

FOR THE BIENNIUM BEGINNING SEPTEMBER 1, 2011

**2012–13
LEGISLATIVE
APPROPRIATIONS
REQUEST**

DETAILED INSTRUCTIONS

MAY 2010

**LEGISLATIVE BUDGET BOARD
GOVERNOR'S OFFICE OF BUDGET, PLANNING AND POLICY**

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Introduction

These instructions are provided to guide each agency, institution of higher education and appellate court in preparing and submitting a Legislative Appropriations Request (LAR) for the 2012-13 biennium. Please note that the term “state agency” or “agency” used throughout these instructions includes the appellate courts. The agency’s appropriation request is the bridge between the development of the agency’s strategic plan and the General Appropriations Act (GAA) by providing a fiscal expression of the agency’s priorities. This fiscal expression includes quantitative information such as projected performance, projected cost, and methods of financing proposed for state services. In addition, information is provided related to narrative language (riders) that is integral to preparation of the GAA.

The LAR is divided into two components, the “baseline” or “base level” request and requests for consideration of “exceptional items,” which are desired services in addition to the baseline request. Additional guidance for these two components may be provided by the Governor or members of the Legislature.

These instructions may not provide all of the information that will be desired for the presentation and analysis of an agency’s LAR. Agencies may supplement the required information with additional material that express the needs and priorities of the agency. Similarly, staff of the budget offices may request additional information in order to better analyze the agency request.

This publication includes a brief explanation of the concepts of the Texas budgeting system. This document is available both on the Legislative Budget Board (LBB) website (<http://www.lbb.state.tx.us>) by going to Agency Instructions/Legislative Appropriations Requests, and on the Governor’s website (<http://www.governor.state.tx.us>). The submission schedule, indicating the due date for each agency LAR, may be found in Appendix 1, which is displayed as a separate document on the LBB website, with additional appendices containing example Automated Budget and Evaluation System of Texas (ABEST) reports and other forms.

We look forward to receiving your requests for appropriations and to our continued joint efforts to provide accountability for necessary state services.

Strategic Planning and Budgeting System (SPB)

In 1992, the Governor and the LBB adopted a Strategic Planning and Budgeting system (SPB) to allocate state government resources. SPB recognizes relationships between funding and performance, between accountability and resource allocation, and most importantly, between spending and results. The goal of SPB is to focus on the quality of services provided and to emphasize accountability for expenditure of state resources. Major elements of the system are strategic planning, performance-based budgeting, budget implementation, and budget monitoring. A more detailed description of the SPB system can be found in *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years 2011-15* (March 2010), the strategic planning instructions for agencies, which are available on the LBB website.

Strategic Planning and Budgeting Structures

While the strategic planning and budgeting structure serves as the starting point for developing an agency’s biennial budget request, the approved budget structure may differ from the strategic planning structure. Changes to existing budget structures must be approved by the Governor’s Office of Budget, Planning and Policy (GOBPP) and the LBB. Requested changes are reviewed by both budget offices to ensure that the structure will provide an appropriate basis for budgetary analysis. Any changes to budget structures will be expected to allow comparison to previous structures. In addition, to allow comparison of performance between years, historical data must be maintained and available for any measures that are changed. Agencies wanting to modify previously approved structures and measure definitions should have submitted a written request to the two budget offices by the April 16, 2010 deadline.

Introduction (continued)

If revisions are not requested or approved, the budget structure previously approved for use in preparing an agency's appropriation request for the 2010-11 biennium, as modified by Senate Bill 1, Eighty-first Legislature, September 2009 (published version of 2010-11 GAA), is the approved structure for the 2012-13 biennium. Once budget structures are finalized, the LBB will send each agency a set of reports to serve as the framework for entering the budget request into ABEST.

Performance Measures

Developing and maintaining an effective performance accountability system is critical to the SPB system. The overall value of the measurement system is dependent upon the quality of the individual measures. A sound measurement system requires measures that are relevant, reliable, and valid, and provide sufficient coverage of agency activities in a cost-effective manner.

Measures developed and approved for an agency's strategic plan are used in its budget request. The agency should, for each measure, reflect actual performance for fiscal year 2009 as reported in ABEST to the LBB and GOBPP and make a good faith effort to identify expected performance for fiscal year 2010 and projected performance for fiscal years 2011, 2012, and 2013.

Additional information on the state's performance measurement system can be found in *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years 2011-15* (March 2010) on the LBB website under Agency Instructions/Preparing Agency Strategic Plans and on the GOBPP website.

Major Milestones

The 2012-13 cycle for allocating state resources began with the issuance of *Instructions for Preparing and Submitting Agency Strategic Plans for Fiscal Years 2011-15* (March 2010). Below are major milestones in the current cycle:

- Strategic planning instructions issued March 2010
- Agency requests to modify budget structure submitted April 16, 2010
- Policy letter for 2012-13 Legislative Appropriations Requests released May 2010
- Instructions for biennial 2012-13 Legislative Appropriations Request issued May 2010
- LBB/GOBPP approve agency budget structures April, May 2010
- Agency submits strategic plan for 2011-15 June 18, 2010 and July 2, 2010
- Agency submits 2010-11 base reconciliation June 2010
- LBB/GOBPP approve agency base reconciliations and provide agency General Revenue/GR-Dedicated Limits for 2012-13 baseline requests June 2010
- Agency submits biennial 2012-13 Legislative Appropriations Request August 2010
- LBB/GOBPP staff conduct joint budget hearings August, September 2010
- LBB delivers budget recommendations to the Eighty-second Legislature January 2011
- Governor delivers budget proposal to the Eighty-second Legislature January 2011
- Legislature considers and adopts appropriations bill January - May 2011
- Comptroller of Public Accounts certifies appropriations bill June 2011
- Governor approves General Appropriations Act and issues veto proclamation June 2011

Important

Projection of performance two to three years out is difficult. As agencies receive additional information on performance trends after submission of the original budget request, we encourage you to provide both budget offices with written documentation of updated performance projections, as appropriate, throughout the legislative process.

General Budget Instructions

Baseline Request and Exceptional Items

Agencies should limit their general revenue and general revenue-dedicated funds baseline appropriations request to the amounts approved by the offices of the LBB and the GOBPP. A policy letter (“Policy Letter”) regarding baseline levels is available on the LBB website at Agency Instructions/Legislative Appropriations Request/Policy Letter for Legislative Appropriations Request (May 2010).

Supplemental Information to Policy Letter

- Article II entitlement programs are defined as Acute Care Medicaid, Long Term Care Medicaid (except waivers), and foster care. Adoption subsidies, Clawback, and Early Childhood Intervention are not considered entitlement programs and are not exempt from baseline limits. Baseline requests for entitlement programs should include amounts sufficient for projected caseload growth and maintaining fiscal year 2011 rates authorized by the 2010–11 GAA, as adjusted by the five percent biennial budget reduction. Rate increases, cost inflation, utilization, and acuity should be shown as exceptional items.
- Higher education institutions that receive formula appropriations should not request amounts for the formula strategies.
- Agencies should not request appropriations out of State Highway Fund 006 that exceed amounts estimated for fiscal year 2010 and budgeted for fiscal year 2011. This requirement excludes the Texas Department of Transportation (TxDOT).
- Agency baseline requests should not include or create any new state debt.

What’s New

Five Percent Biennial Budget Reduction

- Fiscal years 2010 and 2011 should contain entries representing the five percent biennial budget reduction required by the Lt. Governor, Speaker and Governor in their January 15, 2010 letter, and in accordance with the guidance provided in the base reconciliation instructions. Additional exceptions to the five percent reduction in the 2010-11 biennium, as authorized by the Lt. Governor, Speaker and Governor also should be reflected.
- Agencies should note that the 2012-13 GR and GR-Dedicated limits, as established by the LBB and GOBPP, will reflect the full five percent biennial reduction amounts as calculated by the LBB for the five percent reduction exercise. Additional exceptions granted for the 2010-11 biennium by the Lt. Governor, Speaker, and Governor will NOT be recognized in the establishment of the 2012-13 GR and GR-Dedicated limits. Please contact the LBB or GOBPP analyst for additional details.

General Budget Instructions (continued)

What's New (continued)

Federal American Recovery and Reinvestment Act (ARRA)

- ARRA appropriations, and adjustments to them, should be represented in the agency's LAR submission according to the guidance provided in the base reconciliation instructions. Those instructions can be found on the LBB website under the "Agency Instructions" heading.
- A request in the 2012-13 biennium for General Revenue to replace ARRA funding in the 2010-11 biennium should be an exceptional item request, and therefore should not be included in the agency's baseline request. However, agencies may include General Revenue requests to replace ARRA funding in their baseline request if ARRA funded a program covered by the exceptions listed in the Policy Letter.
- Agencies that received ARRA funding for programs not covered by the Policy Letter should discuss in detail in the Administrator's Statement how the agency plans to address the loss of those funds in the 2012-13 biennium, and the projected impact to programs and agency performance.

New Schedule: Budgetary Impacts Related to Federal Health Care Reform

- Agencies affected by the federal legislation on health care reform are required to complete this new schedule identifying any costs, savings, and/or federal funds the agency has incurred in fiscal year 2010, or expects to incur in fiscal years 2011, 2012, and 2013, as a result of the federal health care reform.

Project ONE - Enterprise Resource Planning (ERP) Project

- Agencies designated as participants in Project ONE — currently, Health and Human Services agencies, the Department of Information Resources, the Department of Transportation and the Department of Motor Vehicles — are required to include Project ONE requested appropriations in the Capital Budget submissions. Agencies are reminded that certain information must be submitted to the Comptroller of Public Accounts for enterprise resource planning (ERP) systems to ensure that those systems are consistent with statewide ERP goals. Agencies should submit the required information using the [one-page Agency ERP Project Request form](http://window.state.tx.us/taxinfo/taxforms/74-222.pdf) found at <http://window.state.tx.us/taxinfo/taxforms/74-222.pdf>.

10 Percent Biennial Base Reduction Options Schedule

- This schedule, formerly a spreadsheet submission outside of ABEST, is now an ABEST entry screen. Agencies should submit reductions in increment of five percent.

Summary of Forms and Reports

Each agency's budget request may contain the following word processing forms, spreadsheet forms, and Automated Budget and Evaluation System of Texas (ABEST)-generated reports (as necessary).

Word processing and spreadsheet forms are to be emailed to the LBB and GOBPP addresses established for that purpose:

LAR@LBB.STATE.TX.US and LAR@GOVERNOR.STATE.TX.US

General Budget Instructions (continued)

- Administrator’s Statement
- Organizational Chart
- Summaries of Request
 - Seven ABEST reports
- Strategy Request
 - ABEST report
- Rider Revisions and Additions Request
 - Word processing form
- Rider Appropriations and Unexpended Balances Request
 - ABEST report
- Sub-strategy Request (if required)
 - Two spreadsheet forms
- Exceptional Items Request
 - Three ABEST reports
- Capital Budget Schedules
 - Four ABEST reports
 - Spreadsheet form as required by LBB or GOBPP
- HUB Supporting Schedule
 - ABEST report
- Current Biennium One-time Expenditure Schedule
 - Spreadsheet form
- Federal Funds Supporting Schedule
 - ABEST report
- Federal Funds Tracking Schedule (if required)
 - ABEST report
- Estimated Revenue Collections Supporting Schedule
 - ABEST report
- Advisory Committee Supporting Schedule
 - ABEST report
- Homeland Security Funding Schedule
 - ABEST report
- Estimated Total of All Funds Outside the GAA
 - Bill Pattern Schedule
 - Spreadsheet Form
- 10 Percent Biennial Base Reduction Options Schedule
 - ABEST report
- Budgetary Impacts Related to Federal Health Care Reform
 - Two ABEST reports
- Administrative and Support Costs
 - Two ABEST reports

Agency Request

The Strategy Request is the initial building block of the agency’s budget request. It should incorporate direct strategy costs (excluding requested rider appropriations) and capital costs allocated to a strategy. The Summaries of Request can be generated from ABEST. The Federal Funds, Capital Budget, and other schedules are supplemental since they provide greater detail on amounts contained in the Strategy Request.

Prioritization of Measures

ABEST requires the agency to enter its performance measure definitions in the system. As part of that process, you will be allowed, but not required, to assign a priority (high, medium, or low) to each performance measure. This will assist in review of the budget request and in the selection of key measures for inclusion in the appropriations bill.

Electronic Submission

Agencies will submit LARs for fiscal years 2012–13 electronically, through ABEST, to the LBB. The LAR is submitted to the LBB electronically once agencies change their status in ABEST to “Complete.” Other word processing and spreadsheet forms must be e-mailed to the LBB and GOBPP. Agencies will submit bound paper copies to the GOBPP, the LBB, and to other offices requiring copies of LARs. (See page 8 for a list.)

Instructions for entering budget data in ABEST may be found on the LBB web page at <http://www.lbb.state.tx.us>, Agency Instructions/Legislative Appropriation Requests/*Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010).

General Budget Instructions (continued)

Legislative Appropriation Requests (LARs) on Agency Websites

Agencies are required to place their 2012–13 LARs on the agency website within 5 days of submitting the required bound paper copies. Please contact LBB PC Technical Support at (512) 936-4026, if you need technical assistance. Any revisions to the LAR, including all changes to affected forms and schedules, should be posted to the agency website within 5 days of submitting the revision to the two budget offices.

The LAR will include up to 27 ABEST reports. Data will be entered into various data-entry screens that are identified below, using instructions in *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2008). The following table lists the 27 reports and the corresponding data-entry screen or screens for each report.

ABEST Data-entry Reference

Report	ABEST Tabs/Submenus
Administrator’s Statement	Gen Info/Settings/Admin Stmt
Summaries of Request	
Summary of Base Request by Strategy	Bud Req/Strategy Requests
Summary of Base Request by MOF	Bud Req/Summary of MOF Requests and Summary of FTE
Summary of Base Request by OOE	Bud Req/Strategy Requests
Summary of Base Request Objective Outcomes	Measures/Objective Outcomes
Summary of Exceptional Items Request	Bud Req/Exceptional Item Strat Alloc and Summary of FTE
Summary of Total Request by Strategy	Bud Req/Strategy Requests and Exceptional Item Strat Alloc
Summary of Total Request Objective Outcomes	Measures/Objective Outcomes and Impact on Outcomes
Strategy Request	Bud Req/Strategy Requests, Measures/[all types], and Support Info/Justification Description and Internal External Factors
Rider Appropriations and Unexpended Balances Request	Bud Req/Rider Requests
Request for Exceptional Items	
Exceptional Item Request Schedule	Bud Req/Exceptional Item Names and Exceptional Item Strat Alloc
Exceptional Item Strategy Allocation Schedule	Bud Req/Exceptional Item Strat Alloc
Exceptional Items Strategy Request	Bud Req/Exceptional Item Strat Alloc and Strategy Requests
Capital Budget Supporting Schedules	
Capital Budget Project Schedule	Cap Bud/Project Financing and Project Strategy Allocation
Capital Budget Project Information	Cap Bud/Project Information
Capital Budget Allocation to Strategies	Cap Bud/Project Strategy Allocation
Capital Budget Operating and Maintenance Expenses	Cap Bud/Oper & Maint Expenses
Supporting Schedules	
HUB Supporting Schedule	Support Info/HUB
Federal Funds Supporting Schedule•	Bud Req/Strategy Request and Support Info/Fed Funds Support Sched
Federal Funds Tracking Schedule•	Support Info/Federal Grant Year
Estimated Revenue Collections Supporting Schedule•	Support Info/Est Rev Collections Sched
Advisory Committee Supporting Schedule	Support Info/Advisory Cmte Sched
Homeland Security Funding Schedule	Support Info/Homeland Security
10 Percent Biennial Base Reduction Options Schedule	Support Info/Base Reduction
Budgetary Impacts Related to Federal Health Care Reform	Support Info/Health Care Reform
Direct Administrative and Support Costs Schedule•	Support Info/Direct Admin & Supp Costs
Indirect Administrative and Support Costs Schedule•	Support Info/Indirect Admin & Supp Costs

• Report not required for institutions of higher education.

Any questions regarding these instructions should be directed to the assigned analyst in either budget office.

Assembly and Distribution of Copies

Assembly

For bound paper copies of the appropriations request, all pages whether produced using ABEST reports, word-processing software, or spreadsheets should be on letter-size paper (8-1/2 x 11) and bound along the left margin in a document with a durable cover. See sample cover sheet on page 9. The appropriations request should be printed on both sides, numbered, and assembled in the manner described in these instructions. Additional support documents may be included and a pagination system other than the ABEST report system may be used.

These instructions and word processing and spreadsheet forms may be accessed on the LBB website (<http://www.lbb.state.tx.us>). Agencies may create and modify these forms as needed as long as the basic information and structure are maintained.

ABEST reports are generated through the Internet. For additional information regarding ABEST reports, refer to instructions contained in *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* or contact the ABEST Help Desk at (512) 463-3167.

It is suggested that request documents be assembled in the following order:

- (1) Cover and Title Sheet
- (2) Table of Contents
- (3) Administrator's Statement
- (4) Organizational Chart
- (5) Summaries of Request
- (6) Strategy Request
- (7) Rider Appropriations and Unexpended Balances Request
- (8) Rider Revisions and Additions Request
- (9) Sub-strategy Request (if required)
- (10) Exceptional Item Request
- (11) Capital Budget •
- (12) Supporting Schedules
 - Historically Underutilized Business
 - Current Biennium One-time Expenditure
 - Federal Funds •
 - Federal Funds Tracking (if required) •
 - Estimated Revenue Collections •
 - Advisory Committee Supporting Schedule
 - Homeland Security Funding Schedule
 - Estimated Total of All Funds Outside the GAA
 - 10 Percent Biennial Base Reduction Options
 - Schedule
 - Budgetary Impacts Related to Federal Health Care Reform Schedule
- (13) Administrative and Support Costs •
 - Indirect Administrative and Support Costs
 - Direct Administrative and Support Costs

•Report not required for institutions of higher education.

Assembly and Distribution of Copies (continued)

Distribution

An electronic copy of the LAR is submitted to the LBB once the agency status in ABEST is set to "Complete." Bound paper copies of the LAR and any supplemental (that is, non-ABEST) information required by either the LBB or the GOBPP should be filed as follows:

Legislative Budget Board Robert E. Johnson Bldg., 5 th Floor (P.O. Box 12666, Austin, TX 78711) LAR@LBB.STATE.TX.US	Electronic Filing and Two Bound Paper Copies	Department of Information Resources William P. Clements Bldg., Suite 1300 (P.O. Box 13564, Austin, TX 78711-3564)	One Bound Paper Copy
Governor's Office of Budget, Planning and Policy 1100 San Jacinto, 4 th Floor (P.O. Box 12428, Austin, TX 78711) LAR@GOVERNOR.STATE.TX.US	Two Bound Paper Copies	Bond Review Board William P. Clements Bldg., Suite 409 (P.O. Box 13292, Austin, TX 78711-3292)	One Bound Paper Copy
State Auditor's Office Robert E. Johnson Bldg., Suite 4.224 (P.O. Box 12067, Austin, TX 78711-2067)	Two Bound Paper Copies	Lt. Governor's Office State Capitol Building (P.O. Box 12068, Capitol Station, Austin, TX 78711)	One Bound Paper Copy
Legislative Reference Library State Capitol, Room 2N.3 (P.O. Box 12488, Capitol Station, Austin, TX 78711)	One Bound Paper Copy	Speaker's Office State Capitol Building (P.O. Box 2910, Capitol Station, Austin, TX 78711)	Two Bound Paper Copies
Texas State Publications Clearinghouse, State Library Lorenzo de Zavala State Archives and Library Building (P.O. Box 12927, Austin, TX 78711-2927)	As Required by Statute	Senate Committee on Finance Capitol Extension, Room E1.038 (P.O. Box 12068, Capitol Station, Austin, TX 78711)	17 Bound Paper Copies
Comptroller of Public Accounts L.B.J. Building (P.O. Box 13528, Austin, TX 78711)	One Bound Paper Copy	House Committee on Appropriations Capitol Extension, Room E1.032 (P.O. Box 2910, Capitol Station, Austin, TX 78711)	Five Bound Paper Copies
		Additionally, for Institutions of Higher Education: Higher Education Coordinating Board 1200 East Anderson Lane (P.O. Box 12788, Austin, TX 78711)	One Bound Paper Copy

Sample Form for Cover and Title Sheet

Legislative Appropriations Request

For Fiscal Years 2012 and 2013

Submitted to the
Governor's Office of Budget, Planning and Policy
and the Legislative Budget Board

by

Department, Agency, Board, or Commission Name

Date of Submission

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Part 1. Statement, Chart, and Certification

Administrator's Statement

The Legislative Appropriations Request (LAR) is divided into parts identified by numbers and capital letters. Part 1 includes the Administrator's Statement, an organizational chart, and Certification of Dual Submissions.

The agency administrator and/or governing board must include a statement in the LAR. The administrator's statement must be entered into Automated Budget and Evaluation System of Texas (ABEST). Available space permits a maximum of 22,000 characters (approximately 10 typewritten pages). Graphics such as charts or tables are not permitted. This statement must include the names, terms of office, and hometowns of the members of the governing board. The statement must explain issues fundamental to the budget request, including the following:

- significant changes in policy;
- significant changes in provision of service (e.g., client population, cost, efficiencies, technology, privatization, etc.);
- significant externalities (e.g., population changes, court orders, federal mandates, service demands, etc.);
- purpose of any new funding being requested (e.g., comply with federal or state law requirements, resolve unforeseen budget problems, expand existing or create new programs);
- brief narrative summary explaining the approach the agency took in preparing the 10 percent general revenue-related base reduction exercise and assessing the overall impact of various reduction options. See Part 6.I., 10 Percent Biennial Base Reduction Options Schedule (page 69) for more information on reduction options; and
- for agencies receiving ARRA funding for programs in the 2010-11 biennium, discussion of the agency's plan for these programs in the 2012-13 biennium given a lack of ongoing ARRA funding or replacement General Revenue.

The administrator's statement also should include requests for additional exempt positions; changes to exempt position titles and salary levels; and a description of agency statutory authority to conduct background checks and actual agency practices or procedures regarding background checks.

Organizational Chart

Provide an organizational chart that reflects the management structure of the agency. The organizational chart is not an ABEST-generated report. Although there is no standard format for the organizational chart, at a minimum, identify the following:

- ♦ oversight Boards or Commissions (Article II agencies should include the Executive Commissioner and Agency Councils);
- ♦ all functional units of the agency (with a brief description of each function);
- ♦ each management position by title; and
- ♦ the number of full-time-equivalents (FTEs) directly supervised by that position.

Certification of Dual Submissions

The LAR is submitted both electronically, through ABEST, and in bound paper copy. The request submitted in ABEST is the official request. A certification of the content of the dual submissions, and assurance that the electronic and paper copy are one and the same, must be provided to the two budget offices within seven (7) days of the electronic filing. In the event of a discrepancy between the electronic and paper copies, the electronic copy will be presumed correct. The certification form may be printed from the LBB website at *Agency Instructions/Legislative Appropriations Requests/General Instructions/Certificate Form for Certification of Dual LAR Submissions*.

If an office is headed by an elected official, the first assistant may sign for the elected official.

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Part 2. Summaries of Request

Purpose

These reports summarize the agency's base level budget request and method of financing and show the impact of the base request on outcome measures. Also, these reports reconcile expenditures and budgeted amounts to the original appropriations, provide a listing of exceptional items, and summarize the agency's total request (base plus exceptional items requests) by strategy.

General Information

The Summaries of Request include seven reports. Four reports summarize the agency's base request for fiscal years 2012–13 and include data for fiscal years 2009, 2010 and 2011. The Summary of Exceptional Items Request lists each exceptional item and provides the total exceptional item request by method of financing. The final two reports provide the combined totals of the base and exceptional items requests and the corresponding outcome measure targets.

Entering the Data to Generate the Reports

The Summaries of Request consist of data for seven Automated Budget and Evaluation System of Texas (ABEST)-generated reports. Draft versions of these report can be generated at any time during data entry into ABEST. The agency must set the status of the request to "complete" before generating a final copy of the reports to ensure there are no contradictions between sections of the request.

2.A. Summary of Base Request by Strategy

totals the agency's base level appropriations request by strategy and shows the request in context of the agency's approved budget structure for fiscal years 2012–13. It also contains information on 2009 actual expenditures, including accruals and encumbrances, 2010 estimated expenditures, and budgeted 2011 expenditures. Expenditure amounts for fiscal years 2010 and 2011 should incorporate the five (5) percent reduction plans as adjusted by leadership decisions and updated data. This report summarizes data entered in the strategy request and appropriations rider request. For fiscal years 2009 through 2011, appropriation rider expenditures are included in the strategy expenditure amounts. For requested years 2012–13, prospective rider appropriation totals appear at the end of the report. See the sample report on page 1 of Appendix 2.A. For fiscal years 2010–11, the strategy amounts when totaled should equal, except for appropriation adjustments for updated data, the 2010-11 Base Reconciliation previously approved by the LBB and the GOBPP. For all fiscal years, the strategy amounts by MOF when totaled must equal the Adjusted MOF Totals included in the Summary of Base Request by Method of Financing.

2.B. Summary of Base Request by Method of Financing (MOF)

summarizes the agency's base request for fiscal years 2012–13 by MOF and allows the LBB and the GOBPP to reconcile the original appropriation with the final expended or adjusted budget amounts for fiscal years 2009–11.

Important

- ▶ Amounts reported for fiscal year 2009 include **expenditures plus accruals and encumbrances** payable for the fiscal year.
- ▶ Amounts reported for fiscal years 2010 and 2011 reflect the agency's best estimate for anticipated expenditures.
- ▶ Transferred programs should be reflected by the receiving agency in all years.
- ▶ Be prepared to provide an explanation for any significant differences between the agency appropriations and expended amounts.

Important

- ▶ Be sure to show any authorized unexpended balances carried forward into the second year of the biennium, or between two biennia (from one biennium to the next), from each method of financing.
- ▶ An agency purchasing goods or services from another state entity uses the original method of financing (General Revenue, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses Interagency Contracts as the method of financing.

Part 2. Summaries of Request (continued)

The Summary of Base Request by Method of Financing included in the Legislative Appropriations Request is similar to the Summary of Budget by Method of Financing included in the Operating Budget. A similar exercise is also required for an agency's Base Reconciliation, submitted prior to the Legislative Appropriations Request. Although each of these has differing time frames, there should be continuity between the information submitted for each. Review the information submitted previously to ensure you are completing the summary in a consistent manner.

Each method of financing is assigned to a category of fund (General Revenue Funds, General Revenue–Dedicated Funds, Federal Funds, and Other Funds). Each method of financing is further detailed by Type of Appropriation (Regular, Rider, Transfers, etc.). See Categories of Funds and Types of Appropriation in the Method of Financing section on pages 17-21.

For each method of financing, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature, Regular Session, 2009, for fiscal year 2009 and from the Conference Committee Report on Senate Bill 1 (May 2009), which can be found on the LBB website, for fiscal years 2010 and 2011.

Adjustments to the Regular Appropriation amounts are made using other Types of Appropriation. These adjustments should include specific Article IX and XII provisions, end-of-article Special Provisions and agency specific riders from the General Appropriations Act; other appropriating legislation; the Governor's veto proclamations; and the most recent projections of federal and other estimated funds.

The information in the report for fiscal years 2009-11 should match, except for updated data, the 2010–11 Base Reconciliation previously approved by the LBB and GOBPP. For all fiscal years, the Adjusted MOF Totals in the Summary of Base Request by Method of Financing must equal the total of the strategy amounts by MOF included in the Summary of Base Request by Strategy.

In addition to the method of financing summary entered by the agency, the report also reconciles the full-time-equivalent (FTE) positions as reported in agency strategies. See the Method of Financing Section and the Summary of Base Request by Method of Financing sample report on page 6-7 of Appendix 2.B.

2.C. Summary of Base Request by Object of Expense (OOE) summarizes the agency's base request by object of expense codes to display the goods and services purchased by the agency. Eighteen objects of expense, as listed in *ABEST Object of Expense Codes*, will be used for this report (see page 23 for more detail). See Summary of Budget by Object of Expense sample report on page 1 of Appendix 2.C.

2.D. Summary of Base Request Objective Outcomes summarizes agency outcome measures. Enter actual and estimated performance for fiscal years 2009 and 2010, respectively. For budgeted fiscal year 2011, enter the agency's **current projected performance** for each outcome measure. In instances where the current estimate is not the same as the 2011 targeted performance identified in the 2010-11 General Appropriations Act, **updating the current estimate does not constitute a request to change the target**. See the Summary of Base Request Objective Outcomes sample report on page 1 of Appendix 2.D.

2.E. Summary of Exceptional Items Request uses data extracted from the Exceptional Item Strategy Request and the Summary of FTEs ABEST screen. For each fiscal year, enter the number of FTEs that are included in the Exceptional Item FTE totals that are funded entirely with Federal Funds. Do not include FTEs that would be partially funded with Federal Funds in the "Number of 100% Federally Funded FTEs" line.

2.F. Summary of Total Request by Strategy and **2.G. Summary of Total Request Objective Outcomes** correspond to the similarly titled base request summaries. Each displays the requested base level, the exceptional item amount, and the total of the base and exceptional items. No additional data entry is necessary.

Part 2. Summaries of Request (continued)

Checklist Items

Yes

- Does the report reflect appropriate and specific Article IX and XII provisions, end-of-article Special Provisions, agency-specific riders, and Governor's vetoes?
- Does the report include all transfers, including interagency transfers?
- Does the method of financing reconcile to the 2009 and 2010-11 method of financing structure, as reflected in the Conference Committee Report on House Bill 1 (May 2007) and Senate Bill 1 (May 2009)?
- Does the report include rider appropriations, such as certain unexpended balances carry-forward authority, and supplemental appropriations?
- Does the method of financing reflect lapsed appropriations and revised receipts?
- Does "Full-Time-Equivalent Positions" equal the sum of FTEs in each strategy?

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Method of Financing

Purpose

The Summary of Base Request by Method of Financing report identifies the sources from which funds have been appropriated, expended, budgeted, and requested.

General Information

The method of financing section should identify all of the method of financing (MOF) codes from which funds have been appropriated, expended, budgeted, and requested. These codes are found in *Method of Financing Codes*, available on the Legislative Budget Board (LBB) website (www.lbb.state.tx.us/) under Agency Reference Documents. Consult with the budget offices (LBB or Governor's Office of Budget, Planning and Policy [GOBPP]) if you have questions about which MOF code to use for a particular source of funds.

The Summary of Base Request by Method of Financing report allows the budget offices to reconcile the final expended amounts for fiscal year 2009, estimated expenditures for fiscal year 2010, and the budgeted amounts for fiscal year 2011 with the General Appropriations Acts for these years. To provide the necessary level of detail, this section should identify the MOF code for all amounts included in the LAR. The MOF code cited should reflect the fund category applicable to the year in which the amounts were appropriated. In addition, this schedule allows agencies to reconcile the number of full-time-equivalent (FTE) positions for each fiscal year. See Summary of Base Request by Method of Financing sample report on page 1 of Appendix 2.B.

Important

For each method of financing, enter the Regular Appropriation amounts from the General Appropriations Acts. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature, Regular Session, 2007, for fiscal year 2009 and from the Conference Committee Report on Senate Bill 1 (May 2009), which can be found on the LBB website, for fiscal years 2010 and 2011.

Amounts for fiscal years 2009, 2010, and 2011 should match, except for updated data, those reported in the 2010–11 Base Reconciliation, as completed by the agency and approved by the LBB and GOBPP. Requested general revenue-related baseline appropriations for 2012 and 2013 should reflect the amounts established by the LBB and GOBPP through the base reconciliation process and by the directives contained in the Policy Letter.

Categories of Funds

There are four categories of funds used in ABEST: General Revenue, General Revenue–Dedicated, Federal, and Other. Each MOF code is assigned to a particular category of fund, and ABEST subtotals amounts in the LAR by category of fund. See Agency Reference Documents/Method of Finance Codes on the LBB website for a list of MOF codes.

General Revenue Fund. These include all nondedicated General Revenue Funds and accounts, as well as Earned Federal Funds.

Earned Federal Funds. All federal funds received as a reimbursement for previous expenditures and all federal funds received in connection with a federally-funded program are treated as general revenue when the governing agreement does not require the funds to be spent on that program. Earned Federal Funds include, but are not limited to, indirect cost receipts and interest earned on advances of federal funds.

Method of Financing (continued)

Article IX, Sec. 6.22, 2010–11 GAA Definition, Appropriation, Reporting and Audit of Earned Federal Funds

Pursuant to Article IX, Sec. 6.22, 2010–11 GAA, Earned Federal Funds are classified as collected revenue to the General Revenue Fund and included as part of MOF Code 001. See Article IX, Sec. 6.22(b), for the amount of General Revenue appropriations contingent on the collection of Earned Federal Funds by agency.

The Summary of Base Request by Method of Finance Report should identify the incremental amount of Earned Federal Funds above or below the fiscal years 2010 and 2011 amounts estimated in Article IX, Sec. 6.22(b). If collections are anticipated to fall below appropriated amounts, there should be a corresponding appropriation reduction to General Revenue (identified as a rider appropriation adjustment). Likewise, if collections are anticipated to exceed appropriated amounts, there should be a corresponding increase in General Revenue appropriations, subject to the notification procedures outlined in Article IX, Sec. 6.22 (c) and (d). (See page 1 of Appendix 2.B. Summary of Base Request by Method of Finance for an example.)

Any unexpended and unobligated balances in General Revenue appropriations contingent on Earned Federal Funds at the end of fiscal year 2010 may be carried forward into fiscal year 2011. Affected agencies should include unspent, unobligated amounts as a negative entry in the Summary of Base Request by Method of Finance Report.

Tobacco Settlement Receipts. Use the appropriate MOF codes for funds received as tobacco settlement receipts that are not dedicated.

General Revenue–Dedicated Funds. These include all dedicated General Revenue accounts. The MOF codes on the LBB website under Agency Reference Documents incorporate changes made by House Bill 4583, Eighty-first Legislature (relating to the creation and re-creation of funds . . .) and provide a complete listing of the General Revenue–Dedicated accounts.

Federal Funds. These include all revenue received from the federal government that is not classified as Earned Federal Funds. The MOF code for most federal funds is 0555. Federal reimbursements related to natural disasters should be reflected as Federal Funds. The MOF code for Federal American Recovery and Reinvestment Act (ARRA) funds is 0369. Please use the appropriate CFDA and CFDA extension to distinguish between ARRA receipts and other federal funds.

Important

For all Federal Fund MOF codes, ABEST requires agencies to enter data at the federal-program level using numbers assigned by the Catalog of Federal Domestic Assistance (CFDA). If a CFDA is not shown in ABEST, contact the Federal Funds Analysis Team at the LBB.

Other Funds. These include appropriated receipts, interagency contract revenue, bond proceeds, and certain constitutionally or statutorily dedicated funds (which should be itemized using MOF codes on the LBB website).

Method of Financing (continued)

Appropriated Receipts. This includes all receipts—such as fees, reimbursements, and other revenue—received for an authorized service and appropriated to the agency usually to offset costs of providing the service. The MOF code for Appropriated Receipts is 0666.

The Summary of Base Request by Method of Financing report should itemize Appropriated Receipts by specific appropriation authority, such as Article IX, Sec. 8.03 Reimbursements and Payments; Sec. 8.04 Surplus Property; or Sec. 8.08 Appropriation of Collections for Seminars and Conferences (2010–11 GAA).

Interagency Contracts. This method of financing includes funds received from another state agency in exchange for services, material, or equipment through a written agreement, and unless directed otherwise by the budget offices, does not include transfer of funds from another state agency due to enactment of legislation that transfers programs. The MOF code for Interagency Contracts is 0777.

The Summary of Base Request by Method of Financing report should reflect the source of funds applicable to the fiscal year for which the amount was appropriated. An agency purchasing goods or services from another state entity uses the original method of financing (General Revenue, Federal Funds, etc.). The agency acting as the vendor or provider of goods or services uses interagency contracts as the method of financing.

Bond Proceeds. This method of financing includes appropriated funds from authorized general obligation or revenue bond issuances.

Types of Appropriation

There are eight types of appropriation. The Summary of Base Request by Method of Financing report should include descriptions that identify the appropriation authority for every type of appropriation included in the LAR. See Summary of Base Request by Method of Financing sample report on page 1 of Appendix 2.B. for sample descriptions.

Regular Appropriations (RA). These are direct appropriations that are included in the agency’s method of financing table in the relevant General Appropriations Act (GAA). In the Summary of Base Request by Method of Financing report, MOF codes are organized by category of fund (General Revenue, General Revenue–Dedicated, Federal, and Other). “Regular Appropriations” is the first entry under each MOF code and all other entries are shown as adjustments to this amount.

As previously indicated, for each method of finance, enter the Regular Appropriation amounts from the GAAs. Specifically, enter the Regular Appropriation amounts from the Conference Committee Report on House Bill 1, Eightieth Legislature, Regular Session, 2007, for fiscal year 2009 and from the Conference Committee Report on Senate Bill 1, Eighty-first Legislature, Regular Session, 2009, which can be found on the LBB website, for fiscal years 2010 and 2011. For example, Senate Bill 1, Conference Committee Report (May 2009) appropriates a total of \$10,139,440 to the Commission on the Arts for fiscal year 2010, including \$1,024,769 in General Revenue, \$7,098,221 in GR Dedicated funds, \$884,450 in Federal Funds, \$152,000 in Appropriated Receipts and \$980,000 in Interagency Contracts.

The Summary of Base Request by Method of Financing Report would list the Appropriated Receipts and the Interagency Contracts as a Regular Appropriation under the Other Funds category, and the General Revenue amount as Regular Appropriation under the General Revenue fund category.

Method of Financing (continued)

Direct appropriations to agencies contained in Article XII, Sections 1 and 25, Conference Committee Report on Senate Bill 1 should be grouped under Regular appropriations using MOF Code 0369 for ARRA receipts and the appropriation adjustment description, Regular Appropriations – Art. XII. Any General Revenue reductions contained in Article XII should be shown under Regular-Appropriations as adjustments to the General Revenue amounts contained in the method of financing table in the agency’s bill pattern using the relevant ABEST appropriation adjustment description(s).

Rider Appropriations (RI). These include amounts not specifically itemized in the agency’s method of financing table in the GAA, but are appropriated to the agency by a general, special, or agency-specific provision of an Appropriations Act. General Provisions are found in Article IX of the GAA; Special Provisions are at the end of some articles; and agency-specific provisions are at the end of the agency’s bill pattern in the GAA. Show the correct provision for each rider amount. Examples of rider appropriations include: (1) Art. IX, Sec.8.02 (2008–09 and 2010–11 GAA), which provides estimated appropriation authority for all federal funds, including ARRA receipts; (2) Art. IX, Sec. 14.03(j) (2008-09 and 2010–11 GAA), which provides unexpended balance (UB) carry-forward authority, within the biennium, for all capital budget rider items; and (3) Art. XII, Sec. 4, Unexpended Balances.

Important

A rider appropriation does not include instances in which the rider only clarifies the purpose of certain funds appropriated to a strategy in the agency’s bill pattern (e.g., the rider states that \$1 million for a particular program is included in the amounts appropriated above).

Supplemental, Special or Emergency Appropriations (SU). These include any source of legislative appropriations made to an agency not contained in the GAAs (for example, House Bill 4586 , Eighty-first Legislature, Regular Session, 2009; House Bill 15, Eightieth Legislature, Regular Session, 2007; and House Bill 2, Eightieth Legislature, Regular Session, 2007). Amounts related to Governor’s vetoes should be included in this category.

Governor’s Emergency/Deficiency Grant (GV). Use MOF Code 8000 when the amounts are funded by General Revenue appropriations from the Governor’s Office. Use MOF codes for specific General Revenue–Dedicated funds or accounts when the amounts are funded by General Revenue–Dedicated and note the origins in the Summary of Base Request by Method of Financing report as a Governor’s Emergency/Deficiency Grant. Amounts related to Governor’s grants for disaster assistance should be included in this category.

Transfers (TR). These include appropriations transferred to an agency for expenditure by the agency, and funds transferred from an agency for expenditure by another agency pursuant to a General Appropriations Act, budget execution order, or some other legislative authority. Transfers also include appropriation reductions required by legislation or Article IX or Article XII provisions (e.g. Art. XII, Sec. 12, Enhanced FMAP Allocation). Agencies should indicate funds received as a positive entry and funds transferred as a negative entry.

Each transfer should be listed individually under the appropriate Category of Fund. The following items should be classified as transfers:

- Budget transfers authorized by contingency appropriation provisions, for example, Article IX, Sec. 19.102, Contingency Appropriation for Senate Bill 1436 (2008–09 GAA);
- Employee salary increases authorized by Article IX, Sec. 19.62 (2008–09 GAA);

Method of Financing (continued)

- Funds for the \$800 employee retention bonus authorized by Sec. 89, House Bill 4586, Eighty-first Legislature, 2009
- Funds transferred by a budget execution order (do not reference cases in which budget execution authority transfers funds between strategy items within the agency);
- Disaster-related transfers authorized by Article IX, Sec. 14.04 (2008–09 GAA and 2010–11 GAA); or
- Program transfers between agencies pursuant to legislation but not addressed in the GAA or other appropriations bills.

The following items **should not** be classified as transfers:

- Benefit Replacement Pay and employee benefits (retirement, group insurance, Social Security) should not be included in the LAR;
- The 50 percent reimbursement paid to the Texas Workforce Commission (TWC) for unemployment benefits, Article IX, Sec. 15.01 (2008–09 GAA and 2010–11 GAA). These are payments made from agency appropriations and should be treated as expenditures and included at the strategy level. Agencies that are required to reimburse TWC an additional 50 percent from unappropriated fund balances will show the additional 50 percent as a transfer (see page 59);
- Amounts transferred under the Statewide Allocation Cost Program, Article IX, Sec. 15.04 (2008–09 GAA and 2010–11 GAA). These amounts when transferred from appropriated funds should be treated as expenditures and included at the strategy level; or
- Amounts transferred to the Health Professions Council under Article VIII, Special Provisions Relating to All Regulatory Agencies, Section 3, Funding for Health Professions Council, and Section 7, Contingent Funding for Health Professions Council Shared Regulatory Database Migration (2010-11 GAA).

Unexpended Balances (UB). These are funds carried forward from a prior year’s appropriation as authorized by a specific provision in the General Appropriations Act, or other legislative or constitutional authority (see Article IX, Sec. 6.01 [2010–11 GAA] for a complete definition.) However, if the UB authority is provided by a rider, it should be cited as a rider type of appropriation (described above; see Summary of Base Request by Method of Financing example, page 1 of Appendix 2.B.). Otherwise, indicate the specific carry-forward authority (usually a designated method of finance or strategy) and list as a UB type of appropriation.

Agencies should include unexpended balances by Category of Fund and indicate amounts unspent and unobligated as a negative entry in the first year and a corresponding positive entry in the next fiscal year. Agencies with unexpended balance (UB) authority for bond proceeds must provide a reasonable estimate of unencumbered and unissued appropriation balances appropriated by prior legislatures.

Base Adjustment (BA). Examples of entries under this appropriation type include adjustments to estimated strategy appropriations or methods of finance due to revised revenue receipts or changes in spending demands. Note that entries of this type should not include estimated appropriations for which the authority is explicitly granted by an agency specific rider or General or Special provision; those adjustments should be cited and entered as a rider appropriation type.

Method of Financing (continued)

Lapsed Appropriations (LA). Lapsed appropriations are amounts left unspent and unobligated at the end of a fiscal year and are not authorized by rider or other provision to be carried forward to the next fiscal year. Uncollected revenue may be shown as a lapse or a revised receipt in another appropriation type. Do not include amounts authorized as unexpended balances. Show amounts that have lapsed as a negative entry in the appropriate columns of the Summary of Base Request by Method of Financing report by each method of financing code. Estimate possible lapses for fiscal years 2010 and 2011.

Note: Consistent with the instructions on base reconciliation entries, agency five percent reductions for fiscal years 2010 and 2011 should be entered as negative amounts under the “Lapsed Appropriations” appropriation type for both fiscal years 2010 and 2011. Expected appropriation lapses that are not part of the five percent reduction should be listed as separate entries from the five percent reduction entries.

Number of Full-Time-Equivalent Positions (FTEs)

Agencies are required to submit summary information on full-time-equivalent (FTE) positions as part of the Summary of Base Request by Method of Financing report. As indicated in the Method of Financing and Strategy Request instructions, the number of FTEs associated with the actual, budgeted and requested amounts for each strategy should be identified. The sum of the FTEs across all strategies must equal the Adjusted FTE Total for each fiscal year included in the Summary of Base Request by Method of Financing.

The FTE summary follows the same format described above for MOFs regarding the source for Regular Appropriation: an agency's original authorized FTE limit as identified in the Conference Committee Report on House Bill 1 (May 2007) for fiscal year 2009 and the Conference Committee Report on Senate Bill 1 (May 2009) for fiscal years 2010 and 2011. Adjustments should be itemized following the Regular Appropriations using the remaining Types of Appropriation (rider, transfer, etc.) and specific authority for each. Adjustments include, but are not limited to, rider appropriations, special or general provisions, transfers due to implementation of legislation, or joint LBB/GOBPP approval to exceed the FTE limitation. Numbers of FTEs should be rounded to the nearest tenth.

In baseline requests for fiscal years 2012 and 2013, FTE requests should not exceed the FTE cap for fiscal year 2011, as adjusted in an agency's approved 2010-11 base reconciliation, unless otherwise instructed by the LBB and GOBPP analysts.

Unless specific legislative exceptions have been made for an agency, the FTE number reported for fiscal year 2009 should be the actual quarterly average for the entire year, not only the final quarter. Total adjusted FTEs reported as expended for fiscal years 2009 should equal the average of the four quarterly "full-time equivalent employees/contractors" amounts reported to the Classification Division of the State Auditor's Office (SAO). The only exception would be for interagency FTE transfers due to program transfers. The FTE reports are available online at www.sao.state.tx.us (see Resources and Tools/Tools/Full-Time Equivalent (FTE) State Employee System).

Amounts estimated for fiscal year 2010 and budgeted for 2011 should reflect the agency's reasonable expectations for vacancies and other adjustments for each fiscal year. Enter the correct citation for each adjustment.

There are two additional categories of appropriation types unique to FTEs:

Request to Exceed Adjustments (RE). Under this appropriation type, list the incremental increase authorized by joint LBB/GOBPP approval(s) of a request to exceed the agency's FTE cap. If there has been more than one approval to exceed the FTE cap, list each increase separately. Approvals by the LBB and GOBPP must be consistent to be effective. If there is a difference between the FTEs approved by the two offices, the lower FTE cap would be effective. Be sure to review both approval letters to determine if there are any differences between the budget offices.

Unauthorized Number Over (Below) Cap (UN). After all authorized adjustments to an agency's FTE cap have been entered, any difference between the agency's adjusted FTE cap and the actual number of FTEs (in completed fiscal years) or budgeted for (in the current fiscal year) should be entered under this type of appropriation.

**Number of Full-Time-Equivalent Positions (FTEs)
(continued)**

Number of 100 Percent Federally Funded FTEs. For each fiscal year, show the number of FTEs that are included in the expended, estimated, budgeted, and baseline requested FTE totals that are funded entirely with Federal Funds. Note that these FTEs are not in addition to FTEs entered in the Adjusted FTE Total, but rather just describe a portion of them. Please include any new FTEs funded with ARRA receipts in these totals. Do not include FTEs that are partially funded with Federal Funds in these totals.

Part 3.A. Strategy Request

Purpose

This report summarizes historical spending and current funding information, historical and projected performance levels, and the agency's description and justification of requested funding at the strategy level. The strategy request links the strategy components to statewide goals, benchmarks, and service categories.

General Information

Strategy requests are the basic building blocks for the agency's budget request. Strategy requests set out the baseline funding requested by the agency.

Additional Information for Higher Education Institutions

Higher education institutions that receive formula appropriations should not request amounts for the formula strategies.

Entering the Data to Generate the Reports

This is an ABEST-generated report. Goals, objectives, strategies, and performance measures included in the Strategy-level Detail report must reflect the budget structure approved by the Governor's Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB). Please refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* on the LBB website for more detailed data entry instructions. To submit the final reports to be included in the Legislative Appropriations Request (LAR), set the general budget status to "Complete."

Statewide Goal and Benchmark. Identify the primary statewide goal and statewide benchmark that have a direct and substantial impact on each strategy in the approved budget structure, and assign goal and benchmark codes to your strategies in ABEST. Please refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST*. Assigned goal and benchmark codes will appear on Strategy Request reports. If a strategy cannot be directly linked to a statewide benchmark from the statewide elements document, *Strengthening Our Prosperity*, enter the applicable statewide goal code and "00" for the benchmark. Refer to Agency Reference Documents on the LBB website for Statewide Goal and Benchmark codes.

Service Categories. Assign service category codes to strategies in ABEST. Please refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST*. Assigned service category codes will appear on Strategy Request reports. Refer to Agency Reference Documents on the LBB website for Service Category codes.

Performance Measures. The Strategy-level Detail report documents an agency's actual performance for fiscal year 2009, estimated performance for fiscal years 2010 and 2011, and requested performance levels for fiscal years 2012 and 2013 for all performance measures, both key (those cited in the General Appropriations Act) and non-key (those not included in the General Appropriations Act, but that are a part of the agency's approved strategic planning and budget structure). Projected performance should be the agency's most current estimate, not necessarily the established target included in Senate Bill 1, Eighty-first Legislature, September 2009 (published version of the 2010-11 GAA), and should reflect the impact of the five (5) percent reduction plans, as adjusted by leadership decisions, on agency performance. Submission of the LAR does not constitute a request to change the targets established in Senate Bill 1.

Objects of Expense. Enter strategy costs by the eighteen (18) objects of expense listed and defined in *ABEST Object of Expense Codes* on the LBB website (www.lbb.state.tx.us) under Agency Reference Documents. Incorporate all direct strategy costs and all capital budget costs allocated to the strategy. Refer to the Capital Budget section for more detail on identification and allocation of capital budget expenditures.

Part 3.A. Strategy Request (continued)

Method of Financing. Enter each fund/account and amount used as a funding source for the strategy for expended 2009, estimated 2010, budgeted 2011, and requested 2012 and 2013. Refer to *Method of Financing Codes* on the LBB website under Agency Reference Documents. Federal funding sources must be detailed by *Catalog of Federal Domestic Assistance* (CFDA) number, and where applicable, the MOF code 369 and related CFDA numbers should be used to identify expenditures of federal funds received pursuant to the American Recovery and Reinvestment Act (ARRA). See the Federal Funds Supporting Schedule for additional information and clarification regarding appropriate method of financing.

Number of Full-time-Equivalents (FTEs). Identify the total number of full-time equivalents associated with each strategy and rider appropriation for expended 2009, estimated 2010, budgeted 2011, and requested 2012 and 2013. Go to the State Auditor's website for additional information concerning the calculation of FTEs (<http://sao.hr.state.tx.us/Systems/FTE/default.html>).

Transferred Programs. All fiscal year 2009 expended and 2010-11 estimated and budgeted amounts, performance measure data, and FTEs associated with programs transferred by authorization of the General Appropriations Act, budget execution, or other statutory authority from one agency to another should be reported in the receiving agency's strategy detail and all summaries, as previously indicated. The transferring agency **should not report** any financial or performance data for the transferred program at the strategy request level, but should work with the receiving agency to provide necessary information. The transferring agency **should report** the authorization for the funds reduction in fiscal years 2009, 2010, and 2011 in the Summary of Base Request by Method of Financing report only.

Rider Appropriations in the Strategy Request. As reflected in the Strategy Request example, appropriation and unexpended balance riders method of financing information will be included in the Strategy Request report. The rider information for 2012-13 will be automatically uploaded from the rider information entered separately by the agency on a separate rider request screen in ABEST. Agencies should not enter appropriation and unexpended balance rider information directly into the Strategy Request section for the requested years 2012 and 2013. For the 2012-13 request, the final total will add the total method of financing for the strategy to the total method of financing for the rider appropriations.

Strategy Description and Justification. Provide a narrative description of each strategy, which must include each of the following items:

1. specific statutory and/or constitutional provisions authorizing each strategy;
2. functional activities associated with the strategy;
3. efforts to respond to court orders and/or federal mandates;
4. relationship with other agency strategies and associated funding requirements;
5. other factors justifying implementation of the strategy;
6. new initiatives not currently funded or authorized; and
7. means by which the strategy contributes to meeting primary agency goals and objectives as well as priority goals and benchmarks established in *Strengthening Our Prosperity*.

External/Internal Factors Impacting Strategy. Using the strategic plan as a starting point, each agency will describe external and internal factors affecting current and future strategy funding. Examples of external factors include: characteristics of conditions or target populations, federal requirements for state match or state maintenance of effort, current law and changes in federal or state law, the impact of court rulings and pending litigation and the relationship of a strategy to a statewide effort affecting strategies in other agencies. Examples of internal factors include information resource technology limitations, agency reorganization efforts and agency response to recent audit findings.

Part 3.A. Strategy Request (continued)

Use of Sub-strategies in the LAR

Agencies may be required to submit detailed budget information for certain strategies on a sub-strategy basis. When required, complete the Sub-strategy Detail and Sub-strategy Summary spreadsheets provided in electronic format on the LBB and GOBPP websites. (Spreadsheets can be found on LBB website at Agency Instructions/Legislative Appropriations Requests/Templates.)

Checklist Items

Yes

- Do the totals for object of expense and method of financing balance for each strategy?
- Does the sum of the strategy requests equal the amounts shown in the Summary of Base Request by Strategy?
- Are rider appropriations, expenditures, and FTEs for fiscal years 2009, 2010, and 2011 included?
- Have rider appropriations requested for fiscal years 2012 and 2013 been excluded from the Strategy Request?
- Is the MOF code 369, if applicable, CFDA number and the dollar amount under the heading "Federal Funds" in the method of financing section?
- Does the Strategy Description and Justification reference the agency authority (e.g., statutory or constitutional)?
- Have all applicable supporting schedules been completed to include with the Legislative Appropriations Request?

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Part 3.B. Rider Revisions and Additions Request

Purpose

This form identifies all proposed revisions, deletions, and additions to agency riders in the General Appropriations Act, 2010-11 Biennium (2010–11 GAA).

General Information

Information on this form should reflect all proposed revisions, additions of new riders, and deletions to agency-specific riders contained in the 2010–11 GAA, including riders contained in an agency’s bill pattern, agency-specific riders contained in Article IX, General Provisions (2010–11) GAA), Article XII, American Recovery and Reinvestment Act (2010–11 GAA), and in the end-of-article special provisions. Use this form to identify rider revisions and additions for the base level request. See page 1 of Appendix 3.B. for a sample form.

Do not use this form to propose changes to non-agency-specific Article IX, General Provisions (2010–11 GAA), such as Appropriated Receipts and Interagency Contracts. These proposals, if any, should be included in the Administrator’s Statement.

Important

This form:

- ▶ is for requesting additional riders, changing existing riders, and identifying riders for deletion;
- ▶ may be modified provided the basic information and structure are maintained; and
- ▶ should still be submitted stating that no changes are needed if no changes to any riders are being requested.

This is a word processing form that is provided in electronic format on the Legislative Budget Board (LBB) and Governor’s Office of Budget, Planning and Policy (GOBPP) websites and should be submitted by e-mail.

Key Elements and Issues

Review all riders in the agency bill pattern, end-of-article special provisions, and agency-specific riders in Article IX, General Provisions (2010–11 GAA), and Article XII, American Recovery and Reinvestment Act (2010–11 GAA).

Riders may require revision due to statutory reference changes, technical corrections, changes in agency policy, or need for clarification. Legislative intent riders, if implemented or no longer applicable, may be proposed for deletion.

Riders that make appropriations for sum-certain, estimated, or unexpended balance amounts may also require revisions. However, because these appropriation riders are funding requests for fiscal years 2012-13, the associated dollar amounts must appear on the Rider Appropriations and Unexpended Balances Request form.

Riders that previously made contingency appropriations will need revision or deletion. These riders may have read: “Contingent upon the enactment of Senate Bill 15 or similar legislation, the State Library Department is hereby appropriated. . . .” If the rider is not deleted, amending the contingency language in the rider would be required.

Lastly, language for newly proposed riders should be included.

Part 3.B. Rider Revisions and Additions Request (continued)

Completing the Form

For each proposal to revise or delete an existing rider in the 2010-11 GAA:

- List riders in ascending order (1., 2., 4., 6., etc.) using the corresponding rider number in 2008–09 GAA. Do not renumber riders.
- Enter the page number on which the rider appears in the published 2010-11 GAA, including the Article number (i.e., I-15).
- Enter the rider as it is currently written in the 2010-11 GAA. Strike out language proposed for deletion and underline language proposed for addition to the rider.

For each proposal to add a new rider:

- Identify new riders by assigning consecutive numbers beginning with 701 (i.e., 701, 702, 703 etc).
- Enter only the article number in the page number column.
- Enter the new rider language and underline the entire rider.
- If the rider would make an appropriation, amounts appropriated by the rider must be entered on the Rider Appropriations and Unexpended Balances Request Schedule.

Explain the proposed change(s) after each rider revision or addition, including the rationale for the request and the resulting impact to appropriations and activities as compared to the 2010-11 biennium.

Checklist Items

Yes

- Are all rider changes and additions affecting the base level request included?
- If a rider would make an appropriation, are the dollar amounts for the rider included on the Rider Appropriations and Unexpended Balances Request for the base level request?
- If no rider changes are needed, has a form indicating this been submitted?

Part 3.C. Rider Appropriations and Unexpended Balances Request

Purpose

This report:

- identifies all requests made by rider for sum-certain, estimated, and unexpended balance appropriations. It includes appropriation rider requests that are included in an agency's bill pattern as well as those in the Article IX, General Provisions (2010–11 General Appropriations Act [GAA]).
- assists in the process of certifying that appropriations included in the 2012–13 GAA are within available revenues. It assists budget writers and the Comptroller of Public Accounts in determining the amounts of all appropriations made in the GAA.

General Information

This is an ABEST-generated report. The Rider Appropriations and Unexpended Balances Request report identifies all historical and prospective appropriations made by riders. It should be used to identify rider appropriations for base level request only. See page 1 of Appendix 3.C. for a sample report.

All requests for appropriations made by rider for 2012–13 must be included in this report. These appropriating riders make appropriations in addition to amounts included in the strategies. In general, if the rider language is similar to any of the following examples, include the related appropriations and method(s) of finance on this report. Also include any historical information related to the rider. Historical year data is for informational purposes only and will not result in double-counting the amounts included in the strategies. Rider appropriation requests must also be entered in ABEST. For more information, refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website under Agency Instructions/Legislative Appropriations Requests.

Example - Sum-certain Appropriation (where the appropriation is a set amount):

In addition to amounts appropriated above, \$500,000 in fiscal year 2012 and \$400,000 in fiscal year 2013 are hereby appropriated to the Sample State Agency from additional fees collected and deposited to the credit of the General Revenue Fund in accordance with Government Code, Sec. 441.138 for the purpose of making disbursements to certain library systems.

Example - Estimated Receipts Appropriation (where the appropriation is an estimated amount):

In addition to amounts appropriated above, all receipts collected and deposited to the credit of the General Revenue Fund in accordance with Government Code, Sec. 441.138, are hereby appropriated to the Sample State Agency for the purpose of making disbursements to certain library systems (estimated to be \$350,000).

Example - Unexpended Balance Appropriation (where the appropriation is unspent balances from the previous biennium):

There is hereby appropriated to the Sample State Agency an amount equal to the unexpended balance on hand from all fees and revenues collected pursuant to Government Code, Sec. 441.138, as of August 31, 2011, to be used for making disbursements to certain library systems (estimated to be \$40,000).

Note: Riders containing language such as “Included in amounts appropriated above . . .” or “Out of funds appropriated above . . .” are not appropriating riders but instead detail, limit, or restrict the use of appropriated funds. Amounts related to such riders should not be entered on this report.

Part 3.C. Rider Appropriations and Unexpended Balances Request (continued)

Requests for unexpended balance (UB) authority for bond proceeds must include a reasonable estimate of unobligated (i.e., unencumbered) appropriation balances. Agencies must also include an unexpended balances rider (see sample language below) and itemize the project(s) in the capital budget. Agencies may be required to provide supplemental information, including projected expenditure schedules.

Example - Unexpended Balances of Bond Proceeds for (Critical Repairs). In addition to amounts appropriated above, there is hereby appropriated all unexpended and unobligated balances remaining as of August 31, 2011 from appropriations made by the Eighty-first Legislature (estimated to be \$5,135,000).

The Texas Public Finance Authority (TPFA) will include debt service appropriations in its' LAR submission for general obligation bonds that have been issued, and also for appropriated, but unissued bonds for which a Request for Bond Financing has been approved by the TPFA Board of Directors.

Important

- ▶ Appropriations requested by rider count toward limitations on requests from General Revenue-related funds established in the Policy Letter issued by the GOBPP and the LBB.
- ▶ Amounts requested for 2012–13 base level riders must be entered into the ABEST rider database. These amounts will appear on the Strategy Request Form.
- ▶ Rider amounts requested for 2012–13 should not be included in Strategy Request totals.
- ▶ Amounts for historical years should be included in the Summary of Base Request by MOF and in the Strategy Request totals. Identifying historical year amounts in this schedule will not result in double-counting the amounts included in the strategies.

Exclude the following information from this form:

- transfers between strategies or agencies under the authority of specific riders;
- carry-forward of unexpended appropriation balances (UB) between the first and second year of the biennium;

and

- additional appropriation of federal receipts, either through agency-specific rider, end-of-article special provisions, Article IX, General Provisions, or Article XII, American Recovery and Reinvestment Act.

Entering the Data to Generate the Report

Enter this information in ABEST. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website.

Appropriations: For each requested rider making a sum-certain, estimated, or unexpended balance appropriation, including Special Provisions and Article IX, General Provisions (2010–11 GAA), do the following:

- Identify the rider number, caption, and page numbers as indicated in the 2010–11 GAA. Assign a consecutive number beginning with 701 to each new rider (i.e., 701, 702, 703, etc.) to identify individual riders and include only the article number for the page number information.
- List all strategies with amounts expended, estimated, budgeted, and requested for the respective fiscal years. In cases where a rider directly results in a decreased expenditure or appropriation, indicate the reduction as a negative entry.

Method of Financing: For each rider, identify the source of funding in accordance with funds listed in *Method of Financing Codes* under Agency Reference Documents on the LBB website. Show total amounts for each fiscal year.

Part 3.C. Rider Appropriations and Unexpended Balances Request (continued)

Description/Justification: For each rider, explain the use of funds and why it is necessary to continue, increase, or decrease funding. Also, identify the impact on performance and FTEs for 2012–13 as compared to 2010–11.

Checklist Items

Yes

- Are amounts for fiscal years 2009, 2010, and 2011 included in the Summary of Base Request by Strategy and on the appropriate Strategy Request reports? (This information may not be relevant for new riders.)
- Are rider amounts for sum-certain, estimated, and unexpended balance appropriations for the 2012–13 biennium included in ABEST at the appropriate request level?
- Are all FTEs and performance projections for base level rider appropriations included in the appropriate base level strategies?
- Are all appropriating riders listed, including riders that require no revisions and so would not be listed in the Rider Revisions and Additions Form?
- Has requested supplemental information regarding unobligated or unissued appropriation balances in GO bond proceeds been submitted to the budget offices?

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Part 4. Requests for Exceptional Items

Purpose

These reports provide the detail required for analysis of exceptional items.

General Information

These are ABEST-generated reports. Exceptional items are requests for funding above the baseline request. Funding for an exceptional item may be requested for one strategy or for allocation among several strategies.

To request exceptional items, agencies must complete the following ABEST-generated reports:

- 4.A. Exceptional Item Request Schedule: Summarizes and describes the exceptional item request and identifies the strategies for which funding is requested.
- 4.B. Exceptional Item Strategy Allocation Schedule: Identifies how an exceptional item's funding is allocated among strategies, and indicates how an exceptional item affects strategy and outcome measures.
- 4.C. Exceptional Item Strategy Request: Report providing exceptional item strategy request detail.

4.A. Exceptional Item Request Schedule

Each exceptional item must be submitted on an individual Exceptional Item Request Schedule.

Develop exceptional items in discreet, incremental amounts reflecting program areas, services, or other functions related to the agency's bill structure. Carefully consider, prioritize, and justify each exceptional item.

- Name and prioritize the item.
- Identify the strategies for which funding is requested.
- Include detail for objects of expense, method of financing, FTE positions, description/justification, and external/ internal factors detail.
- Dollars and FTEs should be incremental, indicating quantities associated with the exceptional item only.

See page 1 of Appendix 4.A. for a sample report.

Important

- ♦ Exceptional items should be supported by a detailed description and justification clearly demonstrating the enhanced services or increased effectiveness of agency operations resulting from receipt of the item.
- ♦ Strategy allocation schedules associated with an exceptional item will equal the dollars and FTEs requested for the exceptional item (in the Exceptional Item Request Schedule).

4.B. Exceptional Item Strategy Allocation Schedule

Complete an Exceptional Item Strategy Allocation Schedule for each impacted strategy.

- Provide detail for objects of expense, method of financing, FTE positions, and performance measures.
- Indicate how exceptional item funding would impact performance measures at the strategy request level.
- Outcome. efficiency and explanatory measures should be cumulative, including the base level strategy request.
- Output measures should be incremental, indicating only the number of units associated with the exceptional item.

See page 1 of Appendix 4.B. for a sample schedule.

Part 4. Requests for Exceptional Items (continued)

4.C. Exceptional Item Strategy Request

Agencies must enter all requests for exceptional items into ABEST at the strategy level. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website under Agency Instructions/Legislative Appropriations Requests.

For each strategy, total the objects of expense, method of financing, and FTEs requested for exceptional items. Enter this information in ABEST on the same screen used for the base level request. Include the same detailed information used for the base level request, including: objects of expense, methods of financing (all types), performance measures, and FTEs. List which exceptional items impact the strategy.

Dollar amounts and FTEs should be incremental, indicating quantities associated with the strategy's exceptional items only. Output measures should be incremental, expressing the number of units associated with the impact of the exceptional items only. Strategy impact on outcome, efficiency and explanatory measures should be cumulative, taking into account the base level strategy request.

All relevant forms (Capital Budget, Federal Funds) must be completed for each exceptional item. See page 1 of Appendix 4.C. for a sample form.

Requests for new construction, rehabilitation and repair projects funded with bond proceeds may require supplemental information including project categories (e.g., health and safety, water/wastewater improvements, deferred maintenance), location and timelines. **Note:** Debt service estimates must be included in the agency exceptional item request for bond proceeds. If the project is approved by the Eighty-second Legislature, bond proceeds will be appropriated to the requesting agency and debt service will be appropriated to the issuing agency. Contact the Texas Public Finance Authority (TPFA) for debt service estimates on bonds issued by TPFA.

Checklist Items

Yes

- Is an Exceptional Item Strategy Request Schedule included for each exceptional item?
- Are exceptional items prioritized and linked to agency and state strategic plans?
- Are supporting Exceptional Item Strategy Allocation Schedules included for each exceptional item?
- Do the total of all allocated dollars and the total of all allocated FTEs equal the totals requested for the exceptional item?
- Is an Exceptional Item Strategy Request included for each strategy that would receive additional funding?
- Does the narrative justification provide detailed information to support each exceptional item request?
- Do the totals on the individual Exceptional Item Strategy Request schedules equal the totals on the "Summary of Exceptional Item Request"?

Part 5. Capital Budget

Purpose

These reports provide:

- ▶ the basis for developing capital budget riders in the General Appropriations Act;
- ▶ current and historical capital expenditure detail; and
- ▶ information on future operating and maintenance costs associated with capital acquisitions.

General Information

The Capital Budget Supporting Schedules consist of five forms and reports:

- 5.A. Capital Budget Project Schedule is an ABEST-generated report;
- 5.B. Capital Budget Project Information is an ABEST-generated report;
- 5.C. Capital Budget Allocation to Strategies is an ABEST-generated report;
- 5.D. Capital Budget Operating and Maintenance Expenses is an ABEST-generated report; and
- 5.E. Capital Budget Method of Finance by Strategy is a spreadsheet-generated form.

The Capital Budget Supporting Schedules do not apply to higher education institutions or the fourteen appellate courts.

Please refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) for specific instructions related to ABEST-generated forms and reports. Spreadsheets are provided in electronic format on the LBB website and should be submitted by e-mail.

Capital Budget Projects Defined

Agencies itemize capital budget projects in 5.A. Capital Budget Project Schedule. A “capital budget project” is defined as:

- An item or asset with a unit cost exceeding \$25,000. Examples include a piece of machinery or building construction.
- Similar or identical items with individual unit costs of less than \$25,000 that comprise a functionally unified asset or asset improvement. Such items must be grouped together and considered a “capital budget project” for the purposes of Schedule A if the aggregate cost of the items exceeds \$25,000. For example:
 - **Unified asset:** When grouped together, the replacement of 20 personal computers as a group or separately during the biennium, each with a unit cost of \$2,000, exceeds the \$25,000 threshold. As a result, the PCs should be identified as a capital project.

Important

- When the legislative appropriation request is submitted, a Business Case and Statewide Impact Analysis must also be submitted to the Department of Information Resources, Legislative Budget Board, and the State Auditor’s Office in accordance with Government Code, Sec. 2054.301–307. Refer to the Texas Project Delivery Framework at <http://www.dir.state.tx.us> for additional information.
- Requests for new construction, rehabilitation and repair projects funded with bond proceeds may require supplemental information including project categories (e.g., health and safety, water/wastewater improvements, deferred maintenance), location and timelines. **Note:** Debt service estimates must be included with the agency exceptional item request for bond proceeds. If the project is approved by the Eighty-second Legislature, bond proceeds will be appropriated to the requesting agency and debt service to the issuing agency. Contact the Texas Public Finance Authority (TPFA) for debt service estimates on bonds issued by TPFA.

Part 5. Capital Budget (continued)

- **Agency Infrastructure:** Hardware purchases or leases should be aggregated to determine if the \$25,000 threshold is met. Likewise for software purchases and telecommunications purchases and leases.
- **Assets Acquired from Consultants/Contracted Service Providers:** Information resource technologies or other assets developed or acquired through a consultant or contracted services. This applies to assets that will ultimately be owned by a state agency, regardless of whether the asset is operated by a state agency or a contractor. Examples include:
 - A consultant designs a generic licensing system that a state agency will own, operate and maintain.
 - A state agency contracts with a vendor to provide automated fraud detection services. When the contract for services ends, the state agency owns the automated system.
- **Treatment of Leased Information Resource Technologies:** Leased equipment or software that comprise or are components of a functionally unified asset should be viewed as part of the total capital budget project cost and treated like cash purchases of information resource technologies. Examples include:
 - An information resource technology project requires the addition of computer hardware to support new software. The agency determines that leasing the equipment is more cost-effective than a cash purchase. The project would be considered a functionally unified asset. As a result, the agency should include the annual lease cost in the capital budget project.
 - An agency determines that it is cost-effective to lease its personal computers. The annual lease cost for these personal computers exceeds \$25,000. This would be considered a functionally unified asset.
- **Pooled Asset:** Vehicle purchases, regardless of whether they are purchased separately or as a group, should be included in the capital budget request if the aggregate purchase cost exceeds \$25,000.

Important

Agencies designated as participants in Project ONE – currently Health and Human Services agencies, the Department of Information Resources, the Department of Transportation and the Department of Motor Vehicles – are required to include Project ONE requested appropriations in the capital budget submissions.

Additional provisions related to capital budgets can be found in Article IX, Sec.14.03, and Part 9, Information Resources Provisions (2010–11 GAA).

Identical items which individually exceed the \$25,000 threshold may be combined and listed as a single project in Schedule A. For example, a request for the purchase of three trucks, each with an individual cost of \$26,000, may be grouped as a single project with a total cost of \$78,000. A multi-building roof replacement also could be grouped into a single project. Items which are similar in nature but not identical also may be aggregated in this manner if they are functionally equivalent and the cost variance between individual units is not significant.

Ancillary Capital Costs

Generally speaking, any expenditures directly related to the acquisition of an asset or to the placing of an asset in service shall be included in the cost of a capital budget project with the exception of internal staff costs. The costs of a capital budget project should include costs related to the acquisition of information resource technologies, such as the purchase, lease, lease-purchase or contract of:

- software;
- hardware and computer time;
- facility resources;

Part 5. Capital Budget (continued)

- maintenance and training required or necessary to put the asset in service;
- contracted computer services, and
- information resource technologies developed and used by a contractor, but owned or leased by a state agency.

For example, the costs associated with consultant and nonconsultant contracts for the creation, design, or development of a computer system, if directly related to the acquisition of the system or necessary to place the system in service, should be included in the cost of that information resource technology project (whereas the costs associated with internal staff developing software applications necessary to place a specific hardware configuration into service is not a capital budget cost). Other examples of such expenditures include freight or installation charges incurred in order to acquire a major computer system or survey fees incurred as part of a land acquisition.

Informational Allocation of Noncapital Costs

Occasionally certain costs may be identified that are similar to ancillary capital costs, but do not require the restrictions associated with the capital budget. Such costs may be identified for informational purposes and allocated to related capital budget projects. Such costs would not be included in the capital budget rider.

For example, an agency may contract with one or more construction managers to oversee parts or phases of a very large construction project, and may, additionally, choose to contract with an independent validation and verification (IVV) consultant for advice on oversight of the multiple contracts. The agency may choose to pay the IVV consultant from regular operating funds and show the expenditure in the LAR as an informational allocation of noncapital costs. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) for instructions on entering data for noncapital informational items. Noncapital informational costs are identified separately in capital budget ABEST reports. See page 1 of Appendix 5.A. Capital Budget Project Schedule.

Ongoing agency activities such as facilities planning and computer training after the asset has been put in place are not to be treated as capital expenditures and should not be included in the Capital Budget Project Schedule.

Classification of Capital Budget Projects

Classify capital budget projects using the following categories:

- Acquisition of Land and Other Real Property (except for right-of-way purchases made by the Texas Department of Transportation);
- Construction of Buildings and Facilities;
- Repairs or Rehabilitation of Buildings and Facilities;
- Construction of Roads (except for such expenditures made by the Texas Department of Transportation);
- Acquisition of Information Resource Technologies;
- Transportation Items;
- Acquisition of Capital Equipment and Items; and
- Lease Payments to the Master Lease Purchase Program (for items acquired prior to September 1, 2009 only).

For more detail, see “Definitions of Capital Expenditure Categories” on pages 52-53.

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Part 5.A. Capital Budget Project Schedule

Purpose

This report:

- ▶ itemizes capital budget projects requested for 2012–13;
- ▶ classifies capital budget projects into defined categories;
- ▶ provides information on historical and budgeted expenditures, method of financing, and type of financing for capital budget projects.

General Information

Estimated, budgeted or requested amounts for each capital budget project must be itemized for fiscal years 2010 through 2013. The fiscal year 2010 column itemizes estimated expenditures for capital budget projects. The fiscal year 2011 column itemizes budgeted expenditures for capital budget projects. If a project appropriation was made for fiscal year 2010, and it is anticipated that unexpended balances will be carried forward into fiscal year 2011 to complete the project, indicate that amount in the fiscal year 2011 column. The fiscal year 2012–13 column itemizes capital budget projects requested in those fiscal years. See page 1 of Appendix 5.A. for a sample schedule.

This report does not apply to higher education institutions or the fourteen appellate courts.

Any ABEST object of expense code may be used for capital costs or for noncapital informational costs, with the exception that 5000 may not be used for noncapital costs. The object of expense codes should detail asset acquisition costs and noncapital expenditures incurred in the acquisition or required to place the asset in service.

Examples of noncapital expenditures to include in the capital budget project schedule:

- design consultant services for construction projects or acquisition of Information Resource Technologies;
- surveying fees incurred as part of a land acquisition;
- installation costs, i.e., remodeling required to house a mainframe computer; and
- services for the Data Center Consolidation Project as authorized by Government Code Sec. 2054, Subchapter L, and Project ONE services for participating agencies – currently Health and Human Services agencies, the Department of Information Resources, the Department of Transportation and the Department of Motor Vehicles.

Examples of noncapital expenditures to exclude from the capital budget project schedule:

- cost of additional full-time-equivalent positions to operate a newly constructed prison; and
- utility, grounds maintenance and other operating costs for a new facility.

Important

- ♦ Capital budget projects funded through Interagency Contracts (Code 0777) and Federal Funds (Code 0555) must be itemized in the Capital Budget Supporting Schedules.
- ♦ For capital items under the category, “Acquisition of Information Resource Technologies,” project names should be identical to project names used in the agency’s Biennial Operating Plan.
- ♦ Agencies participating in data center consolidation (DCS) as defined by Government Code, Sec. 2054, Subchapter L. Statewide Technology Centers, must complete a capital budget project schedule.
- ♦ Information submitted in ABEST for the Information Technology Detail (ITD) should be consistent with data submitted in the LAR for Data Center Consolidation and Project ONE initiatives.

Part 5.A. Capital Budget Project Schedule (continued)

Use Method of Financing (MOF) codes for each project entry. The method of financing should detail the source of funding by fund/account number(s).

- Use Method of Financing Code 0780 for General Obligation Bond proceeds.
- Use Method of Financing Code 0781 for Revenue Bond proceeds.

Use Type of Financing (TOF) codes to indicate the type of financing proposed for each project. Types of financing codes are:

CA - Current Appropriations
GO - General Obligation Bonds
RB - Revenue Bonds

ML - Master Lease Purchase Program (MLPP)
LP - Other (non-MLPP) Lease-Purchase

Entering the Data to Generate the Report

Enter this information in ABEST. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website under Agency Instructions/Legislative Appropriations Requests.

Assign capital budget projects to appropriate capital expenditure categories. After entering the estimated, budgeted or requested amounts for each project for fiscal years 2010 through 2013, the ABEST report will group projects by category and create subtotals. See page 1 of Appendix 5.A. for a sample report.

Special Instructions for Master Lease Purchase Program (MLPP) Acquisitions and Other Lease-Purchase Payments

If MLPP financing or another lease-purchase agreement is the actual, anticipated or proposed type of financing for a capital expenditure, the total project cost (e.g., the sum of all installment or lease payments) determines whether the project meets the \$25,000 capital budget threshold.

Capital budget projects acquired during fiscal years 2006 through 2010 budgeted for fiscal year 2011 or requested for fiscal years 2012 or 2013, for which the MLPP program or other lease-purchase agreement is the actual or proposed type of financing, must be assigned the appropriate category in ABEST (e.g., Acquisition of Information Resource Technologies, Acquisition of Equipment and Items, etc.). Indicate the lease payment obligation, or projected obligation, for each project for each applicable year.

Reporting Requirements for Master Lease Purchase Payments or Other Lease-Purchase Payments with a Unit/Project Cost of Less than \$25,000

Provide the total lease payment obligations for each applicable year for capital items acquired or projected to be acquired in fiscal years 2006 through 2010, budgeted for fiscal year 2011, or requiring requested funding for fiscal years 2012 or 2013 for all MLPP or other lease-purchase items that individually are less than the \$25,000 capital threshold. The MLPP amounts should be categorized as Lease Payments to the Master Lease Purchase Program (Capital Expenditure Category code 5008) and identified as “MLPP Acquisitions (2006–07),” or (2008–09) or (2010–11), as appropriate. The amounts for other lease-purchase agreements should be assigned to the appropriate category in ABEST (e.g., Acquisitions of Information Resource Technologies, Acquisition of Equipment and Items, etc.).

Important

Additional provisions related to the Master Lease Purchase Program can be found in Article IX, Sec. 12.05 (2010–11 GAA).

Part 5.A. Capital Budget Project Schedule (continued)

Do not detail the “MLPP Acquisitions (2006–07),” “MLPP Acquisitions (2008–09),” “MLPP Acquisitions (2010–11)” items, or other lease purchase items acquired from fiscal years 2006 through 2010 or budgeted for fiscal year 2011 on 5.B. Capital Budget Project Information.

Checklist Items

Yes

- Were capital acquisitions reviewed to determine whether they should be included in the Capital Budget Project Schedule? (This includes past, present and future acquisitions as well as master-lease purchase program [MLPP] agreements).

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Part 5.B. Capital Budget Project Information

Purpose

This report provides additional information on capital budget projects requested for 2012–13.

Entering the Data to Generate the Report

This is an ABEST-generated report. See page 1 of Appendix 5.B. for a sample report.

This report does not apply to higher education institutions or the fourteen appellate courts.

Enter data for this report only for projects for which funding is requested in fiscal years 2012 and 2013. For each entry, list category and project name and number as identified in the Capital Budget Project Schedule. Complete Item 1, Project Description, (a) through (e), as follows:

1. Project Description:

- (a) General Information:
Describe project and its relationship to the objectives of the agency's strategic plan and discuss potential consequences of postponing the requested capital project;
- (b) Number of Units/Average Unit Cost:
List number of units and average unit costs (required only if the project represents a grouping of identical or similar items);
- (c) Estimated Completion Date/Additional Capital Expenditure Amounts:
Show estimated project completion date and additional capital expenditure amounts necessary to complete the project (required only if the project will be partially completed with the funds requested for fiscal years 2012–13);
- (d) Type of Financing:
Indicate specific type of financing (ML, LP, GO, RB, CA) for the project;
- (e) Projected Useful Life:
Identify projected useful life of the project in years.

Complete (f) and (g) if the proposed type of financing is MLPP, lease-purchase, general obligation or revenue bonds. If not applicable, enter N/A:

- (f) Estimated/Actual Project Cost:
Identify estimated or actual acquisition or completion cost. If a project represents a grouping of items, provide total estimated or actual cost for all items. Include only cash purchase costs; do not include interest or finance charges.
- (g) Length of Financing/Lease Period:
Identify length of proposed financing in years.

Enter information for each applicable item as directed below. If not applicable, enter "N/A."

Part 5.B. Capital Budget Project Information (continued)

2. Estimated/Actual Debt Obligation Payments:

Identify all estimated or actual payments (principal and interest, or as appropriate, lease-purchase) payable for fiscal years 2010 through 2013 and the estimated or actual total of all cumulative costs paid during the term of the obligation. Do not include operating expenses.

3. Revenue Generation/Cost Savings:

Identify and explain revenue generation and/or cost savings anticipated as a result of completing or acquiring the capital project. Provide information on an average fiscal year basis and indicate the affected fund or account by method of financing code.

4. Project Location:

Identify city or region of the state.

5. Beneficiaries:

Identify government and public users of project.

6. Frequency of Use and External Factors Affecting Use:

Identify (1) frequency of use of the project asset(s) and (2) forces outside agency control affecting the need for and/or use of the project.

Part 5.C. Capital Budget Allocation to Strategies

Purpose

This report identifies the amount of funding in each strategy associated with a particular capital budget request.

General Information

This is an ABEST-generated report. Allocate the cost of capital budget projects to one or more strategies. For fiscal years 2010–11, allocate to the strategy(ies) in which the project is budgeted; for fiscal years 2012–13, allocate to the strategy(ies) in which funding for each project is requested. The ABEST report will organize them by category and provide subtotals by project as well as a grand total of all projects. See page 1 of Appendix 5.C for sample report.

This report does not apply to higher education institutions or the fourteen appellate courts.

Entering the Data to Generate the Report

Enter this information in ABEST. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website.

Checklist Items

Yes

- Are estimated, budgeted, and requested amounts that are identified in 5.C. Capital Budget Allocation to Strategies included in the appropriate strategy request forms?
- Do totals shown in 5.A. Capital Budget Project Schedule equal totals in 5.C. Capital Budget Allocation to Strategies?
- Are amounts identified in 5.A. Capital Budget Project Schedule equal to or less than amounts assigned to Object of Expense 5000, Capital Expenditures, in the appropriate strategy request forms?
- Do 5.A. Capital Budget Project Schedule and 5.C. Capital Budget Allocation to Strategies include all ongoing MLPP obligations in fiscal years 2012 and 2013 for capital items lease-purchased in prior years, or planned for purchase in fiscal year 2011?
- Do 5.A. Capital Budget Project Schedule and 5.C. Capital Budget Allocation to Strategies include all capital budget projects funded or anticipated to be funded through interagency contracts?

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Part 5.D. Capital Budget Operating and Maintenance Expenses Detail

Purpose

This report identifies future operating and maintenance expenses associated with capital projects requested for the 2012–13 biennium.

General Information

This is an ABEST-generated report. Enter data for this report for each capital budget project meeting all of the following criteria:

- it is classified as Construction of Buildings and Facilities or Acquisition of Information Resource Technologies for the 2012–13 biennium;
- the expected total acquisition cost exceeds \$500,000; and
- once in service, there will be an increase in operating and maintenance expenses directly related to the project, and additional funding over fiscal year 2011 levels will be needed to operate or maintain the asset.

See page 1 of Appendix 5.D for a sample report.

This report does not apply to higher education institutions or the fourteen appellate courts.

Entering the Data to Generate the Report

Enter this information in ABEST. Identify costs necessary to operate or maintain the asset or facility after it is in service.

- include costs associated with staffing, equipment purchases and installation, utilities, telecommunications, service contracts, and other operating or maintenance expenses.
- provide objects of expense, method of financing, and number of full-time equivalent positions for the indicated years, using the same definitions as used for the Strategy Request and operating costs description and justification.

Important

Information provided in this schedule is for informational purposes only. Actual requests for additional operating expenses in the 2012–13 biennium should be incorporated in the appropriate strategy request(s).

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Part 5.E. Capital Budget Method of Financing by Strategy

Purpose

This form identifies the method of financing in each strategy for capital budget requests that cross strategies and have multiple methods of financing.

General Information

The Legislative Budget Board (LBB) or the Governor's Office of Budget, Planning and Policy (GOBPP) may require detailed budget information for some capital budget projects that cross strategies and have multiple methods of financing. When required, allocate the cost of the capital budget projects to each strategy and indicate the method of financing for each project by strategy. For fiscal years 2010–11, allocate amounts to each strategy in which the project is budgeted and indicate the method of financing for the amount of the project budgeted in each strategy. For fiscal years 2012–13, allocate amounts to each strategy in which funding for the project is requested and indicate the method of financing for the amount of the project funding requested in each strategy.

This report does not apply to higher education institutions or the fourteen appellate courts.

Completing the Form

This is a spreadsheet form provided in electronic format on the LBB and GOBPP websites and should be submitted by e-mail. See page 1 of Appendix 5.E. for a sample form.

Definitions of Capital Expenditure Categories (Object of Expense Code 5000)

Category Code	Capital Expenditure Category	
5001	Acquisition of Land and Other Real Property (except for right-of-way purchases made by the Department of Transportation)	<p>For expenditures <i>directly</i> related to purchase of land and purchase or lease-purchase of buildings. Includes, but is not limited to, Comptroller Expenditure Codes:</p> <p style="padding-left: 40px;">7345 - Land 7342 - Buildings 7392 - Land Purchased for Resale/Housing Loans</p>
5002	Construction of Buildings and Facilities	<p>For expenditures <i>directly</i> related to contracts for construction of permanent improvements and to construction and improvements to grounds and land. Includes, but is not limited to, Comptroller Expenditure Codes:</p> <p style="padding-left: 40px;">7341 - Construction of Buildings 7346 - Construction/Improvements of Grounds and Land 7350 - Lease/Purchase of Buildings 7373 - Furnishing and Equipment (Capitalized)</p>
5003	Repairs or Rehabilitation	<p>For expenditures <i>directly</i> related to repairs and rehabilitation of buildings or other improvements. Includes, but is not limited to, Comptroller Expenditure Codes:</p> <p style="padding-left: 40px;">7343 - Remodeling of Buildings - State-owned 7344 - Remodeling of Buildings - State-leased</p>
5004	Construction of Roads (except for such expenditures made by the Department of Transportation)	<p>For expenditures <i>directly</i> related to contracts for road construction and improvements. Includes, but is not limited to, Comptroller Expenditure Code:</p> <p style="padding-left: 40px;">7349 - Construction of Roads</p>

**Definitions of Capital Expenditure Categories
(Object of Expense Code 5000)
(continued)**

Category Code	Capital Expenditure Category	
5005	Acquisition of Information Resource Technologies	<p>For expenditures <i>directly</i> related to purchase or lease-purchase of computer equipment, purchase of computer software, purchase or lease-purchase of telephones, telephone systems, and other telecommunications and video/teleconferencing equipment. Includes, but is not limited to, Comptroller Expenditure Codes:</p> <p style="padding-left: 40px;">7243 - Computer Services – Education/Training Services 7285 - Computer Services - Statewide Technology Center 7379 - Computer Equipment - Capitalized 7385 - Lease Purchase of Computer Equipment 7387 - Computer Software - Capitalized 7519 - Lease/Purchase of Telecommunications Equipment 7520 - Telecommunications - Equipment purchase - Capitalized</p>
5006	Transportation Items	<p>For expenditures <i>directly</i> related to purchase or lease-purchase of motor vehicles, boats, and aircraft. Includes, but is not limited to, Comptroller Expenditure Codes:</p> <p style="padding-left: 40px;">7351 - Lease/Purchase of Motor Vehicles/Passenger Cars 7352 - Lease/Purchase of Motor Vehicles/Other 7371 - Motor Vehicles - Passenger Cars 7372 - Motor Vehicles - Other 7375 - Aircraft 7365 - Boats</p>
5007	Acquisition of Capital Equipment and Items	<p>For expenditures <i>directly</i> related to purchase or lease-purchase of furnishings and equipment, and to purchase of books, pre-recorded reference material, and animals. Includes, but is not limited to, Comptroller Expenditure Codes:</p> <p style="padding-left: 40px;">7373 - Furnishings and Equipment - Capitalized 7376 - Lease/Purchase of Furnishings and Equipment 7386 - Animals - Capitalized 7388 - Fabrication of Equipment - Higher Education 7389 - Books & Pre-recorded Reference Materials - Capitalized</p>
5008	Lease Payments to Master Lease Purchase Program (for items acquired prior to September 1, 2009 only)	<p>For installment payment obligations payable to Texas Public Finance Authority. See Special Instructions for Master Lease Purchase Program in the section addressing the Capital Budget Project Schedule.</p>

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Part 6.A. Historically Underutilized Business (HUB) Supporting Schedule

Purpose

This report provides information on agencies' "good faith" efforts to comply with HUB-related statutory requirements and rules set by the Comptroller of Public Accounts.

General Information

This is an ABEST-generated report. Pursuant to VTCA, Government Code, Sec. 2161.127 and 34 Texas Administrative Code (TAC), Sec. 20.15(c), Agency Planning Responsibilities, each state agency and institution of higher education must include as part of its legislative appropriations request a report detailing the extent to which the agency has made "good faith" efforts to comply with both HUB-related general law and rules adopted by the Comptroller of Public Accounts.

To assist in completing this schedule, agencies should use relevant HUB-related information previously reported in Strategic Plans and Annual Financial Reports and reported to the Comptroller of Public Accounts (CPA) for the State of Texas annual HUB Report for fiscal years 2008 and 2009 including supplemental information.

See page 1 of Appendix 6.A. for a sample report.

Entering the Data to Generate the Report

Enter this information in ABEST. This report reflects a comparison to Statewide HUB Procurement Goals.

- a. **2008-09 HUB Expenditure Table** - This table is a modified version of the Strategic Plan Progress Report required in an agency's Annual Financial Report (AFR). It compares, for six designated procurement categories, the adjusted statewide HUB goals for purchasing (goods and services) and public works contracts (construction) to applicable agency expenditures for fiscal years 2008 and 2009. It shows the percentage of total agency expenditures related to HUBs. The report will also generate the difference between an agency's adjusted statewide goal and percentage of HUB-related expenditures for each procurement category. Enter the actual expenditure information reported to CPA for the State of Texas Annual HUB Report for fiscal years 2008 and 2009 and subsequently used in the agency's progress report in the AFR for fiscal year 2009.
- b. **Assessment of 2008-09 Efforts to Meet HUB Procurement Goals**
 1. **Attainment** - Each agency should provide a summary of its efforts to attain or exceed the six HUB procurement goals in each fiscal year. The format is:
The agency attained or exceeded ___ of ___, or ___%, of the applicable statewide HUB procurement goals in fiscal year ___.
 2. **Applicability** - For each fiscal year, identify any procurement categories that are not applicable to the agency's operations and include a summary justification for each procurement category.
 3. **Factors Affecting Attainment** - If a goal was not met, provide a brief explanation of factors preventing the agency from achieving the HUB goal in a given procurement category. This section may include information that an agency reported in the "external/internal assessment" section relating to HUBs in its strategic plan. The agency should include specific examples of restrictions on its ability to contract with HUBs, such as:
 - ♦ the limited availability of vendors for certain types of contracts,
 - ♦ not all contract decisions within a given procurement category are subject to the agency's control, and
 - ♦ unique or specialized contract requirements.

Part 6.A Historically Underutilized Business (HUB) Supporting Schedule (continued)

If applicable, an agency should also mention its contracting efforts with “graduated” HUBs.

4. **“Good Faith” Efforts** - Provide any additional information on the agency’s efforts to meet the statewide HUB procurement goals in fiscal years 2008 and 2009. A “good faith” effort includes the implementation of procedures as stated by 34 TAC, Sec. 20.13(c), Annual Procurement Utilization Goals. An agency may also include information from supplemental letters submitted to CPA for fiscal years 2008 and 2009, per 34 TAC, Sec. 20.13(d), that demonstrate good faith efforts. If an agency was audited on its HUB performance by the State Auditor’s Office (SAO) in fiscal year 2008 or 2009, it may include information on “good faith” efforts as determined by the SAO.

Part 6.B. Current Biennium One-time Expenditure Schedule

Purpose

This schedule provides a listing of actual or anticipated one-time expenditures in the current biennium.

General Information

Many one-time expenditures are reflected in the base reconciliation process, such as those resulting from rider appropriations; however, agencies may have made one-time expenditures that are not identified in that process. This schedule should identify expenditures made in the current biennium that are not anticipated to be required by law in the next biennium. Every agency is likely to have expenditures unique to that agency, so a complete list is impracticable, but common examples of the types of expenditures that should be reported in this schedule are:

- Implementation of legislation (startup costs);
- Land purchases;
- Lawsuit settlement;
- Special purpose equipment;
- One-time grant;
- Facility construction or renovation;
- Special events;
- Correcting a backlog (licenses, complaints, etc.); and
- Installation of satellite dish

Important

Agencies should not report one-time expenditures of federal funds from the American Recovery and Reinvestment Act (ARRA) in this schedule.

Completing the Schedule

This is a spreadsheet form provided in electronic format on the Legislative Budget Board and Governor's Office of Budget, Planning and Policy websites and should be submitted by e-mail. Each schedule must include the following information for fiscal years 2010 and 2011:

- a brief description of the item;
- the amount expended; and
- the Method of Finance code(s).

The One-Time Expenditure Schedule allows agencies to report the location (strategy, ABEST object of expense and MOF codes) of these expenditures in the 2010–11 biennium, and where and for what purpose (strategy, ABEST object of expense codes, and a description) they are included in the 2012–13 baseline request.

See page 1 of Appendix 6.B., Parts 1 and 2, for an example.

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Part 6.C. Federal Funds Supporting Schedule

Purpose

This report:

- ▶ shows how federal funds support agency programs;
- ▶ provides historical and projected expenditures of federal funding sources, including Federal American Recovery and Reinvestment Act (ARRA) funds;
- ▶ assists in analysis of the impact of federal legislation on the state budget; and
- ▶ identifies federal funds and related general revenue for employee benefits.

General Information

The Federal Funds Supporting Schedule identifies:

- state agency expenditures and projections of federal funds by program title and *Catalog of Federal Domestic Assistance* (CFDA) number;
- strategy-specific information for each federal program;
- for agencies expending more than \$10 million in federal funds in fiscal year 2009, additional information related to employee benefits paid with federal funds and general revenue used as match for employee benefits or maintenance of effort for employee benefits;
- assumptions and/or methodology used to estimate federal funding; and
- potential losses of any federal funds projected for 2012–13.

See page 1 of Appendix 6.C. for a sample report.

This report does not apply to higher education institutions.

Entering the Data to Generate the Report

This is an ABEST-generated report. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010). After entering method of financing for each strategy request and all additional required information in ABEST, generate the Federal Funds Supporting Schedule. The agency must set the status of the general budget submission in ABEST to “complete” before generating a final copy of the Federal Funds Supporting Schedule.

Federal Funds

Include all federal programs used as sources of agency funding, including those appropriated in House Bill 4586, Eighty-first Legislature, 2009.

- Select the appropriate method of financing code to identify federal funds:
 - 0555, the MOF code for most federal funds; and
 - 0369, the MOF code for Federal American Recovery and Reinvestment Act (ARRA) funds.
- Provide the CFDA number and title for each source of funding. Please note that there are unique CFDA numbers for all ARRA-related funding sources. Please refer to the LBB website (www.lbb.state.tx.us) under Agency Reference Documents for a complete list of ARRA-related programs and the respective CFDA numbers. If a CFDA number cannot be found, call the Federal Funds Analysis Team at the LBB to get the number assigned to the program.

Part 6.C. Federal Funds Supporting Schedule (continued)

- Provide federal funds amounts for expended 2009, estimated 2010, budgeted 2011, and requested 2012–13 for all strategies.
- Funds should be reported as “federal” by the agency expending the funds (which may not be the original recipient of the federal funds). Exceptions to this policy should be discussed with budget analysts of the Governor’s Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB).
- To ensure accurate counts of federal funds and reflect the actual expenditure of Federal Funds, use the following guidelines to report federal funds flowing through multiple entities:

Any portion of Federal Funds . . .	→	Should be reported as . . .
passed through to another state agency or institution of higher education	→	Federal Funds by expending agency.* (not reported by initial recipient).
passed through to a non-state entity	→	Federal Funds by initial recipient.
<i>*Funds received via procurement contracts for goods or services should be reported as interagency contracts (not federal funds); they should be reported as federal funds by the original agency.</i>		

Additional Funds for Employee Benefits

Agencies expending more than \$10 million in federal funds in fiscal year 2009 must:

- Identify by CFDA program expended 2009, estimated 2010, budgeted 2011, and requested 2012–13 amounts for employee benefits paid with federal funds (include group insurance, retirement, social security, and benefit replacement pay).
- Identify expended 2009, estimated 2010, budgeted 2011, and requested 2012–13 amounts for employee benefits paid with general revenue used as match or maintenance of effort in each federal program (include group insurance, retirement, social security and benefit replacement pay).
- Do not include any additional funds for employee benefits in the strategy amounts.

Assumptions and Methodology

Describe assumptions and methodologies used to estimate funding for 2012–13. Specific factors affecting federal funds estimates (e.g., changes in federal authorization levels or allocation formula changes) should be described and identified by CFDA number and title. Otherwise, general statements that apply to multiple CFDA are acceptable.

Potential Loss of Federal Funds

- Identify any federal funds, by CFDA number and title, budgeted in 2011 that potentially could be lost in 2012–13.
- Identify state action possible or necessary to avoid loss of federal funds (e.g., statutory change or appropriation of funds for purposes not previously receiving state funding).
- Identify federal action necessary to avoid loss of federal funds (e.g., federal legislation, federal rule changes, agency action, formula changes or a change in appropriation of federal funds).
- Do not include changes that result from normal general revenue/state maintenance of effort or state/federal matching ratio requirements.

**Part 6.C. Federal Funds Supporting Schedule
(continued)**

Checklist Items

Yes

- Does the report include all federal programs or grants?
- Is the method of financing consistent with the instructions (e.g., reporting ARRA funds separately from regular federal funds as MOF Code 369)?
- If the agency meets the \$10 million federal funds threshold, does the report include expenditures and estimates for the related employee benefits (federal and state general revenue) for each program?
- Does the report include statements describing the assumptions and methodology for estimating federal funds?

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Part 6.D. Federal Funds Tracking Schedule

Purpose

This report:

- ▶ cross-references annual federal awards with actual and projected state fiscal year amounts;
- ▶ provides historical and projected expenditures of federal funding sources, including Federal American Recovery and Reinvestment Act (ARRA) funds;
- ▶ assists in analysis of the impact of federal legislation on the state budget; and
- ▶ identifies federal funds carried forward from previous fiscal years.

General Information

This is an ABEST-generated report. This schedule will be requested by the Legislative Budget Board (LBB) or Governor's Office of Budget, Planning and Policy (GOBPP) analyst on an as-needed basis, and the request(s) may be for one or more federal programs by CFDA number and title. See page 1 of Appendix 6.D. for a sample report. Article II, Health and Human Service agencies are required to submit this schedule for selected grants. Contact the budget analyst at either budget office for additional information.

For ARRA-related appropriations, all state agencies receiving ARRA funds (including those appropriated by House Bill 4586, Eighty-first Legislature, 2009) should complete the Federal Funds Tracking Schedule. For a complete list of specific programs and related CFDA numbers, please refer to the LBB website (www.lbb.state.tx.us) under Agency Reference Documents.

This report does not apply to higher education institutions.

Entering the Data to Generate the Report

Enter the requested information into ABEST. Include any CFDA programs by number and title requested by the LBB or GOBPP analyst. Refer to the LBB website, www.lbb.state.tx.us, under Agency Reference Documents for a complete list of ARRA CFDA numbers and titles. If a CFDA number cannot be found, call the Federal Funds Analysis Team at the LBB to get a number assigned to the program.

When entering "Federal Fiscal Year Grant/Award" amounts, begin with the original grant/award year, and include all federal fiscal years which had/have funds available for expenditure (i.e., carry forward). Make any necessary adjustments for rescissions or other changes to the award amount. Describe any adjustments in the Tracking Notes text box [see instructions for Federal Funds Tracking Schedule in *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010)]. (For ARRA funds, include estimated amounts for fiscal years 2010 and 2011, if applicable.)

Although additional funds for employee benefits are excluded in agency strategy amounts, in this Federal Funds Tracking Schedule additional funds for employee benefits are included. However, use the section at the bottom of this schedule to identify the employee benefit amounts for a given year. (Employee benefits are a subset of the total expenditures.)

Checklist Items

Yes

- Have you supplied the additional information to identify employee benefits payment amounts?
- Do the totals across state fiscal years equal the annual totals in the federal funds grant/award totals?

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Part 6.E. Estimated Revenue Collections Supporting Schedule

Purpose

This report provides details for actual and estimated revenue collections listed in the Method of Financing, by fund and/or account, for fiscal years 2009 through 2013.

General Information

Submit this schedule if the following apply:

- the agency has an “Appropriations Limited to Revenue Collections” rider in the current General Appropriations Act (2010–11 GAA);
- the agency collects any revenues, including those deposited to General Revenue or General Revenue–Dedicated accounts, that are appropriated or requested to be appropriated to the agency’s Method of Financing, including riders;
- the agency is in Article II, Health and Human Services or Article VIII, Regulatory agency; or
- the agency is instructed to do so by the Legislative Budget Board (LBB) or the Governor’s Office of Budget, Planning and Policy (GOBPP).

Report Appropriated Receipts in this schedule.

Do not report other Federal Funds in this schedule. Federal Funds are reported in the Strategy Request and can be printed using the Federal Funds Supporting Schedule.

Include a separate section in the Estimated Revenue Collections Support Schedule for Earned Federal Funds if the agency is affected by Article IX, Sec. 6.22 (2010–11 GAA).

This report does not apply to higher education institutions unless requested by staff of the GOBPP or the LBB.

Entering the Data to Generate the Report

This is an ABEST-generated report. Provide the following information:

- fund or account names and number;
- beginning unencumbered balance of funds or accounts, as applicable;
- total estimated revenue, detailed by revenue code (excluding Federal Funds);
- appropriations requests/transfers from funds or accounts;
- ending fund/account balance, if applicable; and
- assumptions used in projecting revenue.

Important

- ▶ Work with the GOBPP and/or LBB analyst(s) to determine the funds and accounts reported in this schedule.
- ▶ Appropriations requests and/or appropriation transfers listed in this schedule should be a part of the agency’s strategy or rider appropriation request.
- ▶ List total revenue collections, including the amounts collected above appropriated amounts.

Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website under Agency Instructions/Legislative Appropriations Requests. See page 1 of Appendix 6.E. for a sample report.

Beginning Balance: For each fund or account, list actual unencumbered beginning balances for fiscal years 2009 and 2010 and projected beginning balances for fiscal years 2011 through 2013. If revenues are deposited into a non-specific account in the General Revenue Fund, it is not necessary to calculate a beginning balance. Review House Bill 4583, Eighty-first Legislature, 2009; 2010–11 GAA; VTCA, Government Code Secs. 403.095 and 2201.003; and other relevant statutes to determine if the fund or account exists.

Part 6.E. Estimated Revenue Collections Supporting Schedule (continued)

Estimated Revenue: List actual revenue collections for fiscal year 2009 and estimated collections for fiscal years 2010 through 2013. List collections by revenue source using the Comptroller’s revenue object codes. See Agency Reference Documents/Revenue Object Codes on the LBB website. Revenue sources must include appropriated receipts and Article IX, General Provisions (2010–11 GAA) receipts specific to your agency.

The Estimated Revenue Supporting Schedule includes separate sections for each fund/account to which agencies deposit collected revenue. Agencies affected by Article IX, Sec. 6.22 (2010–11 GAA) should include a separate section in the Estimated Revenue Collections Supporting Schedule for Earned Federal Funds, using the following guidelines:

- include revenues collected and deposited into the General Revenue Fund as Comptroller revenue object codes 3702, 3726, 3750, 3773, 3851, and 3971; and
- use MOF Code 0888 as the fund/account in the Estimated Revenue Supporting Schedule.

Estimated revenues may exceed amounts budgeted and/or requested.

Subtotal Actual/Estimated Revenues: Adds all revenue sources.

Total Available: Adds “Beginning Balance” and “Subtotal Actual/Estimated Revenues.”

Deductions: List deductions made from the fund/account, including:

- Amounts expended, budgeted, and requested, including the 50 percent reimbursement paid from agency appropriations to the Texas Workforce Commission (TWC) for unemployment benefits;
- The additional 50 percent some agencies are required to reimburse TWC from unappropriated General Revenue-Dedicated and other special fund balances. These reimbursements are shown as transfers;
- Transfers for employee benefits (retirement, group insurance, Social Security, benefit replacement pay); and
- Rider reductions or transfers, such as Article IX, Sec. 19.62, Appropriation for a Salary Increase for State Employees (2008–09 GAA), and emergency or deficiency grant amounts.

Do not include deductions comprised of federal funds, since federal funds are excluded from this schedule. Also, **do not** include depreciation costs or other tax deferral mechanisms.

Total Deductions: Adds all deductions.

Ending Fund/Account Balance: Subtracts “Total Deductions” from “Total Available” to determine Ending Fund/Account Balance. The ending fund/account balance in a given year is the beginning balance for the **next year**. Calculating an Ending Fund Balance is not necessary if revenues are deposited to a non-specific account in the General Revenue Fund.

Pursuant to Article IX, Sec. 6.09 (2010–11 GAA), appropriation amounts from special funds or General Revenue–Dedicated Accounts may not exceed actual balances and available revenues in the fund/account. Accordingly, agencies may not show an estimated negative balance in a special fund or General Revenue – Dedicated Account. Any anticipated shortfalls in a special fund or General Revenue–Dedicated Account must be offset by an appropriation reduction in the Summary of Budget by Method of Financing Report.

Revenue Assumptions: List and explain assumptions used in estimating revenue collections **for each fund or account**, including current fee rates, potential increases or decreases in fee rates, and the impact of federal legislation on the collection of fees (e.g., increases in, decreases in, establishment of, or abolition of fees). Note whether fee rate changes require statutory amendments or governing board action. Provide a detailed analysis of factors resulting in a 20 percent increase above or decrease below the fiscal year 2012 estimated beginning fund balance in any fund or account for fiscal years 2012 and 2013.

**Part 6.E. Estimated Revenue Collections Supporting Schedule
(continued)**

Checklist Items

Yes

- Are associated employer benefit costs included in “Total Deductions”?
- Are explanations provided for the revenue assumptions, particularly for changes impacting revenue collections?

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Part 6.F. Advisory Committee Supporting Schedule

Purpose

This report provides information for reimbursing expenses of advisory committee members.

General Information

This is an ABEST-generated report. Pursuant to VTCA, Government Code, Sec. 2110, agencies must request authority to reimburse the expenses of advisory committee members. “Advisory committee” is defined as a committee, council, commission, task force or other entity in the executive branch of state government that:

- Is not a state agency;
- Is created by or under state law; and
- Has as its primary function advising a state agency.

Important

Article IX, Sec. 5.10, Travel of Advisory Committee Members (2010–11 GAA) prohibits reimbursement of advisory committees unless such authority is expressly granted in the Act or approved by the Legislative Budget Board and Governor’s Office of Budget, Planning and Policy between legislative sessions.

Entering the Data to Generate the Report

Enter this information in ABEST. Provide a schedule for each agency advisory committee for which reimbursement authority is being requested, pursuant to Government Code, Sec. 2110. See page 1 of Appendix 6.F. for a sample report.

Each schedule must include:

1. Committee members’ direct expenses related to the committee’s responsibilities;
2. All other expenditures in support of the committee’s activities, including the cost of agency staff time;
 - Expenditure and method of financing information is required for the following fiscal years: expended 2009, estimated 2010, budgeted 2011, and requested 2012 and 2013.
 - Requested reimbursements for committee member costs and costs attributable to agency staff support must be itemized by the following categories:
 - Travel;
 - Personnel; and
 - Other operating costs.
 - The Method of Financing section should detail the source of funding by fund/account number(s) in accordance with funds listed in *Method of Financing Codes* found on the LBB website under Agency Reference Documents;
3. Strategy or strategies for which funding is requested;
 - Since the Advisory Committee Supporting Schedule is informational and not an actual request for funding, include amounts requested for each committee in the appropriate strategy request.
4. Date and statutory authority for creation of the committee;
5. Number of members, frequency of meetings; and

**Part 6.F. Advisory Committee Supporting Schedule
(continued)**

6. Reasons the advisory committee should continue in existence, including an evaluation of the committee's work and usefulness;
 - In the description section, provide information on the committee's statutory membership requirements, purpose and duties, reasons why it should remain in existence, and consequences of abolishing the committee. If the committee is required by federal law, include the applicable citation.

7. Identification and justification of other agency advisory committees that should be consolidated or abolished.
 - In the "Advisory Committees that Should be Abolished/Consolidated" section, identify the committee(s) and provide the justification.

Part 6.G. Homeland Security Funding Schedule

Purpose

This schedule identifies expenditures related to homeland security by object of expense and method of financing. Corresponding full-time-equivalent positions are recorded; a description and funding amount for items are included; and attachments listing amounts passed through to local entities and state agencies or institutions of higher education are required. Part A of the schedule covers expenditures related to terrorism; Part B covers expenditures related to natural or man-made disasters.

General Information

This supplemental schedule applies to all agencies and higher education institutions that expend funds on homeland security or pass through funds to other state agencies, institutions of higher education, or local entities for homeland security purposes.

Part A: Terrorism-related Expenditures

In determining terrorism-related expenditures, the following definition, adapted from the federal definition of “Homeland Security” followed by the Congressional Budget Office and the Administration’s Office of Management and Budget, is to be used:

“Homeland security expenditures are funds used to prevent terrorist attacks, reduce vulnerability to terrorism, minimize the damage from attacks that do occur, and assist in recovery from attacks. This effort includes activities such as protection of critical infrastructure and key assets, defense against terrorist threats, emergency preparedness, and response specifically related to terrorism.”

Note: Include border security funding to the extent that its use meets the definition provided above.

Part B: Natural/Man-made Disaster Expenditures

This section is designed to capture the remaining elements of “Homeland Security Activity” as defined in the Texas Administrative Code, Chapter 421, Subchapter A. Other homeland security activity expenditures are defined as related to natural or man-made disasters such as wildfires, hurricanes, floods, and tornadoes.

Completing the Form

This is an ABEST-generated report. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website. Upon request of analysts from the Legislative Budget Board (LBB) or Governor’s Office of Budget, Planning, and Policy (GOBPP), information will be submitted at the strategy level. See page 1 of Appendix 6.G. for a sample report.

Objects of Expense and Method of Finance

Amounts identified in the Objects of Expense and Method of Financing sections should include all funding sources expended by the agency for state homeland security programs. Federal funds passed through to another state agency or institution of higher education should be reported as federal funds by the expending agency (not by the initial recipient). Funds received via procurement contracts for goods or services should be reported as interagency contracts (not federal funds); they should be reported as federal funds by the original agency. Federal funds passed through to a non-state entity should be reported as federal funds by the initial recipient.

Full-time-equivalent (FTE) Positions

Identify the total number of FTEs paid with Homeland Security funding for each fiscal year.

Part 6.G. Homeland Security Funding Schedule (continued)

Funds Passed Through to Local Entities and Other State Agencies or Institutions of Higher Education

Agencies that pass through funds to local entities and state agencies or institutions of higher education must submit attachments that list recipients by year and method of financing, including the *Catalog of Federal Domestic Assistance (CFDA)* number for each source of federal funds. Please provide the information for as many years of data as available.

Amounts shown in the attachment for local entities should be included in the expended amounts in the Homeland Security Funding Schedule. However, amounts shown as pass through to other state agencies or institutions of higher education should not be included in amounts reported in the Homeland Security Funding Schedule, since they are not expended by the initial recipient agency.

Use of Homeland Security Funds

List the strategies from which funds are expended and describe the type of activities or expenses included in the amounts (e.g., surveillance, equipment purchases, competitively bid grants, unit or positions supported by the funds, etc.). If relevant, also describe the methodology used for allocating costs to homeland security.

Part 6.H. Estimated Total of All Funds Outside the General Appropriations Act Bill Pattern Schedule

Purpose

This report identifies revenue authorized by the state constitution, statute, federal law, or court order that is deposited in funds or accounts within or outside the state treasury, is under the control of the agency or its oversight board or commission, and is not appropriated by the Legislature in the General Appropriations Act (GAA).

General Information

Submit this schedule if the agency or its governing board or commission is authorized to collect and spend funds that are deposited to accounts within or outside the state treasury, but are not appropriated by the Legislature in the GAA. The information contained in the schedule will be used to determine the percentage of funds available to an agency that are appropriated in its bill pattern in the GAA. Examples include endowments, trust funds, bond proceeds, reserve funds, and revolving loan funds. Bond proceeds should only be included in the schedule if the bonds are not included in the GAA (e.g., Water Development Bonds and Mortgage Revenue Bonds).

Do not include benefit replacement pay and employee benefits (retirement, group insurance, and social security). These funds are appropriated elsewhere in the GAA, and an informational listing is provided after each agency. **Do not** include General Revenue-Dedicated account balances, since these balances are not available to the agency unless appropriated. State agencies should contact their assigned Legislative Budget Board (LBB) analyst if they have questions concerning this reporting requirement.

Institutions of higher education should contact their assigned LBB analyst for direction on meeting this reporting requirement.

Entering the Data to Generate the Report

This is a spreadsheet form provided in electronic format on the LBB and Governor's Office of Budget, Planning and Policy (GOBPP) websites and should be submitted by e-mail. See page 1 of Appendix 6.H. for a sample form.

Name of Account. Enter the name of the account, fund, endowment, contract, grant or self-supporting enterprise as designated by the state constitution, statute, federal law, or court order.

Estimated Beginning Balance. Enter the beginning balance for fiscal years 2010 and 2012 for each account taking into account actual or anticipated expenditures, encumbrances, and accruals for the previous reporting period.

Estimated Revenue Collections. Enter the estimated revenue collections, including interest earnings, for fiscal years 2010, 2011, 2012 and 2013.

Amend the spreadsheet to add accounts as necessary.

Estimated Total of All Agency Funds Outside the GAA Bill Pattern for the 2012-13 Biennium

For each account, the spreadsheet will automatically calculate the estimated total amount of funds, which consists of the total beginning balance for fiscal year 2012 and the revenue collections for 2012 and 2013. However, if additional accounts are added to the spreadsheet, adjust the spreadsheet formula to include the estimated total available for all accounts.

**Part 6.H. Estimated Total of All Funds Outside the General
Appropriations Act Bill Pattern Schedule
(continued)**

Constitutional or Statutory Creation and Use of Funds

Identify the specific constitutional and/or statutory citation(s) authorizing the agency to collect and spend the funds. Also describe the authorized uses of the funds.

Method of Calculation, Revenue Assumptions, and Rationale

For each fund or account, list and explain assumptions used in estimating revenue collections, including current fee rates, potential increases or decreases in fee rates, and the impact of federal legislation on the collection of fees (e.g., increase in, decreases in, establishment of, or abolition of fees). Note whether fee rate changes require statutory amendments or governing board action. Briefly describe the reasons why the funds are not part of the agency's bill pattern along with any problems that may result if these funds were to be included in the agency's bill pattern (i.e., constitutional issues, federal rules, etc.).

Checklist Item

Yes

Are the method of calculation and revenue assumptions clearly described for all accounts?

Part 6.I. 10 Percent Biennial Base Reduction Options Schedule

Purpose

This schedule details the 10 percent General Revenue-related reduction options, in 5 percent increments, required by the Policy Letter issued by the Governor's Office of Budget, Planning and Policy (GOBPP) and the Legislative Budget Board (LBB).

General Information

In order to assist the Governor and the Legislature in their review of agency budgets and consideration of possible budget reductions, agencies are required to submit a supplemental schedule in ABEST detailing how they would reduce the 2012–13 biennial baseline request by 10 percent in general revenue-related (i.e., General Revenue and General Revenue-Dedicated) funding. The options are to be submitted in 5 percent increments, with a set of reduction items representing 5 percent of the baseline request, followed by another set of items representing an additional 5 percent, for a total of 10 percent.

Upon approval of the agency's 2010-11 biennial base reconciliation, the LBB and GOBPP analysts will calculate the General Revenue and General Revenue-Dedicated 10 percent amount. That "target" amount then will be communicated to the agency and entered into ABEST. As the agency enters reduction options into this schedule, ABEST will automatically sum the options for comparison against the target amount.

Complete this schedule to identify reduction options equal to 10 percent of the 2010-11 general revenue (GR)-related spending level to comply with the Policy Letter issued by the GOBPP and the LBB. This schedule collects reduction options in priority order, by fiscal year, strategy, method of finance (MOF), potential revenue loss and for full-time-equivalent positions (FTEs). Impact statements which describe the effect of the reduction on services, staffing levels, the receipt of federal funds and other factors are also submitted via this schedule. Institutions of higher education should not include Other Educational and General Income.

Agencies are encouraged to review existing operations and offer targeted reductions in specific programs. Non-specific across-the-board reductions (e.g., 10 percent reduction to every strategy) are discouraged, but may be acceptable when agency size or function limits the available options.

Entering the Data

Proposals should be submitted in the web-based ABEST system. If you have budget-related questions, please contact your assigned LBB or GOBPP analyst. For questions regarding ABEST, please contact the Application Support Help Desk at 463-3167.

- Submit reductions at the program level. Non-specific across-the-board reductions (e.g., 10 percent reduction to every strategy) are discouraged, but may be acceptable when agency size or function limits the available options. If agency size or function limits the available options, please consult with your GOBPP or LBB analyst prior to submitting a proposal with one reduction item. Examples of acceptable reductions include specific agency programs or services, savings from a hiring freeze, elimination of contracts for consultants and professional services, travel reductions, elimination of planned purchases of capital items, etc.
- Submit reductions in priority order; i.e., item #1 should be the budget reduction that, if enacted, would have the least consequences or negative effects on agency programs and goals. Subsequent reduction options should follow in ascending order of consequence, with the reduction item of greatest consequence or negative effect to agency services listed last.

Part 6.I. 10 Percent Biennial Base Reduction Options Schedule (continued)

- For each item, enter the reduction amount for each fiscal year, any potential related revenue loss for each fiscal year, method of financing for both reduction amount and revenue loss, affected strategy or strategies, and FTE reductions associated with the reduction option. Amounts for both the appropriation reductions and the potential revenue losses should be entered as positive numbers.
- For the Category field, identify one of the 16 pre-defined categories available in the drop-down menu which best describes that reduction item. These categories focus on three distinct functional areas: program and service reductions impacting clients and populations served, administrative reductions to internal operations, and across-the-board reductions for smaller agencies that reduce both programs and internal administrative costs. When a reduction item impacts multiple categories, select the category that represents the predominant description of the reduction item. Please consult with your LBB analyst if there are questions about the categories.
- Use the Comments field (2000 characters maximum) to explain in detail how each reduction would impact programs, agency operations and customers. Potential impacts include, but are not limited to: reductions in services, longer processing times, lower rates to providers, impact on performance measures, etc. For any revenue losses identified as resulting from individual reduction options, describe the assumptions underpinning the revenue loss. Also describe the estimated impact of the reduction to related key performance measures and other performance indicators routinely reported to the LBB and/or GOBPP.
- Agencies may be required to re-submit individual reduction options or the entire reduction options schedule at the request of either the GOBPP or LBB analyst.
- Agencies are encouraged to submit multiple, rather than one or two, reduction options. Again, if agency size or function limits the available options, please consult your GOBPP or LBB analyst prior to submitting a schedule with one reduction option.
- Avoid identifying budget reduction options that, if enacted by the Eighty-second Legislature, would result in the State of Texas violating the Texas Constitution, state and/or federal law. If items are proposed that require modifications of existing general state law, identify the specific statutory reference(s) that would be impacted in the comment field. Affected agencies should be prepared to submit alternate reduction option(s) equal in amount to the reduction option(s) that violate statutory or constitutional provisions upon the request of the GOBPP or LBB analyst.
- The reduction options submitted by agencies funded by both General Revenue and General Revenue-Dedicated accounts should, if applicable, reflect a balanced mix of General Revenue and General Revenue-Dedicated options. Note: Exclude appropriations from GR-Dedicated accounts that are not subject to Comptroller certification of the GAA (e.g., Compensation to Victims of Crime Account No. 469) as well as Other Educational and General Income for institutions of higher education. The list can be found at :

http://www.lbb.state.tx.us/Reference/GRD_Impact_GAA_0110.pdf

Part 6.J. Budgetary Impacts Related to Federal Health Care Reform

Purpose

This schedule provides information on agency costs, savings and federal funds resulting or anticipated to result from the implementation of the recently enacted federal health care reform legislation.

General Information

This supplemental schedule applies to all agencies and institutions of higher education affected by the federal health care reform legislation enacted in March 2010. This legislation consists of H.R. 3590, the “Patient Protection and Affordable Care Act of 2010,” and H.R. 4872, the “Health Care and Education Reconciliation Act of 2010.”

Information on these schedules should be limited to agency costs and/or savings that are directly or indirectly related to the implementation of the federal health care reform legislation. This includes direct and indirect impacts to services, programs and benefits, as well as any impacts to the agency’s administrative and capital budgets. Do not include cost changes that the agency would have incurred without the implementation of the federal health care reform legislation. Agencies should not include existing staff and resources that have been re-assigned to federal health care reform implementation. Agencies also should attempt to identify, to the extent possible, changes in federal funding that are projected to occur as a result of health care reform. Agencies are encouraged to discuss the items with their LBB and GOBPP analysts prior to the final LAR submission to ensure complete reporting.

Important

- This schedule asks agencies to offer their best estimates of budgetary impact of the federal health care reform legislation. Given the considerable uncertainty surrounding state implementation, information provided by agencies in this schedule will be treated as provisional and subject to revision, unless otherwise noted.
- It is acknowledged that budgetary impacts provided in this schedule may not match estimates created in the fiscal note process in response to specific legislation during the 82nd Legislature.

Items identified by the agency for this schedule may include those related, but not limited, to the following:

- eligibility for and enrollment in Medicaid
- modifying state insurance regulations
- establishing health insurance exchanges
- Children’s Health Insurance Program (CHIP) transition
- high-risk insurance pools
- health information technology
- public employee benefits
- health care workforce and provider capacity
- public health, wellness, and prevention
- data collection and analysis

Budgetary impacts should be estimated for fiscal year 2010, budgeted for fiscal year 2011 and requested for fiscal years 2012 and 2013. For fiscal years 2012 and 2013, budgetary impacts incurred in the 2010–11 biennium that are ongoing should be included in the baseline request columns of the schedule, along with budgetary

Part 6.J Budgetary Impacts Related to Federal Health Care Reform (continued)

impacts to programs allowed in the baseline request due to an exception in the policy letter (e.g., Medicaid eligibility). All other costs, and any related federal funds, projected for 2012–13 should be shown under the exceptional item request columns. Any cost identified in this schedule as an exceptional item should reflect all or part of an exceptional item request made in the Exceptional Item schedules (Part 4, A–C).

Part A. Budgetary Impacts Related to Federal Health Care Reform

Each item must be submitted individually on a separate schedule. For each individual item, the agency should summarize and describe any applicable costs, savings and federal funds related to the implementation of that component of the new Federal health care reform. Agencies should complete the following steps:

- Name the item.
- Identify the strategy or strategies with a budgetary impact.
- To the extent possible, include detail for objects of expense.
- Enter the method or methods of financing. Where applicable, use appropriate CFDA numbers and extensions.
- For each fiscal year, enter the change in the number of FTEs that the agency requires to implement the federal health care legislation.
- List the legal authority/statutory reference for the budgetary impact identified, i.e. the specific section of the federal health care reform legislation to which the costs are related.
- Under description/assumptions, provide a description of the item and explain the assumptions used in estimating the budget impact. Where applicable, identify any key numeric assumptions; for example, estimates of additional people served, changes to unit costs, etc. Identify whether the budgetary impact results from a provision of health care reform that the federal government requires the state to implement, or whether implementation is optional for the state. Also include any organizational and administrative changes or other steps the agency has taken or plans to take in order to implement the federal health care reform legislation.
- Identify any concerns and/or uncertainties the agency staff may have regarding the implementation of the federal health care reform.

See page 1 of Appendix 6.J. Part A for a sample report.

Part B. Summary of Costs Related to Implementing Health Care Reform Schedule

This report automatically pulls data from submitted Part A. Budgetary Impacts Related to Federal Health Care Reform Schedules to provide a summary of all budgetary impacts for fiscal years 2010–2013. No additional data entry is necessary. See page 1 of Appendix 6.J. Part B for a sample report.

Part 7. Administrative and Support Costs

Purpose

These reports:

- ▶ provide historical information on all administrative and support costs for each strategy;
- ▶ allocate indirect administrative and support costs to the appropriate strategies;
- ▶ identify direct administrative and support costs included in each strategy;
- ▶ distinguish the costs of implementing a strategy from the costs of running an agency; and
- ▶ provide the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) with additional information for developing budget recommendations.

General Information

Enter this information into ABEST. Refer to *Preparing and Submitting Legislative Appropriation Requests (LARs) in ABEST* (May 2010) on the LBB website under Agency Instructions/Legislative Appropriations Requests.

Institutions of higher education are not required to submit this schedule.

All agencies should provide budget detail for both direct and indirect administrative and support costs. Indirect administrative and support costs are operating expenses incurred by the agency which are independent of the implementation of a specific strategy and are often included in one or more Indirect Administration strategies. Conversely, direct administrative and support costs are integral to the strategy and are related only to the strategy in which they are included. Information to be provided includes objects of expense, method of financing and number of full-time-equivalent positions (FTEs), for fiscal years 2009 through 2013.

7.A. Indirect Administrative and Support Costs

Calculating indirect administrative and support costs requires identifying which administrative and support costs are associated with running an agency. Indirect administrative and support costs may not significantly change due to a change in funding levels. See page 1 of Appendix 7.A. for a sample report.

Examples of costs which typically constitute indirect administrative and support costs are:

- Central administration costs such as executive staff, public information, planning and policy development, external liaison/affairs, general counsel, legal services and enforcement, accounting, budget, travel management, financial reporting, human resource management, staff development, and internal audit;
- Information resources costs such as Data Center Services contract expenses, mainframe operations, automated service programmers, analysts, personal computer support, and data and voice telecommunications;
- Operating/support costs such as mail services, purchasing, warehouse, maintenance, motor pool, library, security, reproduction services, housekeeping, building support and other operating costs that are not directly attributable to specific strategies; and

Important

Agencies with an Indirect Administration goal in their budget structure should use both the Indirect Administration Strategy Request and the Indirect Administrative and Support Costs schedule to report indirect administrative and support costs data.

Part 7. Administrative and Support Costs (continued)

- Regional administration costs such as expenditures at agency field offices, or at state schools or facilities that are indirect administrative or support costs as defined above, and do not constitute a direct programmatic administrative or support cost.

Allocating Indirect Administrative and Support Costs. Indirect administrative and support costs must be allocated to each strategy. The following rules apply:

- Agencies without an Indirect Administration goal should list, for each strategy, only the amounts included in the strategy request attributable to indirect administrative and support costs.
- Agencies with an Indirect Administration goal should list in Schedule 7.A, for each strategy, indirect administrative and support costs that are included in the Indirect Administration goal and allocated to the strategy. The Strategy Request(s) under the Indirect Administration goal should be used to provide the total strategy amount for each Indirect Administration strategy. The sum of all strategies in the Indirect Administrative and Support Costs report must equal amounts contained in the Strategy Request(s) for the Indirect Administration goal.
- All agencies should complete the final portion of the Indirect Administrative and Support Costs report by explaining the methodology used to allocate indirect administrative and support costs among strategies.

Examples of methodologies which may be appropriate for allocating costs include:

- *Allocating costs by budget size.* Costs can be allocated based on the percent of budget associated with an individual strategy. For example, if an agency has 10 strategies but five of the strategies account for 80 percent of its budget, allocate 80 percent of the indirect administrative costs to those five strategies. Allocating costs by budget size may not be appropriate if the amount of administrative support necessary for a given strategy is disproportionate to its budget size.
- *Allocating costs by FTEs.* Similar to allocating by budget size, a labor-intensive agency may allocate indirect administrative and support costs by the number of FTEs associated with the various strategies. For example, if two out of 10 strategies account for 50 percent of the agency's FTEs, allocate half of the agency's total indirect administrative and support costs to those two strategies.
- *Allocating costs by workload/services provided.* An agency may have indirect administrative and support costs that are driven by the workload of individual strategies. For example, a human services agency might serve 25 percent of its clients through one strategy. If providing these services requires high indirect administrative and support services, 25 percent or more of the agency's indirect administrative costs may be allocated to that strategy.
- *Variance among categories.* It may be necessary to allocate different types of indirect administrative and support costs by various methodologies. For example, it may be appropriate to allocate central administration costs among all strategies and to allocate information resource costs only to several strategies.
- *Existing allocation plans.* Agencies are encouraged to use any appropriate allocation methodologies already in place for other purposes, such as a formal indirect cost allocation plan prepared for federal grant reporting.

Part 7. Administrative and Support Costs (continued)

7.B. Direct Administrative and Support Costs

Direct administrative and support costs are similar in nature to indirect administrative and support costs, with the exception that they are related only to the strategy in which they are included. Some strategies may not include any direct administrative and support costs. For example, if all administrative and support costs for an agency are included in an Indirect Administration goal, the other strategies would have no direct administrative and support costs.

The direct administrative and support costs of a strategy are included in the strategy and are related solely to implementation of the single strategy. In some cases they may change proportionately with funding levels of the strategy.

Each Direct Administrative and Support Costs report should include a description of the costs in terms of what positions or activities are supported. For example, the costs may support a dedicated file server or specific support staff. See page 1 of Appendix 7.B. for a sample report.

Checklist Items

Yes

- Do the totals on the Indirect Administrative and Support Costs report equal the total reported for the Indirect Administration goal, if applicable?
- Are indirect administrative and support costs allocated to each strategy?
- Does the Indirect Administrative and Support Costs report include a description of the allocation method for indirect administrative and support costs?
- Are direct administrative and support costs identified for each strategy in which they occur?
- Does each Direct Administrative and Support Costs report include a description of the costs?

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