% + \$19.2M	
Requested 2019	1.94%	\$19.2 million	0.5%	2.44% + \$19.2M	
Recommended 2018	0.5%	\$19.2 million	0.5%	1.0% + \$19.2M	
Recommended 2019	0.5%	\$19.2 million	0.5%	1.0% + \$19.2M	
*Previous actuarial valuations considered the court fee contribution as 1.2 percent of payroll. Beginning with the fiscal year 2016 valuation, court fees are expected to remain level at \$19.2 million, which will not remain level as a percent of payroll over time. For fiscal year 2017, the court fee contribution is approximately 1.1 percent of payroll.					

3. **Judicial Retirement System II (JRSII).** Recommendations for the 2018-19 biennium total \$24.8 million in All Funds and \$15.4 million in General Revenue. This represents no change from the 2016-17 biennial base amount and contribution structure because the number of judges and their salaries are expected to remain the same. JRSII provides a defined retirement benefit to state judicial officers who first took office on or after September 1, 1985.

	Contribution Structure			<div><u>2016 Actuarial Valuation</u> Fiscal Year 2016 Actuarially Sound Contribution Rate (ASC): 23.48% Fiscal Year 2017 ASC: 23.77% Normal Cost: 21.18% Amortization Period: 49 years Assumed Rate of Return: 8.0%  <u>2018-19 Legislative Appropriations Request - Updated</u> All Funds Exceptional Item Request: \$1.1 million GR-Related Exceptional Item Request: \$0.7 million</div>
	State	Member	Total	
2014	15.663%	6.6%	22.263%	
2015	15.663%	6.9%	22.563%	
2016	15.663%	7.2%	22.863%	
2017	15.663%	7.5%	23.163%	
Requested 2018	16.33%	7.44%*	23.77%	
Requested 2019	16.33%	7.44%*	23.77%	
Recommended 2018	15.663%	7.5%	23.163%	
Recommended 2019	15.663%	7.5%	23.163%	
*The agency indicates that the effective member contribution rate is 7.44% as some active members elect to cease contributions and cease to accrue additional benefits.				

4. **Public Safety Death Benefits.** House Bill 1278, Eighty-fourth Legislature, Regular Session, increased the financial assistance paid to the survivors of certain law enforcement officers, firefighters, and other public employees killed in the line of duty. Lump-sum amounts are now \$500,000 and monthly payments to guardians of surviving children begin at \$400.

Recommendations include \$22.6 million in All Funds (\$16.2 million in General Revenue) for the 2018-19 biennium. This maintains the 2017 budgeted level and is a reduction of \$6.3 million in All Funds (\$4.0 million in General Revenue) from the 2016-17 biennium due to high volume of claims in fiscal year 2016.

5. **Group Benefits Program and Contingency Reserve Fund Balance.** Recommendations include \$4.2 billion in All Funds (\$2.9 billion in General Revenue) to provide employees and retirees with health and life insurance. This is an increase over the previous biennium of \$574.7 million in All Funds (15.83 percent) and \$423.7 million in General Revenue (16.96 percent).

	Contribution Structure			Contingency Reserve Fund	
	Benefit Cost Trend <sup>1</sup>	State Contribution Increase Appropriated / Recommended (Requested) <sup>2</sup>	Agency / Institution	Activity	Balance (millions)
2014	9.0%	7.36% (8.0%)	1.0%	\$53.9 million Increase	\$379.3
2015	8.0%	7.33% (8.0%)	1.0%	\$61.2 million Increase	\$440.5
2016	8.9%	7.19% (6.9%)	1.0%	\$58.4 million Increase	\$498.9
2017	8.5%	7.17% (6.9%)	1.0%	\$108.1 million Increase <sup>3</sup>	\$607.0 <sup>3</sup>
2018	8.5%	4.57% (4.42%)	1.0%	Recommendations assumed expenditure of \$260.1 million, which was anticipated to leave a \$300.0 million balance at the end of fiscal year 2019. <sup>3</sup>	\$716.9 <sup>3</sup>
2019	8.5%	4.56% (4.42%)	1.0%	The anticipated spenddown is offset by several factors, including the December award of the HealthSelect contract.	\$660.6 <sup>3</sup>
<sup>1</sup> Cost trends are projected by the agency in cooperation with an actuarial firm and submitted in the LAR. Cost trends for fiscal years 2014, 2015, and 2016 reflect actual experience.					
<sup>2</sup> ERS requests an annual state contribution increase in the LAR. Appropriations and recommendations consider other funding sources.					
<sup>3</sup> Projected reserve fund spending and balances provided in the LAR have been updated to reflect actual experience and subsequent activity.					

ERS projects that the average annual health benefit cost trend will be 8.5 percent in fiscal years 2017, 2018, and 2019. Health care cost increases are primarily due to the price and utilization of health care, new technologies and procedures, chronic diseases associated with the aging population, and the price and use of pharmaceuticals.

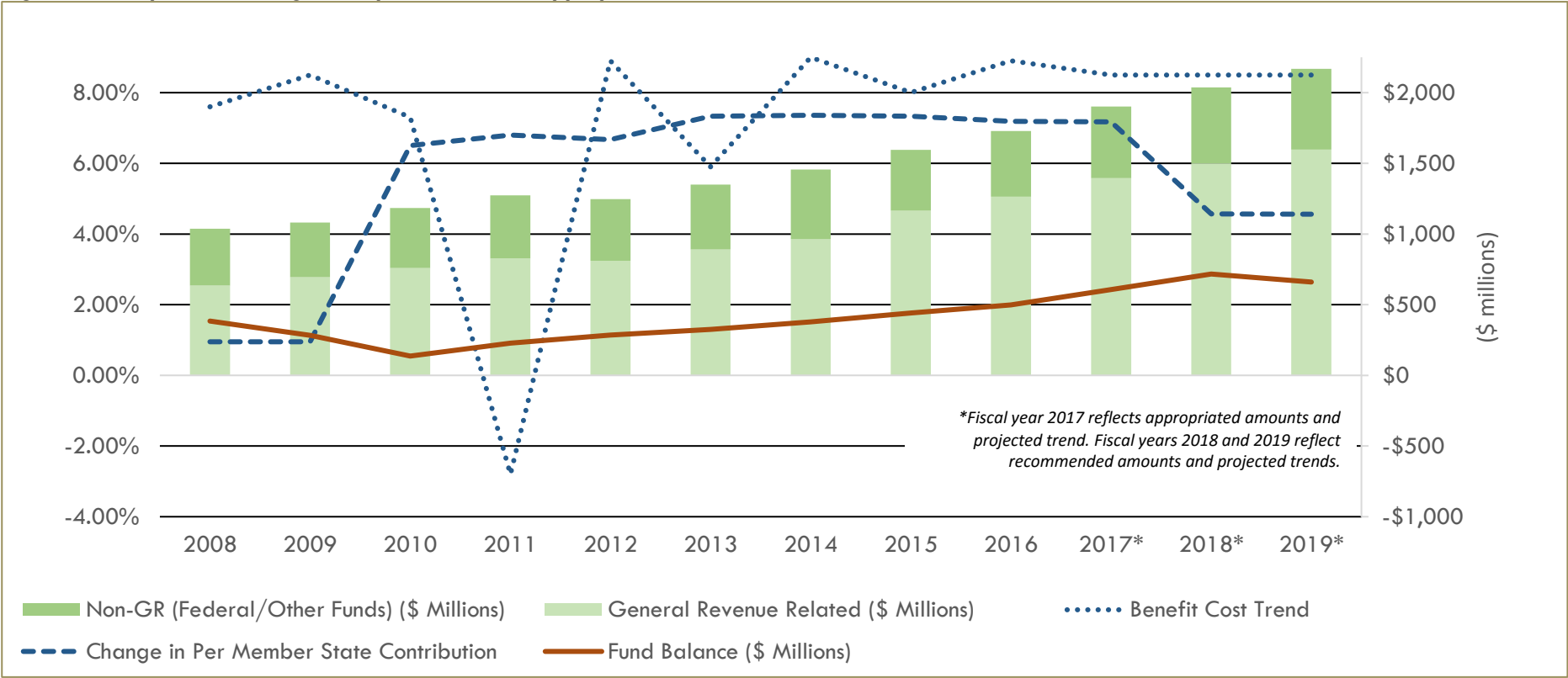
The agency requested a 4.42 percent state contribution increase in each fiscal year of the 2018-19 biennium in order to fund the 8.5 percent cost trend when combined with using \$260.1 million from the Contingency Reserve Fund. At the time, the request and recommendations were anticipated to leave \$300.0 million in the Contingency Reserve Fund which would cover approximately 22 days of claims. Recommendations include a per member state contribution increase of 4.57 percent in fiscal year 2018 and 4.56 percent in fiscal year 2019 in order to account for agencies' and institutions' payroll-based contributions that will not grow at the same rate.

Recommendations also provide for member growth among retirees at 5.0 percent in fiscal year 2017 and 4.7 percent in fiscal years 2018 and 2019. The number of active members is assumed to remain flat. Finally, recommendations account for FTE growth at the Department of Public Safety as well as FTE growth and transfers between health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.

The Contingency Reserve Fund receives all revenues for the Group Benefits Program, including employer and member contributions, the one-percent agency and institution employer contribution, the tobacco user fee, federal subsidies, prescription drug rebates, and investment income. The Fund makes expenditures to cover claims costs. The plan's experience, and therefore the Fund's revenues and balances, have been favorably affected by higher than expected rebates and Part D subsidies, as well as the new Pharmaceutical Benefit Manager and HealthSelect contracts. In addition, the pharmacy cost trend in 2016 was 10.9 percent, lower than 18 percent previously anticipated. As a result of these factors, the fund balance is projected to reach a high of \$607.0 million at the end of fiscal year 2017.

The cost trends, contribution increases, and contingency reserve fund expenditures and balances from fiscal years 2008 through 2019 are reflected in **Figure 1**. The significant decrease in the cost trend in fiscal year 2011 is due to benefit design changes, including increased co-pays on medical visits and prescriptions as well as increases to out-of-pocket maximums.

**Figure 1: Group Benefits Program Expenditures and Appropriations, Cost Trends, and Reserve Fund Balance**



Source: Legislative Budget Board, Employees Retirement System

### Section 3

6. **Consumer-Directed Health Plan.** House Bill 966, Eighty-fourth Legislature, Regular Session, directed ERS to establish a voluntary consumer-directed health plan, which includes a high-deductible health plan and a health savings account, as an option for participants in the Group Benefits Program. The legislation also required the state to contribute the difference, if any, between the full state contribution to HealthSelect and coverage cost of the high-deductible plan to a health savings account.

The plan, Consumer Directed HealthSelect, began on September 1, 2016 and 346 people enrolled in plan year 2017. Since contributions for family coverage are lower than those for traditional HealthSelect, the state contributes \$45 per month for individuals and \$90 per month for families to participants' health savings accounts.

7. **Sunset.** The agency underwent review by the Sunset Advisory Commission during the 2016-17 review cycle. The Sunset Advisory Commission Staff Report was published in April 2016 and outlined four major findings regarding ERS management of the Group Benefits Program and state retirement plans. The report provided the following recommendations to ERS:
- Build on recent centralization and standardization of contracting practices by providing further authority to the new contracting division, implementing contract term dates, and further consolidating and centralizing contracting staff.
  - Implement more strategic, higher-level effort and vision for managing the group benefits program including more comprehensive reporting, the creation of an advisory committee, and developing a clear process of re-evaluating changes to the group benefits program.
  - Allow members to directly participate in the appeals process for benefits-related decisions, develop a manual regarding the appeals process, and improve member education efforts.
  - Better track and report profit-sharing amounts paid to contracted external fund managers.

On November 10, 2016, the Commission adopted the recommendations from the Staff Report as well as two new statutory changes and one new management action. The statutory changes require the board to 1) adopt revised actuarial assumptions resulting from an experience study every four years instead of five, and 2) approve any individual investment over \$100 million. The Commission also directed the ERS internal auditor to consider best practices in investment decision-making when reviewing investment governance.

8. **Contracting.** ERS currently manages several large contracts within the Group Benefits Program. In December 2016, the agency awarded a new contract for the third-party administrator of the HealthSelect program to BlueCross BlueShield of Texas to begin on September 1, 2017. Over the six-year term, the new contract has a projected total cost, including provider reimbursements, of \$25.8 billion. The new award projects savings of \$51.6 million in administrative fees compared to the current contract and the agency indicates the new contract overall will save approximately \$1.1 billion in the contract period. Additionally, on January 1, 2017, ERS entered into a new contract with pharmacy benefit manager, OptumRx, which the agency estimates will save the state approximately \$100 million in pharmacy benefits.

Legislative agencies have examined ERS's contracting procedures twice in the last two biennia. Following the 2012 change in vendors, the State Auditor's Office (SAO) audited ERS's management of the HealthSelect third party administrator contract in 2014. The report found that ERS failed to clearly define best value or evaluation processes prior to issuing a request for proposals and had insufficient processes to ensure timely, accurate contract monitoring. In response, the Eighty-fourth Legislature included Rider 13, HealthSelect of Texas Contract, in the General Appropriations Act, which required the agency to implement recommendations from the SAO report and submit related reports.

### Section 3

Additionally, the subsequent Sunset review of ERS in fiscal year 2016 mentioned above noted that the agency had made progress towards implementing the 2014 SAO recommendations by establishing a director of procurement position and centralizing procurement and contracting functions into a new division. However, the review also highlighted ongoing concerns with the following procurement and contract management practices:

- Performance guarantees that are unachievable or too lenient to ensure accountability;
- Inconsistent contract monitoring and enforcement procedures, including a lack of agency-wide policies for implementing corrective action plans and assessing when to apply or reduce performance penalties; and
- Open-ended contract terms or unlimited renewal options without rebidding the contract.

To ensure successful contracting outcomes for all major ERS contracts, the recommendations include new Rider 13 requiring the agency to certify that they have complied with the 2014 SAO and 2016 Sunset contracting-related findings for all contracts reasonably expected to exceed \$10 million.

**Employees Retirement System  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Informational Listing of Appropriated Funds.** Revise rider to reflect LBB recommendations for each benefit type.
12. **Tobacco User Monthly Premium Fee.** Revise rider to update tobacco user fee estimated revenues for the 2018-19 biennium.

**New Riders**

13. **Notification of Contracts Greater than \$10 Million.** Recommendations add a new rider requiring ERS to provide notices to the LBB certifying that its contract planning, procurement, formation, and oversight for contracts over \$10 million comply with statutory and contracting guidelines. Required notices must also include documentation of planning and evaluation tools and a certification that ERS has implemented major contracting-related recommendations from the State Auditor's Office and Sunset Advisory Commission.

**Deleted Riders**

13. **HealthSelect of Texas Contract.** Remove rider requiring the agency to comply with recommendations made by the SAO and provide documentation that contract planning, procurement, formation, and oversight comply with statutory and contracting guidelines for the HealthSelect third party administrator contract. Rider is no longer necessary as the HealthSelect contract is scheduled to be awarded December 2016 and similar provisions are included in new Rider 13.
14. **Diabetes Type 2 Prevention Program for ERS Participants.** Removed rider directing ERS to assess the prevalence of pre-diabetes among the state employee population and evaluate the economic impact of providing an evidence-based prevention program. If supported by economic analysis and prevalence data, the rider directed the agency to implement a diabetes Type 2 prevention program for state employees. Rider is no longer necessary as the agency submitted the report required by the rider to the Legislature and Governor on August 31, 2016 and began offering Real Appeal, a virtual intensive lifestyle intervention program, to eligible HealthSelect participants on April 1, 2016.

**Employees Retirement System**  
**Items Not Included in Recommendations - House**

**Section 5**

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items - In Agency Priority Order**

1)	ERS Retirement Plan Actuarially Sound. Funding request would increase the state's contribution to 10.17 percent. This rate, when combined with agency contributions of 0.5 percent and member contributions of 9.5 percent, would allow the plan to achieve the Actuarially Sound Contribution (ASC) rate of 20.17 percent of payroll. The Constitution limits the state's contribution to ten percent of compensation.	\$66,404,022	\$91,979,136	0.0	No	No	\$91,979,136
2)	LECOS Plan Actuarially Sound. Funding request would increase the state's contribution to 1.94 percent from the current 0.5 percent. These contribution rates together would equal the ASC rate of 2.44 percent when combined with court fee contributions of \$19.2 million.	\$51,451,206	\$51,621,558	0.0	No	No	\$51,621,558
3)	JRS II Plan Actuarially Sound. Funding request would increase the state's contribution to 16.33 percent from the current 15.663 percent. This increased state contribution rate, along with the effective 7.44 percent member contribution, would equal the ASC rate of 23.77 percent.	\$653,684	\$1,055,510	0.0	No	No	\$1,055,510
4)	Group Benefit Program 60 Day Reserve Fund. Funding request would provide for the contingency reserve fund to maintain a balance that could pay 60 days of claims. This request is statutorily required by Chapter 1551, Section 211 of the Insurance Code. Amounts requested incorporate recommendations that fund cost growth in the 2018-19 biennium.	\$65,883,136	\$92,008,986	0.0	No	No	\$125,170,326

<b>TOTAL Items Not Included in Recommendations</b>	<b>\$184,392,048</b>	<b>\$236,665,190</b>	<b>0.0</b>	<b>\$269,826,530</b>		
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**Employees Retirement System  
Appendices - House**

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<b>B</b>	Summary of Federal Funds	*
<b>C</b>	FTE Highlights	14
<b>D</b>	Performance Measure Highlights	*
<b>E</b>	Summary of Ten Percent Biennial Base Reduction Options	*

\* Appendix is not included - no significant information to report

**Employees Retirement System**  
**Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
RETIREMENT CONTRIBUTIONS A.1.1	\$1,278,056,736	\$1,305,060,134	\$27,003,398	2.1%	Recommendations reflect an increase of \$27.0 million in All Funds over the 2016-17 biennium based upon the following assumptions: - Continued state contribution rate of 9.5 percent of salary for ERS Retirement; - 0.5 percent payroll growth in fiscal year 2017 in order to biennialize the fiscal year 2016 statewide salary increase; - Payroll remaining flat in fiscal years 2018 and 2019; and - FTE growth at the Department of Public Safety and FTE growth and transfers among health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.
LECOS A.1.2	\$17,557,211	\$17,924,152	\$366,941	2.1%	Recommendations reflect an increase of \$0.4 million over the 2016-17 biennium to biennialize the contribution expenditures to LECOS in fiscal year 2017.
JRS-II A.1.3	\$24,786,272	\$24,786,272	\$0	0.0%	Recommendations reflect no change from the 2016-17 biennium. The number of active members and their salaries are assumed to remain the same.
JRS-I A.1.4	\$50,522,831	\$49,753,448	(\$769,383)	(1.5%)	Recommendations reflect a decrease of \$0.8 million over the 2016-17 biennium. This is a pay-as-you-go retirement plan with ten active members. Expenditures are decreasing due to attrition.
PUBLIC SAFETY BENEFITS A.1.5	\$28,876,292	\$22,572,616	(\$6,303,676)	(21.8%)	Recommendations reflect a decrease of \$6.3 million over the 2016-17 biennium. This benefit provides financial assistance to survivors of certain law enforcement officers killed in the line of duty. Decrease maintains the fiscal year 2017 funding level in fiscal years 2018-19 due to high number of lump-sum claims in fiscal year 2016.

Employees Retirement System  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
RETIREE DEATH BENEFITS A.1.6	\$20,159,738	\$20,159,738	\$0	0.0%	Recommendations reflect no change from the 2016-17 biennium. Expenditures on retiree death benefit claims increased in fiscal year 2016 and this level of expenditures and claims is expected to continue into fiscal years 2017, 2018, and 2019.
<b>Total, Goal A, EMPLOYEES RETIREMENT SYSTEM</b>	<b>\$1,419,959,080</b>	<b>\$1,440,256,360</b>	<b>\$20,297,280</b>	<b>1.4%</b>	
GROUP INSURANCE B.1.1	\$3,631,337,619	\$4,206,051,878	\$574,714,259	15.8%	Recommendations reflect an increase of \$574.7 million from the 2016-17 biennium to account for health care cost growth and are based on the following assumptions: - Per member state contribution increases of 4.57 percent in fiscal year 2018 and 4.56 percent in fiscal year 2019; - 4.7 percent member growth among retirees in each year of the 2018-19 biennium; - The number of active members remaining flat in fiscal years 2018 and 2019; and - FTE growth at the Department of Public Safety and FTE growth and transfers among health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.  These growth trends, combined with offsetting positive experience, are anticipated to leave \$660.6 million in the Contingency Reserve Fund at the end of fiscal year 2019.
<b>Total, Goal B, EMPLOYEES RETIREMENT SYSTEM</b>	<b>\$3,631,337,619</b>	<b>\$4,206,051,878</b>	<b>\$574,714,259</b>	<b>15.8%</b>	
<b>Grand Total, All Strategies</b>	<b>\$5,051,296,699</b>	<b>\$5,646,308,238</b>	<b>\$595,011,539</b>	<b>11.8%</b>	

**Employees Retirement System  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2015</b>	<b>Estimated 2016</b>	<b>Budgeted 2017</b>	<b>Recommended 2018</b>	<b>Recommended 2019</b>
Cap	332.0	360.5	365.0	395.0	395.0
Actual/Budgeted	347.4	360.5	365.0	NA	NA

On August 16, 2016, the ERS Board of Trustees adopted an operating budget with 395.0 FTEs beginning in fiscal year 2017 and the Board also adopted the LAR which included an FTE cap request of 373.0 in fiscal years 2018-19. The agency expects the latter amount will reflect their actual FTE levels when considering turnover and vacancies, particularly in the Customer Service Division. ERS indicates that FTE levels at the agency have been increasing due to expanding the agency's Investments Division and requirements to count temporary contracted workers after six months of service.

Recommendations increase FTE cap for the 2018-19 biennium to that of the current internal operating budget for transparency. Recommendations also adjust fiscal year 2016 and 2017 caps to the actual levels experienced and anticipated by the agency in the current biennium.

Because ERS employees are paid with funds outside the Treasury and not appropriations made by the GAA, ERS is not subject to Article IX, Sec. 6.10, Limitation on State Employment Levels.

<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director	\$312,000	\$357,120	\$357,120	\$357,120	\$357,120
Director of Investments	\$375,272	\$384,654	\$416,401	\$416,401	\$416,401

Recommendations increase the salary authority for the Director of Investments position to the requested amount of \$416,401, which is the actual salary effective September 1, 2016.

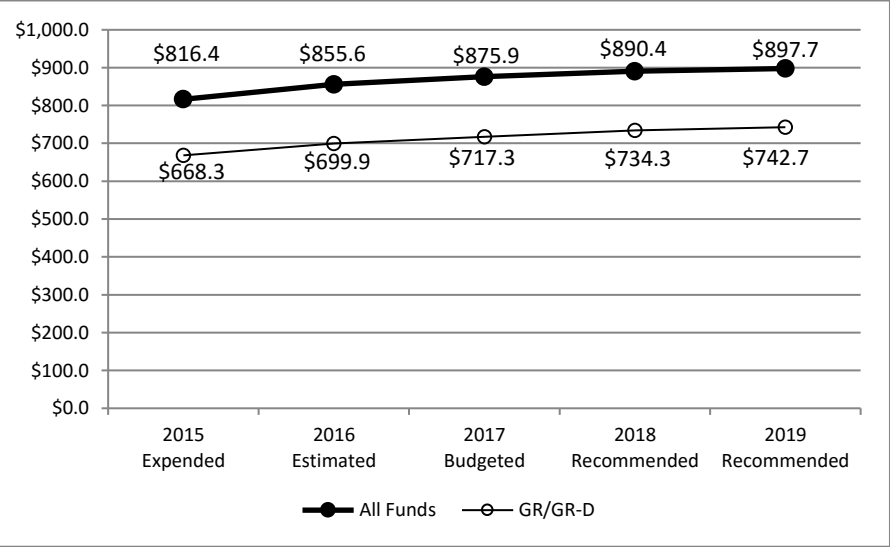
Pursuant to Government Code, Sec. 815.208, the exempt positions' salaries are not subject to the limits in the GAA.

Social Security and Benefit Replacement Pay  
Summary of Recommendations - House

Page I-29  
The Honorable Glenn Hegar, Comptroller of Public Accounts  
Katy Fallon, LBB Analyst

Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,241,095,699	\$1,298,012,193	\$56,916,494	4.6%
GR Dedicated Funds	\$176,139,381	\$178,982,774	\$2,843,393	1.6%
Total GR-Related Funds	\$1,417,235,080	\$1,476,994,967	\$59,759,887	4.2%
Federal Funds	\$175,784,598	\$172,601,090	(\$3,183,508)	(1.8%)
Other	\$138,462,184	\$138,517,077	\$54,893	0.0%
All Funds	\$1,731,481,862	\$1,788,113,134	\$56,631,272	3.3%

Historical Funding Levels (Millions)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

**Social Security and Benefit Replacement Pay**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>Funding Changes and Recommendations</i>							
A)	Net increase in funding for Social Security and Medicare employer contributions due primarily to an increase in payroll. Federal Funds decreased due to method of finance adjustments.	\$60.3	\$3.6	(\$1.9)	\$1.2	\$63.3	A.1.1
B)	Decreases to Benefit Replacement Pay due to a decrease in the number of employees who were hired before September 1, 1995.	(\$3.4)	(\$0.8)	(\$1.3)	(\$1.2)	(\$6.6)	A.1.2
<b>TOTAL Funding Changes and Recommendations (in millions)</b>		<b>\$56.9</b>	<b>\$2.8</b>	<b>(\$3.2)</b>	<b>\$0.1</b>	<b>\$56.6</b>	As Listed
<i>Funding Increases</i>		\$60.3	\$3.6	(\$1.9)	\$1.2	\$63.3	As Listed
<i>Funding Decreases</i>		(\$3.4)	(\$0.8)	(\$1.3)	(\$1.2)	(\$6.6)	As Listed

NOTE: Totals may not sum due to rounding.

**Social Security and Benefit Replacement Pay  
Selected Fiscal and Policy Issues - House**

1. **Social Security and Medicare.** The state pays the employer contribution of federal Social Security and Medicare payroll taxes for state agency and higher education employees. Recommendations include a net increase of \$63.3 million in All Funds (\$60.3 million in General Revenue) from the 2016-17 biennium based on the following assumptions:
  - Continued employer contribution rates of 6.2 percent of salary for Social Security and 1.45 percent of salary for Medicare;
  - 0.5 percent payroll growth for state agency employees in fiscal year 2017 to biennialize the fiscal year 2016 statewide salary increase;
  - No payroll growth for state agency employees in fiscal years 2018 and 2019;
  - 4.0, 2.88, and 3.01 percent payroll growth for higher education employees in fiscal years 2017, 2018, and 2019, respectively; and
  - FTE growth at the Department of Public Safety and FTE growth and transfers among health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.
2. **Benefit Replacement Pay.** The state currently pays certain employees a supplemental benefit to replace the amount that the state previously paid for the employee's social security contribution before September 1, 1995. Recommendations include a decrease of \$6.6 million in All Funds (\$3.4 million in General Revenue) from the 2016-17 biennium because of increasing turnover among these employees. Recommendations assume annual reductions of 14 percent based upon recent expenditure trends and incorporate FTE growth and transfers mentioned above.

**Social Security and Benefit Replacement Pay  
Appendices - House**

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<b>C</b>	FTE Highlights	*
<b>D</b>	Performance Measure Highlights	*
<b>E</b>	Summary of Ten Percent Biennial Base Reduction Options	*

\* Appendix is not included - no significant information to report



**Social Security and Benefit Replacement Pay  
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS**

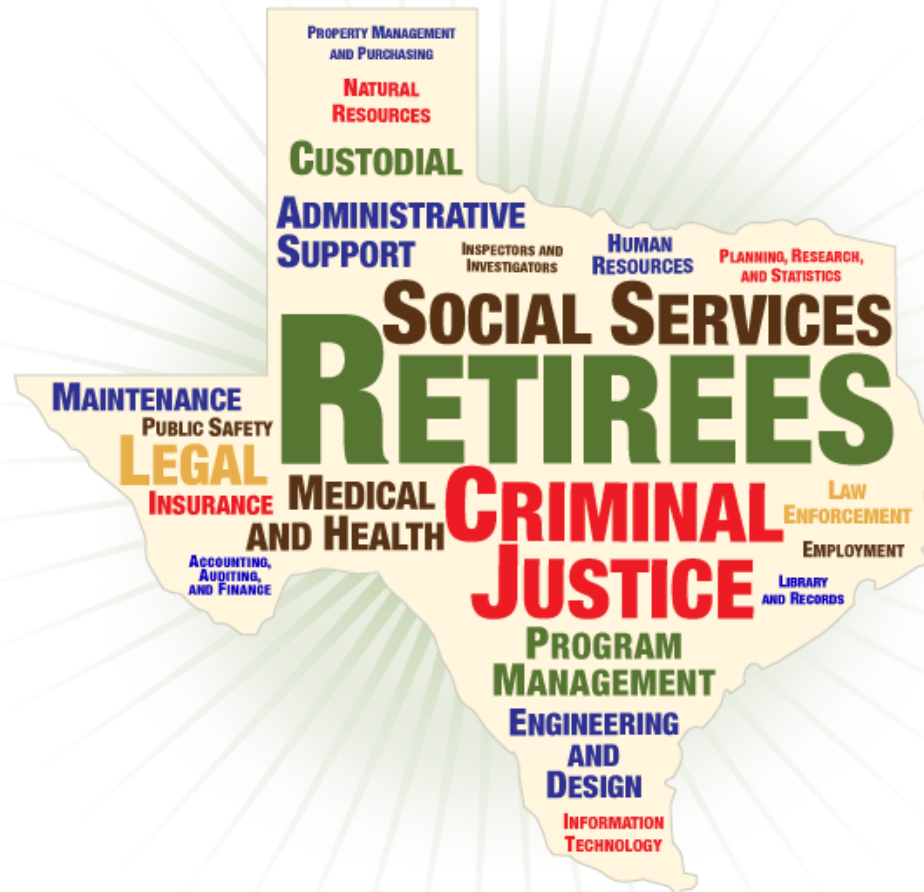
<b>Strategy/Goal</b>	<b>2016-17 Base</b>	<b>2018-19 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
STATE MATCH -- EMPLOYER A.1.1	\$1,696,909,157	\$1,760,186,247	\$63,277,090	3.7%	Recommendations reflect an increase of \$63.3 million in All Funds from the 2016-17 biennium based upon the following assumptions: - Continued employer contribution rates of 6.2 percent of salary for Social Security and 1.45 percent of salary for Medicare; - 0.5 percent payroll growth for state agency employees in fiscal year 2017 to biennialize the fiscal year 2016 statewide salary increase; - No payroll growth for state agency employees in fiscal years 2018 and 2019; - 4.0, 2.88, and 3.01 percent payroll growth for higher education employees in fiscal years 2017, 2018, and 2019, respectively; and - FTE growth at the Department of Public Safety and FTE growth and transfers among health and human services agencies, the Workforce Commission, and the Department of Licensing and Regulation.
BENEFIT REPLACEMENT PAY A.1.2	\$34,572,705	\$27,926,887	(\$6,645,818)	(19.2%)	Recommendations reflect a decrease of \$6.6 million in All Funds from the 2016-17 biennium. Recommendations assume annual reductions of 14 percent based upon recent expenditure trends and incorporate FTE growth and transfers mentioned above.
<b>Total, Goal A, SOCIAL SECURITY/BENEFIT REPLACEMENT</b>	<b>\$1,731,481,862</b>	<b>\$1,788,113,134</b>	<b>\$56,631,272</b>	<b>3.3%</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,731,481,862</b>	<b>\$1,788,113,134</b>	<b>\$56,631,272</b>	<b>3.3%</b>	

# EMPLOYEES RETIREMENT SYSTEM OF TEXAS

## Budget Presentation to the House Committee on Appropriations

Porter Wilson, Executive Director  
February 2017





ERS supports the state workforce by offering competitive benefits to enhance the lives of our members.

# Retirement

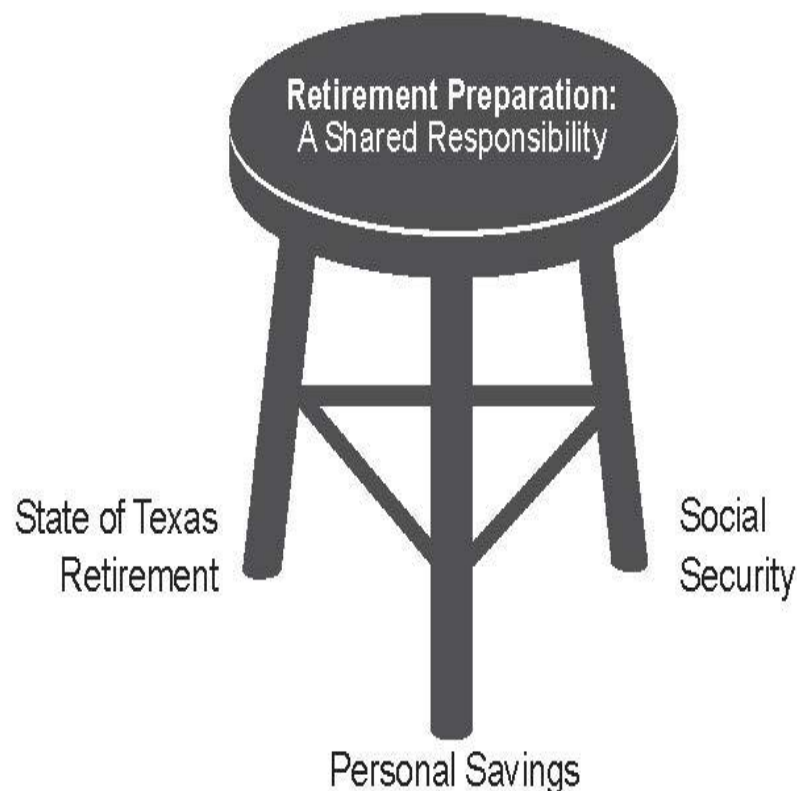
# Employees Have Diversified Retirement

## *Pension, Social Security and Personal Savings*



- Four state defined benefit plans
  - Three pre-funded, open plans
  - One closed, pay-as-go plan (JRS1)
- All state employees participate in both pension and Social Security programs  
Employees contribute:
  - 15.7% (Regular Class)
  - 16.2% (LECO)
- Texa\$aver 401k/457 plans
  - Automatic enrollment with opt-out for 401k
    - 89% of those auto enrolled remain in plan**
  - 44%\* of those eligible contribute overall
    - 59% of those eligible for 401k contribute**

**70% of ERS Plan Retirees receive a monthly benefit of \$2,000 or less**





*\*Includes higher education employees eligible for the 457 plan.*

# ERS Members Serve Texas in Many Ways

## *Fiscal Year 2016 Plan Members*



Member type	ERS	LECOSRF*	JRS 2	JRS 1 (Closed Plan)
	State Employee Elected Official District Attorney	Law Enforcement & Custodial Officer Supplement	Judges, justices & certain court commissioners (after 9/1/85)	Judges, justices & certain court commissioners (prior to 9/1/85)
Contributing Employees	146,390	39,066	548	10
Non-contributing Employees	108,873	15,203	166	2
Retirees/Beneficiaries	103,758	11,515	331	374

Average ERS Plan Retiree	Average ERS Plan Contributing Employee
 <p><b>68.5 years old currently</b></p> <hr/> <p><b>58.3 years old at retirement</b></p> <hr/> <p><b>22.2 years of service</b></p> <hr/> <p><b>Annuity of \$19,668 per year</b></p>	 <p><b>43.3 years old currently</b></p> <hr/> <p><b>34.8 years old when hired</b></p> <hr/> <p><b>8.5 years of service</b></p> <hr/> <p><b>Salary of \$46,495 per year</b></p>

*\*Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF) members are included in ERS membership*

*All numbers as of August 31, 2016*

# Summary of Funding Progress

## *Comparing Actuarial Valuations for 2016 and 2015*



Valuation Metrics	ERS	LECOSRF	JRS 2
<b>As of August 31, 2016 – Current Valuation</b>			
Actuarial Accrued Liability	\$35.3 B	\$1.3 B	\$425.9 M
Actuarial Value of Assets	\$26.6 B	\$933.5 M	\$395.5 M
Unfunded Liability	\$8.7 B	\$378.9 M	\$30.4 M
Funded Ratio	75.2%	71.1%	92.9%
Funding Period	35	Infinite	49
<b>As of August 31, 2015 – Prior Valuation</b>			
Actuarial Accrued Liability	\$33.9 B	\$1.3 B	\$404.0 M
Actuarial Value of Assets	\$25.9 B	\$909.2 M	\$372.6 M
Unfunded Liability	\$8.0 B	\$353.1 M	\$31.4 M
Funded Ratio	76.3%	72.0%	92.2%
Funding Period	33	Infinite	Infinite

When a plan has unfunded liabilities, **funding period** (the number of years to payoff unfunded liabilities) is the most important metric. It shows where a plan is headed. By contrast, funded ratio shows where a plan has been. A plan can have a high funded ratio but still be on a path to deplete, as seen with JRS 2 in 2015.



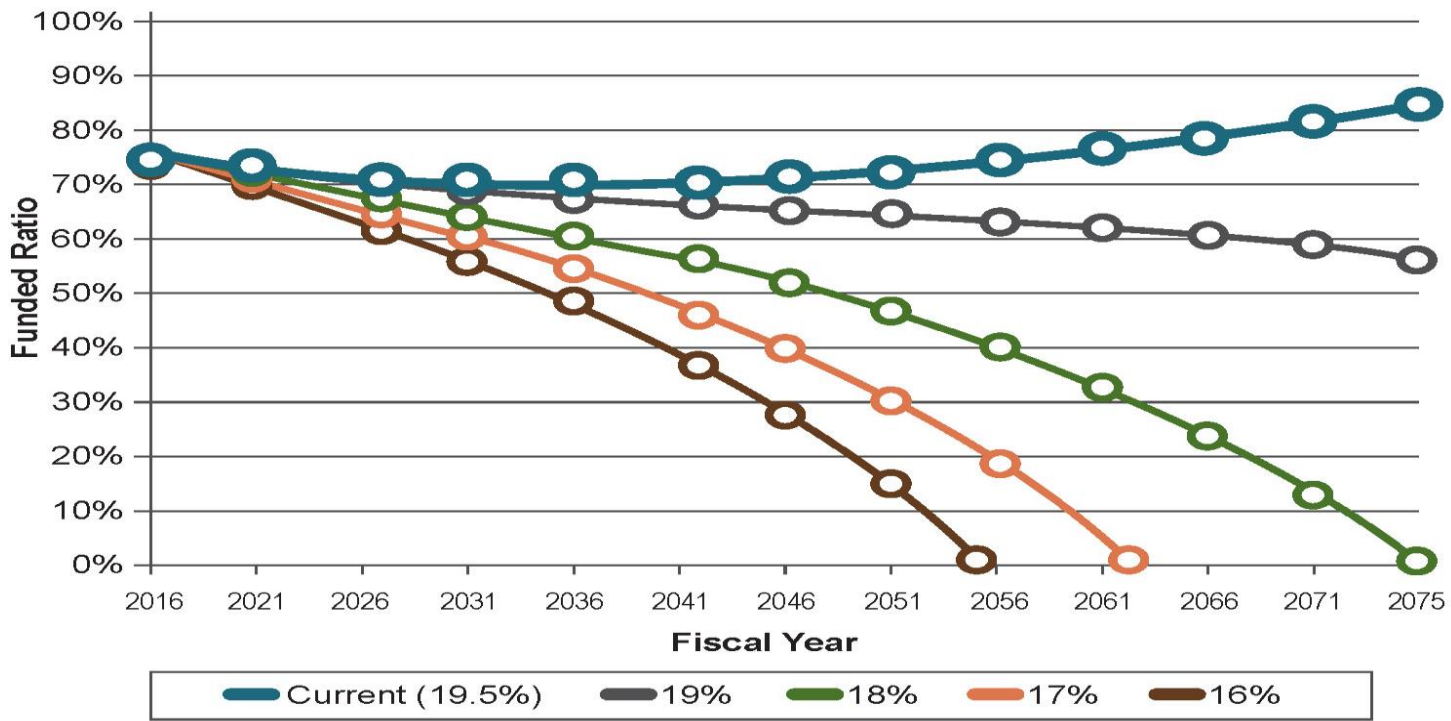
# ERS Retirement Plan on a Sound Path

## *Current Contributions Needed to Maintain Progress*



### ERS Funded Ratio Projection at Various Total Contributions

Based on Market Value of Assets





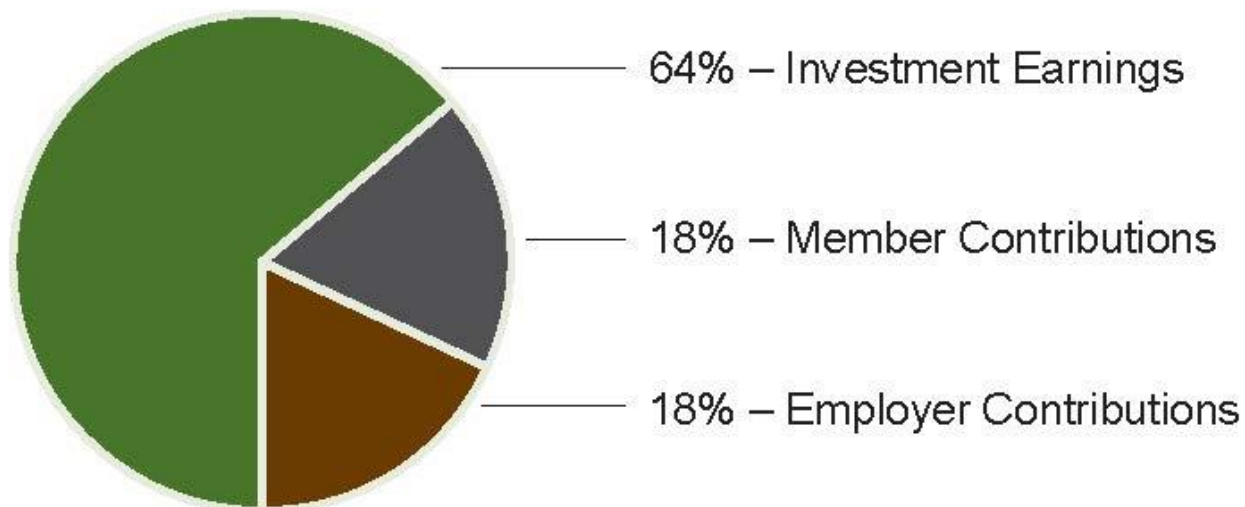
# Investment Returns Pay Majority of Benefits

*ERS Is a Long-term Investor*



## ERS Trust Fund Revenue

Fiscal Years 2003-2016



## Trust Fund Investment Performance (Gross)

30-year	25-year	10-year	5-year	3-year	1-year
8.32%	7.43%	5.83%	7.66%	6.68%	5.32%

# Benefit Reforms Have Lowered Costs

## *Over 50% of Current Employees in Groups 2 and 3*



	Group 1	Group 2	Group 3
	Employees hired before 9/1/2009	Employees hired 9/1/2009 – 8/31/2013	Employees hired on/after 9/1/2013
<b>Minimum retirement age with GBP benefits</b>	65 with 10 years service credit or Rule of 80 (55 with 10 years LECO)	65 with 10 years service credit or Rule of 80 (55 with 10 years LECO)	65 with 10 years service credit or Rule of 80 (55 with 10 years LECO)
<b>Annuity reduction when retiring before certain age</b>	No reduction	5% per year, 25% cap Age 60 – Regular Class Age 55 – LECO*	5% per year, no cap Age 62 – Regular Class Age 57 – LECO*
<b>Final average salary based on:</b>	36 months	48 months	60 months
<b>Multiplier</b>	2.3% - Regular Class 2.8% - LECO*	2.3% - Regular Class 2.8% - LECO*	2.3% - Regular Class 2.8% - LECO*
<b>Unused leave can count toward eligibility?</b>	Yes	No	No
<b>Unused leave can help increase annuity?</b>	Yes	Yes	Yes - if not taken as a lump sum

\* The lower retirement age and higher multiplier for a Law Enforcement and Custodial Officer (LECO) employee applies when an employee has at least 20 years of LECO service.

# HB 1 Maintains Progress for ERS Plan

*Exceptional Items Would Meet Actuarial Sound Rate\**



Exceptional Item Requests not Included in HB1			
Plan	GR/GRD	All Funds	Purpose
ERS	\$66.4 M	\$92.0 M	Meet ASC* rate of 20.17%; Requires additional 0.67% per year
LECOSRF	\$51.5 M	\$51.6 M	Meet ASC* rate of 2.44% Requires additional 1.44% per year
JRS 2	\$0.7 M	\$1.1 M	Meet ASC* rate of 23.77% Requires additional 0.67% per year

*\*ASC = Actuarially Sound Contribution (pay-off unfunded liabilities within 31 years)*

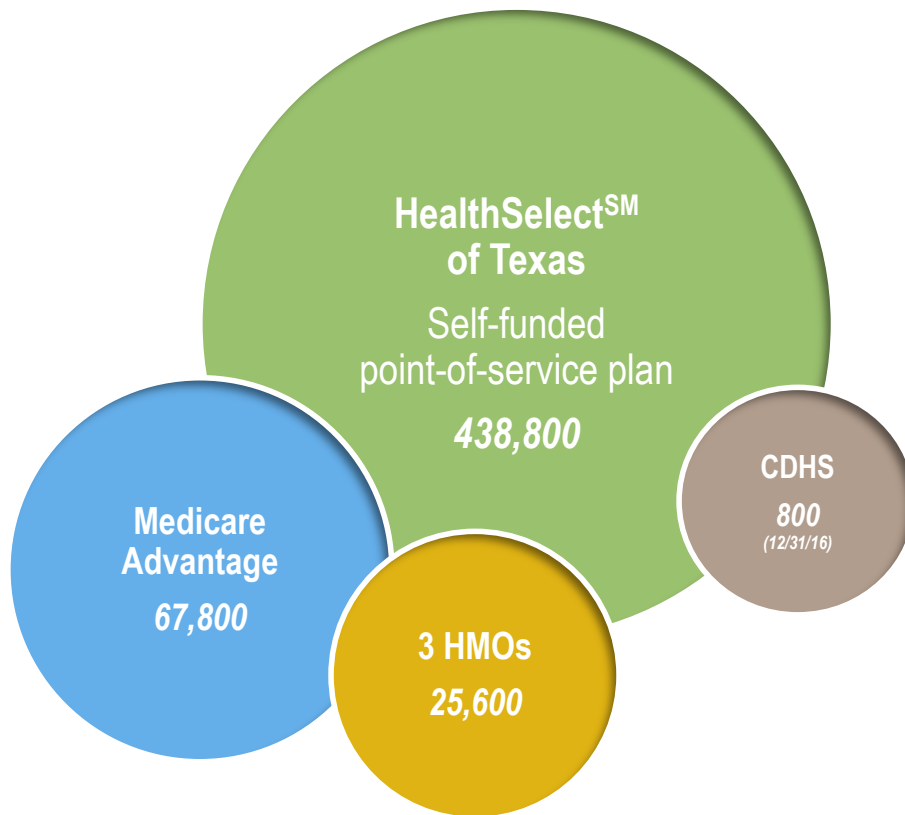
*\*\*LECOSRF will require additional state or member contributions to avoid fund depletion in the future. While JRS 2 had a finite funding period in 2016 due to favorable demographic experience, it is anticipated that it too will require additional contributions.*

# Insurance

# GBP Covers More than 500,000 Texans



**95% of employees and 50% of retirees  
are enrolled in HealthSelect**



## Who can enroll in the GBP?

### **Employees and Eligible Dependents**

- ❖ State agencies
- ❖ Public institutions of higher education (except the University of Texas and Texas A&M Systems)
- ❖ Public community and junior colleges
- ❖ Other non-state entities

### **Retirees and Eligible Dependents**

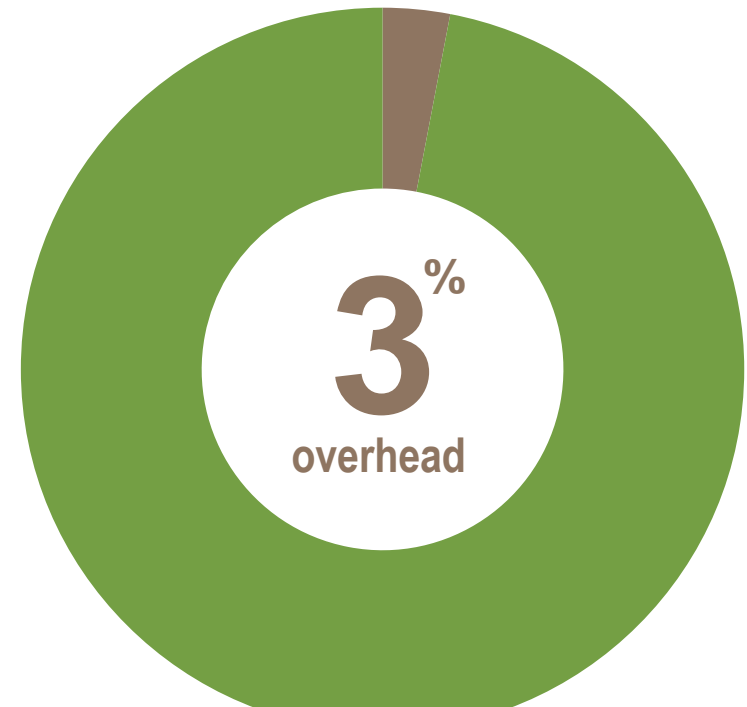
- ❖ Retirees when they meet the Rule of 80, or age 65 with 10 years of eligible GBP service.

# HealthSelect Is a Cost-efficient, Self-funded Plan



## Benefits of Self-funding:

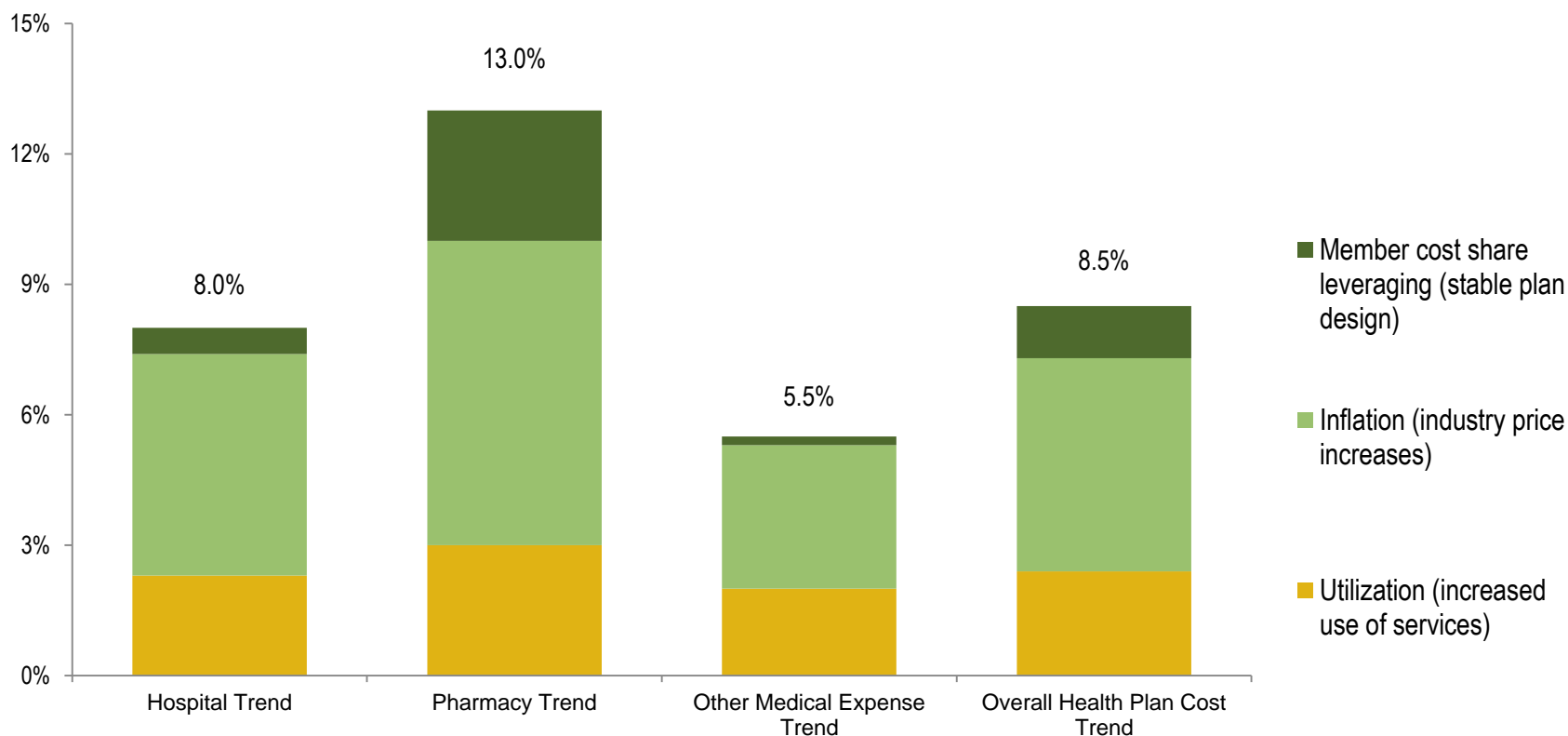
- ✓ Contributions are held in trust and invested until they are needed to pay claims
- ✓ Eliminates insurance company profit margins
- ✓ Not subject to state premium taxes (2-3% of the premium)
- ✓ Not subject to the ACA Health Insurance Provider fee
- ✓ Provides greater employer cost control and flexibility in plan design



**97 cents of every dollar goes toward health care claims**

# Price Inflation Is Driving Costs

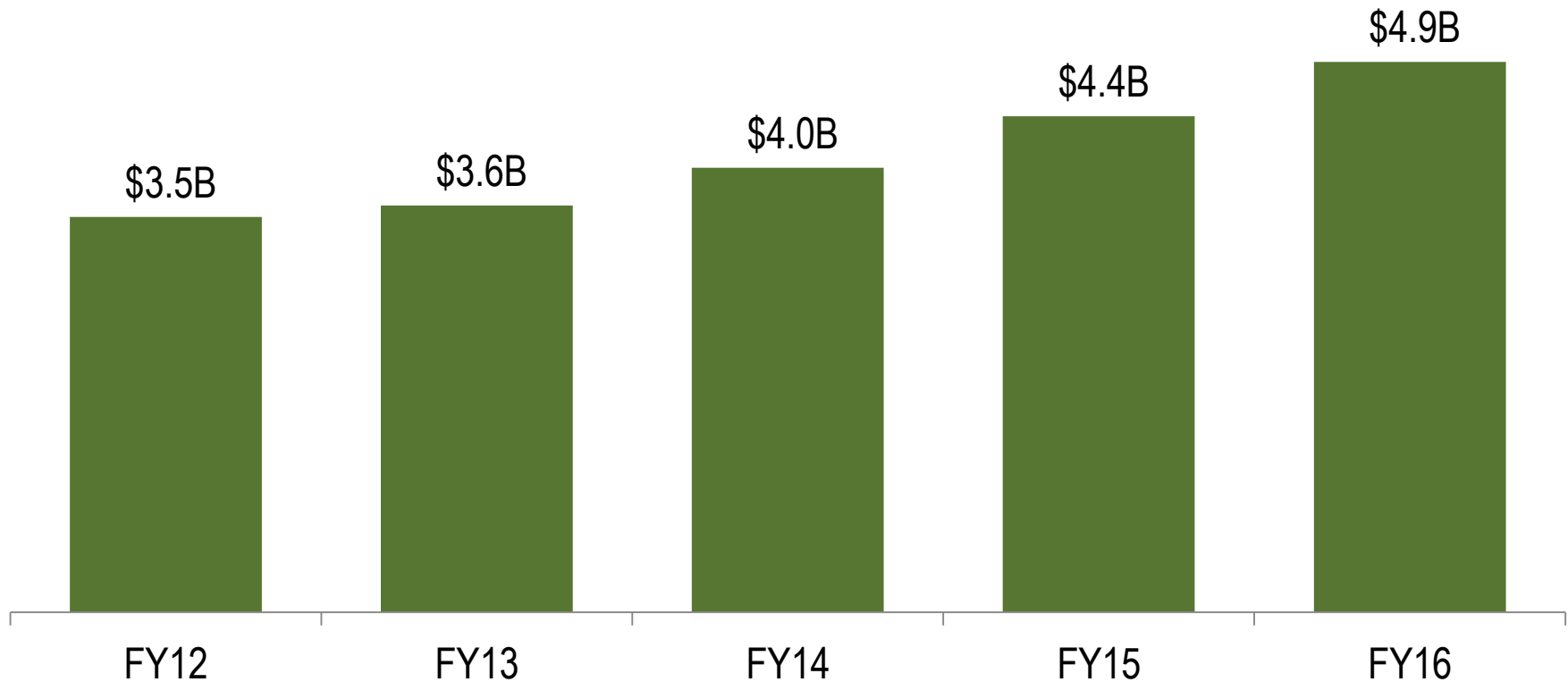
**The projected HealthSelect benefit cost trend is 8.5%  
Fiscal Years 2017-2019**



# Cost Management: HealthSelect Contract Discounts Saved the State \$5 Billion in FY16



**The State has saved \$20 billion over 5 years through  
negotiated provider discounts**





# HB 1 Maintains Employee Health Benefits

## *Additional Funds Needed for Full Contingency Funding*



**Texas Insurance Code 1551.211 requires ERS to request contingency fund appropriations to cover 60 days of claims, in case of “adverse fluctuations in claims or administrative expenses.”**

Reduced Exceptional Item Request not Included in HB1			
	GR/GRD	All Funds	Purpose
60-Day Contingency Reserve	\$65.9 M	\$92.0 M	Bring contingency fund to balance required by statute.



# THANK YOU



# Pension Review Board Summary of Recommendations - House

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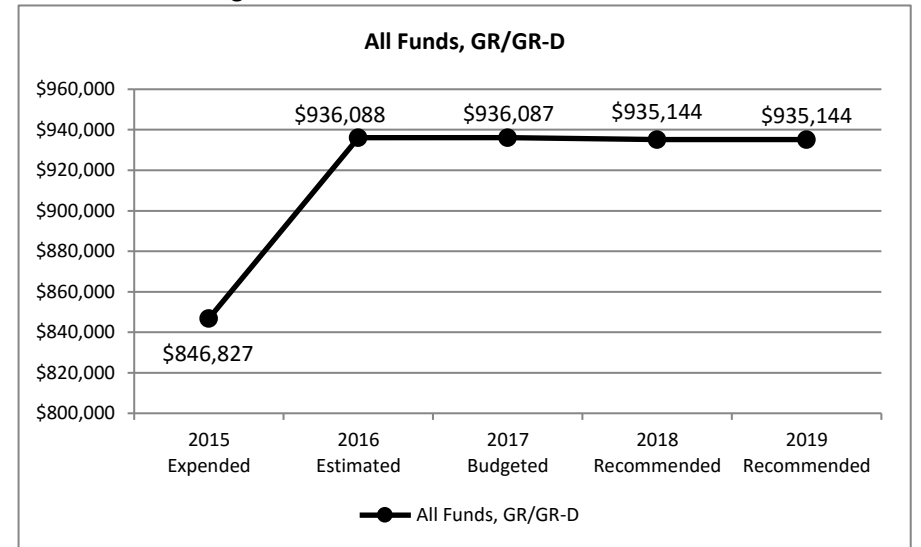
Anumeha, Executive Director

Katy Fallon, LBB Analyst

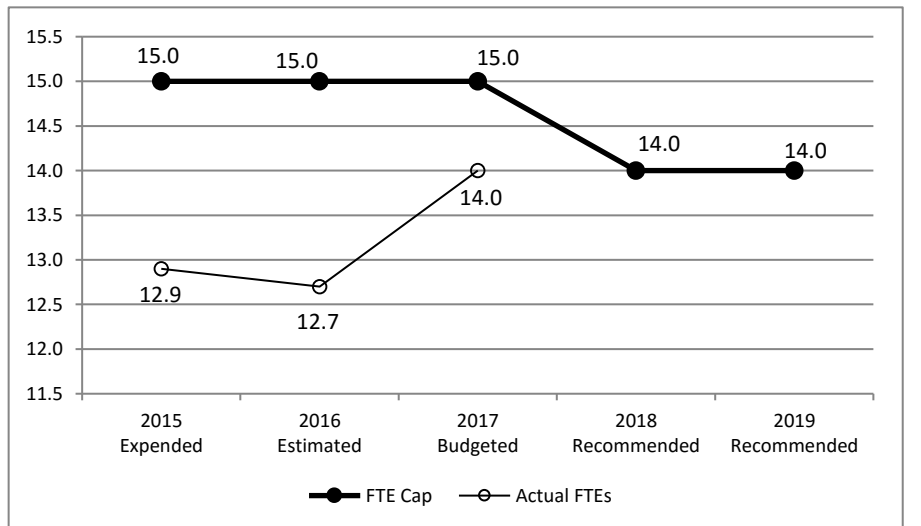
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,872,175	\$1,870,288	(\$1,887)	(0.1%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,872,175</i>	<i>\$1,870,288</i>	<i>(\$1,887)</i>	<i>(0.1%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$1,872,175</b>	<b>\$1,870,288</b>	<b>(\$1,887)</b>	<b>(0.1%)</b>

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	14.0	14.0	0.0	0.0%

## Historical Funding Levels



## Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

**Pension Review Board**  
**Summary of Funding Changes and Recommendations - House**

**Section 2**

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):							
A)	Eliminate salary amounts unexpended in the 2016-17 biennium, included in agency's four percent base reduction.	(\$74,887)	\$0	\$0	\$0	(\$74,887)	A.1.1, A.2.1
B)	Increase funding to retain certain staff, partially in response to audit.	\$73,000	\$0	\$0	\$0	\$73,000	A.1.1, A.2.1
<b>TOTAL Funding Changes and Recommendations</b>		<b>(\$1,887)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,887)</b>	As Listed
Funding Increases		\$73,000	\$0	\$0	\$0	\$73,000	As Listed
Funding Decreases		(\$74,887)	\$0	\$0	\$0	(\$74,887)	As Listed

NOTE: Totals may not sum due to rounding.

**Pension Review Board  
Selected Fiscal and Policy Issues - House**

1. **State Auditor's Office Report.** *An Audit Report on Financial Processes at the Pension Review Board* (Report No. 16-038, August 2016) found that the agency had significant weaknesses in succession planning, cross-training, and policies and procedures that put its financial operations at risk. In particular, the agency was unprepared to process expenditures when its accountant left in May 2015.

Specific findings include:

- Noncompliance with statutory requirements regarding contracting with a former employee,
- Unallowable advance payments of \$16,400 to the contracted former accountant,
- Lack of segregation of duties when processing expenditures,
- Unallowable travel expenditures of \$710, and
- Former employees still authorized to use and sign procurement cards.

The audit did find that the agency processed payroll and pay actions appropriately and auditors did not identify errors in the payroll expenditures tested.

As noted in the report, the agency created a Deputy Director position in October 2015 and has trained and assigned staff and responsibilities to perform backups for key roles.

**Pension Review Board**  
**Items Not Included in Recommendations - House**

**Section 5**

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included - In Agency Priority Order**

1)	List of scrutinized companies doing business in Iran. Funding request would allow the agency to hire an external vendor to compile the Iran List. Currently the agency provides the list by relying on publicly available information compiled by other entities.	\$40,000	\$40,000	0.0	No	No	\$40,000
2)	Development of online dashboard for public pension data. Funding would provide for the agency to contract with a vendor to develop an external interface to connect the public to the internal database, allowing the public to research pension data. Currently staff must respond to requests individually by reports from the database.	\$90,000	\$90,000	0.0	Yes	Yes	\$0

<b>TOTAL Items Not Included in Recommendations</b>	<b>\$130,000</b>	<b>\$130,000</b>	<b>\$0</b>			<b>\$40,000</b>
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**Pension Review Board  
Appendices - House**

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\* Appendix is not included - no significant information to report

Pension Review Board  
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
RETIREMENT SYSTEM REVIEWS A.1.1	\$778,844	\$762,990	(\$15,854)	(2.0%)	Recommendations include reduction of \$46,854 for unfilled FTE position identified in four percent base funding reduction, and an offsetting increase of \$31,000 for salary parity.
TECHNICAL ASSISTANCE AND EDUCATION A.2.1	\$1,093,331	\$1,107,298	\$13,967	1.3%	Recommendations include increase of \$42,000 for salary parity, offset by a decrease of \$28,033 identified in four percent base funding reduction for unpaid salary amounts.
<b>Total, Goal A, SOUND RETIREMENT SYSTEMS</b>	<b>\$1,872,175</b>	<b>\$1,870,288</b>	<b>(\$1,887)</b>	<b>(0.1%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,872,175</b>	<b>\$1,870,288</b>	<b>(\$1,887)</b>	<b>(0.1%)</b>	



Pension Review Board  
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	15.0	15.0	15.0	14.0	14.0
Actual/Budgeted	12.9	12.7	14.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 2	\$110,000	\$112,750	\$112,750	\$112,750	\$112,750

Notes:

a) Fiscal years 2015 and 2016 actual FTE figures are less than FTE cap limits primarily due to staff turnover and vacancies. Cap was reduced in fiscal years 2018 and 2019 to align with four percent base reduction and historical vacancy in fifteenth position.

b) The State Auditor's Office *Report on Executive Compensation at State Agencies* (Report No. 16-706, August 2016), indicates a market average salary of \$124,131 for the Executive Director position and recommends changing the classification for the position from Group 2 to 3. The agency is not requesting any changes to its exempt position.

**Pension Review Board**  
**Summary of Ten Percent Biennial Base Reduction Options Recommendations - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Elimination of One Staff Position	The first five percent reduction would eliminate one staff position. Currently 92 percent of the budget is dedicated to salary. Agency indicates that the loss of staff would exacerbate the attrition rate as well as reduce the agency's ability to conduct timely analysis of the state's public retirement systems and lessen the educational services provided by the agency.	\$89,865	\$89,865	1.0	\$0	5.0%	No
2)	Elimination of a Second Staff Position	The second five percent reduction would eliminate another staff position. Agency indicates that the impact would delay the implementation of services and jeopardize the ability of the agency to fulfill its mission.	\$89,864	\$89,864	1.0	\$0	5.0%	No
<b>TOTAL, 10% Reduction Options</b>			<b>\$179,729</b>	<b>\$179,729</b>	<b>2.0</b>	<b>\$0</b>		

# Texas Pension Review Board

House Appropriations Committee

February 2017



PENSION REVIEW BOARD

# Agency Overview

- The PRB oversees all Texas **public retirement systems**, both state and local, in regard to their actuarial soundness and compliance with state law.
- Its service population consists of the members, administrators and trustees of **334** individual public retirement systems, state and local government officials, and the general public.
- Of the 334 systems, 93 are actuarially funded defined benefit plans, for which total net assets are approximately **\$241 billion**, and total membership is over **2.6 million** members.

# Board Composition

Composed of **seven** governor-appointed members, including:

- three members with a background in securities investment, pension administration, or pension law;
- one member who is an actuary;
- one member who is an expert in governmental finance;
- one active member of a public retirement system; and
- one retired member of a public retirement system.

# Primary Duties

- Conduct a **continuing review** of all Texas public retirement systems.
- Conduct **intensive studies** of potential or existing problems that threaten the actuarial soundness of public retirement systems.
- Prepare **actuarial impact statements** for pending legislation.
- Provide **information** and **technical assistance**.
- Recommend **policies, practices, and legislation** to public retirement systems and governmental entities.
- Develop and administer an **educational training program** for trustees and administrators of retirement systems.

# Major Agency Activities (2015 and 2016)

- Monitored the implementation of H.B. 3310 by Rep. Paul (84<sup>th</sup>) requiring certain systems to adopt a **Funding Soundness Restoration Plan**.
- Updated the PRB's **funding guidelines** and actuarial review policy to better monitor financial health of retirement systems.
- Developed the **Minimum Educational Training (MET) Program** and 7 online courses for system trustees and administrators and public.
- Published two **Lists of Scrutinized Companies Doing Business in Iran**.
- Produced **technical assistance** for the Legislature, public retirement systems, state agencies, and the public at a higher rate than in the past.
- The PRB publishes the **Guide to Public Retirement Systems in Texas** for members of the legislature at the beginning of each legislative session.



# Budget Overview

- The agency's biennial appropriation for **2016-2017** totaled **\$1,872,175**, funded by General Revenue. Of the agency's appropriations, nearly **92% is dedicated to salaries**.
- The agency is authorized for 15 total full time equivalents (FTEs), but funding is available for only **14**. Currently, the PRB has **13** employees including the executive director.



# Budget Overview

- To comply with the **4 percent reduction (\$74,887)** of the agency's baseline for the 2018-19 biennium, the PRB will not fill the 14th or 15th FTE positions and would not be able to provide any merit-based salary increases to retain current staff.
- In **fiscal year 2015**, the PRB's **turnover rate** was **35.7 percent**, and in **fiscal year 2016** was **38.5 percent**.

# HB1 & LAR

<b>Summary of HB 1</b>	<b>2018</b>	<b>2019</b>
General Revenue	\$935,144	\$935,144
<b>Total Method of Financing</b>	<b>\$935,144</b>	<b>\$935,144</b>
<b>Number of Full-Time-Equivalents (FTE)</b>	<b>14.0</b>	<b>14.0</b>

<b>Summary of LAR Exceptional Items Request</b>	<b>2018</b>	<b>2019</b>
List of Scrutinized Companies Doing Business in Iran	\$20,000	\$20,000
Development of an Online Database	\$90,000	\$0
<b>Total, Exceptional Items</b>	<b>\$110,000</b>	<b>\$20,000</b>
<b>Grand Total, including Exceptional Items</b>	<b>\$1,045,144</b>	<b>\$955,144</b>

# Exceptional Items Request

## 1. Iran List

- This exceptional item request is **\$20,000** per fiscal year to develop and maintain the *List of Scrutinized Companies Doing Business in Iran* (Iran List) as mandated by Chapter 807 of the Texas Government Code.
- The agency makes this request only in the case that the responsibility of creating the Iran List is not transferred to the Comptroller's Office (as in SB 253 by Sen. Van Taylor).

# Exceptional Items Request

## **2. Development of Online Dashboard for Pension Data**

- This exceptional item request is **\$90,000** for fiscal year 2018 and the authority to carry the unexpended balance into fiscal year 2019.
- This request would fund the development of an online dashboard tool to provide lawmakers, taxpayers, pension systems, and other stakeholders with a searchable, downloadable database of public pension information.
- The PRB would use the Department of Information Resources' (DIR's) IT commodity purchasing program to contract with a database developer for this service.

# Texas Pension Review Board

## Public Pensions Update

February 6, 2017

# Landscape of Texas Public Pensions

- **334 Public Retirement Systems in Texas:** **93** actuarially funded DB plans (including **2** hybrid plans); **160 defined contribution** and **81 pay-as-you-go** volunteer firefighter plans.
- **The two hybrid/cash-balance plans** are **Texas Municipal Retirement System (TMRS)** and **Texas County and District Retirement System (TCDRS)**. Currently, **866** municipalities are participating in **TMRS**, and **701** counties and districts are participating in **TCDRS**.
- **DC plans** are primarily offered as supplemental plans by school districts, housing authorities, municipal districts, COGs, and MHMR facilities. Plan types include 401(a), 401(k), 403(b), and 457(b) plans.



# Key Actuarial Measures

- **Two measures** frequently used to assess a system's **financial health**: funded ratio, or the ratio of assets to liabilities, and amortization period.
- **Funded Ratio**: It is the proportion of a system's accrued liabilities that are covered by the assets. It is the ratio of the assets to the liabilities.
- **Amortization Period**: The amortization period or funding period is the expected period of time for a system to pay off its UAAL.

# Funding Soundness Restoration Plan

- Enacted as part of **H.B. 3310** by Paul/Taylor (84<sup>th</sup>).
- If a retirement system receives several consecutive valuations showing that the **system's amortization period exceeds 40 years**, the system's governing body and sponsoring entity must formulate a FSRP and submit the plan to the PRB.
- The FSRP must be sufficient to reduce the amortization period to 40 within **10 years**.
- Plans must report **updates** at least **every two years**.
- Systems and their sponsors immediately subject to the requirement were required to formulate the first plan by November 1, 2016. Future FSRPs must be formulated within 6 months following the trigger of the requirement.





# PRB Guidelines for Actuarial Soundness

(Updated September 2011)

1. The funding of a pension plan should reflect all plan obligations and assets.
2. The allocation of the normal cost portion of the contributions should be level or declining as a percent of payroll over all generations of taxpayers, and should be calculated under applicable actuarial standards.
3. Funding of the unfunded actuarial accrued liability should be level or declining as a percent of payroll over the amortization period.
4. Funding should be adequate to amortize the unfunded actuarial accrued liability over a period **not to exceed 40 years**, with **15 - 25 years** being a more preferable target. Benefit increases should not be adopted if all plan changes being considered cause a material increase in the amortization period and if the resulting amortization period exceeds 25 years.
5. The choice of assumptions should be reasonable, and should comply with applicable actuarial standards.





# **FINANCIAL AND ACTUARIAL SNAPSHOT OF TEXAS PLANS**

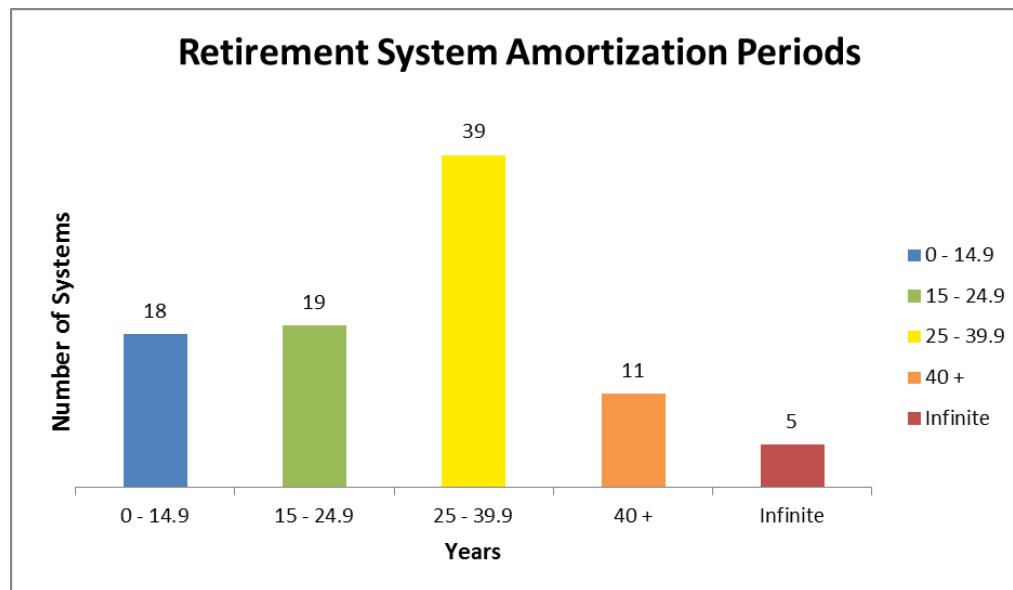
# Financial & Actuarial Snapshot

- Since the market low in 2009, the total net assets of the DB systems **increased** from **\$164 billion** to approximately **\$241 billion** as of January 2017.
- DB plans, **on the aggregate**, are funded at **79%** using an **actuarial value** of assets and **78%** using a **market value** of assets.
- Of 92 plans, **16** have **amortization periods** of greater than 40 years and **37** have amortization periods less than 25 years.
- **Trends: Funded ratios** have slowly been decreasing as liability growth exceeds asset growth. However, **amortization periods** have generally been decreasing as systems implement changes to lower future accruals and/or increase employee and employer contributions.



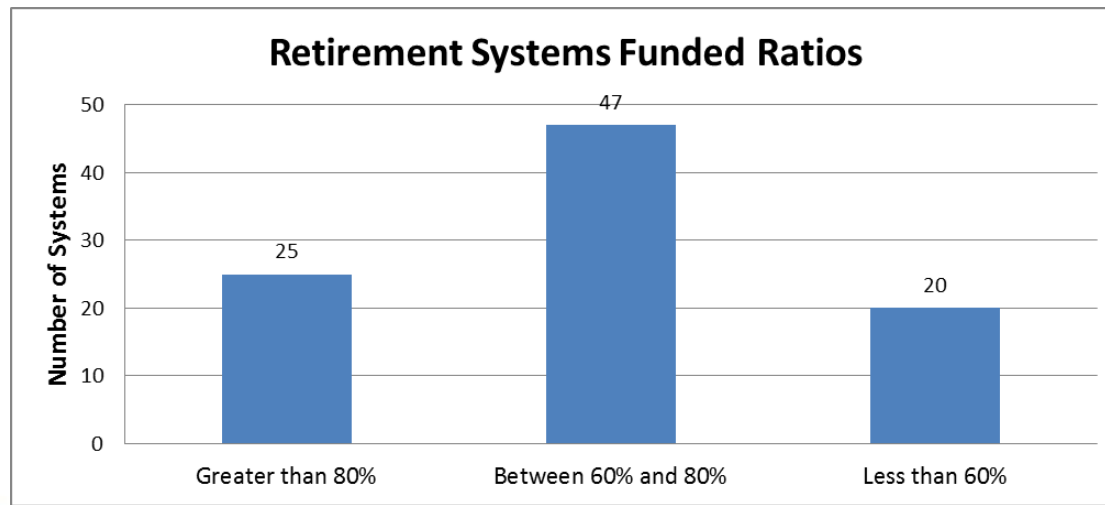
# Current Amortization Periods

The PRB **Guidelines** establish a maximum amortization period of not more than 40 years with a recommended amortization period of 15 to 25 years.



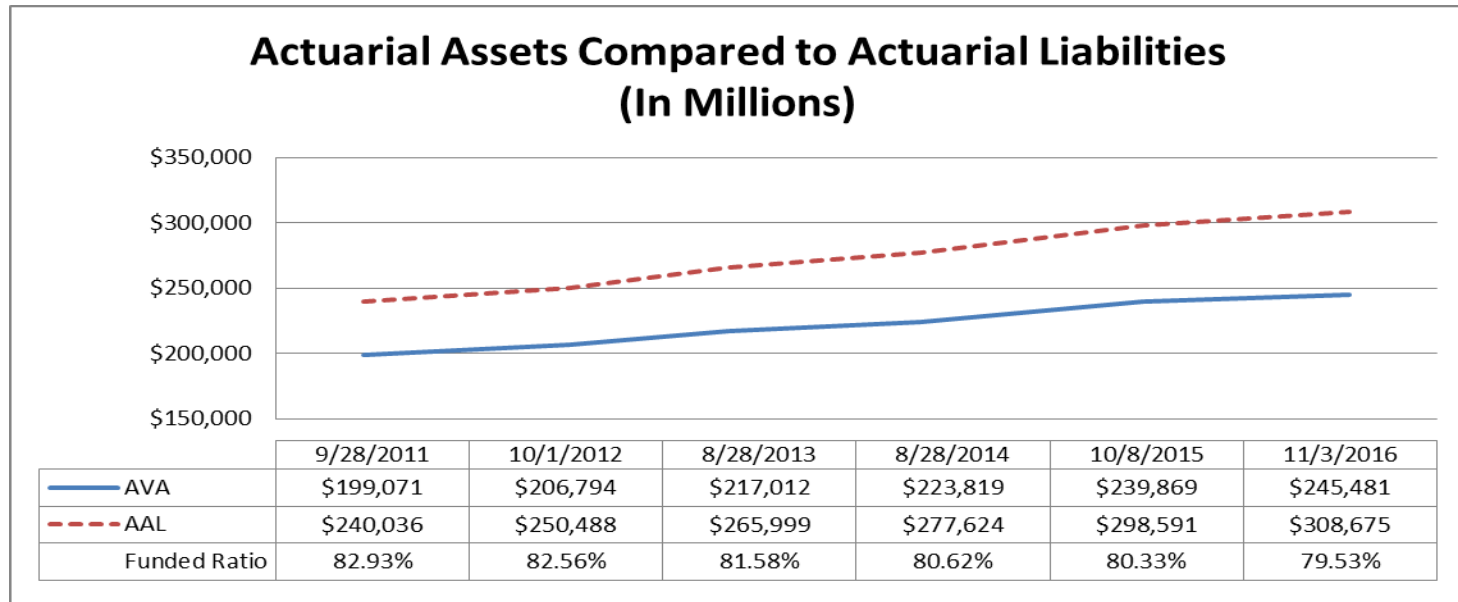
# Current Funded Ratios

As of Jan. 2017, the total unfunded actuarial accrued liability (UAAL) for Texas public retirement systems is approximately \$66 billion, with an actuarial value of assets (AVA) of approximately \$251 billion.



# Assets - Liabilities Trends

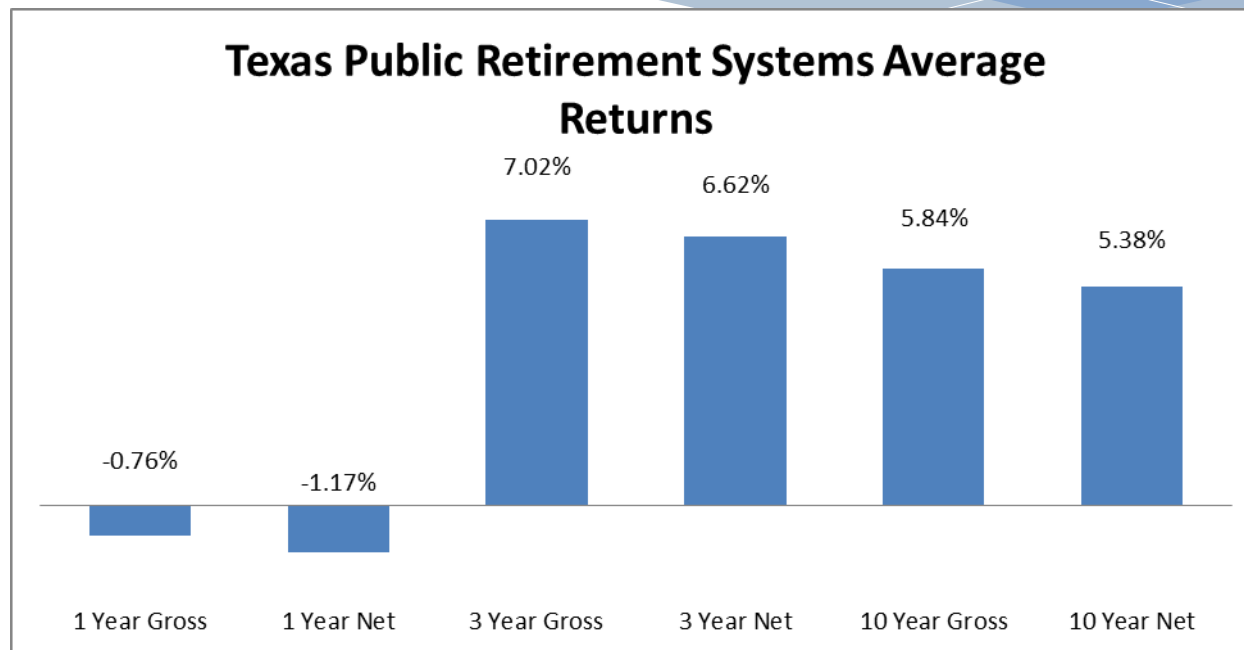
In the last six years, the variance between the AVA and AAL has steadily increased, from just under \$40 billion in 2011 to just over \$60 billion as of November 2016. The average funded ratio was highest in 2011, but has slowly decreased through 2016.



*Chart utilizes information received by the PRB current through the dates listed.*

# Average Actual Rates of Return

as of 2015 Fiscal Year End



*According to the most recent Investment Rate of Returns report (PRB-1000).*

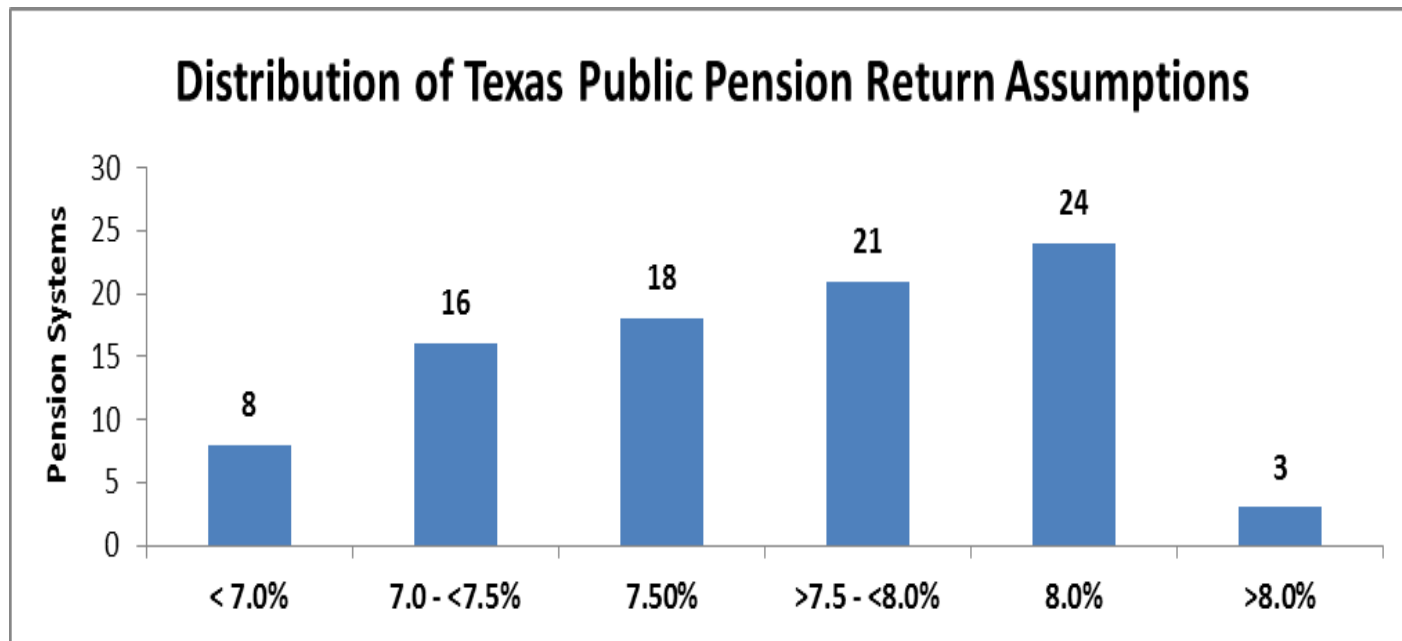
# Assumed Rates of Return

- The average assumed rate of return for Texas retirement systems is currently **7.61%**.
- The rate of return assumption is a **key economic assumption** that has an inverse correlation with the liability and short-term contribution requirements of a plan. A higher return assumption leads to a lower liability and contribution requirement and vice versa.
- Therefore, reducing the return assumption will lead to an increase in the unfunded liability of a plan. This will also result in higher recommended contributions in the short term. If a retirement system receives this higher contribution, the actuarial soundness of the plan should not be affected in the long term.





# Assumed Rates of Return Cont.



# Current Trends and Challenges

- **The Dallas Police and Fire Pension System is facing possible insolvency in the next 10 years** without significant changes.
- **Some other** retirement systems are facing serious **funding shortfalls**.
- These systems should initiate **plan modifications**, including making contribution policy and plan design changes.



# Resources

- **PRB Online Courses:** Actuarial Matters, Benefits Administration, Investments, Governance, Fiduciary Matters, Ethics, Risk Management
- Available at: <http://www.prb.state.tx.us/resource-center/trustees-administrators/educational-training-program/>
- Login: enter your office and name. No password required.

[www.prb.state.tx.us](http://www.prb.state.tx.us)

512-463-1736

# **Actuarial Valuation Report**

**January 26, 2017**

**Actuarial Valuation Report**  
**January 26, 2017**  
**Summary of Key Statistics**

**Assets and Liabilities**

	Current Effective Date	Prior Effective Date
Funded Ratio	79.1%	80.2%
Market Value of Assets (MVA)	\$ 241,615,861,709	\$ 236,084,087,944
Actuarial Value of Assets (AVA)	\$ 251,780,054,346	\$ 241,701,050,592
Actuarial Accrued Liability (AAL)	\$ 318,257,790,677	\$ 301,426,618,836
Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	\$ 66,477,736,331	\$ 59,725,568,244

**Plan Amortization Periods**

	Current Effective Date	Prior Effective Date
Infinite	5	8
>= 40 years, but not infinite	11	14
>= 25 years, < 40 years	39	33
>= 15 years, < 25 years	19	23
> 0 years, < 15 years	13	10
0 years	5	2
Total Plans Registered	92	90

**Plan Discount Rates**

	Current Effective Date	Prior Effective Date
> 8.00%	3	6
8.00%	24	30
> 7.50%, < 8.00%	23	16
> 7.00%, <= 7.50%	26	23
<= 7.00%	16	15
Total Plans Registered	92	90

	Current Effective Date	Prior Effective Date
Mean	7.57%	7.64%
Standard Deviation	0.47%	0.48%
Median	7.75%	7.75%
Liability Weighted Mean	7.85%	7.89%
Liability Weighted Median	8.00%	8.00%

**Actuarial Valuation Report**  
**January 26, 2017**

Plan Name	Plan Status (1)	Current Actuarial Valuation								Prior Actuarial Valuation		
		Effective Date	Discount Rate	Effective Amort Period (2)	Funded Ratio %	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	UAAL as % of Payroll	Effective Date	Prior Effective Amort Period (2)	Funded Ratio %
Dallas Employees' Retirement Fund (3)	Active	12/31/2015	8.00%	Infinite	80.4	\$ 3,194,582,000	\$ 3,320,387,000	\$ 808,746,000	205.69%	12/31/2014	Infinite	80.9
Dallas Police & Fire Pension System-Combined Plan	Active	1/1/2016	7.25%	Infinite	45.1	\$ 2,680,124,303	\$ 2,680,124,303	\$ 3,267,049,695	894.57%	1/1/2015	Infinite	63.8
Law Enforcement & Custodial Officer Sup. Ret. Fund	Active	8/31/2016	8.00%	Infinite	71.1	\$ 860,049,223	\$ 933,534,062	\$ 378,858,439	21.73%	8/31/2015	Infinite	72.0
Odessa Firemen's Relief & Retirement Fund	Active	1/1/2016	7.75%	Infinite	43.1	\$ 43,672,644	\$ 48,030,050	\$ 63,351,393	557.28%	1/1/2015	Infinite	49.8
Harlingen Firemen's Relief & Retirement Fund	Active	12/31/2015	8.00%	Infinite	63.1	\$ 27,704,447	\$ 27,704,447	\$ 16,187,406	246.71%	12/31/2013	66.6	71.0
Fort Worth Employees' Retirement Fund	Active	12/31/2015	7.75%	72.5	60.7	\$ 2,019,197,584	\$ 2,154,874,311	\$ 1,398,326,670	345.86%	12/31/2014	55.7	62.2
Greenville Firemen's Relief & Retirement Fund	Active	12/31/2014	8.25%	70.4	48.9	\$ 13,597,202	\$ 13,440,264	\$ 14,021,709	368.49%	12/31/2012	Infinite	47.4
Sweetwater Firemen's Relief & Retirement Fund	Active	12/31/2014	8.00%	58.8	69.0	\$ 8,264,183	\$ 8,180,692	\$ 3,674,028	246.28%	12/31/2012	Infinite	69.5
Orange Firemen's Relief & Retirement Fund	Active	1/1/2015	7.75%	58.2	57.4	\$ 9,309,315	\$ 9,383,309	\$ 6,961,980	303.74%	12/31/2012	82.3	57.3
University Park Firemen's Relief & Retirement Fund	Active	1/1/2015	8.00%	53.7	45.8	\$ 9,515,461	\$ 9,440,082	\$ 11,158,279	358.48%	12/31/2012	81.3	44.3
Judicial Retirement System of Texas Plan Two	Active	8/31/2016	8.00%	49.0	92.9	\$ 381,119,508	\$ 395,457,335	\$ 30,407,972	38.87%	8/31/2015	Infinite	92.2
Galveston Employees' Retirement Plan for Police	Active	1/1/2016	8.00%	47.1	44.7	\$ 20,228,440	\$ 21,915,573	\$ 27,075,738	267.08%	1/1/2015	54.9	47.0
Galveston Firefighter's Relief & Retirement Fund (4)	Active	12/31/2015	8.00%	47.0	68.1	\$ 39,026,491	\$ 42,427,731	\$ 19,876,908	275.05%	1/1/2014	50.2	69.7
Wichita Falls Firemen's Relief & Retirement Fund	Active	1/1/2016	8.00%	43.7	64.4	\$ 46,577,636	\$ 48,591,992	\$ 26,888,709	252.24%	1/1/2015	105.9	65.2
Marshall Firemen's Relief & Retirement Fund	Active	12/31/2014	7.75%	43.2	46.4	\$ 8,003,545	\$ 8,003,545	\$ 9,249,845	375.08%	12/31/2012	38.6	44.2
Lufkin Firemen's Relief & Retirement Fund	Active	12/31/2014	7.50%	40.6	43.5	\$ 14,264,481	\$ 14,203,277	\$ 18,437,274	371.24%	12/31/2012	89.6	38.8
Midland Firemen's Relief & Retirement Fund (4)	Active	12/31/2015	8.00%	39.8	66.3	\$ 80,942,385	\$ 87,000,390	\$ 44,243,979	258.78%	1/1/2014	59.1	66.8
Beaumont Firemen's Relief & Retirement Fund	Active	12/31/2014	8.00%	39.1	72.7	\$ 102,800,572	\$ 105,072,038	\$ 39,407,909	214.07%	12/31/2012	49.6	68.3
San Angelo Firemen's Relief & Retirement Fund	Active	12/31/2015	7.90%	38.5	65.7	\$ 58,272,932	\$ 61,469,721	\$ 32,163,039	280.71%	12/31/2013	40.9	65.0
Longview Firemen's Relief & Retirement Fund	Active	12/31/2015	8.00%	37.9	47.3	\$ 41,659,783	\$ 41,659,783	\$ 46,342,282	406.09%	12/31/2014	41.4	53.7
Atlanta Firemen's Relief & Retirement Fund	Active	12/31/2014	7.50%	36.2	81.9	\$ 3,614,929	\$ 3,549,153	\$ 785,889	130.44%	12/31/2012	Infinite	73.0
Brownwood Firemen's Relief & Retirement Fund	Active	12/31/2015	7.40%	36.1	44.6	\$ 3,397,474	\$ 3,678,228	\$ 4,563,878	257.78%	12/31/2013	37.0	43.8
Employees Retirement System of Texas	Active	8/31/2016	8.00%	35.0	75.2	\$ 24,465,580,124	\$ 26,557,130,705	\$ 8,746,034,657	128.50%	8/31/2015	33.0	76.3
Amarillo Firemen's Relief & Retirement Fund	Active	12/31/2015	8.00%	34.5	81.8	\$ 144,657,881	\$ 149,121,213	\$ 33,128,756	172.47%	1/1/2014	28.8	83.0
Teacher Retirement System of Texas	Active	8/31/2016	8.00%	33.6	79.7	\$ 134,008,637,473	\$ 138,786,120,728	\$ 35,452,606,074	83.66%	8/31/2015	33.3	80.2
Austin Employees' Retirement System	Active	12/31/2015	7.50%	33.0	68.1	\$ 2,144,804,122	\$ 2,308,087,140	\$ 1,083,708,976	193.58%	12/31/2014	24.0	70.9
El Paso Police Pension Fund	Active	1/1/2016	7.75%	33.0	81.1	\$ 740,006,100	\$ 772,732,458	\$ 179,938,283	257.75%	1/1/2014	32.0	78.2
Irving Firemen's Relief & Retirement Fund (5)	Active	12/31/2015	8.25%	33.0	74.9	\$ 174,037,587	\$ 184,782,020	\$ 61,873,333	228.54%	1/1/2014	63.4	73.1
Texas Emergency Services Retirement System	Active	8/31/2016	7.75%	33.0	80.2	\$ 93,964,008	\$ 98,652,794	\$ 24,439,317	N/A	8/31/2014	30.0	76.3
Houston Municipal Employees Pension System (6)	Active	7/1/2015	8.00%	32.0	54.2	\$ 2,456,544,000	\$ 2,582,510,000	\$ 2,183,209,000	373.82%	7/1/2014	33.0	58.1

This report is a compilation of pension data reported by retirement systems in their most recent AVs, sorted by amortization period.

**Actuarial Valuation Report**  
**January 26, 2017**

Plan Name	Plan Status (1)	Current Actuarial Valuation								Prior Actuarial Valuation		
		Effective Date	Discount Rate	Effective Amort Period (2)	Funded Ratio %	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	UAAL as % of Payroll	Effective Date	Prior Effective Amort Period (2)	Funded Ratio %
Denton Firemen's Relief & Retirement Fund	Active	12/31/2015	6.75%	31.6	80.8	\$ 67,976,717	\$ 72,693,078	\$ 17,249,607	115.26%	12/31/2013	24.0	77.1
Texas City Firemen's Relief & Retirement Fund	Active	12/31/2014	7.75%	31.6	54.4	\$ 15,837,081	\$ 16,274,374	\$ 13,646,051	289.35%	12/31/2012	33.6	53.0
Abilene Firemen's Relief & Retirement Fund	Active	10/1/2015	8.00%	31.5	56.6	\$ 52,343,510	\$ 56,624,807	\$ 43,412,430	316.19%	10/1/2013	33.5	57.5
Conroe Fire Fighters' Retirement Fund	Active	12/31/2015	7.75%	31.4	61.5	\$ 20,275,833	\$ 21,841,180	\$ 13,667,395	167.60%	12/31/2013	37.4	61.8
Plainview Firemen's Relief & Retirement Fund	Active	12/31/2013	7.75%	31.4	39.0	\$ 5,469,458	\$ 5,262,382	\$ 8,230,821	461.97%	12/31/2011	35.2	39.1
Austin Police Retirement System	Active	12/31/2015	7.80%	31.3	66.6	\$ 644,174,137	\$ 689,767,838	\$ 346,350,300	228.51%	12/31/2014	28.6	67.5
Houston Firefighters' Relief & Retirement Fund	Active	7/1/2015	8.50%	30.0	89.4	\$ 3,877,650,516	\$ 3,929,988,000	\$ 467,019,000	159.67%	7/1/2013	30.0	86.6
CPS Energy Pension Plan (7)	Active	1/1/2015	7.50%	30.0	84.2	\$ 1,403,119,018	\$ 1,403,534,394	\$ 263,610,957	112.00%	1/1/2014	30.0	83.4
Port of Houston Authority Retirement Plan	Closed	8/1/2016	7.00%	30.0	92.4	\$ 163,311,014	\$ 163,311,014	\$ 13,355,623	44.21%	8/1/2015	30.0	97.5
DART Employees' Defined Benefit Retirement Plan & Trust	Closed	10/1/2014	7.00%	30.0	74.3	\$ 156,829,423	\$ 150,995,597	\$ 52,316,186	273.49%	10/1/2013	30.0	70.7
Laredo Firefighters Retirement System	Active	9/30/2014	8.00%	29.8	59.7	\$ 118,339,638	\$ 116,056,855	\$ 78,288,944	251.04%	9/30/2012	29.8	54.1
Killeen Firemen's Relief & Retirement Fund	Active	9/30/2014	7.75%	29.5	66.5	\$ 31,844,201	\$ 32,604,554	\$ 16,451,960	132.07%	9/30/2012	36.1	66.9
Denison Firemen's Relief & Retirement Fund	Active	1/1/2014	7.75%	29.1	71.6	\$ 15,713,372	\$ 14,577,695	\$ 5,781,089	186.86%	1/1/2012	23.9	71.1
University Health System Pension Plan	Active	1/1/2015	7.50%	29.0	68.9	\$ 256,134,060	\$ 258,321,652	\$ 116,857,054	40.11%	1/1/2014	20.6	75.7
McAllen Firemen's Relief & Retirement Fund	Active	10/1/2014	7.75%	29.0	70.8	\$ 42,720,352	\$ 44,684,917	\$ 18,439,743	165.11%	9/30/2012	43.9	66.2
Big Spring Firemen's Relief & Retirement Fund	Active	1/1/2015	8.00%	28.7	54.8	\$ 11,157,022	\$ 10,962,120	\$ 9,034,313	248.61%	1/1/2013	30.8	56.7
Dallas Co. Hospital Dist. Retirement Income Plan	Active	1/1/2016	7.75%	28.0	74.9	\$ 761,391,131	\$ 802,919,520	\$ 268,858,463	46.82%	1/1/2015	29.0	76.4
Lubbock Fire Pension Fund	Active	1/1/2015	7.75%	27.6	75.5	\$ 185,255,012	\$ 186,077,176	\$ 60,285,672	212.72%	1/1/2013	24.3	74.5
Cleburne Firemen's Relief & Retirement Fund	Active	12/31/2014	7.50%	27.3	65.3	\$ 20,983,672	\$ 20,349,833	\$ 10,815,772	269.25%	12/31/2012	34.1	57.4
Houston MTA Workers Union Pension Plan	Closed	1/1/2016	6.75%	27.0	62.5	\$ 224,361,146	\$ 238,717,731	\$ 143,439,908	153.86%	1/1/2015	28.0	63.7
Houston MTA Non-Union Pension Plan	Active	1/1/2016	6.75%	27.0	62.6	\$ 142,551,820	\$ 152,638,016	\$ 91,165,272	193.56%	1/1/2015	28.0	66.9
Paris Firefighters' Relief & Retirement Fund	Active	12/31/2014	8.00%	26.1	42.7	\$ 5,461,762	\$ 5,980,762	\$ 8,011,136	311.01%	1/1/2013	29.2	44.9
El Paso Firemen's Pension Fund	Active	1/1/2016	7.75%	26.0	79.2	\$ 505,209,625	\$ 528,803,372	\$ 138,989,515	249.89%	1/1/2014	23.0	80.7
San Antonio Metropolitan Transit Retirement Plan	Active	10/1/2015	7.50%	26.0	60.4	\$ 227,114,300	\$ 226,562,392	\$ 148,491,537	213.71%	10/1/2014	27.0	59.2
Galveston Wharves Pension Plan	Closed	1/1/2016	7.50%	25.0	78.9	\$ 11,755,564	\$ 11,755,564	\$ 3,147,175	99.15%	1/1/2015	30.0	82.9
Waxahachie Firemen's Relief & Retirement Fund	Active	10/1/2014	7.00%	24.3	68.9	\$ 13,717,245	\$ 13,717,245	\$ 6,189,974	167.80%	10/1/2012	19.8	64.5
Corsicana Firemen's Relief & Retirement Fund	Active	12/31/2014	7.50%	24.2	53.5	\$ 8,161,618	\$ 8,427,052	\$ 7,313,979	194.46%	12/31/2012	28.6	47.9
Corpus Christi Fire Fighters' Retirement System	Active	12/31/2014	7.90%	23.1	61.4	\$ 130,814,419	\$ 126,273,629	\$ 79,515,975	269.69%	12/31/2012	26.7	55.0
Temple Firemen's Relief & Retirement Fund	Active	9/30/2014	8.00%	23.0	77.2	\$ 39,633,562	\$ 39,056,649	\$ 11,556,686	155.21%	9/30/2012	30.8	76.2
Capital MTA Retirement Plan for Bargaining Unit Employees	Frozen	1/1/2016	7.50%	23.0	49.5	\$ 28,341,276	\$ 29,280,142	\$ 29,916,618	N/A	1/1/2015	24.0	46.6

This report is a compilation of pension data reported by retirement systems in their most recent AVs, sorted by amortization period.

**Actuarial Valuation Report**  
**January 26, 2017**

Plan Name	Plan Status (1)	Current Actuarial Valuation								Prior Actuarial Valuation		
		Effective Date	Discount Rate	Effective Amort Period (2)	Funded Ratio %	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	UAAL as % of Payroll	Effective Date	Prior Effective Amort Period (2)	Funded Ratio %
Irving Supplemental Benefit Plan	Active	1/1/2016	6.75%	22.9	72.4	\$ 50,871,636	\$ 53,674,601	\$ 20,428,037	21.26%	1/1/2015	25.0	80.9
San Benito Firemen Relief & Retirement Fund	Active	12/31/2015	7.50%	21.7	60.5	\$ 3,301,643	\$ 3,301,643	\$ 2,154,088	156.71%	12/31/2013	21.7	60.8
Tyler Firemen's Relief & Retirement Fund	Active	12/31/2015	7.65%	21.6	75.9	\$ 59,949,406	\$ 64,892,871	\$ 20,639,623	178.30%	12/31/2013	22.9	73.6
Lower Colorado River Authority Retirement Plan	Closed	4/1/2016	7.25%	21.0	76.4	\$ 399,103,552	\$ 421,145,371	\$ 130,095,730	116.93%	4/1/2015	22.0	79.5
Texas Municipal Retirement System (8)	Active	12/31/2015	6.75%	20.6	85.8	\$ 23,708,162,580	\$ 24,347,200,578	\$ 4,031,152,205	68.90%	12/31/2014	20.9	85.8
Houston Police Officer's Pension System	Active	7/1/2016	8.00%	20.0	77.5	\$ 4,080,460,000	\$ 4,662,115,000	\$ 1,350,934,000	323.00%	7/1/2015	23.0	79.8
Capital MTA Retirement Plan for Administrative Employees (7)	Active	1/1/2016	7.00%	20.0	77.1	\$ 20,993,038	\$ 21,564,118	\$ 6,395,769	35.84%	1/1/2015	20.0	80.8
Harris County Hospital District Pension Plan (3)	Closed	1/1/2016	7.50%	19.1	70.2	\$ 565,273,878	\$ 579,800,249	\$ 245,665,910	126.04%	1/1/2015	20.0	69.8
Dallas/Fort Worth Airport Board Retirement Plan	Active	1/1/2016	7.25%	19.0	78.3	\$ 406,504,303	\$ 422,736,569	\$ 117,433,754	197.48%	1/1/2015	20.0	81.3
Dallas/Fort Worth Airport Board DPS Retirement Plan	Active	1/1/2016	7.25%	19.0	74.8	\$ 146,297,465	\$ 152,273,098	\$ 51,209,492	190.49%	1/1/2015	20.0	76.1
Port Arthur Firemen's Relief & Retirement Fund	Active	1/1/2014	8.00%	17.0	77.4	\$ 42,934,035	\$ 40,754,274	\$ 11,900,986	160.32%	1/1/2012	22.5	72.8
Texarkana Firemen's Relief & Retirement Fund	Active	12/31/2015	7.75%	16.3	87.4	\$ 31,019,529	\$ 33,102,650	\$ 4,786,718	118.93%	12/31/2013	19.6	84.6
Brazos River Authority Retirement Plan	Frozen	3/1/2016	6.50%	16.0	69.8	\$ 18,726,771	\$ 21,199,575	\$ 9,182,803	N/A	3/1/2015	17.0	71.3
Weslaco Firemen's Relief & Retirement Fund	Active	9/30/2014	7.25%	15.9	69.2	\$ 8,510,261	\$ 8,355,918	\$ 3,714,087	122.02%	9/30/2012	26.8	63.3
Texas County & District Retirement System (9)	Active	12/31/2015	8.00%	13.8	88.7	\$ 24,529,677,668	\$ 25,398,762,155	\$ 3,233,687,724	52.82%	12/31/2014	9.2	90.5
Galveston Employees' Retirement Fund	Active	12/31/2015	7.50%	13.7	78.0	\$ 42,942,347	\$ 45,784,122	\$ 12,905,194	60.01%	1/1/2015	31.5	79.5
Austin Fire Fighters Relief & Retirement Fund	Active	12/31/2015	7.70%	12.3	89.9	\$ 785,211,061	\$ 828,920,231	\$ 92,955,348	108.44%	12/31/2014	10.6	90.9
San Antonio Fire & Police Pension Fund	Active	10/1/2015	7.25%	11.1	88.8	\$ 2,595,910,683	\$ 2,858,461,847	\$ 359,920,963	115.80%	10/1/2014	6.2	92.9
El Paso City Employees' Pension Fund	Active	9/1/2014	7.50%	11.0	77.1	\$ 732,528,317	\$ 663,063,411	\$ 196,681,524	128.04%	9/1/2012	21.0	73.8
Dallas Police & Fire Pension System-Supplemental (7)	Active	1/1/2016	7.25%	10.0	45.8	\$ 19,456,706	\$ 19,456,706	\$ 23,022,828	3177.74%	1/1/2015	10.0	51.2
Northeast Medical Center Hospital Retirement Plan (7)	Frozen	7/1/2015	7.50%	10.0	84.2	\$ 9,853,521	\$ 9,853,521	\$ 1,855,814	N/A	7/1/2014	10.0	87.2
Nacogdoches County Hospital District Retirement Plan	Active	7/1/2015	7.25%	9.8	84.3	\$ 45,399,274	\$ 45,060,230	\$ 8,399,156	27.94%	7/1/2014	20.0	82.7
Colorado River Municipal Water Dist. Pension Trust (3)	Active	1/1/2016	6.75%	9.4	93.5	\$ 9,173,226	\$ 9,173,226	\$ 635,852	22.30%	1/1/2015	10.0	96.5
Corpus Christi Regional Transportation Authority	Active	1/1/2015	7.50%	9.0	97.7	\$ 31,162,434	\$ 31,162,434	\$ 732,975	8.31%	1/1/2014	0.0	102.1
Guadalupe-Blanco River Authority	Closed	1/1/2016	7.00%	8.8	85.7	\$ 25,768,160	\$ 27,741,520	\$ 4,614,683	62.42%	1/1/2015	7.9	86.3
Travis County ESD #6 Firefighter's Relief & Retirement Fund	Active	1/1/2014	7.00%	7.5	61.8	\$ 8,007,889	\$ 7,554,521	\$ 4,664,839	106.99%	1/1/2012	14.9	36.9
Northwest Texas Healthcare System Retirement Plan	Frozen	10/1/2015	7.50%	6.0	69.2	\$ 18,948,023	\$ 19,637,073	\$ 8,733,063	N/A	10/1/2013	7.4	61.4
Plano Retirement Security Plan	Active	12/31/2013	7.75%	0.0	100.3	\$ 110,804,917	\$ 100,876,901	\$ (271,930)	-0.23%	12/31/2011	23.0	97.2
The Woodlands Firefighters' Retirement System	Active	1/1/2016	7.00%	0.0	100.5	\$ 22,184,111	\$ 22,184,111	\$ (101,928)	-0.96%	N/A	N/A	N/A
Arlington Employees Deferred Income Plan	Active	7/1/2015	5.50%	0.0	116.0	\$ 2,681,047	\$ 2,681,047	\$ (369,944)	-14.28%	7/1/2014	0.0	119.5

This report is a compilation of pension data reported by retirement systems in their most recent AVs, sorted by amortization period.



**Actuarial Valuation Report  
January 26, 2017**

Plan Name	Plan Status (1)	Current Actuarial Valuation								Prior Actuarial Valuation		
		Effective Date	Discount Rate	Effective Amort Period (2)	Funded Ratio %	Market Value of Assets (MVA)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	UAAL as % of Payroll	Effective Date	Prior Effective Amort Period (2)	Funded Ratio %
Refugio County Memorial Hospital District Retirement Plan	Frozen	11/1/2015	7.00%	0.0	102.2	\$ 2,078,030	\$ 2,078,030	\$ (44,315)	-1.34%	11/1/2014	1.0	99.9
El Paso Firemen & Policemen's Pension Staff Plan and Trust	Active	1/1/2016	7.75%	0.0	282.9	\$ 162,861	\$ 162,861	\$ (105,289)	-20.83%	N/A	N/A	N/A
<b>Grand Totals:</b>					<b>79.1%</b>	<b>\$ 241,615,861,709</b>	<b>\$ 251,780,054,346</b>	<b>\$ 66,477,736,331</b>				<b>80.2%</b>

Notes

- (1) Plan status indicates whether a plan is active (admitting new hires), closed to new hires (but still accruing benefits), or frozen (not accruing benefits).
- (2) The effective amortization period is the time it would take to theoretically eliminate the UAAL assuming no future gains or losses and taking into account both the plan's stated and historical contribution policy.
- (3) Amortization period is calculated by the PRB.
- (4) Current amortization period reflects additional employees hired after the valuation date.
- (5) Current amortization period reflects an employer contribution increase of 1.10% effective January 1, 2017, additional employees hired after the valuation date, and member contribution increases of 0.50% effective February 1, 2017 and January 1, 2018. The prior amortization period is calculated by the PRB in consultation with the plan actuary, reflecting an employer contribution rate increase of 0.65% effective January 1, 2015.
- (6) The prior amortization period was calculated by the PRB in consultation with the system.
- (7) Reported amortization period is based on an open amortization funding policy. The PRB is working with the plan to calculate an effective amortization period.
- (8) Amortization period is calculated using system wide aggregate UAAL and payroll amounts.
- (9) Amortization period is calculated using system wide aggregate UAAL and payroll amounts. The prior amortization period is an unweighted average amortization period of member employers.

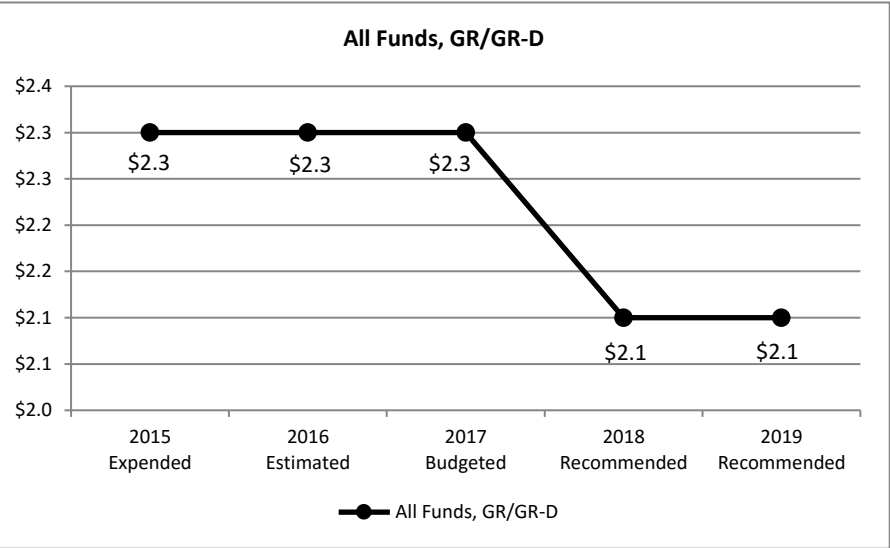
**Texas Emergency Services Retirement System  
Summary of Recommendations - House**

Page I-33  
Kevin Deiters, Executive Director  
Katy Fallon, LBB Analyst

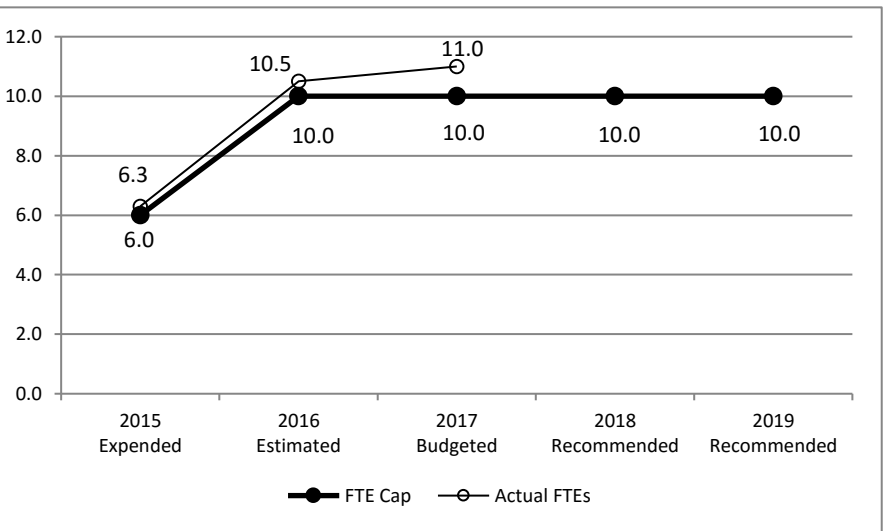
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,516,638	\$1,455,972	(\$60,666)	(4.0%)
GR Dedicated Funds	\$3,167,650	\$2,658,448	(\$509,202)	(16.1%)
<i>Total GR-Related Funds</i>	<i>\$4,684,288</i>	<i>\$4,114,420</i>	<i>(\$569,868)</i>	<i>(12.2%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$4,684,288</b>	<b>\$4,114,420</b>	<b>(\$569,868)</b>	<b>(12.2%)</b>

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	11.0	10.0	(1.0)	(9.1%)

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2018-19 Recommended) represents an estimated 3.6% of the agency's estimated total available funds for the 2018-19 biennium.

**Texas Emergency Services Retirement System**  
**Summary of Funding Changes and Recommendations - House**

**Section 2**

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>							
A)	State contributions to the retirement system, based on an adjusted statutory calculation.	\$0	(\$509,202)	\$0	\$0	(\$509,202)	A.1.1
<i><b>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</b></i>							
B)	Decreases in technology, travel, postage, supplies, and salary funding, pursuant to the four percent base reduction.	(\$60,666)	\$0	\$0	\$0	(\$60,666)	A.1.1, A.2.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>(\$60,666)</b>	<b>(\$509,202)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$569,868)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$0	\$0	\$0	\$0	\$0	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		(\$60,666)	(\$509,202)	\$0	\$0	(\$569,868)	As Listed

**Texas Emergency Services Retirement System  
Selected Fiscal and Policy Issues - House**

1. **State Contributions to the Fund.** Government Code Sec. 865.015 requires that the state contribute the amount necessary to make the Texas Emergency Services Retirement System Fund actuarially sound, but the amount may not exceed one-third of contributions from local member departments. Recommendations for the 2018-19 biennium include annual contributions of \$1,329,224 from General Revenue-Dedicated. This is less than the previous biennium due to an adjusted methodology for calculating the amount the state can contribute. The annual state contribution for fiscal years 2016 and 2017, \$1,583,825, was the average of the state contributions in fiscal years 2014 and 2015. The requested and recommended state contribution for fiscal years 2018 and 2019 is one-third of the average of member department contributions between 2012 and 2016. This updated methodology is intended to better capture historical contributions and remove anomalies due to one-time increases or decreases.

The August 31, 2016 Actuarial Valuation determined that with current contributions from member departments and the state's contribution discussed above, the system has a funding period of 33 years. In order to bring the funding period to an actuarially sound 30 years, the board voted in December to increase member department contributions by two percent. The additional contribution will not be included in the calculation of the state's maximum contribution. This is the first time the agency has exercised its administrative rule authority to collect Part Two contributions.

**Texas Emergency Services Retirement System  
Rider Highlights - House**

**Deleted Rider**

2. **Contingency for Contributions to the Texas Emergency Services Retirement System.** Recommendations delete this rider because House Bill 7, 84th Regular Legislature, amended Government Code Sec. 614.014 to allow the use of General Revenue-Dedicated Volunteer Fire Department Assistance Account No. 5064 for contributions to the System.

Texas Emergency Services Retirement System  
Items Not Included in Recommendations - House

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items - In Agency Priority Order							
	None						
TOTAL Items Not Included in Recommendations		\$0	\$0	0.0			\$0

**Texas Emergency Services Retirement System  
Appendices - House**

<b>Table of Contents</b>		
<b>Appendix</b>	<b>Appendix Title</b>	<b>Page</b>
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<b>B</b>	Summary of Federal Funds	*
<b>C</b>	FTE Highlights	8
<b>D</b>	Performance Measure Highlights	*
<b>E</b>	Summary of Ten Percent Biennial Base Reduction Options	9

\* Appendix is not included - no significant information to report

Texas Emergency Services Retirement System  
Funding Changes and Recommendations - House, by Strategy -- GR & GR DEDICATED FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ADMINISTER PENSION FUND A.1.1	\$4,432,288	\$3,872,500	(\$559,788)	(12.6%)	General Revenue-Dedicated reduced by \$509,202 due to lower state contribution to the system. See Section 3.  General Revenue reduced by \$50,586 for merit increases, computer hardware and software, information technology services, postage, travel, supplies, and copier rental as part of four percent base funding decrease.
RECRUITING AND TECHNICAL ASSISTANCE A.2.1	\$252,000	\$241,920	(\$10,080)	(4.0%)	General Revenue reduced by \$10,080 for computer hardware, supplies, postage, and merit increases as part of four percent base funding decrease.
Total, Goal A, SOUND PENSION FUND	\$4,684,288	\$4,114,420	(\$569,868)	(12.2%)	
Grand Total, All Strategies	\$4,684,288	\$4,114,420	(\$569,868)	(12.2%)	



**Texas Emergency Services Retirement System  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2015</b>	<b>Estimated 2016</b>	<b>Budgeted 2017</b>	<b>Recommended 2018</b>	<b>Recommended 2019</b>
Cap	6.0	10.0	10.0	10.0	10.0
Actual/Budgeted	6.3	10.5	11.0	NA	NA

**Schedule of Exempt Positions (Cap)**

Executive Director, Group 2	\$90,000	\$101,047	\$101,047	\$101,047	\$101,047
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Notes:

a) Article IX, Sec. 6.10(a)(2))A) allows agencies to exceed their limitation on employment levels by no more than 10 percent. Actual FTE amounts for fiscal years 2015, 2016, and 2017 are higher than FTE cap limits because previous management hired additional staff to address additional workload. Agency is not requesting an increase to its FTE cap.

b) The State Auditor's Office *Report on Executive Compensation at State Agencies* (Report No. 16-706, August 2016), indicates a market average salary of \$121,777 for the Executive Director position and recommends changing the classification for the position from Group 2 to 3. The agency is not requesting any changes to its exempt position.

**Texas Emergency Services Retirement System**  
**Summary of Ten Percent Biennial Base Reduction Options Recommendations - House**

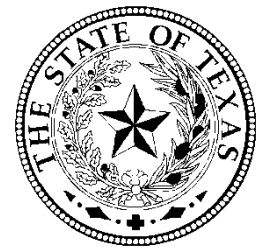
Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR & GR-D	All Funds	FTEs			
1)	Administration - General Revenue	The reduction would result in the elimination of 2.0 FTE positions (\$133,597) and a decrease of \$12,000 in travel funds. The agency indicates that these reductions would affect the agency's ability to administer the pension fund as well as the ability to recruit new departments.	\$145,597	\$145,597	2.0	\$0	10.0%	No
2)	State Contribution to Pension Plan - General Revenue-Dedicated	This reduction would lower the state contribution, making it 25.7 percent less than the previous biennium.	\$304,094	\$304,094	0.0	\$0	11.4%	No
<b>TOTAL, 10% Reduction Options</b>			<b>\$449,691</b>	<b>\$449,691</b>	<b>2.0</b>	<b>\$0</b>		

# Texas Emergency Services Retirement System

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LEGISLATIVE APPROPRIATIONS REQUEST 2018-2019

FEBRUARY 1, 2017



# TESRS LAR Summary

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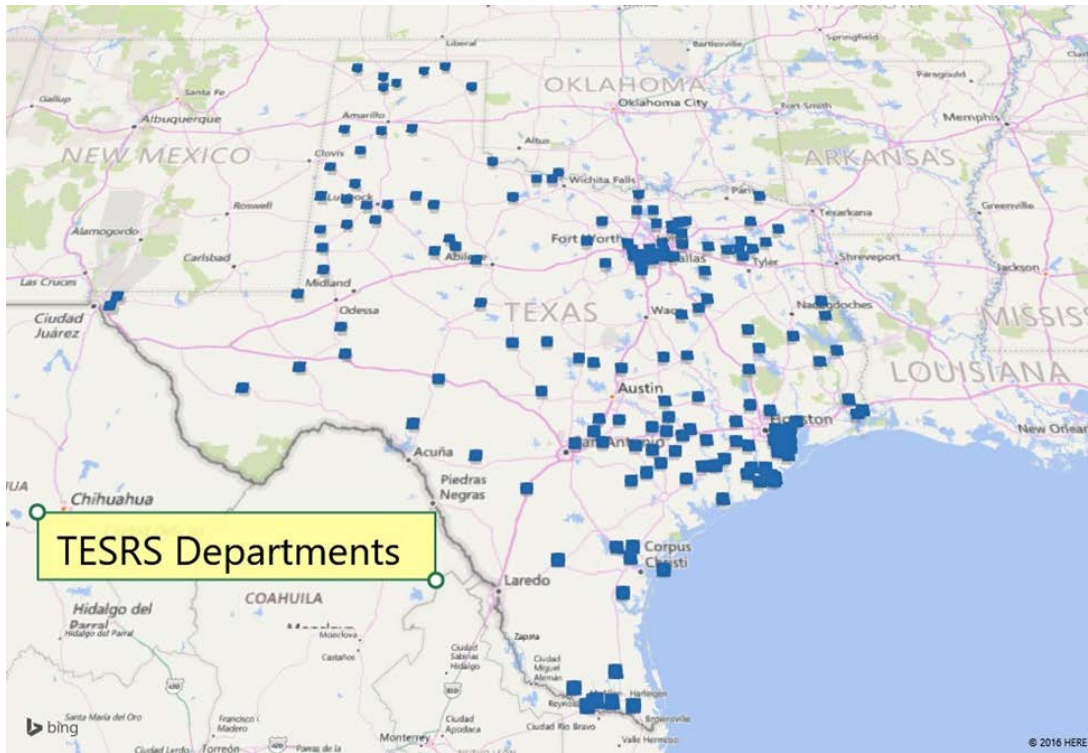
The Agency submitted a funding request of \$4.1 million for FY 2018-19.

This funding request:

- Reflects a 12 percent reduction from 2016-2017 base appropriation;
- Seeks state contributions of \$2.65 million for unfunded liabilities;
- Allows the Agency to administer TESRS and maintain 10 FTEs;
- Supports the Agency's efforts to recruit new departments; and
- Supports the Agency's efforts to improving voluntary compliance by participating departments.

This funding request does not include any Exceptional Items requests.

# TESRS: 230 Member Departments

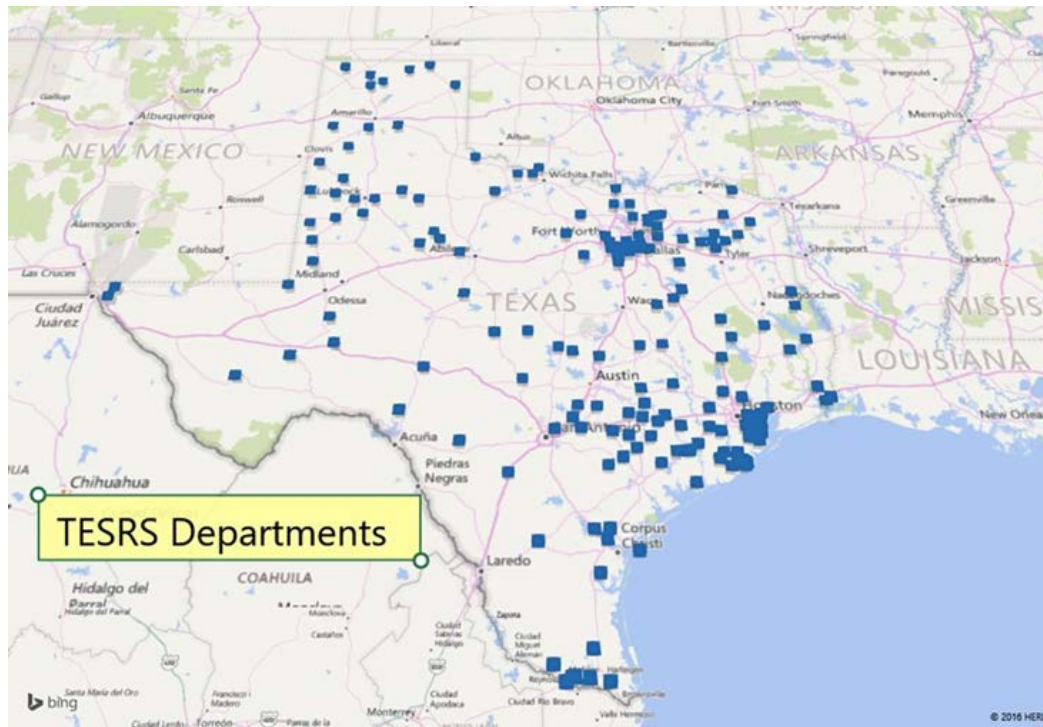


The State of Texas created TESRS in 1977 to finance a pension system for volunteer firefighters.

TESRS offers volunteer departments the opportunity to recognize, protect, and financially reward volunteers for their years of dedicated service.

There are currently 230 departments in the pension system.

# TESRS: Membership



Year	Retirees	Vested Terminated	Actives
2007	2,454	1,940	4,410
2008	2,501	1,975	4,340
2009	2,573	2,249	4,371
2010	2,621	2,105	4,359
2011	2,715	2,176	4,219
2012	2,750	2,260	4,230
2013	2,959	2,181	4,119
2014	3,073	2,161	4,036
2015	2,991	2,211	4,016
2016	3,167	2,200	3,634

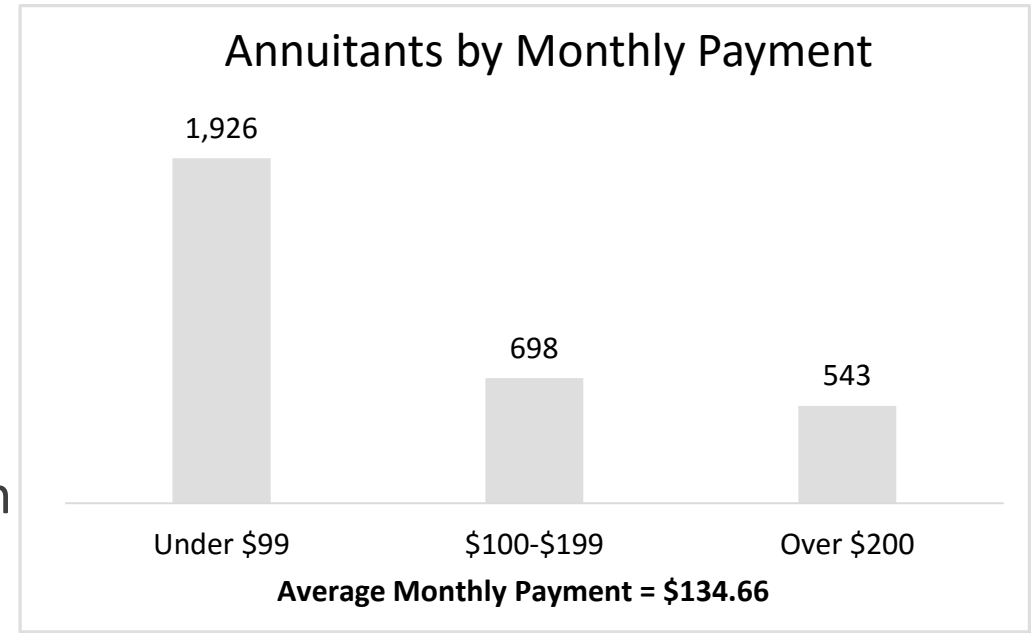
# Retirement Benefits

## RETIREMENT ELIGIBILITY

- Age 55 with 15 years (100 % vested)
- Age 55 with 10 years (50% vested)

## RETIREMENT FORMULA

- 6 times the Average Monthly Contribution
- For each year of service beyond 15 years, a member's retirement increases 6.2 percent compounded annually



TOTAL Benefits Paid in FY 2016 = \$4.7 million

# Survivor Benefits

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## LINE OF DUTY DEATH BENEFITS

- If a member dies in the line of duty, the beneficiary listed on the member's retirement application is entitled to a lump sum benefit of \$60,000.
- Additionally, the surviving spouse and minor children share equally in a monthly pension of two-thirds of the retirement that the member would have received.

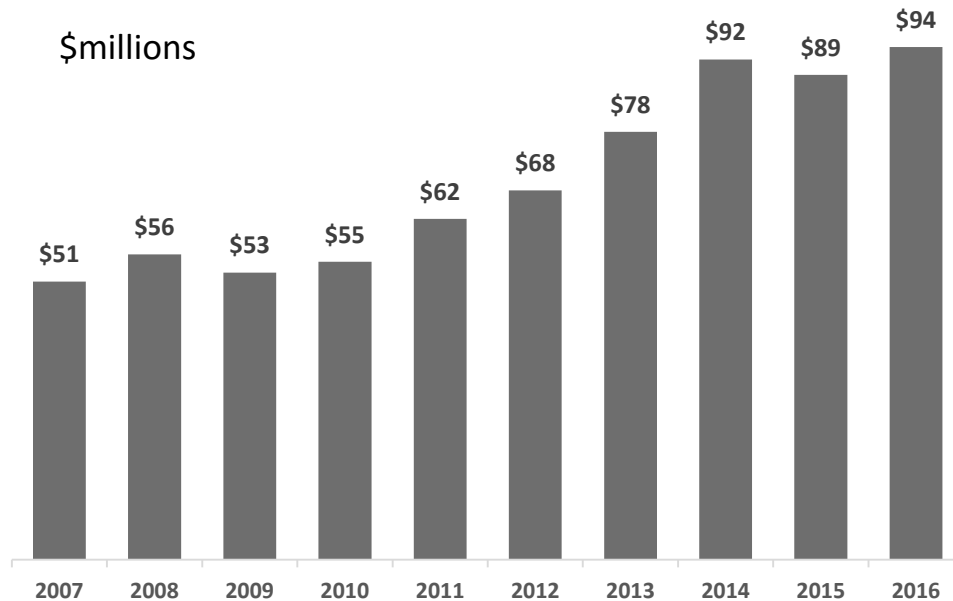
## OFF DUTY DEATH BENEFITS

- If a member dies while off-duty, the beneficiary is eligible to receive a lump-sum benefit equal to the contributions made on behalf of the member, or the amount that would have been contributed by the end of 15 years of qualified service.

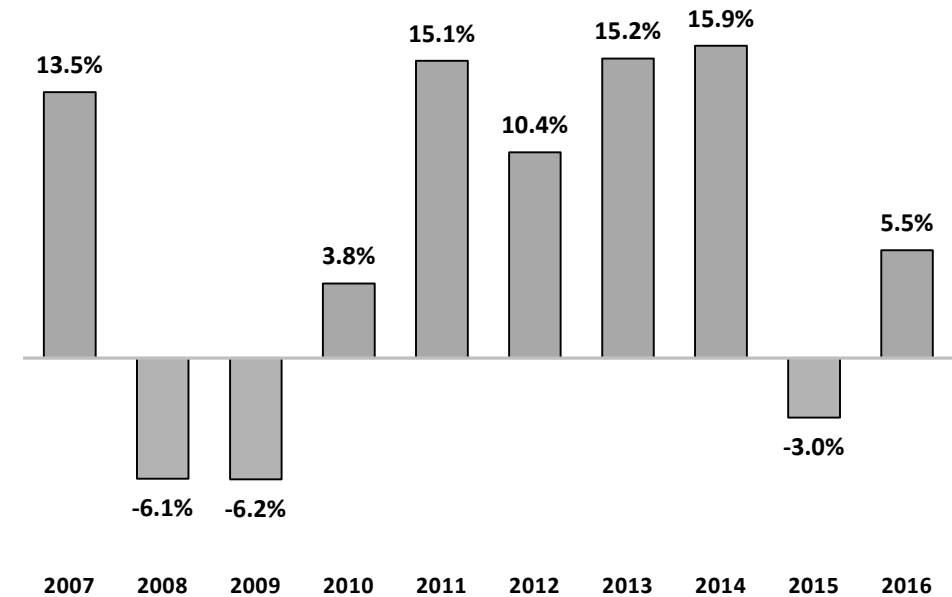


# TESRS Investments

## FUND BALANCE



## ANNUAL MONEY-WEIGHTED NET RATE OF RETURN



# TESRS Funding Policy

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## **Part One Contributions by Local Governing Entities**

- Contributions for participating departments are made by local governing entities.
- Minimum monthly contribution rate of \$36 per member.

## **State Contributions (as needed for actuarial soundness)**

The state shall contribute the amount necessary to make the pension system actuarially sound each year, except that the state's contribution may not exceed one-third of the total of all contributions by local governing bodies in a particular year. (Government Code Sec. 865.015)

## **Part Two Contributions by Governing Entities (as needed for actuarial soundness)**

Part Two was established the TESRS Board to help amortize the unfunded actuarial accrued liability (UAAL) if the expected future annual contributions (Part One and State Contributions) are not sufficient to provide for normal costs and amortize the UAAL in 30 Years. Part Two shall not exceed 15% of the Part One contribution rate.

# TESRS: 2016 Actuarial Valuation

The TESRS Actuary determined as of August 31, 2016, without appropriations from the state and additional Part Two contributions from local governing entities, the System has an inadequate contribution arrangement because the UAAL will never be amortized.

August 31	Actuarial Value of Assets (\$ millions)	Actuarial Accrued Liability (\$ millions)	Unfunded Actuarial Accrued Liability (\$ millions)	Funded Ratio
2010	\$ 64.11	\$ 81.26	\$ 17.15	79%
2012	\$ 67.99	\$ 101.86	\$ 33.87	67%
2014	\$ 83.76	\$ 109.85	\$ 26.09	76%
2016	\$ 98.65	\$ 123.09	\$ 24.44	80%