

**Greg Bonnen**  
Chair



**Mary González**  
Vice Chair

**TEXAS HOUSE OF REPRESENTATIVES  
COMMITTEE ON APPROPRIATIONS**

**AGENDA  
SUBCOMMITTEE ON ARTICLES I, IV & V  
MARY GONZÁLEZ, CHAIR**

MARCH 1, 2021  
09:00 AM  
CAPITOL EXTENSION, E2.026

- I. CALL TO ORDER**
- II. CHAIR'S OPENING REMARKS**
- III. COMPTROLLER OF PUBLIC ACCOUNTS & FISCAL PROGRAMS**
  - Lena Conklin, Article I Manager, Legislative Budget Board
  - The Honorable Glenn Hegar, Comptroller of Public Accounts
- IV. OFFICE OF THE ATTORNEY GENERAL**
  - Harrison Gregg, Analyst, Legislative Budget Board
  - Brent Webster, First Assistant Attorney General, Office of the Attorney General
- V. COMMISSION ON THE ARTS**
  - Samantha Martinez, Analyst, Legislative Budget Board
  - Gary Gibbs, Ph.D, Executive Director, Texas Commission on the Arts
- VI. BOND REVIEW BOARD**
  - Harrison Gregg, Analyst, Legislative Budget Board
  - Rob Latsha, Executive Director, Bond Review Board
- VII. CANCER PREVENTION & RESEARCH INSTITUTE OF TEXAS**
  - John Posey, Analyst, Legislative Budget Board
  - Wayne Roberts, Chief Executive Officer, Cancer Prevention and Research Institute of Texas
  - Heidi McConnell, Chief Operating Officer, Cancer Prevention and Research Institute of Texas
- VIII. COMMISSION ON STATE EMERGENCY COMMUNICATIONS**
  - George Purcell, Analyst, Legislative Budget Board
  - Kelli Merriweather, Executive Director, Commission on State Emergency Communications

**IX. EMERGENCY SERVICES RETIREMENT SYSTEM**

- John Posey, Analyst, Legislative Budget Board
- Shirley Hays, Interim Executive Director, Texas Emergency Services Retirement System

**X. EMPLOYEES RETIREMENT SYSTEM & SOCIAL SECURITY & BENEFIT REPLACEMENT PAY**

- John Posey, Analyst, Legislative Budget Board
- Porter Wilson, Executive Director, Employees Retirement System of Texas

**XI. ETHICS COMMISSION**

- George Purcell, Analyst, Legislative Budget Board
- Anne Temple Peters, Executive Director, Texas Ethics Commission

**XII. HISTORICAL COMMISSION**

- Lena Conklin, Article I Manager, Legislative Budget Board
- Merrell Foote, Senior Policy Analyst, Texas Sunset Advisory Commission
- John L. Nau III, Chairman, Texas Historical Commission

**XIII. PUBLIC TESTIMONY**

**XIV. CLOSING REMARKS**

**XV. ADJOURN**

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**March 1st, 2021 - 9:00AM**

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

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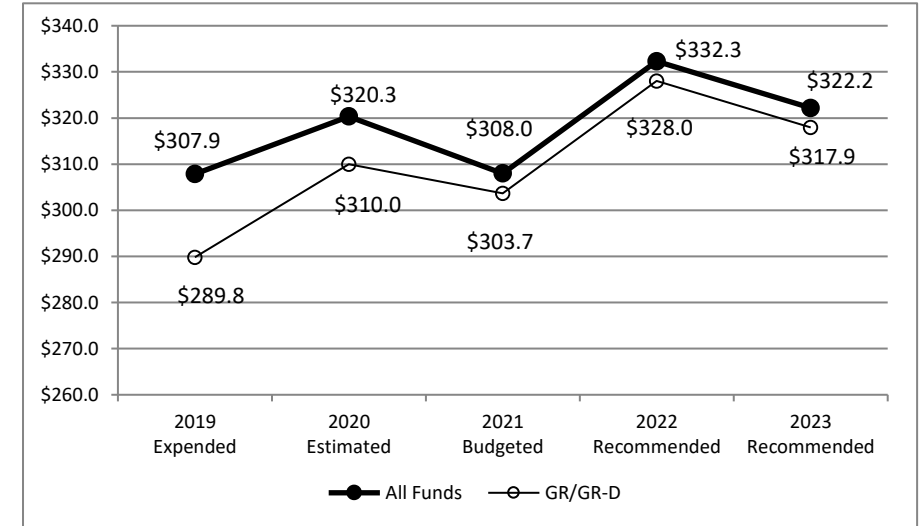
The Honorable Glenn Hegar, Comptroller of Public Accounts

Mirna Bowman, LBB Analyst

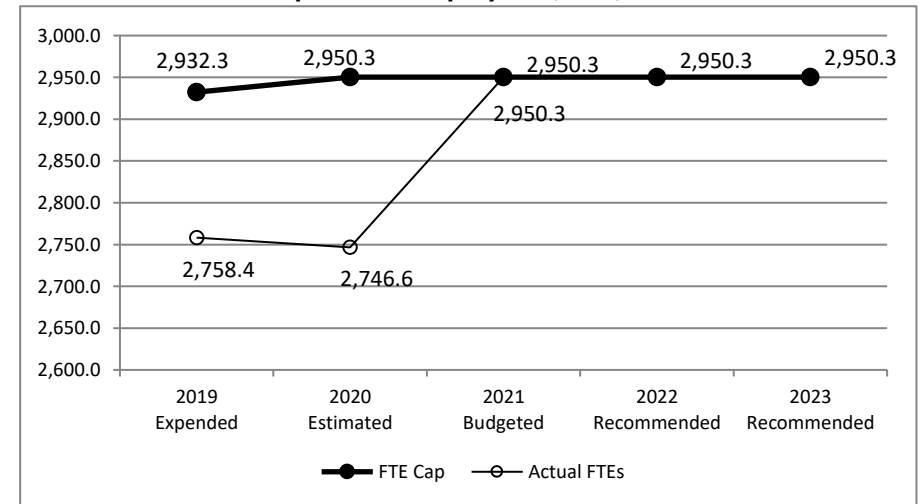
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$613,668,654	\$645,967,004	\$32,298,350	5.3%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$613,668,654</i>	<i>\$645,967,004</i>	<i>\$32,298,350</i>	<i>5.3%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$14,634,865	\$8,507,400	(\$6,127,465)	(41.9%)
<b>All Funds</b>	<b>\$628,303,519</b>	<b>\$654,474,404</b>	<b>\$26,170,885</b>	<b>4.2%</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	2,950.3	2,950.3	0.0	0.0%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.



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

	Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 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)	Increase of \$32.3 million for restoration of agency's 5 percent reduction.	\$32.3	\$0.0	\$0.0	\$0.0	\$32.3	A.1.1, A.2.1, A.3.1, A.4.1, B.1.1, B.1.2, B.2.1, B.3.1, B.4.1, C.1.1.
B)	Decrease of \$5.2 million in Appropriated Receipts and \$0.1 million in Interagency Contracts primarily from unexpended balances from prior biennia for the Centralized Accounting and Payroll/Personnel System (CAPPS).	\$0.0	\$0.0	\$0.0	(\$5.3)	(\$5.3)	B.1.2.
<b>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</b>							
C)	Decrease of \$11.3 million in General Revenue for completed information technology (IT) projects. Funding is reallocated across multiple strategies to support agency operations impacted by the 5 percent budget reduction in the 2020-21 biennium.	(\$11.3)	\$0.0	\$0.0	\$0.0	(\$11.3)	A.1.1, A.2.1, A.3.1, A.4.1, B.1.1, B.2.1, B.3.1, B.4.1.
D)	Increase of \$8.8 million in General Revenue reallocated from completed IT projects to fund Audit and Tax Compliance operations that were impacted by the 5 percent budget reduction. Funding is offset by a \$0.8 million decrease in Appropriated Receipts.	\$8.8	\$0.0	\$0.0	(\$0.8)	\$8.0	A.1.1, A.2.1, A.3.1, A.4.1.
E)	Increase of \$2.5 million in General Revenue reallocated from completed IT projects to operations for Accounting and Reporting, Treasury, Property Tax Program, and Revenue Administration operations that were impacted by the 5 percent budget reduction.	\$2.5	\$0.0	\$0.0	\$0.0	\$2.5	B.1.1., B.2.1., B.3.1., C.1.1.
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$32.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$6.1)</b>	<b>\$26.2</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$43.6	\$0.0	\$0.0	\$0.0	\$43.6	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		(\$11.3)	\$0.0	\$0.0	(\$6.1)	(\$17.4)	As Listed

NOTE: Totals may not sum due to rounding.

**Comptroller of Public Accounts  
Selected Fiscal and Policy Issues – House**

- Restoration of 5 percent reduction.** Recommendations provide \$32.3 million in General Revenue Funds to restore funding to 2020-21 appropriated levels. Funds are allocated across multiple strategies, primarily for salaries within current FTE levels and for information technology projects.
- Reporting Centralized Accounting and Payroll/Personnel System (CAPPS).** Recommendations provide for a total of \$93.9 million in All Funds for ongoing support of the statewide version of CAPPS. The recommended funding represents a decrease of \$5.3 million from balances of SmartBuy fees (\$5.2 million) and interagency contracts (\$0.1 million) carried forward for the 2020-21 biennium. Figure 2 provides a summary of CAPPS funding sources, estimated expenditures, and recommended funding levels for fiscal year 2018 through fiscal year 2023.

**Figure 1.** CAPPS Funding for the Comptroller of Public Accounts

	<b>2018 Expended</b>	<b>2019 Expended</b>	<b>2020 Estimated</b>	<b>2021 Budgeted</b>	<b>2022 Recommended</b>	<b>2023 Recommended</b>	<b>Biennial Change</b>
General Revenue	\$34,343,406	\$33,816,989	\$46,049,878	\$43,179,136	\$44,614,507	\$44,614,507	\$0
SmartBuy Fees (Appropriated Receipts)	\$11,863,452	\$13,952,737	\$5,198,518	\$0	\$0	\$0	(\$5,198,518)
Interagency Contracts	\$2,574,870	\$2,314,103	\$2,401,390	\$2,360,790	\$2,330,790	\$2,330,790	(\$100,600)
<b>Total</b>	<b>\$48,781,728</b>	<b>\$50,083,829</b>	<b>\$53,649,786</b>	<b>\$45,539,926</b>	<b>\$46,945,297</b>	<b>\$46,945,297</b>	<b>(\$5,299,118)</b>

Source: Legislative Budget Board

As indicated in Figure 1, the agency receives approximately \$2.3 million in annual payments for PeopleSoft license maintenance fees from six agencies identified below and in Rider 14, Informational Listing: Enterprise Resource Planning Software License Payments, for a total of \$4.7 million for the biennium:

- Office of the Attorney General,
- Health and Human Services Commission,
- Texas Education Agency,
- Department of Housing and Community Affairs,
- Department of Transportation, and
- Texas 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 deployment schedule, the migration of agencies onto CAPPS is largely expected to be completed in the 2022-23 biennium. However, the deployment of the Department of Criminal Justice will remain and the timeframe for deployment has not yet been determined. An agency’s migration or deployment onto CAPPS HR/Payroll tower and Financials tower are typically done separately in different years. 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 financial and HR/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 transition process;
- IT programming services to modify agency systems which would interface with CAPPS;
- Costs to migrate and maintain legacy data; and
- Training and travel-related costs.

Figure 2 below summarizes the deployment funding provided to agencies in the 2018-19 and 2020-21 biennia and agencies' exceptional item requests for the 2022-23 biennium. Please note that 2022-23 exceptional item requests are based on 2022-23 Legislative Appropriations Requests (LARs) and may later be updated by impacted agencies.

**Figure 2.** Summary of CAPPs Deployment Appropriations and Requests

	Number of Agencies	GR-Related Total	All Funds Total	Notes
<b>2016-17 Appropriations</b>	11	\$46,127,360	\$46,127,360	Amounts include increased funding to the Comptroller for ongoing support and agency migrations.
<b>2018-19 Appropriations</b>	16	\$ 9,818,026	\$17,621,208	Amounts include \$7,697,029 in All Funds to upgrade the Department of Transportation hub system.
<b>2020-21 Appropriations</b>	16	\$12,735,695	\$21,086,898	Amounts include \$150,842 to the Alcoholic Beverage Commission for ongoing support related to previous CAPPs deployment.
<b>2022-23 Exceptional Items</b>	4	\$19,069,646	\$26,889,351	Exceptional item requests are not included in recommendations.

Appendix D, beginning on page 12, provides a listing by Article of agencies that are anticipated to deploy CAPPs during the 2022-23 biennium. Twelve agencies are expected to deploy CAPPs HR/Payroll and ten agencies are expected to deploy CAPPs Financials during the 2022-23 biennium.

Appendix E, beginning on page 13, provides a current listing of 2022-23 exceptional item requests made by agencies related to CAPPs.

**Article IX, 9.10. Centralized Accounting and Payroll/Personnel System Deployments.** Recommendations maintain an Article IX provision which identifies agencies scheduled for deployment during the 2022-23 biennium and requires those agencies to coordinate with the Comptroller for this purpose, in accordance with Sec. 2101.036, Government Code. Although exceptional item requests are not included in recommendations for the affected agencies scheduled for CAPPs deployment, the provision also limits transferability of CAPPs funding to other purposes for those agencies. Any increased funding for CAPPs deployment will be identified in the affected agencies' capital budget riders.

- Reporting of Utilization of Historically Underutilized Businesses (HUB).** Pursuant to Section 2161.127, Government Code, each state agency and institution of higher education (IHE) must include as part of its 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 with HUB utilization data by agency for fiscal years 2018 and 2019 (see pages 14-32 of this packet). Figure 3 provides a high-level summary of agency and IHE attainment of HUB goals based on figures included in the report.

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.

**Figure 3.** Summary of Agencies' and Institutions' of Higher Education Attainment of HUB Goals.

	Fiscal Year 2018						Fiscal Year 2019					
	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 *	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Attainment of Agency HUB Goals</b>												
Heavy Construction	13	10.7%	48	39.7%	60	49.6%	13	10.7%	47	38.8%	61	50.4%
Building Construction	29	22.7%	62	48.4%	37	28.9%	28	21.9%	60	46.9%	40	31.3%
Special Trade Construction	35	25.5%	76	55.5%	26	19.0%	33	24.1%	76	55.5%	28	20.4%
Professional Services	43	28.7%	85	56.7%	22	14.7%	41	27.3%	86	57.3%	23	15.3%
Other Services	42	25.9%	111	68.5%	9	5.6%	50	30.9%	103	63.6%	9	5.6%
Commodities	89	54.9%	68	42.0%	5	3.1%	97	59.9%	59	36.4%	6	3.7%

Source: Legislative Budget Board

\*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.”

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

**Modification of Existing Riders**

2. **Capital Budget.** Revise rider to reflect funding recommendations for Daily Operations (\$11.3 million annually), Centralized Accounting and Payroll/Personnel System (\$46.9 million annually), and Data Center Services (\$1.3 million annually).

**Deleted Riders**

20. **Improve and Enhance Services and Systems.** Delete rider identifying appropriations for the 2020-21 biennium for the purpose of improving and enhancing agency services and systems.
21. **Centralized Accounting and Payroll/Personnel Systems Implementation.** Delete rider identifying appropriations for the 2020-21 biennium for the Centralized Accounting and Payroll/Personnel System (CAPPS).
22. **Contingency for Senate Bill 2.** Delete contingency rider for Senate Bill 2, Eighty-sixth Legislature, Regular Session.

**Article IX.**

- 9.10. **Centralized Accounting and Payroll/Personnel System Deployments.** Revise rider to identify agencies scheduled for deployment during the 2022-23 biennium. Rider requires those agencies to coordinate with the Comptroller for that purpose. The provision also limits transferability of CAPPS funding to the agencies identified in the provision for other purposes.

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

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Requested Rider Revisions Not Included in Recommendations**

1) Deletion of Rider 19, Information Technology Projects. This rider requires the Comptroller to submit a budget and schedule for information technology (IT) projects, including upgrades, enhancements, replacements, or addition of IT systems or components of IT systems, not later than September 1 of each year to the Chair of the House Appropriations Committee, the Chair of the Senate Finance Committee, Speaker of the House, Lieutenant Governor, and staff of the Legislative Budget Board.	\$0	\$0	0.0	No	No	\$0
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**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 by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
ONGOING AUDIT ACTIVITIES A.1.1	\$199,180,490	\$207,343,413	\$8,162,923	4.1%	Recommendations increase General Revenue by \$9 million. This includes \$6.9 million to restore the agency's funding to 2020-21 appropriated levels and \$2.1 million reallocated from other strategies, offset by a decrease in Appropriated Receipts of \$0.8 million.
TAX LAWS COMPLIANCE A.2.1	\$81,680,640	\$84,647,943	\$2,967,303	3.6%	Recommendations increase General Revenue by \$3 million primarily to maintain salaries at fiscal year 2021 budgeted levels.
TAXPAYER INFORMATION A.3.1	\$35,306,356	\$37,042,223	\$1,735,867	4.9%	Recommendations increase General Revenue by \$1.7 million to restore the agency's funding to 2020-21 appropriated levels.
TAX HEARINGS A.4.1	\$22,430,556	\$23,171,906	\$741,350	3.3%	Recommendations increase General Revenue by \$0.7 million to restore the agency's funding to 2020-21 appropriated levels.
<b>Total, Goal A, COMPLIANCE WITH TAX LAWS</b>	<b>\$338,598,042</b>	<b>\$352,205,485</b>	<b>\$13,607,443</b>	<b>4.0%</b>	
ACCOUNTING/REPORTING B.1.1	\$56,564,896	\$58,977,064	\$2,412,168	4.3%	Recommendations reflect an increase in General Revenue of \$2.4 million that includes \$2.2 million to restore the agency's funding to 2020-21 levels and \$0.2 million reallocated from other strategies.
CAPPS IMPLEMENTATION B.1.2	\$99,189,712	\$96,829,631	(\$2,360,081)	(2.4%)	Recommendations include an increase of \$2.9 million in General Revenue to restore the agency's funding to 2020-21 appropriated levels, a decrease of \$5.2 million in Appropriated Receipts and a decrease of \$0.1 million in Interagency Contracts primarily from unexpended balances from prior biennia.
PROPERTY TAX PROGRAM B.2.1	\$24,722,269	\$31,121,349	\$6,399,080	25.9%	Recommendations increase General Revenue by \$6.4 million. This includes \$6.1 million to restore the agency's funding to 2020-21 appropriated levels and \$0.3 million reallocated from other strategies.
TREASURY OPERATIONS B.3.1	\$10,841,426	\$11,075,136	\$233,710	2.2%	Recommendations increase General Revenue by \$0.2 million to restore the agency's funding to 2020-21 appropriated levels.
PROCUREMENT AND SUPPORT SERVICES B.4.1	\$12,651,954	\$14,346,306	\$1,694,352	13.4%	Recommendations increase General Revenue by \$1.7 million to restore the agency's funding to 2020-21 appropriated levels.
<b>Total, Goal B, MANAGE FISCAL AFFAIRS</b>	<b>\$203,970,257</b>	<b>\$212,349,486</b>	<b>\$8,379,229</b>	<b>4.1%</b>	
REVENUE & TAX PROCESSING C.1.1	\$85,735,220	\$89,919,433	\$4,184,213	4.9%	Recommendations increase General Revenue by \$8.5 million to restore the agency's funding to 2020-21 appropriated levels. This amount is offset by a decrease of \$4.3 million in this strategy for funding for capital expenditures during the 2020-21 biennium that has been reallocated to other strategies.



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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
<b>Total, Goal C, MANAGE STATE REVENUE</b>	<b>\$85,735,220</b>	<b>\$89,919,433</b>	<b>\$4,184,213</b>	<b>4.9%</b>	
<b>Grand Total, All Strategies</b>	<b>\$628,303,519</b>	<b>\$654,474,404</b>	<b>\$26,170,885</b>	<b>4.2%</b>	

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

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	2,932.3	2,950.3	2,950.3	2,950.3	2,950.3
Actual/Budgeted	2,758.4	2,746.6	2,950.3	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Comptroller of Public Accounts, Group 6	\$153,750	\$153,750	\$153,750	\$153,750	\$153,750

Notes:

a) The State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels. Actual FTE figures are below the FTE cap primarily due to staff vacancies and turnover.

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020) 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. The agency is not requesting any changes to its Exempt Position.

**Centralized Accounting and Payroll/Personnel System Deployments Schedule**

**Deployments During 2022-23 Biennium**

<b>HR/Payroll</b>	<b>Financials</b>
<b>Article I</b>	
<ul style="list-style-type: none"> <li>- Commission on State Emergency Communications</li> <li>- Public Finance Authority</li> <li>- Preservation Board</li> </ul>	<ul style="list-style-type: none"> <li>- Office of the Attorney General</li> <li>- Employees Retirement System</li> <li>- Facilities Commission</li> <li>- State Office of Risk Management</li> </ul>
<b>Article III</b>	
<ul style="list-style-type: none"> <li>- Higher Education Coordinating Board</li> </ul>	
<b>Article V</b>	
<ul style="list-style-type: none"> <li>- Commission on Fire Protection</li> <li>- Commission on Jail Standards</li> </ul>	
<b>Article VI</b>	
<ul style="list-style-type: none"> <li>- Soil and Water Conservation Board</li> </ul>	<ul style="list-style-type: none"> <li>- Commission on Environmental Quality</li> <li>- General Land Office and Veterans' Land Board</li> <li>- Water Development Board</li> </ul>
<b>Article VIII</b>	
<ul style="list-style-type: none"> <li>- Board of Dental Examiners</li> <li>- Health Professions Council</li> <li>- Office of Public Insurance Counsel</li> <li>- Optometry Board</li> <li>- Securities Board</li> <li>- Board of Veterinary Medical Examiners</li> </ul>	<ul style="list-style-type: none"> <li>- Board of Chiropractic Examiners</li> <li>- Behavioral Health Executive Council</li> </ul>

Note: After the 2022-23 biennium, the only remaining and required state agency deployment will be those for the Department of Criminal Justice; deployment timeframe is unknown.

Centralized Accounting and Payroll/Personnel System (CAPPS) Exceptional Item Requests for the 2022-23 Biennium

Article	Agency		Project Description/Notes	GR-Related	All Funds	FTEs	
	No.	Agency Name				2022	2023
I	302	Office of the Attorney General	<b>CAPPS Financial Transition Phase II (Deployment)</b> . Request is for the additional funding needed to migrate to CAPPS Financials, including staff augmentation contracts and vendor engagement for program management and enterprise architecture support including evaluating business processes, mainframe systems, and other customized business applications. The OAG completed the HR/Payroll implementation in the 2018-19 biennium.	\$1,027,511	\$1,130,623	0.0	0.0
I	303	Facilities Commission	<b>CAPPS Financials (Deployment)</b> . TFC is currently implementing the H.R./Payroll Module. Request is to support staffing and operational needs associated with this project. Positions include project managers and subject matter experts/trainers. Data center costs are also requested to centralize legacy data in a new data warehouse. Request would allow Fiscal and I.T. to implement CAPPS Financials while maintaining its legacy internal financial system (GFAS).Funding request is in addition to appropriations to implement the CAPPS HR/Payroll module in the 2020-21 biennium and allocated for implementation of the Financial Module in TFC's base request.	\$1,561,462	\$1,561,462	7.0	8.0
II	529	Health & Human Services Commission	<b>CAPPS Compliance and Stabilization (Hub system enhancements)</b> . Request is to support the migration of the current Accounts Receivable Tracking System (ARTS) to CAPPS Financials, and to upgrade CAPPS Human Capital Management (HCM) and CAPPS Financials to comply with the the Comptroller's CAPPS Statewide Baseline Consolidated Application Control Environment (CACE) approach for established for Hub agencies. Agency will procur staff augmentation contractors through Department of Information Resources (DIR) existing contracts.	\$16,294,235	\$24,011,428	45.6	47.7
V	458	Alcoholic Beverage Commission	<b>CAPPS Support (Post-deployment ongoing support)</b> . TABC went live with CAPPS Financials in September 2017 and CAPPS HR in July 2019. Request is for an additional \$186,438 and one FTE to serve as an ongoing project manager to support CAPPS upgrades and system testing, and oversee a Level 1 CAPPS expert business analyst who supports reporting needs.	\$186,438	\$186,438	1.0	1.0

Note: Requests identified in this schedule are based on agencies' 2022-23 Legislative Appropriations Requests and may be subsequently updated based on revised requests from agencies impacted by deployments, shown in Appendix D.

**\$19,069,646      \$26,889,951      53.6      56.7**

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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
<b>Article I - General Government</b>													
Commission on the Arts													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	21.1 %	16.2 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	21.1 %	82.1 %
Office of the Attorney General													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	52.2 %	0.0 %	0.0 %	26.0 %	28.1 %	21.1 %	69.5 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	23.8 %	0.0 %	0.0 %	26.0 %	28.7 %	21.1 %	28.0 %
Bond Review Board													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	65.7 %	21.1 %	30.6 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	83.6 %	21.1 %	79.4 %
Cancer Prevention and Research Institute of Texas													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	16.2 %	26.0 %	4.9 %	21.1 %	54.3 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	22.8 %	26.0 %	4.3 %	21.1 %	41.0 %
Comptroller of Public Accounts													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.7 %	1.9 %	23.6 %	0.0 %	24.6 %	26.5 %	21.0 %	10.1 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	26.8 %	21.1 %	18.1 %
Commission on State Emergency Communications													
	2018							23.7 %	0.0 %	26.0 %	10.4 %	21.1 %	5.5 %
	2019							23.7 %	0.0 %	26.0 %	31.4 %	21.1 %	2.0 %
Texas Emergency Services Retirement System													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	22.9 %	0.0 %	27.7 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	31.9 %	0.0 %	48.7 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures  
87TH 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	
<b>Article I - General Government</b>													
Employees Retirement System													
	2018	0.0 %	0.0 %	21.1 %	0.1 %	32.9 %	33.4 %	23.7 %	0.0 %	26.0 %	30.5 %	21.1 %	39.9 %
	2019	11.2 %	0.0 %	21.1 %	16.6 %	32.9 %	2.8 %	23.7 %	26.4 %	26.0 %	26.4 %	21.1 %	31.5 %
Texas Ethics Commission													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	100.0 %	26.0 %	69.2 %	21.1 %	6.2 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	100.0 %	26.0 %	63.9 %	21.1 %	33.3 %
Facilities Commission													
	2018	11.2 %	0.0 %	21.1 %	21.3 %	32.9 %	12.7 %	23.7 %	11.5 %	26.0 %	12.4 %	21.1 %	19.8 %
	2019	11.2 %	39.1 %	21.1 %	23.5 %	32.9 %	15.7 %	23.7 %	30.4 %	26.0 %	14.2 %	21.1 %	18.5 %
Public Finance Authority													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	0.0 %	26.0 %	14.4 %	21.1 %	13.0 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	58.9 %
Office of the Governor													
	2018							23.7 %	0.0 %	26.0 %	29.3 %	21.1 %	88.9 %
	2019							23.7 %	0.0 %	26.0 %	36.6 %	21.1 %	31.3 %
Trusted Programs Within the Office of the Governor													
	2018					32.9 %	0.0 %	0.0 %	0.0 %	26.0 %	5.1 %	21.1 %	7.8 %
	2019					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	2.9 %	21.1 %	13.5 %
Historical Commission													
	2018	3.8 %	0.0 %	1.2 %	0.0 %	14.5 %	1.6 %	36.5 %	(908.6)%	18.0 %	6.2 %	22.2 %	8.7 %
	2019	3.8 %	40.3 %	1.2 %	26.6 %	14.5 %	2.4 %	36.5 %	48.8 %	18.0 %	8.1 %	22.2 %	10.2 %
Department of Information Resources													
	2018					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	33.1 %	21.1 %	26.7 %
	2019					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	33.1 %	21.1 %	26.4 %
Library & Archives Commission													
	2018	0.0 %	0.0 %			2.0 %	2.5 %	0.0 %	0.0 %	1.0 %	0.3 %	15.0 %	15.0 %
	2019	0.0 %	0.0 %			5.0 %	28.6 %	0.0 %	34.8 %	1.0 %	0.1 %	15.0 %	17.5 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article I - General Government</b>													
Pension Review Board													
	2018									26.0 %	79.5 %	21.1 %	100.0 %
	2019									26.0 %	89.2 %	21.1 %	69.3 %
Preservation Board													
	2018	0.0 %	0.0 %	21.1 %	60.0 %	32.9 %	9.3 %	23.7 %	4.4 %	26.0 %	2.6 %	12.2 %	3.1 %
	2019	0.0 %	0.0 %	21.1 %	0.0 %	32.9 %	13.6 %	23.7 %	6.3 %	26.0 %	6.8 %	12.2 %	4.4 %
State Office of Risk Management													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	100.0 %	26.0 %	55.9 %	21.1 %	3.2 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	100.0 %	26.0 %	44.3 %	21.1 %	57.8 %
Secretary of State													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %	0.0 %	27.9 %	0.0 %	28.6 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	52.0 %	0.0 %	55.9 %
Veterans Commission													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	81.4 %	23.7 %	82.8 %	26.0 %	8.5 %	21.1 %	35.1 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	18.2 %	23.7 %	79.9 %	26.0 %	7.3 %	21.1 %	28.3 %
<b>Article II - Health and Human Services</b>													
Department of Family and Protective Services													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	15.4 %	23.7 %	0.0 %	26.0 %	32.3 %	21.1 %	62.9 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	39.0 %	23.7 %	0.0 %	26.0 %	32.2 %	21.1 %	56.0 %
Department of State Health Services													
	2018	11.2 %	0.0 %	21.1 %	0.4 %	32.9 %	50.3 %	23.7 %	14.2 %	26.0 %	28.4 %	21.1 %	2.7 %
	2019	11.2 %	0.0 %	21.1 %	4.2 %	32.9 %	(7.1)%	23.7 %	0.1 %	26.0 %	26.7 %	21.1 %	2.3 %
Health and Human Services Commission													
	2018	11.2 %	10.5 %	21.1 %	0.0 %	32.9 %	28.4 %	23.7 %	3.6 %	26.0 %	16.5 %	21.1 %	15.1 %
	2019	11.2 %	19.1 %	21.1 %	0.0 %	32.9 %	22.7 %	23.7 %	4.5 %	26.0 %	12.7 %	21.1 %	14.2 %
<b>Article III - Education</b>													

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article III - Education</b>													
Texas Education Agency													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	96.3 %	10.0 %	1.2 %	16.0 %	7.6 %	21.1 %	71.6 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	97.7 %	5.0 %	0.4 %	12.0 %	10.0 %	21.1 %	55.5 %
School for the Blind and Visually Impaired													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	13.4 %	23.7 %	0.0 %	26.0 %	10.6 %	21.1 %	10.7 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	13.8 %	21.1 %	22.1 %
School for the Deaf													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	0.0 %	23.7 %	23.0 %	26.0 %	6.6 %	21.1 %	35.5 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	0.0 %	23.7 %	68.7 %	26.0 %	1.9 %	21.1 %	34.6 %
Teacher Retirement System													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	40.0 %	60.3 %	5.0 %	7.1 %	15.0 %	21.5 %	40.0 %	25.6 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	40.0 %	65.8 %	10.0 %	1.1 %	25.0 %	26.5 %	40.0 %	23.6 %
Higher Education Coordinating Board													
	2018					32.9 %	0.0 %	23.7 %	19.9 %	26.0 %	29.0 %	21.1 %	31.9 %
	2019					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	29.4 %	21.1 %	23.8 %
The University of Texas System Administration													
	2018	0.0 %	0.0 %	16.7 %	25.3 %	3.1 %	8.8 %	14.8 %	22.8 %	4.1 %	3.5 %	35.6 %	31.4 %
	2019	0.0 %	0.0 %	16.7 %	19.8 %	3.1 %	14.9 %	12.6 %	12.6 %	4.1 %	4.8 %	35.6 %	34.3 %
The University of Texas at Arlington													
	2018	3.9 %	7.6 %	20.5 %	22.8 %	38.0 %	30.0 %	18.5 %	9.4 %	10.0 %	6.0 %	21.3 %	18.1 %
	2019	5.1 %	60.2 %	20.2 %	37.5 %	35.6 %	31.2 %	10.0 %	19.5 %	6.3 %	6.7 %	20.7 %	22.8 %
The University of Texas at Austin													
	2018	11.2 %	76.2 %	21.1 %	22.2 %	32.9 %	29.9 %	23.7 %	16.5 %	26.0 %	9.4 %	21.1 %	21.6 %
	2019	11.2 %	0.0 %	21.1 %	12.7 %	32.9 %	36.2 %	23.7 %	17.8 %	26.0 %	8.6 %	21.1 %	22.3 %
The University of Texas at Dallas													
	2018	11.2 %	30.6 %	21.1 %	15.5 %	32.9 %	39.7 %	23.7 %	9.0 %	26.0 %	15.8 %	21.1 %	31.7 %
	2019	11.2 %	0.0 %	21.1 %	23.0 %	32.9 %	32.8 %	23.7 %	57.5 %	26.0 %	16.3 %	21.1 %	31.3 %



**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article III - Education</b>													
The University of Texas at El Paso													
	2018	0.0 %	0.0 %	38.6 %	38.6 %	26.8 %	26.8 %	17.5 %	17.5 %	8.1 %	8.1 %	23.2 %	23.2 %
	2019	0.0 %	0.0 %	73.0 %	73.0 %	13.9 %	13.9 %	0.4 %	0.4 %	10.0 %	10.0 %	20.3 %	20.3 %
The University of Texas Rio Grande Valley <sup>1</sup>													
	2018	11.2 %	0.0 %	21.1 %	37.8 %	32.9 %	35.8 %	23.7 %	20.2 %	26.0 %	8.2 %	21.1 %	21.8 %
	2019	11.2 %	0.0 %	21.1 %	42.1 %	32.9 %	34.1 %	23.7 %	8.4 %	26.0 %	19.3 %	21.1 %	33.4 %
The University of Texas Permian Basin													
	2018	11.2 %	0.0 %	21.1 %	5.4 %	32.4 %	5.2 %	23.7 %	1.8 %	26.0 %	1.5 %	21.1 %	28.6 %
	2019	11.2 %	0.0 %	21.1 %	0.3 %	32.9 %	14.2 %	23.7 %	0.0 %	26.0 %	3.7 %	21.0 %	24.6 %
The University of Texas at San Antonio													
	2018	11.2 %	99.6 %	21.1 %	5.9 %	32.7 %	54.0 %	23.6 %	30.0 %	24.6 %	23.4 %	21.0 %	35.2 %
	2019	0.0 %	0.0 %	21.1 %	8.7 %	32.7 %	49.9 %	23.6 %	40.2 %	24.6 %	21.5 %	21.0 %	33.5 %
The University of Texas at Tyler													
	2018	0.0 %	0.0 %	14.1 %	0.0 %	21.7 %	20.2 %	9.8 %	27.6 %	11.4 %	17.6 %	11.3 %	18.1 %
	2019	0.0 %	0.0 %	14.1 %	94.3 %	21.7 %	36.9 %	9.8 %	5.5 %	11.4 %	9.7 %	11.3 %	15.9 %
Texas A&M University System Administrative and General Offices													
	2018			15.0 %	12.2 %	11.0 %	3.3 %	34.0 %	41.2 %	11.0 %	6.1 %	44.0 %	55.5 %
	2019			14.0 %	13.9 %	9.0 %	0.8 %	35.0 %	36.4 %	48.0 %	3.3 %	48.0 %	49.0 %
Texas A&M University													
	2018	5.0 %	0.0 %	21.5 %	23.6 %	27.9 %	16.7 %	26.2 %	9.7 %	25.3 %	9.3 %	24.7 %	25.0 %
	2019	5.0 %	1.8 %	22.0 %	28.8 %	28.0 %	10.6 %	26.2 %	30.6 %	25.3 %	9.4 %	24.8 %	22.9 %
Texas A&M University at Galveston													
	2018	8.0 %	0.0 %	21.1 %	2.4 %	29.6 %	6.5 %	18.0 %	76.4 %	25.3 %	3.4 %	21.1 %	16.3 %
	2019	9.7 %	0.0 %	14.0 %	0.0 %	26.9 %	17.2 %	31.9 %	26.3 %	25.7 %	14.3 %	21.0 %	10.7 %
Prairie View A&M University													
	2018	0.0 %	0.0 %	36.7 %	0.2 %	43.6 %	47.0 %	33.4 %	49.5 %	22.1 %	17.5 %	45.6 %	39.4 %
	2019	0.0 %	0.0 %	29.2 %	10.5 %	26.9 %	34.2 %	36.5 %	60.4 %	28.9 %	7.0 %	38.6 %	38.8 %

<sup>1</sup> Data for Agency 746 - UT Rio Grande Valley includes data reported by Agency 748 - UT Rio Grande Valley School of Medicine.

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article III - Education</b>													
Tarleton State University													
	2018	0.0 %	0.0 %	1.6 %	0.0 %	33.4 %	9.2 %	13.4 %	11.8 %	22.9 %	15.9 %	30.0 %	37.0 %
	2019	0.0 %	0.0 %	1.6 %	0.0 %	10.1 %	0.0 %	22.8 %	34.5 %	22.9 %	14.4 %	31.4 %	26.1 %
Texas A&M University - Central Texas													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	16.6 %	21.1 %	28.0 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	2.2 %	23.7 %	0.0 %	26.0 %	20.0 %	21.1 %	25.6 %
Texas A&M University - Corpus Christi													
	2018	0.0 %	0.0 %	43.7 %	1.5 %	34.8 %	18.2 %	26.7 %	10.8 %	11.2 %	3.8 %	31.9 %	18.3 %
	2019	0.0 %	79.2 %	14.9 %	5.3 %	21.3 %	86.9 %	17.3 %	11.0 %	10.6 %	5.4 %	30.3 %	28.1 %
Texas A&M University - Kingsville													
	2018	11.2 %	0.0 %	39.7 %	75.6 %	38.3 %	65.6 %	23.6 %	0.0 %	24.6 %	21.5 %	22.8 %	27.0 %
	2019	11.2 %	0.0 %	35.2 %	34.4 %	44.4 %	78.0 %	35.8 %	12.1 %	26.0 %	6.8 %	23.5 %	17.6 %
Texas A&M University - San Antonio													
	2018	0.0 %	0.0 %	1.3 %	1.3 %	71.9 %	104.6 %	23.6 %	0.0 %	5.8 %	18.8 %	8.1 %	29.1 %
	2019	11.2 %	0.0 %	4.5 %	16.6 %	67.1 %	100.0 %	23.7 %	0.0 %	5.9 %	20.1 %	18.0 %	39.1 %
Texas A&M International University													
	2018	0.0 %	0.0 %	4.8 %	0.0 %	7.5 %	0.0 %	6.2 %	0.0 %	17.5 %	17.6 %	45.2 %	42.5 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	91.3 %	0.0 %	0.0 %	17.6 %	20.9 %	42.5 %	40.1 %
West Texas A&M University													
	2018	0.0 %	0.0 %	41.1 %	0.0 %	50.6 %	0.0 %	23.6 %	0.0 %	10.4 %	3.9 %	16.3 %	17.2 %
	2019	0.0 %	0.0 %	51.2 %	0.0 %	61.7 %	0.0 %	6.2 %	0.0 %	21.5 %	15.9 %	13.8 %	5.2 %
Texas A&M University - Commerce													
	2018	0.0 %	0.0 %	5.0 %	8.5 %	70.0 %	49.4 %	10.0 %	27.2 %	14.0 %	28.5 %	25.0 %	28.1 %
	2019	0.0 %	0.0 %	10.0 %	9.7 %	53.0 %	6.1 %	24.0 %	55.8 %	11.0 %	34.9 %	30.0 %	22.3 %
Texas A&M University - Texarkana													
	2018	0.0 %	0.0 %	7.0 %	0.1 %	7.1 %	8.9 %	23.7 %	0.0 %	15.3 %	0.8 %	49.8 %	26.6 %
	2019	0.0 %	0.0 %	7.0 %	16.0 %	7.1 %	0.0 %	23.7 %	0.0 %	15.3 %	3.1 %	49.8 %	20.7 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures  
87TH 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	
<b>Article III - Education</b>													
University of Houston System Administration													
	2018	11.2 %	0.0 %	21.1 %	23.8 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	1.0 %	21.1 %	31.6 %
	2019	11.2 %	0.0 %	21.1 %	6.5 %	32.9 %	1.4 %	23.7 %	0.0 %	26.0 %	3.0 %	21.1 %	37.2 %
University of Houston													
	2018	11.0 %	0.0 %	21.1 %	18.2 %	32.9 %	17.1 %	23.7 %	9.1 %	26.0 %	16.0 %	21.1 %	21.6 %
	2019	11.2 %	0.0 %	21.1 %	9.9 %	32.9 %	69.2 %	23.7 %	9.7 %	26.0 %	14.2 %	21.1 %	22.3 %
University of Houston - Clear Lake													
	2018	0.0 %	0.0 %	15.5 %	15.5 %	0.0 %	(6.7)%	0.0 %	0.0 %	13.7 %	13.7 %	56.6 %	56.6 %
	2019	0.0 %	0.0 %	14.0 %	14.0 %	0.0 %	0.0 %	7.6 %	7.6 %	20.4 %	20.4 %	35.3 %	35.3 %
University of Houston - Downtown													
	2018	0.0 %	0.0 %	25.0 %	20.0 %	10.0 %	34.6 %	12.0 %	0.0 %	9.0 %	40.4 %	35.0 %	34.6 %
	2019	0.0 %	0.0 %	25.0 %	27.8 %	10.0 %	32.8 %	12.0 %	0.0 %	9.0 %	27.3 %	35.0 %	32.4 %
University of Houston - Victoria													
	2018	0.0 %	0.0 %	15.0 %	17.3 %	20.0 %	37.3 %	15.0 %	0.0 %	15.0 %	7.4 %	35.0 %	41.1 %
	2019	0.0 %	0.0 %	15.0 %	23.1 %	20.0 %	5.2 %	15.0 %	0.0 %	15.0 %	13.0 %	35.0 %	35.4 %
Midwestern State University													
	2018	11.2 %	71.5 %	21.1 %	7.0 %	32.9 %	6.9 %	23.7 %	18.2 %	26.0 %	3.1 %	21.1 %	15.0 %
	2019	11.2 %	2.4 %	21.1 %	3.1 %	32.9 %	5.4 %	23.7 %	14.1 %	26.0 %	0.2 %	21.1 %	14.9 %
University of North Texas System Administration													
	2018	11.2 %	0.0 %	21.1 %	18.9 %	32.9 %	38.2 %	23.7 %	9.8 %	26.0 %	13.3 %	21.1 %	27.2 %
	2019	11.2 %	0.0 %	21.1 %	41.9 %	32.9 %	39.6 %	23.7 %	13.0 %	26.0 %	10.1 %	21.1 %	22.7 %
University of North Texas													
	2018	11.2 %	0.0 %	21.1 %	29.9 %	32.9 %	22.1 %	23.7 %	31.5 %	26.0 %	16.4 %	21.0 %	14.9 %
	2019	11.2 %	0.0 %	21.1 %	39.3 %	32.9 %	38.4 %	23.7 %	38.5 %	26.0 %	10.0 %	21.0 %	23.6 %
University of North Texas at Dallas													
	2018	11.2 %	0.0 %	21.1 %	22.3 %	32.9 %	37.6 %	23.7 %	0.0 %	26.0 %	24.8 %	21.0 %	46.7 %
	2019	11.2 %	0.0 %	21.1 %	42.1 %	32.9 %	52.4 %	23.7 %	0.0 %	26.0 %	19.6 %	21.0 %	32.0 %

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	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
<b>Article III - Education</b>													
Stephen F. Austin State University													
	2018	11.2 %	29.3 %	21.1 %	15.2 %	32.9 %	5.9 %	23.7 %	11.5 %	26.0 %	11.0 %	21.1 %	13.6 %
	2019	11.2 %	93.2 %	21.1 %	10.4 %	32.9 %	8.8 %	23.7 %	11.3 %	26.0 %	11.7 %	21.1 %	12.5 %
Texas Southern University													
	2018	11.2 %	0.0 %	21.1 %	3.7 %	32.9 %	35.9 %	23.7 %	3.6 %	26.0 %	8.9 %	21.1 %	34.1 %
	2019	11.2 %	0.0 %	21.1 %	6.6 %	32.9 %	23.1 %	23.7 %	5.9 %	26.0 %	7.9 %	21.1 %	25.7 %
Texas Tech University System Administration													
	2018	0.0 %	0.0 %	21.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	0.2 %	21.1 %	21.8 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	0.3 %	21.1 %	12.9 %
Texas Tech University													
	2018	10.0 %	0.1 %	11.7 %	0.7 %	21.6 %	27.3 %	17.0 %	8.1 %	13.9 %	29.4 %	30.3 %	55.3 %
	2019	9.6 %	0.0 %	17.2 %	10.6 %	23.9 %	13.5 %	16.5 %	2.4 %	14.7 %	43.4 %	29.5 %	33.6 %
Angelo State University													
	2018	7.6 %	0.0 %	14.9 %	17.3 %	16.6 %	4.8 %	16.2 %	3.3 %	13.6 %	6.4 %	16.4 %	13.2 %
	2019	7.6 %	0.0 %	14.9 %	5.7 %	16.6 %	3.5 %	16.2 %	12.6 %	13.6 %	12.9 %	16.4 %	22.4 %
Texas Woman's University													
	2018	11.2 %	0.0 %	21.1 %	10.9 %	32.9 %	33.7 %	23.7 %	8.2 %	26.0 %	14.2 %	21.1 %	30.9 %
	2019	11.2 %	96.1 %	21.1 %	15.0 %	32.9 %	47.8 %	23.7 %	29.0 %	26.0 %	13.8 %	21.1 %	23.3 %
Texas State University System													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	19.5 %	0.0 %	47.6 %	12.8 %	7.9 %	21.0 %	56.2 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	6.2 %	0.0 %	18.7 %	12.8 %	7.6 %	21.0 %	46.9 %
Lamar University													
	2018	11.2 %	97.5 %	21.1 %	11.5 %	32.9 %	23.3 %	23.7 %	50.1 %	26.0 %	11.7 %	21.1 %	16.0 %
	2019	11.2 %	0.0 %	21.1 %	7.9 %	32.9 %	28.6 %	23.7 %	11.4 %	26.0 %	9.1 %	21.1 %	16.0 %
Lamar Institute of Technology													
	2018	0.0 %	0.0 %	0.0 %	10.6 %	0.0 %	13.9 %	0.0 %	0.0 %	0.0 %	28.8 %	0.0 %	32.0 %
	2019	0.0 %	0.0 %	0.0 %	24.1 %	0.0 %	1.3 %	0.0 %	0.0 %	0.0 %	32.4 %	0.0 %	29.0 %

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	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
<b>Article III - Education</b>													
Lamar State College - Orange													
	2018	11.2 %	0.0 %	21.1 %	28.4 %	32.9 %	1.7 %	23.7 %	0.0 %	26.0 %	24.3 %	21.1 %	13.5 %
	2019	11.2 %	0.0 %	21.1 %	39.3 %	32.9 %	0.0 %	23.7 %	0.0 %	21.1 %	23.4 %	21.1 %	22.5 %
Lamar State College - Port Arthur													
	2018	11.2 %	0.0 %	21.1 %	13.1 %	32.9 %	8.3 %	23.7 %	0.0 %	26.0 %	25.8 %	21.1 %	25.8 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	10.0 %	23.7 %	0.0 %	26.0 %	21.7 %	21.1 %	9.4 %
Sam Houston State University													
	2018	0.0 %	0.0 %	21.1 %	15.2 %	32.9 %	20.3 %	23.7 %	28.3 %	26.0 %	20.5 %	21.1 %	27.5 %
	2019	0.0 %	0.0 %	21.1 %	15.5 %	32.9 %	16.1 %	23.7 %	24.1 %	26.0 %	20.6 %	21.1 %	27.0 %
Texas State University													
	2018	0.0 %	0.0 %	14.3 %	14.3 %	16.2 %	16.2 %	11.8 %	11.8 %	11.9 %	11.9 %	26.5 %	26.5 %
	2019	0.0 %	0.0 %	18.1 %	18.1 %	67.7 %	67.7 %	68.7 %	68.7 %	12.5 %	12.5 %	28.1 %	28.1 %
Sul Ross State University													
	2018	0.0 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	1.6 %	21.1 %	14.8 %
	2019	0.0 %	0.0 %	21.1 %	0.0 %	32.9 %	66.5 %	23.7 %	0.0 %	26.0 %	1.7 %	21.1 %	14.8 %
Sul Ross State University Rio Grande College													
	2018	0.0 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	1.6 %	21.1 %	14.8 %
	2019	0.0 %	0.0 %	21.1 %	0.0 %	32.9 %	66.5 %	23.7 %	0.0 %	26.0 %	1.7 %	21.1 %	14.8 %
The University of Texas Southwestern Medical Center													
	2018	11.2 %	27.9 %	21.1 %	18.2 %	32.9 %	16.7 %	23.7 %	29.3 %	26.0 %	4.7 %	21.1 %	12.3 %
	2019	0.0 %	0.0 %	14.2 %	24.9 %	11.9 %	13.4 %	3.9 %	3.1 %	6.8 %	10.6 %	11.9 %	10.9 %
The University of Texas Medical Branch at Galveston													
	2018					27.1 %	20.3 %	8.4 %	2.6 %	10.0 %	5.2 %	8.6 %	5.1 %
	2019					25.7 %	4.6 %	7.1 %	2.7 %	7.8 %	8.8 %	8.5 %	5.5 %
The University of Texas Health Science Center at Houston													
	2018	0.0 %	0.0 %	13.7 %	13.7 %	4.5 %	4.5 %	21.0 %	21.0 %	11.4 %	11.5 %	12.2 %	13.6 %
	2019	0.0 %	0.0 %	3.9 %	3.9 %	7.1 %	7.1 %	13.2 %	13.2 %	9.4 %	9.4 %	14.3 %	14.3 %

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	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
<b>Article III - Education</b>													
The University of Texas Health Science Center at San Antonio													
	2018	11.2 %	0.0 %	10.1 %	0.3 %	23.8 %	13.2 %	8.8 %	13.2 %	15.2 %	11.5 %	13.0 %	13.4 %
	2019	0.0 %	0.0 %	5.5 %	3.8 %	19.7 %	82.9 %	10.8 %	8.9 %	14.9 %	12.4 %	13.8 %	14.1 %
The University of Texas M.D. Anderson Cancer Center													
	2018	0.0 %	0.0 %	10.0 %	3.1 %	9.5 %	12.8 %	40.0 %	38.0 %	8.0 %	12.0 %	2.0 %	1.1 %
	2019	0.0 %	0.0 %	8.0 %	5.2 %	9.5 %	10.5 %	38.0 %	10.1 %	8.0 %	16.4 %	1.5 %	1.6 %
The University of Texas Health Science Center at Tyler													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	59.9 %	60.0 %	2.9 %	2.9 %	3.3 %	3.3 %	6.4 %	6.4 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	1.4 %	1.4 %	15.2 %	15.2 %	4.5 %	4.5 %	9.0 %	9.0 %
Texas A&M University System Health Science Center													
	2018			5.6 %	0.0 %	21.1 %	15.2 %	4.9 %	0.0 %	11.7 %	5.0 %	23.5 %	26.1 %
	2019			5.6 %	11.3 %	20.3 %	12.3 %	4.9 %	0.0 %	10.7 %	22.3 %	23.5 %	18.6 %
University of North Texas Health Science Center at Fort Worth													
	2018			21.1 %	25.9 %	32.9 %	5.4 %	23.7 %	0.0 %	26.0 %	4.1 %	21.0 %	17.8 %
	2019			21.1 %	47.4 %	32.9 %	26.2 %	23.7 %	0.0 %	26.0 %	5.1 %	21.0 %	35.5 %
Texas Tech University Health Sciences Center													
	2018	4.0 %	0.0 %	21.0 %	8.1 %	35.0 %	36.5 %	14.0 %	4.7 %	11.0 %	12.6 %	26.0 %	35.2 %
	2019	4.0 %	41.8 %	21.0 %	7.9 %	35.0 %	33.4 %	14.0 %	3.6 %	11.0 %	9.0 %	26.0 %	29.4 %
Texas Tech University Health Sciences Center at El Paso													
	2018	11.2 %	0.0 %	21.0 %	12.1 %	32.9 %	24.2 %	8.0 %	1.0 %	11.0 %	15.7 %	21.1 %	33.6 %
	2019	11.2 %	0.0 %	21.0 %	11.8 %	32.9 %	50.5 %	8.0 %	1.9 %	11.0 %	7.4 %	21.1 %	26.7 %
Texas State Technical College System Administration													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %
Texas State Technical College - Harlingen													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %

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	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
<b>Article III - Education</b>													
Texas State Technical College - West Texas													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %
Texas State Technical College - Marshall													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %
Texas State Technical College - Waco													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %
Technical State Technical College - Ft. Bend													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %
Technical State Technical College - North Texas													
	2018	11.2 %	10.5 %	21.1 %	1.1 %	32.9 %	14.1 %	23.7 %	1.9 %	26.0 %	19.8 %	21.1 %	3.7 %
	2019	11.2 %	1.5 %	21.1 %	4.4 %	32.9 %	13.3 %	23.7 %	3.0 %	26.0 %	20.1 %	21.1 %	3.6 %
Texas A&M AgriLife Research													
	2018	23.0 %	27.9 %	43.7 %	95.9 %	20.7 %	6.2 %	87.0 %	5.5 %	9.6 %	4.7 %	16.6 %	17.3 %
	2019	25.6 %	65.3 %	19.4 %	33.9 %	32.8 %	2.1 %	63.7 %	1.0 %	5.4 %	7.3 %	14.6 %	17.2 %
Texas A&M AgriLife Extension Service													
	2018			0.0 %	100.0 %	32.9 %	1.0 %	0.0 %	0.0 %	26.0 %	3.8 %	28.6 %	22.2 %
	2019			0.0 %	0.0 %	17.6 %	5.0 %	0.0 %	0.0 %	6.9 %	16.7 %	28.6 %	28.6 %
Texas A&M Engineering Experiment Station													
	2018			25.7 %	25.9 %	43.0 %	31.0 %	5.5 %	57.7 %	13.1 %	6.1 %	17.3 %	16.6 %
	2019			36.9 %	4.9 %	37.2 %	2.1 %	20.5 %	13.2 %	9.6 %	13.0 %	15.6 %	22.1 %
Texas A&M Transportation Institute													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	60.0 %	23.7 %	74.7 %	7.0 %	6.4 %	26.3 %	33.4 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	16.2 %	23.7 %	57.0 %	6.1 %	14.2 %	21.1 %	32.3 %

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	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
<b>Article III - Education</b>													
Texas A&M Engineering Extension Service													
	2018	42.5 %	37.4 %	50.1 %	20.8 %	34.7 %	45.3 %	6.2 %	23.0 %	13.1 %	5.2 %	29.0 %	20.3 %
	2019	20.1 %	13.6 %	5.1 %	0.0 %	29.9 %	8.4 %	6.2 %	0.5 %	11.9 %	7.7 %	26.5 %	22.3 %
Texas A&M Forest Service													
	2018	0.0 %	0.0 %	95.6 %	86.7 %	12.5 %	9.4 %	2.0 %	0.8 %	2.5 %	2.8 %	9.1 %	21.5 %
	2019	0.0 %	0.0 %	5.6 %	3.9 %	13.5 %	8.9 %	22.0 %	0.9 %	4.1 %	4.1 %	21.5 %	44.1 %
Texas A&M Veterinary Medical Diagnostic Laboratory													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	12.6 %	0.0 %	0.0 %	13.0 %	10.5 %	23.5 %	18.9 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	6.5 %	0.0 %	0.0 %	0.0 %	4.5 %	4.5 %	21.7 %	26.0 %
<b>Article IV - The Judiciary</b>													
Supreme Court of Texas													
	2018					32.9 %	37.4 %			26.0 %	11.2 %	21.1 %	18.1 %
	2019					32.9 %	0.0 %			26.0 %	40.2 %	21.1 %	43.0 %
Court of Criminal Appeals													
	2018							23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	21.3 %
	2019							23.7 %	0.0 %	26.0 %	17.1 %	21.1 %	15.2 %
First Court of Appeals District, Houston													
	2018									26.0 %	0.0 %	21.1 %	100.0 %
	2019									26.0 %	0.0 %	21.1 %	0.0 %
Second Court of Appeals District, Fort Worth													
	2018									26.0 %	0.0 %	21.1 %	20.1 %
	2019									26.0 %	0.1 %	21.1 %	13.0 %
Third Court of Appeals District, Austin													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %	0.0 %	100.0 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %	0.0 %	0.0 %



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	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	
<b>Article IV - The Judiciary</b>													
Fourth Court of Appeals District, San Antonio													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	12.4 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	24.3 %
Fifth Court of Appeals District, Dallas													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	34.6 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	21.4 %
Sixth Court of Appeals District, Texarkana													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	0.0 %	21.1 %	100.0 %
	2019	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													
	2018					32.9 %	0.0 %			26.0 %	0.0 %	21.1 %	14.2 %
	2019					32.9 %	0.0 %			26.0 %	0.0 %	21.1 %	71.9 %
Eighth Court of Appeals District, El Paso													
	2018									26.0 %	0.0 %	21.1 %	92.3 %
	2019									26.0 %	6.1 %	21.1 %	97.7 %
Ninth Court of Appeals District, Beaumont													
	2018									0.0 %	0.0 %		
	2019									0.0 %	0.0 %		
Tenth Court of Appeals District, Waco													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	75.9 %	21.1 %	3.0 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	75.4 %	21.1 %	4.6 %
Eleventh Court of Appeals District, Eastland													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	1.0 %	0.0 %	0.0 %	0.0 %	1.5 %	0.5 %	50.0 %	156.6 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	1.0 %	0.0 %	0.0 %	0.0 %	1.5 %	0.9 %	50.0 %	10.5 %
Twelfth Court of Appeals District, Tyler													
	2018											21.1 %	8.6 %
	2019											21.1 %	8.9 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article IV - The Judiciary</b>													
Thirteenth Court of Appeals District, Corpus Christi-Edinburg													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	69.3 %	0.0 %	33.7 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	41.2 %	0.0 %	6.2 %
Fourteenth Court of Appeals District, Houston													
	2018									26.0 %	0.0 %	21.1 %	55.5 %
	2019									26.0 %	0.0 %	21.1 %	0.0 %
Office of Court Administration, Texas Judicial Council													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	100.0 %	0.0 %	0.0 %	26.0 %	43.3 %	50.0 %	67.2 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	24.9 %	50.0 %	22.9 %
Office of Capital and Forensic Writs													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	1.6 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.0 %	21.1 %	0.0 %
Office of the State Prosecuting Attorney													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	21.1 %	100.0 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	21.1 %	83.9 %
State Law Library													
	2018									26.0 %	0.0 %	21.1 %	7.0 %
	2019									26.0 %	0.0 %	21.1 %	11.5 %
State Commission on Judicial Conduct													
	2018							23.7 %	0.0 %	26.0 %	40.8 %	21.1 %	5.9 %
	2019							0.0 %	0.0 %	26.0 %	23.3 %	21.1 %	18.7 %
<b>Article V - Public Safety and Criminal Justice</b>													
Alcoholic Beverage Commission													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	100.0 %	26.0 %	12.5 %	21.1 %	23.6 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	2.3 %	23.7 %	0.0 %	26.0 %	15.0 %	21.1 %	26.2 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article V - Public Safety and Criminal Justice</b>													
Department of Criminal Justice													
	2018	11.2 %	22.0 %	21.1 %	32.2 %	32.9 %	57.1 %	23.7 %	10.7 %	26.0 %	11.2 %	21.1 %	13.4 %
	2019	11.2 %	11.4 %	21.1 %	9.5 %	32.9 %	46.6 %	23.7 %	22.5 %	26.0 %	7.3 %	21.1 %	12.2 %
Commission on Fire Protection													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	25.4 %	26.0 %	2.8 %	21.1 %	21.7 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	0.0 %	26.0 %	27.3 %	21.1 %	44.8 %
Commission on Jail Standards													
	2018							23.7 %	100.0 %	0.0 %	0.0 %	21.1 %	30.9 %
	2019							23.7 %	100.0 %	26.0 %	11.4 %	21.1 %	56.6 %
Juvenile Justice Department													
	2018			18.0 %	40.1 %	17.0 %	16.8 %	1.0 %	0.0 %	10.0 %	8.8 %	22.0 %	22.4 %
	2019			18.0 %	19.4 %	34.0 %	33.8 %	1.0 %	0.0 %	16.0 %	15.6 %	27.0 %	26.9 %
Commission on Law Enforcement													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	100.0 %	26.0 %	18.6 %	21.1 %	31.4 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	15.1 %	23.7 %	100.0 %	26.0 %	3.4 %	21.1 %	34.3 %
Military Department													
	2018	23.5 %	23.5 %	42.8 %	42.8 %	58.6 %	58.6 %	8.1 %	8.1 %	11.2 %	11.2 %	15.8 %	15.8 %
	2019	57.5 %	57.5 %	59.8 %	59.8 %	33.5 %	33.5 %	15.2 %	15.2 %	24.7 %	24.7 %	30.6 %	30.6 %
Department of Public Safety													
	2018	11.2 %	6.2 %	21.1 %	24.5 %	32.9 %	22.3 %	23.7 %	10.1 %	26.0 %	9.9 %	21.1 %	17.3 %
	2019	11.2 %	1.0 %	21.1 %	10.0 %	32.9 %	33.7 %	23.7 %	3.3 %	26.0 %	11.8 %	21.1 %	23.7 %
<b>Article VI - Natural Resources</b>													
Department of Agriculture													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	17.9 %	23.7 %	1.2 %	26.0 %	31.4 %	21.1 %	32.4 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	6.3 %	23.7 %	(1.3)%	26.0 %	29.9 %	21.1 %	29.6 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article VI - Natural Resources</b>													
Animal Health Commission													
	2018	0.0 %	100.0 %	0.0 %	0.0 %	0.0 %	0.0 %	95.0 %	57.1 %	10.0 %	6.5 %	18.0 %	28.8 %
	2019	11.3 %	0.0 %	0.0 %	0.0 %	0.0 %	21.1 %	57.3 %	43.0 %	6.5 %	6.5 %	23.5 %	31.5 %
Commission on Environmental Quality													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	19.6 %	23.7 %	15.5 %	26.0 %	44.2 %	21.2 %	38.1 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	22.4 %	23.7 %	8.3 %	26.0 %	40.4 %	21.1 %	48.1 %
General Land Office and Veterans' Land Board													
	2018	0.0 %	100.0 %	2.0 %	2.2 %	1.0 %	13.4 %	2.7 %	2.8 %	6.0 %	6.3 %	1.0 %	1.8 %
	2019	0.0 %	0.0 %	2.0 %	4.0 %	1.0 %	17.9 %	2.7 %	4.5 %	6.0 %	10.3 %	1.0 %	2.5 %
Parks and Wildlife Department													
	2018	11.2 %	38.3 %	21.1 %	16.9 %	32.9 %	35.5 %	23.7 %	27.7 %	26.0 %	12.5 %	21.1 %	23.7 %
	2019	11.2 %	37.8 %	21.1 %	24.8 %	32.9 %	23.1 %	23.7 %	53.9 %	11.7 %	8.8 %	21.1 %	27.4 %
Railroad Commission													
	2018	11.2 %	100.0 %	21.0 %	0.0 %	32.9 %	41.2 %	23.7 %	1.7 %	26.0 %	2.2 %	21.1 %	7.2 %
	2019	11.2 %	100.0 %	21.2 %	47.2 %	32.9 %	59.6 %	9.2 %	9.2 %	23.7 %	3.6 %	21.1 %	24.7 %
Soil and Water Conservation Board													
	2018	11.9 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	0.7 %	21.1 %	15.1 %
	2019	11.9 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.2 %	26.0 %	0.4 %	21.1 %	17.0 %
Water Development Board													
	2018					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	14.3 %	21.1 %	31.0 %
	2019					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	9.6 %	21.1 %	36.2 %
<b>Article VII - Business and Economic Development</b>													
Department of Housing and Community Affairs													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	41.4 %	21.1 %	76.7 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	47.4 %	21.1 %	70.8 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article VII - Business and Economic Development</b>													
Texas Lottery Commission													
	2018			0.0 %	0.0 %	10.7 %	5.7 %	23.7 %	92.2 %	25.1 %	20.1 %	21.1 %	37.5 %
	2019			0.0 %	0.0 %	9.9 %	34.9 %	23.7 %	13.0 %	25.8 %	17.2 %	21.1 %	59.0 %
Department of Motor Vehicles													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	5.0 %	8.0 %	23.0 %	28.0 %
	2019	0.0 %	100.0 %	0.0 %	0.0 %	0.0 %	64.2 %	0.0 %	0.0 %	5.0 %	11.4 %	23.0 %	30.6 %
Department of Transportation													
	2018	11.2 %	6.2 %	21.1 %	11.9 %	32.9 %	40.9 %	23.7 %	42.1 %	26.0 %	18.5 %	21.1 %	16.5 %
	2019	11.2 %	6.0 %	21.1 %	24.2 %	32.9 %	28.0 %	23.7 %	35.9 %	26.0 %	18.4 %	21.1 %	15.1 %
Texas Workforce Commission													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	24.0 %	23.7 %	8.4 %	26.0 %	21.9 %	21.1 %	26.4 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	16.9 %	23.7 %	55.9 %	26.0 %	24.9 %	21.1 %	31.1 %
<b>Article VIII - Regulatory</b>													
State Office of Administrative Hearings													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	49.4 %	23.7 %	100.0 %	26.0 %	30.3 %	21.1 %	89.2 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	32.9 %	46.2 %	23.7 %	100.0 %	26.0 %	71.1 %	21.1 %	51.7 %
Board of Examiners of Psychologists <sup>2</sup>													
	2018									1.0 %	1.5 %	75.0 %	60.5 %
	2019									1.0 %	2.2 %	90.0 %	44.7 %
Board of Chiropractic Examiners													
	2018							23.7 %	100.0 %	26.0 %	0.6 %	21.1 %	34.8 %
	2019							23.7 %	100.0 %	26.0 %	(1.9)%	21.1 %	43.1 %
Texas State Board of Dental Examiners													
	2018							23.7 %	0.0 %	26.0 %	8.0 %	21.1 %	48.5 %
	2019							23.7 %	0.0 %	26.0 %	3.8 %	21.1 %	31.8 %

<sup>2</sup>Since agency 520 Board of Examiners of Psychologists was abolished as of August 31, 2020, their 2018 and 2019 HUB data was collected via 87R ABEST LAR S01 HUB data as agency 510 Behavioral Health Executive Council.

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article VIII - Regulatory</b>													
Funeral Service Commission													
	2018									26.0 %	1.5 %	21.1 %	43.0 %
	2019									26.0 %	4.3 %	21.1 %	86.2 %
Board of Professional Geoscientists													
	2018						23.7 %	100.0 %	26.0 %	1.6 %	21.1 %	1.1 %	
	2019						23.7 %	100.0 %	26.0 %	0.6 %	21.1 %	0.4 %	
Health Professions Council													
	2018								26.0 %	45.2 %	21.1 %	11.4 %	
	2019								26.0 %	34.6 %	21.1 %	15.5 %	
Department of Insurance													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.1 %	0.8 %	0.0 %	18.6 %	7.3 %	21.1 %	8.4 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	12.8 %	5.0 %	0.0 %	15.0 %	10.3 %	21.1 %	27.3 %
Office of Public Insurance Counsel													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	100.0 %	26.0 %	1.3 %	21.1 %	75.9 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	23.7 %	100.0 %	26.0 %	34.4 %	21.1 %	30.1 %
Department of Licensing and Regulation													
	2018							75.0 %	82.1 %	8.0 %	3.0 %	40.0 %	52.0 %
	2019							75.0 %	0.0 %	8.0 %	23.6 %	40.0 %	45.2 %
Texas Medical Board													
	2018					32.9 %	0.0 %	23.7 %	100.0 %	26.0 %	12.4 %	21.1 %	76.4 %
	2019					32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	6.1 %	21.1 %	56.9 %
Texas Board of Nursing													
	2018							20.0 %	46.8 %	20.0 %	7.9 %	20.0 %	20.9 %
	2019							20.0 %	97.9 %	20.0 %	6.4 %	20.0 %	35.4 %
Optometry Board													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	100.0 %	26.0 %	0.0 %	21.1 %	80.7 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	100.0 %	26.0 %	0.0 %	21.1 %	51.7 %

**Article IX, Section 7.08, Reporting of Historically Underutilized Business (HUB) Key Measures**  
**87TH 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	
<b>Article VIII - Regulatory</b>													
Board of Pharmacy													
	2018						23.7 %	100.0 %	26.0 %	0.5 %	21.1 %	52.2 %	
	2019						23.7 %	100.0 %	26.0 %	0.4 %	21.1 %	51.4 %	
Executive Council of Physical Therapy & Occupational Therapy Examiners													
	2018	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	43.7 %	21.1 %	65.6 %
	2019	11.2 %	0.0 %	21.1 %	0.0 %	32.9 %	0.0 %	23.7 %	0.0 %	26.0 %	56.2 %	21.1 %	61.8 %
Board of Plumbing Examiners													
	2018			0.0 %	0.0 %	0.0 %	95.3 %	85.0 %	86.9 %	25.0 %	36.9 %	25.0 %	38.3 %
	2019			0.0 %	0.0 %	0.0 %	100.0 %	85.0 %	0.0 %	25.0 %	35.9 %	25.0 %	29.3 %
Racing Commission													
	2018							23.7 %	100.0 %	26.0 %	41.2 %	21.1 %	67.3 %
	2019							23.7 %	92.2 %	26.0 %	59.6 %	21.1 %	24.0 %
Securities Board													
	2018							23.7 %	100.0 %	26.0 %	21.8 %	21.1 %	79.2 %
	2019							23.7 %	100.0 %	26.0 %	13.1 %	21.1 %	62.0 %
Public Utility Commission of Texas													
	2018							23.7 %	0.0 %	26.0 %	7.0 %	21.1 %	47.7 %
	2019							23.7 %	0.0 %	26.0 %	13.3 %	21.1 %	37.6 %
Office of Public Utility Counsel													
	2018	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	3.1 %	21.1 %	13.7 %
	2019	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	26.0 %	18.5 %	21.1 %	45.6 %
Board of Veterinary Medical Examiners													
	2018							23.7 %	100.0 %	26.0 %	54.6 %	21.1 %	31.1 %
	2019							23.7 %	100.0 %	26.0 %	7.7 %	21.1 %	10.2 %

**Fiscal Programs**  
**Summary of Budget Recommendations - House**

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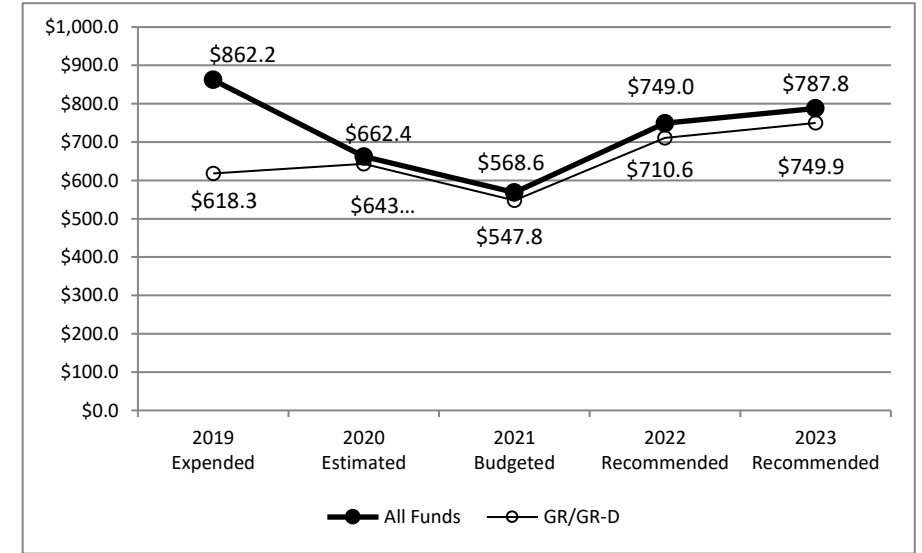
The Honorable Glenn Hegar, Comptroller of Public Accounts

Mirna Bowman, LBB Analyst

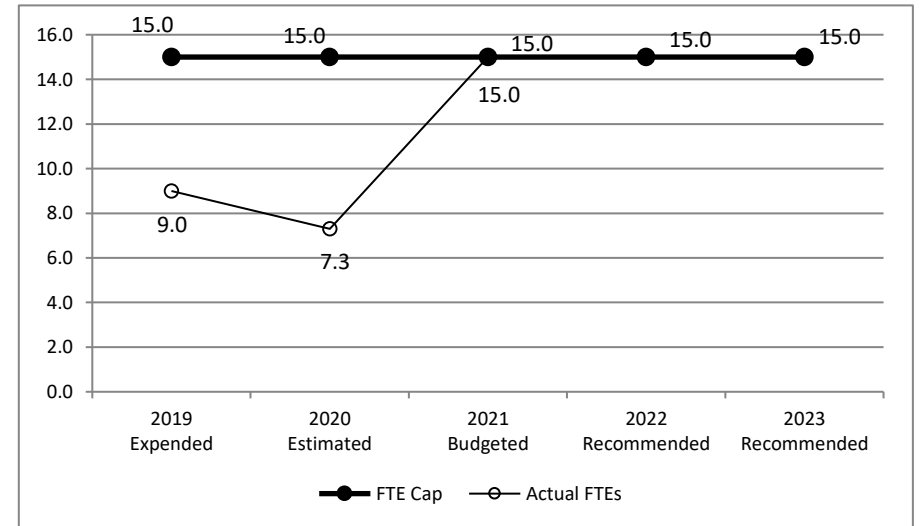
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,135,177,231	\$1,416,357,934	\$281,180,703	24.8%
GR Dedicated Funds	\$55,668,142	\$44,187,447	(\$11,480,695)	(20.6%)
<i>Total GR-Related Funds</i>	<i>\$1,190,845,373</i>	<i>\$1,460,545,381</i>	<i>\$269,700,008</i>	<i>22.6%</i>
Federal Funds	\$20,243,702	\$27,640,855	\$7,397,153	36.5%
Other	\$19,917,789	\$48,600,000	\$28,682,211	144.0%
<b>All Funds</b>	<b>\$1,231,006,864</b>	<b>\$1,536,786,236</b>	<b>\$305,779,372</b>	<b>24.8%</b>

	FY 2021 Budgeted	FY 2023 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 (2022-23 Recommended) represents an estimated 36.9% of the agency's estimated total available funds for the 2022-23 biennium.



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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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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)	Increase for Mixed Beverage Tax disbursements.	\$24.6	\$0.0	\$0.0	\$0.0	\$24.6	A.1.2.
B)	Increase for Unclaimed Property claim payments.	\$27.5	\$0.0	\$0.0	\$0.0	\$27.5	A.1.6.
C)	Increase for Guaranteed Tuition Plan for payment of contract obligations.	\$271.2	\$0.0	\$0.0	\$0.0	\$271.2	A.1.1.2.
D)	Decrease in estimated miscellaneous claims and wrongful imprisonment claim payments.	(\$8.9)	(\$0.1)	(\$0.0)	(\$5.3)	(\$14.3)	A.1.1.
E)	Increase for judgments and settlements.	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	A.1.3.
F)	Increase in estimated payment of county taxes of University of Texas endowment lands.	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8	A.1.4.
G)	Increase in Other Funds from the State Highway Fund for distribution to counties for road and bridge construction and maintenance, replacing funding from General Revenue for this purpose.	(\$34.0)	\$0.0	\$0.0	\$34.0	\$0.0	A.1.10.

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

H)	Decrease in gross weight axle fees paid to counties.	(\$0.3)	\$0.0	\$0.0	\$0.0	(\$0.3)	A.1.10.
I)	Amounts primarily reflect an estimated increase in loan repayments for the federally funded portion of the State Energy Program - Revolving Loan Program, offset by a decrease in administrative expenditures out of GR-Dedicated Oil Overcharge Account 5005.	\$0.0	(\$0.2)	\$7.4	\$0.0	\$7.2	B.1.1., B.1.3.
J)	Estimated decrease in loan repayments for loans funded through the GR-Dedicated Oil Overcharge Account 5005 portion of the State Energy Program - Revolving Loan Program.	\$0.0	(\$11.2)	\$0.0	\$0.0	(\$11.2)	B.1.2.
K)	Increase for the Texas Bullion Depository.	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	A.1.1.4.
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$281.2</b>	<b>(\$11.5)</b>	<b>\$7.4</b>	<b>\$28.7</b>	<b>\$305.8</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$324.3	\$0.0	\$7.4	\$34.0	\$365.8	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		(\$43.2)	(\$11.5)	\$0.0	(\$5.3)	(\$60.0)	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Recommended Funding Increases.** Recommendations include the agency's exceptional item requests for statutorily required disbursements for line-items which have an "estimated", rather than sum-certain, appropriation:
  - Payment of Miscellaneous Claims: Recommendations provide \$26.0 million in General Revenue, including a \$1.3 million exceptional item request, for payment of miscellaneous claims and wrongful imprisonment claims.
  - Mixed Beverage Tax Disbursements: Recommendations provide \$483.3 million in General Revenue, including a \$24.6 million exceptional item request, to reflect the agency's estimate for the disbursement of mixed beverage tax receipts to cities and counties, as required by Section 184.051 of the Tax Code. Statute requires no less than 10.7143 percent of revenues to be disbursed to incorporated municipalities and to counties where the receipts were collected.
  - Payment of County Taxes on University Lands: Recommendations provide \$20.1 million in General Revenue, including a \$787,384 exceptional item request, to reflect the agency's estimate for payments to counties in which University of Texas endowment lands are located. Amounts paid are equal to the tax imposed for county purposes.
  - Unclaimed Property Claim Payments: Recommendations provide \$576.0 million in General Revenue, including an exceptional item request for \$27.5 million, to reflect the agency's estimate for the payment of claims, required by Section 74.501, Property Code. The payment of claims is driven by request from citizens.

Additionally, recommendations provide an increase of \$75,000 in General Revenue for payment of judgments and settlements for claims against state agencies payable under Chapter 101 and 104, Civil Practice and Remedies Code, and federal court judgments and settlements. This program/strategy has traditionally had a sum-certain appropriation and the recommendations reinstate the amounts reduced by the five percent reduction.

2. **Texas Guaranteed Tuition Plan.** Recommendations include \$271.2 million in General Revenue in Strategy A.1.12., Texas Guaranteed Tuition Plan, for the estimated payment of contract obligations for the Texas Guaranteed Tuition Plan based on the fiscal year 2020 actuarial report. The Guaranteed Tuition Plan, also known as the Texas Tomorrow Fund, is funded on a pay-as-you-go basis. Article 7, Section 19, of the Texas Constitution provides authority for the Comptroller to pay benefits "out of the first money coming into the state treasury in each fiscal year not otherwise appropriated by the constitution." Because the plan is guaranteed by the State and does not require an appropriation for the payment of benefits, the agency did not request funding for this purpose and has recognized a transfer to the Texas Tomorrow Fund of \$271.2 million in the 2022-23 Biennial Revenue Estimate.

**Figure 1.** Texas Guaranteed Tuition: Pay-As-You-Go (PAYG) Annual Benefit Payments.

	<b>PAYG Estimate by Fiscal Year</b>	<b>Biennial PAYG Estimate</b>
<b>2022</b>	\$113,596,096	
<b>2023</b>	\$157,580,479	\$271,176,575
<b>2024</b>	\$108,466,167	
<b>2025</b>	\$63,023,375	\$171,489,542
<b>2026</b>	\$25,199,574	
<b>2027</b>	\$13,425,139	\$38,624,713
<b>2028</b>	\$7,006,132	
<b>2029</b>	\$1,778,683	\$8,784,815
<b>2030</b>	\$1,406,555	
<b>2031</b>	\$1,149,680	\$2,556,235
<b>2032</b>	\$1,133,299	
<b>2033</b>	\$950,906	\$2,084,205
<b>2034</b>	\$568,036	
<b>2036</b>	\$446,191	\$1,014,227
<b>2037</b>	\$343,350	
<b>2038</b>	\$191,336	\$534,686
<b>2039</b>	\$111,757	
<b>2040</b>	\$99,046	\$210,803
	<b>\$496,475,801</b>	

Source: Comptroller of Public Accounts, 2020 Actuarial Report on the Texas Guaranteed Tuition Plan.

3. **Method of Finance Swap for Gross Weight/Axle Permit Fee Disbursements to Counties.** Recommendations provide an estimated \$34 million from the State Highway Fund for distributions to counties for gross weight and axle weight permit fees. Per Transportation Code, Section 621.353, the Comptroller is required to send counties \$50 of each \$90 permit base fee and a portion of additional fee amounts paid by permittees based on the number of counties in which the vehicle would operate. These portions of the fees are deposited to General Revenue and funding, therefore, traditionally has been provided out of General Revenue funds. This method of finance swap, which was also made in the 2012-13 GAA, provides an estimated General Revenue savings of \$34 million.

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

**Modification of Existing Riders**

9. **Oil Overcharge Settlement Funds.** Recommendations 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.
10. **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.
15. **Disabled Veteran Assistance Payments.** Recommendations revise amounts referencing appropriations for disabled veteran assistance payments to align with recommended funding levels in Strategy A.1.13., Disabled Veteran Assistance Payments.
16. **Appropriation for Texas Bullion Depository Receipts.** Recommendations provide for any unexpended and unobligated balances remaining as of August 31, 2021, (estimated to be \$0) from appropriations from the fees, charges, penalties and other amounts related to the Texas Bullion Depository to be appropriated to the Comptroller of Public Accounts for the fiscal year beginning September 1, 2021, for the same purpose.
17. **Habitat Protection Fund.** Recommendations update amounts appropriated to the agency in Strategy A.1.11, Habitat Protection Fund.
20. **Texas Bullion Depository.** Recommendations update amounts appropriated to the agency in Strategy A.1.14, Texas Bullion Depository, to facilitate operations of the Texas Bullion Depository.

**New Riders**

21. **Appropriation for Payment of Obligations of the Texas Guaranteed Tuition Plan.** Recommendations add this rider related to funding in Strategy A.1.12., Texas Guaranteed Tuition Plan, for the Texas Tomorrow Fund for the purpose of paying tuition and required fees for beneficiaries under the Texas Guaranteed Tuition Plan pursuant to Section 19, Article VII, Texas Constitution and Section 54.619 Education Code.
22. **Appropriation: Gross Weight / Axle Fees Distribution to Counties.** Recommendations add this rider related to funding provided in Strategy A.1.10., Gross Weight/Axle Fee Distribution, from State Highway Fund 6 equivalent to amounts collected from gross weight and axle weight permit fees for distribution to counties, pursuant to Section 621.353 of the Transportation Code.

**Deleted Riders**

20. **Report on Cost of Ad Valorem Tax Exemption for 100 Percent Disabled Veterans.** Recommendations remove this rider which directs the agency to prepare a report by December 1, 2020, that states the amount of ad valorem tax revenue lost by certain counties and municipalities from the granting of the exemption from ad valorem taxation for 100 percent disabled veterans. The agency has submitted the rider report.

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

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	Law Enforcement Education Funds. Agency requests restoration of 5% reduction from the General Revenue-Dedicated Law Enforcement Officer Standards and Education Account 116.	\$600,000	\$600,000	0.0	No	No	\$600,000
2)	Advanced Tax Compliance. Agency requests restoration of 5% General Revenue reduction.	\$697,183	\$697,183	0.0	No	No	\$697,183
3)	Habitat Protection Fund. Agency requests restoration of 5% General Revenue reduction.	\$250,000	\$250,000	0.0	No	No	\$250,000
4)	Disabled Veteran Assistance Payments to Cities and Counties. Agency requests restoration of 5% General Revenue reduction.	\$1,000,000	\$1,000,000	0.0	No	No	\$1,000,000
5)	Promote and Manage Energy Programs. Agency requests restoration of 5% General Revenue reduction for administration of the State Energy Conservation Office.	\$41,825	\$41,825	0.0	No	No	\$41,825

<b>TOTAL Items Not Included in Recommendations</b>		<b>\$2,589,008</b>	<b>\$2,589,008</b>	<b>0.0</b>			<b>\$2,589,008</b>
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**Fiscal Programs - Comptroller of Public Accounts  
Appendices - House**

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<b>Appendix</b>	<b>Appendix Title</b>	<b>Page</b>
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<b>B</b>	Summary of Federal Funds	*
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\* Appendix is not included - no significant information to report

**Fiscal Programs**  
**Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
MISCELLANEOUS CLAIMS A.1.1	\$40,252,526	\$26,000,000	(\$14,252,526)	(35.4%)	Recommendations include an estimated \$26.0 million in General Revenue (GR) funds for payment of miscellaneous and wrongful imprisonment claims, reflecting decreases of \$8.9 million in GR, \$0.1 million in GR-Dedicated Funds, and \$5.3 million in Other Funds.
REIMBURSE - BEVERAGE TAX A.1.2	\$458,621,250	\$483,264,000	\$24,642,750	5.4%	Recommendations include an increase of \$24.6 million in GR funds for distribution of 10.7143 percent of mixed beverage gross receipts tax and sales tax receipts to cities and counties. Recommendations reflect the agency's exceptional item request for estimated disbursements.
JUDGMENTS AND SETTLEMENTS A.1.3	\$1,425,000	\$1,500,000	\$75,000	5.3%	
COUNTY TAXES - UNIVERSITY LANDS A.1.4	\$19,357,057	\$20,144,442	\$787,385	4.1%	Recommendations reflect the agency's exceptional item request of an estimated increase of \$0.8 million in GR funds for payment of county taxes on University of Texas endowment lands.
LATERAL ROAD FUND DISTRICTS A.1.5	\$14,600,000	\$14,600,000	\$0	0.0%	
UNCLAIMED PROPERTY A.1.6	\$548,481,783	\$575,981,783	\$27,500,000	5.0%	Recommendations reflect the agency's exceptional item request of \$27.5 million for the estimated increase in the payment of unclaimed property claims.
LAW ENFORCEMENT EDUCATION FUNDS A.1.7	\$11,400,000	\$11,400,000	\$0	0.0%	
ADVANCED TAX COMPLIANCE A.1.8	\$13,246,465	\$13,246,465	\$0	0.0%	
SUBSEQUENT CVC CLAIMS A.1.9	\$387,505	\$387,505	\$0	0.0%	
GROSS WEIGHT/AXLE FEE DISTRIBUTION A.1.10	\$34,312,470	\$34,000,000	(\$312,470)	(0.9%)	Recommendations include \$34 million in Other Funds, State Highway Fund, in place of GR funds.
HABITAT PROTECTION FUND A.1.11	\$4,750,000	\$4,750,000	\$0	0.0%	
TEXAS GUARANTEED TUITION PLAN A.1.12	\$0	\$271,176,575	\$271,176,575	100.0%	Recommendations include \$271.2 million in GR for the estimated payment of contract obligations for the Texas Guaranteed Tuition Plan based on the fiscal year 2020 actuarial report.
DISABLED VETERAN ASSIST PAYMENTS A.1.13	\$19,000,000	\$19,000,000	\$0	0.0%	
TEXAS BULLION DEPOSITORY A.1.14	\$332,500	\$500,000	\$167,500	50.4%	Recommendations include an increase of \$0.2 million in GR for the Texas Bullion Depository.
<b>Total, Goal A, CPA - FISCAL PROGRAMS</b>	<b>\$1,166,166,556</b>	<b>\$1,475,950,770</b>	<b>\$309,784,214</b>	<b>26.6%</b>	

**Fiscal Programs**  
**Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
ENERGY OFFICE B.1.1	\$3,766,138	\$3,216,669	(\$549,469)	(14.6%)	Recommendations reflect decreases in GR-Dedicated Oil Overcharge Account No. 5005 of \$0.2 million and in Federal Funds of \$0.3 million due to a reduction in administrative expenditures for the State Energy Program - Revolving Loan Program.
OIL OVERCHARGE SETTLEMENT FUNDS B.1.2	\$42,471,943	\$31,280,618	(\$11,191,325)	(26.3%)	Recommendations reflect an \$11.2 million decrease in loan repayments for loans funded by the GR-Dedicated Oil Overcharge Account No. 5005.
FEDERAL FUNDS B.1.3	\$18,602,227	\$26,338,179	\$7,735,952	41.6%	Recommendations reflect a \$7.7 million increase in loan repayments for the federally funded portion of the State Energy Program - Revolving Loan Program.
<b>Total, Goal B, ENERGY OFFICE</b>	<b>\$64,840,308</b>	<b>\$60,835,466</b>	<b>(\$4,004,842)</b>	<b>(6.2%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,231,006,864</b>	<b>\$1,536,786,236</b>	<b>\$305,779,372</b>	<b>24.8%</b>	



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

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	15.0	15.0	15.0	15.0	15.0
Actual/Budgeted	9.0	7.3	15.0	NA	NA

**Schedule of Exempt Positions (Cap)**

None.

**Notes:**

a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels. Fiscal years 2019 and 2020 actual FTE figures are below the FTE cap primarily due to staff vacancies and turnover.

Presentation to the  
**House Appropriations Committee**

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

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

# Comptroller of Public Accounts

- 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.
- In fiscal 2020, the Comptroller's office:
  - collected more than **\$1.3 billion** in delinquent taxes;
  - assessed more than **\$1.8 billion** in auditor-generated tax adjustments;
  - answered more than **553,000** calls from taxpayers;
  - processed more than **6 million** tax returns
  - deposited **4.2 million** tax payments

# Comptroller of Public Accounts

- Over the past six years, the agency has focused on:
  - modernizing and replacing old, outdated systems; eliminating inefficient programs; and transferring others that didn't fit the core missions;
  - 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 has been the Integrated Tax System, developed in the 1990s. This system allowed the Comptroller's office 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.

# Comptroller of Public Accounts

- A project to modernize the tax system was essential to allow for growth, increased electronic filing and usage and the addition of self-service features for taxpayers.
- The project included the development of a new architecture, a web access portal for taxpayers to easily and efficiently remit sales tax, the ability for taxpayers to update their address and other information online and enhanced security features.
- The funding provided for the 2022-23 biennium will allow the agency to continue to add taxes to new architecture and begin other modernization efforts. There are no additional requests at this time.

# COVID-19 Response

- Approximately 11 months ago, in response to the challenges created by COVID-19, most agency staff began working remotely. The agency is fully operational and has continued to serve all customers remotely since that time.
- A telework program that has been in place for a number of years was expanded to encompass all agency staff, with the exception of a few areas where operations must be conducted onsite. These areas are following all social distancing and other protocols to ensure employee safety.
- The agency's website features a COVID-19 response page that offers tools for taxpayers, local governments and others who do business with the agency. Resources found on the web page include information on tax filing relief and the latest information on stimulus funding for local governments.



# **FISCAL PROGRAMS - COMPTROLLER OF PUBLIC ACCOUNTS (AGENCY 902)**



# Comptroller's Fiscal Programs

- As the chief accountant for the state, the Comptroller's office serves as the trustee of various statewide functions and obligations, including the payment of claims against the state, reimbursements to counties and the payment of social security contributions and benefit replacement pay.
- While most of the statutorily required payments have been fully funded, there are a few programs that were funded at levels below our current projections. We defer to the will of the legislature regarding additional funding for these programs and payments.

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

Page I-3

Ken Paxton, Attorney General

Harrison Gregg, LBB Analyst

Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$506,039,318	\$478,774,624	(\$27,264,694)	(5.4%)
GR Dedicated Funds	\$162,889,083	\$152,614,936	(\$10,274,147)	(6.3%)
<i>Total GR-Related Funds</i>	<i>\$668,928,401</i>	<i>\$631,389,560</i>	<i>(\$37,538,841)</i>	<i>(5.6%)</i>
Federal Funds	\$430,715,164	\$374,802,269	(\$55,912,895)	(13.0%)
Other	\$147,852,558	\$164,481,381	\$16,628,823	11.2%
<b>All Funds</b>	<b>\$1,247,496,123</b>	<b>\$1,170,673,210</b>	<b>(\$76,822,913)</b>	<b>(6.2%)</b>

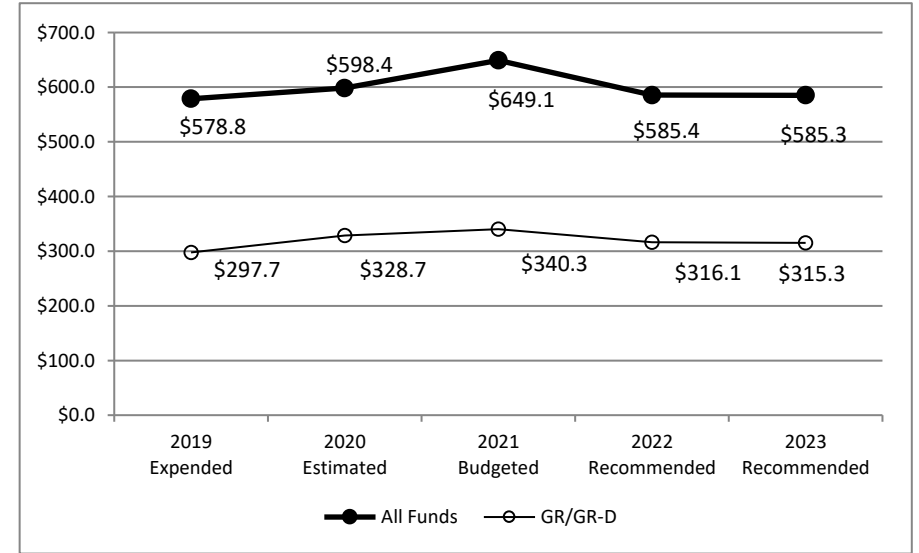
	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	4,217.5	4,063.5	(154.0)	(3.7%)

**Agency Budget and Policy Issues and/or Highlights**

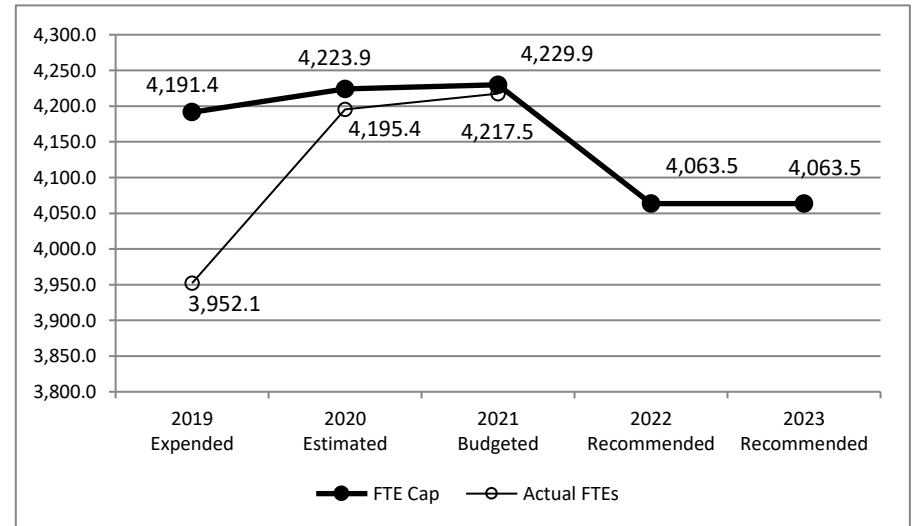
Declining state revenue and federal grants for General Revenue - Dedicated Account No. 0469 Crime Victim Compensation may impact future delivery of services across multiple programs. See Section 3, Item 1 for additional information. Additionally, declining state revenue for General Revenue - Dedicated Account No. 5010 Sexual Assault Program may impact funding for programs designated in Rider 9, Victims Assistance Grants.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Historical Funding Levels (Millions)**



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



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

<b>Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 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>
<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)	Funding for Victims Assistance Grants incorporate a method of finance swap. GR-D Account No. 469 Compensation to Victims of Crime is entirely removed (\$15.9 million), while GR-D Account No. 5010 Sexual Assault Program is reduced by \$1.2 million. This loss of funding is offset by an increase in General Revenue (\$0.6 million) and Appropriated Receipts (\$41.2 million) reallocated from the Legal Services and Agency IT Projects strategies. Due to the reallocation of Appropriated Receipts from strategies where those funds match federal dollars, a reduction of \$1.2 million in Federal Funds is estimated.	\$0.6	(\$17.1)	(\$1.2)	\$0.0	(\$17.7)	A.1.1., C.1.1., C.1.2. & E.1.1.
B)	Decrease in Federal Funds as a result of Victims of Crime Act grants not being accessible to agency in 2022-23 biennium.	\$0.0	\$0.0	(\$17.6)	\$0.0	(\$17.6)	C.1.1.
C)	Removal of funding related to Phase II of the Child Support IT Modernization Project.	(\$18.1)	\$0.0	(\$35.1)	\$0.0	(\$53.2)	B.1.1. & E.1.1.
D)	Transfer of funding from Maintenance Tax and Fee Account No. 8042 to GR-D Operating Account No. 036.	(\$6.8)	\$6.8	\$0.0	\$0.0	\$0.0	A.1.1.
<b><i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i></b>							
E)	Decrease in General Revenue for one-time CAPPs implementation.	(\$3.1)	\$0.0	\$0.0	\$0.0	(\$3.1)	Various
F)	Increase in in Appropriated Receipts related to projected increases in Court Costs, Attorney Fees, and other authorized fees as well as a transfer from the 2020-21 biennium to the 2022-23 biennium.	\$0.0	\$0.0	\$0.0	\$19.1	\$19.1	A.1.1. & E.1.1.
G)	A net decrease in Federal Funds related to discretionary grants and a loss in matching funds related to interagency contracts, offset by a small increase in projected Federal Funds for Medicaid Investigation.	\$0.0	\$0.0	(\$1.9)	\$0.0	(\$1.9)	B.1.1., B.1.2., D.1.1.
H)	Decrease in License Plate Trust Fund 0802 of \$6,612.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.1.
I)	Reduction in Interagency Contracts from Interagency legal services agreements, CARES collections, and Criminal Justice Grants.	\$0.0	\$0.0	\$0.0	(\$2.5)	(\$2.5)	A.1.1. & B.1.1.
J)	Reduction in Interagency Contracts - Criminal Justice Grants.	\$0.0	\$0.0	(\$0.1)	(\$0.4)	(\$0.5)	A.1.1.
K)	Increase in Indirect Costs & Miscellaneous Items.	\$0.1	\$0.0	\$0.0	\$0.4	\$0.5	Various

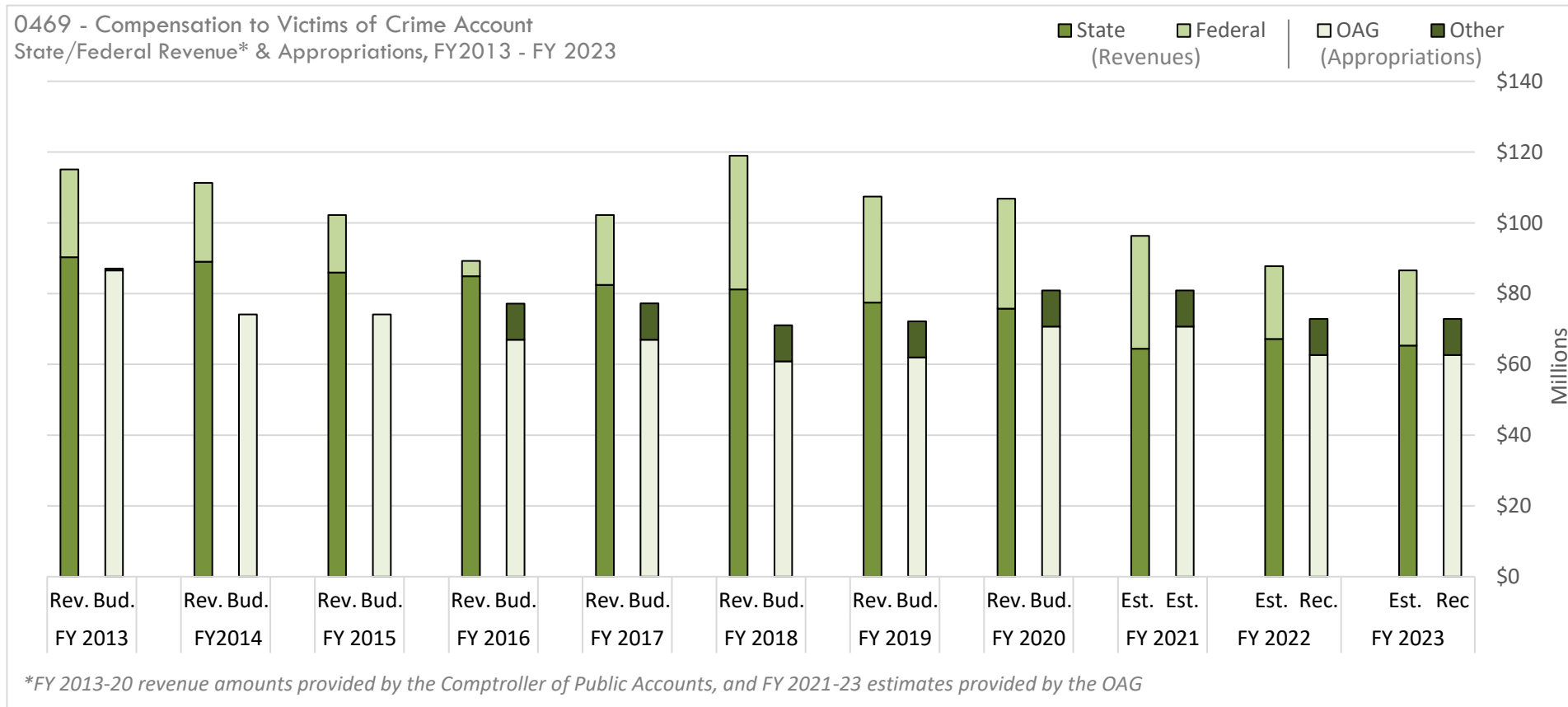
**Office of the Attorney General  
Summary of Funding Changes and Recommendations - House**

<b>Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 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>
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	(\$27.3)	(\$10.3)	(\$55.9)	\$16.6	(\$76.9)	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0.7	\$6.8	\$0.0	\$19.5	\$27.0	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$28.0)	(\$17.1)	(\$55.9)	(\$2.9)	(\$103.9)	As Listed

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

- General Revenue – Dedicated Account Number 0469 Compensation to Victims of Crime.** Funding for C.1.1. Crime Victims’ Compensation and C.1.2. Victims Assistance are partially provided through GR – Dedicated Account Number 0469 Compensation to Victims of Crime (GR-D Account No. 0469). Recommendations for the 2022-23 biennium reflect a decrease of \$15.9 million in GR-D Account No. 0469 due to declining revenues. In addition, recommendations reallocate \$24.7 million out of this account from C.1.2. Victims Assistance to C.1.1. Crime Victims’ Compensation and \$0.6 million in General Revenue is reallocated to C.1.2. Victims Assistance to offset the decline in GR-D Account No. 0469. Recommendations also reflect a \$17.6 million decrease in Federal Funds as a result of reduced federal awards for Victims Assistance Grants available for the 2022-23 biennium compared to the current biennium.

GR-D Account No. 0469 receives state revenues from court costs paid by certain types of defendants, partial proceeds from the disposal of commissioners’ court surplus property, juror donations, and certain fees from civil penalties related to handgun licensing violations. Aside from the OAG, GR-D Account No. 0469 is used by the Health and Human Services Commission for its Child Advocacy Centers and Court Appointed Special Advocates programs, and by the Employee Retirement System for public safety benefits. According to the OAG, state revenue into the GR-D Account No. 0469 is affected by factors that could result in decreasing state revenues to the account revenues to the account in future years.



GR-D Account No. 0469 has faced significant declines in revenue from fiscal year 2016 to fiscal year 2019 at an average decrease of 2.4% per year. The decline in revenue has been exacerbated in fiscal year 2020 with a 16.7% decrease, largely attributed by the agency to be the result of COVID-19. Increases in appropriations for Victim Assistance Programs (VAP) and to other agencies like HHSC and ERS, has also contributed to the decline in cash balance for the account.

The 86<sup>th</sup> Legislature appropriated General Revenue to OAG for VAP for the 2020-21 biennium. However, the General Revenue appropriations did not relieve the burden on GR-D Account No. 0469 created by the decline in revenues related to the fund. In the agency’s baseline request, \$24.7 million has been reallocated from C.1.2. Victims Assistance to C.1.1. Crime Victims’ Compensation to fulfill statutory requirements that prioritize payments to individual victims over VAP. Recommendations include a the removal of all GR-D Account No. 0469 funding for VAP in the 2022-23 biennium, which is a decrease of \$40.7 million. Recommendations also include the previously mentioned \$0.6 million increase in General Revenue to partially offset a reduction from GR-D Account No. 0469.

Recommendations do not include the OAG request for \$41.2 million in General Revenue to restore funding for VAP.

2. **Victims Assistance.** Through Strategy C.1.2. Victims Assistance, the OAG coordinates with law enforcement entities, prosecutors’ offices, other state agencies, and nonprofit organizations to provide grants and contracts supporting victim-related services. This assistance covers medical costs, lost wages, counseling, funerary costs, and other expenses authorized by law. Seven assistance programs are administered by the OAG and their funding amounts are outlined in Rider 9 of the agency’s bill pattern. Strategy C.1.2 is made up entirely of appropriations directed to these programs. Recommendations include maintaining funding levels for Victims Assistance Grants at \$75.2 million for the 2022-23 biennium. This includes a method of finance swap of \$41.2 million in Appropriated Receipts and \$0.6 million in General Revenue to replace \$40.6 million in GR-D 469 CVC and \$1.2 million GR-D 5010 Sexual Assault Program. Recommendations do not include the OAG request for \$41.2 million in General Revenue to restore funding. The table below summarizes funding. Please note that the Requested 2022-23 column includes exceptional items funding.

Program	Appropriated 2020-21 Biennium Total	Est./Bud. 2020-21 Biennium Total	Requested 2022-23 Biennium Total	Recommended 2022-23 Biennium Total	Recommended over/(under) Est/Bud 2020-21
Victims Asst Coordinators and Victims Liaisons	\$4,862,002	\$4,862,002	\$4,862,002	\$4,862,002	\$0
Sexual Assault Prevention and Crisis Services Program	\$34,388,736	\$34,373,732	\$34,373,732	\$34,373,732	\$0
Sexual Assault Services Program Grants	\$3,048,936	\$3,048,936	\$3,048,936	\$3,048,936	\$0
Legal Services Grants	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$0
Other Victim Assistance Grant	\$21,597,720	\$21,597,720	\$21,597,720	\$21,597,720	\$0
Statewide Victim Notification System	\$6,046,228	\$6,046,228	\$6,046,228	\$6,046,228	\$0
Address Confidentiality	\$322,698	\$322,698	\$322,698	\$322,698	\$0
<b>Total</b>	<b>\$75,266,320</b>	<b>\$75,251,316</b>	<b>\$75,251,316</b>	<b>\$75,251,316</b>	<b>\$0</b>

Method of Finance					
General Revenue	\$8,668,538	\$8,675,174	\$50,489,539	\$9,242,240	\$567,066
GR-D Compensation to Victims of Crime Fund No. 0469	\$40,667,524	\$40,645,884	\$0	\$0	(\$40,645,884)
GR-D Victims of Crime Auxiliary Fund No. 0494	\$322,698	\$322,698	\$322,698	\$322,698	\$0
GR-D Sexual Assault Program Account No. 5010	\$20,377,092	\$20,377,092	\$19,208,611	\$19,208,611	(\$1,168,481)
Federal Funds	\$5,230,468	\$5,230,468	\$5,230,468	\$5,230,468	\$0
Appropriated Receipts	\$0	\$0	\$0	\$41,247,299	\$41,247,299
<b>Total</b>	<b>\$75,266,320</b>	<b>\$75,251,316</b>	<b>\$75,251,316</b>	<b>\$75,251,316</b>	<b>\$0</b>

The designation of \$41.2 million in UB Appropriated Receipts to be used for Victims Assistance Grants is reflected in a change in language to Rider 18, Unexpended Balance Carried Forward Between Biennia. Additionally, recommendations include a modification to language in Rider 9, Victims Assistance Grants, to limit the transfer of Appropriated Receipts from Victims Assistance Grants to other programs and to designate Appropriated Receipts as being the priority method of finance for Victims Assistance Grants over GR-D Account 5010.

3. **General Revenue – Dedicated Account Number 5010 Sexual Assault Program.** Part of C.1.2. Victims Assistance funding is provided through GR-Dedicated Account Number 5010 Sexual Assault Program (GR-D Account No. 5010).

GR-D Account No. 5010 was created to receive community and parole supervision and probation fees from individuals convicted of sexually related offenses, as well as professional fees collected from sexually oriented businesses. GR-D Account No. 5010 funds are used for grants to increase awareness and prevention of sexual violence, to aid victims of human trafficking, to support sexual assault nurse examiner programs, and to increase services across the state for victims of sexual assault.

Aside from the OAG, appropriations out of GR-D Account No. 5010 are made to the Health and Human Services Commission, the Governor's office, the Department of Public Safety and the Supreme Court.

During the current biennium, GR-D Account No. 5010 faced a cash-flow issue due to low anticipated revenues. Had the issue remained unresolved, the OAG indicated that it would have needed to reduce expenditures related to rape crisis centers. A resolution was reached in August with the Health and Human Services Commission in which they agreed to allow for delayed payments for half a fiscal year in order mitigate cash-flow risks. According to estimates provided by the Comptroller's Office in the Biennial Revenue Estimate, there is an anticipated revenue shortfall of roughly \$11.9 million in the upcoming biennium. This takes into account recommending funding levels for the OAG at \$19.2 million and a total of \$34.1 million for other remaining agencies, including estimated employee benefits.

Recommendations include \$19.2 million in GR-D Account No. 5010 in the 2022-23 biennium to continue OAG Victim Assistance Grants at 2020-21 funding levels.

4. **Child Support Division – Salary Action.** On February 1, 2020, all non-attorney direct-services staff (1,884 employees) in the Child Support Division were given an equity adjustment, and the Division raised the minimum salaries for these staff positions for new hires going forward. The funding for this salary action item was from the reallocation of \$20.0 million belonging to various expense items, including \$8.5 million reallocated from data centers services, per fiscal year.

Article IX, Section 14.03, Transfers – Capital Budget, limits the transfer of funding for data centers services to noncapital purposes. However, language in Rider 2, Capital Budget, of the OAG's bill pattern appears to contradict this Article IX provision by expressly permitting the agency to reallocate funds appropriated for capital items to noncapital expenditures. The specific language used for the agency's capital budget is more permissive than that for most other agencies in the 2020-21 GAA.

Recommendations include a modification to language in Rider 2, Capital Budget that would change it to mirror that of the capital budget rider of the Comptroller's Office and remove language authorizing the transfer of funding for capital budget items to non-capital purposes.

5. **Child Support IT Modernization Project.** Recommendations do not include the agency's request for continuation of funding for the Child Support System Modernization Project at a level of \$53.1 million for Phase II.

During the 86<sup>th</sup> Legislative Session, it was determined that the T2 Project was not salvageable, thus resulting in the cancellation of the project. The OAG started the development of a new system project during the 2020-21 biennium, with the goal of transforming OAG's Child Support Division IT systems by incrementally renewing the system and associated applications.

In the 2020-21 biennium, \$51.0 million is estimated in costs for Phase I of the project. The project total for fiscal year 2020 was \$3.5 million and the estimated costs for fiscal year 2021 is \$47.4 million. Phase II is a two-year project to begin September 1, 2021 with estimated costs of \$53.1 million, of which \$47.4 million consists of capital project costs and the remaining amount relates to agency personnel costs. For capital costs, the agency requested \$11.1 million in General Revenue, \$5.0 million in Retained Collections and \$31.3 million in Federal Funds. Currently, Phase I is within budget and on schedule.

6. **Eliminate References in the General Appropriations Act to Department of Insurance Maintenance Tax and Fee Account No. 8042.** Recommendations include a Method of Finance swap to be reflected in the introduced bill(s), amending various sections of the General Appropriations Act (GAA) to remove references to General Revenue Funds-Account No. 8042 and substitute with General Revenue Funds-Dedicated Department of Insurance Operating Account No. 036.

Insurance maintenance taxes are deposited into the General Revenue Fund, then appropriated to agencies as General Revenue Fund-Maintenance Taxes and Fees (Account No. 8042). These fund are then distributed to agencies as General Revenue Funds-Dedicated TDI Operating Account No. 036.

Recommendations include amending the GAA throughout so that maintenance taxes collected by TDI are appropriated to affected agencies directly as General Revenue Funds-Dedicated TDI Operating Account No. 036. No fiscal impact is associated with this change.



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

**Modification of Existing Riders**

2. **Capital Budget.** Recommendations include changes to amounts in order to reflect recommended capital budget item appropriation amounts for the 2022-23 biennium. Furthermore, recommendations include changes to rider language that remove agency's ability to spend capital expenditures on noncapital items within the same strategy.
  7. **Appropriations of Receipts, Court Costs.** Recommendations include an increase in Appropriated Receipts from \$20.5 million per fiscal year to \$23.0 million per year fiscal year.
  9. **Victims Assistance Grants.** Recommendations include a method of finance swap of \$41.2 million in Appropriated Receipts and \$0.6 Million in General Revenue for \$40.6 million in GR-D 469 CVC and \$1.2 million in GR-D 5010 Sexual Assault Program. Furthermore, recommendations include the addition of rider language that limits transfer authority regarding Appropriated Receipts and specifies Appropriated Receipts as the priority method of finance over other funds.
  16. **Excess Incentive Collections.** Recommendations include an increase in Child Support Retained Collections appropriations from \$84.8 million per fiscal year to \$92.0 million per fiscal year based on agency estimates.
  18. **Unexpended Balances Carried Forward Between Biennia.** Recommendations include the reallocation of estimated unexpended balances for Appropriated Receipts in the amounts of \$33.1 million from Strategy A.1.1, Legal Services and \$8.2 million from Strategy E.1.1, Agency IT Projects to Strategy C.1.2, Victims Assistance Grants.
  19. **State Office of Risk Management.** Recommendations include an increase in Interagency Contract appropriation amounts for the State Office of Risk Management from \$0.7 million to \$0.8 million per fiscal year.
  21. **Annual Child Support Service Fee.** Recommendations include a technical correction in rider language.
  22. **Monthly Child Support Processing Fee.** Recommendations include a decrease in estimated appropriations from \$1.9 million per fiscal year to \$1.8 million per fiscal year.
  30. **Human Trafficking Prevention.** Recommendations include the modification of rider language and rider amounts to reflect the total amount that is being expended on human trafficking prevention. This includes \$2.8 million in General Revenue, \$0.3 million in Appropriated Receipts and 33.0 FTEs in each fiscal year of the 2022-23 biennium.
- New Riders**
32. **Outside Legal Fees.** Recommendations include the addition of a rider that requires the OAG to cover the cost of outside Legal expenses for a client state agency, if the OAG recuses itself from representing the agency in a case.
- Deleted Riders**
23. **Appropriation of License Plate Receipts.** Recommendations include the deletion of this rider due to appropriation of license plate revenue already provide in Article IX, Section 8.13 Appropriation of Specialty License Plate Receipts.
  30. **Full-Time Equivalent Positions Intern Exemption.** Recommendations include the deletion of the rider due to authority already provided in Article IX, Section 6.10 Limitation on State Employment Levels, subsection (i).

- 31. **Contingency for Legislation Related to Title IV-D Annual Service Fees.** Recommendations include the deletion of the rider due to the amounts appropriated becoming base budget.
- 32. **Salary Adjustments for Attorneys.** Recommendations include the deletion of this rider due to the amounts appropriated becoming base budget.
- 33. **TXSCE 2.0.** Recommendations include the deletion of this rider due to the TXSCE 2.0 project being cancelled in the 2020-21 biennium.

**Article IX.**

- 13.11 **Definition, Appropriation, Reporting and Audit of Earned Federal Funds.** Recommendations include modifications to anticipated Earned Federal Funds revenue collection amounts in provision to \$16.4 million in both fiscal years of the 2022-23 biennium.

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

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	Restore UB to Legal Services Strategy: Shift Appropriated Receipts from Strategy C.1.2, Victims Assistance, to A.1.1, Legal Services, and E.1.1, Agency IT Projects, to maintain current allocations used for salaries. Increase FTEs by 154.0 accordingly.	\$0	\$0	154.0	No	No	\$0
2)	Restore funding for Victims Assistance Programs (VAP)	\$41,247,299	\$41,247,299	0.0	No	Yes	\$41,247,300
3)	Method of finance swap for Crime Victims' Claim Payments. Decrease GR-D Account 469, Compensation to Victims of Crime, by \$5,400,000 and increase Federal Funds (Victims of Crime Act award) by the same amount to address anticipated revenue shortfall in GR-D 469.	(\$5,400,000)	\$0	0.0	No	No	\$0
4)	CAPPS Financials Transitional Phase II	\$4,120,889	\$4,224,001	0.0	Yes	Yes	\$0
5)	Legal Case Legacy Modernization	\$4,698,192	\$4,841,500	0.0	Yes	Yes	\$990,000
6)	Data Center Consolidation - System Modernization Project (SMP) Phase 1	\$0	\$15,892,997	0.0	Yes	Yes	\$15,695,762
7)	Data Center Consolidation - System Modernization Project (SMP) Phase 2	\$15,046,748	\$44,255,140	0.0	Yes	Yes	\$7,717,240
8)	Restore Child Support Funding	\$3,021,756	\$8,887,520	0.0	No	No	\$8,887,520
9)	State of Texas vs. Google, LLC Litigation: This is a request for outside legal services to support antitrust litigation against Google.	\$43,283,112	\$43,283,112	0.0	No	Yes	\$0

**Agency Requested Rider Revisions Not Included**

A)	Restore language in Rider 2, Capital Budget, to allow transfer of capital funding to noncapital items.	\$0	\$0	0.0	No	No	\$0
B)	Revise Rider 9, Victims Assistance Grants, in accordance with funding requests #1 and #2.	\$0	\$0	0.0	No	No	\$0
C	Modify Rider 18, Unexpended Balances Carried Forward Between Biennia, to designate amounts of \$33.1 million for A.1.1, Legal Services and \$8.2 million for E.1.1, Agency IT Projects.	\$0	\$0	0.0	No	No	\$0
D)	Delete Rider 32, Outside Legal Fees, which requires the OAG to cover outside legal expenses for a client state agency if the OAG recuses itself from the agency's case.	\$0	\$0	0.0	No	No	\$0

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

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
E)	Restore Rider 33, TXCSES 2.0, indicating cancellation of the project.	\$0	\$0	0.0	No	No	\$0
F)	Add new rider, Unexpended Balance Authority Seized Assets, which provides agency the ability to UB collected seized assets from one biennia to the next.	\$0	\$0	0.0	No	No	\$0
G)	Add new rider, Cash Flow Contingency, which allows the agency to access additional General Revenue in the event that receipts for GR-D 5010 Sexual Assault Program do not sufficiently materialize to meet expenses.	\$0	\$0	0.0	No	No	\$0
H)	Add new rider, Appropriation for Outside Legal Counsel and Litigation Services, which designates \$43.3 million in General Revenue out of A.1.1, Legal Services to be used for pending litigation against Google, LLC.	\$0	\$0	0.0	No	No	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$106,017,996</b>	<b>\$162,631,569</b>	<b>154.0</b>			<b>\$74,537,822</b>

**Office of the Attorney General  
Appendices - House**

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	%Change
LEGAL SERVICES 1.1.1	\$232,073,142	\$205,643,880	(\$26,429,262)	(11.4%)
<b>Total, Goal 1, PROVIDE LEGAL SERVICES</b>	<b>\$232,073,142</b>	<b>\$205,643,880</b>	<b>(\$26,429,262)</b>	<b>(11.4%)</b>
CHILD SUPPORT ENFORCEMENT 2.1.1	\$663,653,947	\$653,086,575	(\$10,567,372)	(1.6%)
STATE DISBURSEMENT UNIT 2.1.2	\$27,612,724	\$26,566,811	(\$1,045,913)	(3.8%)
<b>Total, Goal 2, ENFORCE CHILD SUPPORT LAW</b>	<b>\$691,266,671</b>	<b>\$679,653,386</b>	<b>(\$11,613,285)</b>	<b>(1.7%)</b>
CRIME VICTIMS' COMPENSATION 3.1.1	\$159,882,612	\$167,005,506	\$7,122,894	4.5%
VICTIMS ASSISTANCE 3.1.2	\$75,251,316	\$75,251,316	\$0	0.0%
<b>Total, Goal 3, CRIME VICTIMS' SERVICES</b>	<b>\$235,133,928</b>	<b>\$242,256,822</b>	<b>\$7,122,894</b>	<b>3.0%</b>
MEDICAID INVESTIGATION 4.1.1	\$38,478,068	\$38,363,566	(\$114,502)	(0.3%)
<b>Total, Goal 4, REFER MEDICAID CRIMES</b>	<b>\$38,478,068</b>	<b>\$38,363,566</b>	<b>(\$114,502)</b>	<b>(0.3%)</b>
AGENCY IT PROJECTS 5.1.1	\$49,170,426	\$3,140,962	(\$46,029,464)	(93.6%)
<b>Total, Goal 5, GENERAL ADMINISTRATION</b>	<b>\$49,170,426</b>	<b>\$3,140,962</b>	<b>(\$46,029,464)</b>	<b>(93.6%)</b>
ADMINISTRATIVE SUPPORT FOR SORM 6.1.1	\$1,373,888	\$1,614,594	\$240,706	17.5%
<b>Total, Goal 6, ADMINISTRATIVE SUPPORT FOR SORM</b>	<b>\$1,373,888</b>	<b>\$1,614,594</b>	<b>\$240,706</b>	<b>17.5%</b>
<b>Grand Total, All Strategies</b>	<b>\$1,247,496,123</b>	<b>\$1,170,673,210</b>	<b>(\$76,822,913)</b>	<b>(6.2%)</b>

**Office of the Attorney General  
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
LEGAL SERVICES 1.1.1	\$141,694,674	\$131,374,155	(\$10,320,519)	(7.3%)	Recommendations reflect: 1) A net General Revenue decrease of \$3,497,833 related to one-time CAPPs implementation funding and the allocation of indirect costs. 2) A General Revenue decrease of \$6,822,686 related to the transfer of amounts from the GR-Insurance Companies Maintenance Tax and Insurance Fees Account No. 8042 to the GR-D Operating Account No. 036.
<b>Total, Goal 1, PROVIDE LEGAL SERVICES</b>	<b>\$141,694,674</b>	<b>\$131,374,155</b>	<b>(\$10,320,519)</b>	<b>(7.3%)</b>	
CHILD SUPPORT ENFORCEMENT 2.1.1	\$315,311,876	\$313,389,344	(\$1,922,532)	(0.6%)	Recommendations reflect a net General Revenue decrease of \$1,922,532 related to the removal of funding for the Child Support IT Modernization Project, one-time CAPPs implementation funding and the allocation of indirect costs.
STATE DISBURSEMENT UNIT 2.1.2	\$12,099,380	\$11,743,769	(\$355,611)	(2.9%)	Recommendations reflect a General Revenue decrease of \$355,611 related to base reductions.
<b>Total, Goal 2, ENFORCE CHILD SUPPORT LAW</b>	<b>\$327,411,256</b>	<b>\$325,133,113</b>	<b>(\$2,278,143)</b>	<b>(0.7%)</b>	
CRIME VICTIMS' COMPENSATION 3.1.1	\$40,433	\$0	(\$40,433)	(100.0%)	Recommendations reflect a net General Revenue decrease of \$40,433 related to one-time CAPPs implementation funding and the allocation of indirect costs.
VICTIMS ASSISTANCE 3.1.2	\$8,675,174	\$9,242,240	\$567,066	6.5%	Recommendations reflect a net General Revenue increase of \$567,066 related to one-time CAPPs implementation funding and a MOF swap from Fund 0469 for funding grants to VAP.
<b>Total, Goal 3, CRIME VICTIMS' SERVICES</b>	<b>\$8,715,607</b>	<b>\$9,242,240</b>	<b>\$526,633</b>	<b>6.0%</b>	
MEDICAID INVESTIGATION 4.1.1	\$12,078,195	\$11,957,190	(\$121,005)	(1.0%)	Recommendations reflect a General Revenue decrease of \$121,005 related to one-time CAPPs implementation funding and allocation of indirect costs.
<b>Total, Goal 4, REFER MEDICAID CRIMES</b>	<b>\$12,078,195</b>	<b>\$11,957,190</b>	<b>(\$121,005)</b>	<b>(1.0%)</b>	
AGENCY IT PROJECTS 5.1.1	\$16,114,674	\$1,067,926	(\$15,046,748)	(93.4%)	Recommendations reflect a General Revenue decrease of \$15,046,748 related to the removal of funding for the Child Support IT Modernization Project.

**Office of the Attorney General  
Funding Changes and Recommendations - House, by Strategy -- GENERAL REVENUE FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
<b>Total, Goal 5, GENERAL ADMINISTRATION</b>	<b>\$16,114,674</b>	<b>\$1,067,926</b>	<b>(\$15,046,748)</b>	<b>(93.4%)</b>	
ADMINISTRATIVE SUPPORT FOR SORM 6.1.1	\$24,912	\$0	(\$24,912)	(100.0%)	Recommendations reflect a net General Revenue decrease of \$24,912 related to allocation of indirect costs.
<b>Total, Goal 6, ADMINISTRATIVE SUPPORT FOR SORM</b>	<b>\$24,912</b>	<b>\$0</b>	<b>(\$24,912)</b>	<b>(100.0%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$506,039,318</b>	<b>\$478,774,624</b>	<b>(\$27,264,694)</b>	<b>(5.4%)</b>	



**Office of the Attorney General  
Funding Changes and Recommendations - House, by Strategy -- GR DEDICATED**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
LEGAL SERVICES 1.1.1	\$1,015,561	\$7,838,247	\$6,822,686	671.8%	Recommendations reflect a GR-D Operating Account No. 036 increase of \$6,822,686 related to a method of finance swap with General Revenue Insurance Companies Maintenance Tax and Insurance Fees Account No. 8042.
<b>Total, Goal 1, PROVIDE LEGAL SERVICES</b>	<b>\$1,015,561</b>	<b>\$7,838,247</b>	<b>\$6,822,686</b>	<b>671.8%</b>	
CHILD SUPPORT ENFORCEMENT 2.1.1	\$0	\$0	\$0	0.0%	
STATE DISBURSEMENT UNIT 2.1.2	\$0	\$0	\$0	0.0%	
<b>Total, Goal 2, ENFORCE CHILD SUPPORT LAW</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
CRIME VICTIMS' COMPENSATION 3.1.1	\$100,527,848	\$125,245,380	\$24,717,532	24.6%	Recommendations reflect a GR Dedicated-Compensation to Victims of Crime increase of \$24,717,532 related to a transfer from Strategy C.1.2.
VICTIMS ASSISTANCE 3.1.2	\$61,345,674	\$19,531,309	(\$41,814,365)	(68.2%)	Recommendations reflect a GR Dedicated-Compensation to Victims of Crime decrease of \$41,814,365 related to a transfer to Strategy C.1.1. and a MOF swap for \$567,066 in General Revenue and \$41,247,299 in Appropriated Receipts.
<b>Total, Goal 3, CRIME VICTIMS' SERVICES</b>	<b>\$161,873,522</b>	<b>\$144,776,689</b>	<b>(\$17,096,833)</b>	<b>(10.6%)</b>	
MEDICAID INVESTIGATION 4.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal 4, REFER MEDICAID CRIMES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
AGENCY IT PROJECTS 5.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal 5, GENERAL ADMINISTRATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
ADMINISTRATIVE SUPPORT FOR SORM 6.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal 6, ADMINISTRATIVE SUPPORT FOR SORM</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
<b>Grand Total, All Strategies</b>	<b>\$162,889,083</b>	<b>\$152,614,936</b>	<b>(\$10,274,147)</b>	<b>(6.3%)</b>	

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
LEGAL SERVICES 1.1.1	\$1,433,125	\$1,265,990	(\$167,135)	(11.7%)	Recommendations reflect a Federal Funds decrease of \$167,134 related to projected Internet Crimes Against Children Grants in 2022-23.
<b>Total, Goal 1, PROVIDE LEGAL SERVICES</b>	<b>\$1,433,125</b>	<b>\$1,265,990</b>	<b>(\$167,135)</b>	<b>(11.7%)</b>	
CHILD SUPPORT ENFORCEMENT 2.1.1	\$290,371,542	\$283,243,231	(\$7,128,311)	(2.5%)	Recommendations reflect a net Federal Funds decrease of \$7,128,311 related to a decrease in discretionary grants and a loss of matching funds for interagency contracts and funding for the Child Support IT Modernization Project, offset by an increase for bad debt allocations and county incentive payments.
STATE DISBURSEMENT UNIT 2.1.2	\$15,513,344	\$14,823,042	(\$690,302)	(4.4%)	Recommendations reflect a Federal Funds decrease of \$690,302 related the corresponding GR base reduction.
<b>Total, Goal 2, ENFORCE CHILD SUPPORT LAW</b>	<b>\$305,884,886</b>	<b>\$298,066,273</b>	<b>(\$7,818,613)</b>	<b>(2.6%)</b>	
CRIME VICTIMS' COMPENSATION 3.1.1	\$59,314,331	\$41,760,126	(\$17,554,205)	(29.6%)	Recommendations reflect a Federal Funds decrease of \$17,554,205 related to a decrease in Victims of Crime Act grants.
VICTIMS ASSISTANCE 3.1.2	\$5,230,468	\$5,230,468	\$0	0.0%	
<b>Total, Goal 3, CRIME VICTIMS' SERVICES</b>	<b>\$64,544,799</b>	<b>\$46,990,594</b>	<b>(\$17,554,205)</b>	<b>(27.2%)</b>	
MEDICAID INVESTIGATION 4.1.1	\$26,399,873	\$26,406,376	\$6,503	0.0%	Recommendations reflect a Federal Funds increase of \$6,503 due to increased federal grant award funds.
<b>Total, Goal 4, REFER MEDICAID CRIMES</b>	<b>\$26,399,873</b>	<b>\$26,406,376</b>	<b>\$6,503</b>	<b>0.0%</b>	
AGENCY IT PROJECTS 5.1.1	\$32,452,481	\$2,073,036	(\$30,379,445)	(93.6%)	Recommendations reflect a net Federal Funds decrease of \$30,379,445 involving an increase related to a corresponding transfer of matching Appropriated Receipts from the 2020-21 biennium to the 2022-23 biennium, offset by a decrease related to a loss of matching funds from the Child Support IT Modernization Project.
<b>Total, Goal 5, GENERAL ADMINISTRATION</b>	<b>\$32,452,481</b>	<b>\$2,073,036</b>	<b>(\$30,379,445)</b>	<b>(93.6%)</b>	
ADMINISTRATIVE SUPPORT FOR SORM 6.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal 6, ADMINISTRATIVE SUPPORT FOR SORM</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
<b>Grand Total, All Strategies</b>	<b>\$430,715,164</b>	<b>\$374,802,269</b>	<b>(\$55,912,895)</b>	<b>(13.0%)</b>	

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
LEGAL SERVICES 1.1.1	\$87,929,782	\$65,165,488	(\$22,764,294)	(25.9%)	Recommendations reflect: 1) An Interagency Contracts decrease of \$421,912 related to a projected decrease in Criminal Justice Grants. 2) An Appropriated Receipts net decrease of \$21,495,261 due to a projected increase in collections, offset by a reallocation of UB Appropriated Receipts to C.1.2, Victims Assistance Grants. 3) An Interagency Contracts decrease of \$840,509 due to a decrease in interagency legal services. 4) A License Plate Revenue decrease of \$6,612.
<b>Total, Goal 1, PROVIDE LEGAL SERVICES</b>	<b>\$87,929,782</b>	<b>\$65,165,488</b>	<b>(\$22,764,294)</b>	<b>(25.9%)</b>	
CHILD SUPPORT ENFORCEMENT 2.1.1	\$57,970,529	\$56,454,000	(\$1,516,529)	(2.6%)	Recommendations reflect an Interagency Contracts decrease of \$1,516,529 related to CARES collections that are not expected to reoccur.
STATE DISBURSEMENT UNIT 2.1.2	\$0	\$0	\$0	0.0%	
<b>Total, Goal 2, ENFORCE CHILD SUPPORT LAW</b>	<b>\$57,970,529</b>	<b>\$56,454,000</b>	<b>(\$1,516,529)</b>	<b>(2.6%)</b>	
CRIME VICTIMS' COMPENSATION 3.1.1	\$0	\$0	\$0	0.0%	
VICTIMS ASSISTANCE 3.1.2	\$0	\$41,247,299	\$41,247,299	100.0%	Recommendations reflect an Appropriated Receipts increase of \$41,247,299 due to UB Appropriated Receipts being reallocated from A.1.1, Legal Services.
<b>Total, Goal 3, CRIME VICTIMS' SERVICES</b>	<b>\$0</b>	<b>\$41,247,299</b>	<b>\$41,247,299</b>	<b>100.0%</b>	
MEDICAID INVESTIGATION 4.1.1	\$0	\$0	\$0	0.0%	
<b>Total, Goal 4, REFER MEDICAID CRIMES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	
AGENCY IT PROJECTS 5.1.1	\$603,271	\$0	(\$603,271)	(100.0%)	Recommendations reflect an Appropriated Receipts net decrease of \$603,271 related to the removal of funding for the Child Support IT Modernization Project and a transfer from the 2020-21 biennium to the 2022-23 biennium
<b>Total, Goal 5, GENERAL ADMINISTRATION</b>	<b>\$603,271</b>	<b>\$0</b>	<b>(\$603,271)</b>	<b>(100.0%)</b>	

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

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
ADMINISTRATIVE SUPPORT FOR SORM 6.1.1	\$1,348,976	\$1,614,594	\$265,618	19.7%	Recommendations reflect a Interagency Contracts increase of \$265,618 related to allocations of indirect costs.
<b>Total, Goal 6, ADMINISTRATIVE SUPPORT FOR SORM</b>	<b>\$1,348,976</b>	<b>\$1,614,594</b>	<b>\$265,618</b>	<b>19.7%</b>	
<b>Grand Total, All Strategies</b>	<b>\$147,852,558</b>	<b>\$164,481,381</b>	<b>\$16,628,823</b>	<b>11.2%</b>	

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

<b>Program</b>	<b>Est 2020</b>	<b>Bud 2021</b>	<b>Rec 2022</b>	<b>Rec 2023</b>	<b>2020-21 Base</b>	<b>2022-23 Rec</b>	<b>2022-23 Rec % Total</b>	<b>Recommended Over/(Under) Base</b>	<b>% Change from Base</b>
Child Support Enforcement	\$156.7	\$180.0	\$149.3	\$149.3	\$336.7	\$298.7	<b>79.7%</b>	<b>(\$38.0)</b>	<b>(11.3%)</b>
Crime Victim Compensation	\$27.5	\$31.9	\$20.5	\$21.2	\$59.3	\$41.8	<b>11.1%</b>	<b>(\$17.6)</b>	<b>(29.6%)</b>
State Medicaid Fraud Control Units	\$13.2	\$13.2	\$13.2	\$13.2	\$26.4	\$26.4	<b>7.0%</b>	<b>\$0.0</b>	<b>0.0%</b>
Rape Prevention Education	\$2.1	\$2.1	\$2.1	\$2.1	\$4.1	\$4.1	<b>1.1%</b>	<b>\$0.0</b>	<b>0.0%</b>
Grants to States for Access and Visitation Programs	\$0.7	\$0.7	\$0.7	\$0.7	\$1.5	\$1.5	<b>0.4%</b>	<b>\$0.0</b>	<b>0.0%</b>
Preventive Health and Health Services Block Grant	\$0.6	\$0.6	\$0.6	\$0.6	\$1.1	\$1.1	<b>0.3%</b>	<b>\$0.0</b>	<b>0.0%</b>
Internet Crimes Against Children	\$0.6	\$0.5	\$0.5	\$0.5	\$1.1	\$0.9	<b>0.3%</b>	<b>(\$0.2)</b>	<b>(15.1%)</b>
South West Border High Intensity Drug Trafficking Areas	\$0.2	\$0.2	\$0.2	\$0.2	\$0.3	\$0.3	<b>0.1%</b>	<b>\$0.0</b>	<b>0.0%</b>
HIDTA: Houston Money Laundering Initiative	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>0.0%</b>	<b>\$0.0</b>	<b>0.0%</b>
National Child Support Noncustodial Parent Employment Demonstrat	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>0.0%</b>	<b>\$0.0</b>	<b>0.0%</b>
Texas Start SMART	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	<b>0.0%</b>	<b>(\$0.0)</b>	<b>(100.0%)</b>
Child Support Program - CS Connect	\$0.1	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	<b>0.0%</b>	<b>(\$0.1)</b>	<b>(100.0%)</b>
<b>TOTAL:</b>	<b>\$201.7</b>	<b>\$229.1</b>	<b>\$187.0</b>	<b>\$187.8</b>	<b>\$430.7</b>	<b>\$374.8</b>	<b>100.0%</b>	<b>(\$55.9)</b>	<b>(13.0%)</b>

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

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	4,191.4	4,223.9	4,229.9	4,063.5	4,063.5
Actual/Budgeted	3,952.1	4,195.4	4,217.5	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Attorney General, Group 6	\$153,750	\$153,750	\$153,750	\$153,750	\$153,750

Notes:

- a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), does not indicate market average salaries for elected officials. The salary for the Attorney General is a public policy decision that is not tied directly to the market average for similar professional positions. The agency is not requesting any changes to its Exempt Position.
- c) Fiscal years 2019 and 2020 actual FTE figures are less than the FTE cap limits primarily due to staff vacancies and turnover. In addition, budgeted fiscal years 2021 FTEs are lower than the cap primarily due to the 5 percent reductions, which are maintained in the 2022-23 biennium.



KEN PAXTON  
ATTORNEY GENERAL *of* TEXAS

# House Appropriations Committee Subcommittee on I, IV, & V

March 1, 2021



The seal of the Office of the Attorney General of Texas is visible in the background. It features a five-pointed star in the center, surrounded by a circular border containing the text "OFFICE OF THE ATTORNEY GENERAL" and "STATE OF TEXAS".

# The Office of the Attorney General

- Defending the State of Texas and its duly enacted laws by providing legal representation to the State, its officials and agencies, rendering legal opinions, reviewing bonds of public security, and ensuring compliance with the Texas Public Information Act.
- Serving the children of Texas through the enforcement of the state's child support laws and the collection of child support on behalf of Texas families.
- Securing justice for Texans by investigating and prosecuting criminal activities, including crimes of human trafficking, internet crimes against children, election fraud, assisting local law enforcement in prosecutions and appeals, investigating Medicaid fraud, apprehending fugitives, providing support to victims of violent crime, and administering victim assistance programs.
- Protecting Texans from fraud, waste, and abuse by enforcing consumer protection and antitrust laws, educating consumers on fraudulent scams, and seeking recovery from Medicaid fraudsters in civil actions.
- Safeguarding the freedoms of Texans as guaranteed by the United States and Texas constitutions.

# OAG Accomplishments

## *Savings and Recoveries to the State*

To date, the Paxton Administration has recovered over **\$1.2 billion for the State's General Revenue** and has avoided and minimized costly claims, potentially totaling billions in exposure to the state.

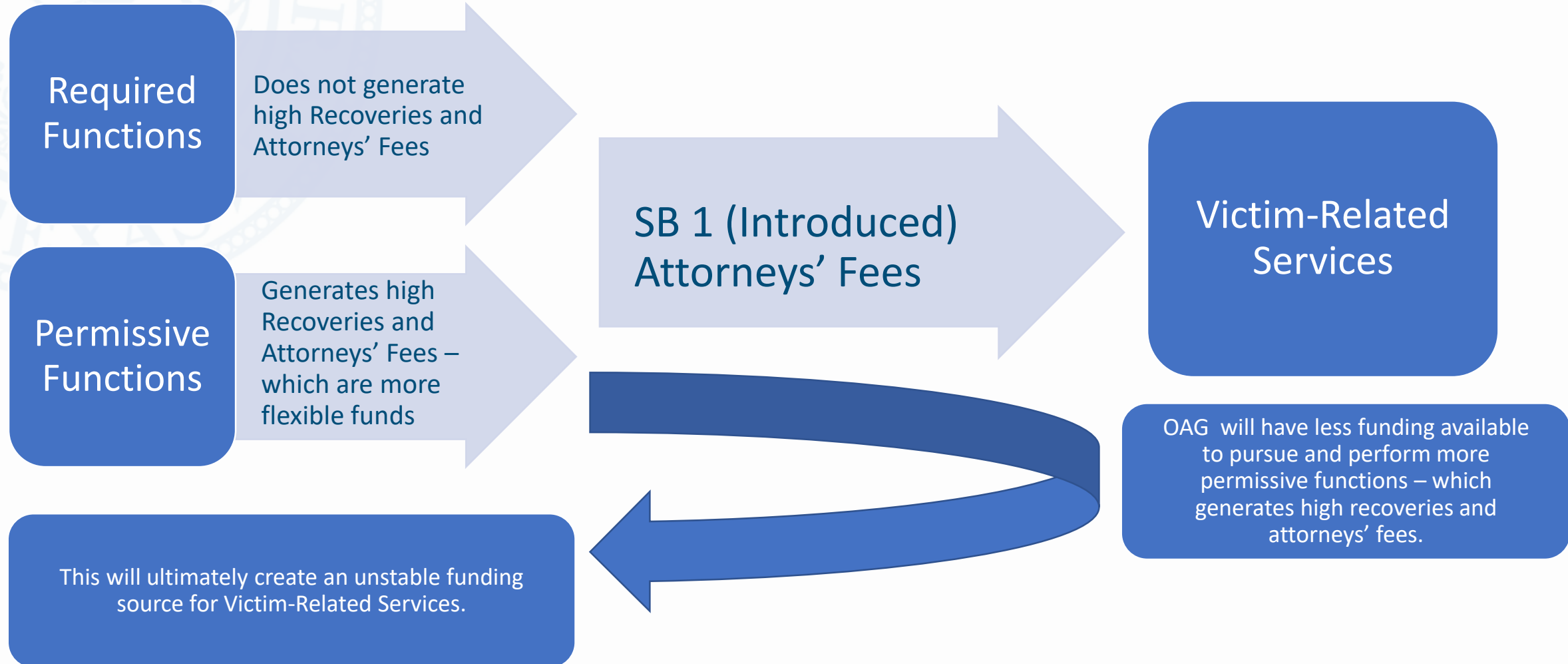
- **Hazelwood**
  - \$1.5 Billion per year
  - \$4.5 Billion since 2017
- **School Finance**
  - \$4.5 Billion per year
  - \$13.5 Billion since 2017
- **Southwest Royalties**
  - \$4 Billion per year
  - \$12 Billion since 2017
- **TDCJ Heat Case**
  - \$800M-\$1 Billion saved
- **Opioid Cases**
  - \$292 Million
- **Xerox**
  - \$236 Million
- **TDCJ Hepatitis C case**
  - \$150M-\$400 Million per biennium
- **HHCS Hepatitis C Case**
  - \$100M per year
- **Volkswagen**
  - \$50 Million
- **Bastrop Fire**
  - \$20 Million
- **McKinsey**
  - \$38 Million
- **MFAR**
  - \$12 Billion per year
- **Election Fraud Litigation (2020 elections)**
  - 100% success rate (12 for 12)
- **Election Fraud Investigations / Arrests**
- **Disaster Counsel Services during COVID**

## Office of the Attorney General Legal Services Strategy Budget Compared to GR Recoveries



\*GR Recoveries include the Paxton Administration only, period January 5, 2015 - August 31, 2015.

# OAG Functions, Recoveries, & Attorneys' Fees





**KEN PAXTON**  
ATTORNEY GENERAL OF TEXAS

**Written Testimony to the House Appropriations Committee - Subcommittee on Articles I, IV, V  
January 29, 2021**

**The Office of the Attorney General**

The Texas Attorney General is the State of Texas's chief legal officer. As provided by the Texas Constitution and governing statutes, the Office of Attorney General's (OAG) main responsibilities are:

1. Defending the State of Texas and its duly enacted laws by providing legal representation to the State, its officials and agencies, rendering legal opinions, reviewing bonds of public security, and ensuring compliance with the Texas Public Information Act.
2. Serving the children of Texas through the enforcement of the state's child support laws and the collection of child support on behalf of Texas families.
3. Securing justice for Texans by investigating and prosecuting criminal activities, including crimes of human trafficking, internet crimes against children, election fraud, assisting local law enforcement in prosecutions and appeals, investigating Medicaid fraud, apprehending fugitives, providing support to victims of violent crime, and administering victim assistance programs.
4. Protecting Texans from fraud, waste, and abuse by enforcing consumer protection and antitrust laws, educating consumers on fraudulent scams, and seeking recovery from Medicaid fraudsters in civil actions.
5. Safeguarding the freedoms of Texans as guaranteed by the United States and Texas constitutions.

***Human Trafficking***

The OAG remains committed to combatting human trafficking. With the continued assistance of the Legislature last session, the OAG's Human Trafficking/Transnational Organized Crime (HTTOC) Section was able to add to 19 critical staff members to help investigate and prosecute human trafficking. These positions include investigators, criminal analysts, and prosecutors. Since its inception, HTTOC has resolved 20 cases, resulting in 463 years in prison sentences for human traffickers. It currently has 18 active cases pending and is assisting law enforcement with 12 ongoing human trafficking investigations. In addition, the HTTOC has provided over 300 trainings for more than 28,000 people.

***Legal Services***

The OAG continues to be a substantial source of revenue and provide cost savings for the state. The Texas constitution and numerous statutes require the OAG to defend the State of Texas and its duly enacted laws. At the end of FY 2020, the OAG's Civil Litigation Divisions were managing more than 36,000 pending litigation matters and claims. To date, the Paxton Administration has recovered over \$1.2 billion for the State's General Revenue and has avoided and minimized costly claims, potentially totaling billions in exposure to the state.



## **KEN PAXTON**

ATTORNEY GENERAL OF TEXAS

### ***Child Support***

Despite the ever-growing challenge of the child support caseload in Texas, the OAG's Child Support Division (CSD) leads the nation in child support collections and has earned more performance-based federal incentive payments than any other state. According to preliminary data from Federal Fiscal Year (FFY) 2019 (the last published reporting period), Texas led the nation by collecting more than \$4.48 billion in child support. CSD saw its collections increase from the previous year (FFY2018) by \$134.8 million, which accounted for nearly 70% of the total national collection growth of \$193.4 million. In FY 2020, CSD recovered over \$392 million to reimburse the state for public assistance outlays. This was the first year that CSD was revenue positive, meaning it brought in more revenue for the state than its total program expenditures. In addition to recovering public assistance expenditures already made, child support collections also help avoid future public assistance outlays, with an estimated \$1.6 billion in costs avoided in FY 2018 alone.

### ***Protecting Texans***

Work on large-scale litigation at the OAG, often multi-state in nature, is rapidly increasing. The OAG is leading a multi-state investigation and litigation effort against Opioids manufacturers and distributors. Most recently, the OAG has entered into a multistate coalition to litigate against Google for multiple violations of federal and state antitrust and consumer protection laws, including anticompetitive conduct, exclusionary practices and deceptive misrepresentations in connection with its role in the multi-trillion-dollar online display advertising industry. These large-scale litigation efforts come with their own set of needs, and we appreciate the support we have received from the legislature in these litigation efforts that are invaluable for our citizens and for democracy.

Additionally, the election fraud referrals to the OAG has continued to increase steadily in the past two years. The additional funding provided by the Legislature in 2019 allowed the OAG to add two additional prosecutors, four investigators, and essential support staff to partially address this growth. Despite the addition of new personnel, the average caseload increased from an historic 8-9 cases per investigator to approximately 25 cases per investigator, an extremely heavy caseload, as election fraud cases are typically highly complex and involve multiple offenders.

### ***COVID-19 Impact***

During the COVID-19 pandemic, the OAG pivoted to working remotely very effectively. Prior investments in technology and efficient internal structures, processes, and procedures enabled OAG to quickly scale its remote operations. COVID-19 has changed the fiscal landscape in several ways, including, but not limited to, stalled or slowed court proceedings, which has impacted the finances of both our agency and some of our clients. The OAG continues navigating the uncharted territory encountered during COVID-19 by providing legal assistance to the state of Texas, distributing child support and crime victim payments, protecting Texans, securing justice, and employing fiscal prudence to help Texas balance budgets. The impact of COVID-19 continues to be the largest uncertainty in the upcoming FY 2022-23 biennium.



**KEN PAXTON**

ATTORNEY GENERAL OF TEXAS

### **Agency Budget Overview**

OAG responsibilities, caseloads, and demands continue to grow and the OAG baseline request totals approximately \$1.25 billion for the 2022-2023 biennium.

Within the OAG bill pattern, House Bill 1, as introduced, does not provide appropriations sufficient for core agency functions. We understand and appreciate the effort included to address the shortfall in Fund 0469. However, as introduced, the effort to address the Fund 0469 shortfall comes at the expense of necessary funding to one of the OAG's core agency functions - namely, providing legal services. Specifically, the reduction in the OAG FTE count by 154 FTEs and the diverted \$33 million all from A.1.1. Legal Services Strategy greatly reduces the agency's ability to fulfill our constitutional and statutory responsibilities.

At the core of the successes outlined briefly above are the more than 4,000 employees that work at the OAG who are all dedicated to excellence and providing outstanding work to the State of Texas. Every day, throughout the state, whether they be in person or via Zoom or Teams, there are OAG employees representing our state and working directly with Texas families. To ensure that the agency continues to provide a high level of work for the citizens of Texas, the OAG is requesting the following exceptional items:

1. Restore Appropriated Receipts to the Legal Services Strategy
2. Restore Victims Assistance Programs (VAP) and Grants Administration
3. MOF Swap for Crime Victims' Claim Payments
4. CAPPs Financials Transitional Phase II
5. Legal Case Legacy Modernization
6. Restore Data Center Consolidation - System Modernization Project (SMP) Phase 1
7. Restore Data Center Consolidation - System Modernization Project (SMP) Phase 2
8. Restore Child Support Funding
9. State of Texas v. Google, LLC Litigation

These exceptional items, explained in more detail below, will allow the OAG to maintain the level of service the citizens of Texas deserve. The All Funds total for these exceptional item requests equal approximately \$203.9 million over the biennium. The OAG submitted a 2022-2023 baseline request funding the exceptional items above with the exception of a portion for VAP, a portion for CAPPs, Legal Case Legacy Modernization, and Google, LLC Litigation.





## **KEN PAXTON**

ATTORNEY GENERAL OF TEXAS

### ***Restore Appropriated Receipts (\$33,059,998)***

The OAG provides legal representation, counsel, and assistance to fulfill the needs of the State of Texas and its authorized entities and employees, including state officers, state agencies, and institutions of higher education. These duties, along with securing justice by investigating and prosecuting criminal activities, including crimes of human trafficking, internet crimes against children, election fraud, assisting local law enforcement in prosecutions and appeals, and apprehending fugitives, are fulfilled by the OAG's Legal Services Strategy. Consequently, the strategy is critical to both the OAG's mission and Texans relying on the OAG to defend them and enforce regulations and orders in the courts. During FY 2020, the OAG recovered nearly \$227 million to GR alone, bringing the total amount received during the Paxton administration to over \$1.2 billion. Moreover, through pre-litigation advice and the defense of the state in lawsuits challenging statutes, state agency actions, contracts, employment decisions, and other civil claims, OAG has successfully avoided and minimized costly claims (potentially totaling billions in exposure to the state).

If funding for the Legal Services Strategy is reduced, the OAG's ability to produce revenue and cost avoidance at existing levels will be jeopardized. The OAG self-funds part of this strategy through attorneys' fee (or Appropriated Receipts) and relies heavily on the receipt and unexpended balance (UB) to fund core agency operations. The amount of attorneys' fee revenue the OAG receives each year varies annually due to the nature and timing of awards in complex litigation. Due to these factors, it is imperative that the agency's attorneys' fee appropriations are kept intact for this strategy.

### ***Restoring funding for Victims Assistance Programs (VAP) and Grants Administration (\$41,247,299)***

Crime victims are statutorily required to be compensated first via the CVC Program, excess funds in Fund 0469 are then statutorily allowable to be appropriated to the OAG for the purposes of funding grants for OAG VAP, including grants to nonprofit organizations and local governmental bodies that provide services to Texas crime victims. Due to the funding shortage in Fund 0469, which is a combination of declining revenues and over-appropriation of funds, the OAG is requesting GR for an existing initiative to restore VAP funding levels in the FY 2022-2023 biennium to help ensure crime victims continue to receive crucial and necessary services.

Compensation to Fund 0469 revenue is derived largely from locally collected court costs imposed on misdemeanor and felony offenders. Court cost collections decreased at an average of approximately -2.4% during FY 2016- FY 2019, which is concerning and has been exacerbated during COVID-19 (estimated -16.7% COVID-19 decline in FY 2020). A major contributing factor to the Fund 0469 cash balance decline has been elevated appropriation levels to VAP and other agencies' appropriations. As a result of the Fund 0469 cash balance shortfall and the statutory requirement to prioritize payments to individual victims over VAP, VAP funded by Fund 0469 were included in the OAG's LAR at a reduced amount (~\$24.8 million for the biennium). However, the 2022-23 BRE released January 11, 2021 forecasts significantly less resulting in greater than a \$13.3 million decline in revenues from FY 2021 - FY 2023. Assuming OAG receives exceptional item #3 MOF Swap for Crime Victims' Claim Payments (\$5.4 million over the biennium), there is an estimated excess balance available for grants administration and VAP of \$5.2 million. The \$5.2 million excess balance available is the only amount available for all appropriations from Fund 0469 outside of the Crime Victims' Compensation Strategy, including for HHSC and ERS. Currently, SB 1 and HB 1, as introduced, both consider appropriations from Fund 0469 to HHSC and ERS amounting to greater than \$29.2 million over the 2022-23 biennium. *See attached materials for more information on Fund 0469.*





## KEN PAXTON

ATTORNEY GENERAL OF TEXAS

### ***MOF Swap for Crime Victims' Claim Payments (\$0)***

The OAG is charged with administering the state's CVC Program, which provides victims of violent crime with financial assistance for certain crime-related expenses. As a payer of last resort, the OAG may reimburse victims' medical expenses, counseling, lost earnings, funeral costs, and other expenses authorized by law. As the program administrator, the OAG reviews and approves victims' applications for assistance from Fund 0469. Working with victims and claimants to coordinate available resources to minimize out-of-pocket expenses incurred as a result of violent crime not only helps crime victims, but also supports the statewide vision and objectives of efficient, effective, transparent, and accountable agency service.

In order to help mitigate the revenue forecast decline of Fund 0469, as previously outlined, the OAG is proposing in this exceptional item to accelerate federal VOCA grant awards and decrease the surplus built into the usage for FY 2022-23 by \$2.7 million per year. The OAG built into the FY 2022-23 LAR a federal funds surplus of \$7.0 million should actual CVC claim payments exceed the forecast for FY 2021 - FY 2023. Using \$5.4 million of additional federal funds to meet the Fund 0469 revenue shortfall in FY 2022 and FY 2023 decreases the surplus to \$1.6 million. This exceptional item request drives the excess available Fund 0469 balance to \$5.2 million. If the OAG does not receive this swap of funds, there will be less than \$0 to appropriate VAP or other agencies in excess of the amount statutorily identified in the Code of Criminal Procedure, Article 56B.458 and Article 56B.460. Currently, SB 1 and HB 1, as introduced, both consider appropriations from Fund 0469 to HHSC and ERS amounting to greater than \$29.2 million over the 2022-23 biennium. *See attached materials for more information on Fund 0469.*

### ***CAPPS Financials Transitional Phase II (\$4,224,001)***

As part of the ERP Modernization effort, the OAG successfully completed the CAPPS HR/Payroll implementation in the FY 2018-2019 biennium. The OAG was scheduled for migration to CAPPS Financials during the FY 2020-2021 biennium; however, in June 2020, the OAG was informed that this project would be deferred until the FY 2022-2023 biennium due to COVID-related budget cuts. The CAPPS initiative will provide a significant long-term return on investment by allowing the OAG to modernize and retire several legacy mainframe systems that the agency currently operates for a multitude of human resources, payroll, accounting, and budget processes. Lack of funding to complete the CAPPS migration not only delays this project but could be potentially more costly to the state. The OAG legacy mainframe's operating system will reach its end-of-life in FY 2023 and no longer be supported by the vendor. The end-of-life date is June 2023 with a possible 1-year extension at a significant cost, at which point OAG will be unable to support multiple agency IT platforms, and at which point remediation may not be possible. If the mainframe requires a replatform due to the end of life of its operating system, anticipated cost estimates range between \$8-10 million dollars.

### ***Legal Case Legacy Modernization (\$4,841,500)***

The OAG administrative and legal divisions Legal Case Legacy Modernization project will replace legacy legal applications remaining on the agency's mainframe system. Replacement of these applications is imperative to agency operations and is time sensitive since the mainframe operating system will no longer be supported beyond FY 2023. As previously outline, the OAG's legacy mainframe operating system will reach its end-of-life date in June 2023 with a possible 1-year extension at a significant cost. These legacy applications support core legal case management for the Bankruptcy and Collections Division, the Transportation Division, and the Opinions Committee.



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***Data Center Consolidation - System Modernization Project (SMP) Phase 1 (\$24,080,298)***

Over the past 20 years, the OAG caseload has grown to 1.5 million cases, and we serve over 1.7 million children. The modernization of our processes and technology have become critical to our ability to meet the evolving needs of the families we serve. To achieve this goal, OAG has adopted an Agile-at-Scale mindset and methodology to support the iterative modernization of our legacy mainframe computer system in an efficient, cost-effective, and successful manner.

Phase 1 of the System Modernization Project will provide foundational components that drive efficiencies in service delivery to Texas families including a new Customer Contact Center, Interstate Case Portal, Enhanced Authentication, Document Generation, Virtual Case File, and Contract Management and Monitoring applications. Anticipated benefits related to the new Customer Contact Center include decreases in call volume, improved call handling through streamlined user interface, and decreased training for OAG staff. Additionally, the OAG will realize efficiencies in the handling of interstate child support cases, consolidated document generation, and improved self-service options for customer interactions. Automation, cloud-platforms, and mobile-friendly experiences are the key drivers to the applications that are being deployed in Phase 1.

***Data Center Consolidation - System Modernization Project (SMP) Phase 2 (\$44,255,140)***

Phase 2 of the System Modernization Project, continues the transformation of the Child Support system and applications using modern Software as a Service, integration Platform as a Service (SaaS/iPaaS), low code, and cloud technologies. This phase of the project represents activity planned through August of 2023 and builds upon work that will be completed in Phase 1, which ends in August 2021. A loss of funding would not only hinder our ability to continue and build upon the successes and momentum generated in the past year and a half, but would also have a significant and lasting impact on the agency's ability to fulfill its mission of ensuring that Texas children get the support they need and deserve. While the existing mainframe system has enabled Texas to become a national leader in the delivery of child support services, the agency's ability to sustain and improve its performance are limited by legacy technology. A delay of Phase 2 funding and the loss of associated federal financial participation would cause a multi-million-dollar loss of both actual and opportunity costs, resulting in the need for the OAG to reobtain skills, the loss of institutional knowledge, the need to award new contracts, as well as a delay in realizing benefits outlined in the Business Case. In addition, delay will increase costs for extended hardware and software support for legacy systems while increasing risk and technical debt.

***Restore Child Support Funding (\$8,887,520)***

As the statutorily-designated child support enforcement agency for the State of Texas, the Child Support Division (CSD) is responsible for the establishment and enforcement of child support. All states that receive federal funding for Temporary Assistance for Needy Families (TANF) are required to have a centralized child support collections program under Title IV, Part D of the Federal Social Security Act. Accordingly, the cost of reporting the Texas program is more than two-thirds federally-funded. Apart from the federal funds that support the program, the State of Texas benefits from a nationally-recognized program that is both efficient and effective in collecting child support, helping to ensure that parents, not taxpayers, pay to support their children.



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Typically, more than 80% of child support collections are generated from wage withholding. CSD exceeded its collections target for FY 2020; however, limited court operations during COVID-19 and the many variables impacting the Texas economy make it nearly impossible to confidently project collections into the coming biennium. The All Funds loss to child support from the 5-percent FY 2020-2021 budget reductions equals \$14.4 million (\$4.9 million GR) on a biennial basis, including a \$4.4 million All Funds reduction in Data Center Consolidation for base-level services. If funding for this strategy is further reduced, the CSD's ability to operate efficiently and effectively may face challenges. Additionally, sustaining child support collections at the projected levels may not be realized, as well as funding earned from performance-based federal incentive payments could be jeopardized.

### ***State of Texas v. Google, LLC Litigation (\$43,283,112)***

Google is an advertising company that makes billions of dollars a year by using individuals' personal information to engage in targeted digital advertising. Nearly all online publishers depend on Google to sell their advertising space, and nearly all businesses depend on Google to purchase that space to advertise their goods and services. Google leverages its powerful position on all sides of the online advertising market to unlawfully exclude competition and drive-up prices for all sides. Both in its acquisition of consumers' information, and in its representations to publishers, Google misrepresents and misleads people about its services.

- Misrepresenting to consumers that it will never sell their information, despite making the majority of its money from targeting advertising using that information.
- Misleading publishers that it is acting in their interests in its services provided for selling ad space.

The Google Ad Tech litigation seeks to hold Google accountable for: monopolization, attempted monopolization, unlawful tying, an unlawful agreement in violation of Section 1 of the Sherman Act, violation of state antitrust claims, and violation of state deceptive trade law claims.

This is the largest single piece of litigation since Frew (Tobacco). Google has a market value of \$1 trillion and annual revenue exceeding \$160 billion. The resources that Google will be able to dedicate to fighting this lawsuit will be almost unlimited. Providing OAG with adequate resources to make calculated fiscal decisions and be funded at a level that allows OAG to effectively litigate against Google is necessary to ensure success. *See attached materials for more information on the Google Ad Tech Litigation.*



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**2020-2021 Biennium Expended/Budgeted and 2022-2023 Biennium 87<sup>th</sup> Legislature - House Bill (Introduced)**

Method of Finance	2020-2021 Biennium Expended/Budgeted	2022-2023 Biennium House Bill (introduced)	Difference
General Revenue Funds	\$ 506,039,318	\$ 478,774,624	\$ (27,264,694)
General Revenue - Dedicated Funds	162,889,083	152,614,936	(10,274,147)
Subtotal - General Revenue Related	\$ 668,928,401	\$ 631,389,560	\$ (37,538,841) (1)
Federal Funds	\$ 430,715,164	\$ 374,802,269	\$ (55,912,895) (2)
Other Funds	147,852,558	164,481,381	16,628,823 (3)
<b>TOTAL</b>	<b>\$ 1,247,496,123</b>	<b>\$ 1,170,673,210</b>	<b>\$ (76,822,913)</b>

Notes:

(1) The (\$37.5M) decrease in General Revenue Related represents the following: (a) (\$16.4M) decrease in Victims Assistance for grant awards to victims' assistance providers and grants administration; (b) (\$15.0M) decrease in Agency IT Projects for the Child Support IT System Modernization Project Phase 1 and Phase 2; (c) (\$3.1M) decrease in Legal Services, Child Support Enforcement, Crime Victims' Compensation, Victims Assistance, and Medicaid Investigation for implementing Centralized Accounting and Payroll/Personnel System Financials; and (d) (\$3.0M) decrease in Child Support Enforcement for onetime funding for the Child Support IT System Modernization Project.

(2) The (\$55.9M) decrease in Federal Funds represents the net results of the following: (a) (\$45.1M) decrease in Agency IT Project related to the loss of federal matching funds resulting from the General Revenue Related decrease for the Child Support IT System Modernization Project Phase I and Phase 2 offset by the planned increase in usage during the 2022-2023 Biennium of \$14.7M; (b) (\$17.5M) decrease in Crime Victims' Compensation related to federal VOCA grants not being accessible to the OAG in fiscal year 2022 and 2023; (c) (\$5.9M) decrease in Child Support Enforcement related to the loss of federal matching funds resulting from the General Revenue Related decrease for the onetime funding for Child Support IT System Modernization Project; and (d) (\$2.1M) decrease in Child Support Enforcement and State Disbursement Unit related to the loss of federal matching funds for increased state-only expenditures and decreased discretionary grants.

(3) The \$16.6M increase in Other Funds represents the following: (a) \$16.4M increase in Victims Assistance for grant award to victims' assistance providers and grants administration from the agency's attorney fees (Appropriated Receipts); and (b) \$0.2M increase in Administrative Support for SORM related to the fluctuation of indirect cost allocations rates from Interagency Contracts.



# **Update on the Health of the Compensation to Victims of Crime Account 0469 (Fund 0469)**

As of January 29, 2021

## Statutory References Update:

- ▶ Code of Criminal Procedure, Article 56B.004 (a) states the attorney general shall adopt rules consistent with this chapter governing its administration of Crime Victims' Compensation. Additionally, the OAG is designated as the administering agency of Fund 0469 in the Texas Comptroller Manual of Accounts.
- ▶ Code of Criminal Procedure, Article 56B.454 (a) states the attorney general may not make compensation payments that exceed the amount of money available in the fund and (b) states general revenue (GR) may not be used for compensation to victims of crime (CVC) payments.
- ▶ Code of Criminal Procedure, Article 56B.460 (c) states the legislature may appropriate from Fund 0469 the amount of excess money in the fund certified for the biennium to state agencies that deliver or fund victim-related services or assistance.

## Historical Perspective:

- ▶ The 85<sup>th</sup> Legislature reduced Fund 0469 financing CVC payments by \$24.7 million for the FY 2018-19 biennium and accelerated the use of federal Victims of Crime Act (VOCA) grants proportionately. Additionally, the 85<sup>th</sup> Legislature replaced GR funding a portion of victims' assistance programs (VAP) with Fund 0469 at the OAG in the amount of \$10.7 million for the 2018-19 biennium. These two efforts yielded a savings impact to Fund 0469 of \$13.9 million during the biennium when compared to the FY 2016-17 biennium.
- ▶ The 86<sup>th</sup> Legislature appropriated additional Fund 0469 for CVC payments in the amount of \$18.5 million for the FY 2020-21 biennium because the amount of federal VOCA grants made available to OAG for CVC payments dropped significantly by the reduction of state funding two years prior. Although this effort was a positive stride, there is still a gap to fill in order to stabilize the combination of funds for CVC payments.
- ▶ The 86<sup>th</sup> Legislature appropriated additional GR to OAG VAP in the amount of \$7.7 million for the FY 2020-21 biennium; however, the GR did not relieve the burden of funding on Fund 0469. Rather, the GR provided increased funding for rape crisis centers and did not address the previous biennial swap of funds to Fund 0469 for OAG VAP.

# OAG Revenue Forecast Compared with 2022-23 Biennial Revenue Estimate (BRE):

Revenue Type	Revenue Description	OAG Forecast (LAR & Dec 2020 Certification)			BRE Reported			Variance		
		FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023	FY 2021	FY 2022	FY 2023
3704	Court Costs	\$ 49,110,399	\$ 52,988,116	\$ 51,578,847	\$ 46,377,000	\$ 49,008,000	\$ 46,841,000	\$ (2,733,399)	\$ (3,980,116)	\$ (4,737,847)
3727	Fees- Administrative Services	15,998,979	16,230,559	16,494,194	15,999,000	16,231,000	16,494,000	21	441	(194)
3734	Recoveries from Crime Victim Restitution	910,000	910,000	910,000	910,000	910,000	910,000	-	-	-
3740	Gifts/Grants/Donations	170,850	170,850	170,850	171,000	171,000	171,000	150	150	150
3777	Warrants Voided by Statue of Limitation	93,650	93,650	93,650	181,000	94,000	94,000	87,350	350	350
3801	Time Payment Plan for Court Costs/Fees	6,800	6,800	6,800	7,000	7,000	7,000	200	200	200
3802	Reimbursements - Third Party	14,650	14,650	14,650	15,000	15,000	15,000	350	350	350
3805	Subrogation Recoveries	516,000	516,000	516,000	585,000	585,000	585,000	69,000	69,000	69,000
3851	Interest on State Deposits and Treasury Investments	972,672	982,400	992,225	255,000	255,000	255,000	(717,672)	(727,400)	(737,225)
3972	Other Cash Transfers Within a Fund or Accounts (Aux. Fund)	1,494,960	796,859	439,851						
<b>Total - Fund 0469</b>		<b>\$ 69,288,960</b>	<b>\$ 72,709,884</b>	<b>\$ 71,217,067</b>	<b>\$ 64,500,000</b>	<b>\$ 67,276,000</b>	<b>\$ 65,372,000</b>	<b>\$ (3,294,000)</b>	<b>\$ (4,637,025)</b>	<b>\$ (5,405,216)</b>
<b>Total Fund 0469 Revenue Decreases FY 2021 - FY 2023</b>								<b>\$ (13,336,241)</b>		



## Revenue Updates From 2022-23 BRE:

- ▶ In July 2020, CPA included a summary projection for FY 2021 Fund 0469 revenues in the Certification Revenue Estimate (CRE) amounting to \$67,794,000. The OAG followed up with CPA to receive the amount by revenue type for use in forecasting revenues for the FY 2022-23 LAR and December 2020 certification.
- ▶ Total revenue from all sources forecasted in the BRE for FY 2021 equal \$65,994,909, including the Fund 0494 transfer received into Fund 0469 during September 2020. The BRE does not account for this transfer between funds. The result is a \$3.3 million decrease below the amount forecasted in OAG's FY 2022-23 LAR and December 2020 certification.
- ▶ Total revenue from all sources forecasted in the BRE, including the Fund 0494 transfers, in FY 2022-23 equal \$133.9 million, which is a \$10.0 million decrease below the amount forecasted in OAG's FY 2022-23 LAR and \$9.7 million below the amount forecasted in the December 2020 certification, which does not include gifts, grants and donations as statutorily required.
- ▶ Total revenue decrease from OAG's FY 2022-23 LAR to the BRE equals \$13.3 million.

## Revenue Updates from 2022-23 BRE (continued):

- ▶ The BRE reduced revenue projections in FY 2021 by \$3.3 million from the amount included in the July 2020 CRE primarily for fees-administrative services and interest. However, when comparing the Fund 0469 revenue forecast per OAG's 2022-23 LAR to the BRE, the primary difference will be noted in court costs. This is because the OAG did not agree with the CRE estimate for fees-administrative services and forecasted court costs to remain constant with the total amount of Fund 0469 forecasted in the CRE (~\$6.5 million). The BRE accounts for fees-administrative services at the level OAG assumed but did not increase court costs to the level OAG projected.
- ▶ The BRE decreased interest from \$1.3 million to \$255,000.
- ▶ Revenue estimates hold the same trend as noted for FY 2021 when comparing OAG's forecast to the BRE for FY 2022 and FY 2023 and are \$4.6 million lower in FY 2022 and \$5.4 million lower in FY 2023. As noted in FY 2021, the primary areas of decrease are court costs and interest.
- ▶ Comparing the BRE to the OAG forecast, court costs are \$4.0 million lower and interest is \$727k lower in FY 2022. Rather than meeting the expectation of a modest decline in court costs (historical pre-COVID average of ~2.4%) from FY 2022 to FY 2023, the BRE projects a 4.4% decline in FY 2023 netting \$4.7 million lower revenues than the OAG forecast for FY 2023.

## External Factors Update:

- ▶ Fund 0469 revenue is derived largely from locally collected court costs imposed on misdemeanor and felony offenders. Court cost collections decreased at an average of ~2.4% during FY 2016 – FY 2019, which is concerning, and the decline has been exacerbated during COVID (estimated 16.7% COVID-related decline in FY 2020). However, the first quarter of FY 2021 saw a 15.7% increase in court cost collections when compared to the fourth quarter of FY 2020.
- ▶ The Supreme Court of Texas issued Misc. Docket 21-9004 on January 14, 2021 extending the COVID-19 Emergency Order through April 1, 2021, which could continue impacting the collection of court costs while discouraging in-person hearings.
- ▶ Federal VOCA grants for CVC payments made available from the Office for Victims of Crime (OVC) are accessible to the OAG at reduced amounts due to a lower contribution of state funds in FY 2018 – FY 2021. Currently as established by federal statute, OVC provides a 60% match on state compensation dollars paid during the federal fiscal year, two years prior. This update assumes the level of federal funding remains constant.
- ▶ Another contributing factor to the Fund 0469 cash balance decline has been elevated appropriation levels to VAP and other agencies' appropriations. In the FY 2020-21 biennium, the appropriated amount equaled \$70.4 million to OAG, HHSC, and ERS for victim-related services.
- ▶ CPA estimates are the ones used to certify the GAA in June 2021 after session concludes.

# Cash Balance, Revenues, and Deductions (Updated From 2022-23 BRE):

Fund 0469	FY 2020 (Actuals)	FY 2021 (Estimated) <sup>1</sup>	FY 2022 (Estimated) <sup>1</sup>	FY 2023 (Estimated) <sup>1</sup>
Estimated Cash Balance	\$ 53,730,179	\$ 33,061,672	\$ 11,243,519	\$ 17,469,931
Estimated Revenue:				
3704 Court Costs	\$ 45,948,736	\$ 46,377,000	\$ 49,008,000	\$ 46,841,000
3727 Fees-Administrative Services (Parolee Fees)	4,253,179	4,419,985	4,419,985	4,419,985
3727 Fees-Administrative Services (Prison Inmate Phones)	11,351,954	11,579,015	11,811,015	12,074,015
3734 Recoveries From Crime Victim Restitution	798,436	910,000	910,000	910,000
3740 Gifts/Grants/Donations - Other (Juror Reimbursements)	125,110	171,000	171,000	171,000
3777 Default Fund-Warrant Voided	108,912	181,000	94,000	94,000
3801 Time Payment Plan-Court Costs/Fees	8,548	7,000	7,000	7,000
3802 Reimbursements-Third Party	16,085	15,000	15,000	15,000
3805 Subrogation Recoveries	565,423	585,000	585,000	585,000
3851 Interest Paid on State Deposits and Treasury Investments	905,453	255,000	255,000	255,000
3972 Transfer within Fund/FY/Agency (CVC Auxiliary Fund 0494)	3,130,972	1,494,909	796,859	439,851
<b>Subtotal, Revenue</b>	<b>\$ 67,212,808</b>	<b>\$ 65,994,909</b>	<b>\$ 68,072,859</b>	<b>\$ 65,811,851</b>
<b>Total, Available</b>	<b>\$ 120,942,987</b>	<b>\$ 99,056,581</b>	<b>\$ 79,316,378</b>	<b>\$ 83,281,782</b>
Deductions:				
OAG Expended/Budgeted/Requested <sup>2</sup>	\$ (70,659,952)	\$ (70,513,780)	\$ (59,922,690)	\$ (59,922,690)
HHSC, Art II, Family Violence Services, pg. II-79	(10,229,844)	(10,229,844)	-	-
ERS, Art. I, Admin. Retirement Pgm, Public Safety Benefits & MOF	(4,672,113)	(4,672,086)	-	-
OAG Transfer--Employee Benefits (OASI, ERS, Insurance, SKIP, etc.)	(2,232,790)	(2,262,790)	(1,853,082)	(1,853,082)
Art IX, Sec. 15.04 (2020-21 GAA), Transfers: Billings for Statewide Allocated Costs (SWCAP)	(85,151)	(130,193)	(70,675)	(70,675)
Comptroller of Public Accounts, Miscellaneous	(1,200)	(1,200)	-	-
OAG Unemployment Benefits	(266)	(3,169)	-	-
<b>Total, Deductions</b>	<b>\$ (87,881,315)</b>	<b>\$ (87,813,062)</b>	<b>\$ (61,846,447)</b>	<b>\$ (61,846,447)</b>
Ending Fund/Account Balance	\$ 33,061,672	\$ 11,243,519	\$ 17,469,931	\$ 21,435,335
				Code of Criminal Procedures, Article 56B.458 Emergency Reserve (10,000,000)
				Code of Criminal Procedures, Article 56B.460 5-percent Buffer (6,184,644)
				Code of Criminal Procedures, Article 56B.460 Gifts, Grants and Donations (342,000)
				Revised Amount of Excess in Fund 0469 for Victim-Related Services of Assistance <b>\$ 4,908,691</b>
<sup>1</sup> FY 2021 thru FY 2023 revenues have been updated to the amounts detailed in the 2022-23 BRE released January 11, 2021 with the exception of the Fund 0494 transfers, which are not detailed in the BRE.				
<sup>2</sup> The FY 2022 and FY 2023 amounts include only crime victims compensation claim payments and administrative expenses.				

## Cash Balance, Revenue, and Deductions Update:

- ▶ The Cash Balance available in Fund 0469 as of August 31, 2021 has been updated to reflect the \$3.3 million decline in FY 2021 revenues resulting in a \$11.2 million balance, previously \$14.5 million. Additionally, revenues have been updated to mirror the projections in the BRE plus an assumed Fund 0494 transfer.
- ▶ The OAG's FY 2022-23 LAR assumed \$7.7 million of Fund 0469 would be available to fund OAG's VAP and \$4.1 million to fund administrative expenses in the Victims Assistance Strategy in FY 2022 and FY 2023 based on revenue forecasted at that time.
- ▶ Due to the decreased revenues projected in the BRE of \$13.3 million for FY 2021 – FY 2023, Fund 0469 will have insufficient excess cash balances available to fund VAP in FY 2022 and FY 2023. The previous slide reflects this reduction in funding from Fund 0469 of \$7.7 million for VAP and \$4.1 million for OAG administrative expenses.
- ▶ The OAG proposes modifying the amount of Fund 0469 financing CVC payments for FY 2022 and FY 2023. The OAG can use additional federal funds in the Crime Victims Compensation strategy in the amount of \$2.7 million per fiscal year, or \$5.4 million over the FY 2022-23 biennium proportionately decreasing the use of Fund 0469. The previous slide reflects a reduction in funding from Fund 0469 of \$5.7 million for CVC payments over the biennium.

## CVC Payment Estimates for FY 2021 – FY 2023 and Source of Funds Update:

	FY 2020	FY 2021	FY 2022	FY 2023
Fund 0469	\$ 41,497,040	\$ 41,497,040	\$ 50,868,587	\$ 50,868,587
Federal Funds	26,601,371	31,502,960	22,861,413	23,598,713
Total Payments	\$ 68,098,411	\$ 73,000,000	\$ 73,730,000	\$ 74,467,300

Year	Forecasted VOCA Grant Awards	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
2017	22,848,000	(\$170,276)				
2018	27,512,000	(\$19,167,861)	(\$350,000)			
2019	27,552,000	(\$8,123,234)	(\$19,428,766)			
2020	19,111,030		(\$12,074,194)	(\$7,036,836)		
2021	18,098,693			(\$16,174,577)	(\$1,924,116)	
2022	23,661,433				(\$22,024,597)	(\$1,636,836)
2023	23,661,433					(23,056,550)
Forecasted federal funding need*		(\$27,461,371)	(\$31,852,960)	(\$23,211,413)	(\$23,948,713)	(\$24,693,386)
Beginning Award						
	Balance	\$47,069,861	\$38,539,796	\$25,135,529	\$25,585,549	\$25,298,269
*Includes allowable allocation for administrative expenses.						

## CVC Payment Estimates for FY 2021 – FY 2023 and Source of Funds Update (continued):

- ▶ The OAG built into the FY 2022-23 LAR a federal funds surplus of \$7.0 million should actual CVC claim payments exceed the forecast for FY 2021 - FY 2023. Using \$5.4 million of additional federal funds to meet the Fund 0469 revenue shortfall in FY 2022 and FY 2023 decreases the surplus to \$1.6 million.

Pros: (1) Fund 0469 appropriated for CVC payments in FY 2022-23 over the amount in FY 2020-21 can prolong the timing of a federal draw in each fiscal year. A reminder the OAG does not receive access to federal VOCA grants for each year until the fall (i.e., OAG received the award notice on the 2020 VOCA grant September 17, 2020). (2) Any forecasted dollar for CVC payments that does not materialize in FY 2021 can increase available federal funds for FY 2022 and FY 2023.

Con: If actual CVC payments are larger than forecasted, it could result in the need for a supplemental appropriation of Fund 0469 in the 88<sup>th</sup> Legislature.

- ▶ After funding CVC payments at the statutorily required level and administrative expenses in the Crime Victims' Compensation strategy to administer CVC payments, the excess Fund 0469 balance available equals \$21.4 million; however, accounting for the \$10.0 million catastrophic contingency (Code of Criminal Procedure, Article 56B.458), \$6.2 million 5-percent buffer (Code of Criminal Procedure, Article 56B.460), and \$342,000 Gifts, Grants, and Donations (Code of Criminal Procedure, Article 56B.460) brings this amount down to \$4.9 million.

## OAG VAP and Victim-Related Services Update:

- ▶ The excess Fund 0469 updated to the BRE does not provide sufficient funding for OAG's VAP, OAG administrative expenses associated with administering grants, and funding to support HHSC and ERS appropriations in FY 2022-23 as the balance is \$4.9 million.
- ▶ HB 1 and SB 1, as introduced, provides Fund 0469 balances to HHSC of \$20.5 million in the 2022-23 biennium for VAP and ERS requested Fund 0469 in their FY 2022-23 LAR in the amount of \$8.8 million for lump sum payments of \$500,000 to the qualifying survivor to provide benefits related to the death of law enforcement officers, fire fighters, and other qualified persons. However, as noted, there will only be \$4.9 million available to apply towards these needs.
- ▶ GR or another funding source will be required to maintain FY 2020-21 spending levels in FY 2022-23 for OAG in the amount of \$40.7 million (\$36.6 million for VAP and \$4.1 million for administrative expenses, which includes \$254,034 for sexual assault nurse examiners), HHSC in the amount of \$20.5 million, and ERS in the estimated amount of \$8.8 million (was \$9.2 million in FY 2020-21) equaling a total need of \$70.0 million.
- ▶ Total estimated Fund 0469 cash shortfall using the BRE forecast estimates amounts to approximately \$65.1 million comprised of the \$70.0 million need less the excess Fund 0469 balance of \$4.9 million.





KEN PAXTON  
ATTORNEY GENERAL *of* TEXAS

# Overview of Google Ad Tech

House Appropriations Subcommittee I/IV/IV

Written Testimony

January 29, 2021

The seal of the Office of the Attorney General of Texas is visible in the background on the left side of the page. It features a circular design with a five-pointed star in the center, surrounded by a wreath. The words "OFFICE OF THE ATTORNEY GENERAL" and "STATE OF TEXAS" are inscribed around the perimeter of the seal.

# About the Office

## The Mission of the Office of the Attorney General

The Office of Attorney General champions liberty and justice for Texas.

## The Philosophy of the Office of the Attorney General

The principles of individual liberty, limited government, economic freedom, and personal responsibility guide the work of the Office of Attorney General.

## The Values of the Office of the Attorney General

The Office of Attorney General is committed to performing its duties with excellence, serving Texas with humility and integrity, and exploring innovative solutions in accomplishing the work of the agency.

# Work of the Office of the Attorney General

- Protecting Texans from fraud, waste, and abuse by enforcing consumer protection and antitrust laws, educating consumers on fraudulent scams, and seeking recovery from Medicaid fraudsters in civil action.
- Safeguarding the freedoms of Texans as guaranteed by the United States and Texas constitutions.

# Google and the Ad Tech Industry

- Google is an advertising company that makes billions of dollars a year by using individuals' personal information to engage in targeted digital advertising.
- Google has a market value of \$1 trillion and annual revenue exceeding \$160 billion.
- This includes search advertising (advertising accompanying search results) and display advertising (advertising that appears on other websites).
- Display advertising functions like the financial market – publishers and advertisers trade their display inventory through brokers on electronic exchanges (ad exchanges).
- Nearly all online publishers depend on Google to sell their advertising space, and nearly all businesses depend on Google to purchase that space to advertise their goods and services.
- Google also owns the largest ad exchange: AdX.

# Nature of the Case

- Google leverages its powerful position on all sides of the online advertising market to unlawfully exclude competition and drive-up prices for all sides.
- Google entered into a price-fixing agreement with Facebook in order to stop “header bidding” which would allow publishers to use multiple exchanges instead of just Google’s.
- Both in its acquisition of consumers’ information, and in its representations to publishers, Google misleads people about its services.
- Google misrepresents to consumers that it will never sell their information, despite making the majority of its money from targeting advertising using that information.
- Google misleads publishers that it is acting in their interests in its services provided for selling ad space.

# Google Anticompetitive Conduct

- Forces publishers and advertisers to trade only on AdX
- Blocks exchange competition through its control over publishers' ad space inventory
- Tried to stop “header bidding” which would allow publishers to send their inventory across other exchanges
- Colluded with Facebook to obtain an illegal agreement that required Facebook to only route ads through Google's server in exchange for preferential treatment
- Lied to and punished publishers that used header bidding
- Used non-transparent pricing so publishers didn't know the impact of Google's anticompetitive conduct
- Forces advertisers to use their ad buying tools by withholding YouTube space

# Adverse Effects

- Google's conduct:
  - Excludes competition in ad exchanges, publisher servers, and ad buying tools
  - Creates an artificial barriers to entry
  - Stifles innovation
  - Harms publishers' ability to monetize their ad space
  - Reduces the efficiency of the advertising services
  - Misleads publishers and consumers



# Claims

- Monopolization
- Attempted Monopolization
- Unlawful Tying
- Unlawful Agreement with Facebook in Violation of Section 1 of the Sherman Act
- Violation of State Antitrust Claims
- Violation of State Deceptive Trade Law Claims





# Remedies Sought

- Injunctive Relief: Structural Change
  - Restore competitive conditions
  - Prohibit future anticompetitive conduct
  - Prohibit false, deceptive, or misleading conduct
- Monetary Relief:
  - Civil penalties
  - Restitution/Disgorgement
  - Costs and Attorneys' Fees

# Next Steps

- December 19, 2020 – Texas and 9 other states filed the original Complaint against Google in the Ad tech matter.
  - Arkansas, Idaho, Indiana, Kentucky, Mississippi, Missouri, North Dakota, South Dakota, and Utah
- January 19, 2021 – Google moved to transfer venue to the Northern District of California.
- February 4, 2021 – Scheduling Conference Hearing
- Anticipate filing an Amended Complaint pursuant to FRCP 15(a)(1) in early 2021 to:
  - Add all new sign-on states and state law claims
  - Address any comments or feedback from other states and the DOJ
  - Address any issues raised in a motion to dismiss (if filed)
  - Refine complaint based on additional research and discovery

**Commission on the Arts  
Summary of Budget Recommendations - House**

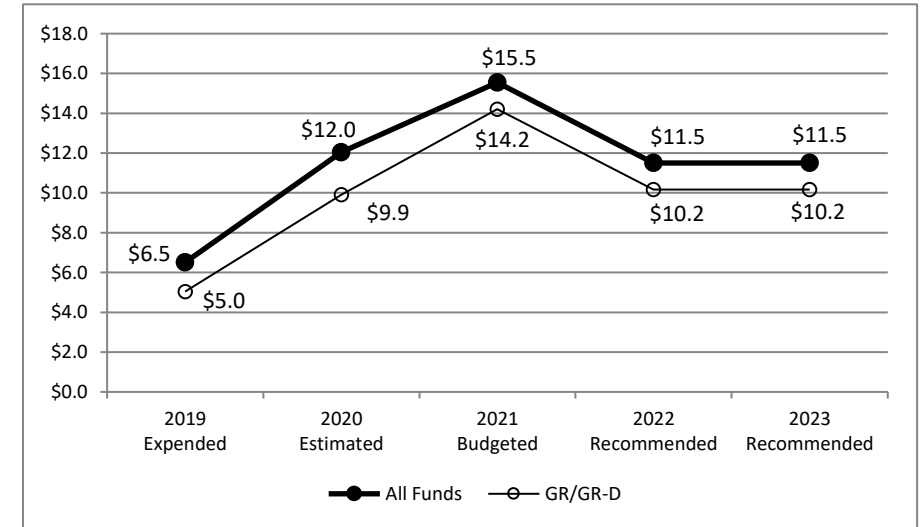
Page I-1

Gary Gibbs, Executive Director  
Samantha Martinez, LBB Analyst

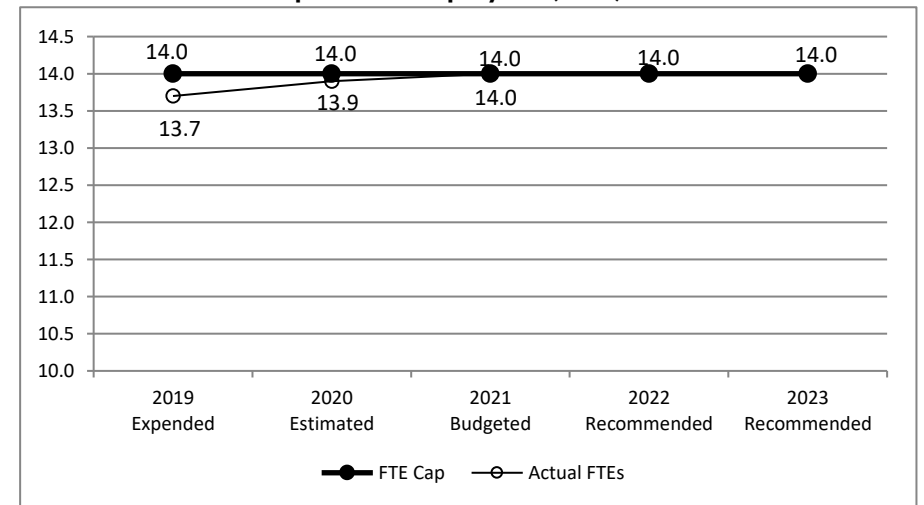
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$24,109,622	\$20,328,985	(\$3,780,637)	(15.7%)
GR Dedicated Funds	\$500	\$91	(\$409)	(81.8%)
<i>Total GR-Related Funds</i>	<i>\$24,110,122</i>	<i>\$20,329,076</i>	<i>(\$3,781,046)</i>	<i>(15.7%)</i>
Federal Funds	\$2,783,800	\$2,175,600	(\$608,200)	(21.8%)
Other	\$699,000	\$504,000	(\$195,000)	(27.9%)
<b>All Funds</b>	<b>\$27,592,922</b>	<b>\$23,008,676</b>	<b>(\$4,584,246)</b>	<b>(16.6%)</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	14.0	14.0	0.0	0.0%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Commission on the Arts**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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<b>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</b>
--

A)	Decrease of \$3,781,046 in General Revenue due to removal of reallocations of one-time funding for projects in the 2020-21 biennium including \$3,731,046 for the construction of a performing arts center and \$50,000 for deployment onto the Centralized Accounting and Payroll/Personnel System.	(\$3.8)	\$0.0	\$0.0	\$0.0	(\$3.8)	A.1.1, A.1.4
B)	Decrease of \$608,200 in Federal Funds primarily due to a one-time award from the National Endowment for the Arts disbursed to organizations affected by the COVID-19 pandemic.	\$0.0	\$0.0	(\$0.6)	\$0.0	(\$0.6)	A.1.1
C)	Decrease of \$145,000 in Appropriated Receipts from donations and decrease of \$50,000 in License Plate Trust Fund Account 802 reflecting the anticipated decline of license plate revenue.	\$0.0	\$0.0	\$0.0	(\$0.2)	(\$0.2)	A.1.1, A.1.2

<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>(\$3.8)</b>	<b>\$0.0</b>	<b>(\$0.6)</b>	<b>(\$0.2)</b>	<b>(\$4.6)</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>	(\$3.8)	\$0.0	(\$0.6)	(\$0.2)	(\$4.6)	As Listed

NOTE: Totals may not sum due to rounding.

**Commission on the Arts  
Rider Highlights - House**

**Modification of Existing Riders**

5. **Unexpended Balances: Cultural and Performing Arts Center Grant.** Revise the rider to provide authority for the agency to carry forward any unexpended and unobligated balances of General Revenue for the Cultural and Performing Arts Center to the 2022-23 biennium.

**Deleted Riders**

2. **Capital Budgets.** Remove the rider for Centralized Accounting and Payroll/Personnel System (CAPPS) due to implementation to be completed in FY21 and no additional projects provided for the 2022-23 biennium.

**Commission on the Arts  
Items Not Included in Recommendations - House**

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
<b>Agency Exceptional Items Not Included (in agency priority order)</b>							
1)	Request to restore 5% budget reduction to allocate to arts organizations to offset COVID-19 related revenue loss.	\$1,268,954	\$1,268,954	0.0	No	No	\$1,268,954
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$1,268,954</b>	<b>\$1,268,954</b>	<b>0.0</b>			<b>\$1,268,954</b>

**Commission on the Arts  
Appendices - House**

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

**Commission on the Arts  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
ARTS ORGANIZATION GRANTS A.1.1	\$12,331,746	\$8,001,852	(\$4,329,894)	(35.1%)	Recommendations include: 1) Decrease of \$3,731,046 in General Revenue (GR) from one-time funding for a grant to construct a performing arts center in the 2020-21 biennium. 2) Increase of \$34,352 in GR reallocated from Strategy A.1.4, Direct Administration of Grants, to provide additional grant funding. 3) Decrease of \$668,500 in federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds for pandemic relief to arts organizations. 4) Increase of \$60,300 in Federal Funds received from regular National Endowment for the Arts award. 5) Decrease of \$25,000 in the License Plate Trust Fund to reflect declining license plate revenue.
ARTS EDUCATION GRANTS A.1.2	\$1,541,575	\$1,421,574	(\$120,001)	(7.8%)	Recommendations include: 1) Increase of \$49,999 in GR shifted from Strategy A.1.4, Direct Administration of Grants, for additional grant funding. 2) Increase of \$409 in GR offset by reduction of \$409 in GR-D Arts Operating Account 334 for a method of finance swap due to fund balance depletion. 3) Decrease of \$145,000 in Appropriated Receipts from donations. 4) Decrease of \$25,000 in License Plate Trust Fund to reflect declining license plate revenue.
CULTURAL TOURISM GRANTS A.1.3	\$11,340,000	\$11,340,000	\$0	0.0%	
DIRECT ADMINISTRATION OF GRANTS A.1.4	\$1,439,723	\$1,258,996	(\$180,727)	(12.6%)	Recommendations include: 1) Decrease of \$130,727 in GR reallocated to other strategies. 2) Decrease of \$50,000 in GR from one-time funding for transition to the Centralized Accounting and Payroll/Personnel System (CAPPS).
<b>Total, Goal A, ARTS AND CULTURAL GRANTS</b>	<b>\$26,653,044</b>	<b>\$22,022,422</b>	<b>(\$4,630,622)</b>	<b>(17.4%)</b>	
CENTRAL ADMINISTRATION B.1.1	\$697,278	\$737,804	\$40,526	5.8%	Recommendations include an increase of \$40,526 in GR reallocated from Strategy A.1.4 to accommodate for internal audit functions.
INFORMATION RESOURCES B.1.2	\$242,600	\$248,450	\$5,850	2.4%	Recommendations include an increase of \$5,850 in GR reallocated from Strategy A.1.4.
<b>Total, Goal B, INDIRECT ADMINISTRATION</b>	<b>\$939,878</b>	<b>\$986,254</b>	<b>\$46,376</b>	<b>4.9%</b>	



**Commission on the Arts  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
<b>Grand Total, All Strategies</b>	<b>\$27,592,922</b>	<b>\$23,008,676</b>	<b>(\$4,584,246)</b>	<b>(16.6%)</b>	

**Commission on the Arts  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	14.0	14.0	14.0	14.0	14.0
Actual/Budgeted	13.7	13.9	14.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director, Group 3	\$121,041	\$129,927	\$129,927	\$129,927	\$129,927

Notes:

a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$137,809 for the Executive Director position at the Commission on the Arts. The agency is not requesting any changes to its exempt position.

b) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.



**Texas  
Commission  
on the Arts**

**House Appropriations Committee**

Presentation Materials · Submitted January 29, 2021

## Arts and Cultural Industries' Impact on the Economy

**Texas' Arts and Culture Industry** promotes innovation and long-term growth and **generates \$6.1 billion** per year in taxable sales, contributing nearly **\$380 million in state sales tax revenue** in calendar year 2019.

This impact on the statewide economy has grown steadily since 2009, **increasing 30.1%** over the past ten years.



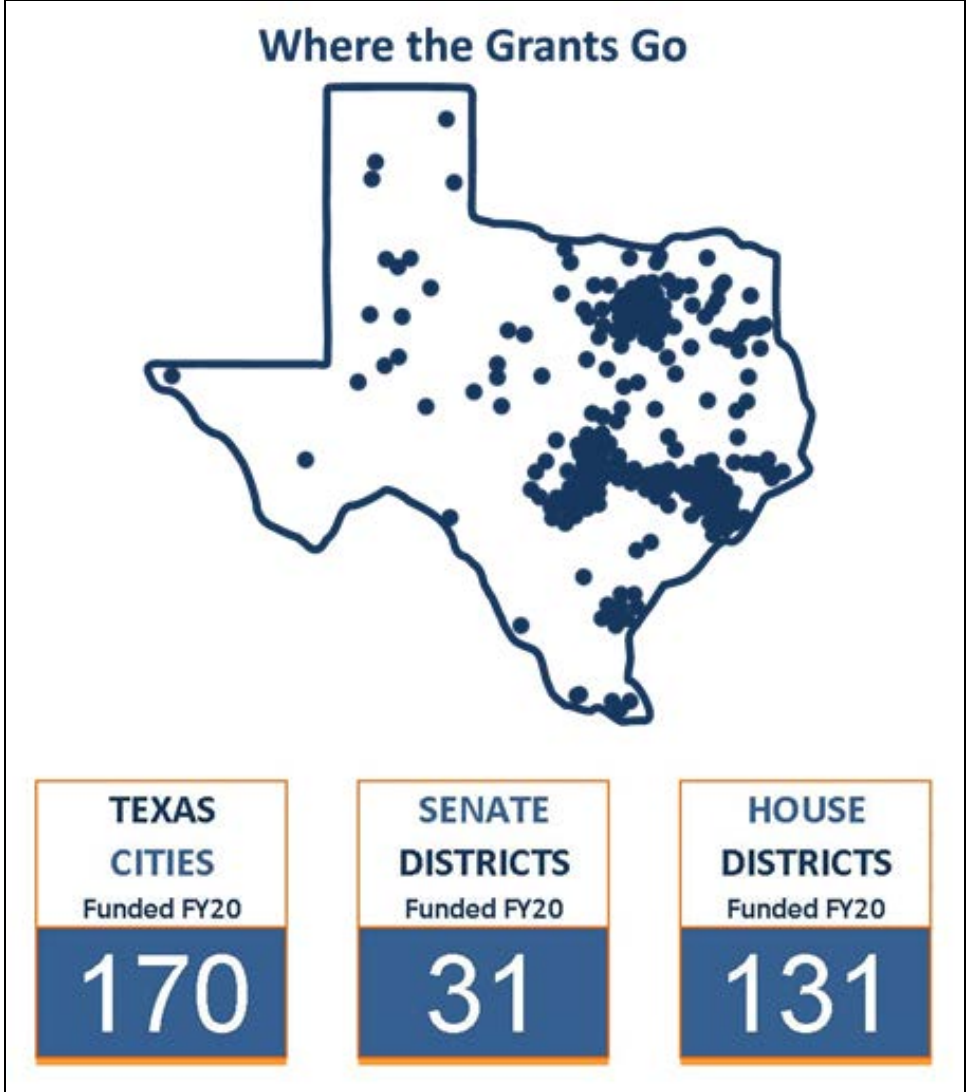
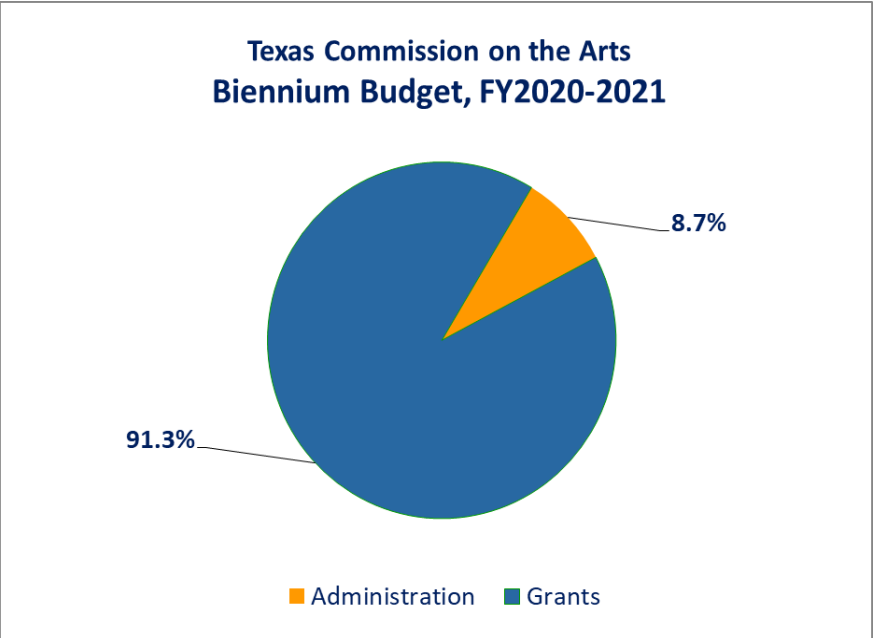
Indoor art show view from **Arts District Houston**  
(Photo: Monica Kressman Photography)



Fort Worth's **Near Southside Arts** district  
(Photo: Olaf Growald)

Beyond state tax revenue, these sectors **generate millions for local taxing entities** including cities and economic development organizations whose funding comes from local sales tax revenue.

# Texas Commission on the Arts Overview



**Table 6. Estimated cumulative losses for the creative industries by state, April to July 2020**

State	Jobs	Sales (millions)	State	Jobs	Sales (millions)
California	453,332	\$43,129	South Carolina	32,161	\$1,239
New York	279,787	\$26,821	Louisiana	27,709	\$923
Texas	190,082	\$7,305	Nevada	26,104	\$1,282
Florida	151,954	\$6,062	Alabama	25,211	\$791
Illinois	104,618	\$5,315	Kentucky	22,722	\$742
Pennsylvania	97,130	\$4,387	Iowa	20,567	\$672
Georgia	86,244	\$4,504	Oklahoma	19,504	\$606
Massachusetts	85,062	\$4,627	Kansas	19,332	\$574
North Carolina	81,069	\$3,359	New Mexico	15,086	\$493
Ohio	80,328	\$3,311	Mississippi	15,064	\$434
Washington	78,402	\$5,151	Arkansas	14,737	\$452
New Jersey	73,640	\$3,866	Nebraska	13,766	\$522
Michigan	64,389	\$2,358	New Hampshire	13,049	\$534
Virginia	63,132	\$2,583	Hawaii	13,164	\$592
Tennessee	61,577	\$3,594	Maine	12,812	\$385
Colorado	59,179	\$2,430	Idaho	11,091	\$290



## Impact of the COVID-19 Pandemic

Arts and cultural organizations throughout Texas have been decimated by the impact of the COVID-19 pandemic. These organizations were among the first to close their doors and will be the last to open. By the very nature of their operations, their business models rely on audiences assembling in significant size to experience and participate in creative expression.



Paramount Theatre in Austin, TX (Photo: Bells and Whistles Productions)

TCA is requesting a restoration of the 5% reduction of funds (Exceptional Item 1). The agency will utilize these restored funds to support the arts and culture organizations throughout the state as they attempt to recover from the pandemic. The continued existence of many creative organizations relies on the availability of grants to span these difficult times.

**Bond Review Board  
Summary of Budget Recommendations - House**

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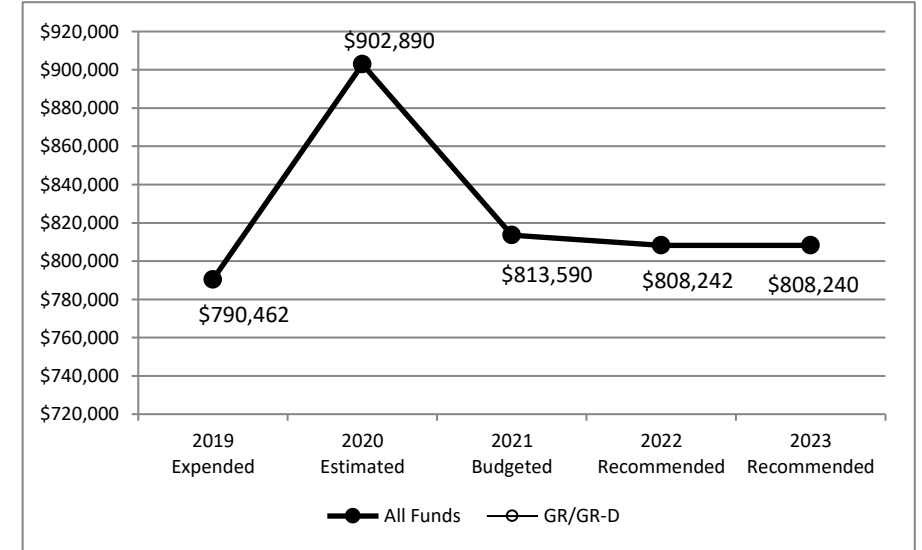
Robert Latsha, Executive Director

Harrison Gregg, LBB Analyst

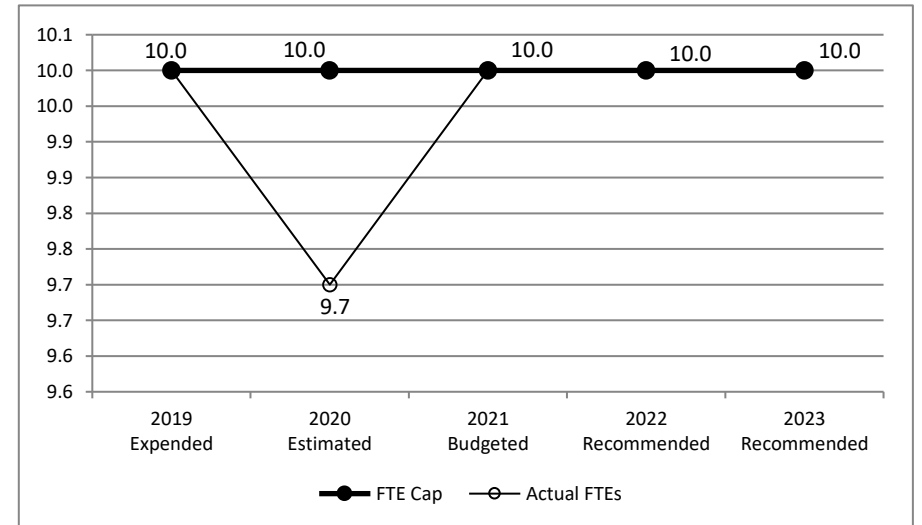
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$1,716,480	\$1,616,482	(\$99,998)	(5.8%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,716,480</i>	<i>\$1,616,482</i>	<i>(\$99,998)</i>	<i>(5.8%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$1,716,480</b>	<b>\$1,616,482</b>	<b>(\$99,998)</b>	<b>(5.8%)</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	10.0	10.0	0.0	0.0%

**Historical Funding Levels**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.



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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A) Removal of one-time funding item related to website upgrade capital project.	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	All Strategies
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>(\$0.1)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.1)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	As Listed

NOTE: Totals may not sum due to rounding.

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

- 1. Removal of One-Time Funding Related to Website Upgrades.** Recommendations include a \$99,998 reduction in General Revenue related to the website upgrade project that was completed in the 2020-21 biennium. The agency requested for the one-time funding to be sustained for the 2022-23 biennium with the intention that the funding be used for project maintenance and other information resources. However, the agency did not specify the amount of continuing maintenance required.
- 2. Constitutional Debt Limit.** Article III, Section 49(j) of the Texas Constitution limits the authorization of additional state debt if in any fiscal year the resulting annual debt service payable from the unrestricted General Revenue Fund – excluding revenues constitutionally dedicated for purposes other than state debt payment – exceeds 5 percent of the average annual unrestricted General Revenue Funds for the previous three years.

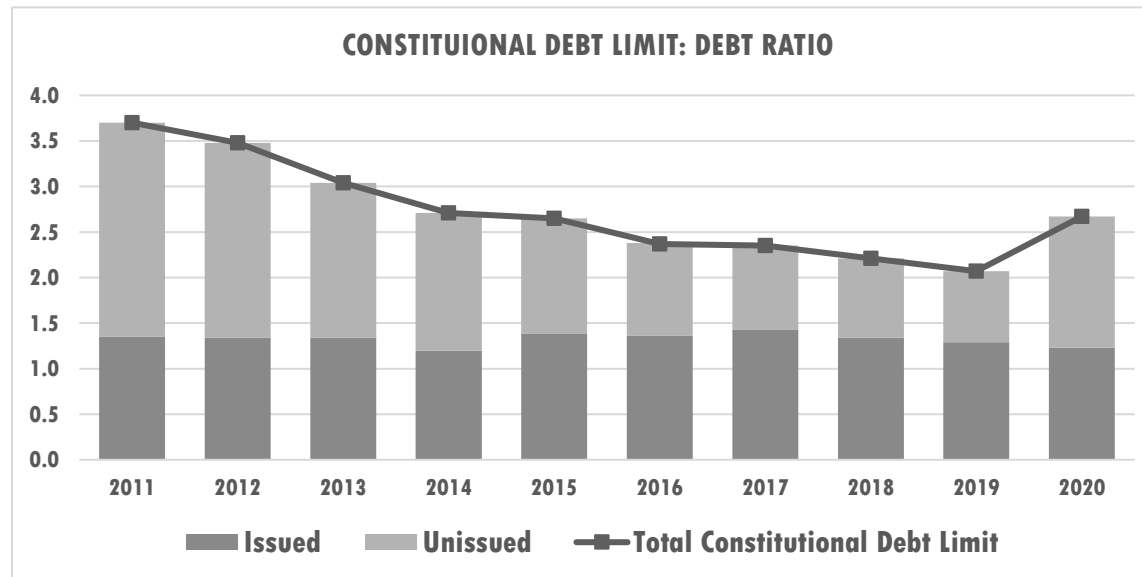
The Bond Review Board calculates two debt ratios to monitor state debt in relation to the constitutional debt limit:

- Debt service on outstanding (issued) debt as a percentage of unrestricted General Revenue (UGR) Funds. At the end of fiscal year 2020, the Bond Review Board reported that the **issued debt was 1.23 percent**. This reflects a 0.05 percentage point decrease from fiscal year 2019.
- Debt service on outstanding debt and estimated debt service for authorized but unissued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2020, the **issued, and authorized but unissued debt was 2.67 percent**. This reflects a 0.60 percentage point increase from fiscal year 2019.

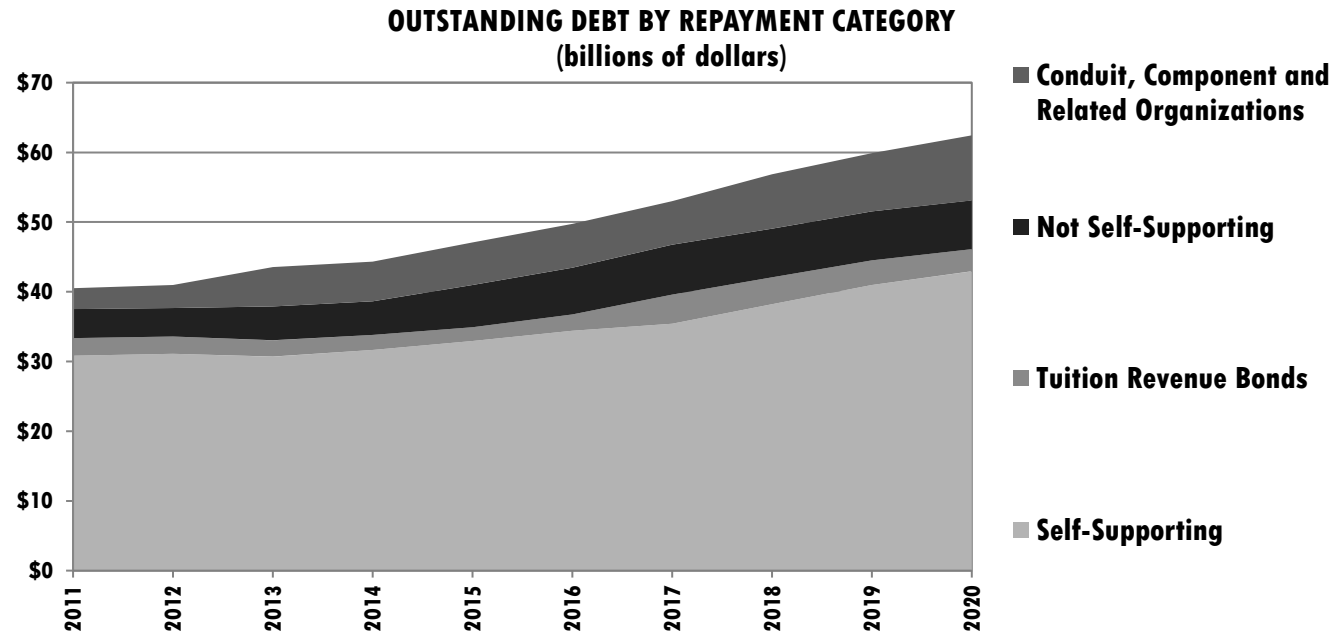
Several factors can impact the state’s CDL debt service ratio:

- The three-year average of unrestricted General Revenue funds;
- Amount of debt outstanding and associated debt service;
- A change in unissued debt authorizations and associated estimated debt service; and
- Interest rates on issued debt and the assumptions used for authorized but unissued debt.

At the end of fiscal year 2020, the Bond Review Board estimated \$14.8 billion in additional debt capacity for non self-supporting debt authorization that would be subject to the constitutional debt limit.



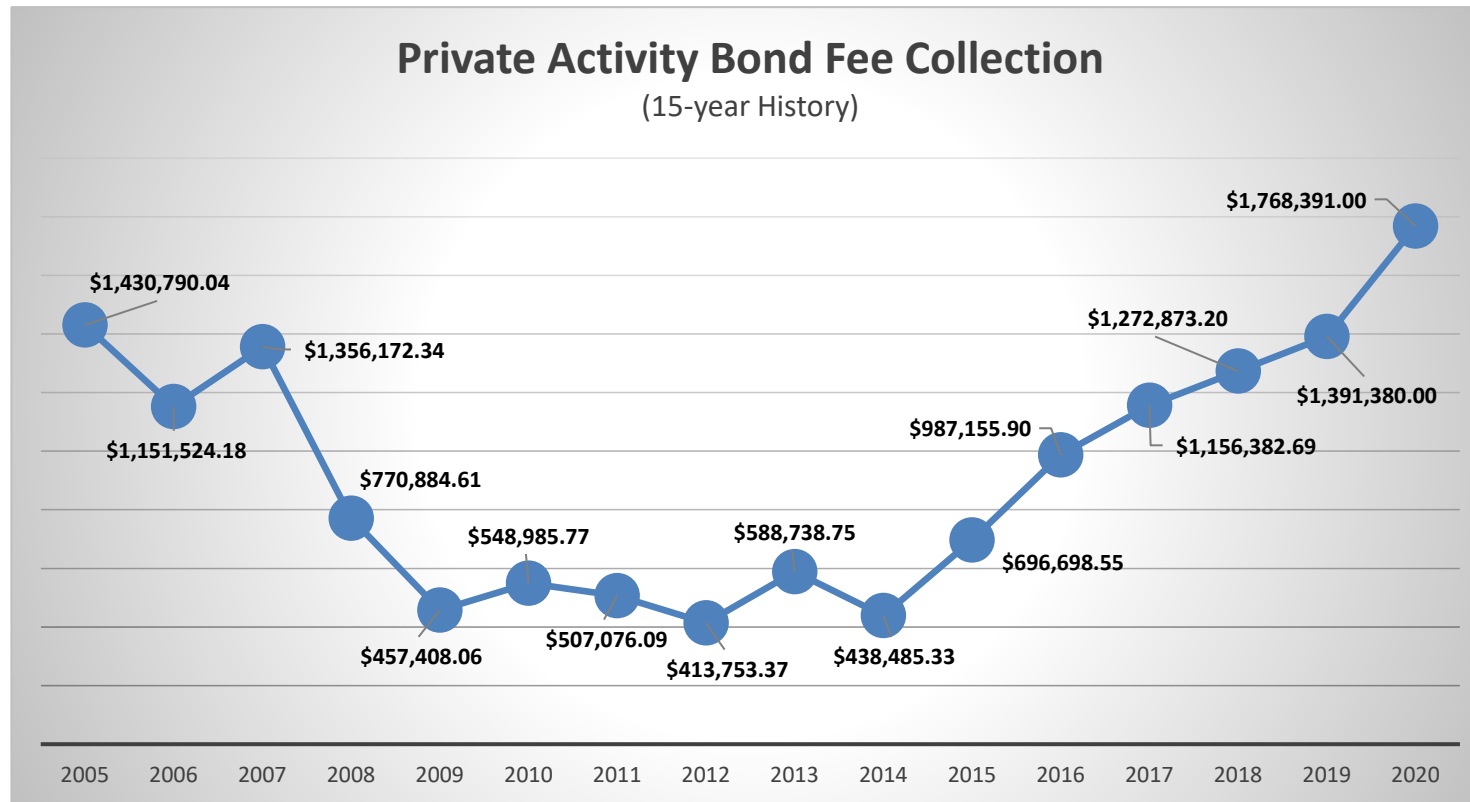
3. **State Debt Versus Local Debt.** According to the Bond Review Board, as of August 31, 2020, state and local debt totaled \$314.2 billion, of which local debt comprised \$251.8 billion, or 80.1 percent; the remaining \$62.4 billion is state debt outstanding including revenue conduit issuances. Of the outstanding local debt, approximately \$165.4 billion is general obligation debt supported by tax collection. School district bond issuances account for \$92.9 billion, or 36.9 percent, of all outstanding local debt. At the end of fiscal year 2019, Texas ranked 42<sup>nd</sup> in state debt per capita and 3<sup>rd</sup> in local debt per capita according to the US Census Bureau.



4. **Texas' General Obligation Bond Rating.** The state's general obligation (GO) bond rating is the assessment of the state's creditworthiness by the three major bond-rating agencies: Moody's, Standard and Poor's (S&P), and Fitch. The last action on Texas' bond rating occurred in July 2020 with Texas' GO bonds receiving AAA ratings.

- 5. **Private Activity Bond Allocation Program Revenue.** The Bond Review Board administers the private activity bond (PAB) allocation program as required by Government Code, Chapter 1372 and is authorized by statute to collect fees related to the allocation of the state ceiling - the amount of tax-exempt private activity bonds that may be issued by all issuers in the state during a calendar year. In fiscal year 2020, the Bond Review Board administered up to \$6.4 billion in PAB authority, which included approximately \$3.4 billion in carry-forward from the prior three years and up to the fiscal year 2019 cap of \$3.0 billion.

The Bond Review Board collects a \$500 non-refundable application fee for a reservation of state ceiling, and certain issues are required to remit closing costs of at least \$1,000 to the agency. Additionally, the Bond Review Board is authorized to collect a \$5,000 application fee for qualified residential retail projects such as multi-family housing. Of this amount, statute allocates \$1,000 of the application fee to offset the costs of the Private Activity Bond Allocation program and allows for the transfer of \$4,000 of this fee to the Texas Department of Housing and Community Affairs for the Affordable Housing Research and Information program. All fees currently collected by the Bond Review Board are deposited to unobligated General Revenue.



**Bond Review Board  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Capital Budget.** Recommendations revise the rider to remove the website upgrades capital project. Recommendations include capital budget authority of \$21,000 in FY 2022 and \$21,000 in FY 2023 to maintain current funding for database maintenance related costs.

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

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
<b>Agency Exceptional Items Not Included (in agency priority order)</b>							
1)	Restore Five-percent Reduction of Agency Funds	\$90,341	\$90,341	0.0	No	No	\$90,341
2)	Addition of one FTE - Accountant Technician to assist with local debt processing	\$91,000	\$91,000	1.0	No	No	\$91,000
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$181,341</b>	<b>\$181,341</b>	<b>1.0</b>			<b>\$181,341</b>

**Bond Review Board  
Appendices - House**

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

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

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
REVIEW BOND ISSUES A.1.1	\$321,720	\$296,427	(\$25,293)	(7.9%)	Decrease of \$5,294 is related to additional funds allocated to Strategy B.1.1, Analyze Local Bond Debt. Decrease of \$19,999 is due to removal of one-time funding for website upgrades capital project.
STATE BOND DEBT A.1.2	\$329,080	\$296,426	(\$32,654)	(9.9%)	Decrease of \$12,654 is related to additional funds allocated to Strategy B.1.1, Analyze Local Bond Debt. Decrease of \$20,000 is due to removal of one-time funding for website upgrades capital project.
<b>Total, Goal A, PROTECT TEXAS BOND RATING</b>	<b>\$650,800</b>	<b>\$592,853</b>	<b>(\$57,947)</b>	<b>(8.9%)</b>	
ANALYZE LOCAL BOND DEBT B.1.1	\$732,620	\$727,202	(\$5,418)	(0.7%)	Increase of \$34,582 related to increase in monitoring and reporting local debt workload. Decrease of \$40,000 is due to removal of one-time funding for website upgrades capital project.
<b>Total, Goal B, LOCAL BOND DEBT</b>	<b>\$732,620</b>	<b>\$727,202</b>	<b>(\$5,418)</b>	<b>(0.7%)</b>	
ADMINISTER PRIVATE ACTIVITY BONDS C.1.1	\$333,060	\$296,427	(\$36,633)	(11.0%)	Decrease of \$16,634 is related to additional funds allocated to Strategy B.1.1, Analyze Local Bond Debt. Decrease of \$19,999 is due to removal of one-time funding for website upgrades capital project.
<b>Total, Goal C, PRIVATE ACTIVITY BONDS</b>	<b>\$333,060</b>	<b>\$296,427</b>	<b>(\$36,633)</b>	<b>(11.0%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,716,480</b>	<b>\$1,616,482</b>	<b>(\$99,998)</b>	<b>(5.8%)</b>	



**Bond Review Board  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	10.0	10.0	10.0	10.0	10.0
Actual/Budgeted	10.0	9.7	10.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director, Group 4	\$136,419	\$147,869	\$147,869	\$147,869	\$147,869

Notes:

- a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) The State Auditor's Office Reports, Executive Compensation at State Agencies (Report 20-706, August, 2020) indicates a market average salary of \$155,652 for the Executive Director at the Bond Review Board. The agency is not requesting any changes to its exempt position.

## TEXAS BOND REVIEW BOARD

### Agency Overview

- (1) Review and approve state debt issuances of more than \$250,000 or a term of longer than five years and University issuances rated lower than AA-. (The Board does not approve Permanent University Fund Debt, State Highway Fund Revenue Anticipation Notes, or the TRAN issuances);
- (2) To support and enhance the debt issuance and management functions by gathering, analyzing and reporting state and local debt information; and
- (3) Administer the state's Private Activity Bond Allocation Program and other federal bond allocation programs.

### Fiscal Aspects

Agency appropriations for fiscal years 2020 and 2021 totaled \$950,410 and \$856,411, respectively. Its Capital Budget for fiscal years 2020 and 2021 totaled \$121,000 and \$27,000 for IT upgrades to the agency's website and databases.

In fiscal years 2020 and 2021, upgrades to the agency's website were made to improve its usability. This upgrade further increases transparency for Texas state and local debt information and consolidates the reporting of this information into one centralized location called the Texas Bond Review Board Data Center. This new data center website allows the user to search for state and local debt data via a dossier-style display. Users can view comparative graphs and charts integrating fees, debt issuance, and debt outstanding information onto one page helping the user better understand the overall debt picture of each state and local debt issuer. Users of the website can download xls/csv data for each graph and chart displayed. <https://data.brb.texas.gov>

Although the agency is funded solely from the state's general revenue fund, it generates revenue through the receipt of application fees associated with the Private Activity Bond Allocation Program (PAB). During fiscal years 2018 and 2019, the state received unappropriated general revenue of \$1,272,873 and \$1,391,380, respectively in application fees associated with the PAB. During fiscal year 2020 the program provided a total of \$1,768,391. As of December 31, 2020, the program had provided a total of \$815,612 in unappropriated general revenue.

## **Exceptional Items**

### **1) Restore 5% Reduction of Agency Funds**

The BRB requests the biennial amount of \$90,341 to restore the 5% reduction of agency operating funds during the 2022-23 biennium.

With 89% of the agency's budget allocated to salaries, reducing the agency's current operating budget by 5% would compromise agency efficiency, the quality of its analyses, and delay reports as well as the agency's ability to maintain exemplary service to its customers (legislature, state and local leadership, and the general public).

The 5% reduction may necessitate the elimination of one position within the local debt strategy which would result in a significant reduction in agency efficiency. When understaffed, the local strategy has experienced:

- Growing backlog of unprocessed local debt data
- Delay with publication of the Local Debt Annual Report
- Delays with local debt statistical analyses
- Delays with posting local debt analyses on the agency's website
- Delayed responses to local debt information requests.

Additionally, BRB staff continues to analyze and process increasingly complex state financing applications in the state debt strategy. In fiscal year 2020, the state strategy received a total of 42 financing applications, a total of approximately 17% more applications for review than the prior fiscal year. The workload in the local debt strategy has increased because of the additional data BRB is collecting for each local debt issuance as well as the additional interest in the area generated with the increased amount of local debt issued over the years. In fiscal year 2020, the local strategy received 1,897 local debt transactions for processing, which is a 27.6% increase from last year and the most local debt transactions ever received in one fiscal year.

Restoring the 5% reduction would allow the agency to maintain local debt processing efficiency and continue its record of exemplary service to its customers (legislature, state and local leadership, the and general public).

## **2) Addition of one Account Tech FTE for local debt processing**

The BRB requests the biennial amount of \$91,000 and one additional FTE.

On December 23, 2017, President Trump signed the Tax Cuts and Jobs Act (P.L. 115-97), the first major rewrite of the tax code since 1986. While the final bill retained tax-exempt status for municipal bonds, it eliminated the tax-exempt status of advance refunding bonds. BRB staff estimates that approximately 35-40% of all local processing for fiscal year 2021 will include refunding bonds.

BRB staff believes there are a number of outstanding local obligations that may become candidates for current refunding, due to the passage of time; additionally, the historically low interest rates may encourage local governments to advance refund those obligations with taxable debt. The overall workload in the local debt strategy has increased, including the processing of refunding transactions, because of historical low interest rates in the municipal bond marketplace. In fiscal year 2021, the local strategy is expected to receive close to 2,000 local debt transactions for processing, which would be a 5.4% increase from last year.

### **Internal Agency Concern: Turnover**

Because of the experience needed to gain an understanding of the agency's work and become a contributing staff member, turnover problems are particularly problematic for the BRB. Finding and retaining experienced personnel is a continual challenge. As staff members gain experience and become more marketable, they often obtain employment elsewhere to advance their careers. To date, the BRB has experienced a turnover rate of 60% during the 2020-21 biennium.

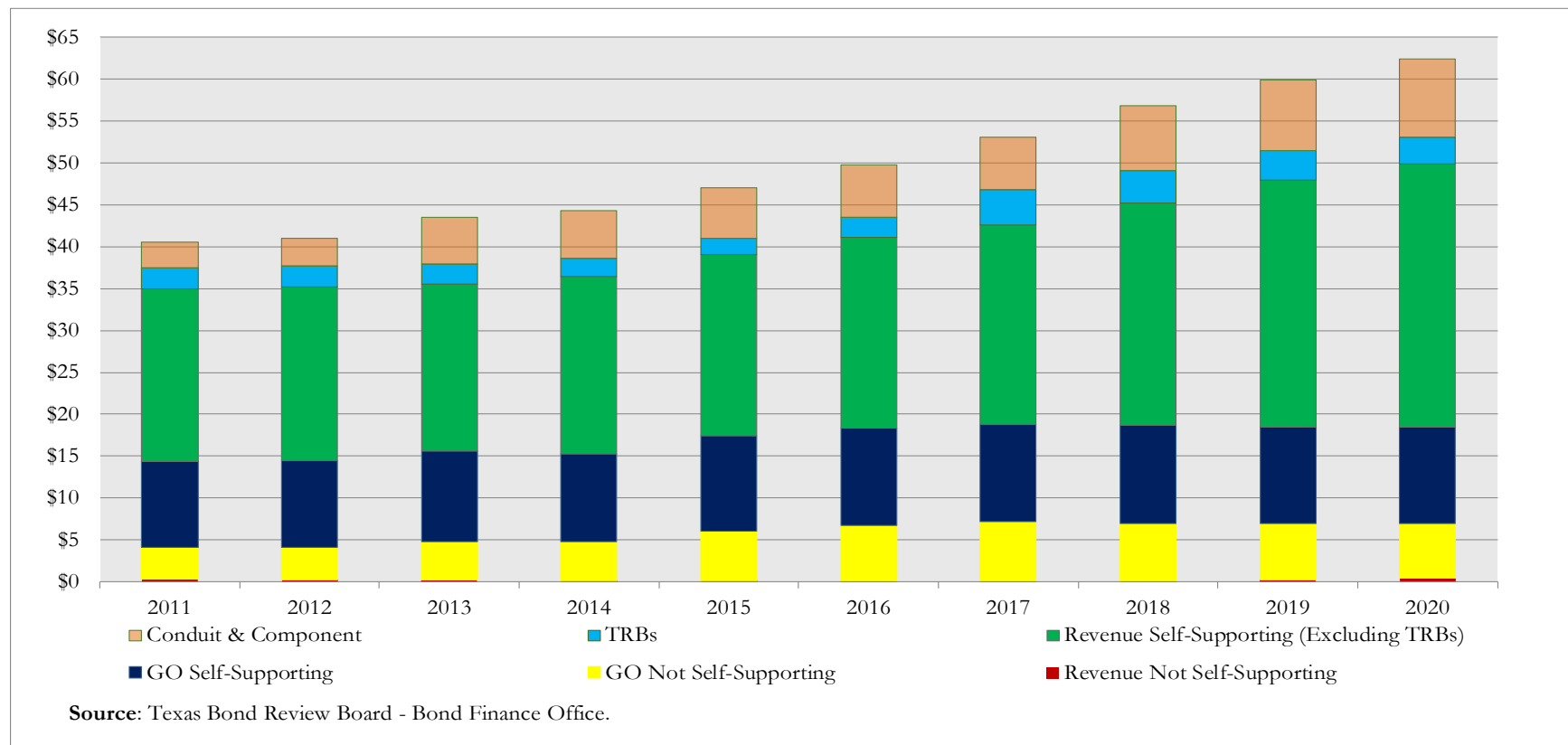
Strategic merit initiatives have been implemented to reduce turnover. Salary limitations and the lack of opportunities for career growth through internal advancement, inherent in a small agency, can limit the agency's ability to attract and retain the most qualified employees.

## Impact of COVID-19 on the Bond Review Board

Due to the Governor’s March 13, 2020 proclamation of a state of disaster affecting all counties in Texas, the staff of the Bond Review Board has temporarily moved to a mostly remote workforce. The agency incurred \$26,009 in COVID-19 related expenses to support remote working and to provide for a safe workplace for agency staff. The agency also procured audio visual equipment to allow the agency to hold remote board meetings. Office staffing is dependent on the 14-day average of new cases in Travis County. Employees at increased risk for severe illness from the virus that causes COVID-19 are excused from in-office requirements.

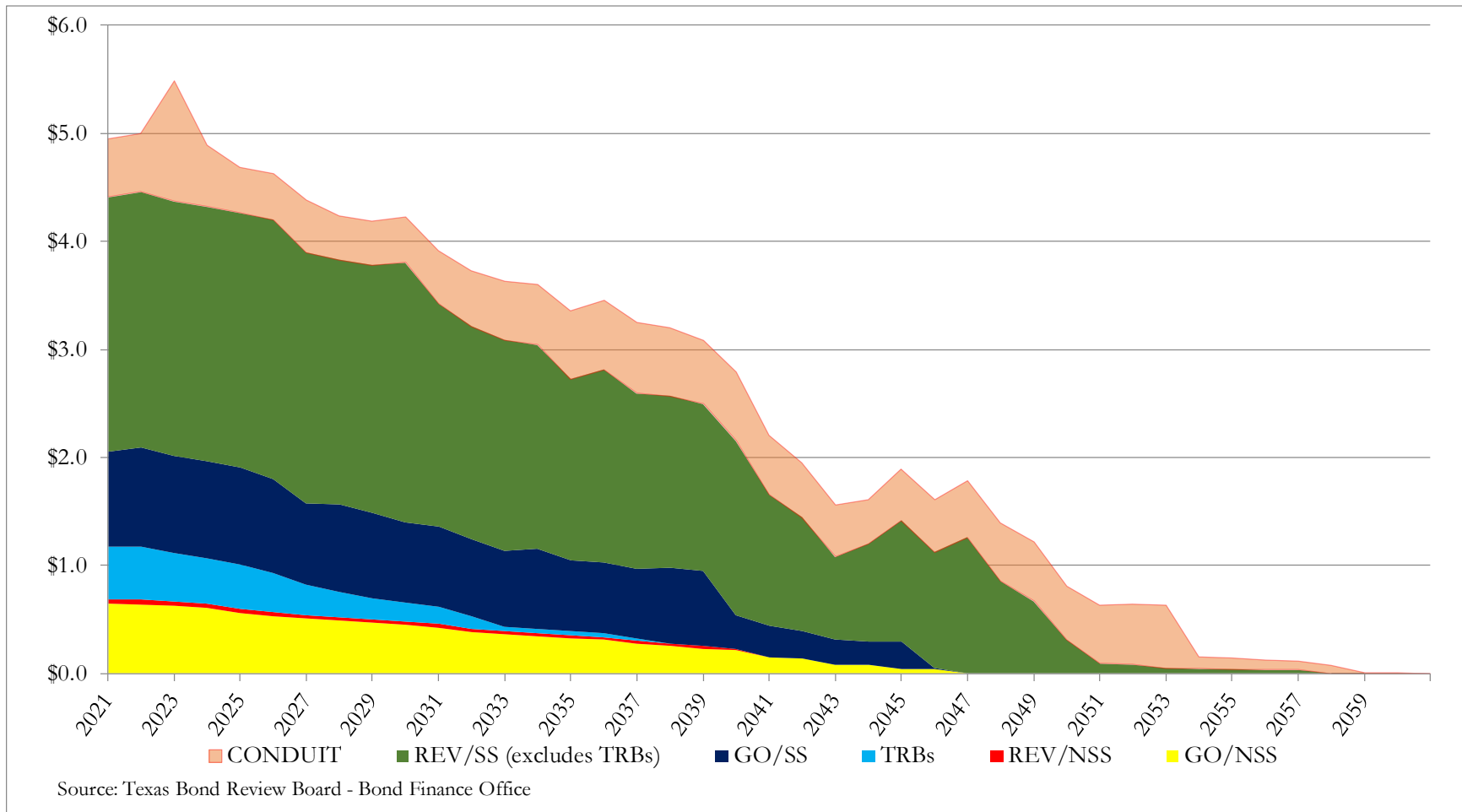
## State Debt Outstanding (\$ in billions)

Total state debt outstanding has grown 54.2% over the past 10 years from \$40.50 billion in fiscal year 2011 to \$62.44 billion in 2020, a compound annual growth rate of 4.9%. Excluding conduit debt, the total state debt outstanding at fiscal year-end 2020 was \$53.11 billion.



**Debt Service on Outstanding State Debt as of 8/31/2020** (\$ in billions)

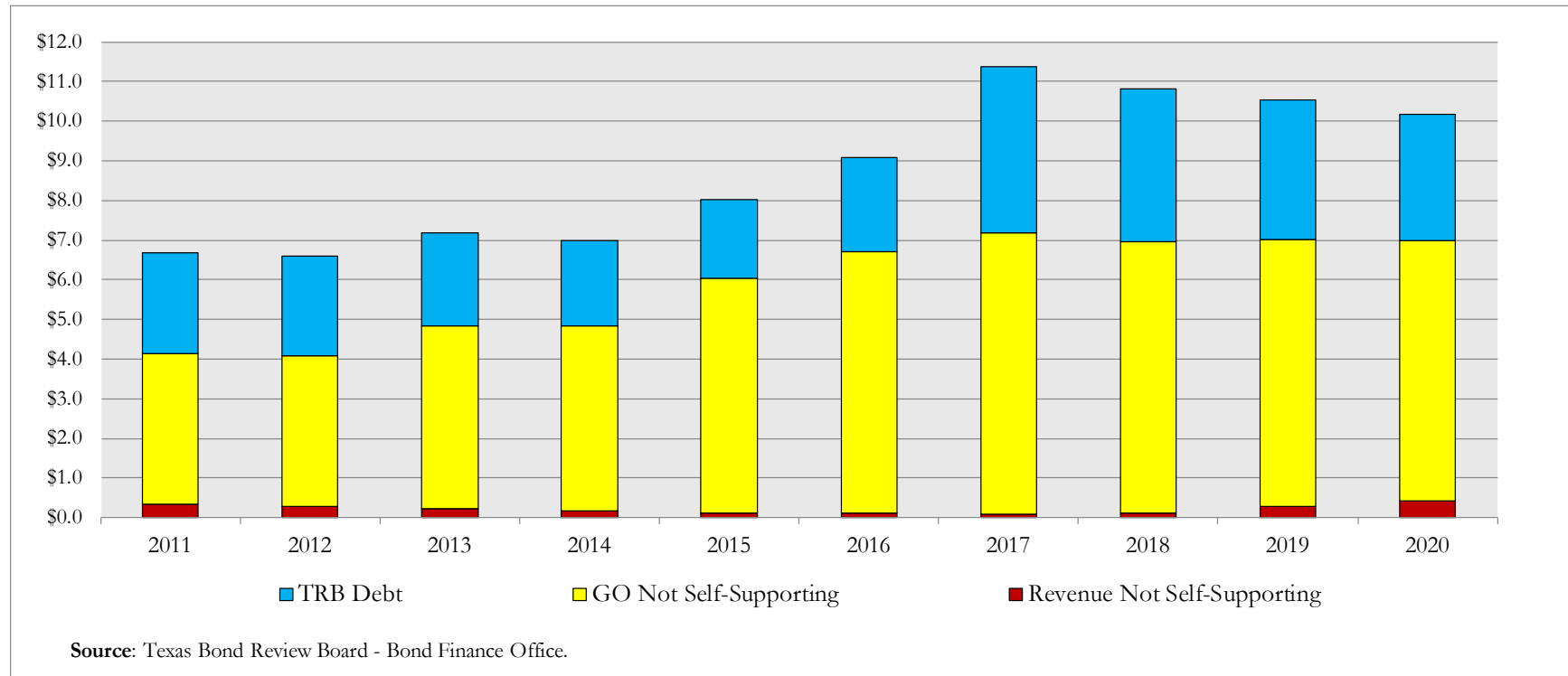
The below chart illustrates the projected annual debt service for Not Self-Supporting (NSS) and Self-Supporting (SS) debt outstanding as of August 31, 2020. All debt is scheduled to be repaid by fiscal year 2060.



### Not Self-Supporting State Debt Outstanding Plus TRBs (\$ in billions)

Total not self-supporting (NSS) state debt outstanding has grown 68.8% over the past 10 years from \$4.15 billion in fiscal year 2011 to \$7.00 billion in 2020, a compound annual growth rate of 6.0%. NSS debt is 11.2% of total state debt outstanding. Total tuition revenue bond (TRB) debt outstanding has grown 25.2% over the past 10 years from \$2.55 billion in fiscal year 2011 to \$3.19 billion in 2020, a compound annual growth rate of 2.5%. As of fiscal year 2020, total TRB debt is 5.1% of total state debt outstanding including conduit debt and 45.6% of NSS state debt paid from the general revenue fund.

Although debt service for TRBs is technically not a legal obligation of the state, all or a portion of debt service for TRBs has historically been appropriated from the state's general revenue. The BRB classifies TRBs as self-supporting debt. TRBs are not included in the state's constitutional debt limit.



### Debt Measures for Texas and States Rated AAA

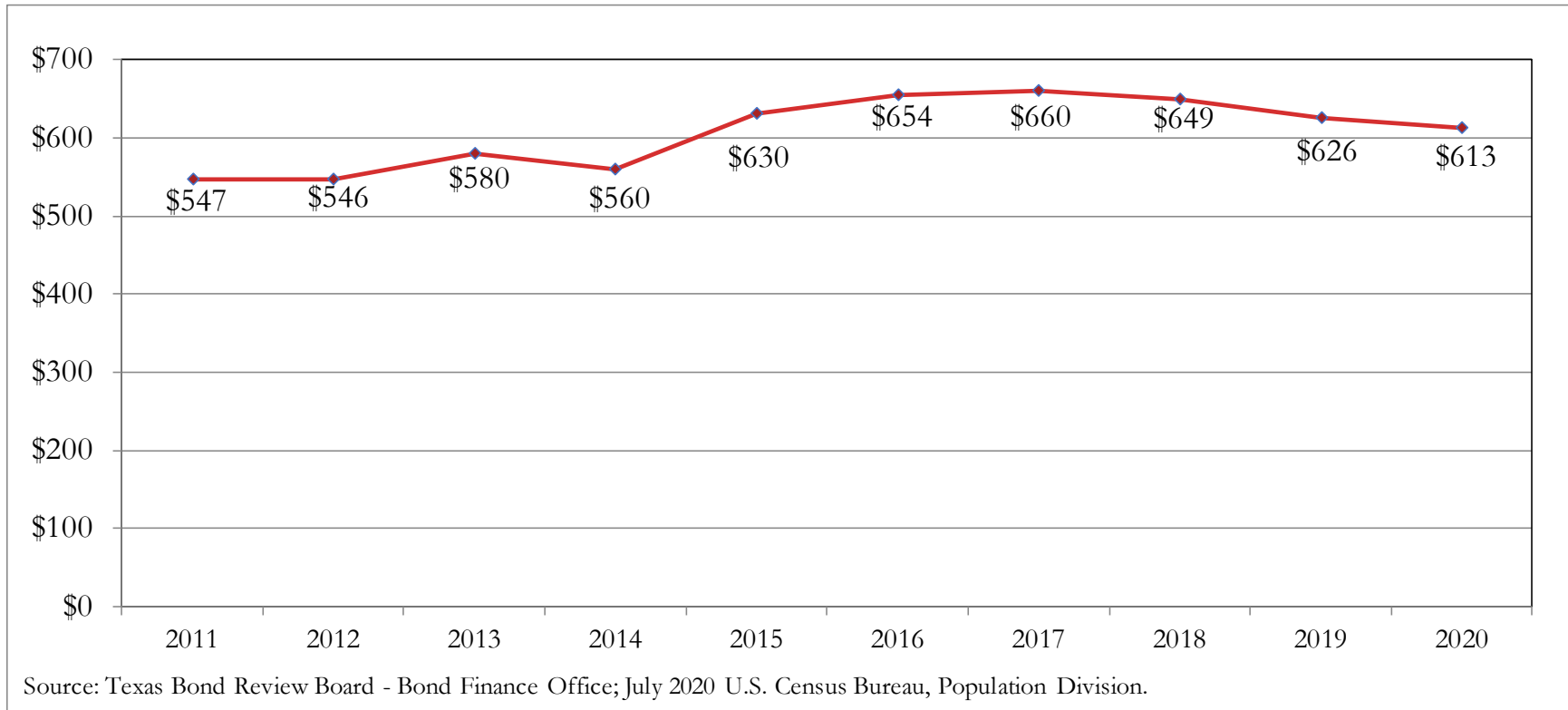
Compared to the eight other states also rated AAA by all three major rating agencies, Texas ranked second to lowest for net tax-supported debt per capita with the mean and median for all AAA-rated states at 1,224 and 780, respectively.

State	Rating*	Net Tax-Supported Debt as a % of 2019		Net Tax-Supported Debt Per Capita		2019 Personal Income Per Capita
		Personal Income	Rank	Debt Per Capita	Rank	Per Capita
Delaware	AAA	6.1%	4	3,289	6	54,485
Florida	AAA	1.5%	30	780	30	52,426
Georgia	AAA	2.0%	25	971	27	48,236
Maryland	AAA	3.5%	14	2,323	9	64,640
North Carolina	AAA	1.2%	32	586	36	47,766
Tennessee	AAA	0.6%	44	292	44	48,684
<b>TEXAS</b>	AAA	0.7%	42	379	42	52,813
Utah	AAA	1.5%	31	720	31	48,939
Virginia	AAA	2.8%	19	1,677	16	59,657
<b>Mean of AAA States</b>		<b>2.2%</b>		<b>\$1,224</b>		<b>\$53,072</b>
<b>Median of AAA States</b>		<b>1.5%</b>		<b>\$780</b>		<b>\$52,426</b>
* Rated Aaa by Moody's and AAA by Standard & Poor's and Fitch Ratings.						
Analysis based on calendar year 2019 data.						
<b>Sources:</b> Moody's Investors Service, 2020 State Debt Medians; Bureau of Economic Analysis, State BEAR Facts.						



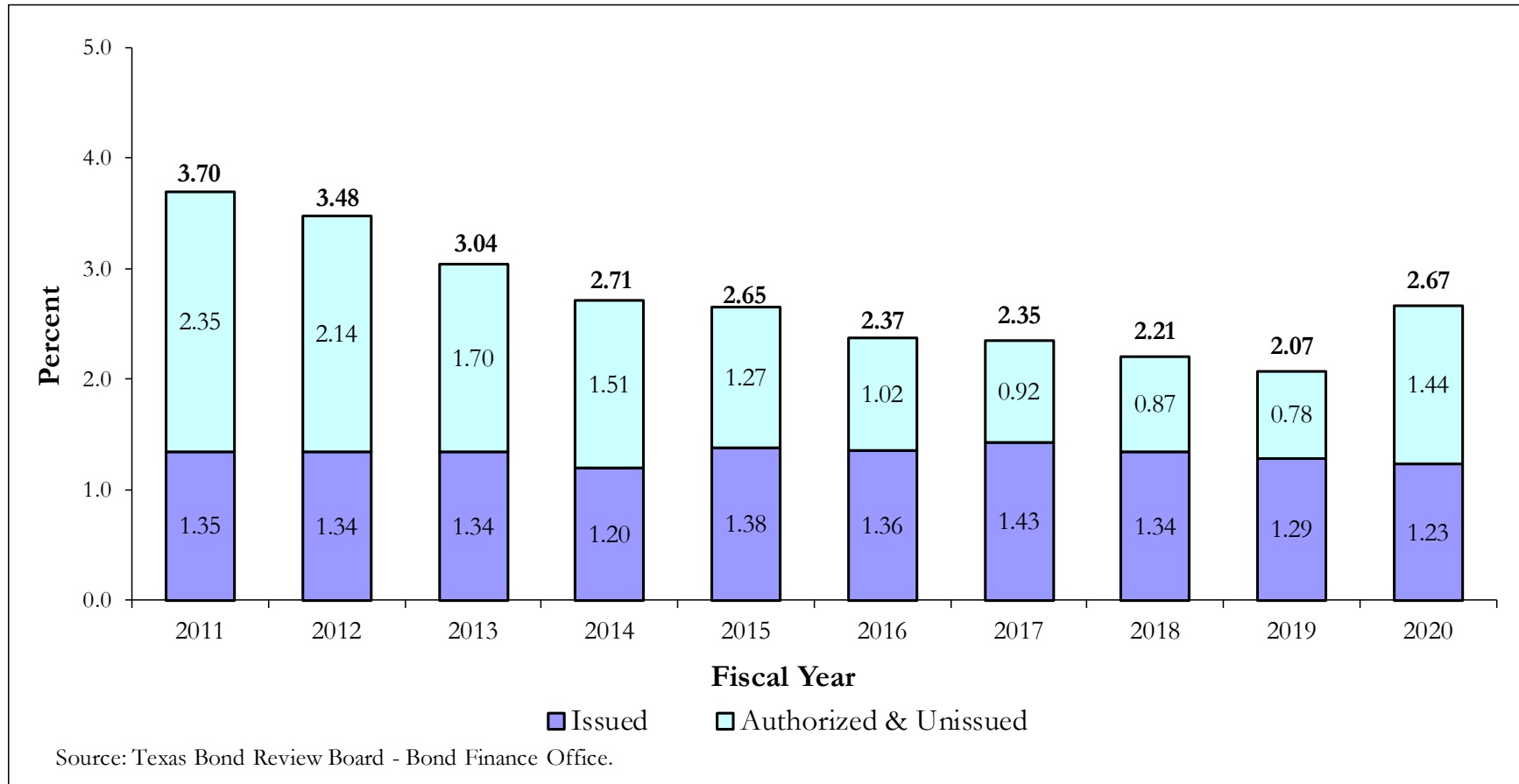
### State General Obligation Debt Per Capita

While total GO debt outstanding has increased 28.3% over the past 10 years from \$14.03 billion to \$18.01 billion, GO debt per capita has increased 12.1% during the same time period.



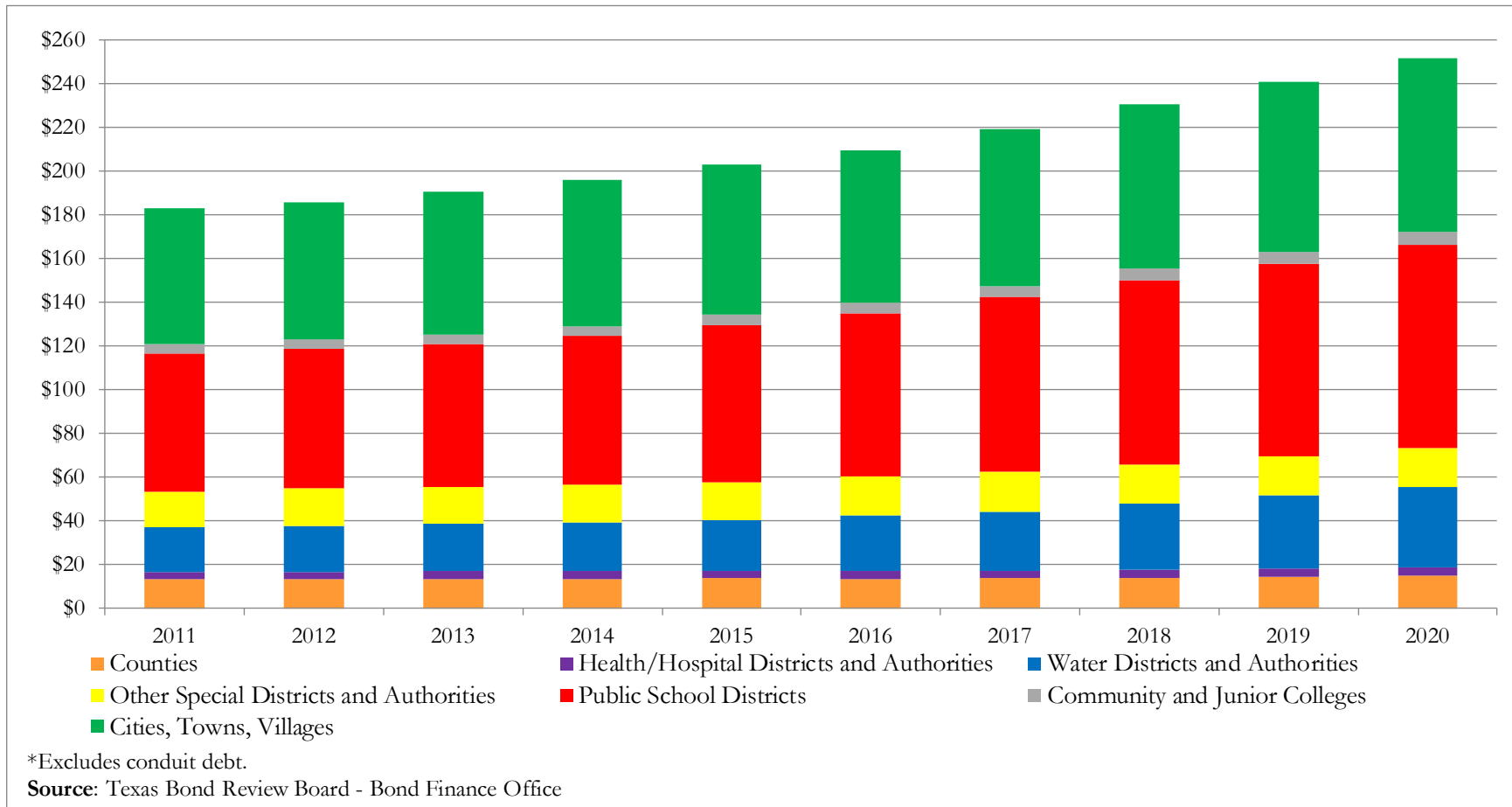
## Constitutional Debt Limit

As of August 31, 2020, Texas' constitutional debt limit (CDL) remained below the maximum of 5% with 1.23% calculated for debt outstanding and 1.44% calculated for authorized but unissued debt for a total of 2.67% calculated including both outstanding and authorized but unissued debt. The CDL increased 29.0% from the 2.07% calculated for outstanding and authorized but unissued debt calculated for fiscal year 2019. BRB staff estimates that approximately \$14.80 billion in additional debt capacity is available before reaching the CDL of 5% .



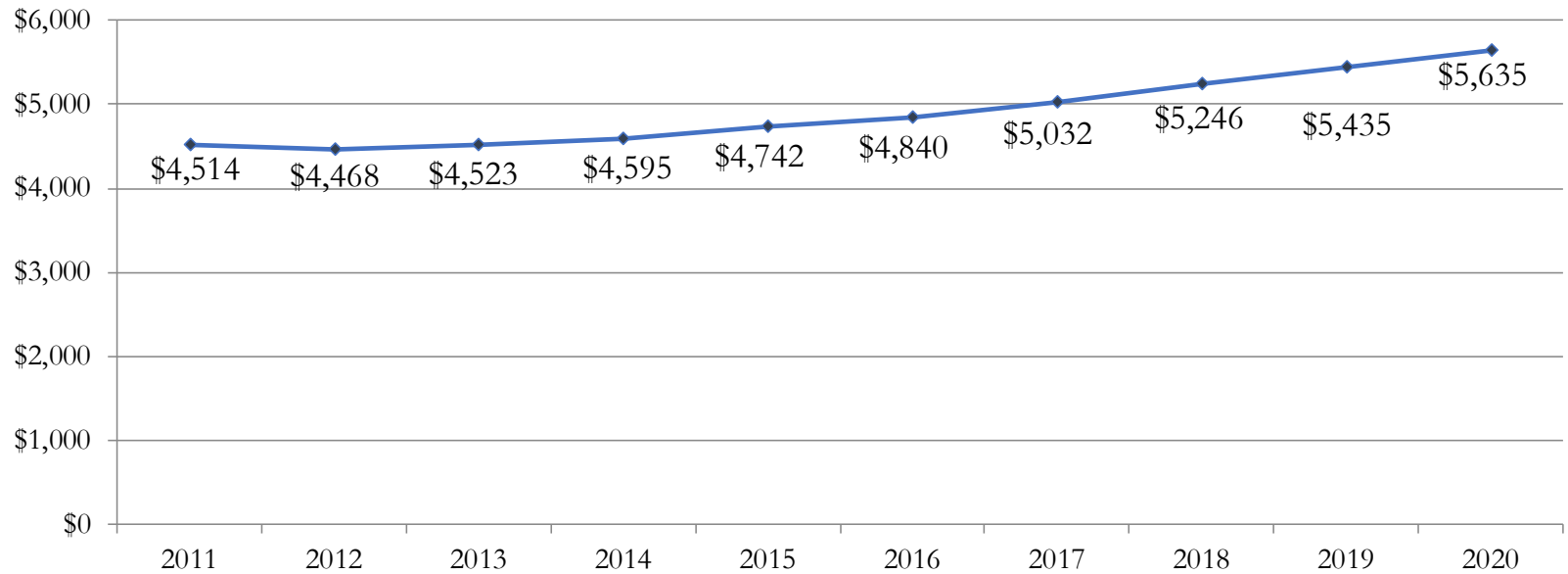
## Local Government Debt Outstanding (\$ in billions)

Over the past 10 years total local debt (tax-supported plus revenue) has increased by 37.8% (\$69.06 billion) from \$182.76 billion in fiscal year 2011 to \$251.82 billion in 2020, a compound annual growth rate of 3.6%. Total debt issuances processed by staff grew 37.4% from 1,381 in fiscal year 2011 to 1,897 in fiscal year 2020



### Local Government General Obligation Debt Per Capita

Total local GO debt outstanding has increased 42.9% over the past 10 years from \$115.76 billion to \$165.44 billion. Local GO debt per capita has increased 24.8% during the same period.



\*Includes debt secured by a combination of ad valorem taxes and other revenue sources. Excludes conduit debt.

**Sources:** Texas Bond Review Board - Bond Finance Office; July 1, 2020 U.S. Census Bureau, Population Division.

## State and Local Debt Outstanding Per Capita: Ten Most Populous States

The most recent U.S. Census Bureau data for state and local debt outstanding show that for census year 2018, Texas was the nation's second most populous state and ranked third among the ten most populous states in terms of Local Debt Per Capita, seventh in State Debt Per Capita and fourth in Total State and Local Debt Per Capita with 82.4% of the state's total debt burden at the local level.

TOTAL STATE AND LOCAL DEBT OUTSTANDING: TEN MOST POPULOUS STATES												
State	Total State and Local Debt				State Debt				Local Debt			
	Population (thousands)	Amount (millions)	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Per Capita Rank
New York	19,337	354,834	\$18,350	1	147,961	41.7%	\$7,652	1	206,874	58.3%	\$10,698	1
Illinois	12,588	165,161	13,121	2	67,496	40.9%	5,362	2	97,666	59.1%	7,759	4
California	39,368	495,359	12,583	3	148,027	29.9%	3,760	4	347,332	70.1%	8,823	2
<b>Texas</b>	<b>29,361</b>	<b>293,204</b>	<b>9,986</b>	<b>4</b>	<b>51,530</b>	<b>17.6%</b>	<b>1,755</b>	<b>7</b>	<b>241,674</b>	<b>82.4%</b>	<b>8,231</b>	<b>3</b>
Pennsylvania	12,783	127,300	9,958	5	49,064	38.5%	3,838	3	78,236	61.5%	6,120	5
Ohio	11,693	90,607	7,749	6	31,623	34.9%	2,704	6	58,984	65.1%	5,044	6
Michigan	9,967	72,692	7,294	7	33,563	46.2%	3,368	5	39,129	53.8%	3,926	9
Florida	21,733	129,114	5,941	8	27,594	21.4%	1,270	9	101,521	78.6%	4,671	7
Georgia	10,710	58,616	5,473	9	13,306	22.7%	1,242	10	45,311	77.3%	4,231	8
North Carolina	10,601	46,134	4,352	10	15,355	33.3%	1,448	8	30,780	66.7%	2,904	10
<b>MEAN</b>		<b>\$183,302</b>	<b>\$9,481</b>		<b>\$58,552</b>	<b>32.7%</b>	<b>\$3,240</b>		<b>\$124,751</b>	<b>67.3%</b>	<b>\$6,241</b>	

**Note:** Detail may not add to total due to rounding.  
**Sources:** U.S. Census Bureau, *State and Local Government Finances by Level of Government and by State: 2018*, the most recent data available. July 2020 U.S. Census Bureau, Population Division.

## Private Activity Bond Program Update

During calendar 2020 staff administered \$6.42 billion in total PAB authority of which \$3.38 billion (52.6%) is carryforward from the prior three years. This compares to the total administered in 2011, \$5.69 billion of which \$3.30 billion was carryforward (58.0%).

For calendar year 2020 all PAB authority (\$3.04 billion) was allocated or converted to carryforward.

Rob Latsha  
 Executive Director

**Cancer Prevention and Research Institute of Texas  
Summary of Budget Recommendations - House**

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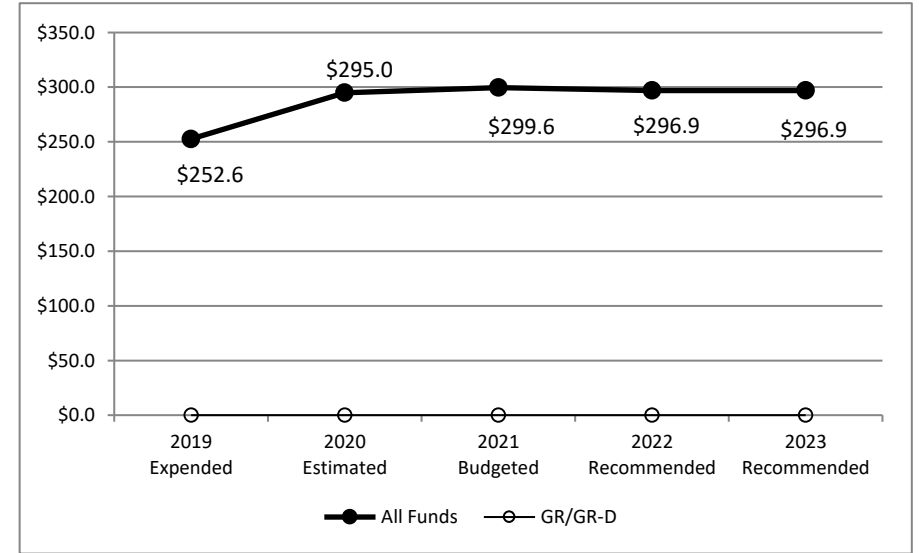
Wayne Roberts, Executive Director

Claire Stieg, LBB Analyst

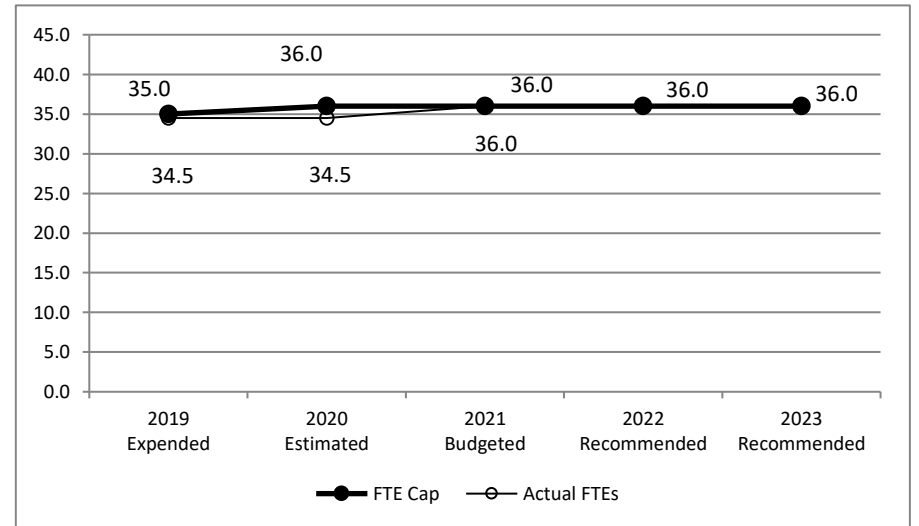
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$594,589,118	\$593,865,936	(\$723,182)	(0.1%)
<b>All Funds</b>	<b>\$594,589,118</b>	<b>\$593,865,936</b>	<b>(\$723,182)</b>	<b>(0.1%)</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	36.0	36.0	0.0	0.0%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Cancer Prevention and Research Institute of Texas  
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>OTHER Funding Changes and Recommendations (this issue is not explained in Section 3 but additional details are provided in Appendix A):</i>						
A) Recommendations reflect a decrease in unexpended balances for contractual services carried forward from fiscal year 2019.	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	A.1.3, B.1.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.7)</b>	<b>(\$0.7)</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>	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	As Listed

NOTE: Totals may not sum due to rounding.

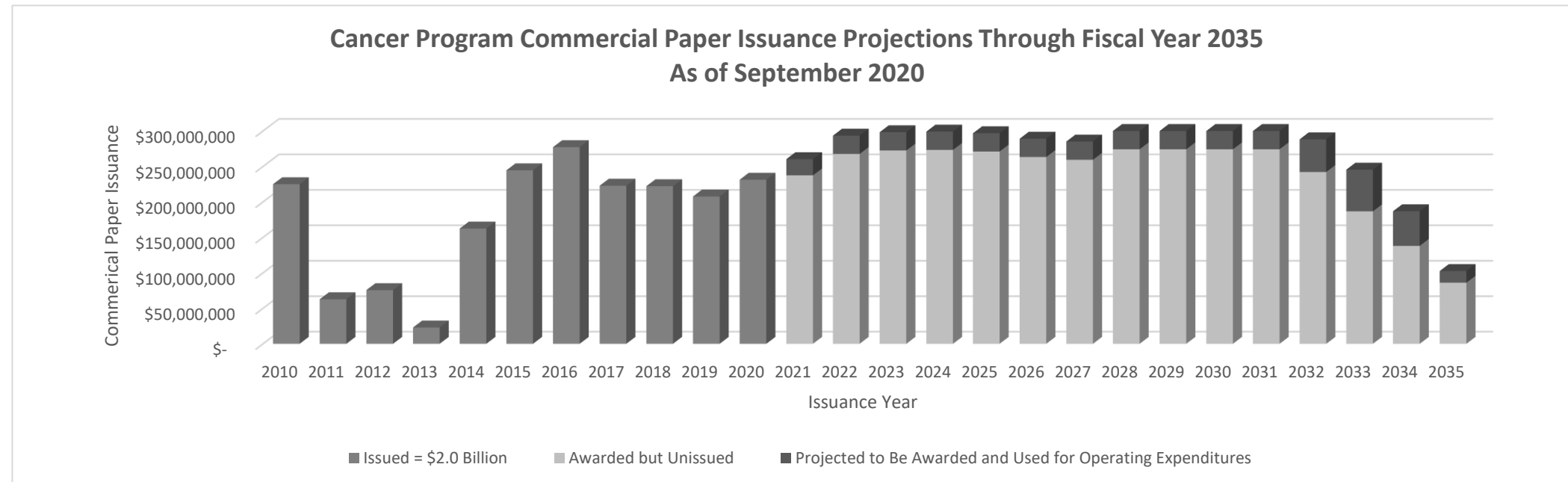
**Cancer Prevention and Research Institute of Texas  
Selected Fiscal and Policy Issues - House**

- Appropriation of Bond Proceeds and Bond Issuances.** House Joint Resolution 12, Eighty-sixth Legislature, 2019 and the approval of Proposition 6 by voters in November of 2019 increased the maximum in general obligation bond proceeds from \$3.0 billion to \$6.0 billion for the Cancer Prevention and Research Institute of Texas (CPRIT). Each fiscal year, CPRIT is authorized \$300 million in general obligation (GO) bond proceeds to issue and review new grants, as well as monitor compliance for existing grants. CPRIT is requesting \$600 million in GO bond proceeds for the 2022-23 biennium, the maximum amount authorized by the Texas Constitution, Article III, Section 67.

Since the 2010-11 biennium, CPRIT has been appropriated \$3.5 billion in bond authority. Grant award reimbursements can be spread over two to five year spans, depending on the type of grant. As a result, CPRIT has the authority to transfer unexpended balances across biennia. In practice, this means that for an academic research grant awarded in 2020, initial expenses may not be requested and distributed until two fiscal quarters after the grant is approved by the CPRIT Oversight Committee.

Consequently, the Texas Public Finance Authority (TPFA) issues bonds as needed for award expenditures and operating costs. Each May, the CPRIT Oversight Committee approves bond resolutions based on projected estimates. This includes operating expenses, the transfer to the Department of State Health Services for the cancer registry, and estimated grant reimbursements. TPFA reviews and verifies the request, and after approval is received by the Bond Review Board, issues the debt for the next year. CPRIT requests that these amounts be spread out through the quarters of the fiscal year, with the first issuance including half of CPRIT’s operating expenditures.

Due to the increase in constitutional bond authority, CPRIT has incorporated budget projections through 2031. The agency estimates that after issuing bonds for the last grant awards using bond funds in fiscal year 2031, the final issuance would occur in quarter one of fiscal year 2035.





2. **CPRIT Returns on Investment.** Pursuant to the Health and Safety Code, Sec. 102.256, the CPRIT Oversight Committee is required to establish standards to make all grant awards subject to an intellectual property agreement that allows the state to collect royalties and other benefits generated from projects funded by CPRIT grants. CPRIT is also authorized to transfer the management and authority of the state’s interest in projects selected by the CPRIT Oversight Committee to the Texas Treasury Safekeeping Trust Company to maximize returns.

Prior to fiscal year 2014, all revenues generated from these agreements were deposited into General Revenue-Dedicated Account No. 5136 Cancer Prevention and Research Institute of Texas Fund. Statute allows the fund to be used to pay debt service on CPRIT bonds, as well as provide CPRIT grants and fund agency operations. Senate Bill 149, Eighty-third Legislature, Regular Session, 2013, amended Health and Safety Code to establish a cancer prevention and interest and sinking fund to receive any income received under a grant contract. This limited the use of the fund to pay only debt service on CPRIT bonds. However, the fund did not survive funds consolidation in the Eighty-third Legislature and beginning September 1, 2013 all grant revenues are were deposited into General Revenue until the fund was recreated by House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017 as General Revenue-Dedicated Account No. 5168.

The table below provides an overview of revenues received from grant contracts. Revenue totals are expected to increase as CPRIT continues to invest in companies through product development awards.

**Total Revenue Sharing Received by CPRIT**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
GR-D Account 5136	\$ 14,367	\$ 136,826	\$ 145,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,629
General Revenue	\$ -	\$ -	\$ 101,324	\$ 1,768,790	\$ 46,774	\$ 921,686	\$ 60,318	\$ -	\$ -	\$ -	\$ 2,898,892
GR-D Account 5168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,695	\$ 187,337	\$ 295,740	\$ 947,206	\$ 1,468,977
Total Revenue Sharing as of 10/09/2020											\$ 4,664,499

Source: Comptroller of Public Accounts and CPRIT

3. **Response to COVID-19.** In April 2020, CPRIT suspended the first round of applications for grants that were to be awarded at the beginning of fiscal year 2021 due to the potential uncertainty of funding. CPRIT was exempted from the five-percent reduction, and subsequently announced that it would award cancer research and prevention grants in fiscal year 2021, but on a modified schedule.

In response to the issues that grantees began encountering, such as restrictions to labs or patients, and based on similar guidance promulgated by the National Institutes of Health for federal grant programs, CPRIT developed guidance to allow grantees to claim certain COVID-19 related expenses for reimbursement. As of December 2020, the agency has issued \$3.3 million in reimbursements for expenses related to COVID-19. However, these dollars are for grants awarded in fiscal years prior to 2020. Due to the nature of the grant projects funded, obligations on grants include those awarded as early as fiscal year 2012.

**Cancer Prevention and Research Institute of Texas  
Rider Highlights - House**

**Modification of Existing Riders**

4. **Transfer Authority.** This rider has been modified to resemble Rider 7, Limitation on Expenditure for Contracts, and include language for the automatic approval of the request, unless written disapproval is received within 30 business days. The following language was added to this rider: The request shall be considered approved unless the Legislative Budget Board issues a written disapproval within 30 business days of the date on which the staff of the Legislative Budget Board concludes its review of the transfer request and forwards its review to the Chair of the House Appropriations Committee, the Chair of the Senate Finance Committee, the Speaker of the House, and Lieutenant Governor.
9. **Unexpended Balances Between Biennia.** The estimated unexpended balances in General Obligation Bond Proceeds available for the next biennium has been modified to \$0.

**Deleted Riders**

2. **Texans Conquer Cancer and Cancer of Unknown Primary Origin Awareness Plates: Appropriation of License Plate Receipts.** This rider has been deleted because authority for license plate revenue is in Article IX, Section 8.13, Appropriation of Specialty License Plate Receipts.
10. **Contingency for House Joint Resolution 12.** House Joint Resolution 12, Eighty-sixth Legislature, Regular Session, 2021 passed and a constitutional amendment was approved by voters in November 2019 increasing the maximum bond amount authorized for CPRIT from \$3 billion to \$6 billion.

**Cancer Prevention and Research Institute of Texas  
Items Not Included in Recommendations - House**

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
<b>Agency Exceptional Items Not Included (in agency priority order)</b>							
1)	Request to reallocate \$6,298,752 in G.O. bond proceeds from Strategy A.1.1, Award Cancer Research Grants and Strategy A.1.2, Award Cancer Prevention Grants to maintain the current funding level in 1.1.3 Grant Review and Award Operations. This includes increases in honoraria for peer reviewers, grant support services and evaluations, as well as an interagency contract with the Texas Safekeeping Trust Company. This request also includes a transfer of \$900,000 for the biennium to Strategy B1.1, Indirect Administration to cover a significant increase in the agency's Statewide Cost Allocation Plan (SWCAP) cost share amount of \$448,525 per fiscal year.	\$0	\$0	0.0	No	Yes	\$0
2)	Request to reallocate \$1,204,746 in G.O. bond proceeds from Strategy A.1.1, Award Cancer Research Grants, and Strategy A.1.2, Award Cancer Prevention Grants to Strategy A.1.3, Grant Review and Award Operations, and Strategy B.1.1, Indirect Administration, to add the following 8.0 FTE positions: -2.0 Grant Accountants -1.0 Accountant -3.0 Grant Compliance Specialists -1.0 Program Manager, Academic Research Program -1.0 Program Manager, Product Development Research Program	\$0	\$0	8.0	No	No	\$0
3)	The agency is requesting authority for a 10.0 percent increase from \$553,500 to \$608,850 for the Chief Scientific Officer position. The agency would use existing funds in Strategy A.1.3, Grant Review and Award Operations.	\$0	\$0	0.0	No	No	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$0</b>	<b>\$0</b>	<b>8.0</b>			<b>\$0</b>

**Cancer Prevention and Research Institute of Texas  
Appendices - House**

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

**Cancer Prevention and Research Institute of Texas  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
AWARD CANCER RESEARCH GRANTS 1.1.1	\$498,249,332	\$503,240,208	\$4,990,876	1.0%	Recommendations include a \$5.0 million increase in Bond Proceeds in this strategy, related to transfers authorized during the 2020-21 biennium for grant and award operations costs and indirect administration. CPRIT must request to transfer additional amounts from Strategy A.1.1 to operating expenditures in other strategies.
AWARD CANCER PREVENTION GRANTS 1.1.2	\$56,120,157	\$56,092,162	(\$27,995)	(0.0%)	Recommendations primarily reflect a decrease in anticipated license plate revenue.
GRANT REVIEW AND AWARD OPERATIONS 1.1.3	\$31,290,698	\$25,773,460	(\$5,517,238)	(17.6%)	Recommendations include: 1) \$4.9 million decrease in Bond Proceeds in this strategy, related to the amount authorized to be transferred from Strategy A.1.1. for contractual and operating expenses in the 2020-21 biennium. 2) \$0.6 million decrease in Bond Proceeds for unexpended balances for contractual services carried forward in 2019.
<b>Total, Goal 1, CANCER RESEARCH AND PREVENTION SVCS</b>	<b>\$585,660,187</b>	<b>\$585,105,830</b>	<b>(\$554,357)</b>	<b>(0.1%)</b>	
INDIRECT ADMINISTRATION 2.1.1	\$8,928,931	\$8,760,106	(\$168,825)	(1.9%)	Recommendations include a \$0.2 million decrease in Bond Proceeds related to a decrease in the amount authorized for other operating expenditures in this strategy compared to the 2020-21 biennium and a decrease in unexpended balance authority carried over from 2019.
<b>Total, Goal 2, INDIRECT ADMINISTRATION</b>	<b>\$8,928,931</b>	<b>\$8,760,106</b>	<b>(\$168,825)</b>	<b>(1.9%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$594,589,118</b>	<b>\$593,865,936</b>	<b>(\$723,182)</b>	<b>(0.1%)</b>	

**Cancer Prevention Research Institute of Texas  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Estimated 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	35.0	36.0	36.0	36.0	36.0
Actual/Budgeted	34.5	34.5	36.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Chief Executive Officer, Group 9	\$256,250	\$281,875	\$281,875	\$281,875	\$281,875
Chief Scientific Officer	\$553,500	\$553,500	\$553,500	\$553,500	\$553,500

Notes:

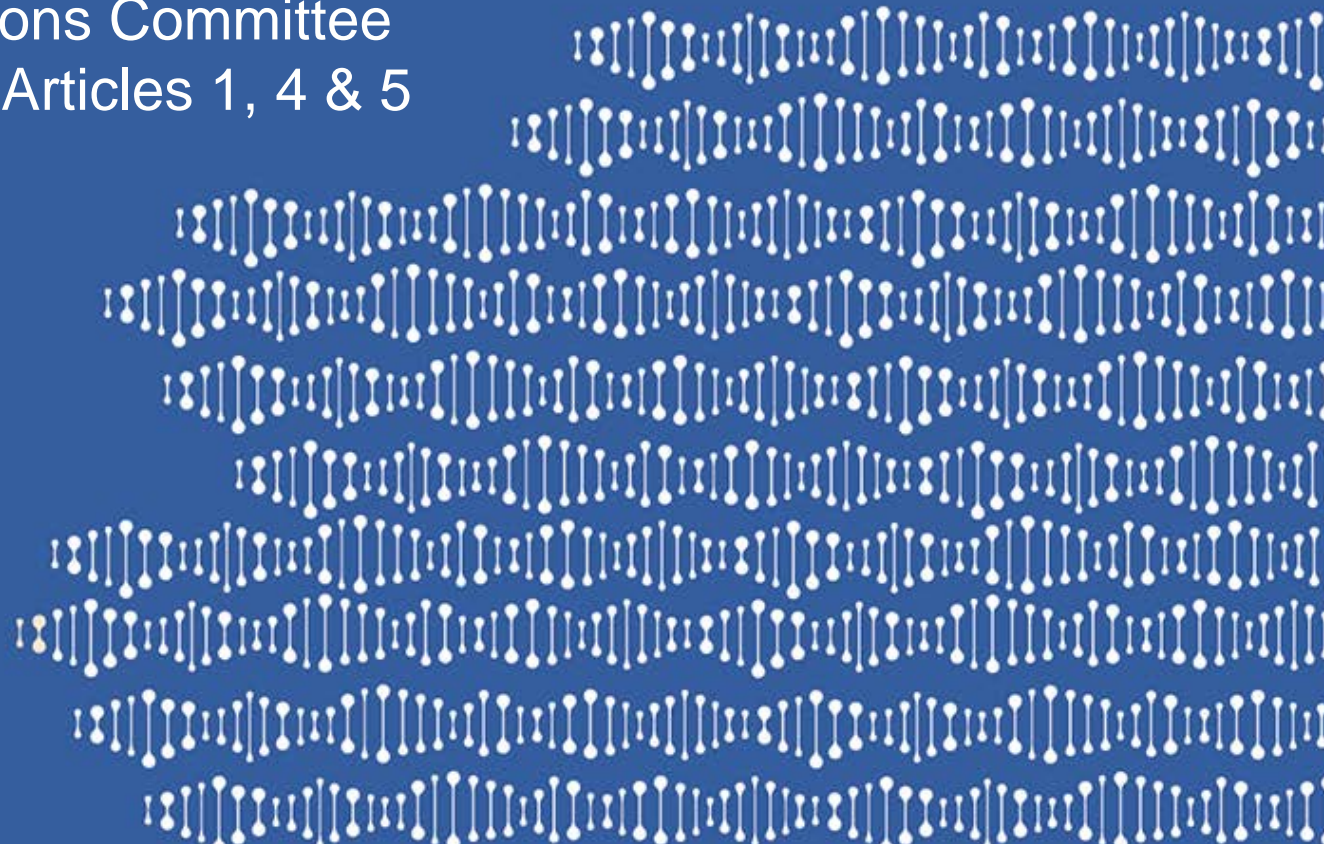
- a) The State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$253,895 for the Chief Executive Officer position at the Cancer Prevention and Research Institute of Texas. The agency is not requesting any changes to this exempt position.
- c) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), does not indicate a market average salary based on similar professional positions for Chief Scientific Officer. The agency is requesting a 10.0 percent increase from \$553,500 to \$608,850 for the Chief Scientific Officer position. The cap was last adjusted in the Eighty-Third Legislative Session, 2015, for the 2016-17 biennium, from \$540,000 to the current amount.



CANCER PREVENTION & RESEARCH  
INSTITUTE OF TEXAS

# CPRIT Legislative Appropriations Request for the 2022-23 Biennium

House Appropriations Committee  
Subcommittee on Articles 1, 4 & 5  
January 29, 2021



# 2022-23 LAR: Requested Items

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## 1. 2 Exceptional Items:

a) Adjustment for On-Going Increased Grant Review & Award Operating Costs and for 552% Increase in CPRIT's Statewide Cost Allocation Plan (SWCAP) Share of Statewide Support Services

b) 8 New FTEs for Additional Compliance/Accounting and Program Workload Demand

## 2. 10% Increase in Authority for the Chief Scientific Officer Exempt Salary

**\*\*All requested items require appropriations authority only, no additional funding.\*\***





# Exceptional Item Request #1



CPRIT requires a permanent adjustment of \$3,149,376:

- \$2,699,376 for on-going grant review and award operating costs for Review Council honoraria, grant revenue asset management with the Texas Safekeeping Trust Company, product development grant application due diligence, and outsourced pre- and post-award grant management support costs)
- \$450,000 for CPRIT's Statewide Cost Allocation Plan (SWCAP) share of statewide support services based on recently received notice of a 552% increase to \$448,525 (from \$68,844) that cannot be absorbed in CPRIT's annual budget

# Exceptional Item Request #2



Eight (8) new FTE positions for increased compliance, accounting and programmatic workload demands:

- 2 new Grant Accountants to specialize in reviewing the financial reports of product development research company grantees,
- 1 new Agency Accountant to support grant payment processing (@ 500 grant payments processed quarterly) and to support general agency budget and accounting as back up to the single agency Accountant,
- 3 new Grant Compliance Specialists to address increasing workload of performing necessary annual grant compliance reviews, monitoring visits, and trainings for CPRIT's portfolio of 550+ active grants,
- 1 new Program Manager for the Academic Research Program to address the increasing programmatic workload in RFA development, tracking grant reporting documentation, data collection and analysis, and summarization of grant results, and
- 1 new Program Manager for the Product Development Research Program to address the increasing workload in reviewing and evaluating grant progress, monitoring grant portfolio project metrics, data collection and analysis, summarizing grant results, and program outreach efforts across the state.

# 2022-23 LAR: CSO Exempt Salary Increase

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Requires skill set of high-level health science center MD/PhD research administrator (medical school dean, comprehensive cancer center director, cancer research division head)

- Request 10% increase from \$553,500 to \$608,850
- Other than a 2.5% COLA, salary authorization not adjusted since 2013
- Comparable positions now average \$819,960



# Questions?



# 2022-23 LAR: Appendix

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- 1) CPRIT Background**
- 2) COVID-19 Impact on CPRIT**



In 2007,

Texans voted overwhelmingly in favor of a constitutional amendment creating the Cancer Prevention and Research Institute of Texas (CPRIT).

On November 5, 2019, Texas voters approved a constitutional amendment providing an additional \$3 billion to CPRIT, for a total \$6 billion investment in cancer research and prevention efforts across Texas, the second largest source of funding for cancer research in the world.



Invest in the research prowess of Texas institutions.



Create and expand the life science infrastructure in Texas and add high-quality jobs.



Expedite innovation in research and breakthroughs in prevention and cures.

# Investing in Research Prowess in Texas Research Entities

- **218 stellar researchers and their labs** recruited to Texas institutions
- Texas achieved **3 NCI comprehensive cancer centers** – previously only MD Anderson
- **\$1.90 billion** in grants awarded to Texas research entities
- **\$1.569 billion** in direct follow-on funding raised by CPRIT academic research grantees
- **55 core facilities** at Texas institutions to provide access to cutting-edge shared technology

**James Allison**  
2018 Nobel Prize in  
Physiology or Medicine



# ▶ Accelerating **Innovation** in Research

**165 CPRIT-funded Clinical Studies: 26,840 Patients**

## ➤ **Interventional**

- **108 studies**
- **8,242 patients**

## ➤ **Observational**

- **57 studies**
- **18,598 patients**





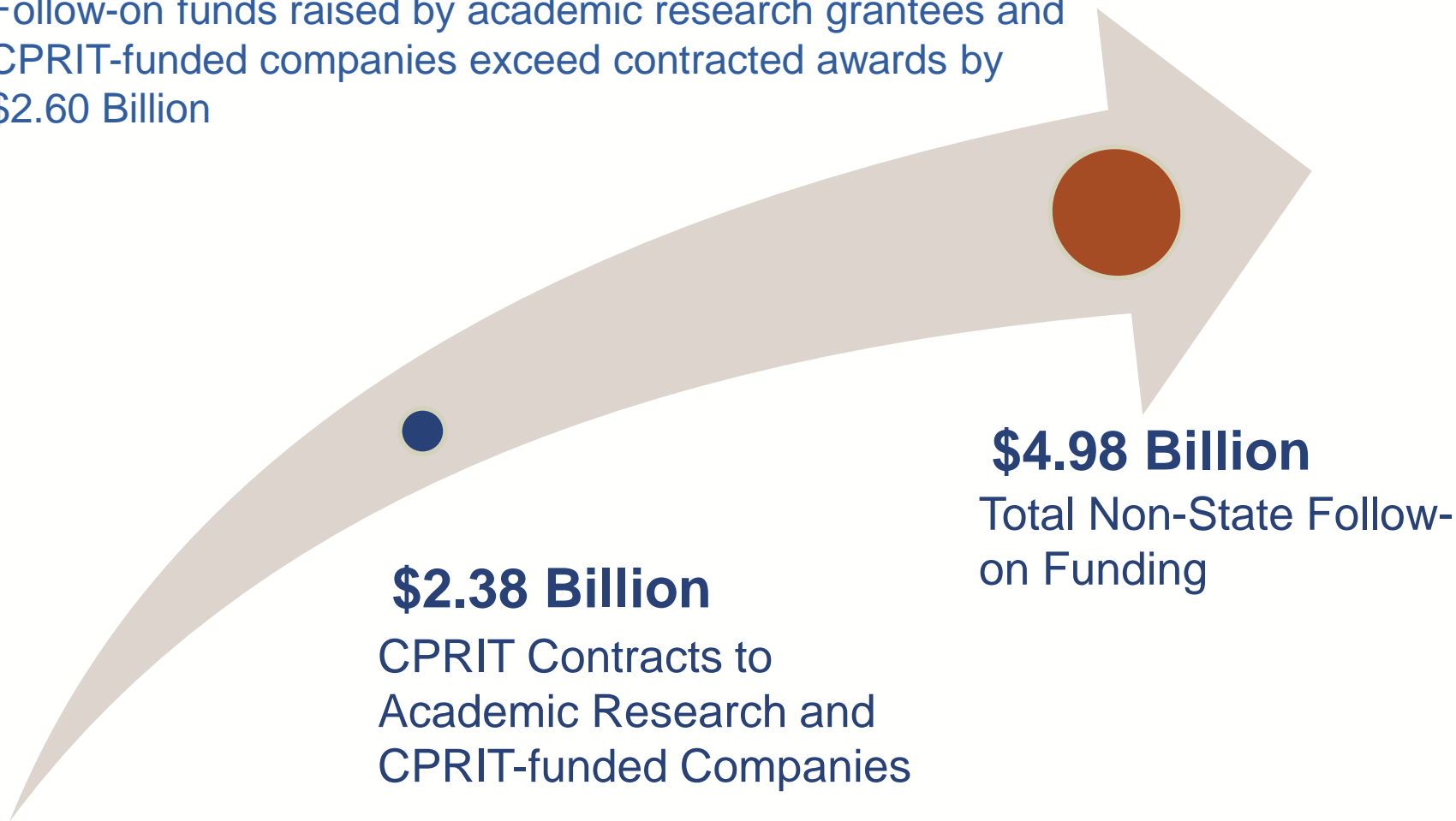
# ▶ Creating and Expanding Life Science Infrastructure

Supported the Establishment, Expansion or Relocation of 42 Companies  
with a CPRIT commitment of \$479.9 million



# ▶ Create and Expand Life Science Infrastructure

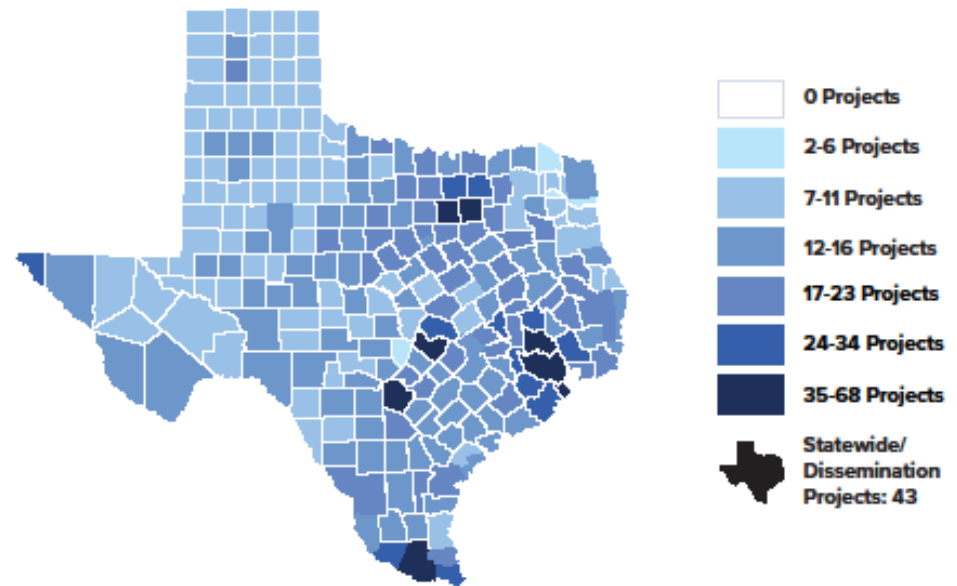
Follow-on funds raised by academic research grantees and CPRIT-funded companies exceed contracted awards by \$2.60 Billion



# ▶ Enhancing Innovation in Prevention

- 6.8 million services provided
- 3.7 million education and training services for the public and professionals
- 3.1 million clinical services:
  - Breast, cervical, colorectal, lung screenings & diagnostics
  - Hepatitis B & C screenings
  - HPV & Hepatitis B vaccinations
  - Tobacco cessation counseling and treatment
  - Genetic testing and counseling
  - Survivor programs and services

COUNTIES OF RESIDENCE OF PEOPLE SERVED BY CPRIT PREVENTION PROJECTS



**CPRIT has funded \$278 million for 244 prevention projects at 53 Texas organizations**



# ▶ CPRIT: Investing in a Cancer-Fighting Ecosystem

## \$2.66 Billion Invested as of November 2020

Investment	Direct Return in FY 2020	Value
All Program Investments	<ul style="list-style-type: none"> <li>➤ <b>8,558 jobs in annual employment</b></li> <li>➤ <b>\$442.1 million in personal income</b></li> <li>➤ <b>\$1.2 billion in total expenditures</b></li> <li>➤ <b>\$167.9 million in retail sales</b></li> <li>➤ <b>\$50.9 million in state and local tax receipts</b></li> <li>➤ <b>\$637.8 million in gross product</b></li> </ul>	<ul style="list-style-type: none"> <li>• CPRIT is catalyzing the Texas life sciences ecosystem directly and thru the entire cancer healthcare continuum.</li> <li>• If Texas achieves a concentration in the biomedical industry by 2045 equivalent to that of the US, incremental gains will include \$17.8 billion in annual gross product and 151,270 jobs.</li> </ul>



# ▶ CPRIT Responds to COVID-19

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## Operationally:

- Remote Work Policy
- Cancelled all travel – onsite compliance visits now held virtually
- Cancelled biennial conference scheduled July 2020
- Oversight Committee quarterly meetings held virtually
- Despite pandemic, no impact to fulfilling CPRIT's core functions and statutory obligations

## Grant Review and Administration:

- All peer review continues virtually
- Created COVID-19 workgroup to rapidly respond to grantee issues
- Working with the Office of the Governor, issued guidance permitting reimbursement of certain COVID-19 related grantee expenses
- Reimbursed \$3.3 million in COVID-19 related grantee expenses
- Awarded full slate of grants for FY 2020, expect to do so for FY 2021
- Grantees responded quickly to continue research, clinical trials, and prevention services.



# COVID-19's Enduring Impact on Cancer

## Decreased Cancer Services

- Pandemic shut down most preventive screenings and clinical trial enrollment
- CPRIT grantees provided 60% fewer screenings March 1-August 31 than previous six months due to COVID-19
- NCI modeling projects 10,000 more deaths from breast and colorectal cancer over next 10 years due to diagnoses delayed by COVID-19

## CPRIT Research Helps COVID-19

- CPRIT-funded specialized microscope at UT Austin helped create 3D map of COVID-19 virus spike protein – used as blueprint for vaccines on the market now
- CPRIT drug developed for respiratory complications caused by cancer treatments now in clinical trials for COVID-19 respiratory problems
- Discovery research findings related to cancer at Texas A&M University, UTHealth and UTMB may lead to new insights for antibody treatments for coronaviruses
- CPRIT-funded facility contracted to manufacture vaccine



**Commission on State Emergency Communications  
Summary of Budget Recommendations - House**

Page I-33

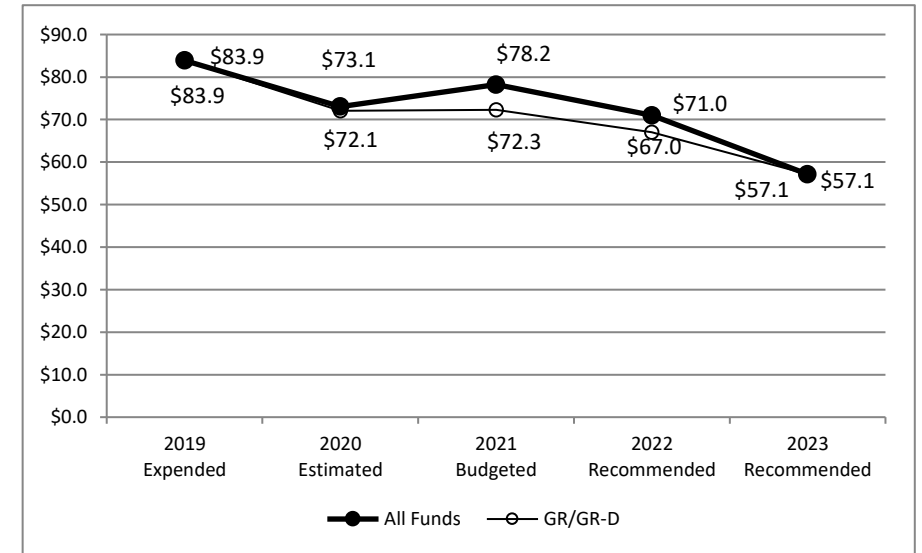
Kelli Merriweather, Executive Director

George Purcell Jr, LBB Analyst

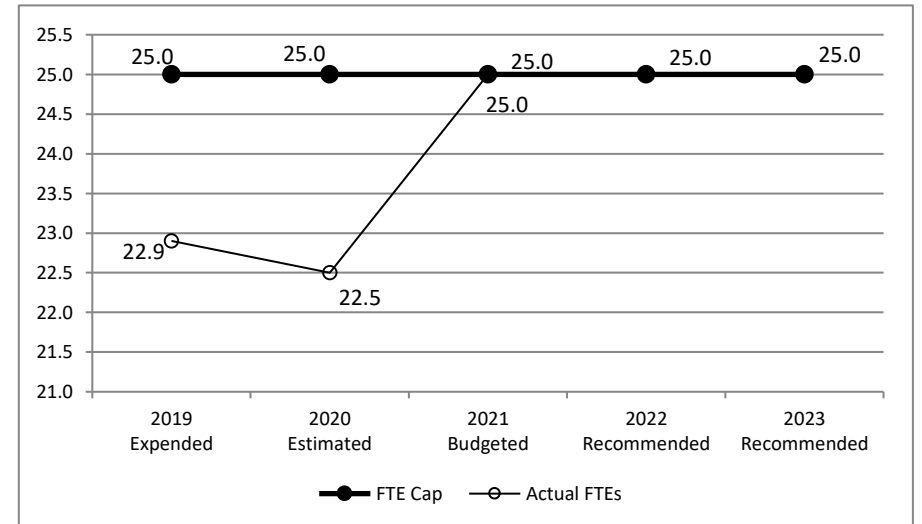
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$144,343,581	\$124,172,277	(\$20,171,304)	(14.0%)
<i>Total GR-Related Funds</i>	<i>\$144,343,581</i>	<i>\$124,172,277</i>	<i>(\$20,171,304)</i>	<i>(14.0%)</i>
Federal Funds	\$6,961,263	\$3,965,478	(\$2,995,785)	(43.0%)
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$151,304,844</b>	<b>\$128,137,755</b>	<b>(\$23,167,089)</b>	<b>(15.3%)</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	25.0	25.0	0.0	0.0%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Commission on State Emergency Communications  
Summary of Funding Changes and Recommendations - House**

<b>Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 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>
<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)	Departure of the North Central Texas Council of Governments from the CSEC Program, reducing available revenues to the state 9-1-1 program.	\$0.0	(\$14.7)	\$0.0	\$0.0	(\$14.7)	A.1.1
<b><i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i></b>							
B)	Reductions to Regional Planning Commissions for 9-1-1 services to preserve balances in Fund 5050.	\$0.0	(\$7.1)	\$0.0	\$0.0	(\$7.1)	A.1.1
C)	Expiration of Federal E-911 Grant that funds upgrades to digital, IP-based, broadband-enabled technologies.	\$0.0	\$0.0	(\$3.0)	\$0.0	(\$3.0)	A.1.1
D)	Decrease for the ESINet Project due to the expenditure of balances carried forward to the current biennium for this project.	\$0.0	(\$1.6)	\$0.0	\$0.0	(\$1.6)	A.1.1
E)	Increase for staffing levels required to maintain accreditation for Poison Call Center operations.	\$0.0	\$2.5	\$0.0	\$0.0	\$2.5	B.1.1
F)	Increase costs related to a new case management system contract to support cybersecurity and information security requirements at Poison Control Centers and increases in other operating expenses.	\$0.0	\$0.4	\$0.0	\$0.0	\$0.4	B.1.2
G)	Salary and benefits for a Contract Manager position previously funded through Federal Funds.	\$0.0	\$0.2	\$0.0	\$0.0	\$0.2	C.1.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$0.0</b>	<b>(\$20.2)</b>	<b>(\$3.0)</b>	<b>\$0.0</b>	<b>(\$23.2)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$0.0	\$3.2	\$0.0	\$0.0	\$3.2	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		\$0.0	(\$23.4)	(\$3.0)	\$0.0	(\$26.4)	As Listed

NOTE: Totals may not sum due to rounding.

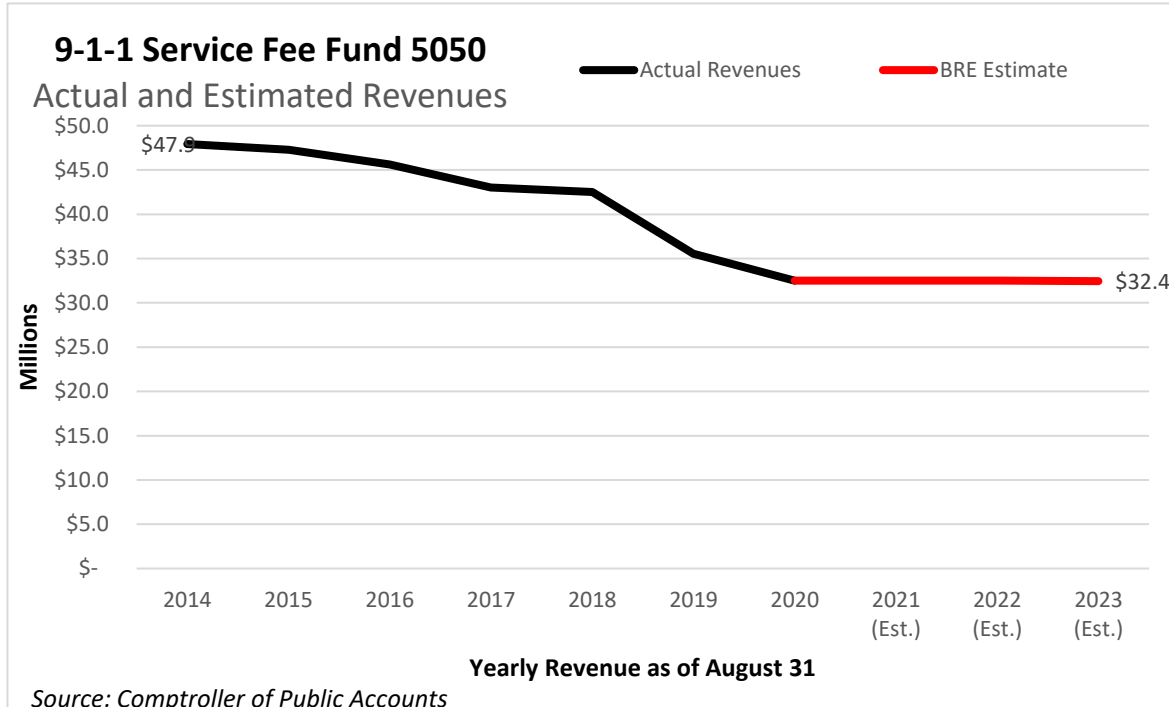


**Commission on State Emergency Communications  
Selected Fiscal and Policy Issues - House**

**1. Funding Structure for the Commission on State Emergency Communications is Unsustainable**

General Revenue-Dedicated Fund 9-1-1 Service Fees Account No. 5050 has historically provided the majority of funds for the CSEC 9-1-1 program. Based on the January 2021 Biennial Revenue Estimate (BRE) and funding included in the introduced House General Appropriation Bill, Fund 5050 is anticipated to draw near depletion at the end of fiscal year 2023 with an estimated cash balance at that time of \$4.3 million.

Fund 5050 receives revenue from three sources: statutory Emergency Service Fees of 50 cents on wireless and wired connections and a 2 percent Prepaid Wireless Service fee. Revenues from both Emergency Service Fees have been in decline. Since 2014, there has been a -26.0 percent decline for wireless fees and -49.3 percent decline in wired fees deposited into Fund 5050. Overall revenue from these two sources declined by an average of \$12.6 million per year from 2014 to 2020 and this drop is the primary cause in the reduction in fund balance projected by CSEC. The decline in Fund 5050 Wireless Service fees reflects the departure of Regional Planning Commissions from the statewide program while the decline in Fund 5050 wired service fees reflects both the decline in the program and the reduced amount of landline service that is occurring more broadly.



The agency also receives funding through General Revenue-Dedicated Fund Commission on State Emergency Communications Account No. 5007. Revenues from this fund are generated through an equalization surcharge of 6 cents per telecommunications connection per month, excluding prepaid wireless service. The cash balance of Fund 5007 has grown over time, from \$32.7 million in 2014 to \$49.9 million in August 2020. The CPA estimates \$18.4 million in yearly revenue for Fund 5007 for fiscal years 2021 to 2023 while CSEC predicts a cash balance for the fund of \$47.4 million in 2023. However, the statutory restriction of Health and Safety Code Sec. 771.072(e) requiring 60 percent of distributions from Fund 5007 be used for Poison Control Centers (Strategies 2.1.1 through 2.1.3) limits the use of revenue from the fund for supporting 9-1-1 services or addressing any fund balance shortfall. As a result, in the absence of statutory and regulatory changes to these two funds, funding CSEC operations will begin to require General Revenue in the near future, perhaps as early as fiscal year 2023.

**Recommendation:**

The recommendations include a rider directing CSEC to propose a long-term funding structure to support 9-1-1 operations following the depletion of Fund 5050 balances.

2. **North Central Council of Governments Departs the CSEC Program**

In December 2018, the North Central Council of Governments (NCTCOG) opted to exit the CSEC program and establish the independent North Central Texas Emergency Communications District. The area covered by this new district represents six percent of the population of Texas and prior to exiting was the largest Regional Planning Commission (RPC) in the CSEC program. The annual contribution of NCTCOG to Fund 5050 during the last five years the district was in the program averaged \$9.7 million per year. In fiscal year 2018, the last full year NCTCOG was in the CSEC program, it accounted for over 4 million 9-1-1 calls—more than the 3.5 million annual 9-1-1 call volume CSEC estimates for fiscal years 2022 and 2023 for the 21 remaining RPCs participating in the state program.

3. **Completion of the ESINet Program**

The Emergency Service IP Network Project (ESINet) is a multi-year and multi-phase project that implements digital 9-1-1 calling to replace the current legacy 9-1-1 system. The bill provide \$7,431,434 for this project and authorizes the transfer of unexpended balances to the 2022-23 biennium. The combined funding from both sources is expected to be sufficient to complete the ESINet transition.

**Commission on State Emergency Communications  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Capital Budget.** The recommendations revise the Capital Budget rider to remove one-time capital funding for the Texas Poison Control Disaster Mitigation Site.
8. **Unexpended Balances.** The existing rider authorizing unexpended balance transfers between biennia for the ESINet Project is modified in these recommendations to authorize these transfers into the 2022-23 biennium.

**New Riders**

9. **Plan for Continued Funding of Statewide 9-1-1 Services.** These recommendations direct the agency to develop a plan for the long-term funding of the statewide 9-1-1 program out of General Revenue-Dedicated Fund 5050 (9-1-1 Service Fees) and deliver that report to the Legislative Budget Board and the Office of the Governor by July 2022. The report will also provide guidance on any regulatory and statutory changes that could help preserve the fund balance of Fund 5050.

**Commission on State Emergency Communications  
Items Not Included in Recommendations - House**

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
<b>Agency Exceptional Items Not Included (in agency priority order)</b>							
1)	Add 1 FTE for a new information security position in Strategy C.1.1, Indirect Administration.	\$297,646	\$297,646	1.0	Yes	No	\$297,646
2)	Costs to move from Hobby Building to new facility in the Capitol Complex Phase 1 plan.	\$85,500	\$85,500	0.0	No	No	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$383,146</b>	<b>\$383,146</b>	<b>1.0</b>			<b>\$297,646</b>

**Commission on State Emergency Communications  
Appendices - House**

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

**Commission on State Emergency Communications  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
9-1-1 NTWK OPER & EQUIP REPLACEMENT A.1.1	\$122,232,306	\$95,775,321	(\$26,456,985)	(21.6%)	Reduction of \$14.7 million in General Revenue-Dedicated (GR-D) funds reflects reduced expenses due to the departure of the North Central Texas COG from the CSEC program. A reduction of \$7.1 million in GR-D reflects reductions in future expenditures by Regional Planning Commissions to preserve fund balances in Fund 5050 and a reduction of \$3.0 million in Federal Funds is the result of the expiration of the Federal E-911 grant in fiscal year 2022. In addition to these reductions, the recommendations reflect the reallocation of costs for the Enterprise Geospatial Database Management System to Strategy A.1.3 for \$1.6 million.
NEXT GEN 9-1-1 IMPLEMENTATION A.1.2	\$9,287,471	\$7,671,812	(\$1,615,659)	(17.4%)	Reduction reflects an appropriation in the base request below expenditures in the 2020-21 biennium of \$1.6 million in GR-D due to use of unexpended balances in that biennium.
CSEC 9-1-1 PROGRAM ADMINISTRATION A.1.3	\$1,791,526	\$3,498,526	\$1,707,000	95.3%	This increase reflects the reallocation of the Enterprise Geospatial Database Management System from Strategy A.1.1 for \$1.7 and additional operating expenses.
<b>Total, Goal A, STATEWIDE 9-1-1 SERVICES</b>	<b>\$133,311,303</b>	<b>\$106,945,659</b>	<b>(\$26,365,644)</b>	<b>(19.8%)</b>	
POISON CALL CENTER OPERATIONS B.1.1	\$13,100,743	\$15,634,214	\$2,533,471	19.3%	The increase in these recommendations reflect costs to maintain American Association of Poison Control Centers Accreditation as required in CSEC Rider 7: \$0.7 million in GR-D to maintain Specialists in Poison Information (4 FTEs) at 6 Centers and \$1.8 million in GR-D to support staffing levels to meet the national staffing standard of care for Medical Directors, Educators, and Public Education.
STATEWIDE POISON NETWORK OPERATIONS B.1.2	\$2,402,010	\$2,811,466	\$409,456	17.0%	Increase reflects costs related to a new Case Management System contract to support cybersecurity and information security requirements (\$0.4 million in GR-D) and increases in other operating expenses.
CSEC POISON PROGRAM MANAGEMENT B.1.3	\$549,380	\$559,380	\$10,000	1.8%	
<b>Total, Goal B, POISON CONTROL SERVICES</b>	<b>\$16,052,133</b>	<b>\$19,005,060</b>	<b>\$2,952,927</b>	<b>18.4%</b>	

**Commission on State Emergency Communications  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
INDIRECT ADMINISTRATION C.1.1	\$1,941,408	\$2,187,036	\$245,628	12.7%	Increase of \$0.2 million in GR-D funds salary and benefits for a Contract Manager II position allowed under the agency's cap and currently supported by Federal Funds.
<b>Total, Goal C, INDIRECT ADMINISTRATION</b>	<b>\$1,941,408</b>	<b>\$2,187,036</b>	<b>\$245,628</b>	<b>12.7%</b>	
<b>Grand Total, All Strategies</b>	<b>\$151,304,844</b>	<b>\$128,137,755</b>	<b>(\$23,167,089)</b>	<b>(15.3%)</b>	

**Commission on State Emergency Communications  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	25.0	25.0	25.0	25.0	25.0
Actual/Budgeted	22.9	22.5	25.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director, Group 3	\$123,562	\$132,835	\$132,835	\$132,835	\$132,835

Notes:

- a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) Fiscal years 2019 and 2020 actual FTE figures are less than cap limits due to staff vacancies and turnover.
- c) The State Auditor's Office Report *Executive Compensation at State Agencies* (Report 20-706, August 2020) indicates a market average salary of \$140,698 for the Executive Director position at the Commission on State Emergency Communications. The agency is requesting to increase the salary cap for the Executive Director from \$132,835 to \$140,698.





# COMMISSION ON STATE EMERGENCY COMMUNICATIONS

# CSEC Appropriation Request

Presented to  
House Appropriation Committee  
Subcommittee on Articles I, IV, & V  
submitted

January 29, 2021

by

Kelli Merriweather  
CSEC Executive Director





## *About the Commission*

### **Board of Commissioners**

- 12 members representing a cross section of Texans
- 9 are appointed by Governor, Lieutenant Governor & Speaker of the House
- 3 Ex Officio per statute: DSHS, DIR & PUC

### **Agency**

- 25 FTEs
- Fund & oversee administration of emergency communication services:
  - 9-1-1 Program
  - Poison Control Program
- Funded by dedicated general revenue:
  - GR-D Accounts 5050 & 5007





# COMMISSION ON STATE EMERGENCY COMMUNICATIONS

*Mission: To preserve and enhance public safety and health in Texas through reliable access to emergency communications service.*

## 9-1-1 Program

- Health & Safety Code, Chapter 771
- Serves over 4 Million Texans
  - 3,470,064 calls in FY 2020
- Primarily rural areas
- 76% of counties & 18% of population
- 255 Public Safety Answering Points (PSAPs)
- Reimbursement Grant Contracts
- 21 Regional Planning Commissions provide:
  - Regional 9-1-1 service
    - 9-1-1 Communications Network
    - Database for Location Information
    - 9-1-1 Equipment Replacement & Maintenance

## Poison Control

- Health & Safety Code, Chapter 777
- Serves 100% of the State
  - 458,008 calls in FY 2020
- Six (6) Regional Centers at Host Hospitals
  - Connected by statewide communications network
- Provide free, confidential, expert advice to:
  - Public
  - Health Professionals & ERs
  - First Responders
- Reimbursement Grant Contracts
- Staffed by Host Hospital Employees
  - Registered Nurses, Pharmacists & MDs





# COMMISSION ON STATE EMERGENCY COMMUNICATIONS

## Emergency Communication Districts

- 1 Abilene-Taylor Co. 9-1-1 District
- 2 Austin Co. Emergency Communications District
- 3 Bexar Metro 911 Network District
- 4 Brazos Co. Emergency Communications District
- 5 Calhoun Co. 911 Emergency Communications District
- 6 Cameron Co. Emergency Communications District
- 7 Capital Area Emergency Communications District
- 8 Denoo Area 911 District
- 9 El Paso Co. 911 District
- 10 Emergency Communications District of Ector Co.
- 11 Galveston Co. Emergency Communications District
- 12 Greater Harris Co. 911 Emergency Network
- 13 Gulf Coast Regional 9-1-1 Communications District
- 14 Henderson Co. 911 Communications District
- 15 Howard Co. 911 Communications District
- 16 Kerr Co. Emergency 911 Network
- 17 Lubbock Co. Emergency Communications District
- 18 McLennan Co. Emergency Assistance District
- 19 Medina Co. 911 District
- 20 Midland Emergency Communications District
- 21 Montgomery Co. Emergency Communications District
- 22 North Central Texas Emergency Communications District
- 23 Potter-Randall Co. Emergency Communications District
- 24 Smith Co. 911 Communications District
- 25 Tarrant Co. 911 District
- 26 Texas Eastern 911 Network
- 27 Wichita/Wilbarger 9-1-1 Communications District

## Municipal Emergency Communication Districts

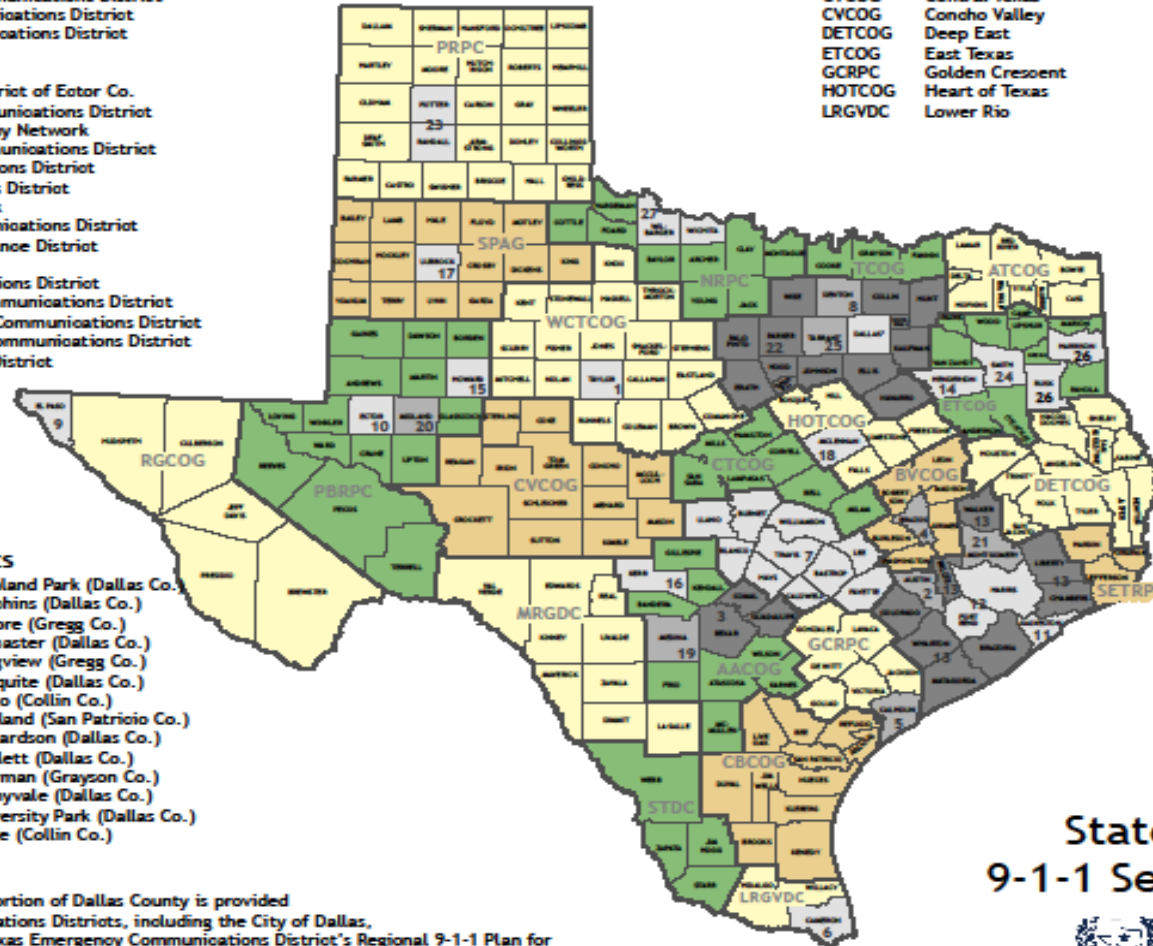
- |                             |                              |
|-----------------------------|------------------------------|
| Addison (Dallas Co.)        | Highland Park (Dallas Co.)   |
| Aransas Pass (Aransas Co.)  | Hutchins (Dallas Co.)        |
| Carrollton (Denton Co.)     | Kilgore (Gregg Co.)          |
| Cedar Hill (Dallas Co.)     | Lanoster (Dallas Co.)        |
| Coppell (Dallas Co.)        | Longview (Gregg Co.)         |
| Corpus Christi (Nueces Co.) | Mesquite (Dallas Co.)        |
| Dallas (Dallas Co.)         | Plano (Collin Co.)           |
| Dallas County*              | Portland (San Patricio Co.)  |
| De Soto (Dallas Co.)        | Richardson (Dallas Co.)      |
| Denison (Grayson Co.)       | Rowlett (Dallas Co.)         |
| Duncanville (Dallas Co.)    | Sherman (Grayson Co.)        |
| Ennis (Ellis Co.)           | Sunnyvale (Dallas Co.)       |
| Farmers Branch (Dallas Co.) | University Park (Dallas Co.) |
| Garland (Dallas Co.)        | Wylie (Collin Co.)           |
| Glenn Heights (Dallas Co.)  |                              |

\*9-1-1 service in the incorporated portion of Dallas County is provided by Municipal Emergency Communications Districts, including the City of Dallas, or pursuant to the North Central Texas Emergency Communications District's Regional 9-1-1 Plan for four municipalities. 9-1-1 service in the unincorporated portion of Dallas County is provided by the Dallas County Sheriff's Department under Texas Health and Safety Code Chapter 772, Subchapter E.

Contact: Kelli Merriweather, Executive Director at (512) 305-6938 or [kelli.merriweather@osec.texas.gov](mailto:kelli.merriweather@osec.texas.gov)

## Regional Planning Commissions

- |        |                 |        |                    |
|--------|-----------------|--------|--------------------|
| AACOG  | Alamo Area      | MRGDC  | Middle Rio         |
| ATCOG  | Ark-Tex         | NRPC   | Nortex             |
| BVCOG  | Brazos Valley   | PBRPC  | Permian Basin      |
| CBCOG  | Coastal Bend    | PRPC   | Panhandle          |
| CTCOG  | Central Texas   | RGCOG  | Rio Grande         |
| CVCOG  | Concho Valley   | SETRPC | South East         |
| DETCOG | Deep East       | SPAG   | South Plains       |
| ETCOG  | East Texas      | STDC   | South Texas/Laredo |
| GCRPC  | Golden Crescent | TCOG   | Texoma             |
| HOTCOG | Heart of Texas  | WCTCOG | West Central       |
| LRGVDC | Lower Rio       |        |                    |



## State of Texas 9-1-1 Service Entities



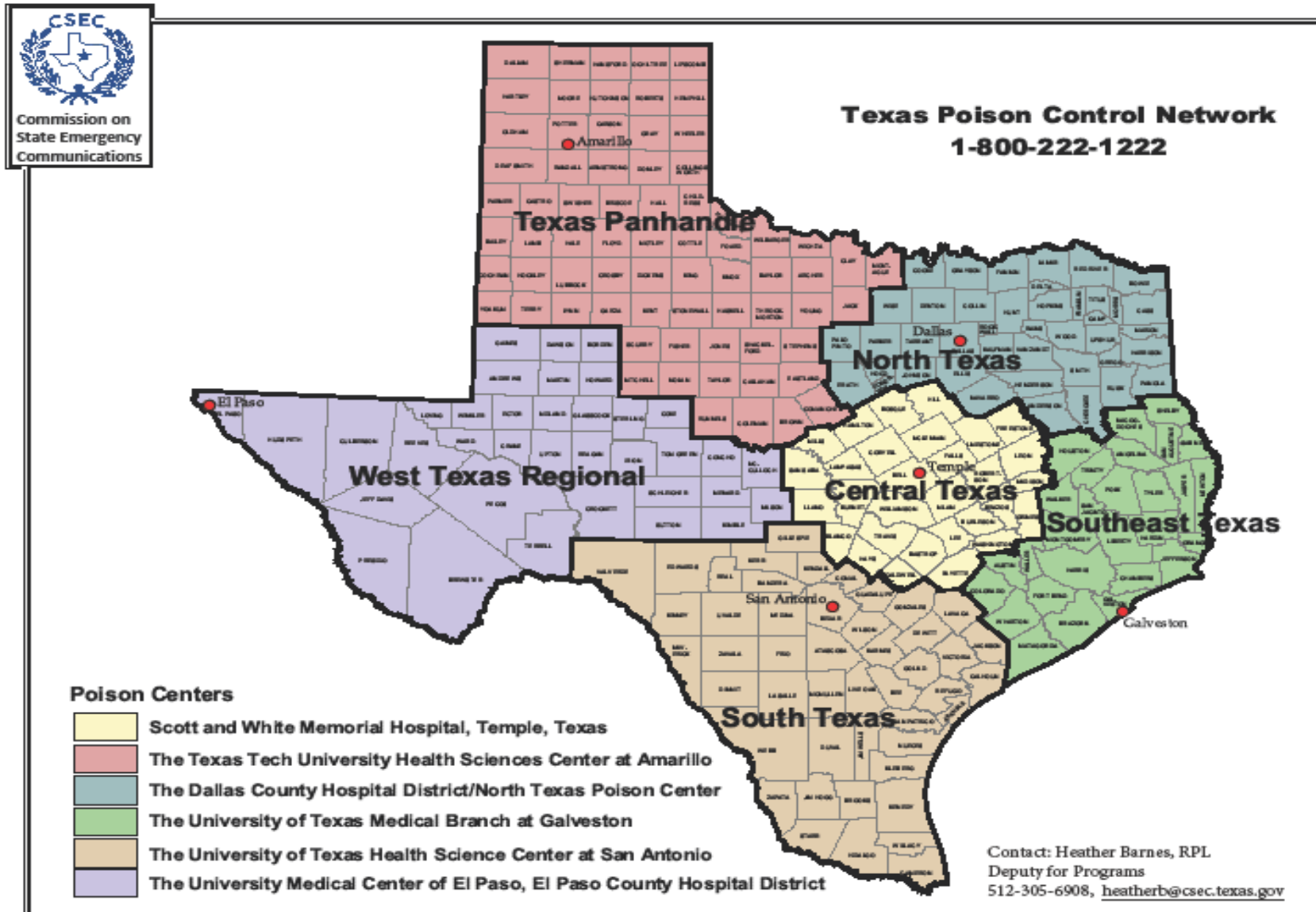
Commission on  
State Emergency  
Communications







# COMMISSION ON STATE EMERGENCY COMMUNICATIONS





## *LAR - Overview & Approach*

Fiscally conservative prudent approach to fund 9-1-1 & Poison Control services in Texas.

Sufficient to fund all Strategies, Goals & Objectives in FY 2021 – 2025 Agency Strategic Plan; differs slightly from GAA introduced (detail below)

Developed in collaboration with Commission appointed Legislative Working Group for purposes of providing input from Commission members and its stakeholders.

	LAR	GAA
Base Request	128,435,401	128,137,755
Exception Request for 1 FTE for Cyber/Information Security	0	297,646
Exception Request for Agency move to Capitol Complex (FY23)	85,500	85,500
Total	128,520,901	128,520,901





## *Overview & Approach to LAR*

Request is \$30.6 million less than FY 2020-2021 Base Reconciliation Amount

- No need for funding related to one RPC that has departed the CSEC program
- Conservative RPC planning & projection of future financial needs
- Previous investment of fund balance appropriation in the transition to NG9-1-1

Requests 100% of projected GR-Dedicated revenue for FY 2022 – 2023

- \$ 36.7 million Equalization Surcharge Revenue (Account 5007)
- \$ 65.0 million 9-1-1 Service Fee Revenue (Account 5050)
- \$101.7 million Total Projected Revenue





## *Overview & Approach to LAR*

### Sensitive to GR-D Fund Balances

- Request from GR-Dedicated Account 5007 Fund Balance (Equalization Surcharge)  
\$0
- Request from GR-Dedicated Account 5050 Fund Balance (9-1-1 Service Fees)  
\$27.3 million
- Request maintains fund balances in GR-Dedicated Accounts at year-end FY 2023
  - \$47.4 million (Account 5007)
  - \$ 4.1 million (Account 5050)







## *Driving Factors*

CSEC LAR addresses the following key driving factors:

- Rapidly changing communications technology & adoption by public
- Cybersecurity and information security risks and requirements
- Continuity of Operations
- Fee Structure and funding for the future





## *Driving Factors*

### Rapidly changing communications technology

- Continual and rapid changes to the way the public adopts and utilizes new communications technology directly impacts emergency communications, e.g.,
  - Wireless Calls as a Percentage of 9-1-1 Calls
    - Increased from 33% in FY 2001 –to- 92% in FY 2019
  - Photos, videos, other data cannot be sent over current 9-1-1 system
- Technology improvements currently underway and planned will allow for better utilization and enhanced response, and continuity of operations.
  - LAR provides for:
  - Next Generation 9-1-1 – digital replacement of current system – underway and to be completed by FY 2023
  - Leveraging technology to increase efficiencies in Texas Poison Control Network and Poison Center staffing





## *Driving Factors*

### Cybersecurity & Information security risks

- Risks increase significantly with adoption of new technologies such as Voice Over IP
- State requirements and best practices must be followed and maintained going forward
  - LAR Exception Request:
    - Additional FTE is necessary to achieve and maintain compliance and security.

### Continuity of Operations

- Enhance ability to provide emergency communications services in alternate and multiple locations to better respond to natural and manmade disasters by leveraging digital emergency communications technology
  - LAR provides for transition to newer, digital, cloud-based technologies that will provide ability of 9-1-1 and Poison Control emergency communications services to dynamically respond to changing needs and environments.





## *Driving Factors*

### Fee structure and funding for the future

- Current structure based on legacy technologies (1990s) and may need review and revision for digital technologies
  - Based on landline telephone service model – currently at least 85% of all calls are wireless
  - 9-1-1 service fee rates set at \$0.50 (per wireline and wireless connection)
    - Rates have not increased in decades - costs have
- Fund balance of 9-1-1 Service Fees (GR-D 5050) has been fully invested in upgrading equipment, network, mapping, and for completing the transition of the 257 Public Safety Answering Points in 21 Regional Planning Commissions to NG9-1-1 by Aug.31, 2023.
  - Balance project to be \$4.1 million at year-end FY 2023.
- Fund balance of 9-1-1 Service Fees (GR-5050) is projected to be \$4.1 million at year-end FY 2023.
- CSEC Legislation Sunsets – FY 2023





## *LAR Detail: 9-1-1 Request*

### Goal A. Statewide 9-1-1 Service

A.1.1. 9-1-1 Network Operations & Equipment Replacement is sufficiently funded for grants to 21 Regional Planning Commissions to maintain the 9-1-1 network operations, location databases and mapping, and replace the 9-1-1 equipment according to a 10-year plan.

\$95,775,321

A.1.2. Next Generation 9-1-1 (NG9-1-1) is sufficiently funded to continue and complete the transition of all 21 Regions to NG9-1-1 by the end of FY 2023.

\$7,671,812

A.1.3. CSEC 9-1-1 Program Administration includes sufficient funding for implementation of NG9-1-1 program standard/rules, and for enhanced compliance monitoring of information security and geospatial data critical to NG9-1-1.

\$3,498,526

Total 9-1-1 Request: \$106,945,659





# *LAR Detail: Poison Control Request*

## Goal B. Poison Control Services

B.1.1. Poison Call Center Operations request is sufficient to ensure that Regional Poison Control Centers maintain required accreditation by adequately reimbursing the Host Hospital Institutions for staffing each of the 6 statutorily designated centers that operate together as the Texas Poison Control Network.

\$15,634,214

B.1.2. Statewide Poison Network Operations request will maintain and enhance the current communications infrastructure, applications, and operation by continuing to enable remote call taking capabilities to maximize efficiency of Poison Center operations and staffing, and to replace outdated case management system.

\$2,811,466

B.1.1. CSEC Poison Program Management includes sufficient funding to support and assist the Poison Centers with implementation of these goals and objectives.

\$559,380

Total Poison Control Request: \$19,005,060





## *LAR Detail: Agency Indirect Request*

### Goal C. Indirect Administration

C.1.1. Includes sufficient funding to provide for all operations functions essential to supporting the agency mission, goals and programs; and develop, document, and implement an agency wide risk-based information security program; differs slightly from GAA introduced (detail below)

	LAR	GAA
Indirect Administration	\$1,353,772	\$1,353,772
Indirect – IT & Security	1,130,910	833,264
Indirect Base	2,484,682	2,187,036
Exception Requests:		
Additional FTE (InfoSec)	0	297,646
Moving Costs	85,500	85,500
Total Indirect	\$2,570,182	\$2,570,182





# Questions & Contacts

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

Page I-33  
Shirley Hays, Interim Executive Director  
John Posey, LBB Analyst

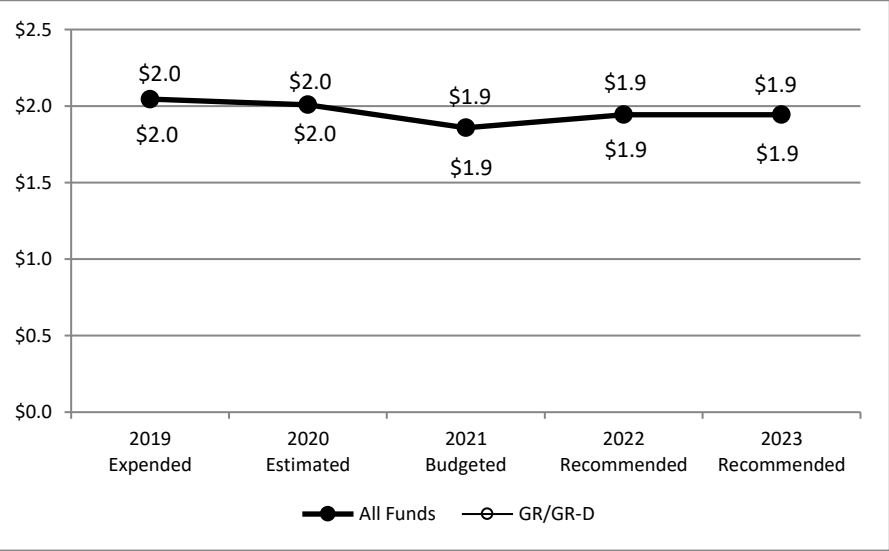
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$1,341,277	\$1,361,323	\$20,046	1.5%
GR Dedicated Funds	\$2,525,526	\$2,525,526	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$3,866,803</i>	<i>\$3,886,849</i>	<i>\$20,046</i>	<i>0.5%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$3,866,803</b>	<b>\$3,886,849</b>	<b>\$20,046</b>	<b>0.5%</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	9.1	10.0	0.9	9.9%

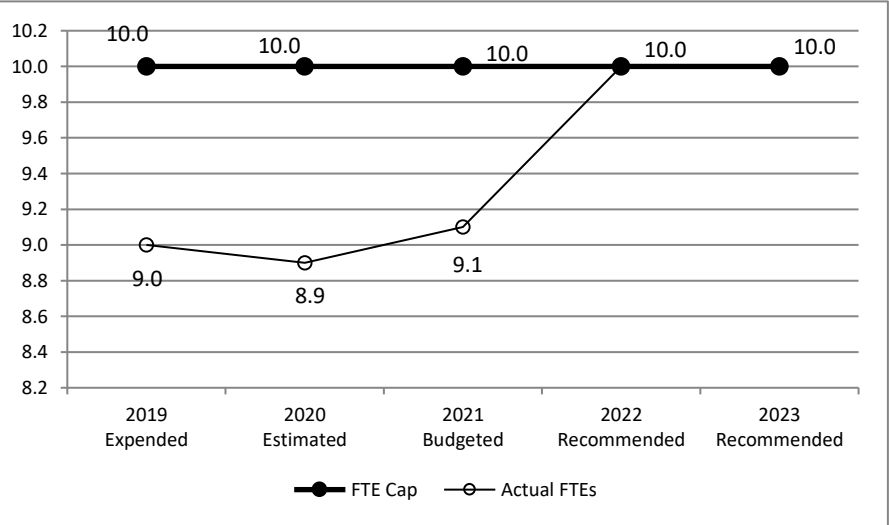
The Texas Emergency Services Retirement System provides retirement, survivor, and disability benefits for volunteer firefighters and EMS personnel in participating departments across the state. The state's contribution to the system is from General Revenue-Dedicated Volunteer Fire Department Assistance Account No. 5064.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 2.7% of the agency's estimated total available funds for the 2022-23 biennium.

**Historical Funding Levels (Millions)**



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



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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>
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A)	Increase in General Revenue of \$20,046 from the 2020-21 base spending level. The agency reduced their 2020-21 base by an additional \$20,046 beyond the 5 percent reduction target. The additional savings came from leaving 1.0 FTE, a benefits specialist position, vacant for six months during 2020-21 biennium. Recommendations reinstate this amount to provide full funding during the 2022-23 biennium.	\$0.02	\$0.0	\$0.0	\$0.0	\$0.02	A.1.1
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<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$0.02</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.02</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0.02	\$0.0	\$0.0	\$0.0	\$0.02	As Listed

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

1. **Increased state contributions to the pension system.** TESRS is requesting \$110,448 to increase state contributions to this pension system. This funding was reduced as part of the agency's 5 percent reduction this summer. The funding would come from GR-D account 5064, Volunteer Fire Dept Assistance which is administered by the Texas A&M Forest Service. The requested funds are not included in the recommendations.
2. **Increase in General Revenue of \$20,046 from the 2020-21 base spending level.** The agency reduced their 2020-21 base by an additional \$20,046 in General Revenue beyond the 5 percent reduction target. The additional savings came from leaving 1.0 FTE, a benefits specialist position, vacant for six months during 2020-21 biennium. Recommendations reinstate this amount to provide full funding during the 2022-23 biennium.
3. **Performance measure controls.** An audit report by the SAO entitled *Performance Measures at the Texas Emergency Services Retirement System* (SAO Report No. 20-001, October 2019) stated the agency lacked adequate controls over the collection, calculation, review and reporting of three key performance measures. Those measures are the number of benefit payments distributed (Strategy A.1.1, Administer Pension Fund), the average annual administrative cost per pension plan member (Strategy A.1.1, Administer Pension Fund), and the number of onsite visits (Strategy A.2.1, Recruiting and Technical Assistance). While the numbers the agency entered for those measures in their LAR (and replicated in the LBE in Appendix F) for fiscal year 2019 are correct, the numbers the agency entered for those measures into the Automated Budget and Evaluation System of Texas (ABEST) for fiscal year 2019 are incorrect. The SAO made recommendations to address the issues identified in the audit, and the agency agreed with the recommendations. Specifically, the agency agreed to develop written policies and procedures to document all steps performed in the collection, calculation, review, and reporting of its performance measure data. The agency also agreed to enhance its reviews of performance measure results entered into ABEST prior to submitting those results into the system.
4. **Recruiting and technical assistance key performance measure.** For Strategy A.2.1, Recruiting and Technical Assistance, TESRS estimated they will have zero onsite visits for fiscal year 2021. The agency estimates they will have zero onsite visits for this key performance measure due to travel restrictions imposed as a result of the coronavirus pandemic. The agency anticipates being able to resume onsite visits in fiscal years 2022 and 2023. Since travel restrictions have prevented onsite visits, the agency indicated that they conducted four virtual meetings in fiscal year 2020 and estimated they would conduct 24 virtual meetings in fiscal year 2021.

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

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	State Contributions to Pension System. The agency is requesting \$110,448 to increase state contributions to this pension system provided for volunteer firefighters and EMS personnel in participating departments across the state. The funding would come from GR-D account 5064, Volunteer Fire Dept Assistance. The funding was reduced as part of the agency's 5 percent reduction this summer.	\$110,448	\$110,448	0.0	No	No	\$110,000
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<b>TOTAL Items Not Included in Recommendations</b>		<b>\$110,448</b>	<b>\$110,448</b>	<b>0.0</b>			<b>\$110,000</b>
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**Texas Emergency Services Retirement System  
Appendices - House**

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<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	7

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

**Texas Emergency Services Retirement System  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
ADMINISTER PENSION FUND A.1.1	\$3,634,023	\$3,654,927	\$20,904	0.6%	
RECRUITING AND TECHNICAL ASSISTANCE A.2.1	\$232,780	\$231,922	(\$858)	(0.4%)	
<b>Total, Goal A, SOUND PENSION FUND</b>	<b>\$3,866,803</b>	<b>\$3,886,849</b>	<b>\$20,046</b>	<b>0.5%</b>	
<b>Grand Total, All Strategies</b>	<b>\$3,866,803</b>	<b>\$3,886,849</b>	<b>\$20,046</b>	<b>0.5%</b>	The agency reduced their 2020-21 base by an additional \$20,046 beyond the 5 percent reduction target. Recommendations reinstate this amount to provide full funding during the 2022-23 biennium.

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

Full-Time-Equivalent Positions	Expended 2019	Actual 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	10.0	10.0	10.0	10.0	10.0
Actual/Budgeted	9.0	8.9	9.1	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 3	\$109,599	\$118,826	\$118,826	\$118,826	\$118,826

Notes:

a) The agency is not requesting any changes to its exempt position. The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$125,550 for the Executive Director position at the Texas Emergency Services Retirement System.

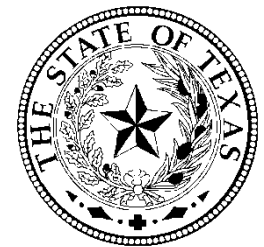
b) The State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.

# Texas Emergency Services Retirement System Overview

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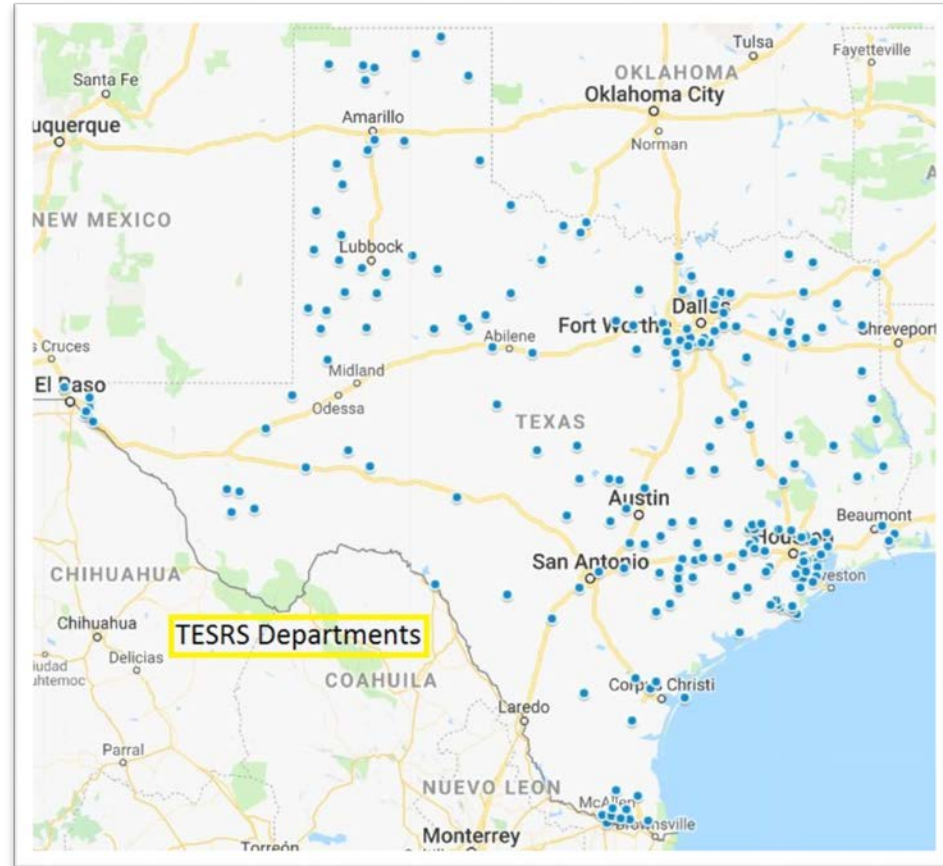
PREPARED FOR HOUSE COMMITTEE ON APPROPRIATIONS

FEBRUARY 8, 2021





# TESRS: 238 Member Departments



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

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

There are currently 238 departments participating in the pension system.

# TESRS: LAR 2022-2023 Highlights

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Baseline Funding Request \$3.88 million:

- Seeks state contributions of \$2.52 million for the pension system;
- Enables the Agency to administer the program and 10 FTEs;
- Seeks \$110,448 in exceptional funding for additional state contributions to the pension system.

# TESRS: Impact of COVID-19

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## NEGATIVE

- Budget Reductions of \$204,000
- Virtual State Board meetings are not as effective as in-person meetings;
- Complexity of hosting virtual meetings;
- Difficulties faced by some fire departments in meeting training requirements or hosting Local Pension Board meetings; and
- Reduced opportunities to recruit new departments at conferences.

## POSITIVE

- Business continuity plan worked well;
- Cloud-based network operations enabled staff to serve constituents without interruption;
- Staff is more productive and happier not to commute to downtown everyday; and
- Acceptance of video conferencing by the public provides increased opportunities for outreach in the future.

# TESRS: State Governance

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## BOARD OVERVIEW

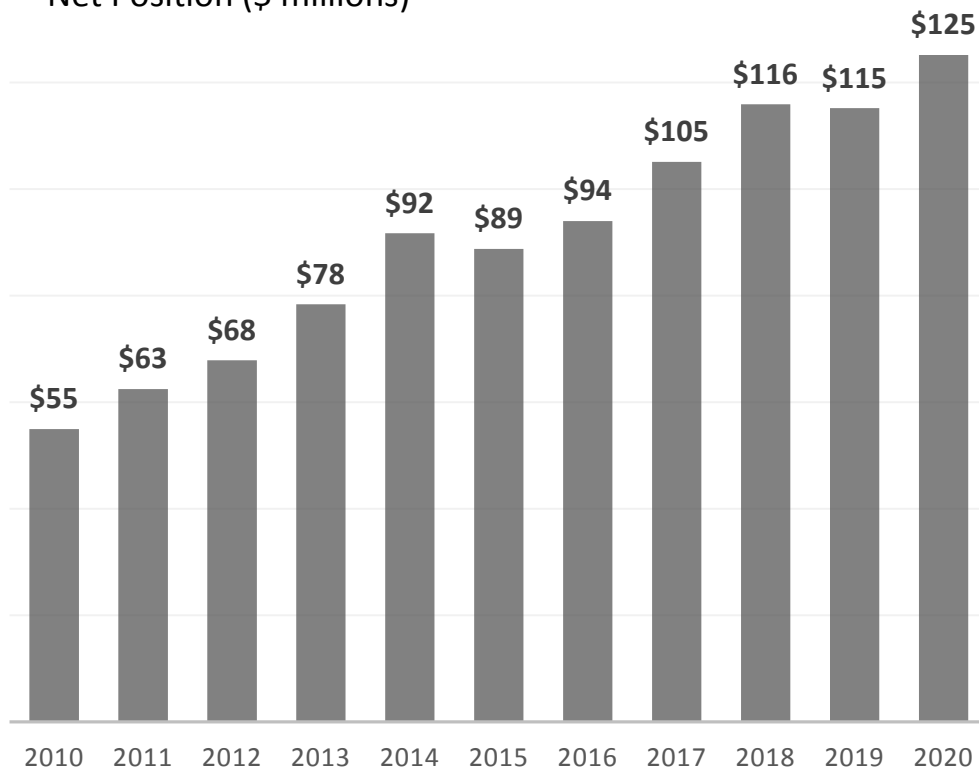
- Composed of 9 Trustees appointed by the Governor in staggered 6-year terms.
- Five of the nine members must be active in the pension system and one must represent EMS personnel.
- Three members must have experience in the areas of finance, securities investment, or pension administration.
- The final member must be a retiree of the pension system.

## BOARD OF TRUSTEES

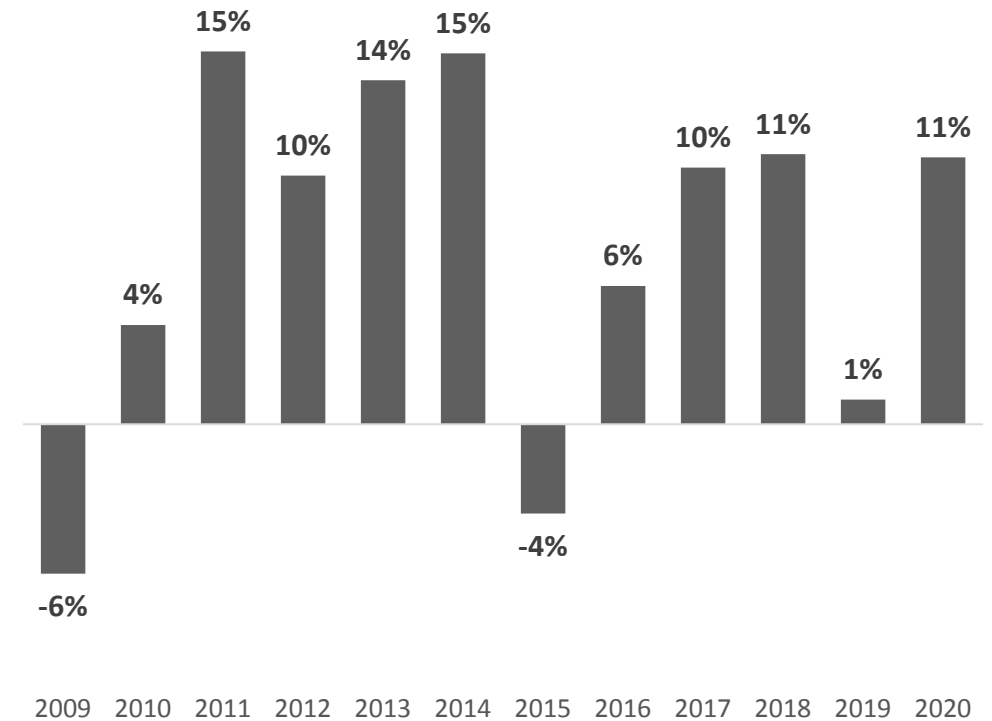
Chairman	Jenny Moore, Lake Jackson
Vice Chair	Pilar Rodriguez, Edinburg
Secretary	Courtney Bechtol, Rockport
Trustee	Nathan Douglas, Seabrook
Trustee	Matt Glaves, Alvin
Trustee	Ed Keenan, Pasadena
Trustee	Jerry Romero, El Paso
Trustee	Rod Ryalls, Burkburnett
Trustee	Stephanie Wagner, Wimberley

# TESRS: Investment Overview

Net Position (\$ millions)



Net Rate of Return



"L:\Stats\Investment\Investment Returns by FY.xlsx"

Money Weighted Net Real Rate of Return

# TESRS: Actuarial Valuation

The TESRS Actuary concluded in the 2020 actuarial valuation that an adequate contribution arrangement for the pension system was dependent on:

- State appropriations for administration; and
- State contributions to the pension system.

Based upon these assumptions, the system was able to amortize its unfunded actuarial accrued liabilities within thirty years of August 31, 2020.

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%
2018	\$ 114.67	\$ 137.51	\$ 22.85	83%
2020	\$125.66	\$ 150.44	\$ 25.07	83%

# TESRS Funding – Member Benefits

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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.

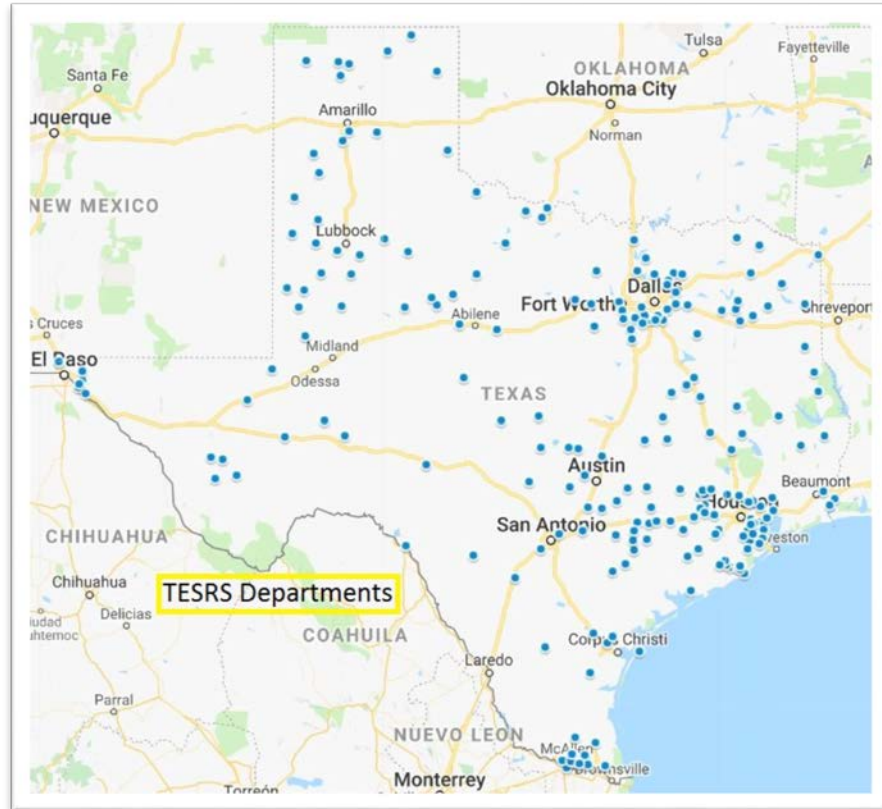
## **State Contributions (as needed for actuarial soundness)**

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 by 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: Membership



Year	Retirees	Vested Terminated	Actives
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
2017	3,104	2,208	4,046
2018	3,533	1,927	3,927
2019	3,649	1,842	3,702
2020	3,837	1,787	3,634

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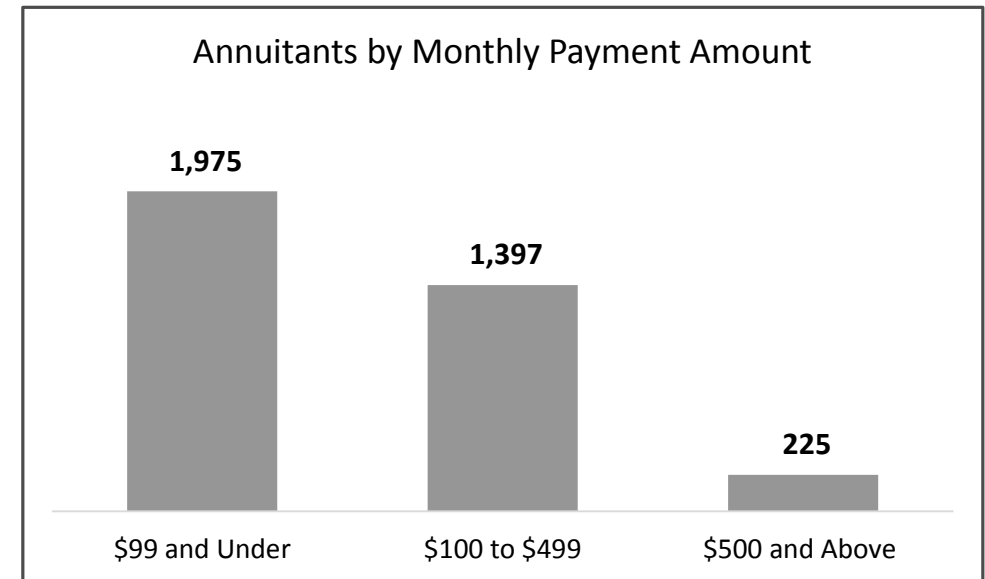
# TESRS: Retirement Benefits

## 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 2020 = \$6.9 million

"S:\Biennium\2022-2023 LAR\Budget Hearings\working files\August 2020 TESRS Pension Payments and charts.xlsx"

# TESRS: Survivor Benefits

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## LINE OF DUTY DEATH BENEFITS

- If a member dies in the line of duty, the member's beneficiary is entitled to a lump sum benefit of \$100,000.
- Additionally, the surviving spouse and minor children share equally in a monthly pension the member would have received had the deceased member reached fully vested status.

## 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: Local Boards

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Each department and its governing entity has its own Local Board that is responsible for:

- Hearing and deciding claims for death and disability benefits;
- Hearing and deciding member disputes regarding system credit;
- Providing local oversight of pension system membership; and
- Complying with Open Meetings Act and TESRS Statutes and Rules.

# How can we help?

---

TESRS membership provides a mechanism for communities to support their volunteer firefighters and emergency services personnel. TESRS membership not only retains volunteers, it also serves as an incentive in the recruitment of new volunteers.

Let us know if you would like for us to reach out to a volunteer fire or EMS department in your district.

Texas Emergency Services Retirement System

Shirley Hays, Interim Executive Director

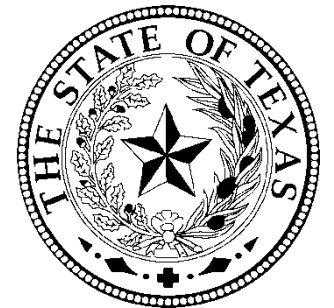
Phone (512) 936-3372

Email Address

[info@tesrs.texas.gov](mailto:info@tesrs.texas.gov)

P.O. Box 12577, Austin, TX 78711

<http://www.tesrs.org/>



**Employees Retirement System  
Summary of Budget Recommendations - House**

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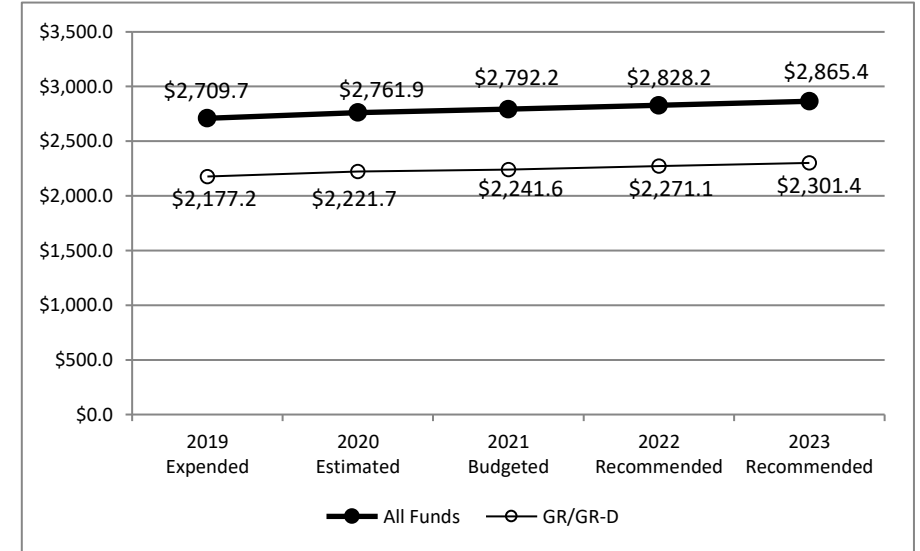
Porter Wilson, Executive Director

John Posey, LBB Analyst

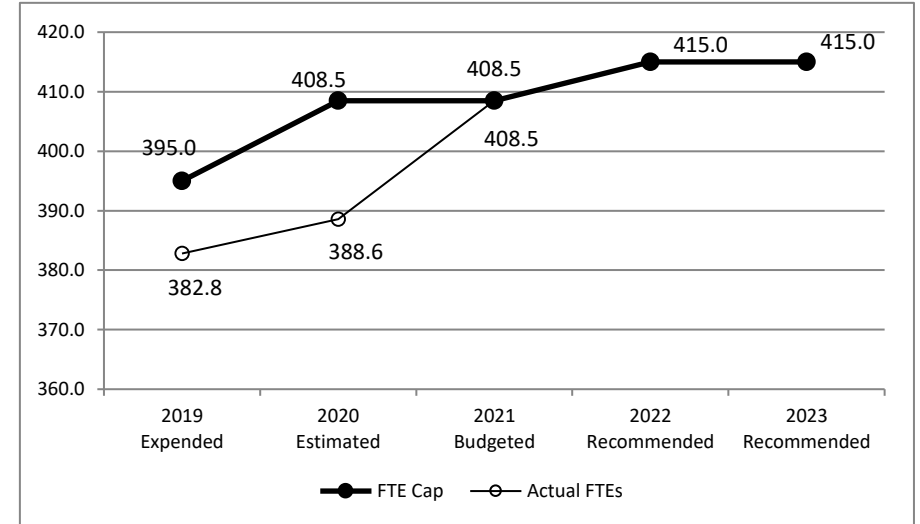
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$4,165,385,465	\$4,264,372,817	\$98,987,352	2.4%
GR Dedicated Funds	\$298,002,344	\$308,076,987	\$10,074,643	3.4%
<b>Total GR-Related Funds</b>	<b>\$4,463,387,809</b>	<b>\$4,572,449,804</b>	<b>\$109,061,995</b>	<b>2.4%</b>
Federal Funds	\$462,188,347	\$471,354,053	\$9,165,706	2.0%
Other	\$628,600,919	\$649,722,934	\$21,122,015	3.4%
<b>All Funds</b>	<b>\$5,554,177,075</b>	<b>\$5,693,526,791</b>	<b>\$139,349,716</b>	<b>2.5%</b>

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	408.5	415.0	6.5	1.6%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 10.2% of the agency's estimated total available funds for the 2022-23 biennium.

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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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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)	Increase for ERS Retirement Program contributions due to payroll growth.	\$8.8	\$1.1	\$0.7	\$2.1	\$12.7	A.1.1
B)	Increase for Group Benefits Program contributions due to growth among retired members.	\$91.0	\$9.6	\$8.5	\$19.0	\$128.1	B.1.1

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

C)	Decrease in JRS 1 retirement program due to a decrease in membership in this plan provided for certain state judicial officers who held office before September 1, 1985.	(\$0.5)	\$0.0	\$0.0	\$0.0	(\$0.5)	A.1.4
D)	Decrease in Public Safety Death Benefits due to anticipated reduced claims.	(\$0.5)	(\$0.6)	\$0.0	\$0.0	(\$1.1)	A.1.5
E)	Decrease for Retiree Death Benefits due to anticipated reduced claims.	(\$1.3)	\$0.0	\$0.0	\$0.0	(\$1.3)	A.1.6
F)	Increase for Probation Health Insurance contributions due to anticipated growth among retired members.	\$1.2	\$0.0	\$0.0	\$0.0	\$1.2	B.1.2

<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>		<b>\$98.7</b>	<b>\$10.1</b>	<b>\$9.2</b>	<b>\$21.1</b>	<b>\$139.1</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>		\$101.0	\$10.7	\$9.2	\$21.1	\$142.0	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>		(\$2.3)	(\$0.6)	\$0.0	\$0.0	(\$2.9)	As Listed

NOTE: Totals may not sum due to rounding.

**Employees Retirement System  
Selected Fiscal and Policy Issues - House**

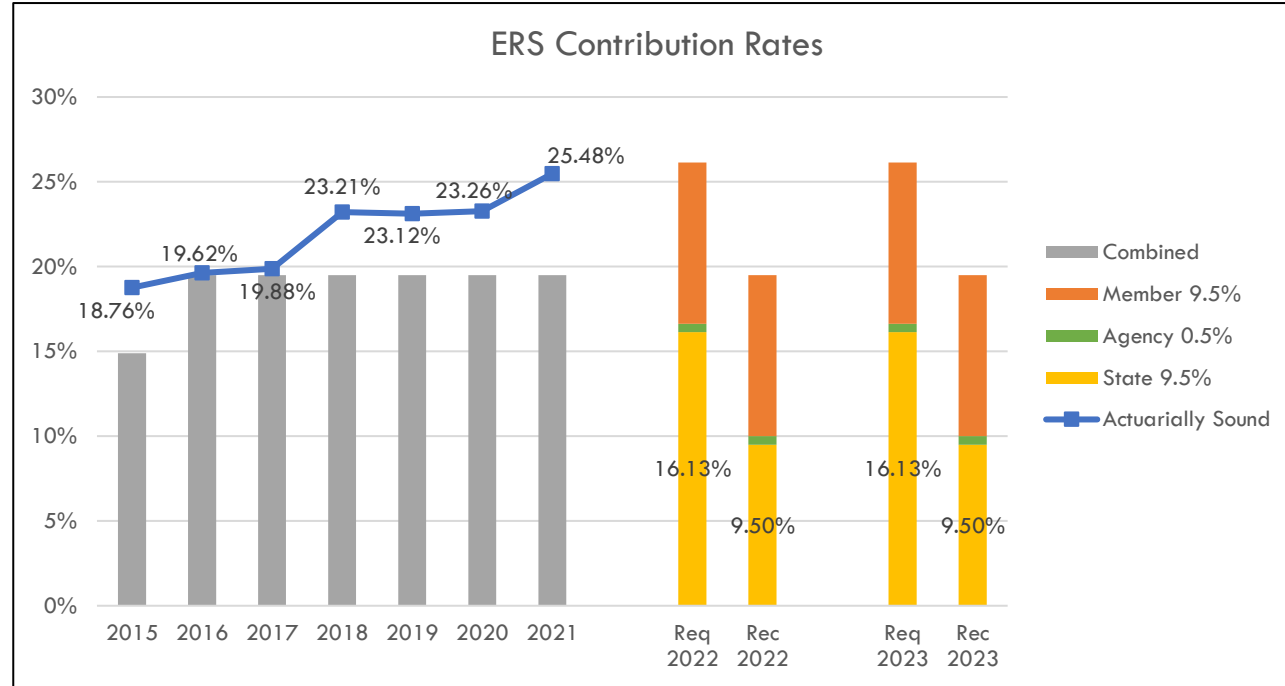
- Employees Retirement System.** Recommendations for the 2022-23 biennium total \$1.4 billion in All Funds (\$1.1 billion in General Revenue-Related Funds) for the system that provides a defined retirement benefit to state employees and elected officials. This is an All Funds increase of \$12.7 million (0.9 percent) and a General Revenue-Related increase of \$9.9 million (0.9 percent).

Recommendations assume 0.5 percent payroll growth in fiscal years 2021, 2022 and 2023. In addition, they assume FTE increases at the Department of Motor Vehicles, General Land Office, Texas Division of Emergency Management, and the Water Development Board. They also assume FTE decline at the Department of Criminal Justice. Recommendations maintain the current contribution structure that has been in place since fiscal year 2016, as depicted on the right.

According to the 2020 Actuarial Valuation and the 2020 Experience Study (which examines economic and demographic assumptions), the current total contribution rate, 19.5 percent, is 6.63 percent lower than the contribution required for the fund to be actuarially sound, 26.13 percent. Statute defines actuarial soundness as having contributions that are sufficient to amortize the unfunded accrued liability during no more than 31 years. The funding period at the end of fiscal year 2020 is infinite, meaning the liability is expected to grow indefinitely. Furthermore, the assets are anticipated to be depleted in fiscal year 2061. The valuation also assessed the unfunded actuarial accrued liability at \$14.7 billion. The plan's funded ratio, assets divided by liabilities, was 66.0 percent.

The significant differences in unfunded liability and funded ratio are due primarily to changes in actuarial assumptions. In particular, the Board of Trustees in August 2017 decreased the investment return assumption from 8.0 percent to 7.5 percent, and in May 2020 the board decreased the rate to 7.0 percent. The agency's first exceptional item request is for \$952.5 million All Funds and \$688.6 million General Revenue-Related Funds to increase the state's contribution rate from 9.5 percent to 16.13 percent, to reach the combined Actuarially Sound Contribution (ASC) rate of 26.13 percent anticipated for fiscal years 2022 and 2023. The ASC rate assumes a payroll growth of 2.7 percent for those years.

- Constitutional Maximum Contribution.** The current state and agency contribution rates of 9.5 and 0.5 percent respectively together equal 10.0 percent, which is the maximum contribution rate according to the Texas Constitution (Article XVI, Sec. 67 (b)(3)). The provision reads, "the amount contributed by the state may not be less than six percent nor more than 10 percent of the aggregate compensation paid to individuals participating in the system." The Constitution also provides that if



the governor determines the situation an emergency, “the legislature may appropriate such additional sums as are actuarially determined to be required to fund benefits authorized by law.”

In February 2015, the Attorney General offered an informal letter of legal advice which guided that should the state appropriate funds that exceed the ten percent limitation without the governor having declared an emergency, it would “effectively rewrite... the constitutional provision,” concluding that state appropriations may not exceed the ten percent limitation unless the governor has declared an emergency. The agency’s first exceptional item, to increase the state’s contribution rate from 9.5% to 16.13 percent for the Employee Retirement System, appears to violate this constitutional provision.

3. **Law Enforcement and Custodial Officers Supplemental (LECOS) Retirement Fund.** Recommendations for the 2022-23 biennium total \$17.4 million in All Funds and \$17.3 million in General Revenue-Related Funds, which continue the base amount and contribution structure from the 2020-21 biennium. LECOS provides a supplemental retirement benefit to law enforcement and custodial officers in addition to their benefit as state employees through the ERS plan.

The current state contribution rate and member contribution rate are each 0.5 percent. In addition to state and member contributions, the fund also receives court fees. In fiscal year 2020, ERS received \$13.5 million in court fees for this fund. These fees are a reduction from previous years, presumably due to a decrease in court filings as a result of the COVID-19 pandemic. Court filings are expected to resume to higher levels during the 2022-23 biennium.

The 2020 Actuarial Valuation found that the LECOS funding period is infinite with an expected depletion date of 2041. The unfunded liability in 2020 is \$642 million, and the funded ratio is 60.1 percent. The 2020 Actuarial Valuation and 2020 Experience Study indicated that the actuarially sound contribution rate for fiscal year 2022 is 3.57 percent, which is in addition to court fees projected to be \$17 million annually. The agency is requesting \$89.4 million in All Funds and \$88.8 million in General Revenue-Related Funds to increase the state contribution from 0.5 percent to 3.07 percent in order to achieve actuarial soundness.

4. **Judicial Retirement System Plan Two (JRSII).** Recommendations for the 2022-23 biennium total \$28.5 million in All Funds and \$20.1 million in General Revenue Funds to continue the contribution structure from the 2020-21 biennium. Judicial Fund No. 0573 comprises the remainder of the appropriation. JRSII provides a defined retirement benefit to state judicial officers who first took office on or after September 1, 1985.

The 2020 Actuarial Valuation found that the period is infinite with an expected depletion date of 2059. The unfunded liability is \$104 million, and the funded ratio is 82.3 percent. The 2020 Actuarial Valuation and 2020 Experience Study indicated that the actuarially sound contribution rate for fiscal year 2022 is 33.94 percent.

While the member contribution rate is 9.5 percent, the effective member contribution rate is 9.42% as some active members elect to cease contributions and cease to accrue additional benefits. In order to achieve soundness, the agency assumes that the current effective contribution rate of 9.42 percent remain the same, and the agency requests that the state increase its contribution from the current 15.663 percent to 24.52 percent. This exceptional item request is for \$16.1 million in All Funds and \$11.4 million in General Revenue Funds.

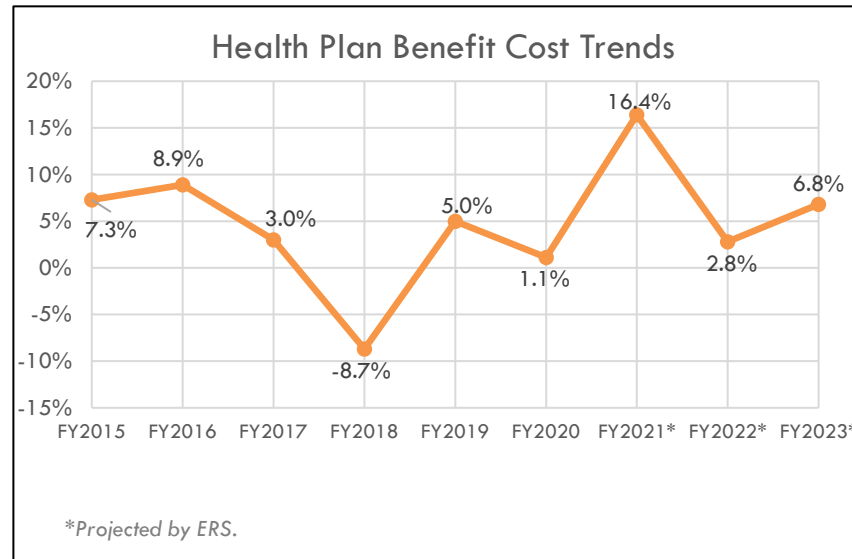
5. **Group Benefits Program and Contingency Reserve Fund Balance.** Recommendations include \$4.0 billion (\$3.2 billion in General Revenue-Related Funds) to provide state employees and retirees with health and life insurance. This is an increase over the previous biennium of \$128.1 million All Funds (3.3 percent) and \$100.5 million General Revenue-Related Funds (3.2 percent). Recommendations assume that:
- the state will continue to contribute the full cost of member-only group insurance and fifty percent of family coverage;
  - full-time-equivalent employment levels will grow at the Department of Motor Vehicles, General Land Office, Texas Division of Emergency Management, and the Water Development Board and will decrease at the Department of Criminal Justice;
  - retiree membership will grow 3.9 percent in fiscal years 2021, 2022 and 2023; and
  - the state’s per-member contribution to insurance will not increase in fiscal years 2021, 2022 and 2023.



Recommendations align with ERS’s Legislative Appropriations Request which indicates that no additional per-member state contributions above the base level would be necessary. The ERS request did not include member growth.

HealthSelect of Texas® combined medical and pharmacy plan costs increased 6.2% through the first half of Plan Year 2020. Beginning in March 2020, medical utilization dropped sharply with the impact of the COVID-19 pandemic, while pharmacy trend increased significantly in the same month as many members stock piled medications. According to the agency, the projected fiscal year 2021 cost trend is high due to the expectation of delayed services from the prior year occurring in fiscal year 2021. The agency expects fiscal year 2022 will not have the issue of delayed services so the cost trend is low, while fiscal year 2023 costs are expected to resume to their normal trend.

The Contingency Reserve Fund receives all revenues for the Group Benefits Program (GBP) and makes expenditures to cover claims costs. Chapter 1551.211(a) of the Texas Insurance Code requires ERS to maintain funds in the reserve to cover expenditures for an average 60 day period. According to the agency, this fund totaled \$2.7 billion at the end of FY 2020 and is expected to have ending balances of \$2.9 billion at the end of FY 2021; \$3.0 billion at the end of FY 2022; and \$3.0 billion at the end of FY 2023. The report projects the fund would be fully depleted during FY 2027, mostly due to the projected increases in health care expenditures.



6. **Article IX, Section 10.06: Cross Agency Coordination on Healthcare Strategies and Measures.** The 2020-21 General Appropriations Act (GAA), House Bill (H.B.) 1, 86th Legislature, Regular Session, 2019 (Article IX, Health Related Provisions, Section 10.06) requires state agencies that pay for the health care of Texans to coordinate data to identify outliers and improvements for efficiency and quality that can be implemented within each healthcare system. The first report was submitted September 1, 2020. Highlights of the report included the following:

- Data from the five agencies involved (DSHS, ERS, HHSC, TDCJ,TRS) has been aggregated into comparable models, allowing agencies to identify interventions to reduce cost and improve quality of care in each health care system.
- The data will allow agencies to develop common strategies for responding to critical, emerging health care issues.
- The data will help to identify the critical factors that have the greatest impact within a strategy or program and monitor the effects of interventions across time.
- Recommendations to reduce cost and improve quality of care in each health care system are expected in fiscal year 2021.

7. **Legal Authority and Trust.** The Texas Constitution directed the Legislature to establish the Employees Retirement System and Government Code §815.103 provides that the ERS Board of Trustees 1) shall hold all retirement system assets in trust for the exclusive benefit of the members and annuitants, and 2) administer all operations funded by trust assets for the same purpose. Statute specifies that the Board and executive director may acquire, manage, and sell any of the system's assets, and exempts ERS from some statutory requirements such as certain contracting and risk management practices.

ERS's status as a constitutionally-created agency and its trust fund structure are both uncommon among state agencies. In practice, ERS operates from three pension trusts and the Group Benefits Program trust. Legislative appropriations made to ERS are deposited into the appropriate trust and administrative expenses are allocated across respective funds. The balance at the beginning of fiscal year 2022 is estimated to be \$33.0 billion for these four funds.

8. **New Building Project.** ERS has continued work on a new 11-story mixed-use building to replace the current annex. The project is funded by the Trust, and lease income is projected to cover the cost and earn excess returns. The cost of the building is approximately \$80 million and is expected to be completed in early Spring 2021.

**Employees Retirement System  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Informational Listing of Appropriated Funds.** Revise rider to reflect benefit recommendations for 2022-23.

**Article IX.**

- 17.03. **Payroll Contribution for Group Health Insurance.** Revise rider to reflect estimates for 2022-23.
- 17.06. **Additional Payroll Contribution for Retirement Contribution.** Revise rider to reflect estimates for 2022-23.

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

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	ERS Actuarially Sound Level. Funding request would increase the state's contribution to 16.13 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 26.13 percent of payroll. The Constitution limits the state's contribution to ten percent of compensation.	\$688,599,320	\$952,544,662	0.0	No	No	\$954,938,860
2)	LECOS Actuarially Sound Level. Funding request would increase the state's contribution to 3.07 percent from the current 0.5 percent. This contribution rate, combined with the 0.5 percent member contributions, would equal the ASC rate of 3.57 percent.	\$88,804,592	\$89,374,278	0.0	No	No	\$89,374,578
3)	JRS 2 Actuarially Sound Level. Funding request would increase the state's contribution to 24.52 percent from the current 15.663 percent. This increased state contribution rate, along with the effective member contribution rate, would equal the ASC rate of 33.94 percent.	\$11,379,226	\$16,108,368	0.0	No	No	\$16,108,368

**TOTAL Items Not Included in Recommendations**

\$788,783,138

\$1,058,027,308

0.0

\$1,060,421,806

**Employees Retirement System  
Appendices - House**

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

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

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
ERS RETIREMENT PROGRAM 1.1.1	\$1,353,048,917	\$1,365,735,371	\$12,686,454	0.9%	Recommendations reflect an increase of \$12.7 million in All Funds over the 2020-21 biennium based upon the following assumptions: - Continued state contribution of 9.5 percent of salary; - 0.5 percent payroll growth in fiscal years 2021, 2022, and 2023; - FTE growth at the Department of Motor Vehicles, General Land Office, Texas Division of Emergency Management, and the Water Development Board; and - FTE decline at the Department of Criminal Justice.
LECOS RETIREMENT PROGRAM 1.1.2	\$17,123,268	\$17,387,992	\$264,724	1.5%	Recommendations reflect an increase of \$0.3 million from the 2020-21 biennium as projected contributions are assumed to remain at the 2021 levels, which were slightly higher than those in 2020.
JUDICIAL RETIREMENT PROGRAM-PLAN 2 1.1.3	\$28,458,403	\$28,486,548	\$28,145	0.1%	Recommendations reflect almost no change from the 2020-21 biennium as the number of active members and their salaries are assumed to remain almost the same.
JUDICIAL RETIREMENT PROGRAM-PLAN 1 1.1.4	\$39,477,751	\$38,929,520	(\$548,231)	(1.4%)	Recommendations reflect a decrease of \$0.5 million from the 2020-21 biennium due to a decrease in membership in this pay-as-you-go retirement plan provided for certain state judicial officers who held office before September 1, 1985.
PUBLIC SAFETY DEATH BENEFITS 1.1.5	\$28,669,597	\$27,572,616	(\$1,096,981)	(3.8%)	Recommendations reflect a decrease of \$1.1 million over the 2020-21 biennium as claims are assumed to remain at the 2021 levels, which were slightly lower than those in 2020.
RETIREE DEATH BENEFITS 1.1.6	\$28,788,215	\$27,500,000	(\$1,288,215)	(4.5%)	Recommendations reflect a decrease of \$1.3 million over the 2020-21 biennium as claims are assumed to remain at the 2021 levels, which were slightly lower than those in 2020.
<b>Total, Goal 1, ADMINISTER RETIREMENT PROGRAM</b>	<b>\$1,495,566,151</b>	<b>\$1,505,612,047</b>	<b>\$10,045,896</b>	<b>0.7%</b>	

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

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
GROUP BENEFITS PROGRAM 2.1.1	\$3,915,326,698	\$4,043,398,312	\$128,071,614	3.3%	Recommendations reflect an increase of \$128.1 million from the 2020-21 biennium based upon the following assumptions: - No state contribution increases in fiscal years 2021, 2022 and 2023, which provide the full cost of member-only coverage and 50 percent of family coverage; - 3.9 percent member growth among retirees in fiscal years 2021, 2022, and 2023; - FTE growth at the Department of Motor Vehicles, General Land Office, Texas Division of Emergency Management, and the Water Development Board; and - FTE decline at the Department of Criminal Justice.
PROBATION HEALTH INSURANCE B.1.2	\$143,284,226	\$144,516,432	\$1,232,206	0.9%	Recommendations reflect an increase of \$1.2 million from the 2020-21 biennium based upon no state contribution increases in fiscal years 2021, 2022, and 2023 and retiree growth.
<b>Total, Goal B, EMPLOYEES RETIREMENT SYSTEM</b>	<b>\$4,058,610,924</b>	<b>\$4,187,914,744</b>	<b>\$129,303,820</b>	<b>3.2%</b>	
<b>Grand Total, All Strategies</b>	<b>\$5,554,177,075</b>	<b>\$5,693,526,791</b>	<b>\$139,349,716</b>	<b>2.5%</b>	

**Employees Retirement System  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Estimated 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap					
Actual/Budgeted	395.0	408.5	408.5	415.0	415.0
	382.8	388.6	408.5	NA	NA
<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director	\$357,120	\$357,120	\$357,120	\$357,120	\$357,120
Director of Investments	\$416,401	\$416,401	\$416,401	\$416,401	\$416,401

Notes:

a) The agency is not requesting any changes to its exempt position. The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$301,880 for the Executive Director position at the Employees Retirement System and does not indicate a market average for the Director of Investments position.

b) The State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.



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

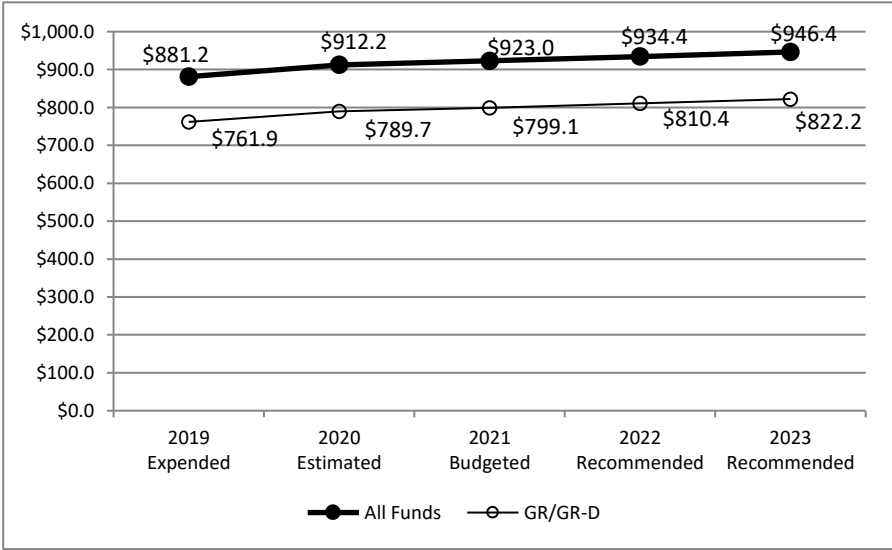
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The Honorable Glenn Hegar, Comptroller of Public Accounts

John Posey, LBB Analyst

<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$1,403,286,946	\$1,439,597,613	\$36,310,667	2.6%
GR Dedicated Funds	\$185,496,210	\$192,976,605	\$7,480,395	4.0%
<b>Total GR-Related Funds</b>	<b>\$1,588,783,156</b>	<b>\$1,632,574,218</b>	<b>\$43,791,062</b>	<b>2.8%</b>
Federal Funds	\$105,346,539	\$105,940,424	\$593,885	0.6%
Other	\$141,080,570	\$142,277,361	\$1,196,791	0.8%
<b>All Funds</b>	<b>\$1,835,210,265</b>	<b>\$1,880,792,003</b>	<b>\$45,581,738</b>	<b>2.5%</b>

**Historical Funding Levels (Millions)**



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>
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A)	Increase in state contributions for Social Security and Medicare due to payroll growth.	\$39.4	\$7.9	\$1.0	\$1.9	\$50.1	A.1.1
B)	Decrease in Benefit Replacement Pay due to attrition of employees hired before September 1, 1995.	(\$3.1)	(\$0.4)	(\$0.5)	(\$0.7)	(\$4.6)	A.1.2

<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$36.3</b>	<b>\$7.5</b>	<b>\$0.6</b>	<b>\$1.2</b>	<b>\$45.6</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$39.4	\$7.9	\$1.0	\$1.9	\$50.1	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$3.1)	(\$0.4)	(\$0.5)	(\$0.7)	(\$4.6)	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 \$50.1 million in All Funds (\$47.3 million in General Revenue-Related Funds) from the 2020-21 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 years 2021, 2022 and 2023;
  - 3.0 percent payroll growth for higher education employees in fiscal years 2021, 2022, and 2023;
  - FTE growth at the Department of Motor Vehicles, General Land Office, Texas Division of Emergency Management and the Water Development Board and FTE decline at the Department of Criminal Justice.
  
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 \$4.6 million in All Funds (\$3.5 million in General Revenue-Related Funds) from the 2020-21 biennium because of increasing turnover among these employees. Recommendations assume annual reductions of 17.2 percent in fiscal years 2021, 2022, and 2023 biennium.

**Social Security and Benefit Replacement Pay  
Rider Highlights - House**

**Modification of Existing Riders**

1. **Informational Listing of Appropriated Funds.** Revise rider to reflect benefit recommendations for 2022-23.

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

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<b>C</b>	FTE Highlights	*

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

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

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
STATE MATCH -- EMPLOYER 1.1.1	\$1,820,694,047	\$1,870,839,914	\$50,145,867	2.8%	Recommendations reflect a net increase of \$50.1 million in All Funds 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 years 2021, 2022 and 2023; - 3.0 percent payroll growth for higher education employees in fiscal years 2021, 2022, and 2023; and - FTE growth at the Department of Motor Vehicles, General Land Office, Texas Division of Emergency Management and the Water Development Board and FTE decline at the Department of Criminal Justice.
BENEFIT REPLACEMENT PAY 1.1.2	\$14,516,218	\$9,952,089	(\$4,564,129)	(31.4%)	Recommendations reflect a decrease of \$4.6 million in All Funds and assume annual reductions of 17.2 percent in fiscal years 2021, 2022, and 2023.
<b>Total, Goal 1, SOCIAL SECURITY/BENEFIT REPLACEMENT</b>	<b>\$1,835,210,265</b>	<b>\$1,880,792,003</b>	<b>\$45,581,738</b>	<b>2.5%</b>	
<b>Grand Total, All Strategies</b>	<b>\$1,835,210,265</b>	<b>\$1,880,792,003</b>	<b>\$45,581,738</b>	<b>2.5%</b>	

Employees Retirement System of Texas  
87<sup>th</sup> Legislative Session  
House Appropriations Committee  
HB 1 Introduced

Porter Wilson  
Executive Director  
2021



# ERS Administers Three Pre-Funded Pension Plans



*All funds are projected to run out of money*

	ERS	LECOSRF	JRS 2
	State Employee Elected Official District Attorney LECOSRF members	Law Enforcement & Custodial Officer Supplement	Judges and Justices taking office after 9/1/85
Active Employees	142,062	35,230	570
Non-contributing Members	134,909	25,511	187
Retirees/Beneficiaries	117,996	14,697	484
<b>Fund Depletion Dates</b>	<b>~2061</b>	<b>~2041</b>	<b>~2059</b>

*Actuarial Valuation as of August 31, 2020*

*NOTE: ERS administers a closed pay-as-you-go plan JRS1 for judges elected prior to 9/1/85. These benefits are directly appropriated each biennium.*



# FY 2022-2023 HB 1 Exceptional Item Request

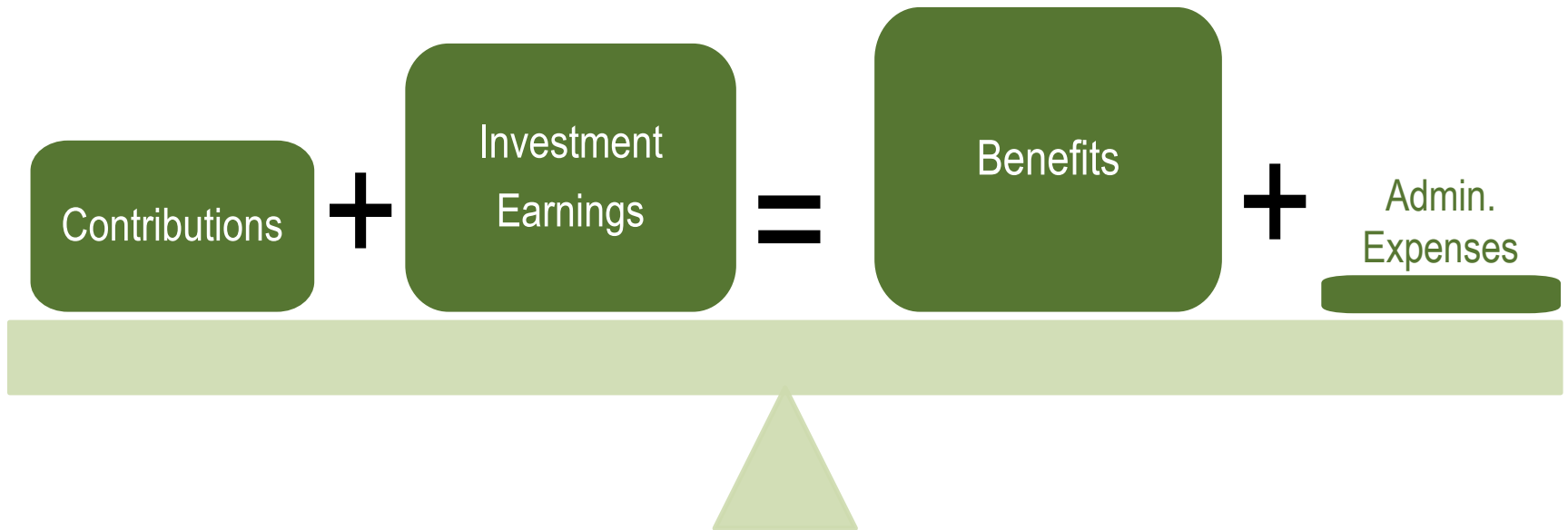
## Fund Actuarially Sound Contribution Levels



	ERS	LECOSRF	JRS2
<b>Current</b> Total Contribution (% of payroll)	19.50%	1.00%	25.08%
<b>Required</b> Actuarially Sound Contribution (% of payroll)	26.13%	3.57%	33.94%
Contribution <b>Shortfall</b> (% of payroll)	<b>6.63%</b>	<b>2.57%</b>	<b>8.86%</b>
<b>Exceptional Item Request to fund contribution shortfall</b>			
<b>All Funds</b>	<b>\$952.5 million</b>	<b>\$89.4 million</b>	<b>\$16.1 million</b>
<b>GR/GR-D</b>	<b>\$688.6 million</b>	<b>\$88.8 million</b>	<b>\$11.4 million</b>

Actuarial Valuation as of August 31, 2020

# Pension Plan Sustainability Requires Balance



# Legislative Reforms Have Lowered Benefit Costs



*Normal Cost for ERS is 14.16% of payroll*

## Group 1

*Employees hired  
before 9/1/2009*

## Group 2

*Employees hired  
9/1/2009 -8/31/2013*

## Group 3

*Employees hired  
on or after 9/1/2013*

Created by  
81<sup>st</sup> Legislature

Created by  
83<sup>rd</sup> Legislature

**32%**

**14%**

**54%**

**Percent**  
*of current workforce*

Regular  
Class

**14.83%**

**13.61%**

**13.32%**

**Normal Cost**  
*as a % of payroll*

LECO\*

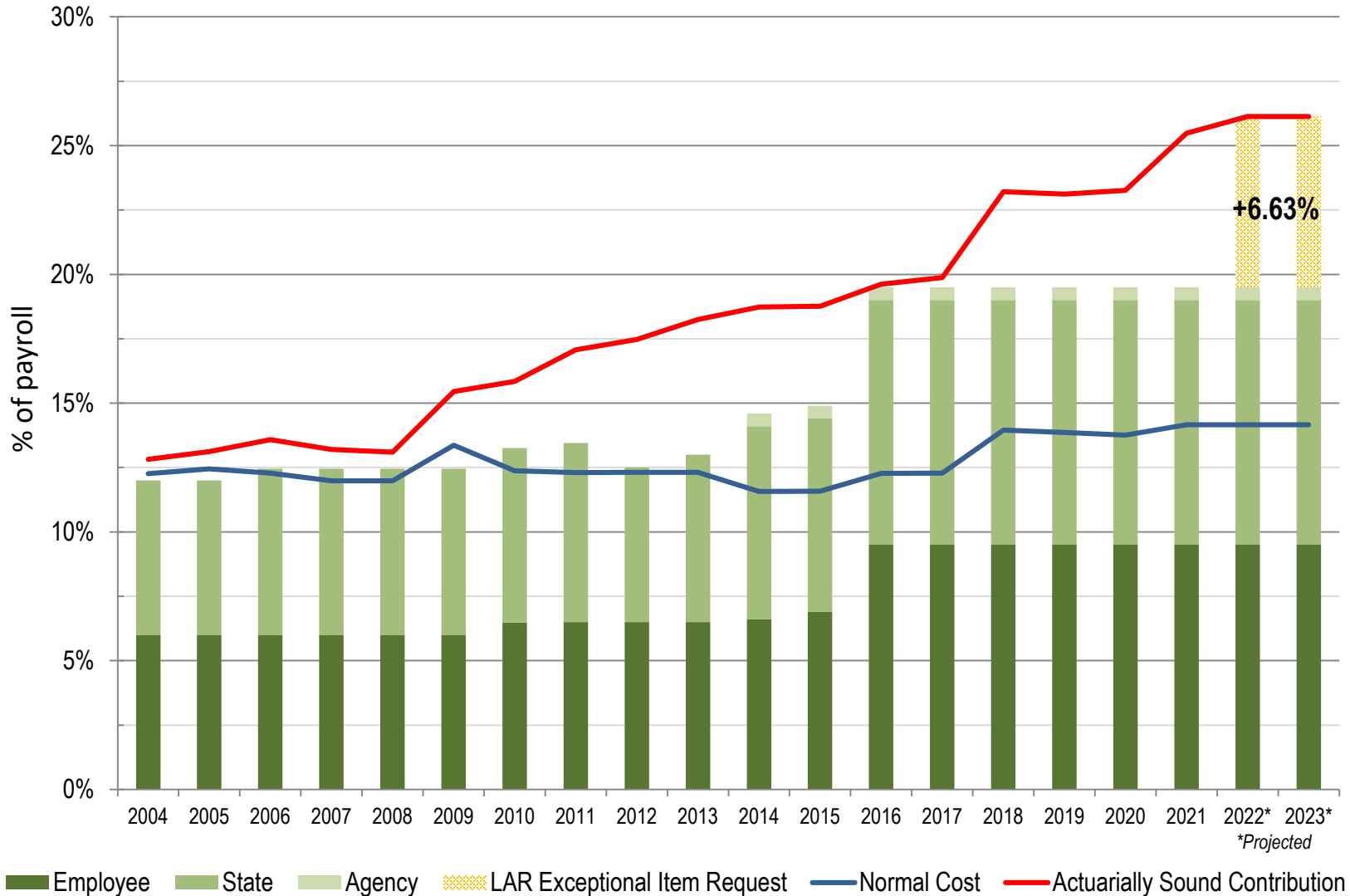
**17.39%**

**15.85%**

**15.79%**

*\*Total Normal Cost for ERS Plan and LECOSRF  
Preliminary Current Employees and Normal Costs as of August 31, 2020*

# The Legislature has increased contributions but have not met the actuarially sound rate



# Plans Funding Status



- Based on current contributions and assumptions, **all funds are projected to run out of money**
- When pension funds deplete, the plans convert to pay-as-you-go status making annual benefit costs significantly more expensive for the state. At the time the funds run out of money, the cost to the state would be 4x more.

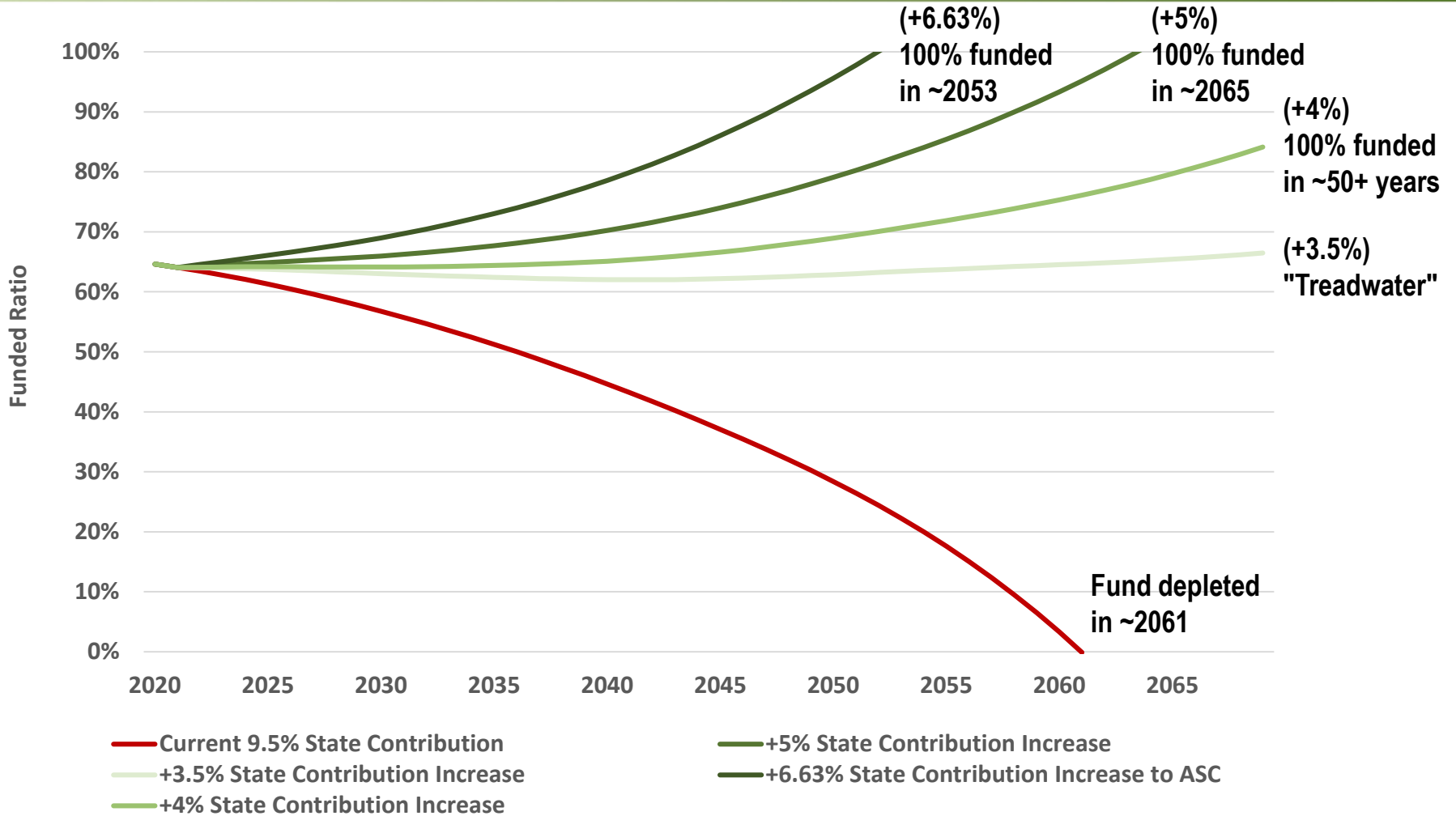
## Actuarial Valuation Results as of August 31, 2020

	ERS	LECOSRF	JRS 2
<b>Actuarial Accrued Liability</b>	\$43.2 B	\$1.61 B	\$591 M
<b>Actuarial Value of Assets</b>	\$28.5 B	\$968 M	\$487 M
<b>Unfunded Accrued Liability</b>	<b>\$14.7 B</b>	<b>\$642 M</b>	<b>\$104 M</b>
<b>Funded Ratio</b>	66.0%	60.1%	82.3%
<b>Funding Period (Years)</b>	Never	Never	Never
<b>Projected Depletion Date</b>	~2061	~2041	~2059

***“The current financial outlook for ERS is very poor. It is important to understand that the currently scheduled contributions are not expected to accumulate sufficient assets in order to pay all of the currently scheduled benefits when due.”***

- Gabriel Roeder Smith & Company Consulting Actuaries

# Impact of State Contribution Rate Increases



State contribution rate increases assumed effective for FY 2022. Projections as of 8/31/2020 valuation and assume no changes to current assumptions and expectations.

- ERS health insurance program remains financially strong
- Thanks to cost management initiatives and competitive contracting, ERS will **not** be requesting appropriations above base funding levels in order to maintain current benefits for the coming biennium

# Appendix

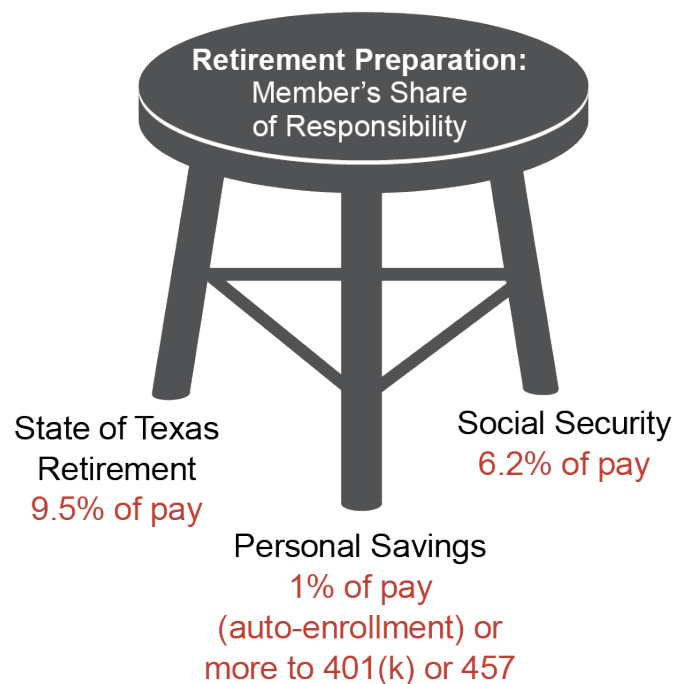


# Employees Have Diversified Retirement Pension, Social Security and Personal Savings



- Four state plans
  - Three pre-funded, open plans
  - One closed, pay-as-you-go plan (JRS1)
- All state employees participate in both state pension and Social Security
- Texa\$aver 401(k)/457 plans
  - Automatic 401(k) enrollment with opt-out
    - 70% of those auto enrolled remain in plan**
  - Among eligible employees:
    - 60% of eligible contribute to 401(k)**
    - 7% of eligible contribute to 457**

**ERS Plan Retirees receive an average monthly benefit of \$1,746**



# Current Contributions



	ERS	LECOSRF <sup>1</sup>	JRS 2
State	9.5%	0.5%	15.663%
Agency	0.5%	-	-
Employees	9.5%	0.5%	9.5%
Total	19.5%	1.00% <sup>2</sup>	25.163% <sup>3</sup>

<sup>1</sup> LECOSRF members participate in both the ERS and LECOS plans.

<sup>2</sup> LECOSRF receives additional revenue from dedicated court costs fees which are projected to be \$17.1 million annually and will decline as a percent of payroll.

<sup>3</sup> JRS 2 total current contributions do not match due to an effective employees contribution of 9.42% from members that have maxed out and stopped contributing.

# Actuarial Valuation Results

## Measuring Funding Needs



Funded Status	ERS	LECOSRF	JRS 2
Unfunded Liability	\$14.7 B	\$642 M	\$104 M
Funded Ratio	66.0%	60.1%	82.3%

Funding Goals	Meets Funding Guidelines and Priorities		
	ERS	LECOSRF	JRS 2
Cover Normal Cost	✓	✗	✗
Avoid Trust Fund Depletion	✗	✗	✗
Fund 31 Year ASC Rate	✗	✗	✗
Fund 20-25 Year ADC Rate	✗	✗	✗

As of August 31, 2020 Valuations

**None of the vital funding goals are being met**

# Legislative Benefit Reforms Have Lowered Costs

## Over 65% of Current Employees in Groups 2 and 3



	Group 1 Employees hired before 9/1/2009	Group 2 Employees hired 9/1/2009 – 8/31/2013	Group 3 Employees hired on/after 9/1/2013
<b>Minimum retirement Age<sup>1</sup></b>	60 with 5 years service credit (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 <sup>2</sup>	5% per year, no cap Age 62 – Regular Class Age 57 – LECO <sup>2</sup>
<b>Final average salary based on:</b>	36 months	48 months	60 months
<b>Multiplier</b>	2.3% - Regular Class 2.8% - LECO <sup>2</sup>	2.3% - Regular Class 2.8% - LECO <sup>2</sup>	2.3% - Regular Class 2.8% - LECO <sup>2</sup>
<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
<b>Portion of Active Membership<sup>3</sup></b>	32%	14%	54%
<b>Normal Cost<sup>3</sup></b>	14.83% - Regular Class 17.39% - LECO <sup>2</sup>	13.61% - Regular Class 15.85% - LECO <sup>2</sup>	13.32% - Regular Class 15.79% - LECO <sup>2</sup>

<sup>1</sup> This age does not consider requirements to be eligible for GBP retiree insurance.

<sup>2</sup> The lower normal 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.

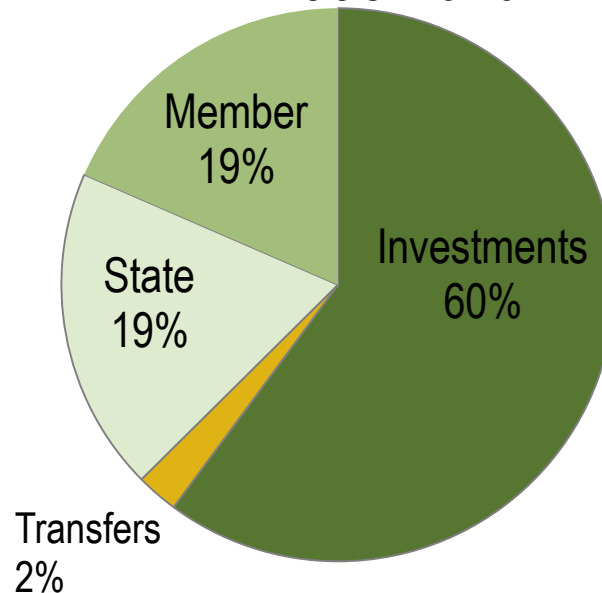
<sup>3</sup> Active Membership and Normal Costs as of August 31, 2020.

# Investment Returns Pay Majority of Benefits

## ERS is a Long-term Investor



### ERS Retirement Trust Assets by Revenue Source FY 1998-2020



Period	30 year	20 year	10 year	5 year	3 year	1 year
Net Return	Unknown*	5.70%	8.12%	7.30%	6.42%	6.82%
Gross Return	7.84	5.79%	8.22%	7.34%	6.46%	6.85%

The actuarial assumed rate of return of 7.0% is based on net return.

\*Not available due to custodian data transfer issue.

As of 8/31/20

**Texas Ethics Commission  
Summary of Budget Recommendations - House**

Page I-39

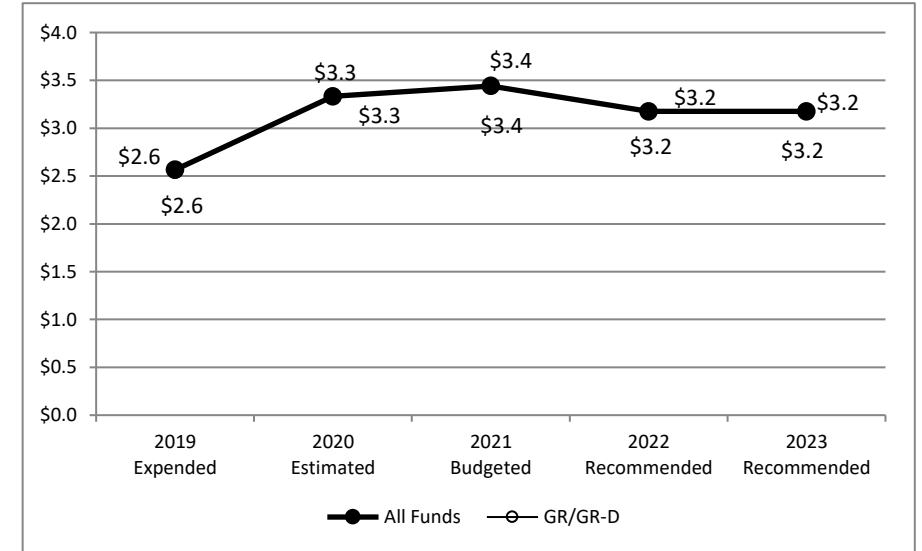
Anne Temple Peters, Executive Director

George Purcell Jr, LBB Analyst

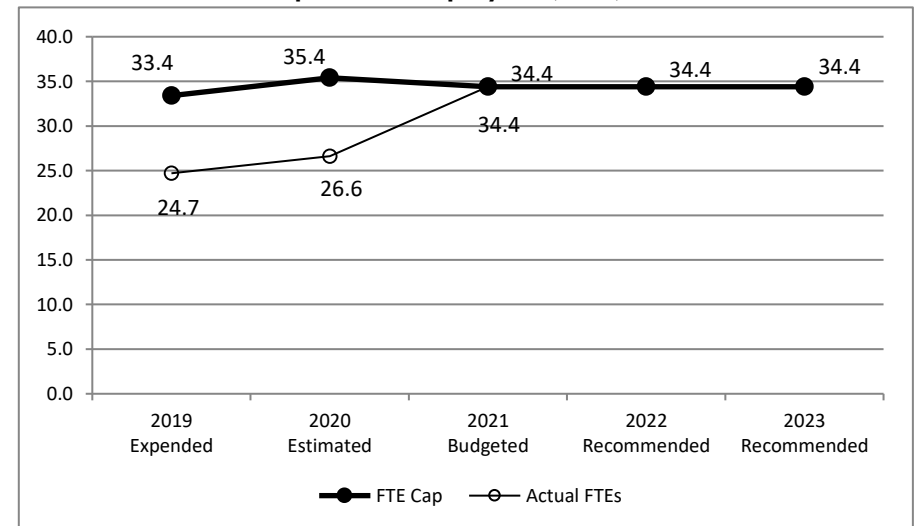
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$6,767,678	\$6,351,116	(\$416,562)	(6.2%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$6,767,678</i>	<i>\$6,351,116</i>	<i>(\$416,562)</i>	<i>(6.2%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$5,509	\$0	(\$5,509)	(100.0%)
<b>All Funds</b>	<b>\$6,773,187</b>	<b>\$6,351,116</b>	<b>(\$422,071)</b>	<b>(6.2%)</b>

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	34.4	34.4	0.0	0.0%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

**Texas Ethics Commission**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A) Removal of various one-time capital budget items related to information technology.	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	B.1.2
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>(\$0.4)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$0.4)</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>	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	As Listed

NOTE: Totals may not sum due to rounding.

**Texas Ethics Commission  
Selected Fiscal and Policy Issues - House**

**1. Adjustments to the Agency's Baseline Budget**

The recommendations remove General Revenue (GR) funding for one-time projects included in the agency's 2020-21 base funding. These projects total \$416,562 and include:

- Enhancement hours appropriated to support enhancements to the Electronic Filing System resulting from legislative changes in the 85th Legislative Session (\$275,000);
- Replacement of network switches to improve the agency's computer systems (\$75,000);
- Initial license fees for a case management software system (\$55,000); and
- Transition to the Centralized Accounting and Payroll/Personnel System (\$11,562).

**2. Update on the Electronic Filing System**

The Commission launched an Electronic Filing Software (EFS) system in 2015. The EFS is a management and search tool for statutory ethics filings. The database facilitates filing applications for campaign finance, lobby, personal financial statements, and certificate of interested party disclosures. Recommendations include funding of \$875,980 for the biennium for vendor maintenance and support of this system. Not included in these recommendations is the Commission's request for an additional \$300,000 to transition its current hosting services to Amazon Web Services.



**Texas Ethics Commission  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Capital Budget.** Recommendations revise this rider to remove three one-time information technology projects: enhancement hours for the Electronic Filing System, network switches, and case management software initial license. In addition, one-time capital funding for CAPPs implementation provided for the 2020-21 biennium and not reduced as part of the agency's five percent reduction is removed.
  
4. **Appropriations for Retirement Payments.** Recommendations revise this rider to reflect updated costs for the 2022-23 biennium.

**Deleted Riders**

4. **Disclosure of Registration under Foreign Agents Registration Act.** The agency was appropriated \$10,000 for the 2020-21 biennium to modify the Electronic Filing System to include additional disclosures related to the Foreign Agents Registration Act. Recommendations remove this rider as the agency has completed these updates.

**Texas Ethics Commission  
Items Not Included in Recommendations - House**

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	Managed cloud services for the Electronic Filing System.	\$300,000	\$300,000	0.0	Yes	Yes	\$300,000
2)	Implement defined enhancement projects to the Electronic Filing System as required by statute and to extend its functionality.	\$275,000	\$275,000	0.0	Yes	Yes	\$275,000
3)	Increase Disclosure Filing Division salaries to align with labor market valuations and title changes.	\$40,000	\$40,000	0.0	No	No	\$40,000
4)	Increase programmer salaries for two unfilled positions to the state average for Programmer II and Programmer III.	\$32,194	\$32,194	0.0	No	No	\$32,194
5)	Revise Rider 3, Judgments and Settlements, to shift payment of state court awarded judgments and settlements against the Commission from the agency's appropriation to appropriations out of the Comptroller's Fiscal Programs Strategy A.1.3, Judgments and Settlements.	\$0	\$0	0.0	No	No	\$0
6)	Case management software license subscription renewal.	\$10,000	\$10,000	0.0	Yes	No	\$50,726
7)	Public Information Records module addition to case management software license subscription.	\$61,590	\$61,590	0.0	Yes	No	\$67,902
8)	Agency request for a new rider to grant it unrestricted transfer authority including between direct and indirect Administration strategies.	\$0	\$0	0.0	No	No	\$0

**TOTAL Items Not Included in Recommendations**

**\$718,784**

**\$718,784**

**\$0**

**\$0**

**\$0**

**\$765,822**

**Texas Ethics Commission  
Appendices - House**

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

**Texas Ethics Commission  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
DISCLOSURE FILING A.1.1	\$614,538	\$681,020	\$66,482	10.8%	Increase of \$0.1 million in General Revenue reflects salary adjustments and one-time merit increases as well as increases in consumables and postage costs.
LEGAL GUIDANCE AND OPINIONS A.1.2	\$847,804	\$1,019,250	\$171,446	20.2%	Increase of \$0.2 million in General Revenue reflects a change in salary split between Strategy A.1.2 and Strategy A.1.3 related to changes in roles and duties among the attorneys who have responsibilities in both strategies.
ENFORCEMENT A.1.3	\$1,936,086	\$1,748,408	(\$187,678)	(9.7%)	Decrease of \$0.2 million in General Revenue reflects a change in salary split between Strategy A.1.3 and Strategy A.1.2 related to changes in roles and duties among the attorneys who have responsibilities in both strategies. Reduced travel for commission meetings and for other operating expenses accounts for the remaining reductions.
<b>Total, Goal A, ADMINISTER ETHICS LAWS</b>	<b>\$3,398,428</b>	<b>\$3,448,678</b>	<b>\$50,250</b>	<b>1.5%</b>	
CENTRAL ADMINISTRATION B.1.1	\$837,379	\$833,274	(\$4,105)	(0.5%)	Overall reduction in General Revenue primarily reflects a decrease in one-time funding for transition to CAPPS, offset by reallocations from Strategy C.1.1 for the Executive Director salary.
INFORMATION RESOURCES B.1.2	\$2,537,380	\$2,069,164	(\$468,216)	(18.5%)	Amounts reflect \$0.4 million in reductions in General Revenue for one-time funding for enhancement hours to the Electronic Filing System, network switches, and a case management software license purchase. The remaining \$0.1 million in reductions in General Revenue reflect a transfer to Strategy B.1.1 to cover shortfalls in that strategy, including the increase in the salary of the Executive Director which was authorized but for which an appropriation was not made, and a decrease in the baseline of Strategy B.1.2 due to other operating costs.
<b>Total, Goal B, INDIRECT ADMINISTRATION</b>	<b>\$3,374,759</b>	<b>\$2,902,438</b>	<b>(\$472,321)</b>	<b>(14.0%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$6,773,187</b>	<b>\$6,351,116</b>	<b>(\$422,071)</b>	<b>(6.2%)</b>	

**Texas Ethics Commission  
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2019	Actual 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	33.4	35.4	34.4	34.4	34.4
Actual/Budgeted	24.7	26.6	34.4	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$133,463	\$139,097	\$139,097	\$139,097	\$139,097
General Counsel	\$118,388	\$121,644	\$121,644	\$121,644	\$121,644

Notes:

- a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) Fiscal years 2019 and 2020 FTE figures are lower than the FTE cap due to two programming staff vacancies and turnover in the Disclosure Division.
- c) The State Auditor's Office Report Executive Compensation at State Agencies (Report 20-706, August 2020) indicates a market average salary of \$146,782 for the Executive Director position at the Ethics Commission. The report does not indicate a market average salary for the General Counsel position. The agency is not requesting a change in salary for either position.



# Texas Ethics Commission

## MEMORANDUM

**TO:** Members of the House Appropriations Committee, Subcommittee on Articles I, IV, V

**FROM:** Anne Peters, Executive Director

**DATE:** January 29, 2021

**SUBJECT:** Texas Ethics Commission Budget Testimony

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### I. Introduction

This testimony will provide an overview of the Texas Ethics Commission and our budget, and will focus on our exceptional items requests. Finally, this testimony will provide information on the agency's COVID-19 response and expenditures.

*(Presenters to be determined.)*

### II. Agency Overview

The mission of the Texas Ethics Commission (TEC) is to promote public confidence in government. The TEC carries out its mission by administering and enforcing the state's campaign finance, lobby, and other ethics laws. The agency prioritizes providing the public with access to information about public officials, candidates for public office, and lobbyists; assisting those required to file information with the agency in understanding their responsibilities under laws administered by the TEC and fostering compliance with the laws under the TEC's jurisdiction; and fairly and effectively upholding and enforcing the laws under its authority. Our budget request reflects the agency's mission and priorities.

The Texas Ethics Commission has eight commissioners. Four of the commissioners are appointed by the Governor, two are appointed by the Lieutenant Governor, and two are appointed by the Speaker of the Texas House of Representatives. Members of the Texas Senate and the Texas House of Representatives who represent each political party submit lists of nominees to the appropriate state official for appointment. The commissioners serve four-year terms. The Commission's even number and bipartisan nominations ensure nonpartisan functioning, as does the need for six out of eight commissioners to agree on important actions, such as adopting a rule or finding a violation of law following a formal hearing on a sworn complaint.

The TEC has 34.4 full time equivalents (FTEs) authorized as of Sept. 1, 2020. Currently, there are 27 employees on staff. The fiscal year (FY) 2020 turnover rate was 19.4 %, which was higher than

statewide rate of 18.6% and Article I agencies' rate of 9%. Of the agency's 27 employees, 80.8% were paid below the midpoint of the salary range to which they were assigned in FY 2020. In FYs 2020-2024, 31% of employees will be eligible to retire. See Exhibit A.

Many of the mission-critical duties performed by the staff can be described with the following statistics. The TEC Disclosure Filing Services (DFS) Division receives an average of 29,400 filed reports each year and sends an average of 2,200 notices to late filers each year. The Enforcement Division investigates and resolves an average of 254 sworn complaints each year and additionally responds to an average of 130 attempted complaints. There are approximately 4,510 persons who file campaign finance reports, 1,866 who file lobby reports, and 3,308 who file personal financial statements with the Commission. As of June 2020, there were 3,385 active government users and 27,190 active business users of the agency's HB 1295 electronic filing application. In FY 2019,<sup>1</sup> DFS staff fielded 2,873 phone calls; CSD took 8,167 phone calls; legal took 4,218 phone calls; and administration took 18,565 phone calls. The agency had more than 1,700 inquiries related to COVID-19 in 2020. In FY 2020, legal, including the legal helpline, took 4,623 questions.

### **III. Budget Overview**

The Legislative Budget Board's (LBB) Recommended 2022-2023 baseline budget is \$6,351,116: which represents the Adjusted GOBPP/LBB Approved 2020-21 GR and GR-Dedicated Base ("adjusted base"), reduced by 6.2%.

The following items included in the FY 2020-2021 baseline are not funded in FY 2022-2023 LBB Recommendation:

1. Enhancement hours for improvements to the electronic filing system (\$137,500 per year)

The Texas Ethics Commission is requesting reinstatement of these funds for a number of prioritized enhancement projects for the electronic filing system and database. The Commission's maintenance contract with the vendor for the agency's electronic filing system does not cover enhancements to the system. "Enhancement" is a misnomer; at least some of this funding is necessary for the agency to tread water. Enhancements to the campaign finance, lobby, personal financial statement, and certificates of interested party filing applications, the application manager, and the underlying infrastructure are required to implement existing statutory requirements (such as compliance with the ongoing requirement that we annually adjust reporting thresholds), new or changed Commission rules, and requests for modification from TEC filers and the public. Enhancements are billed by the vendor for time and materials at \$125 per hour. Typical enhancement projects require 100 or more hours of labor to cover design, development, testing, and deployment into the production system. See Exhibit B.

To be specific, funding for enhancements is necessary for: (1) adding in our database an end date for appointments of PFS filers to more accurately determine who does need to file; (2) facilitating the required destruction of report as required under existing law (§572.034(c), Gov't Code); (3) facilitating the redaction of the home address of PFS filers (§572.032(a-1) Gov't Code) and judges' home addresses from campaign finance filings (§254.0313, Election Code); (4) allowing those who file late to submit a statement of defense; (5) adding an online payment portal so that candidates,

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<sup>1</sup> FY 2019 totals are used because many different methods of communications were used during the COVID-19 pandemic, and therefore the incoming phone call statistics from FY 2020 as recorded by certain divisions are not representative of a typical year.

officeholders, and lobbyists can pay their fines or registration fees through the filing system rather than separately sending a check or providing credit card information over the phone; (6) prompting filers when a report is not filed; (7) adding a “Zero Net Gain/Loss” checkbox option where filings require gains or losses to be reported.

These enhancements directly affect TEC filers and would make compliance with the reporting requirements easier.

2. One-time 2020-2021 exceptional items, which are not needed or requested in FY 2022-2023:
  - a. \$55,000 for case management software
  - b. \$75,000 for network switches
  - c. \$11,562 for the CAPPs FTE

#### **IV. 2022-2023 Exceptional Items Request Details**

1. The TEC requests \$300,000 in the biennium for Managed Cloud Services for the Commission’s Electronic Filing System. The agency’s hardware is considered legacy, and the manufacturer will soon no longer support the hardware. Moving the filing system to the cloud will adhere to DIR’s Strategic Plan for Cloud Services, will provide the flexibility of on-demand CPU and storage capacity, and will enable the filing system to benefit from continual cybersecurity enhancements. Failure to address the issue at all risks the failure of our electronic filing system. Therefore, lack of funding for this item may adversely affect filers and the public’s ability to access filings, which are among the agency’s fundamental duties. See Exhibit C.

2. The TEC requests \$275,000 in the biennium for other Electronic Filing System and database enhancement hours. As discussed previously, because this was not funded in the bill, we are requesting this as an exceptional item.

3. The TEC requests \$40,000 in the biennium to increase salaries for the Administrator positions who assist with filings for candidates and officeholders, political committees, and state officers who file personal financial statements. The agency has employees that do consultative services and technical assistance work and are classified and paid as near- entry-level administrative assistants. Their work requires legal knowledge and analysis because they assist filers (by fielding more than 3,200 calls per year) and determine fines (by applying statutory formulas and waivers). They are also responsible for ensuring that campaign finance and lobby activity reports are available to the public within two working days of filing, and for preparing and sending all notices regarding filing deadlines and late reports. The salary increase is to align with the job market and new title change—from administrative assistants to Program Specialists, and to increase pay in accordance with the reclassification. The change is necessary to match the employees’ titles with their responsibilities. Funding this item will have a measurable positive effect on filers in the timeliness of assistance and notices regarding filings, and to the public who rely on these employees to make filings available promptly. See Exhibit D.

4. The TEC requests \$32,194 in the biennium to increase Programmer salaries. This item is particularly important if the agency is not awarded its request for Managed Cloud Services, because the agency will continue to be responsible for maintaining every aspect of its filing and disclosure systems. The TEC has two posted programmer II-III positions that we have been unable to fill, representing 50%



of the needed programmer positions. The salaries are posted at a range of \$55,000- \$60,000, which is below the state average of \$60,575 for a Programmer II and \$70,522 for a Programmer III, and well below the private sector market rate. The Commission is requesting to increase the salary range to align with the state average and the private sector market rate. Filling these positions is necessary to respond to expected retirements. Without multiple programmers within the agency familiar with the agency's needs, the TEC will be unable to maintain and update its technology as needed to comply with law. Failure to fund this item will indirectly lead to reduced services for filers and the public. See Exhibit E.

5. The TEC requests \$10,000 in the biennium to fund the Case Management Software License Subscription Renewal shortfall. Two years ago, the agency was given \$55,000 (in addition to an amount for ongoing yearly maintenance) for the initial purchase of a case-management-software system. After evaluating bids, the agency determined that the best option was a subscription-model service from GovQA, which is used by several other Texas state agencies. Consequently, the agency did not spend any of that \$55,000, instead returning it to the state. However, because there was no upfront cost, the annual license cost was slightly higher than the amount given to the agency for ongoing maintenance. Of the \$55,000 it returned, the agency is requesting only \$10,000 over the biennium to cover the shortfall. See Exhibit F.

6. The TEC requests \$61,590 to add an open records request management module to our current sworn complaint case management system that was previously funded as a capital rider in the 2020-2021 biennium and listed as a capital rider maintenance rider for the amount of \$22,000. This funding would enable this agency to more quickly and efficiently address open records requests, working to fulfill the agency's commitment to transparency in government.

7. The TEC also requests the following Rider changes:

a. Transfer Authority: The TEC also requests removal of the restriction of transferring funds into Indirect Administration from Direct Strategies. Indirect Administration supports and makes possible the work being done under the direct strategies, and are necessary for the agency to comply with various laws and regulations. A state agency dedicated to promoting public confidence in government needs to have its employees ensuring that we ourselves are complying with all applicable laws.

b. Judgements and Settlements: The TEC also requests rider changes to remove restriction of certain judgement or settlements paid by Comptroller.

c. The Commission also requests reinstatement of the 5% reduction that covered costs for training symposiums, commission travel expenses and other operating expenses. This reduction was simply a result of decreased travel during the pandemic and is not expected in the coming fiscal years.

## **V. COVID-19 Responses and Expenditures**

Throughout the COVID-19 pandemic, the TEC has prioritized the safety of its employees and the people it serves. To that end, in March 2020, the TEC authorized all eligible employees to work from home. The agency currently maintains at least one IT staff in office and administrative staff that work on flex schedules as needed in office. The TEC continues to serve the public via email and phone and stays in constant contact with staff via teleconference meetings. Commission meetings have been held remotely since June of 2020 in a manner that complies with the Open Meetings Act, and Commission enforcement hearings are undertaken in a manner that allows respondents to fully

participate remotely.

To facilitate the TEC's uninterrupted service, the TEC has purchased 24 laptops, 24 protective laptop bags, 29 docking stations and locks, and 24 computer mice. The TEC has also purchased fabric face masks, disposable gloves, hand sanitizers, touchless thermometers, and spray disinfectants for the staff that continue to come into the office to handle in-person functions such as mail and IT security. The TEC has also utilized audio conference services and has contracted with a video conferencing system to comply with the Open Meetings Act. The Texas Facilities Commission installed a sneeze guard at the front reception desk in order to avoid direct contact with other staff and mail carriers. We will continue to purchase additional disinfectant wipes and sprays to maintain a sanitized work area for all our staff. FY 2020 projected expenditures are \$58,750 for these procurements; FY 2021 projected expenditures are \$4,529 for virtual audio teleconference services, headsets, and reusable face masks. See Exhibit G.

### 356 - Texas Ethics Commission

Workforce Summary Document prepared by the State Auditor's Office.

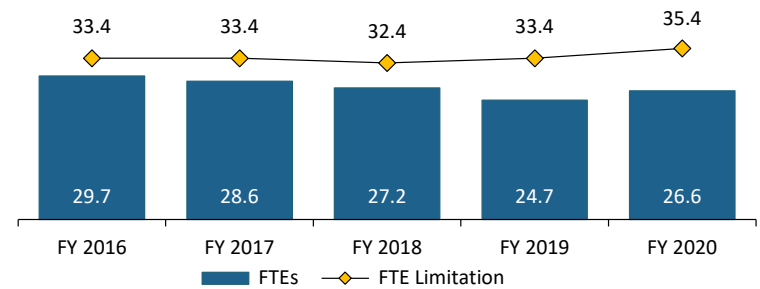
Based on information **self-reported** by the agency, the following items are noteworthy.

#### Full-Time Equivalent (FTE) Employees

The agency's full-time equivalent (FTE) employee limitation increased by 6.0 percent to 35.4 FTEs in fiscal year 2020 compared with fiscal year 2019. Compared with fiscal year 2016, the agency had a decrease of 3.1 (10.4 percent) in the total number of FTEs.

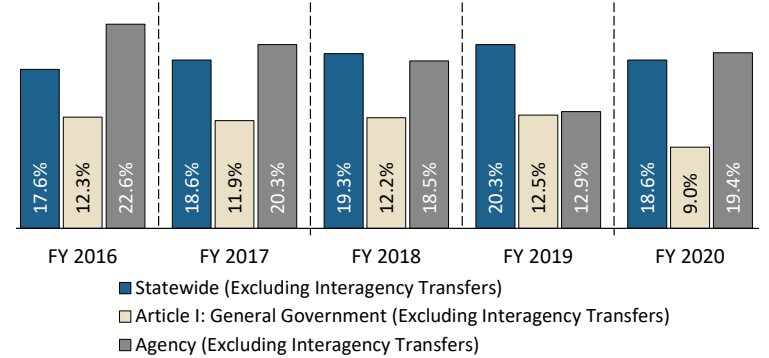
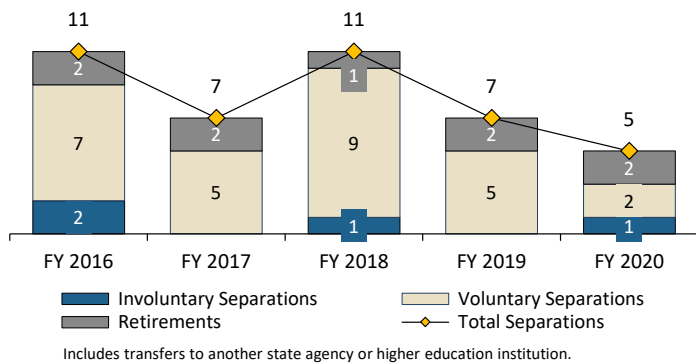
##### FTEs Below/Above FTE Limitation

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
FTE Limitation	33.4	33.4	32.4	33.4	35.4
Number Below or Above Limitation	-3.7	-4.8	-5.2	-8.7	-8.8
Percent Above or Below Limitation	-11.1%	-14.4%	-16.0%	-26.0%	-24.9%



#### Employee Turnover<sup>a</sup>

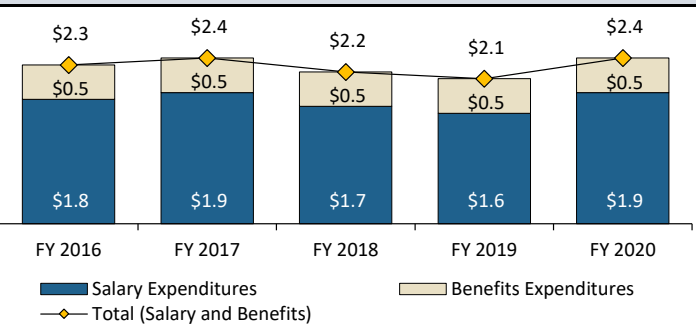
Excluding interagency transfers, the turnover rate within the agency (19.4 percent) was higher than the statewide turnover rate (18.6 percent) and higher than the turnover rate of Article I agencies (9.0 percent) during fiscal year 2020. The fiscal year 2020 agency turnover rate including employees who transferred to another state agency or higher education institution was 19.4 percent.



#### Compensation Information<sup>a</sup>

The average agency salary of \$59,932 in fiscal year 2020 represented an increase of 12.6 percent compared with the average agency salary in fiscal year 2016. In fiscal year 2020, 80.8 percent of employees were paid below the midpoint of the salary range in which they were assigned. Total agency expenditures for salaries and benefits were higher compared with fiscal year 2016.

##### Salary and Benefits Expenditures (in Millions)



##### Average Salary Trends

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Executive Director	\$ 133,463	\$ 133,463	\$ 133,463	\$ 133,463	\$ 139,097
Agency Average	\$ 53,234	\$ 55,856	\$ 58,474	\$ 60,593	\$ 59,932
Article Average	\$ 58,689	\$ 59,902	\$ 61,126	\$ 61,949	\$ 64,384
Statewide Average	\$ 45,365	\$ 46,475	\$ 47,506	\$ 47,994	\$ 49,500

Note: With the exception of the executive director, the average salary is for classified regular, full-time employees only.

##### Number of and Total Dollars Spent on Salary Actions

	Fiscal Year 2019		Fiscal Year 2020	
	Actions	Dollars Spent	Actions	Dollars Spent
Promotions	4	\$ 34,302	10	\$ 64,309
Merits	3	\$ 15,146	6	\$ 27,072
One-Time Merits	15	\$ 136,050	23	\$ 178,552
Equity Adjustments	0	\$ 0	0	\$ 0
Reclassifications	0	\$ 0	0	\$ 0
<b>Totals</b>	<b>22</b>	<b>\$ 185,498</b>	<b>39</b>	<b>\$ 269,933</b>

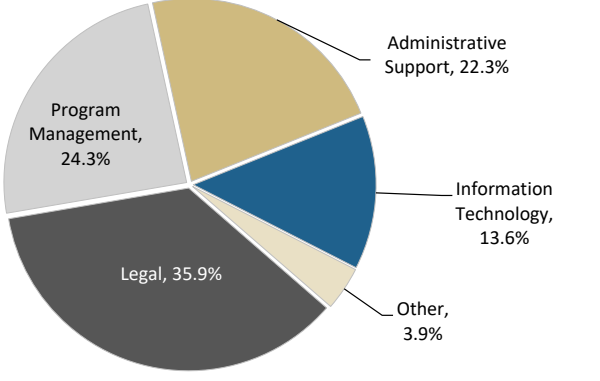
##### Salary Range Distribution<sup>b</sup>

	Employees	Below Midpoint	At or Above Midpoint
Salary Schedule A	6.75	44.4%	55.6%
Salary Schedule B	18.00	94.4%	5.6%
<b>Totals</b>	<b>24.75</b>	<b>80.8%</b>	<b>19.2%</b>

<sup>a</sup> Turnover and salary trends information was taken from the Office of the Comptroller of Public Accounts' Uniform Statewide Payroll/Personnel System and Standardized Payroll/Personnel Reporting System. Unless otherwise indicated, the data reported is for classified regular, full-time and part-time employees. Salary and benefit information was taken from the Office of the Comptroller of Public Accounts' Uniform Statewide Accounting System.

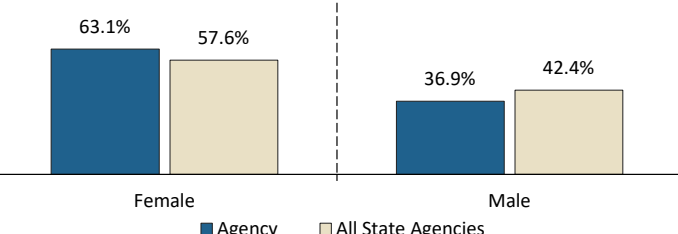
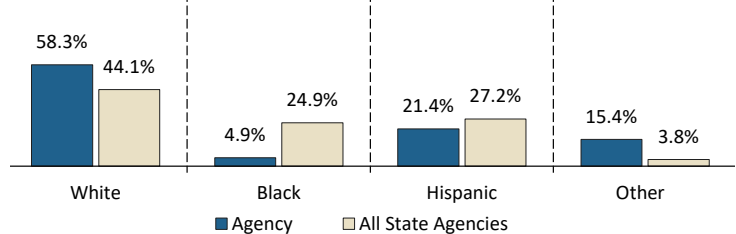
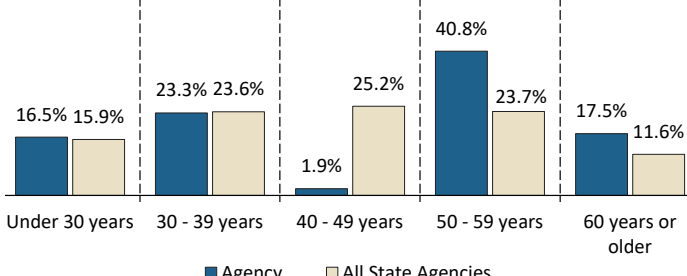
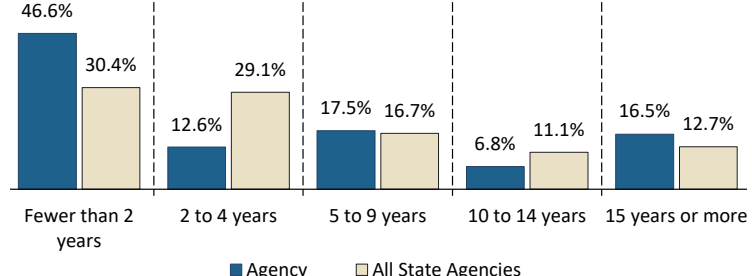
<sup>b</sup> Includes classified regular, full-time employees only. The total percentage for salary range distribution is not the sum of salary schedules A and B percentages.

### Job Classifications<sup>c d</sup>

Fiscal Year 2020 Major Occupational Categories	Agency Job Classifications
	<p>In fiscal year 2020, the majority (84.5 percent) of employees were classified in the following job titles: Administrative Assistant (22.3 percent), Attorney (21.4 percent), Director (11.7 percent), Legal Assistant (10.7 percent), Programmer (9.7 percent), and Staff Services Officer (8.7 percent).</p>
<b>Classification Compliance Audit</b>	
<p>During the past two years, this agency was not selected as part of our office's classification compliance audits.</p>	

### Fiscal Year 2020 Workforce Demographics<sup>c</sup>

On average, employees at the agency were 47.5 years old and had 6.5 years of agency length of service. Of the agency's employees, 60.2 percent were 40 years old or older, and 59.2 percent had fewer than 5 years of agency length of service. The Employees Retirement System estimates that between fiscal years 2020 and 2024, 31.0 percent of the agency's workforce will be eligible to retire (based on fiscal year 2020 data).

Gender	Ethnicity
	
Age	Agency Length of Service
	

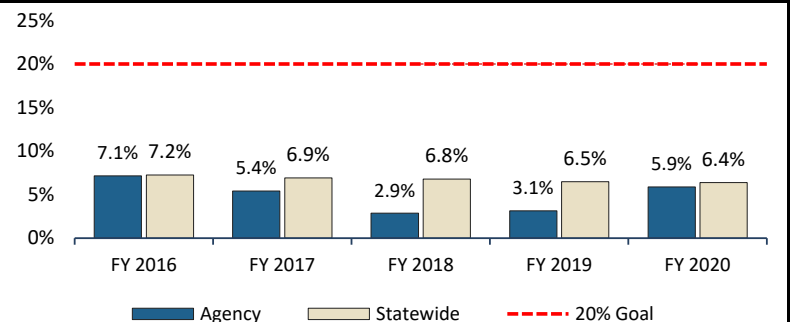
<sup>c</sup> Job classification and demographic information was taken from the Office of the Comptroller of Public Accounts' Uniform Statewide Payroll/Personnel System and Standardized Payroll/Personnel Reporting System. Data includes classified regular, full-time and part-time employees. Demographic data may appear skewed for agencies with fewer than 50 employees.

<sup>d</sup> Percentages may not sum exactly due to rounding.

### Veteran Employment<sup>e</sup>

Effective fiscal year 2016, Texas Government Code, Section 657.004, sets for state agencies a goal of employing veterans in full-time positions equal to at least 20.0 percent of the total number of agency employees.

In fiscal year 2020, the agency's total percent of veterans employed was lower than the statewide average and had increased since fiscal year 2019.



<sup>e</sup> Veteran employment information was obtained from the Office of the Comptroller of Public Accounts. Statewide totals include state agencies and higher education institutions.

**Estimated vendor costs to modify the  
Texas Ethics Commission Electronic Filing System Software  
(as of January 26, 2021)**

Software Enhancement	High Level Estimates (Not Final)		
	Estimated* Hours to Implement and Test	Hourly Cost	Total Estimated Cost
FAM: PFS agency official actual end date	80	\$ 125	\$ 10,000
PFS report deletion [§572.03(c) Govt Code]	120	\$ 125	\$ 15,000
PFS home address redactions [§572.032(a-1) Govt Code]	400	\$ 125	\$ 50,000
CF Judicial address redactions [§254.0313 Election Code]	1200	\$ 125	\$ 150,000
Migration to cloud	750	\$ 125	\$ 93,750
Filing apps: Add AFFD functionality	450	\$ 125	\$ 56,250
Fine payment portal + FAM accounting system	1800	\$ 125	\$ 225,000
Filing apps: Prompt filer that report not filed	160	\$ 125	\$ 20,000
PFS: Zero Net GAIN/LOSS checkbox	100	\$ 125	\$ 12,500
<b>TOTAL Vendor Costs:</b>	<b>5060</b>		<b>\$ 632,500</b>

\* These are estimates calculated using high level designs

Purchase Order Inquiry  
Purchase Order

Business Unit 35600  
PO ID 21-034

Texas Smart Buy  
TxSmartBuy PO ID

PO Status Dispatched  
Budget Status Valid

Universal Fields

Universal Field	Free form text	Carry-forward
1		

Header

PO Date 11/18/2020      PO End Date  
 Supplier Name RFD & ASSO-001      Doc Tol Status Valid  
 Supplier ID 1742736774      [Supplier Details](#)      Backorder Status Not Backordered  
 Buyer Margaret Esther Sanchez      Receipt Status Received  
     Hold From Further Processing

**Amount Summary**

PO Reference RFD Enhancement hours EFS 2021

Header Details   HUB Bid Details      Activity Summary  
 Change Order   HUB Subcontracting    Header Comments...  
 All RTV                                      Document Status  
 Matching

Merchandise 137,500.00  
 Freight/Tax/Misc. 0.00  
**Total** 137,500.00 USD  
 Encumbrance Balance 0.00 USD

[Special/Priority Purchase Types:](#)

Lines

Line	Item ID	Item Description	NIGP Class	NIGP Item	Purchasing Method	Purchasing Category Code
1		<a href="#">Enhancement hours for the elec</a>	920	45	SV	S

[View Approvals](#)

[Return to Search](#)   [Previous in List](#)   [Next in List](#)   [Notify](#)

**From:** [Jessie Haug](#)  
**To:** [Anne Peters](#)  
**Subject:** FW: Request for cost estimate to move the TEC filing system to the cloud  
**Date:** Tuesday, September 08, 2020 9:25:50 PM

---

Here is the sizing note I received from RFD.

---

**From:** Tom Lynch [REDACTED]  
**Sent:** Wednesday, August 12, 2020 4:23 PM  
**To:** Jessie Haug <[REDACTED]> Scott Glover <[REDACTED]> Erik Dietz  
[REDACTED]  
**Subject:** RE: Request for cost estimate to move the TEC filing system to the cloud

Jessie:

For RFD to handle hosting for the Ethics E-filing system, as well as managing and monitoring the associated environments, we think you should budget \$150,000-\$200,000 per year. Making the move to a managed cloud environment would let TEC eliminate hardware maintenance costs, as well as Red Hat license and support costs, while reducing demands on your staff. Jasper license costs would remain; we have not yet analyzed whether we can reduce the cost for those licenses going forward. The higher figure could probably also include hosting the agencies website. We would need to understand more about the resources currently dedicated to running the current site before we could narrow down the figures.

Separate from the annual managed service cost, we estimate that the transformation and migration effort to move the E-filing system to the cloud would take between 500 and 750 hours. You could use hours you have already accumulated under the maintenance contract to cover this effort.

Please let me know if you need additional information for your budgeting efforts.

Best regards,  
Tom

**Tom Lynch, PMP**  
[REDACTED]

---

**From:** Jessie Haug [REDACTED]  
**Sent:** Tuesday, August 11, 2020 6:29 PM  
**To:** Scott Glover [REDACTED] Tom Lynch [REDACTED]; Erik Dietz  
[REDACTED]  
**Subject:** Request for cost estimate to move the TEC filing system to the cloud



# Program Specialist I

Salary Group: B17

Class Code: 1570

<u>CLASS TITLE</u>	<u>CLASS CODE</u>	<u>SALARY GROUP</u>	<u>SALARY RANGE</u>
<b>PROGRAM SPECIALIST I</b>	<b>1570</b>	<b>B17</b>	<b>\$36,976 - \$58,399</b>
PROGRAM SPECIALIST II	1571	B18	\$39,521 - \$64,449
PROGRAM SPECIALIST III	1572	B19	\$42,244 - \$68,960
PROGRAM SPECIALIST IV	1573	B20	\$45,158 - \$73,788
PROGRAM SPECIALIST V	1574	B21	\$48,278 - \$78,953
PROGRAM SPECIALIST VI	1575	B23	\$55,184 - \$90,393
PROGRAM SPECIALIST VII	1576	B25	\$63,104 - \$103,491

## GENERAL DESCRIPTION

Performs routine (journey-level) consultative services and technical assistance work. Work involves assisting with planning, developing, and implementing an agency program and providing consultative services and technical assistance to program staff, government agencies, community organizations, or the general public. Works under moderate supervision, with limited latitude for the use of initiative and independent judgment.

## DISTINGUISHING CHARACTERISTICS

The Program Specialist job classification series should only be used if there is no occupationally specific job classification available within the State's Position Classification Plan that would be a good fit for the majority of work being performed. Employees in this series should not have supervisory responsibilities; however, senior levels may train, lead, assign, and/or prioritize the work of others, which may include serving in a team lead capacity. The Program Supervisor job classification series was designed to address employees performing work similar to the Program Specialist job classification series but who have the additional responsibility of supervising employees working in an agency program or multiple programs.

## EXAMPLES OF WORK PERFORMED

Performs an array of technical, training, research, planning, policy, program assessment, and administrative activities related to program assignment.

Provides support and collaborates in the planning, development, implementation, analysis, and documentation of an agency program.

Serves as a liaison to staff, government agencies, community organizations, or the general public to assist in explaining program specifics and requirements.

Markets program(s) to community and professional groups to encourage and/or improve interest in the program(s).

Monitors and reviews compliance with requirements, laws, regulations, policies, and procedures for assigned program.



Assists with the collection, organization, analysis, and/or preparation of materials in response to requests for program information and reports.

Assists in providing consultative services and technical assistance for agency programs.

Assists with the preparation of administrative reports, studies, and specialized projects.

Assists in preparing comprehensive reviews of literature, statutes, rules, and/or policies.

Assists with the review of program area operations to identify areas in need of change and assists with the development of plans to improve or address areas of concern.

May assist in preparing and evaluating program budget requests.

May assist in preparing justifications for the implementation of procedural or policy changes.

May assist in developing policy and procedure manuals.

May assist in analyzing legislation to develop recommendations for policy in programmatic areas relating to the implementation, improvement, and/or expansion or reduction of program funding.

Performs related work as assigned.

## **GENERAL QUALIFICATION GUIDELINES**

### **EXPERIENCE AND EDUCATION**

Experience in a field related to the agency program. Graduation from an accredited four-year college or university with major course work in a field relevant to the assignment is generally preferred. Experience and education may be substituted for one another.

### **KNOWLEDGE, SKILLS, AND ABILITIES**

Knowledge of local, state, and federal laws related to the program area; of public administration techniques; of training and marketing techniques; and of program management processes and techniques.

Skill in identifying measures or indicators of program performance and in the use of a computer and applicable software.

Ability to gather, assemble, correlate, and analyze facts; to devise solutions to problems; to market programs; to prepare reports; to develop, evaluate, and interpret policies and procedures; and to communicate effectively.

### **REGISTRATION, CERTIFICATION, OR LICENSURE**

May require registration, certification, or licensure in a specialty area.

0242	PROGRAMMER II	B21	582	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	4,953.44	USPS
0242	PROGRAMMER II	1B21	701	TEXAS EDUCATION AGENCY	4,960.00	SPRS
0242	PROGRAMMER II	1B21	302	OFFICE OF THE ATTORNEY GENERAL	5,000.00	SPRS
0242	PROGRAMMER II	1B21	320	TEXAS WORKFORCE COMMISSION	5,000.00	SPRS
0242	PROGRAMMER II	1B21	608	TEXAS DEPARTMENT OF MOTOR VEHICLES	5,166.66	SPRS
0242	PROGRAMMER II	1B21	608	TEXAS DEPARTMENT OF MOTOR VEHICLES	5,166.66	SPRS
0242	PROGRAMMER II	1B21	608	TEXAS DEPARTMENT OF MOTOR VEHICLES	5,166.66	SPRS
0242	PROGRAMMER II	B21	582	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	5,201.09	USPS
0242	PROGRAMMER II	B21	356	TEXAS ETHICS COMMISSION	5,275.00	USPS
0242	PROGRAMMER II	1B21	479	OFFICE OF RISK MANAGEMENT	5,300.00	SPRS
0242	PROGRAMMER II	1B21	529	HEALTH AND HUMAN SERVICES COMMISSION	5,301.29	SPRS
0242	PROGRAMMER II	1B21	323	TEACHER RETIREMENT SYSTEM	5,416.67	SPRS
0242	PROGRAMMER II	1B21	529	HEALTH AND HUMAN SERVICES COMMISSION	5,426.85	SPRS
0242	PROGRAMMER II	B21	582	TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	5,478.34	USPS
0242	PROGRAMMER II	1B21	320	TEXAS WORKFORCE COMMISSION	5,500.00	SPRS
0242	PROGRAMMER II	1B21	320	TEXAS WORKFORCE COMMISSION	5,500.00	SPRS
0242	PROGRAMMER II	1B21	332	DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS	5,700.00	SPRS
0242	PROGRAMMER II	1B21	455	RAILROAD COMMISSION	5,702.90	SPRS
0242	PROGRAMMER II	B21	466	CONSUMER CREDIT COMMISSION	5,733.92	USPS
0242	PROGRAMMER II	1B21	454	TEXAS DEPARTMENT OF INSURANCE	5,750.00	SPRS
0242	PROGRAMMER II	1B21	454	TEXAS DEPARTMENT OF INSURANCE	5,750.00	SPRS
0242	PROGRAMMER II	1B21	529	HEALTH AND HUMAN SERVICES COMMISSION	5,800.00	SPRS
0242	PROGRAMMER II	1B21	529	HEALTH AND HUMAN SERVICES COMMISSION	5,833.33	SPRS
0242	PROGRAMMER II	1B21	302	OFFICE OF THE ATTORNEY GENERAL	5,886.00	SPRS
0242	PROGRAMMER II	1B21	323	TEACHER RETIREMENT SYSTEM	5,965.41	SPRS
0242	PROGRAMMER II	B21	362	TEXAS LOTTERY COMMISSION	6,054.65	USPS
0242	PROGRAMMER II	1B21	529	HEALTH AND HUMAN SERVICES COMMISSION	6,067.48	SPRS
0242	PROGRAMMER II	B21	411	TEXAS COMMISSION ON FIRE PROTECTION	6,250.00	USPS
0242	PROGRAMMER II	1B21	401	TEXAS MILITARY DEPARTMENT	6,500.00	SPRS
0242	PROGRAMMER II	1B21	529	HEALTH AND HUMAN SERVICES COMMISSION	6,500.99	SPRS
0242	PROGRAMMER II	B21	364	HEALTH PROFESSIONS COUNCIL	6,575.00	USPS
Agency average					\$5,047.95	\$60,575.41

0243	PROGRAMMER III	1B23	332	DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS	7,369.75	SPRS
0243	PROGRAMMER III	1B23	455	RAILROAD COMMISSION TEACHER	7,387.35	SPRS
0243	PROGRAMMER III	1B23	323	RETIREMENT SYSTEM GENERAL LAND OFFICE AND VETERAN'S LAND BOARD	7,390.25	SPRS
0243	PROGRAMMER III	B23	305	TEACHER RETIREMENT SYSTEM	7,416.00	USPS
0243	PROGRAMMER III	1B23	323	TEACHER RETIREMENT SYSTEM	7,490.00	SPRS
0243	PROGRAMMER III	1B23	323	TEACHER RETIREMENT SYSTEM	7,500.00	SPRS
0243	PROGRAMMER III	1B23	529	HEALTH AND HUMAN SERVICES COMMISSION	7,500.00	SPRS
0243	PROGRAMMER III	1B23	529	HEALTH AND HUMAN SERVICES COMMISSION	7,500.00	SPRS
0243	PROGRAMMER III	1B23	323	TEACHER RETIREMENT SYSTEM	7,530.70	SPRS
0243	PROGRAMMER III	1B23	542	CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS	7,532.75	SPRS
Agency average					\$5,876.79	\$70,521.45

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**Computer Programmers** [Video](#) - Create, modify, and test the code, forms, and script that allow computer applications to run. Work from specifications drawn up by software developers or other individuals. May assist software developers by analyzing user needs and designing software solutions. May develop and write computer programs to store, locate, and retrieve specific docum... [More](#)

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.



**Advertised Job Skills**

Advertised Detailed Job Skill	Job Opening Match Count
Problem solving	864
Developing web based applications	774
Work independently	295
Software development experience	238
Interpersonal skills	220

Source: Online advertised jobs data

**Top Employers Posting Jobs**

Employer Name	Job Openings
JPMorgan Chase & Co.	28
Robert Half	28
NTT DATA, Inc.	27
Kforce Inc.	24
Charles Schwab & Co, Inc.	22

Source: Online advertised jobs data

**Advertised Tools and Technology**

Advertised Detailed Tool or Technology	Job Opening Match Count
Structured query language (SQL)	2,194
JavaScript	1,479
Hypertext markup language (HTML)	940
Python	849
Git	833

Source: Online advertised jobs data

**Advertised Job Certifications**

Advertised Certification Group	Job Opening Match Count
CompTIA Certifications	22
Information Systems Audit and Control Association (ISACA)	21
Pegasystems Certifications	20
(ISC)² Certifications	20
GIAC Security Certifications - Penetration Testing	19

Source: Online advertised jobs data

**Supply and Demand**

**0.39**

Candidates available per job opening.  
1,113 Candidates | 2,871 Job Openings

Job Source: Online advertised jobs data  
Candidate Source: Individuals with active résumés in the workforce system.

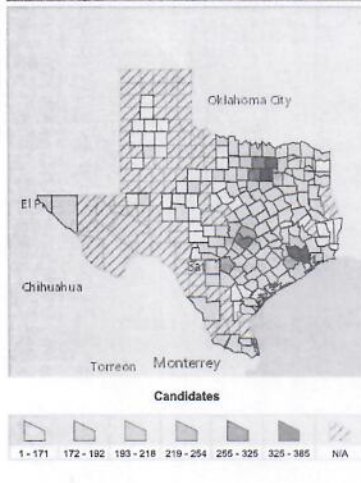
**Typical Wages**

**\$84,983**

Median Annual Wage

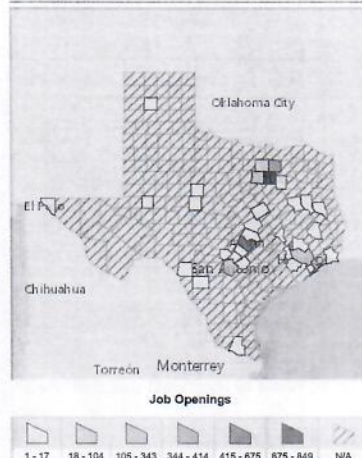
Source: Occupational Employment Statistics (OES) Program

**Potential Candidates in Texas by County**



Source: Individuals with active résumés in the workforce system.

**Advertised Job Openings in Texas by County**



Source: Online advertised jobs data

**Real-time Wages**

**\$114,400**

Average annual wage posted in jobs advertised online on September 8, 2020

Source: Online advertised jobs data

**Skills**

**Mental Processes**

- Modify software programs to improve performance
- Develop diagrams or flow charts of system operation

- Develop models of information or communications systems
- Design ebsites or web applications
- Develop computer or online applications

#### Work Output

- Write computer programming code
- Resolve computer software problems
- Document design or development procedures
- Prepare instruction manuals

#### Information Input

- Test software performance
- Test computer system operations to ensure proper functioning

#### Interacting With Others

- Collaborate with others to resolve information technology issues
- Train others in computer interface or software use
- Assign duties or work schedules to employees
- Manage information technology projects or system activities

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.

### Abilities Required

#### Verbal Abilities

- Written Comprehension
- Oral Comprehension
- Oral Expression
- Written Expression

#### Visual Abilities

- Near Vision

#### Idea Generation and Reasoning Abilities

- Deductive Reasoning
- Inductive Reasoning
- Information Ordering
- Problem Sensitivity
- Fluency of Ideas
- Originality

#### Auditory and Speech Abilities

- Speech Recognition
- Speech Clarity

#### Quantitative Abilities

- Mathematical Reasoning
- Number Facility

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.

### Knowledge Required

#### Engineering and Technology

- Computers and Electronics
- Engineering and Technology
- Design

#### Mathematics and Science

- Mathematics
- Geography
- Physics
- Psychology

#### Arts and Humanities

- English Language

#### Business and Management

- Customer and Personal Service
- Administration and Management
- Clerical
- Economics and Accounting
- Sales and Marketing
- Personnel and Human Resources

#### Manufacturing and Production

- Production and Processing

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.



[View Full Report](#)

**Computer Programmers** [Video](#) - Create, modify, and test the code, forms, and script that allow computer applications to run. Work from specifications drawn up by software developers or other individuals. May assist software developers by analyzing user needs and designing software solutions. May develop and write computer programs to store, locate, and retrieve specific docum... [More](#)

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.



\*Faded icons indicate results of an expanded geographic area. Hover cursor over icons for details.

**Advertised Job Skills**

Advertised Detailed Job Skill	Job Opening Match Count
Problem solving	232
Developing web based applications	193
Work independently	77
Software development experience	72
Interpersonal skills	66

Source: Online advertised jobs data

**Top Employers Posting Jobs**

Employer Name	Job Openings
Charles Schwab & Co, Inc.	12
Texas Health and Human Services	12
Oracle Corporation	10
CACI International Inc	5
Conduent, Inc.	5

Source: Online advertised jobs data

**Advertised Tools and Technology**

Advertised Detailed Tool or Technology	Job Opening Match Count
Structured query language (SQL)	449
JavaScript	315
Hypertext markup language (HTML)	204
Git	175
C#	171

Source: Online advertised jobs data

**Advertised Job Certifications**

Advertised Certification Group	Job Opening Match Count
Six Sigma Certifications	5
Cisco Associate Certifications	4
American Heart Association (AHA) CPR & First Aid Certifications	3
Salesforce Administrator Certifications	3
NetSuite Certifications	1

Source: Online advertised jobs data

**Supply and Demand**

**0.48**

Candidates available per job opening.  
325 Candidates | 675 Job Openings

Job Source: Online advertised jobs data  
Candidate Source: Individuals with active resumes in the workforce system.

**Typical Wages**

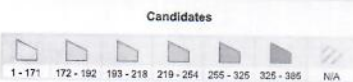
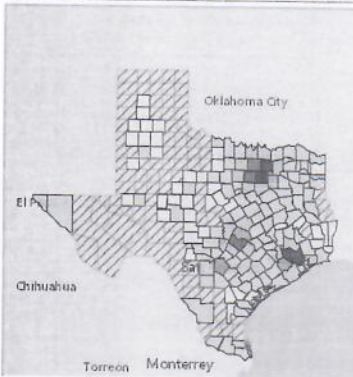
\*Capital Area, TX (which contains Travis County, TX - no data available for Travis County, TX)

**\$83,548**

Median Annual Wage

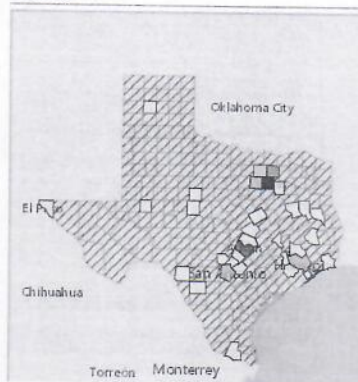
Source: Occupational Employment Statistics (OES) Program

**Potential Candidates in Texas by County**



Source: Individuals with active resumes in the workforce system.

**Advertised Job Openings in Texas by County**



Source: Online advertised jobs data

**Real-time Wages**

**\$100,000**

**Skills**

**Mental Processes**

- Modify software programs to improve performance

- Develop diagrams or flow charts of system operation
- Develop models of information or communications systems
- Design websites or web applications
- Develop computer or online applications

**Work Output**

- Write computer programming code
- Resolve computer software problems
- Document design or development procedures
- Prepare instruction manuals

**Information Input**

- Test software performance
- Test computer system operations to ensure proper functioning

**Interacting With Others**

- Collaborate with others to resolve information technology issues
- Train others in computer interface or software use
- Assign duties or work schedules to employees
- Manage information technology projects or system activities

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.

**Abilities Required**

**Verbal Abilities**

- Written Comprehension
- Oral Comprehension
- Oral Expression
- Written Expression

**Visual Abilities**

- Near Vision

**Idea Generation and Reasoning Abilities**

- Deductive Reasoning
- Inductive Reasoning
- Information Ordering
- Problem Sensitivity
- Fluency of Ideas
- Originality

**Auditory and Speech Abilities**

- Speech Recognition
- Speech Clarity

**Quantitative Abilities**

- Mathematical Reasoning
- Number Facility

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.

**Knowledge Required**

**Engineering and Technology**

- Computers and Electronics
- Engineering and Technology
- Design

**Mathematics and Science**

- Mathematics
- Geography
- Physics
- Psychology

**Arts and Humanities**

- English Language

**Business and Management**

- Customer and Personal Service
- Administration and Management
- Clerical
- Economics and Accounting
- Sales and Marketing
- Personnel and Human Resources

**Manufacturing and Production**

- Production and Processing

Source: This information is based on O\*NET™ data. O\*NET is a trademark registered to the U.S. Department of Labor, Employment and Training Administration.



## Pricing Proposal

Quotation #: 19127882

Reference #: TEC - GovQA (Complaints Only)

Created On: 7/10/2020

Valid Until: 7/30/2020

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**Texas Ethics Commission**


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**Margaret Sanchez**

United States

Phone: (512) 463-5806

Fax:

Email: Margaret.sanchez@ethics.state.tx.us

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**Inside Account Manager**


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**Jeremy Freedman**

3828 Pecana Trail

Austin, TX 78749

**Send POs to Texas@SHI.com**

Phone: (800) 870-6079, Option 2

Fax: 512-732-0232

Email: Jeremy\_Freedman@SHI.com

All Prices are in US Dollar (USD)

	<b>Product</b>	<b>Qty</b>	<b>Retail</b>	<b>Your Price</b>	<b>Total</b>
1	"Hosted Data Storage (GB)Note: Overage Fees Will Apply", Annual Software Subscription Services GovQA - Part#: QA2000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	500	\$0.00	\$0.00	\$0.00
2	Fortress Hosting, Annual Software Subscription Services GovQA - Part#: QA1001 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$4,300.00	\$4,245.61	\$4,245.61
3	Redaction License (per named user), Annual Software Subscription Services GovQA - Part#: QA1002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	12	\$300.00	\$296.21	\$3,554.52
4	"Payments ModuleNote: Using GovQA-Approved Provider", Annual Software Subscription Services GovQA - Part#: QA2002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$4,000.00	\$3,949.40	\$3,949.40
5	Invoicing Module, Annual Software Subscription Services GovQA - Part#: QA2003 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$3,000.00	\$2,962.05	\$2,962.05
6	Attachment Search, Annual Software Subscription Services GovQA - Part#: QA2007 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
7	Complaints Module, Annual Software Subscription Services GovQA - Part#: QA1008 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$19,000.00	\$18,759.65	\$18,759.65



					EXHIBIT F
8	Exchange Platform Customer Onboarding, One-Time Fees GovQA - Part#: QA5000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
9	Online Training – Administrator, One-Time Fees GovQA - Part#: QA5001 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
10	Online Training – Users, One-Time Fees GovQA - Part#: QA5002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	2	\$0.00	\$0.00	\$0.00
				Total	\$33,471.23

**Additional Comments**

**Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.**

**Thank you for choosing SHI-GS! The pricing offered on this quote proposal is valid through the expiration date set above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order. SHI Government Solutions, Inc. is 100% Minority Owned, Woman Owned Business. TAX ID# 22-3695478; DUNS# 14-724-3096**

*The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.*



Pricing Proposal  
 Quotation #: 19127883  
 Reference #: **TEC - GovQA (FOIA Only)**  
 Created On: 7/10/2020  
 Valid Until: 7/30/2020

**Texas Ethics Commission**

**Margaret Sanchez**

United States  
 Phone: (512) 463-5806  
 Fax:  
 Email: Margaret.sanchez@ethics.state.tx.us

**Inside Account Manager**

**Jeremy Freedman**

3828 Pecana Trail  
 Austin, TX 78749  
**Send POs to Texas@SHI.com**  
 Phone: (800) 870-6079, Option 2  
 Fax: 512-732-0232  
 Email: Jeremy\_Freedman@SHI.com

All Prices are in US Dollar (USD)

Product	Qty	Retail	Your Price	Total
1 "Exchange Platform with FOIA Module Note: Includes Unlimited Customer Employee Users and One Request Type Related to Public Records", Annual Software Subscription Services GovQA - Part#: QA1000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$17,000.00	\$16,784.95	\$16,784.95
2 "Hosted Data Storage (GB)Note: Overage Fees Will Apply", Annual Software Subscription Services GovQA - Part#: QA2000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	500	\$0.00	\$0.00	\$0.00
3 Fortress Hosting, Annual Software Subscription Services GovQA - Part#: QA1001 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$4,300.00	\$4,245.61	\$4,245.61
4 Redaction License (per named user), Annual Software Subscription Services GovQA - Part#: QA1002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	12	\$300.00	\$296.21	\$3,554.52
5 "Payments ModuleNote: Using GovQA-Approved Provider", Annual Software Subscription Services GovQA - Part#: QA2002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$4,000.00	\$3,949.40	\$3,949.40
6 Invoicing Module, Annual Software Subscription Services GovQA - Part#: QA2003 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$3,000.00	\$2,962.05	\$2,962.05
7 Attachment Search, Annual Software Subscription Services GovQA - Part#: QA2007	1	\$0.00	\$0.00	\$0.00

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8	Exchange Platform Customer Onboarding, One-Time Fees GovQA - Part#: QA5000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
9	Online Training – Administrator, One-Time Fees GovQA - Part#: QA5001 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
10	Online Training – Users, One-Time Fees GovQA - Part#: QA5002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	2	\$0.00	\$0.00	\$0.00
				Total	\$31,496.53

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**Additional Comments**

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**Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.**

---

*The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.*



## Pricing Proposal

Quotation #: 19127984

Reference #: **TEC - GovQA Complaints and FOIA Bundle)**

Created On: 7/10/2020

Valid Until: 7/30/2020

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**Texas Ethics Commission**
**Margaret Sanchez**

United States

Phone: (512) 463-5806

Fax:

Email: Margaret.sanchez@ethics.state.tx.us

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**Inside Account Manager**
**Jeremy Freedman**

3828 Pecana Trail

Austin, TX 78749

**Send POs to Texas@SHI.com**

Phone: (800) 870-6079, Option 2

Fax: 512-732-0232

Email: Jeremy\_Freedman@SHI.com

All Prices are in US Dollar (USD)

	<b>Product</b>	<b>Qty</b>	<b>Retail</b>	<b>Your Price</b>	<b>Total</b>
1	"Exchange Platform with FOIA Module Note: Includes Unlimited Customer Employee Users and One Request Type Related to Public Records", Annual Software Subscription Services GovQA - Part#: QA1000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$17,000.00	\$16,784.95	\$16,784.95
2	"Hosted Data Storage (GB)Note: Overage Fees Will Apply". Annual Software Subscription Services GovQA - Part#: QA2000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	500	\$0.00	\$0.00	\$0.00
3	Fortress Hosting, Annual Software Subscription Services GovQA - Part#: QA1001 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$4,300.00	\$4,245.61	\$4,245.61
4	Redaction License (per named user), Annual Software Subscription Services GovQA - Part#: QA1002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	12	\$300.00	\$296.21	\$3,554.52
5	"Payments ModuleNote: Using GovQA-Approved Provider", Annual Software Subscription Services GovQA - Part#: QA2002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$4,000.00	\$3,949.40	\$3,949.40
6	Invoicing Module, Annual Software Subscription Services GovQA - Part#: QA2003 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$3,000.00	\$2,962.05	\$2,962.05
7	Attachment Search, Annual Software Subscription Services GovQA - Part#: QA2007	1	\$0.00	\$0.00	\$0.00

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8	Complaints Module, Annual Software Subscription Services GovQA - Part#: QA1008 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$14,705.00	\$14,518.98	\$14,518.98
9	Exchange Platform Customer Onboarding, One-Time Fees GovQA - Part#: QA5000 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
10	Online Training – Administrator, One-Time Fees GovQA - Part#: QA5001 Contract Name: Software/ Services Contract #: DIR-TSO-4317	1	\$0.00	\$0.00	\$0.00
11	Online Training – Users, One-Time Fees GovQA - Part#: QA5002 Contract Name: Software/ Services Contract #: DIR-TSO-4317	2	\$0.00	\$0.00	\$0.00
				Total	\$46,015.51

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**Additional Comments**

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**Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.**

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*The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.*

# COVID 19 Cost Survey

EXHIBIT G

Agency Code: 356	Prepared By: Cristina Hernandez
Agency Name: Texas Ethics Commission	Phone Number: 512-463-5784
Date Prepared: 9/6/2020	Reporting Period: ending December 31, 2020

**PART A--METHOD OF FINANCE (MOF)**

MOF (DO NOT EDIT)	Fund Number	Fund Name	Fiscal Year	Expenditures		Reimbursements		Lost Revenue	
				Actual YTD Expenses	Projected Expenses (includes YTD)	Actual YTD Reimbursements	Projected Reimbursements (includes YTD)		
<b>METHOD OF FINANCING</b>									
<u>General Revenue Funds (Add lines as necessary for more than one fund)</u>									
	GR	1	General Revenue	FY20	\$54,514	\$58,750	\$0	\$0	\$0
	GR	1	General Revenue	FY21	\$60	\$4,529	\$0	\$0	\$0
<u>GR-Dedicated Funds (Add lines as necessary for more than one fund)</u>									
	GR-D	####	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	GR-D	####	TBD	FY21	\$0	\$0	\$0	\$0	\$0
	GR-D	####	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	GR-D	####	TBD	FY21	\$0	\$0	\$0	\$0	\$0
<u>Federal Funds (list by CFDA, add lines for more than one CFDA)</u>									
	FF	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
<b>NOT COVID-related FEDERAL LEGISLATION (i.e. CARES Act, FFCRA, CPRSA, PPPCEA)</b>	FF	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
	FF	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	FF	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
<u>Federal Funds - COVID-related in GAA (add lines for more than one CFDA)</u>									
	FF-COVID GAA	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
<b>COVID-related FEDERAL LEGISLATION (i.e. CARES Act, FFCRA, CPRSA, PPPCEA)</b>	FF-COVID GAA	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
	FF-COVID GAA	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	FF-COVID GAA	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
<u>Federal Funds - COVID-related, Not in GAA (add lines for more than one CFDA)</u>									
	FF-COVID Not GAA	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
<b>COVID-related FEDERAL LEGISLATION (i.e. CARES Act, FFCRA, CPRSA, PPPCEA)</b>	FF-COVID Not GAA	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
	FF-COVID Not GAA	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	FF-COVID Not GAA	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
<u>Federal Funds - Not COVID-related, Not in GAA (list by CFDA, add lines for more than one CFDA)</u>									
	FF-Not COVID Not GAA	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
<b>NOT COVID-related FEDERAL LEGISLATION (i.e. CARES Act, FFCRA, CPRSA, PPPCEA)</b>	FF-Not COVID Not GAA	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
	FF-Not COVID Not GAA	##.###	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	FF-Not COVID Not GAA	##.###	TBD	FY21	\$0	\$0	\$0	\$0	\$0
<u>Other Funds - in GAA (add lines for more than one CFDA)</u>									
	OF	####	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	OF	####	TBD	FY21	\$0	\$0	\$0	\$0	\$0
	OF	####	TBD	FY20	\$0	\$0	\$0	\$0	\$0
	OF	####	TBD	FY21	\$0	\$0	\$0	\$0	\$0
<u>Other Funds - NOT in GAA</u>									
(Example: HRI Patient Income)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY20	\$0	\$0	\$0	\$0	\$0
(Example: HRI Patient Income)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY21	\$0	\$0	\$0	\$0	\$0
(Example: Designated Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY20	\$0	\$0	\$0	\$0	\$0
(Example: Designated Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY21	\$0	\$0	\$0	\$0	\$0
(Example: Auxiliary Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY20	\$0	\$0	\$0	\$0	\$0
(Example: Auxiliary Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY21	\$0	\$0	\$0	\$0	\$0

# COVID 19 Cost Survey

EXHIBIT G

Agency Code: <b>356</b>	Prepared By: <b>Cristina Hernandez</b>
Agency Name: <b>Texas Ethics Commission</b>	Phone Number: <b>512-463-5784</b>
Date Prepared: <b>9/6/2020</b>	Reporting Period: <b>ending December 31, 2020</b>

(Example: Restricted Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY20	\$0	\$0	\$0	\$0	\$0
(Example: Restricted Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY21	\$0	\$0	\$0	\$0	\$0
(Example: Other Institutional Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY20	\$0	\$0	\$0	\$0	\$0
(Example: Other Institutional Funds)	OF-Not Appropriated	FUND #	FUND NAME HERE	FY21	\$0	\$0	\$0	\$0	\$0

<b>MOF FY 20 Total</b>	<b>\$54,514</b>	<b>\$58,750</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>MOF FY 21 Total</b>	<b>\$60</b>	<b>\$4,529</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>OOE/MOF Check</i>	<i>OK</i>	<i>DOES NOT MATCH</i>	<i>OK</i>	<i>OK</i>	

<b>FUNDS PASSED THROUGH TO LOCAL ENTITIES</b> (Included in amounts above)	Passthrough	Passthrough	FY20	\$0	\$0	\$0	\$0	\$0
	Passthrough	Passthrough	FY21	\$0	\$0	\$0	\$0	\$0

<b>FTEs Devoted to COVID Response</b> (See definition provided in question 8)	FY20	5.0
	FY21	5.0

**PART B--OBJECT OF EXPENSE (OOE)**

	Expenditures		Reimbursements			
	Actual YTD Expenses	Projected Expenses (includes YTD)	Actual YTD Reimbursements	Projected Reimbursements (includes YTD)		
<b>OBJECTS OF EXPENSE (Replace name &amp; code and add lines as needed)</b>						
Salaries and Wages	1001	FY20	\$0	\$0	\$0	\$0
Salaries and Wages	1001	FY21	\$0	\$0	\$0	\$0
Other Personnel costs	1002	FY20	\$0	\$0	\$0	\$0
Other Personnel costs	1002	FY21	\$0	\$0	\$0	\$0
Professional Fees and Services	2001	FY20	\$0	\$0	\$0	\$0
Professional Fees and Services	2001	FY21	\$0	\$0	\$0	\$0
Fuels and Lubricants	2002	FY20	\$0	\$0	\$0	\$0
Fuels and Lubricants	2002	FY21	\$0	\$0	\$0	\$0
Consumable Supplies	2003	FY20	\$669	\$669	\$0	\$0
Consumable Supplies	2003	FY21	\$0	\$0	\$0	\$0
Utilities	2004	FY20	\$66	\$66	\$0	\$0
Utilities	2004	FY21	\$0	\$0	\$0	\$0
Travel	2005	FY20	\$0	\$0	\$0	\$0
Travel	2005	FY21	\$0	\$0	\$0	\$0
Rent - Building	2006	FY20	\$0	\$0	\$0	\$0
Rent - Building	2006	FY21	\$0	\$0	\$0	\$0
Rent - Machine and Other	2007	FY20	\$0	\$0	\$0	\$0
Rent - Machine and Other	2007	FY21	\$0	\$0	\$0	\$0
Debt Service	2008	FY20	\$0	\$0	\$0	\$0
Debt Service	2008	FY21	\$0	\$0	\$0	\$0
Other Operating Expense	2009	FY20	\$53,778	\$58,015	\$0	\$0
Other Operating Expense	2009	FY21	\$60	\$4,529	\$0	\$0
Client Services	3001	FY20	\$0	\$0	\$0	\$0
Client Services	3001	FY21	\$0	\$0	\$0	\$0
Food for Persons - Wards of State	3002	FY20	\$0	\$0	\$0	\$0
Food for Persons - Wards of State	3002	FY21	\$0	\$0	\$0	\$0
Grants	4000	FY20	\$0	\$0	\$0	\$0
Grants	4000	FY21	\$0	\$0	\$0	\$0

# COVID 19 Cost Survey

EXHIBIT G

Agency Code: <b>356</b>	Prepared By: <b>Cristina Hernandez</b>
Agency Name: <b>Texas Ethics Commission</b>	Phone Number: <b>512-463-5784</b>
Date Prepared: <b>9/6/2020</b>	Reporting Period: <b>ending December 31, 2020</b>

Capital Expenditures	5000	FY20	\$0	\$0	\$0	\$0
Capital Expenditures	5000	FY21	\$0	\$0	\$0	\$0
Other (please specify if not listed above)	TBD	FY20	\$0	\$0	\$0	\$0
Other (please specify if not listed above)	TBD	FY21	\$0	\$0	\$0	\$0

<b>OOE Biennial Total</b>	<b>\$54,574</b>	<b>\$63,279</b>	<b>\$0</b>	<b>\$0</b>
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1. Please summarize your agency's COVID-19 response efforts (e.g., tele-working support, number of clients served, etc.). Please also highlight any new efforts or changes, since the previous month's survey.

The Commission has authorized all eligible employees to work from home. We have procured enough laptops, protective bags and mice for all employees. We continue to serve our clients via email and phone as much as possible. We maintain at least one IT staff in office and minimal administrative staff that work on flex schedules as needed in office.

2. Has the agency made any transfers authorized by 2020-21 GAA, Art. IX, Sec. 14.04, Disaster Related Transfer Authority? If so, please describe. If applicable, please include strategy-level detail for transfers between strategies.

No transfers made.

3. Has the agency made any other transfers or taken any other budget actions within pre-existing agency authority in response to COVID-19, other than what was planned when appropriations were made? If so, please describe. If so, please describe. If applicable, please include strategy-level detail for transfers between strategies.

No.

4. Please provide a brief explanation of the data related to expenses.

The Texas Ethics Commission has purchased a total of (24) laptops, (24) protective laptop bags, (29) docking stations and locks and (24) mice, so that staff can work remotely during this COVID-19 pandemic. The Commission has also purchased fabric face masks, disposable gloves, hand sanitizers, touchless thermometers and spray disinfectants for the staff that continue to come into the office to handle the day to day functions such as mail and IT security. The Commission continues to serve the public and stays in constant contact with staff via teleconference meetings. In order to conduct business as usual with teleconferencing calls and in preparation of the upcoming Commission meeting, the commission has also utilized audio conference services and has contracted with a video conferencing system to comply with our open meetings act. The Commission also procured and had Texas Facilities Commission install a sneeze guard at the front reception desk in order to avoid direct contact with other staff and mail carriers. This cost came in less than what was originally quoted. The Commission will continue to purchase additional disinfectant wipes and sprays to maintain a sanitized work area for all our staff. The commission had no other alternative but to cancel two Purchase orders for supplies that have remained on back order and not available from any other current resources. We will continue to look for gloves that were cancelled by the sourcing supplier.



# COVID 19 Cost Survey

Agency Code: 356	Prepared By: Cristina Hernandez
Agency Name: Texas Ethics Commission	Phone Number: 512-463-5784
Date Prepared: 9/6/2020	Reporting Period: ending December 31, 2020

5. Please provide a brief explanation of the data related to reimbursements; explain any assumptions made regarding reimbursements (e.g., reimbursement percentages, sources).

The Commission does not foresee any federal or insurance claim reimbursements.

6. If applicable, please provide a brief explanation of the data related to lost revenue and any observed or expected effects on the agency's estimated revenue collections.

7. Has the agency received or expended any federal stimulus funding? If so, please specify the funding (e.g. CARES Act (including Coronavirus Relief Fund), FFCRA, CPRSA, PPPHCEA) and the purpose.

No.

8. "FTE's Devoted to COVID Response" (from above) are essential workers (those who are required to continue core agency operations) and/or frontline workers (those who cannot complete job duties while working remotely) who are responding to the pandemic. Define FTE activities related to your agency's COVID-19 response, including the number of essential and frontline workers, activities performed, job titles, the use of supplemental pay and overtime, the use of contract/temporary services, and other pertinent information.

The Commission has (5) essential/frontline employees who a) cannot complete job duties while working from home or b) are required to have at least one IT on site to ensure our equipment is running as required, to allow all other staff to work remotely without issue. (1) Front desk receptionist who mans all incoming calls and directs them to the remote and onsite workers (2) Administrative Assistants whose job duties are not able to be performed remotely as they process all incoming and outgoing mail and complete copy order requests, (1) legal secretary to process all incoming and outgoing sworn complaints and legal notices and (1) Representative from the Computer Services Division who alternates days to ensure technical support is onsite in the event issues arrive with our servers or web applications. In addition to those essential workers the Commission has continued to allow (8) other employees or 25% of its staff work in the office as needed to process outgoing mail, receive products ordered, process incoming reports, respond to HR issues and legal correspondence. These additional personnel are not in the office on a daily basis but rotate in and out as necessary to ensure the core functions of the agency continue to operate without disruption.

9. Other comments:

# COVID 19 Cost Survey

EXHIBIT G

Agency Code: 356	Prepared By: Cristina Hernandez
Agency Name: Texas Ethics Commission	Phone Number: 512-463-5784
Date Prepared: 9/6/2020	Reporting Period: ending December 31, 2020

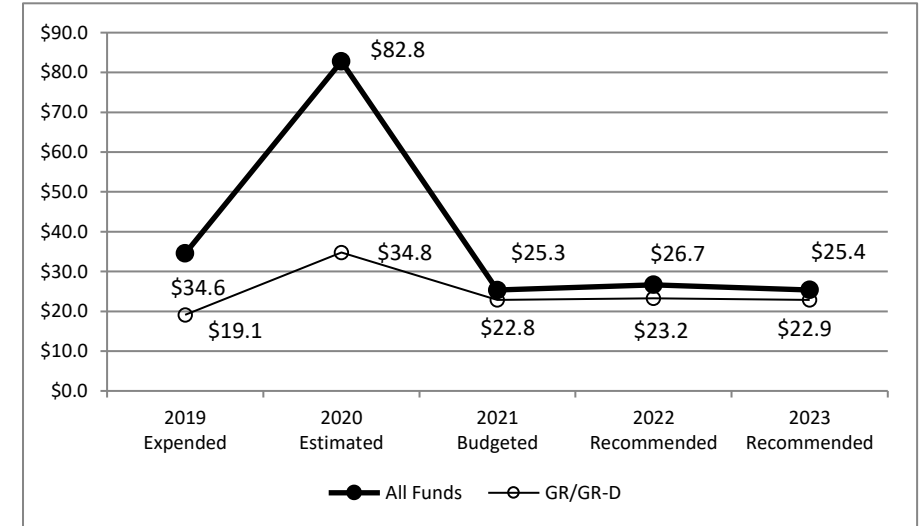
**Historical Commission  
Summary of Budget Recommendations - House**

Page I-65  
Mark Wolfe, Executive Director  
Claire Stieg, LBB Analyst

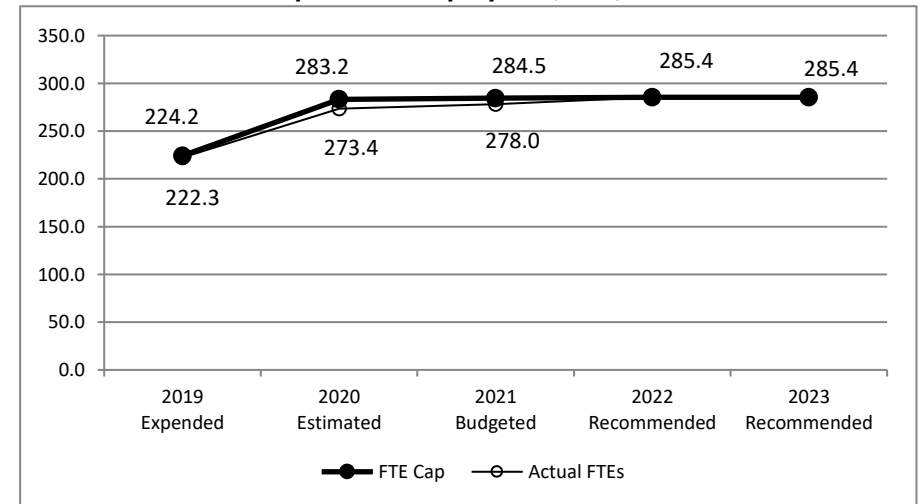
<b>Method of Financing</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$55,990,303	\$44,451,408	(\$11,538,895)	(20.6%)
GR Dedicated Funds	\$1,630,583	\$1,630,583	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$57,620,886</i>	<i>\$46,081,991</i>	<i>(\$11,538,895)</i>	<i>(20.0%)</i>
Federal Funds	\$12,581,666	\$3,774,370	(\$8,807,296)	(70.0%)
Other	\$37,912,608	\$2,163,128	(\$35,749,480)	(94.3%)
<b>All Funds</b>	<b>\$108,115,160</b>	<b>\$52,019,489</b>	<b>(\$56,095,671)</b>	<b>(51.9%)</b>

	<b>FY 2021 Budgeted</b>	<b>FY 2023 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	278.0	285.4	7.4	2.7%

**Historical Funding Levels (Millions)**



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



The bill pattern for this agency (2022-23 Recommended) represents an estimated 80.9% of the agency's estimated total available funds for the 2022-23 biennium.

**Historical Commission  
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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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 in one-time funding items from the 86th Legislative Session, out of General Revenue.	(\$12.1)	\$0.0	\$0.0	\$0.0	(\$12.1)	A.1.1, A.1.2, A.1.4, A.2.1, A.3.1, B.1.1
B)	Increase out of Sporting Goods Sales Tax to provide the full 93.0 percent allocation required by statute and restore the five percent reduction the agency allocated to that method of finance.	\$0.7	\$0.0	\$0.0	\$0.0	\$0.7	A.1.4

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

C)	Recommendations provide an overall increase of \$0.2 million in state park fee revenue from Historic Sites. Amounts shown reflect a reclassification of \$0.1 million in General Revenue - Fees from Historic Sites to GR-Dedicated Historic Sites Fund 5139 due to legislation re-dedicating Fund 5139.	(\$0.1)	\$0.4	\$0.0	\$0.0	(\$0.2)	A.1.4, A.1.5
D)	Recommendations provide a decrease of \$0.4 million in GR-Dedicated Texas Preservation Trust Fund 664 related to expenditure of balances for preservation grants in the 2020-21 biennium.	\$0.0	(\$0.4)	\$0.0	\$0.0	\$0.0	A.1.4, A.1.5
E)	Recommendations include a decrease in Federal Funds primarily in Strategy A.1.1, Architectural Assistance for funds related to the Emergency Historic Preservation grant for recovery and mitigation efforts related to Hurricane Harvey.	\$0.0	\$0.0	(\$8.8)	\$0.0	(\$8.8)	A.1.1, A.1.2, A.1.4, B.1.1
F)	Recommendations include a decrease in Other Funds, including \$33.5 million in Economic Stabilization Funds for Courthouse Preservation grants and Historic Sites projects and a \$2.2 million decrease in General Obligation Bond Proceeds.	\$0.0	\$0.0	\$0.0	(\$35.7)	(\$35.7)	A.1.3, A.1.4

<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>(\$11.5)</b>	<b>\$0.0</b>	<b>(\$8.8)</b>	<b>(\$35.7)</b>	<b>(\$56.1)</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$0.7	\$0.4	\$0.0	\$0.0	\$1.1	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$12.2)	(\$0.4)	(\$8.8)	(\$35.7)	(\$57.1)	As Listed

NOTE: Totals may not sum due to rounding.

**Historical Commission  
Selected Fiscal and Policy Issues - House**

1. **One-time Projects.** Recommendations reflect a decrease of \$12.1 million in one-time General Revenue funding items. These include the following items. Amounts reallocated within the 2022-23 base request are not included in the recommendations.
  - **Star of the Republic Museum** – Recommendations include a decrease of \$7.6 million in General Revenue provided for the Star of the Republic Museum. The \$8 million appropriation for exhibit and facility upgrades at the museum was reduced in the five percent reduction plan to \$7.6 million. Management and jurisdiction of the site was transferred from Blinn College District to the agency, after the enactment of Senate Bill 2309, Eighty-sixth Legislature. Recommendations for fiscal years 2022-23 include unexpended balance authority for this long-term museum renovation and exhibit upgrades. According to the agency, the \$7.6 million contract is under review and repairs and renovations are expected to begin in fiscal year 2021. The agency reallocated this amount to deferred maintenance and a new visitors center at the San Jacinto Battleground State Historic Site in the 2022-23 biennium.
  - **Caddo Mounds Visitor Center** – Recommendations include a decrease of \$2.4 million in General Revenue provided for the restoration of the Caddo Mounds Visitor Center, following tornado damage in 2019. The contract for repairs was awarded in fiscal year 2020. The appropriation was reduced from \$2.5 million in the five percent reduction plan. The agency reallocated this amount to a new education center at the site and other operating expenses in the 2022-23 biennium.
  - **Gibson-Grant Cabin** – Recommendations include a decrease of \$1.5 million in General Revenue for the removal of funding provided for a grant related to the Gibson-Grant Historic Cabin Restoration. The \$1.5 million for the grant was disbursed in fiscal year 2020. The agency reallocated this amount to website upgrades and vehicle replacement in the 2022-23 biennium.
  - **St. Anthony Cemetery Preservation** – Recommendations include a decrease of \$100,000 in General Revenue provided for a grant for the preservation of the St. Anthony Cemetery in the City of Peñitas. The agency reallocated this amount to replace computers and other operating expenses in the 2022-23 biennium.
  - **Vehicle Replacement** – Recommendations include a decrease of \$369,768 in General Revenue for funds provided for vehicle replacement. The agency reallocated this amount to additional vehicle replacement in the upcoming biennium.
  - **CAPPS** – Recommendations include a decrease of \$156,250 in General Revenue provided for the implementation of the Centralized Accounting Payroll/Personnel System (CAPPS). The appropriation was reduced from \$226,250 in the five percent reduction plan. The agency reallocated this amount to operating expenses in the 2022-23 biennium.
  
2. **Sporting Goods Sales Tax and Historic Sites Fund No. 5139** – Three pieces of legislation during the Eighty-sixth Legislature affected the allocation of Sporting Goods Sales Tax (SGST) to the Texas Historical Commission (THC).
  - House Bill 1422, increased the allocation of SGST from six percent to seven percent, while the allocation for the Texas Parks and Wildlife Department (TPWD) was reduced from 94.0 to 93.0 percent.
  - Senate Bill 26, established that SGST and fees from historic sites be allocated to the newly created General Revenue-Dedicated account 5139. Funds were transferred to this account on January 1, 2020. The fund is exempt from benefits proportionality.
  - Senate Joint Resolution Number 24, proposed a constitutional amendment automatically appropriating revenue received from SGST to THC and TPWD and established that these funds are not considered available for certification, as of September 1, 2021. The constitutional amendment passed in November 2019.

The methods of finance for THC has been updated to reflect the transfer of SGST to a newly establish General-Revenue Dedicated account, Historic Sites Fund No. 5139. This is similar to the presentation used for TPWD. Additionally, recommendations provide an increase of \$0.7 million in SGST, for total funding of \$23,947,000. This amount reflects the Comptroller's estimate for the current biennium identified in the July 2020 Certification Revenue Estimate. The increase is allocated for Historic Sites operations. As previously mentioned, the full allocation of SGST for THC and TPWD is automatically appropriated beginning with the 2022-23 biennium.

Funding levels will need to be revised to reflect the recently released Comptroller's Biennial Revenue Estimate (BRE). The BRE increased the allocation for SGST for fiscal year 2021 by \$3.2 million. For the 2022-23 biennium, the allocation increased by \$4.4 million. The revised total is \$28.3 million, compared to the \$23.9 million included in recommendations.

3. **Strategic Fiscal Review.** The Texas Holocaust and Genocide Commission is currently under Sunset review, and as a result is subject to the Strategic Fiscal Review process outlined in Senate Bill 68, Eighty-sixth Legislature, 2019. Historical program and financial information was collected and analyzed to inform the budget process. Significant findings are outlined in the report, but highlights include evaluating the programs outlined by agency staff and the administrative structure. THGC is administratively attached to THC, through Rider 12, Texas Holocaust and Genocide Commission. The report discusses how this structure may impede the regular reporting of performance measures, strategic plans, and budget information to the Legislature.
4. **Sunset Review.** THGC is currently under Sunset Review and will be abolished on September 1, 2021 unless continued by the Eighty-Seventh Legislature, 2021. Sunset staff recommendations proposed abolishing the agency, due to its failure to meet the Sunset Act's review criteria. The Sunset Commission modified the recommendation and voted to improve the oversight and operations of THGC, by continuing it as an advisory committee under the authority of THC.

**Historical Commission  
Rider Highlights - House**

**Modification of Existing Riders**

2. **Capital Budget.** Recommendations revise this rider to remove capital projects, including the Mission Dolores Site, computer replacement, vehicle replacement, and the implementation of the Centralized Accounting and Payroll/Personnel System. Recommendations include capital budget authority from unexpended balances related to the Caddo Mounds Visitors Center and repairs and renovations for the Star of the Republic Museum.
8. **Historic Sites.** Recommendations reflect revised estimates and new method of finance for fees from historic sites, now deposited to the General Revenue-Dedicated Historic Sites Fund 5139. Revised language also streamlines authority regarding appropriation of additional fees from historic sites, providing appropriation authority for up to \$1 million above amounts identified in the bill pattern. Current rider language appropriates up to \$1 million above the Biennial Revenue Estimate.
9. **Appropriation Authority: Debt Service for the National Museum of the Pacific War.** Rider revised to update estimated revenue bond debt service payments for the museum.
11. **Texas Holocaust and Genocide Commission: Funding and Sunset Contingency.** Recommendations reflects revised funding for the Holocaust and Genocide Commission due to the five percent reduction and provide that the funding is contingent on continuation of the Commission by the Eighty-Seventh Legislature, Regular Session, 2021.
24. **Star of the Republic Museum.** Revised to provide UB authority for the repair and renovation of the Star of the Republic Museum.

**Deleted Riders**

11. **Appropriation Authority: Revenue Bond Debt Service for Historic Sites.** Debt service obligations for this bond repayment ended in fiscal year 2020.
21. **Internship Program Full Time Equivalent Exemption.** Delete rider which is duplicative of exemptions for interns from FTE restrictions in Article IX, Section 6.10, Limitation on State Employment Levels, Subsection (i).
23. **Unexpended Balances: Mission Delores.** The Mission Delores renovation project was completed in the 2020-21 biennium.
24. **Sunset Contingency.** HB 1422, 86<sup>th</sup> Legislature, Regular Session, passed resulting in the continuation of the Texas Historical Commission through August 31, 2031.
28. **St. Anthony Cemetery Preservation.** Grant funds were dispersed in fiscal year 2020.
29. **Gibson-Grant Historic Cabin Restoration Project.** Grant funds were dispersed in fiscal year 2020.

**Historical Commission  
Items Not Included in Recommendations - House**

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	Restoration of 2020-21 biennium 5% reduction to the agency base, and restore CAPPs support funding and FTE.	\$2,352,668	\$2,352,668	4.6	No	No	\$2,352,668
2)	Vehicle Replacement - Funding to replace 21 vehicles at historic sites transferred from Parks and Wildlife pursuant to HB 1422, Eighty-sixth Legislature.	\$655,495	\$655,495	0.0	No	No	\$0
3)	Deferred Maintenance at state historic sites and the Austin Capitol complex offices.	\$2,500,000	\$2,500,000	0.0	No	Yes	\$0
4)	Courthouse Grant Program - Continued funding for the Courthouse Preservation Program to provide for 3-4 full restorations of courthouses and additional emergency and planning grants.	\$25,000,000	\$25,000,000	0.0	No	Yes	\$25,000,000
5)	Increase Agency FTEs for historic sites and program support. - 3.5 FTEs at the Star of the Republic Museum to reconcile the number of FTEs at the museum before the transfer. Funding is including in item 8. - 3.0 FTEs for the Charles and Mary Ann Goodnight Ranch, a heritage site that was gifted to the agency in June 2020 - 2.0 FTEs to support Levi Jordan Plantation Site - 1.0 FTE for IT support at National Museum of the Pacific War	\$960,000	\$960,000	9.5	No	No	\$960,000
6)	Agency Website and Technology Upgrade - Software and web platform upgrades and updated IT equipment for additional historic sites. The current website platform will not be supported after November 2021. Capital authority is requested if the website platform is not fully funded, and \$20,000 in additional authority is requested for Computer Replacement.	\$240,000	\$240,000	0.0	Yes	Yes	\$190,000



**Historical Commission  
Items Not Included in Recommendations - House**

		2022-23 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
7)	National Museum of the Pacific War Capital Upgrades - Updates to the exhibits in the Bush Gallery to enhance educational value and reach a wider audience.	\$5,500,000	\$5,500,000	0.0	No	Yes	\$0
8)	Star of the Republic Museum Operations Technical Correction - Additional funding required to biennialize the FY 2021 funding for the Star of the Republic Museum (\$410,400). The museum was transferred in January 2020, pursuant to SB 2309, Eighty-sixth Legislature and therefore appropriations for the current biennium do not reflect a full biennium of costs to operate the museum.	\$136,800	\$136,800	0.0	No	No	\$136,800
9)	Mission Socorro Archeological Site - The Mission Socorro Site is surrounded by residential development. THC has acquired 10 acres of the 20 acre site. The remaining amount is up for sale, and the agency would like to acquire and secure the site.	\$500,000	\$500,000	0.0	No	Yes	\$0
10)	Restoration of 5% Reduction to Texas Holocaust and Genocide Commission.	\$66,602	\$66,602	0.0	No	Yes	\$66,602
11)	TxDOT Maintenance - TxDOT Rider 21 Road Construction and Maintenance at State Facilities - revision request - increase Rider 21 amount from \$500,000 per biennium to \$1 million to construct and maintain roads and parking lots in state historic sites. The agency cannot receive State Highway Funds, Account No. 006, but has requested this amount be increased in TxDOT's bill pattern.	\$0	\$500,000	0.0	No	Yes	\$500,000
12)	Agency Mobile Travel App - Funding to create a mobile application for tourists and travelers to showcase agency resources for tourists and travelers. The agency requests capital authority even if funding is not provided and the agency is able to complete this project if funding is available during the biennium.	\$150,000	\$150,000	0.0	Yes	Yes	\$0

**Historical Commission  
Items Not Included in Recommendations - House**

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
<b>Agency Requested Rider Revisions Not Included</b>							
A)	New Rider - Request to provide unexpended and unobligated balance authority of Sporting Good Sales Tax transferred to the Historic Sites Account No. 5139 between biennia when the Comptroller determines the maximum allocation exceeds the amount appropriated.	\$0	\$0	0.0	No	No	\$0
B)	Rider 16, Appropriation Authority: Texas Historic Preservation Tax Credit Review Fees: Requested increase of \$103,000 to adjust the appropriated receipts from \$97,000 to \$200,000 in each fiscal year due to an increase in applications.	\$0	\$206,000	0.0	No	No	\$206,000
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$38,061,565</b>	<b>\$38,767,565</b>	<b>14.1</b>			<b>\$29,412,070</b>

**Historical Commission  
Appendices - House**

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<b>B</b>	Summary of Federal Funds	*
<b>C</b>	FTE Highlights	12

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

**Historical Commission  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
ARCHITECTURAL ASSISTANCE A.1.1	\$11,921,183	\$3,077,683	(\$8,843,500)	(74.2%)	Recommendations include: 1) \$8.5 million decrease in Federal Funds for Emergency Historic Preservation for the recovery and mitigation efforts related to Hurricane Harvey. 2) \$0.3 decrease in Economic Stabilization Funds appropriated for deferred maintenance.
ARCHEOLOGICAL HERITAGE PROTECTION A.1.2	\$2,680,491	\$3,135,252	\$454,761	17.0%	Recommendations include a \$0.4 million increase in Federal Funds for emergency preservation grant funds to be used in fiscal year 2022 for an archeological sites survey for areas heavily impacted by hurricanes to mitigate the damage.
COURTHOUSE PRESERVATION A.1.3	\$27,501,979	\$1,361,221	(\$26,140,758)	(95.1%)	Recommendations primarily include a \$25.9 million decrease in Economic Stabilization Fund No. 599 for Courthouse Preservation grants.
HISTORIC SITES A.1.4	\$47,806,155	\$28,301,641	(\$19,504,514)	(40.8%)	Recommendation include: 1) \$10.3 million decrease in General Revenue for one-time appropriations received in the 2020-21 biennium for the Star of the Republic Museum and Caddo Mounds Visitors Center, and other capital expenses. 2) \$0.7 million increase out of Sporting Goods Sales Tax to provide the full 93 percent allocation required by statute and restore the 5 percent reductions the agency allocated to that method of finance. 3) \$7.2 million decrease in Economic Stabilization Fund No. 599 appropriated for the Levi Jordan Planation State Historic Site, deferred maintenance, and renovations at the National Museum of the Pacific War. 4) \$2.7 million decrease in Federal Funds for Emergency State Historic Preservation grants and General Obligation Bond proceeds used for historic sites.
PRESERVATION TRUST FUND A.1.5	\$877,053	\$497,250	(\$379,803)	(43.3%)	Recommendations reflect a \$0.4 million decrease for expenditure of balances on grants in the 2020-21 biennium.
DEVELOPMENT ASSISTANCE A.2.1	\$3,312,681	\$3,312,166	(\$515)	(0.0%)	Recommendations reflect a decrease in estimated fees collected from the Main Street program and a reduction in one-time appropriations reallocated to this strategy for operating expenditures.
TEXAS HERITAGE TRAIL A.2.2	\$1,900,000	\$1,900,000	\$0	0.0%	

**Historical Commission  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

<b>Strategy/Goal</b>	<b>2020-21 Base</b>	<b>2022-23 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>	<b>Comments</b>
EVALUATE/INTERPRET RESOURCES A.3.1	\$7,994,077	\$6,416,940	(\$1,577,137)	(19.7%)	Recommendation include a decrease of \$1.6 million in General Revenue from one-time appropriations received in the 2020-21 biennium for the Gibson-Grant Cabin Restoration and St. Anthony Cemetery Preservation.
<b>Total, Goal A, HISTORIC PRESERVATION</b>	<b>\$103,993,619</b>	<b>\$48,002,153</b>	<b>(\$55,991,466)</b>	<b>(53.8%)</b>	
CENTRAL ADMINISTRATION B.1.1	\$4,121,541	\$4,017,336	(\$104,205)	(2.5%)	Recommendations include a decrease of \$0.1 million in General Revenue reallocated from one-time expenditures for website technology upgrades and operating expenditures.
<b>Total, Goal B, INDIRECT ADMINISTRATION</b>	<b>\$4,121,541</b>	<b>\$4,017,336</b>	<b>(\$104,205)</b>	<b>(2.5%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$108,115,160</b>	<b>\$52,019,489</b>	<b>(\$56,095,671)</b>	<b>(51.9%)</b>	

**Historical Commission  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2019</b>	<b>Actual 2020</b>	<b>Budgeted 2021</b>	<b>Recommended 2022</b>	<b>Recommended 2023</b>
Cap	224.2	283.2	284.5	285.4	285.4
Actual/Budgeted	222.3	273.4	278.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director, Group 5	\$150,652	\$161,027	\$161,027	\$161,027	\$161,027

Notes:

- a) The State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 20-706, August 2020), indicates a market average salary of \$169,724 for the Executive Director position at the Texas Historical Commission. The agency is not requesting any changes to its exempt position.
- c) The differences in the 2020-21 caps and actual/budgeted amounts are a result of the estimated number of vacancies necessary to implement the agency's five percent reduction plan. In 2020, 12.4 FTEs were lapsed for this purpose. In 2021, 11.0 FTEs were lapsed. This decrease is offset by the addition of 4.5 federally funded FTEs.

## **Sunset Advisory Commission Review of the Texas Holocaust and Genocide Commission – Article I**

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### **Summary**

The Texas Holocaust and Genocide Commission (THGC) is an advisory body on educating Texans about the Holocaust and other genocides, and is administratively attached to the Texas Historical Commission (THC). The Sunset review did not assess or judge the importance of educating Texans about the Holocaust and other genocides, and instead assessed the need for THGC and its effectiveness based on statutory criteria in the Sunset Act. The review found THGC to be a disorganized, unsupervised advisory commission that has exceeded its statutory authority, neglected some of its advisory duties, and significantly increased its expenditures without any clearly articulated goals or measurable outcomes. Based on these findings, Sunset staff recommended abolishing THGC. Instead, the Sunset Commission voted to improve the oversight and operations of THGC by continuing it as an advisory committee to THC, which would have ultimate responsibility for fulfilling THGC's statutory duties and ensuring it operates within its statutory authority.

### **Fiscal Implication**

The recommendation to continue THGC as an advisory committee to THC would not have a significant fiscal impact to the state. Based on fiscal year 2021 appropriations, continuing THGC as an advisory committee would require about \$707,000 annually. THC would receive, manage, and oversee state appropriations to fund THGC's statutory duties, and work with the Legislative Budget Board and THGC to develop goals, outcomes, strategies, and performance measures.

### **Key Sunset Recommendations**

- Continue THGC as an advisory committee to THC and clarify its advisory status, authority, duties, and accountability in statute. THGC would be reviewed as part of THC's next Sunset review in 2031.
- Require THC, in coordination with THGC, to establish and adopt rules, policies, and procedures for THGC's advisory duties and matching grant program.
- Eliminate THGC's three ex officio positions, but authorize THC and THGC to coordinate with the state agencies they represent (the Texas Education Agency, Texas Higher Education Coordinating Board, and the Texas Veterans Commission). Also, eliminate the two legislative advisory positions to avoid potential conflicts.

# TEXAS HISTORICAL COMMISSION

## House Appropriations Hearing

Chairman & Members --

My name is John Nau, and I am the Chairman of the Texas Historical Commission. I'd like to introduce our executive director Mark Wolfe, and our commissioners --

Also with us today is General Hagee, former commandant of the U.S. Marine Corps and Executive Director of the Admiral Nimitz Foundation. He's here to answer any questions you might have about proposed work on the National Museum of the Pacific War in Fredericksburg. And Joy Nathan, Executive Director of the Texas Holocaust and Genocide Commission is also here, if you have any questions for her with respect to the exceptional item related to the Holocaust Commission.

We're pleased to submit this testimony and discuss our Legislative Appropriations Request for the coming biennium.

Texas history makes Texas Texas. Protects our culture. Inspires our entrepreneurs and innovators. And drives economic development and revenue.

And Texas history is an important tool for Texas teachers. Our state's unique history captures the imagination of Texas school children, encouraging reading, exploration, determination and the poetry and prose that make the Story of Texas. And I would argue that awareness of Texas history: our grit; our independence; hard work and innovation is especially critical to Texas today, especially to our young people and those moving here from other states. They need to know what makes Texas so great.

When it comes to jobs and economic development, historic preservation is not an alternative to economic growth but a driving component of it. The total impact of historic preservation in Texas is more than \$4.6 billion dollars annually, and it supports 79,000 jobs.

For example, over the past two years, the THC completed the restoration of the county courthouses in Lynn and San Saba Counties, and restoration is currently underway on courthouses in Callahan, Lee, Mason, Fannin and Taylor Counties, with rededication ceremonies later this year in Falls, Lipscomb, and Marion Counties.



A restored county courthouse becomes a seed for economic development and rebirth – attracting small and local business, housing state and local government offices, and building local Texas pride.

Courthouse restoration provide jobs for skilled craftsmen and women and serve as incubators of prosperity for communities across the state. The THC has helped to fund 77 full restorations and about 72 more courthouses qualify for and desperately need restoration.

THC’s core work is historic preservation, and we do this across Texas – but the best example of our work is in our stewardship of 34 State Historic Sites.

We don’t just preserve these places – we transform them into landmarks that define and support local economies, draw visitors from around the world, and ensure that Texas history and culture live on and inspire.

Last session, you all entrusted the THC with the transfer and stewardship of iconic places such as San Jacinto Battleground, Washington on the Brazos, Monument Hill and the Port Isabel Lighthouse. Even in the face of the pandemic, we stepped up to the challenge and have proven that we deserved your confidence.

With your support since last session our State Historic Sites division completed the restoration of the French Legation here in Austin, made major repairs to Mission Dolores in San Augustine (which is scheduled to reopen with new exhibits this summer), and a new archeological lab and learning center is under construction at the Levi Jordan Plantation in Brazoria County.

The design is almost complete for the new visitors’ center at Caddo Mounds State Historic Site in Alto, replacing the one that was destroyed in the fatal tornado of April 2019. Reconstruction of a portion of the San Felipe townsite is almost complete. The Nimitz Gallery at the National Museum of the Pacific War in Fredericksburg was completely redesigned, and our work there was rewarded by news that we achieved Accreditation by the American Museum Association and were designated as an Affiliate of the Smithsonian Institution.

When COVID-19 hit, the staff at our historic sites knew exactly what to do. They expanded existing online educational opportunities through our History At Home initiative and developed virtual field trips covering such topics as the Texas Revolution, the Republic of Texas, and World War II.

In partnership with the Alamo and Presidio la Bahía, a virtual program called “San Jacinto Day, Texas Remembers” was broadcast on San Jacinto Day and viewed by more than 100,000 people. In just one year, educational posts on social media reached an estimated 40 million people, and nearly 400 educational videos were viewed over 2.3 million times.

The world’s interest in Texas’s strong culture plays an important part in our appeal as a tourist destination. Heritage travelers sustain more than 50,000 jobs across the state and contribute at least \$7.3 billion to the state’s economy annually.

THC’s Texas Heritage Trails program has been the primary source of heritage tourism information for Texans and visitors since 1998. It consists of 10 unique heritage regions covering every Texas county. Each region is operated by its own nonprofit board of directors, coordinating their efforts through the THC. These board members and hundreds of others have volunteered more than 110,000 hours since this program was started close to 20 years ago.

The Texas Historical Commission has a big role to play in the economic future of our state. The program areas I’ve mentioned are the basis of our exceptional item requests this biennium.

Since the LAR, the THC Board and staff have sharpened our pencils further, recognizing the challenge ahead of our state’s budget writers. So we’ve reduced our exceptional items requests by 50%, recognizing the budget realities, from \$72 million to \$36 million. This cut is painful, and all of our original exceptional items were there for justifiable reasons. But we prioritized further just as you have to in these challenging times.

THC’s top priority is the return of the 5% of GR that was deducted in response to the COVID-19 pandemic. The timing of the reduction – after some 2020-2021 funding for some bigger ticket items had already been expended – leaving the remaining available for the 5% cutting into bone. Restoring the 5% is about \$2.4 million and critical to the effective operations of the Texas Historical Commission.

Next, we’re asking for \$655,495 to replace 21 of 57 THC vehicles, some having more than 150,000 miles on them. As most of you know, I’m in the distribution business. Safety of our personnel, drivers and fleet is job #1. Replacing just 1/3<sup>rd</sup> of those high mileage vehicles is a safety issue for me, and it’s important to the safety and mission of our dedicated THC staff.

We are asking for about \$2.5 million to address the most pressing deferred maintenance issues at our historic sites and Capitol Complex properties. (*We reduced down from the \$7.5 in our LAR and the total need is more than \$90 million*). The \$2.5 million is only our very highest priority projects including work on the dam at Landmark Inn in Castroville, structural repairs on the Varner-Hogg Plantation in West Columbia, adobe repairs at the Magoffin Home in El Paso, and restoration, roofing and ruins stabilization at several other sites.

We respectfully request \$25 million for the courthouse preservation program, the same amount appropriated from ESF funds last biennium. Texas has 72 historic county courthouses that still need full restoration funding through matching grants. The \$25 million should enable us to help another 5 or 6 counties with full restorations and keep those preservationists and skilled workers engaged.

We're requesting 9.5 FTEs, down from 18 in our LAR, for historic site staff. That would staff the Star of the Republic museum at Washington-on-the Brazos, the Goodnight Ranch near Amarillo, the Nimitz, and Levi Jordan near Brazoria, which has African American history significance.

As you all know COVID-19 exposed IT challenges for most of our state agencies. The THC needs an agency technology upgrade: \$200,000 for IT modernization and \$40,000 for needed computer refresh. The THC website is a critical source for regulatory guidance, history education and community engagement with more than a million unique visitors since Sept. 1, 2019, this is a 16% increase in website traffic.

My fellow commissioners are also pressing agency staff for a new "travel app" for heritage tourists., reflecting the new way that visitors – especially younger, more mobile families – expect to access information and travel tools. So the THC needs an app for that.

General Hagee is here and can speak to this as well, but our skinny LAR priorities also include \$5.5 million for the Nimitz Museum. Texas's award-winning National Museum of the Pacific War continues to attract thousands of visitors annually. It recently received American Alliance of Museums (AAM) accreditation. Funding will significantly enhance the exhibit's educational value and reach a wider, more diverse audience while implementing the AAM's recommendations.

The priorities for our historic site's portfolio include:

\$136,800 for the Star of the Republic Museum at Washington-on-the-Brazos. This amount corrects a budget error from the 2019 transfer from Blinn College, THC received *partial* funding of \$273,600 for operations from January-August 2020. The annualized full transfer of \$410,400 was not reflected as part of the base General Revenue. This item corrects that partial year calculation error.

El Paso's Mission Socorro is believed to be the original site of the first Spanish mission built in Texas. We are requesting \$500,000 in one-time funds to acquire the remaining 10 acres of this 20-acre site. The land is available for sale and the site is being socked in by encroaching development. This one-time half-million dollar appropriation would be matched by private fundraising to acquire and secure the site at a total cost of \$1.5 million.

Finally, the Texas Holocaust & Genocide Commission, attached to the THC, is requesting about \$67,000 for its 5% cut restoration. Funding is required for THGC to maintain contracted services in order to fulfill the mission to bring awareness of Holocaust and genocides to Texas students, educators and the general public and specifically allows the Commission to carry out Senate Bill 1828, which instructs the THGC to develop and approve materials for the statewide Holocaust Remembrance Day each year.

Members, our revised Exceptional Item list is approximately \$36 million, a 50% reduction from our original LAR exceptional items request. We know how hard your job is.

Thank you for your continued support for the Texas Historical Commission and our mission to Keep Texas Texas. Our work improves economic development, revenue and job creation. It educates and inspires Texans, young and old, multi-generational and especially the many new Texans moving to our state. Texas is a unique place, and Texas history plays a big part. Preserving Texas history makes us stronger, smarter, more understanding and more prosperous as a state.

Thank you for allowing me to highlight the Texas Historical Commission, and our revised, downsized and prioritized budget needs. I know you all have a tough job to do and I thank you for your service to the people of Texas.

At this time, we would be happy to answer any questions.



**87<sup>TH</sup> LEGISLATIVE SESSION – HOUSE APPROPRIATIONS  
AGENCY BUDGET AND EXCEPTIONAL ITEMS**

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## Agency Base Budget from Introduced Bills

	2022	2023
<b>1. Goal:</b> Preserve the State’s Historic Landmarks and Artifacts		
<b>1.1. Objective:</b> Encourage Preservation/Protection of Historic/ Archeological Resources		
<b>1.1.1. Strategy:</b> Architectural Assistance	\$ 1,770,361	\$ 1,307,322
<b>1.1.2. Strategy:</b> Archeological Heritage Protection	\$ 1,799,146	\$ 1,336,106
<b>1.1.3. Strategy:</b> Courthouse Preservation	\$ 816,129	\$ 545,092
<b>1.1.4. Strategy:</b> Historic Sites	\$ 13,956,061	\$ 14,345,580
<b>1.1.5. Strategy:</b> Preservation Trust Fund	\$ 248,625	\$ 248,625
<b>1.2 Objective:</b> Encourage Economic Development/Tourism/ Education		
<b>1.2.1. Strategy:</b> Development Assistance	\$ 1,656,083	\$ 1,656,083
<b>1.2.2. Strategy:</b> Texas Heritage Trails	\$ 950,000	\$ 950,000
<b>1.3 Objective:</b> Identify, Evaluate, and Interpret Historic and Archeological Resources		
<b>1.3.1. Strategy:</b> Evaluate/Interpret Resources	\$ 3,448,471	\$ 2,968,469
<b>2. Goal: Indirect Administration</b>		
<b>2.1.1 Strategy:</b> Indirect Administration	<u>\$ 2,008,667</u>	<u>\$ 2,008,669</u>
<b>Grand Total:</b>	<b>\$26,653,543</b>	<b>\$25,365,946</b>
 FTEs:	 285.4	 285.4

## SUMMARY OF EXCEPTIONAL ITEMS

	2022	2023	Biennium	FTE
1. Restoration of 5% Reduction to Agency Base	\$ 1,436,997	\$ 915,671	\$ 2,352,668	0
2. THC Vehicle Replacement	\$ 655,495	\$ 0	\$ 655,495	0
3. Deferred Maintenance				
a. Landmark Inn State Historic Site	\$ 0	\$ 0	\$ 0	0
b. Caddo Mounds State Historic Site	\$ 0	\$ 0	\$ 0	0
c. Varner-Hogg Plantation State Historic Site	\$ 0	\$ 0	\$ 0	0
d. State Historic Sites (ADA, HVAC, exterior/roof)	\$ 1,100,000	\$ 1,100,000	\$ 2,200,000	0
e. Ruins Stabilization	\$ 0	\$ 0	\$ 0	0
f. San Jacinto Battleground State Historic Site	\$ 0	\$ 0	\$ 0	0
g. Magoffin Home State Historic Site	\$ 0	\$ 0	\$ 0	0
h. Capitol Complex Deferred Maintenance	\$ 150,000	\$ 150,000	\$ 300,000	0
Total Deferred Maintenance	\$ 1,250,000	\$ 1,250,000	\$ 2,500,000	0
4. Courthouse Grant Program	\$25,000,000	\$ 0	\$25,000,000	0
5. Increase Agency FTEs	\$ 480,000	\$ 480,000	\$ 960,000	9.5
6. Agency Technology Upgrade	\$ 220,000	\$ 20,000	\$ 240,000	0
7. National Museum of the Pacific War	\$ 5,500,000	\$ 0	\$ 5,500,000	0
8. Star of the Republic (Technical Correction)	\$ 136,800	\$ 0	\$ 136,800	0
9. Mission Socorro Archeological Site	\$ 500,000	\$ 0	\$ 500,000	0



**SUMMARY OF EXCEPTIONAL ITEMS (continued)**

	<b>2022</b>	<b>2023</b>	<b>Biennium</b>	<b>FTE</b>
10. Restoration of 5% Reduction to THGC Base	\$ 33,301	\$ 33,301	\$ 66,602	0
11. TxDOT Maintenance	\$ 500,000	\$ 0	\$ 500,000	0
12. Agency Mobile Travel App	\$ 150,000	\$ 0	\$ 150,000	0
<b>Total of Exceptional Items</b>	<b>\$35,862,593</b>	<b>\$ 2,698,972</b>	<b>\$38,561,565</b>	<b>9.5</b>



## **EXCEPTIONAL ITEM 1**

### **Restoration of 5% Reduction to Agency Base**

#### **SUMMARY**

This request restores THC base funding to 2020-21 levels for the 2022-23 biennium. In 2019 THC acquired new FTEs and several additional state historic sites to administer. The transfer was successfully managed, but it took time to fill all available FTEs. Salary savings were dedicated to meeting the 5% reduction requirement. The savings cannot be extended into 2022-23 without leaving vacant or eliminating staff positions, including some gained with the transfer. Other funding dedicated to the 5% reduction included maintenance and repair projects at the transferred Star of the Republic Museum and construction of a Caddo Mounds State Historic Site visitors center to replace the one lost in the 2019 tornado. Both projects are critical to their communities. Part of the 5% reduction came from decreases in support of the state's heritage tourism program, whose constituents have already suffered massive losses due to Covid-19, and the Texas Preservation Trust Fund, whose grants are one of the few funding sources available for local historic preservation projects. Restoration of the agency's base would enable the THC to maintain services, complete construction projects already underway and support the state's travel economy.

Reduction in base funding would negatively impact the customer experience at historic sites, the turnaround time of federal and state reviews, the economic development support provided to communities throughout the state, and the level of agency-wide support provided by central headquarters staff in contracting and procurement, Information Technology and Human Resources support

#### **REQUEST**

Provide \$1,436,997 in FY 22 and \$915,671 in FY 23 to restore agency base funding.

**Total:**            \$2,352,668

**FTEs:**             0



## EXCEPTIONAL ITEM 2 THC Vehicle Replacement

### SUMMARY

In 2019, the Texas Legislature transferred administration of several state historic sites from the TPWD. Many of the vehicles that transferred with the sites are in poor condition, long past the state's recommended replacement cycle in age, mileage, or both.

Twenty-one new vehicles are requested to replace an aging fleet exceeding or projected to exceed best practice guidelines. This funding would allow replacement of 5 vehicles exceeding 150,000 miles, 10 exceeding 100,000 miles, 6 vehicles that will exceed 100,000 miles over the current biennium.

These vehicles are routinely used by THC staff to meet the statewide mission and to meet maintenance and management requirements at state historic sites. Aging vehicles require additional funding for routine maintenance, as vehicles exceeding age and mileage recommendations can accrue higher annual maintenance costs of about \$4,100-\$5,000 per vehicle to replace and repair aging parts and maintain safe, roadworthy transportation.

### REQUEST

Provide \$655,495 in FY 22 to replace 21 of 57 aging vehicles.

**Total: \$655,495**

**FTEs: 0**



## EXCEPTIONAL ITEM 3 Deferred Maintenance

### SUMMARY

Funds are needed for deferred maintenance projects at state historic sites and the Austin Capitol complex. Current estimates indicate that these important state-owned assets managed by the THC have needs in excess of \$90 million. This request will cover a fraction of these, based on a detailed prioritization, taking into consideration life/safety and ADA requirements. Projects could include the Landmark Inn's (Castroville) dam spillway and race repairs, Varner-Hogg's (West Columbia) structural repairs and restoration, roofing, and ruins stabilization projects at several historic sites across the state, Magoffin Home (El Paso) adobe repairs, a storm shelter for Caddo Mounds (Alto) and several security-related repairs at San Jacinto, including replacement of the tower elevator and installation of safety railings. This funding request includes structural and HVAC repairs at the state-owned historic Carrington-Covert House, Christianson Leberman and El Rose buildings in Austin that house several of the THC's key programs and services. Continued delays risk severe degradation of priceless historic structures and additional significant future costs to address progressive deterioration.

### REQUEST

Provide \$1,250,000 each year for statewide deferred maintenance projects.

**Total: \$2,500,000**

**FTEs: 0**



## EXCEPTIONAL ITEM 4 Courthouse Grant Program

### SUMMARY

This request matches the Economic Stabilization Funds appropriated during the 86th Legislative Session and would cover 3-4 full restorations and some emergency and planning projects. The THCPP has funded 73 full restorations, all major investments in the Texas economy supporting over 11,800 jobs since 1999. Historic courthouses help local tourism efforts, house important state functions, and attract commercial development into the downtown area. Although these projects are important to urban Texas, they are most significant for rural communities, where restoration of the courthouse might be the biggest construction project since the courthouse was originally built. Demand for these funds continues to be competitive, with applications totaling more than \$110 million for the \$25 million available in the current biennium. Delay of projects increases costs due to escalation in labor and materials pricing. Carrying them out now infuses money into the state's economy with lasting and tangible future benefits.

The program is extremely popular, with almost 150 counties participating. In addition to those courthouses that have received full restoration funding, 30 more have received partial funding for planning or emergency projects. Seventy-three courthouses still need full restoration funding through matching grants to ensure that these communities realize the economic and cultural benefits these buildings can provide. Forty-three participating counties have not received any funding to date.

### REQUEST

Provide \$25 million for statewide restoration projects of iconic county courthouses.

**Total:**            \$25,000,000

**FTEs:**             0



## **EXCEPTIONAL ITEM 5**

### **Increase Agency FTEs**

#### **SUMMARY**

This request includes increased FTE authority for 3.5 FTEs at the Star of the Republic Museum at Washington-on-the-Brazos State Historic Site. Although 4 FTEs were transferred as part of the museum transfer from Blinn College, the transfer omitted several part-time FTEs that were employed at the site. With the resolution of a technical budget correction addressed in Exceptional Item #8, these positions will be fully funded and only FTE authority will be needed.

This request also includes three FTEs for the Charles and Mary Ann Goodnight Ranch, a significant ranching heritage site in the Texas Panhandle, home of cattle-trail pioneer Charles Goodnight. Two FTEs are included to support Levi Jordan Plantation State Historic Site, where the agency is constructing a small lab and education center to support archeological investigations. One FTE is requested to provide IT support for the National Museum of the Pacific War (Fredericksburg), supporting the significant increase in digital education services provided to schools in Texas.

#### **REQUEST**

Provide \$480,000 in each year of the biennium for additional FTEs.

**Total:**            **\$960,000**

**FTEs:**            **9.5**

## **EXCEPTIONAL ITEM 6**

### **Agency Technology Upgrade**

#### **SUMMARY**

The THC website is an essential source for regulatory guidance, history education and community engagement, receiving more than 1 million unique visitors since Sept. 1, 2019, with a 16% increase in visitors over March–July 2020. Funding would allow a software and web platform upgrade to the current version, avoiding the need for a much costlier website redesign and reimplementation. Cloud-hosted software maintaining the website will not be supported for security patches and compatibility after November 2021, requiring transition to an upgraded, vendor-supported platform. Should the website capital authority not be fully funded the agency is asking for the capital budget authority to be approved so the agency could use any funds that might become available during the FY 22-23 biennium to complete this critical project.

The addition of historic sites transferred from TPWD and operation of the Star of the Republic Museum from Blinn College increased the overall IT equipment footprint for THC, adding additional IT-planned replacement costs to the agency budget in future biennia. This request will allow the THC to incorporate aging and outdated equipment from the transfer of state historic sites into the THC's 4-year refresh rotation.

Recent experience with telework and providing online educational resources to teachers and other customers demonstrated that the agency cannot maintain essential services without a properly working and maintained technology infrastructure. The THC follows the Department of Information Resources' recommended guidelines of a 4-year Personal Computer Refresh and replacement cycle.

#### **REQUEST**

Provide \$200,000 in FY 2022 for transition of the agency website and provide \$20,000 in each year of the biennium for additional computer replacement needs.

**Total:**            \$240,000

**FTES:**            0



**EXCEPTIONAL ITEM 7**  
**National Museum of the Pacific War**

**SUMMARY**

The award-winning National Museum of the Pacific War continues to attract thousands of visitors annually. Having achieved accreditation with the American Alliance of Museums (AAM) and completed a major update of the historic hotel building's Admiral Nimitz gallery, updates to Bush Gallery exhibits will address new visitor needs. Plans will significantly enhance the exhibit's educational value and reach a wider, more diverse audience while implementing the AAM's recommendations for "Museums of the Future."

**REQUEST**

Provide \$5.5 million to update the Bush Gallery Exhibits and expand the visitor experience at the National Museum of the Pacific War.

**Total:**            \$5,500,000

**FTES:**             0



**EXCEPTIONAL ITEM 8**  
**Star of the Republic (Technical Correction)**

**SUMMARY**

As part of the transfer of operations for the Star of the Republic Museum from Blinn College to the THC, the agency received partial funding of \$273,600 for operations from January 2020 through August 2020. Funding increased to the full amount of \$410,400 in 2021. This item addresses the additional funding required to operate the Star of the Republic Museum and the difference between the annualized operating amount and the final base general revenue budget numbers, which reflect the partial year funding in fiscal year 2020. Senate Bill 2309, 86th Legislature, Regular Session, transferred operations of the Star of the Republic Museum from Blinn College to the THC, with the related funding and 4 FTEs. The annualized transfer of \$410,400 was not reflected as part of the base General Revenue and should become part of the THC base moving forward with the accompanying reduction of the Blinn College base appropriation.

**REQUEST**

Provide \$136,800 in FY 22 transferred from Blinn College for operations of the Star of the Republic Museum.

**Total:**            \$136,800

**FTEs:**             0





## EXCEPTIONAL ITEM 9 Mission Socorro Archeological Site

### SUMMARY

The Mission Socorro archeological site is believed to be the original site of the first Spanish mission built in Texas. Residential development surrounds the site. The THC acquired 10 acres of this 20-acre site, but the balance is listed for sale. An insensitive new private owner could destroy this highly endangered site.

A state appropriation would be matched by private fundraising, providing enough to acquire and secure the site, as well as to provide interpretive kiosks and other educational opportunities at a total cost of \$1.5 million.

### REQUEST

Provide \$500,000 in FY 22 for acquisition of the Mission Socorro Archeological Site.

**Total:**            \$500,000

**FTES:**            0



**EXCEPTIONAL ITEM 10**  
**Restoration of 5% Reduction to THGC Base**

**SUMMARY**

(THGC) to maintain contracted services in order to fulfill the mission to bring awareness of Holocaust and genocides to Texas students, educators and the general public. Reduction in this critical funding diminishes the Commission's ability to provide necessary educational resources for Texas residents. Restoring these funds would allow the THGC to have adequate resources to continue to educate Texas citizens, and specifically allows the Commission to carry out Senate Bill 1828, which instructs the THGC to develop and approve materials for the statewide Holocaust Remembrance Day each year. Without the restoration of these funds, the people of Texas will be negatively impacted, causing a strain on future Holocaust and genocide education.

**REQUEST**

Provide \$33,301 in each year to restore the THGC program base funding.

**Total:**            \$66,602

**FTES:**             0



**EXCEPTIONAL ITEM 11**  
**TxDOT Maintenance**

**SUMMARY**

The Texas Department of Transportation (TxDOT) currently expends no more than \$500,000 each biennium to construct and maintain roads in state historic sites administered by the THC. Additional funding is necessary to address the maintenance and repair of roads and parking lots within 8 newly added historic sites. The THC submits this request to add additional funds to TxDOT's General Appropriations Act Bill Pattern for the 87th Legislative session and amend the TxDOT Rider 21.

**REQUEST**

Provide \$500,000 in FY 22 for road maintenance at state historic sites.

**Total:**            \$500,000

**FTES:**             0

## EXCEPTIONAL ITEM 12 Agency Mobile Travel App

### SUMMARY

Heritage travelers are a significant part of the multi-million-dollar Texas travel industry that supports one in every ten Texas jobs. This is just one of the many stakeholders the agency routinely engages with, along with preservationists and history aficionados, building networks of agency data-users who make positive economic contributions across the entire state. Funding would allow the agency to showcase information from across existing agency tools (including historical marker information, museums, heritage businesses, historical designations and more) in a mobile friendly app for tourists and travelers. Historical attractions are among the most popular destinations in the state, and travelers desire user-friendly access and presentation. Heritage travelers contribute an estimated \$7 billion to the state economy, with significant impact on rural areas across the state in addition to the larger metropolitan areas. Should this item not be fully funded the agency is asking for the capital budget authority be approved so the agency could use any funds that might become available during the FY 22-23 biennium to complete this very important project.

### REQUEST

Provide \$150,000 in FY 22 to create an Agency mobile travel app.

**Total:**            \$150,000

**FTES:**            0



## SELECT PROPOSED RIDER REVISIONS AND ADDITIONS

### **Existing Rider 8: Historic Sites Revenue**

This requested revision would allow THC to eliminate the cap on excess revenue collection at state historic sites. That revenue could then be reinvested into the sites where it is being generated.

### **Existing Rider 16: Texas Historic Preservation Tax Credit Review Fees**

The 83<sup>rd</sup> Texas Legislature created the Texas Historic Preservation Tax Credit Program, which is administered in significant part by the Texas Historical Commission. The agency is authorized to charge a fee for its service but is required to estimate the amount to be collected and is limited to retaining not more than the estimated amount. As this program is still very new and continues to be changed in each legislative session, THC requests that this rider be amended to appropriate \$103,000 in additional revenues each fiscal year to support the tax credit program.

### **New Rider: Unexpended Balances Sporting Goods Sales Tax (SGST)**

Existing Rider 27: Maximum Appropriation of Sporting Goods Sales Tax (SGST) Revenue provides the agency with appropriation authority when the Comptroller determines the maximum allocation exceeds the amount appropriated during the current biennium but does not provide for UB authority between biennia. This rider would provide that agency with the appropriation authority between biennia for Sporting Goods Sales Tax appropriated in the Historic Sites Fund 5139 when additional funds are appropriated by the Comptroller.

