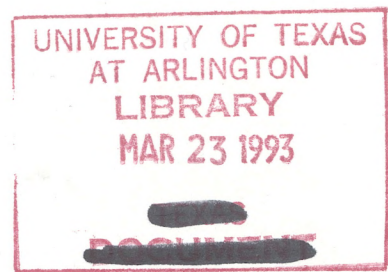


**Analysis of**

**AGAINST THE GRAIN**

**1993 Texas Performance Review**



Prepared by : The Lt. Governor's Office and The Senate Research Center

UT ARLINGTON LIBRARIES



3 1334 00813 6281

UNIVERSITY OF TEXAS  
AT ARLINGTON

HJ  
2053  
T4  
T4921  
1993

AGC5757  
CEN, REF  
nDLC/no#

## TABLE OF CONTENTS

1. Analysis of "Against the Grain": Summary
2. 1994-95 Fiscal Implications of "Against the Grain" -- spread sheet
3. Analysis: "Against the Grain"
  - I. Easy to Implement
    - A. Through General Appropriations Act
    - B. Through Statute
  - II. Difficult to Implement
  - III. No Cost Savings or Revenue Gain
    - A. No Cost Savings
    - B. Cost Cannot be Estimated
  - IV. Repeat Recommendations -- Not Likely to Pass



## ANALYSIS OF "AGAINST THE GRAIN"

### SUMMARY

- Of the 192 recommendations, 54 result in no cost savings. An additional 36 of the recommendations result in cost or savings that cannot be estimated. Eight of the recommendations actually cost money.
- The greatest number of recommendations, 58, appear in the area of General Government Issues. The fewest, with seven each, appear in the areas of Employee Benefits Issues and Natural Resources Issues.
- Federal approval has not yet been given for the recommended revision to the federal Disproportionate Share Program.
- The report recommends that incentives should be increased for independent school districts to consolidate.
- No findings of fraud were identified in this report.
- Of the recommended savings:
  - \$ 1,917.4 million is delays or transfers of revenue.
  - \$ 1,125.6 million is increased federal funds.
  - \$ 791.8 million is reductions in agency budgets.
  - \$ 397.7 million is revenue administration.
  - \$ 279.6 million is increased taxes and fees.
- The Legislative Budget Board Recommendations for the 1994-95 biennium already include \$2 billion identified in "Against the Grain". These include the following:
  - \$ 578.6 million in delays or transfers of revenue.
  - \$ 1,083 million in increased federal funds.
  - \$ 367 million in reductions in agency budgets.

### Fund Transfers and Payment Delays

A total of \$1,917.4 million of the "savings" is an increase in the available general revenue balance achieved through transfers of special or local funds into the state general revenue fund or through delay from 1995 to 1996 of payments and transfers out of the general revenue fund.

One of the largest of these items is a transfer of \$470.4 million in funds from local public hospitals that receive disproportionate share revenues to the state.

The transfer of \$283.3 million in motor fuels tax receipts from the general revenue fund to the highway fund would be delayed at the end of 1995, and a \$277.1 million payment to the Teacher Retirement System due in the last quarter of 1995 would be delayed to 1996. The delayed payment to the Teacher Retirement System is contained in both the Governor's and Legislative Budget Board budgets.

\$188.8 million in payments to institutions of higher education, and \$175 million in payments to public schools, would be delayed at the end of fiscal 1995.

\$130.3 million would transfer from the lottery stabilization fund to the general revenue fund, and the lottery stabilization fund would be abolished. Both the Governor's and the Legislative Budget Board budgets make use of the lottery stabilization fund.

### Federal Funds

A total \$1,125.6 million in additional drawdown of federal funds would supplement current sources of general revenue. Almost all of this would be for health and human services programs.

\$969.3 million of the increase would be from greater utilization of the disproportionate share program. Both the Governor's and the Legislative Budget Board budgets attempt to maximize disproportionate share funds.

### Spending Reductions

A net reduction of \$791.8 million in spending would be achieved through gross cuts of \$821.5 million against \$29.7 million in additional spending.

Most of the spending cuts (\$648.6 million) would take the form of reduced state contributions to retirement programs, reduced funding for higher and public education, and reduced funding for health and human services.

State contributions to the Teacher Retirement System and the Employees Retirement System would be reduced by \$296.4 million during 1994-95. These reductions are below the statutory contribution rates for 1994-95, and below the current contribution rates. Both the Governor's

Office and the Legislative Budget Board prepared budgets using reduced contribution rates for the Teacher Retirement System and the Employees Retirement System.

Net reductions in spending for education of \$234.2 million would be made, principally through reductions in Foundation School Program payments (a \$125 million cut as penalty to public schools for costs of remedial education at institutions of higher education, and a \$40 million reduction in funding for vocational education classes) and reductions in higher education formula funding for doctoral students (\$62.2 million).

Spending for health and human services would be reduced by \$118 million in 1994-95, about half of which would be from use of selective contracting for non-emergency care to reduce Medicaid costs.

### Revenue Administration

A total of \$397.7 million in available general revenues is to be raised by methods that may plausibly be described as changes in the administration of revenue collecting.

A gain of \$215.1 million would come from a one-time speed-up of sales tax remittances in August, 1995. Another \$95.0 million would be gained by moving forward the due dates for insurance taxes.

\$70.5 million would come from increased tax collections, mainly attributable to implementation of a new integrated tax processing and information management system.

### Increased Taxes and Fees

Any proposal that requires the legislature or an agency to levy a new tax or fee, repeal an exemption or filer discount, or increase the rate of an existing tax or fee is included here. Tax and fee increases are targeted to raise \$279.6 million in 1994-95.

Repeal of filer discounts to businesses that collect and remit sales tax, motor fuels tax, alcohol tax, and hotel tax would raise \$106.5 million, and \$39.0 million would come from repeal of the exemption from motor fuels tax of railroad fuel.

Another \$59.7 million would be gained from provision to the Comptroller of stronger enforcement tools and from repealing or revising miscellaneous tax exemptions.

REC. NO.	DESCRIPTION OF RECOMMENDATION	REDUCE BUDGETS	(IN MILLIONS)				DELAYS OR TRANSFERS	IN LBB BUDGET
			INCREASED TAXES/FEES	REVENUE ADMIN.	INCREASED FED. FUNDS			
	EDUCATION ISSUES							
ED1	Allocation of certain PSF income to ASF					\$50.0		
ED2	Reduce textbook administration	\$4.2						
ED6	Delay one FSP payment					\$175.0		
ED8	Reduce FSP for higher ed remediation	\$125.0						
ED9	Delay higher ed payments					\$188.8		
ED10	Reduce scholarship waiver cap	\$1.1	\$1.8					
ED11	Limit formula funding for PHD students	\$62.2						
ED16	Collect debt from Amer. Ed Complex College	\$2.0						
ED17	Discounted telephone rates at educ institutions	\$5.2						
ED18	Restructure vocational education	\$40.0						
ED23	Create Texas Commission on Commerce & Labor	\$8.7						
ED24	Fund assistance to dislocated workers	-\$9.0						
ED25	Youth apprenticeships	-\$5.2						
	SUBTOTAL, EDUCATION	\$234.2	\$1.8	\$0.0	\$0.0	\$413.8	\$0.0	
	HEALTH & HUMAN SERVICES ISSUES							
HHS 1	Replace Dispro I, III, & IV					\$470.4	\$1,082.7	
HHS2	Selective Medicaid contracting	\$60.9			\$969.3			
HHS3	Increase Medicaid Supplemental Funding				\$38.9			
HHS4	Maximize 3rd Party Medical Reimbursements				\$2.1			
HHS6	Replace GR in CIDC Program with Medicaid				\$25.0			
HHS7	Delay August 1995 Medicaid Payment					\$93.3	\$147.0	
HHS8	Decrease Medicaid Drug Diversion	\$5.0						
HHS10	Use university funds to participate in EPSDT				\$6.2			
HHS11	Maximize federal funds for Indirect Costs at DHS				\$6.8			

REC. NO.	DESCRIPTION OF RECOMMENDATION	REDUCE BUDGETS	(IN MILLIONS)				DELAYS OR TRANSFERS	IN LBB BUDGET
			INCREASED TAXES/FEES	REVENUE ADMIN.	INCREASED FED. FUNDS			
HHS 12	Use school funds as match for At-Risk Child Care				\$8.0			
HHS 13	Maximize federal funds for indirect costs at PRS				\$60.5			
HHS 14	Develop preventive approach to Child Welfare	\$19.9						
HHS 15	Move from mental hospitals to nursing homes	\$13.5						
HHS 17	Increase education and training for AFDC recipients	\$19.5						
HHS 18	Franchise tax credit for hiring AFDC recipients	\$2.9	-\$1.6					
HHS 20	Greater use of automation	\$3.7						
HHS 22	Don't change name of the Department of Health	\$0.2						
HHS 25	Increase funding for HIV/AIDS services	-\$15.0						
HHS 26	Eliminate the Texas Cancer Council	\$7.4						
	<b>SUBTOTAL, HEALTH AND HUMAN SERVICES</b>	<b>\$118.0</b>	<b>-\$1.6</b>	<b>\$0.0</b>	<b>\$1,116.8</b>	<b>\$563.7</b>	<b>\$1,229.7</b>	
	<b>TRANSPORTATION ISSUES</b>							
T 8	More highway funds for state agency pavement					\$4.9		
	<b>SUBTOTAL, TRANSPORTATION</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$4.9</b>	<b>\$0.0</b>	
	<b>EMPLOYEE BENEFITS</b>							
EB 1	Early retirement for state employees	\$40.7						
EB 3	Reduce contribution rates to retirement systems	\$296.4					\$367.0	
EB 4	Delay TRS payment					\$277.1	\$247.1	
EB 5	Funding holiday for Law Enforcement Supp Fund					\$56.2	\$54.2	
EB 6	Divert Group Insurance Fund surplus					\$50.2		
EB 7	Eliminate partial per diem allowances	\$2.0						
	<b>SUBTOTAL, EMPLOYEE BENEFITS</b>	<b>\$339.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$383.5</b>	<b>\$668.3</b>	



REC. NO.	DESCRIPTION OF RECOMMENDATION	REDUCE BUDGETS	(IN MILLIONS)				DELAYS OR TRANSFERS	IN LBB BUDGET
			INCREASED TAXES/FEES	REVENUE ADMIN.	INCREASED FED. FUNDS			
	PUBLIC SAFETY & CRIMINAL JUSTICE							
PS 3	Reduce prison operating costs with technology	\$4.7						
PS 4	Improve management of prison maintenance	\$3.0						
PS 5	Use excess beds in private prisons	\$1.2						
PS 7	Managed health care for prisoners	\$7.2						
PS 8	Eliminate free meals for prison employees		\$25.3					
PS 9	Increase charge for prison employee emoluments		\$0.8					
PS 10	Levy sales tax on prison/jail commissary sales		\$1.0					
PS 11	Fees on collect calls by inmates		\$12.9					
PS 13	Reduce inmate discharge remuneration	\$14.5						
PS 15	Increase federal funds				\$8.5			
PS 17	Fee to reinstate suspended drivers licenses		\$3.4					
PS 19	Expand use of breath alcohol ignition devices	\$3.6						
	SUBTOTAL, PUBLIC SAFETY & CRIMINAL JUSTICE	\$34.2	\$43.4	\$0.0	\$8.5	\$0.0	\$0.0	
	GENERAL GOVERNMENT ISSUES							
GG 2	Move Preservation Board Adm. to GSC	\$0.4						
GG 3	Transfer Surplus Property Agency to GSC	\$0.1						
GG 5	TDOC levy fee for technical assistance		\$1.2					
GG 8	Abolish Space Commission	\$0.2						
GG 13	Create Office of Debt Management	\$1.0						
GG 15	Modernize tax processing system			\$51.0				
GG 17	Update the Comptroller's Enforcement Authority		\$59.8					
GG 18	Increase motor fuels enforcement fee			\$19.4		\$18.4		
GG 19	Remit hotel/motel tax same as sales tax			\$8.6				
GG 20	Early payment of August sales			\$215.1				

REC. NO.	DESCRIPTION OF RECOMMENDATION	REDUCE BUDGETS	(IN MILLIONS)				DELAYS OR TRANSFERS	IN LBB BUDGET
			INCREASED TAXES/FEES	REVENUE ADMIN.	INCREASED FED. FUNDS			
GG 21	Semi-annual prepayment of insurance tax			\$95.0				
GG 22	Eliminate early filer discounts		\$106.5					
GG 23	Delay motor fuels tax allocation					\$283.3		
GG 24	Bank franchise tax apportioned on activity in Texas		\$21.4					
GG 25	Eliminate motor fuel tax exemption for railroads		\$39.0					
GG 26	Better enforcement of delinquent tax liability			\$8.6				
GG 27	Taxes paid under protest available for certification					\$76.0		
GG 28	Abolish Lottery Stabilization Fund					\$130.3	\$130.3	
GG 29	Use interest and sinking fd. bal. to retire GR debt					\$20.0		
GG 30	Unexpended balance in Preservation Board	\$8.0						
GG 31	Telecommunications Revolving Acct. balances					\$5.0		
GG 32	Racing Commission continue to payback debt to GR					\$0.5		
GG 33	More state funds into State Treasury					\$11.0		
GG 35	Financial regulatory agencies levy fines				\$0.3			
GG 36	Improve use of gas transportation service	\$1.0						
GG 37	Fee on state real estate transactions		\$0.2					
GG 38	Bill for financial audits like private sector	\$10.0						
GG 43	Administrative hearings for child support enf.	\$0.2						
GG 47	New measure to enforces child support orders	\$0.2						
GG 50	Strengthen medical collections in child support enf.	\$3.2						
GG 52	Use private cos. to help collect child support	\$0.9						
GG 56	Use child support retained collection balances	\$14.0						
	<b>SUBTOTAL, GENERAL GOVERNMENT</b>	\$39.2	\$228.1	\$397.7	\$0.3	\$544.5	\$130.3	

REC. NO.	DESCRIPTION OF RECOMMENDATION	REDUCE BUDGETS	(IN MILLIONS)				DELAYS OR TRANSFERS	IN LBB BUDGET
			INCREASED TAXES/FEES	REVENUE ADMIN.	INCREASED FED. FUNDS			
	NATURAL RESOURCES ISSUES							
NR 1	Parks and Wildlife more self funded		\$3.2					
NR 2	Consolidate field offices of TWC and Air Control	\$1.8						
NR 7	Low Level Radioactive Waste Disp. Auth fee funded					\$7.0		
	SUBTOTAL, NATURAL RESOURCES	\$1.8	\$3.2	\$0.0	\$0.0	\$7.0	\$0.0	
	CROSS GOVERNMENT ISSUES							
CG 2	Reengineer state procurement process	\$6.7						
CG 3	Increase state computer software buying power	\$0.6						
CG 5	Cut duplication in certain procurement activities	\$0.2						
CG 6	Consolidate state mail operation	\$3.5						
CG 7	Reengineer state vehicle management	\$0.7						
CG 9	More revenue for unclaimed property		\$3.4					
CG 10	Restrictions on agency advisory committees	\$1.0						
CG 11	Increase cost recovery from copies, lists and data		\$1.3					
CG 19	Change utility billing to state agencies	\$0.9						
CG 21	Exempt state from certain utility expenses	\$6.6						
CG 23	More use of electronic monitoring for bldg. security	\$0.4						
CG 24	Create Central Personnel Office in GSC	\$0.4						
CG 26	Redesign State Classification System	-\$0.5						
CG 32	Limit travel reimbursements	\$1.1						
CG 34	Exempt state from certain tele-comm. regs	\$3.7						
	SUBTOTAL, CROSS GOVERNMENT	\$25.3	\$4.7	\$0.0	\$0.0	\$0.0	\$0.0	
	TOTAL	\$791.8	\$279.6	\$397.7	\$1,125.6	\$1,917.4	\$2,028.3	

# ANALYSIS: "AGAINST THE GRAIN"

## I. EASY TO IMPLEMENT

### A. IMPLEMENTATION THROUGH GENERAL APPROPRIATIONS ACT

#### Health and Human Services Issues

HHS 7      **Delay the August 1995 Payment for Medicaid Claims Processing**

Estimated cost savings is \$147 million. *This proposal is in both the Governor's and the LBB budgets.*

HHS 10     **Expand EPSDT Participation to Obtain More Federal Funding and Improve Health Care**

Cost savings for FY 94-95 is estimated at \$6.2 million. *Public universities could benefit from administering Early and Periodic Screening and Diagnosis and Treatment outreach efforts. This measure helps Texas reach mandated goals for participation.*

HHS 11     **Maximize Federal Financial Participation in Indirect Costs**

Cost savings for FY 94-95 is estimated at \$6.8 million. This proposal would use consultants to determine if additional funds are available under Title IV-E at Texas Department of Protective and Regulatory Services. *Texas is already advanced in making allowable claims under Title IV-E. U.S. Department of Health and Human Services will take a great interest in this activity.*

HHS 12     **Maximize Federal Title IV-A "At-Risk" Child Care Funds**

Cost savings for FY 94-95 is estimated at \$8 million. Would make use of unmatched pre-kindergarten funds and other local funds to match federal child care funds. *Requires coordination between several state and local agencies to achieve match and savings.*

## Employee Benefits

### EB 4      **Delay Teacher Retirement System Contributions**

Cost savings for FY 94-95 is estimated at \$277.1 million. However, \$279.2 million must be repaid in 1995-96 biennium. *This is in both the Governor's and the LBB's proposed budgets.*

## Public Safety and Criminal Justice Issues

### PS 3      **Reduce Prison Operating Costs Through Improved Unit Design and Electronic Security Devices**

Cost savings for FY 94-95 is estimated at \$4.7 million. *The recommended conversion of maximum security units to medium security would reduce construction and operating cost, but may be inappropriate for increasingly "hardened" inmate population. Recommendations which would replace correctional staff with electronic security devices could reduce staffing cost, but may impact effectiveness of prison security. Settlement of Ruiz litigation does offer greater flexibility in staffing patterns.*

### PS 4      **Improve Management of Prison Unit Maintenance**

Cost savings for FY 94-95 is estimated at \$3 million. *Recommended automation of inventory and maintenance records should increase efficiency and provide some savings, but will require initial expenditures. Reducing paint, carpentry and maintenance supervisor staff would reduce operating expenditures, but may impact effectiveness of maintenance operations.*

### PS 5      **Use Excess Beds in Privately Operated Prisons**

Cost savings for FY 94-95 is estimated at \$1.2 million. *Utilizing additional beds in existing private prisons would reduce jail overcrowding and related payments to counties for jail overcrowding. However, contingent on the price negotiated, contracting for an additional 80 beds would require a net increase in expenditures.*

PS 7            **Establish a Managed Health Care System for the Texas Department of Criminal Justice**

Cost savings for FY 94-95 is estimated at \$7.2 million. *The Texas Department of Criminal Justice has been researching the managed health care system, but has yet to identify specific savings attributable to the cost control measures. The cost of constructing a proposed hospital at Texas Tech University Health Science Center has not been included in the report's estimate.*

PS 8            **Eliminate Free Meals Served to Prison Employees**

Increased revenue for FY 94-95 is estimated at \$25.3 million. *A \$1 fee would raise additional revenue, but would also constitute a pay cut for certain state employees. The Texas Department of Criminal Justice employment program has been reviewed by previous legislatures. When the recommendation proposes dedicating the fee revenue to TDCJ--and making a corresponding reduction in agency appropriations--the \$1 fee could simply be deposited in the General Revenue Fund.*

PS 9            **Change Free or Low-Cost Provisions for Certain Texas Department of Criminal Justice Employees**

Increased revenue for FY 94-95 is estimated at \$0.8 million. *New or increased fees would raise additional revenue, but would also constitute a pay reduction for certain state employees. The TDCJ employment program has been reviewed by previous legislatures.*

PS 13          **Change Remuneration Package for Inmates Upon Discharge from Prison**

Cost savings for FY 94-95 is estimated at \$14.5 million. *Texas provides more "gate money" than many other states. However, unlike many states, Texas does not pay inmates for their labor.*

## General Government Issues

**GG 15      Reengineer and Modernize the State's Tax Processing and Information Management Systems**

Cost savings for FY 94-95 is estimated at \$51 million. Requires an additional appropriation of \$2 million in FY 94 and \$6 million in FY 95 for implementation. *Would be supported by the Comptroller's Tax Administration.*

**GG 29      Use Interest and Sinking Fund Balances to Reduce General Revenue Appropriations for Debt Service**

Cost savings for FY 94-95 is estimated at \$20 million. *It makes sense to pursue this proposal vigorously. The only barrier to this is some of the requirements of existing interest and sinking funds. However, once projects are completed there should be no further restrictions. Requires Texas Public Finance Authority to perform projections in advance but would reduce draw on general revenue. Opponents might be bond counsel wanting to protect bond covenants.*

**GG 32      Require Continued Repayment of General Revenue by the Texas Racing Commission**

Revenue transfer to the General Revenue Fund for FY 94-95 is estimated at \$0.5 million. *This issue is currently under consideration by the Senate Finance Committee. The Texas Racing Commission objects.*

## Cross Government Issues

**CG 3      Increase the State's Computer Software Buying Power**

Cost savings for FY 94-95 is estimated at \$.6 million. *These recommendations can probably be handled through a standard rider in each agency's appropriations directing them to inventory their software and coordinate their negotiations for software licenses. There may be some resistance from state agencies and higher education institutions.*

## B. IMPLEMENTATION THROUGH STATUTE

### Education Issues

- ED 6      **Delay One Foundation School Program Payment to School Districts as an Alternative to Reduced Funding.**

Cost savings for FY 94-95 is estimated at \$175 million. *May cause cash flow problems for some school districts. All school groups will oppose this action.*

### Health and Human Services Issues

- HHS 8      **Decrease Medicaid Drug Diversion in Texas**

Cost savings for FY 94-95 is estimated at \$5 million. *This proposal would add valium and other drugs to drug monitoring program and increase penalties for illegal sales. Could lessen the illicit use of prescription drugs.*

- HHS 18      **Establish a State Franchise Tax Credit to Encourage Businesses to Hire AFDC Recipients**

Cost savings is estimated to be \$2.9 million. *This proposal would increase job opportunities for AFDC recipients, allowing them to become financially independent.*

- HHS 22      **Keep the Texas Department of Health's Name**

Cost savings for FY 94-95 is estimated at \$.2 million.

- HHS 26      **Eliminate the Texas Cancer Council to Avoid Overlap with Other Programs**

Cost savings for FY 94-95 is estimated at \$7.4 million. *Eliminates duplication if the state contracts with M.D. Anderson to run the Texas Cancer Data Center. Any change will be controversial and members of the Cancer Council will oppose the change.*

### Public Safety and Criminal Justice Issues

- PS 10      **Collect and Remit Sales Tax on Commissary Sales in State Prisons and County Jails**

Increased revenue for FY 94-95 is estimated at \$1 million.



*Advocates for prison and jail inmates may oppose.*

- PS 11      **Provide Paid Telephone Services for Inmates in Texas Prisons**
- Increased revenue for FY 94-95 is estimated at \$13.5 million (\$12.9 million in general revenue). Implementation also requires changes to appropriations bill. *The increased availability of telephone service creates the potential for abuses by inmates. Inmate families and telephone service providers may support this proposal. Correctional, law enforcement and victims rights officials may oppose.*
- PS 17      **Charge a Fee to Reinstate Suspended Drivers' Licenses**
- Increased revenue for FY 94-95 is estimated at \$3.4 million. *The Sunset Advisory Commission has made a similar recommendation. However, the Commission recommended imposing a \$27 fee rather than a \$50 fee.*
- PS 19      **Expand Use of Breath Alcohol Ignition Interlock Devices**
- Cost savings for FY 94-95 is estimated at \$3.6 million. *Savings assume significant diversions from prison and jails due to use of breath alcohol ignition interlock device. Implementation would require statutory amendment since installation of a breath alcohol ignition interlock device is currently at the discretion of the judge. Program cost is usually paid by offender, although low income offenders may find it difficult to pay.*

## General Government Issues

- GG 2      **Shift the State Preservation Board's Administrative Functions to the General Services Commission**
- Cost savings for FY 94-95 is estimated at \$0.42 million; would eliminate 11 employees. Implementation would also require changes to the general appropriations act as well. *The Capitol extension and preservation were such specialized projects and warranted the involvement of the top elected officials to oversee the implementation. The Board has already recommended reducing its staff and appropriation as the projects are completed. The quality of expertise is not currently available at General Services Commission to oversee the artifacts and history being maintained by the projects.*

**GG 3            Transfer the Texas Surplus Property Agency to the General Services Commission**

Cost savings for FY 94-95 is estimated at \$62,000. This proposal would require changes to the appropriations bill as well. *Recent audit reports have recommended transferring the administrative functions of the agency to the General Services Commission. Oversight of the four warehouses which are located outside of Austin should be continued. Looking at how the General Services Commission is handling its surplus property department is suggested. The idea was actually proposed by the Auditor's Office earlier this year.*

**GG 18           Increase the Motor Fuels Enforcement Fee from 1 Percent to 2 Percent**

Cost savings for FY 94-95 is estimated at \$37.8 million. *The proposal provides more resources for motor fuels tax enforcement, resulting in higher collections rate. The Department of Transportation may oppose, since they lose funds in FY 1994-95.*

**GG 19           Remit the Hotel Occupancy Tax in the Same Way as the Sales Tax**

Cost savings for FY 94-95 is estimated at \$8.6 million. *This proposal would provide for more timely collection of taxes already collected from consumers. Some hotels may oppose this measure as it would require them to remit taxes monthly instead of quarterly.*

**GG 20           Require an Annual August Remittance of One-Half of August's Sales Tax Collections by Monthly Taxpayers**

Cost savings for FY 94-95 is estimated at \$215.1 million. *Imposes additional filing burden on taxpayers remitting payments. Businesses that file sales tax returns monthly may oppose due to the additional filing requirement and loss of cash flow.*

**GG 21           Adopt a Semi-Annual Schedule for the Prepayment of the Insurance Premium Tax**

Cost savings for FY 94-95 is estimated at \$95.0 million. *This*

*proposal will reduce tax filing frequency for taxpayers, but will also require those same taxpayers to remit sooner. Insurers may oppose due to earlier due dates for payment.*

GG 23      **Delay Motor Fuels Tax Allocations**

Makes \$283.3 million available for general revenue certification in 94-95 biennium due to delayed transfers to special funds. *Increases structural deficit by \$283.3 million. Texas Department of Transportation may oppose due to adverse effect on its cash flow.*

GG 24      **Modernize Franchise Tax Apportionment for Financial Institutions**

Cost savings for FY 94-95 is estimated at \$21.4 million. *This proposal puts franchise tax treatment of financial institutions domiciled in Texas on equal basis with that of financial institutions domiciled outside the state. Financial institutions that do business in Texas but whose commercial domicile is outside Texas will oppose this proposal.*

GG 26      **Strengthen the Wording in the "Responsible Party" Statute**

Estimated revenue gain for FY 94-95 due to improved tax collection rate: \$8.3 million in general revenue and \$2 million in Fund 6. *Improves Texas' ability to collect taxes owed by making corporate officeholders personally liable. May be opposed by business groups.*

GG 27      **Make Taxes Paid Under Protest Available for Certification**

Gain in certifiable general revenue for FY 94-95 is estimated at \$76 million. *Protested tax payments would be included in the revenue estimate and available for certification.*

GG 31      **Appropriate Excess Balances in the Telecommunications Revolving Account**

An estimated \$5 million would be made available to offset general revenue spending on statewide network applications. *This recommendation would require a statutory change to authorize the transfer of excess balances from the Telecommunications Revolving Account to general revenue.*

**GG 33      Require Certain State Agencies to Move Their Funds Into The General Revenue Fund in the State Treasury**

Cost savings for FY 94-95 is estimated at \$10.9 million. *This measure would allow the Legislature to impose greater accountability on these agencies if their funds must be held within state treasury; also, idle balances of these agencies if held within general revenue fund can boost general revenue balance without reducing spending authority of the affected agencies. The Board of Pharmacy, Board of Medical Examiners, and the Advisory Commission on Emergency Communications will probably oppose.*

**GG 35      Grant Financial Regulatory Agencies the Ability to Assess Appropriate Penalties and Fines**

Cost savings for FY 94-95 is estimated at \$30,000. *The ability to impose fines and civil monetary penalties for violations of laws governing financial institutions is a useful regulatory tool and most other states provide for this. The regulated institutions might oppose this proposal.*

**GG 38      Adopt Private Sector Practices of Billing for Financial Audits**

Cost savings is estimated to be \$5 million. *The cost of the audits would be shifted to the individual agencies' funding source. The State Auditor's Office does generate a considerable amount of audit revenue through billing.*

**GG 43      Establish an Administrative Hearings Process for Child Support Enforcement**

General revenue savings for FY 94-95 is estimated at \$.152 million. Net gain to Child Support Collection Account is \$6.4 million in 1995. *This would create an administrative process to speed the collection of child support. This legislation has been proposed the last two sessions by the Attorney General's Office and is currently being introduced with appropriate regard for due process concerns. This recommendation was initiated by the Attorney General's Office. Child support enforcement administrative hearings process legislation will be filed next week by Rep. Rene Oliveira and Senators Peggy Rosson and Steve Carriker. Important issues will be what agency runs the hearings*

*and whether support is collected pending an appeal of the administrative decision. Can determine liability for child support much more quickly than the court system, though an appeal to the courts will have to be allowed. There are some problems with collecting support before a final court adjudication. Should be supported by child support advocates and court administrators.*

**GG 52            Use Private Firms to Assist in Child Support Collection**

*Cost savings is estimated at \$0.9 million. The Attorney General's Office will be letting a bid this month. Some oversight would be necessary. Private firms already have all the Attorney General's enforcement tools, except those forbidden by federal law.*

**Cross Government Issues**

**CG 5            Eliminate Duplication in Certain Procurement Activities**

*Cost savings is estimated at \$100,000. This recommendation calls for the repeal of Section 481.105 of the Texas Government Code. This is a simple recommendation which gives all responsibility for state agency historically underutilized business activities to the General Services Commission. This should not have any opposition.*

**CG 11           Increase Cost Recovery from Providing Copies, Computer Data and Mailing Lists**

*Additional fee revenue to general revenue is estimated at \$1.3 million and to other funds is estimated at \$2.3 million in FY 94-95. Agencies would incur up-front costs of analyzing data, reviewing processes and developing proposals. This proposal would further improve the cost recovery of state government. However, it also imposes greater burdens on citizens who desire access to state records.*

**CG 19           Prevent Utility Companies from Billing State Government Before Service is Provided**

*A one time cost savings of \$0.9 million is estimated. It is uncertain whether this recommendation would require a statutory change. This change in payment of telephone utility bills by the state will be opposed by the local exchange companies.*

CG 21

**Exempt the State from Utility Surcharges, Assessments, and Rate-Case Expense Allocations**

Cost savings is estimated at \$6.6 million but would require a reduction in appropriations to achieve the savings. *This recommendation would require a change in each statute governing a specific surcharge or assessment. It also attempts to recognize that these surcharges and assessments were meant to be paid by utility customers and not indirectly through taxpayer funds. Some of these assessments even end up as state funds. The electric and phone utility assessment, for example, is collected to pay for the operations of the Public Utility Commission and Office of the Public Utility Counsel. The various utilities affected may oppose this measure.*

CG 24

**Create a Central Personnel Office in the General Services Commission**

Cost savings for FY 94-95 due to the transfer of the State Classification Office into this self-funded agency would be an estimated \$0.482 million. *Agencies would continue to hire, train, and terminate their own employees, which could result in conflicts between offices. Because the new department would be staffed by loaned employees and funded by assessments on each state employee, this could also create hostility towards this office. A previous attempt in the 71st Legislature to centralize personnel services failed because it was perceived as interfering with agencies' personnel decisions and creating additional bureaucracy.*

## II. DIFFICULT TO IMPLEMENT

### Education Issues

- ED 1      **Make an allocation of Certain Investment Income from the Permanent School Fund to the Available School Fund**
- Cost savings for FY 94-95 is estimated at \$50 million. *Prior arrangement with Texas Education Agency (TEA), worked out by Senator Bill Haley, accomplished this same goal last session. TEA must monitor the value of the Permanent School Fund (PSF) for potential long-term impact. Most school groups oppose changes in PSF.*
- ED 9      **Make General Revenue Appropriations for Higher Education Available in Monthly Installments**
- Cost savings for FY 94-95 is estimated at \$189 million. *Delays one payment over the biennium. Could create cash flow problems for some institutions of higher education. Institutions of higher education will oppose.*
- ED 10     **Reduce Competitive Academic Scholarship Waiver Cap**
- Cost savings for FY 94-95 is estimated at \$2.9 million. *State loses the ability to recruit and retain high quality students from other states. Loss of non-resident tuition requires replacement with General Revenue funds. Institutions of higher education will oppose.*
- ED 11     **Limit Formula Funding to 80 Credit Hours for Doctoral Students**
- Cost savings for FY 94-95 is estimated at \$62 million. *This measure will make it difficult for some students to complete their doctoral studies. The Coordinating Board is currently reviewing this policy. Institutions of higher education will oppose.*
- ED 17     **Provide Discounted Telephone Rates for Educational Institutions**
- Cost savings for FY 94-95 is estimated at \$5.2 million. *The discounted rates could not be less than the telephone companies*

*long term incremental costs. While such discounts may not be a burden on large companies such as Southwestern Bell and GTE it might be an economic burden on smaller local exchange companies. This proposal might require a hearing before the Public Utility Commission which in itself would be costly. The local exchange companies will oppose any proposal that would treat one customer different from another just because they were an educational institution.*

ED 23

#### **Establish a Texas Commission on Commerce and Labor**

*Cost savings for FY 94-95 is estimated at \$8,680,000. This measure would eliminate 60 employees. While some real gains could be realized from consolidating all state work force related programs into a single agency (this was recommended by the Senate Interim State Affairs Committee), there are inherent problems with consolidating all functions of two large existing agencies. Both agencies voiced opposition to the disruption in agencies operations; Commerce has not fully adjusted to the last merger it underwent (almost 6 years ago). Those individuals being served will likely oppose the merger due to an even larger bureaucracy being formed which impedes service delivery. Opponents argue that the network of Employment offices around the state can aid in a more effective service delivery system.*

### **Health and Human Services Issues**

HHS 1

#### **Replace Texas' Disproportionate Share Hospital Programs I, III and IV**

*Cost savings for FY 94-95 is estimated at \$1,439.7 million. This measure would require the six largest public hospitals to transfer funds to general revenue. The recommendation could be done without a statute if the public hospitals agree to transfer funds. There are potential constitutional problems from mandatory intergovernmental transfers (Love v. Dallas). LBB Available Revenue Budget appropriated \$1,082.7 million of Dispro funds. The net gain from adopting this recommendation would be \$357 million. The Comptroller would certify projected revenue. The proposed methodology could prevent federal challenges but will require federal approval. The proposal reduces payments to local public, nonprofit and private hospitals by \$470.4 million, affecting nonprofit hospitals in the Valley the most. State owned hospitals may not have sufficient qualifying appropriations for the federal*



*match. The six largest public hospitals would have to transfer up to \$511 million annually to the state's general revenue fund. Direct appropriations to local charity hospitals would be controversial. Currently no specific statutory authority exists to make appropriations to local charity hospitals. Public hospitals are unlikely to agree to a statutory mandatory transfer of local funds which would continue if Dispro funds are eliminated in the future by the federal government. Beneficiaries of the programs that would be funded through these additional appropriations would support the proposal but the Harris County Hospital District, the Tarrant County Hospital District, the Dallas County Hospital District, the Bexar County Hospital District, Brackenridge Hospital, the El Paso Hospital District and the 150 other charity hospitals currently receiving Dispro funds will oppose the measure.*

**HHS 2      Develop Selective Contracting for Medicaid Inpatient Services**

*Cost savings is estimated at \$62.0 million. This measure would require a Health Care Financing Administration (HCFA) waiver. This may eliminate some Boren challenges from hospitals. Likely to be opposed by the Texas Hospital Association.*

**HHS 3      Increase Federal Medicaid Supplements to Improve Health Care Services**

*Cost savings is estimated at \$38.9 million. This measure would require a Medicaid State Plan Amendment as well as federal approval. This proposal would make use of fund adjustments from teaching hospitals; recommends enhanced match for rural hospitals.*

**HHS 4      Maximize Third-Party Reimbursements Under the Medicaid Program**

*Cost savings is estimated at \$2.1 million. Start-up time needed for implementation including 2-3 months for bid process and 6-10 months for development/implementation. Insurance industry may oppose because more expenditures would be transferred to third party payors.*

**HHS 13            Maximize Federal Funding for Child Welfare Programs**

Cost savings is estimated at \$60.5 million. *This proposal would make use of consultants to determine the availability of additional federal funds. Texas currently is aggressive in claims under Title IV-E compared to other states and has not seen the dramatic increase that other states have. U.S. Department of Health and Human Services will likely monitor very closely any changes in the pattern of claims.*

**HHS 14            Develop a Prevention Approach to Child Welfare in Texas**

Cost savings is estimated at \$19.9 million. *This proposal would phase-in statewide prevention and early intervention programs into the Child Protective Services (CPS) program. This measure is likely to receive support from child welfare advocates statewide. Start up costs may not be found in foster care savings in the first years due to volume of administrative changes required.*

**HHS 15            Move Patients from State Mental Hospitals to Special Nursing Homes**

Cost savings estimated at \$13.5 million. *This measure requires legislative mandate and request for proposals by TxMHMR. Five hundred residents must be moved. Would reduce employees at TxMHMR by 1,146 in FY 1995. Disability advocates may opposed based on increase usage of institutional nursing homes.*

**HHS 17            Increase Education, Training and Employment Opportunities for AFDC Recipients**

Cost savings is estimated at \$19.5 million. *This proposal requires six legislative mandates and would increase access to education, training and employment for AFDC residents.*

**HHS 20            Use Automated Systems to Reduce Caseworker Time in Health and Human Service Agencies**

Cost savings is estimated at \$3.7 million. *This would require a waiver from United States Department of Agriculture, Health and Human Services and Health Care Financing Authority to allow hospitals to determine eligibility and would allow improved service without additional staff.*

## Employee Benefits Issues

### EB 1 Adopt a Retirement Incentive for State Employees

Cost savings for FY 94-95 is estimated at \$40.7 million. *While the proposal encourages the retirement of 12,630 eligible employees, it is only a temporary benefit for a small percentage of state employees. Half the salary of the retiring employee is reduced from the agency budget, although some agencies would have to be exempt, such as the Department of Criminal Justice and Department of Mental Health and Mental Retardation. This proposal does not extend similar benefit to employees at the Texas Education Agency (TEA), institutions of higher education or to school teachers. Although those employees who are eligible for retirement would support the proposal, it would be opposed by those employees close to retirement eligibility and by employees of TEA and institutions of higher education and by teachers.*

### EB 3 Reduce For This Biennium State Contributions to the Major Retirement Systems

Cost savings for FY 94-95 is estimated at \$296.4 million. *This proposal can be implemented through the general appropriations act, but a statutory change would be safer. Saves money through reduced appropriations and establishes an actuarial basis of funding retirement. But this proposal was previously rejected by Legislature and has been recommended previously by LBB Program Evaluation. Eliminates actuarial gains that have funded retiree benefit increases in the past. LBB Available Revenue Budget continues the current contribution rates for Employees Retirement and Teachers Retirement Systems, which are less than the rates in statute. LBB has an even lower recommended contribution rate on the Optimal Retirement Program. Would be opposed by Employees Retirement System, Teacher Retirement System, as well as employee and teacher organizations.*

### EB 7 Eliminate Partial Per Diem Allowances

Cost savings for FY 94-95 is estimated at \$50.2 million. *This is a previous "Breaking the Mold" recommendation that was not fully implemented. Although this is good travel policy since administrative cost savings are realized by preparing fewer travel vouchers, state employees would perceive the change as a reduction in compensation.*

## **Public Safety and Criminal Justice Issues**

PS 15

### **Increase Federal Funding for Criminal Justice**

Increased federal funds for FY 94-95 estimated to be \$8.5 million. *No legislative action required. Current federal restrictions on the food stamp program and the National School Lunch and Breakfast Program may make it difficult to access these funds.*

## **General Government Issues**

GG 5

### **Target State Export Assistance on Companies Ready to Expand Their Exports**

Cost savings for FY 94-95 is estimated at \$1.14 million. *This measure was considered during the sunset process by the Sunset Commission and was adopted with some modification. Concerns raised among members are that businesses most of need of service could not afford to pay. Services from private sector were not readily available in rural areas. Cost recovery through fees where feasible was the final sunset recommendation with a sliding fee scale to be developed. The Department of Commerce and businesses who use the services of the Department would be opposed to the measure.*

GG 17

### **Update the Comptroller's Enforcement Authority**

Estimated tax revenue increase is \$29.4 million in FY 94 and \$30.2 million in FY 95. *This proposal would be supported by the Comptroller. Various taxpayer groups will oppose the measure: for example, raising penalties for violating amusement machine laws as high as \$2,000. This ties resale and exemption certificate fraud into the Penal Code range of punishment. Resale and especially exemption certificates are based on the seller understanding the Tax Code. That is not always easy and should be subject to civil penalties and not time in our already crowded prisons.*

GG 30

### **Transfer the State Preservation Board's Excess Funds to General Revenue; Seek Federal Funding for Capitol Grounds Restoration**

Cost savings for FY 94-95 is estimated to be \$10.4 million. The current request does not include \$8 million for Preservation Board. *Also, federal funds have not yet been secured for the Capitol*

*grounds restoration. There is also some concern over the use of transportation funds for this purpose. State officials would oppose this idea.*

**GG 36            Improve State Agencies' Use of Gas Transportation Service**

*Cost savings is estimated at \$0.9 million from General Revenue. This proposal would require statutory changes to the Gas Utility Regulatory Act and the Cox Act and would ensure that state agencies which are mandated to purchase state owned gas pay the lowest transportation costs possible even where there is only one local distribution gas utility company (LDC). There will be opposition to this proposal from the LDCs because they would be required to treat one class of customers, state agencies, differently.*

**GG 47            Implement New Measures to Enforce Child Support Orders**

*Cost savings is estimated to be \$0.2 million. On December 1, 1992, the Attorney General's Report on the Withholding of Professional Licenses was submitted to the Legislature. Printing names in the newspaper of Top 10 lists have been done in the past. The liability issues are tremendous. The PAPA (parenthood and paternity) program administered by the Attorney General's Office Volunteer Program is offered to all school districts now.*

**GG 50            Strengthen Medical Support Enforcement in the Child Support Enforcement Program**

*Cost savings is estimated to be \$3.2 million. The Attorney General's Office is already centralizing medical support enforcement. Medical support enforcement referral system automation is planned when TEXCSES (the new child support computer system) comes up in 1994. The Attorney General's Office is currently examining raising the penalty for employers who fail to cooperate. The Attorney General's Office proposed the recommendations to the Performance Review relating to insurance companies. A report for the Congressional Delegation is in the process as part of the Attorney General's Office intergovernmental program to improve enforcement of medical support.*

GG 56

**Use Excess Unexpended Balances of Child Support Retained Collections for Texas Families**

Cost savings of \$14 million is estimated. *If this measure is implemented the state will have to find several million dollars in General Revenue to "seed" the child support program at the beginning of the following biennium.*

**Natural Resources Issues**

NR 1

**Pursue Self-Sufficiency Measures at the Texas Parks and Wildlife Department**

Increased fee revenue is estimated at \$1 million in FY 94-95. *The General Revenue reductions are already included in the LBB budget. Reduces the agency's reliance on General Revenue. Taking unexpended balances leaves less revenue for statewide needs; could mean higher entrance fees and more concessions in parks. Texas Parks and Wildlife Department would support this proposal but many Texans would oppose higher park entrance fees.*

**Cross Government Issues**

CG 2

**Reengineer the State Procurement Process**

Cost savings is estimated at \$6.7 million but this is dependent on \$8.1 million cost investment. *This is a comprehensive recommendation that would require a complete overhaul of the state's procurement system. The governing statutes of the General Services Commission and Department of Information Services, as well as all the procurement statutory provisions would need to be amended. This is a massive project requiring a substantial investment over a five year period, costing approximately \$20 million. Since it is such a large undertaking it would be prudent to design implementation in phases, beginning with a few pilot projects across a range of agencies. The estimated cost savings should be verified through these pilot projects to assure that they warrant the size of the investment required. The difficulty in implementing this project will be the fact that is it so far reaching. Agencies will be reluctant to give up personnel utilized for procurement unless there is a proven system in place to perform that function. Rather than across the board reductions, any savings should be agency specific. The cost savings should be verified prior to a substantial investment*

*in a project this large. Once the detailed results of this study are released in February, savings which are readily implemented should be identified.*

**CG 6 Consolidate the Management of State Agencies' Mail Operations**

*Cost savings and reduced appropriation to General Services Commission is estimated at \$2.5 million for FY 94-95. Agencies will resist because of potential for delays. The General Services Commission does not oppose this measure.*

**CG 10 Establish Statutory Guidelines for State Agency Advisory Committees**

*Cost savings for FY 94-95 is estimated at \$1 million. Some committees will be easy to eliminate because they are non-functioning. Others serve a more active role. Clarification of reimbursement rules would probably be helpful. The Coordinating Board is already making some of these changes. Agencies generally support this measure, with modifications.*

**CG 23 Make Greater Use of Electronic Monitoring to Provide After-Hours Building Security**

*Cost savings for FY 94-95 is estimated to be \$0.4 million. This recommendation was not adopted last session. Some new or existing needs for Capitol security force could be offset with building monitoring devices.*

**CG 26 Redesign the State's Employee Classification System**

*A one time cost of \$500,000 is estimated. A statute would be necessary, transferring State's Classification Office from State Auditors Office to General Services Commission (GSC) and requiring GSC to redesign the State Classification System. This measure would consolidate all personnel oversight in one agency, update 30 year old classification plan. State Auditor's Office lose oversight of Classification Office, no guarantee improve plan. The State Auditor's Office loses an entire division.*

**Exempt Government from Regulatory Provisions that Impede Efficient Use of Communications Technology**

Estimated cost savings for the biennium is \$3.7 million. *This recommendation would require amendments to the Public Utility Regulatory Act (PURA) and the General Services Commission Act. The proposed recommendation has a significant cost savings, however, it does require a major change in how tariffs are currently set by the Public Utility Commission (PUC). Defining the state as a single customer to obtain the lowest rates possible would mean that state government would be treated differently from other customers. Changing the rate structure between residential and commercial service for state government is also a major change in how tariffs have been set by the PUC. These are policy questions that needs to be debated. The local exchange companies will oppose this recommendation as "special treatment" for state government and contrary to established PUC policy.*



### III. NO ADDITIONAL COST SAVINGS OR REVENUE GAIN

#### A. NO COST SAVINGS

##### Education Issues

- ED 5      **Develop Full Service Schools to Provide Health and Social Services for Children and Their Families**
  
- ED 7      **Encourage Cooperation Among Public Schools and Colleges and Universities**
  
- ED 12     **Base Higher Education Formula Funding on an "All-Funds" Approach**
  
- ED 13     **Increase the Accountability of Institutions of Higher Education**
  
- ED 14     **Require Peer Review of Special Item Funding for Higher Education**
  
- ED 15     **Examine the Operations of the Hinson-Hazlewood Program**
  
- ED 19     **Provide a Guarantee for Graduates of Texas High Schools**
  
- ED 20     **Increase Vocational Education Opportunities at Community Colleges and Ensure Students Receive Full Course Credit**

*Many of these programs are high cost and will increase the formula draw on the general revenue fund. Could result in better delivery of vocational programs by community colleges. Course articulation requirements are being reviewed by the Coordinating Board. Texas State Technical College may oppose if junior college vocational programs overlap with their own programs.*

- ED 21     **Ensure the Texas State Technical College System is Properly Funded**
  
- ED 22     **Make the Texas State Technical College Eligible for HEAF Funding**

Texas State Technical College is not eligible for any facilities funding at this time. *HEAF will be reallocated by the 74th*

*Legislature, at which time action will be required. Some higher education institutions may oppose, or support only if there is a proportionate increase in the HEAF to accommodate TSTC.*

ED 24      **Establish a Fund to Assist Dislocated Workers**

*Actual cost of establishing the fund is estimated at \$9 million. The report recommends establishing a job training fund very similar in scope to the SMART Jobs Fund being developed by Commerce and the Governor's Office. The method of finance is very different. The business community is in favor of job training fund primarily because of the increasing need for a more skilled labor force. The Interim State Affairs Committee supports the proposal, but not the method of finance. Department of Commerce, business and labor groups would also support.*

ED 25      **Develop a Competitive Program for Youth Apprenticeship in Texas**

*Actual cost of establishing program is estimated at \$5,230,000. Providing five \$1 million in grants for youth apprenticeship programs may not be the best use of general revenue. The Job Training Partnership Act has a very substantial component dedicated to summer youth training. The business community is in favor of job training fund primarily because of the increasing need for a more skilled labor force, particularly among the youth. Grants could also be reduced to stretch dollars to more participants. For example instead of five \$1 million grants, reduce to ten \$500,000 grants. Department of Commerce and business and labor groups support.*

ED 26      **Establish a Texas Youth Corps**

*Estimated cost of establishing the program is \$18 million. Providing grants for youth to establish a Youth Corps programs may not be the best use of Advance Interest Fund 935. The business community is in favor of job training fund primarily because of the increasing need for a more skilled labor force, particularly among the youth.*

**Health and Human Services Issues**

HHS 6      **Maximize Federal Funding for Texas Department of Health Programs**

- HHS 24      **Establish a Health Care Cost Containment Office-3**
- HHS 27      **Develop a Pharmaceutical Program for Texans Over Age 65**
- HHS 28      **Create a Non-Profit Organization to Help Businesses Purchase Cost-Effective Health Care**

**Transportation Issues**

- T 1            **Expand the State's Transportation Intermodal Planning Process for Long-Term State Economic Development**

*Department of Transportation just underwent sunset review last session, and, as a result, the agency is having to change its planning process due to the enactment of ISTEA and the focus on planning at the state and local level. Ports are an area which the Department should include in its overall planning. Transportation officials will oppose the new requirements and the new advisory committees being proposed. Perhaps a directive can be given to the agency to implement some of these suggested changes.*

- T 2            **Leverage Federal Funds for Tollway Projects and Merge the Turnpike Authority with TxDOT**

*Turnpike Authority is scheduled to merge with Department of Transportation in 1997. Turnpike Authority is currently pursuing tollroad opportunities with Dallas County and Harris County and other private entities to sell transfer its major assets. Turnpike Authority will oppose the early merger. Other measures are already being implemented to achieve more participation by local entities.*

- T 4            **Transfer the Texas High Speed Rail Authority to the Texas Railroad Commission**

*A compromise was worked out during the last session to delay the transfer of the High Speed Rail Authority to the Railroad Commission until 1995. The High Speed Rail Authority will oppose the proposal until the franchise and the financing arrangements are more fully defined. They also believe an independent board is more effective. Proponents argue that better oversight can be achieved with the Railroad Commission. Also, economies of scale will reduce the costs associated with the*

Authority's purchases.

**T 6            Require a Transportation Study of Multi-Modal Ground Corridors**

Requires \$0.5 million from Fund 6 for the study. *The agency has already spent money to study the infrastructure needs along the border and the impact of the free trade agreement. The report recommends spending \$500,000 from Fund 6 to perform a two-year planning study for the trade link.* Texas Department of Transportation believes they are preparing for the enactment of free trade, also believes the fund is already being used to fund several studies affiliated with free trade.

**T 7            Expedite Urban Highway Construction**

*Adjusting contracting practices to include incentives and disincentives would expedite highway construction projects in urban areas and rural areas of the state.* Contractors might oppose the disincentives depending upon the penalties. *Most delays are caused by weather conditions.*

**T 9            Redirect the Expenditure of the State's Oil Overcharge Funds**

*This item is in the LBB recommended appropriations bill with a \$17 million authorization.* The Governor's office, Lt. Governor's office and the Attorney General's office worked for almost a year to develop an agreement for the use of Oil Overcharge funds for below average property wealth per student school districts.

**T 10           Explore Innovative Approaches to Improving School Bus Transportation Systems**

**Employee Benefits Issues**

**EB 2           Establish a Home Loan Program for Teacher Retirement System Members**

*Provides a small financial benefit to teachers through reduced mortgage application fees. No reduction in mortgage loan rates available to teachers. Provides competitive investment for Teacher Retirement System (TRS) pension funds and an unquantifiable*

*benefit to state economy by ensuring that TRS pension funds are invested in Texas residential real estate. Provides substantial business opportunity for private sector program manager. No savings or revenue gain to general revenue fund or special funds.*

### **Public Safety and Criminal Justice Issues**

- PS 1            **Promote Innovative Community Criminal Justice Plans**
- PS 6            **Use Empty Beds at State Hospital for Low-Risk Prisoners Needing Alcohol and Drug Abuse Treatment**
- PS 14          **Improve the Windham School System and Other Prison Education Systems**
- PS 16          **Conduct a Performance Review of the Texas Department of Criminal Justice**
- PS 18          **Require Only a Single License Plate on Motor Vehicles**

### **General Government Issues**

- GG 1            **Expand the General Services Commission's Mission to Provide a Full Range of Central Administrative Services**

Establishes General Services as the business manager of the state's administrative services. Actually each agency is ultimately responsible for its administrative services. Other agencies and some of the new agencies being proposed by TPR would perform many of these proposed services. Some economies are scale can be achieved through this measure. *It cannot be guaranteed that General Services Commission can perform this without adding costs for additional expertise. Some of these services are being performed by private sector who is already complaining about the state being in competition for many services.*

- GG 4            **Reengineer Business Permitting in Texas**

The report suggests that Commerce use its existing "Texas Marketplace" as the vehicle to implement this one-stop permitting process. *This does not require any legislative authority to implement, however, the Commerce Department argues that it costs more money to operate as recommended by Comptroller.*

*Users and those businesses needing permits would support. Commerce Department would also support as long as funding is provided to implement.*

GG 6            **Abolish the State Banking Board and Transfer its Function to the Commissioner of Banking**

This measure was introduced last session as a result of "Breaking the Mold" and failed to win support. *However, during the 2nd Called Session, there appeared to be growing support for the measure. The banking industry would support.*

GG 9            **Transfer the Board of Tax Professional Examiners to Texas Department of Licensing and Regulation**

GG 10           **Transfer Regulation of Prepaid Funeral Services from the Department of Banking to the Department of Insurance**

GG 11           **Transfer the Regulation of Premium Finance Companies to the Office of the Consumer Credit Commissioner**

This measure was introduced last session as a result of "Breaking the Mold" and failed to win support. *However, during the 2nd Called Session, there appeared to be growing support for the measure. Consumer loan groups would support. May result in an estimated savings of \$53,000 to the Consumer Credit Commission.*

GG 12           **Transfer Insurance Tax Administration Functions to the Comptroller of Public Accounts**

GG 16           **Simplify Elements of the Tax System to Improve Customer Service**

GG 28           **Amend the Lottery Act to Abolish the Lottery Stabilization Fund**

GG 34           **Maintain the Texas Growth Fund in the Treasury Safekeeping Trust Company**

GG 37           **Collect Fees on State Real Estate Transactions**

*Some agencies may oppose changes to their operations. Business will find increased opportunity for government*

*contracting.*

- GG 39      **Use the Comptroller's Determination of "Good Standing" for Franchise Tax Payments**
- GG 40      **Simplify State Court Fees**
- GG 41      **Improve the State's Child Support Enforcement Efforts: Introduction**
- GG 48      **Pursue Federal Funds for Child-Support-Related Demonstration Projects**
- GG 51      **Implement A Voluntary Paternity Acknowledgment Program**
- GG 53      **Include a Late Payment Penalty in Child Support Orders**
- GG 55      **Establish an Education and Job Training Program for Absent Parents**
- GG 57      **Assist Displaced State Workers**
- GG 58      **Capitalize on Volunteerism and Citizen Participation**

**Natural Resources Issues**

- NR 2      **Consolidate Field Offices of the Texas Water Commission and the Texas Air Control Board**  
  
*Already occurring under SB 2, First Called Session 72nd Legislature.* Environmental groups and the regulated community support this idea as long as it results in good customer service.
- NR 4      **Examine Policies and Procedures for Assessing Administrative Penalties at the Texas Air Control Board**
- NR 5      **Establish State Funding Requirements for Local Air Pollution Agencies**
- NR 7      **Make the Texas Low Level Radioactive Waste Disposal Authority Entirely Fee Funded**

**Cross Government Issues**

- CG 8      **Calculate a Housing-Cost Fee to be Charged to State Agencies**

- CG 12      **Develop Improved Guidelines for Management of Open Records Request**
- CG 13      **Develop a Mechanism to Oversee and Coordinate Agencies' Indirect Cost Recovery Plan Preparation**
- CG 14      **Improve the Effectiveness and Efficiency of Agency Rulemaking Processes**
- CG 17      **Create a State Agency Utility Service Working Group**
- CG 27      **Create an Employee Relations Ombudsman for State Agencies**
- Statute creating centralized personnel office should also include position of employee relations ombudsman. Mediation and employee assistance programs could lower turnover, increase productivity, resolve personnel conflicts before become lawsuits/delay meritorious disciplinary actions, agencies feel personnel decisions and policies being "second-guessed".*
- CG 30      **Establish and Administer a Central Wellness Program for State Agencies**
- Health promotion and wellness improves employee productivity and reduces sick time and injuries. No cost savings are expected in the 94-95 biennium; long-term cost containment could be achieved.*
- CG 35      **Improve State Management of Fixed Assets**

**B. COST CANNOT BE ESTIMATED**

**Education Issues**

- ED 3      **Increase Consolidation Incentives for School Districts**
- ED 4      **Modify Compulsory Attendance Policy to Provide for Greater Flexibility**

**Health and Human Services Issues**

- HHS 5      **Require Agencies to Use Medicaid for All Eligible Clients**
- HHS 9      **Use Neural Networks to Detect and Reduce Fraud in the State**



### **Medicaid Program**

- HHS 16      **Accelerate the Use of Alternative Treatment Approaches for Schizophrenics in State Mental Hospitals**
- HHS 19      **Identify and Transfer Unemployed Public Assistance Recipients to Unemployment Insurance Benefits**
- HHS 21      **Solicit Private Bids for Client Eligibility Determination Services**
- HHS 23      **Improve Texas' Immunization System for Children**
- HHS 25      **Increase Funding for AIDS/HIV Services**

Cost estimated for FY 94-95 is \$15 million, which would require an appropriation. *Would help meet the growing demand for HIV/AIDS services. Advocates for HIV/AIDS strongly support. Both the Governor and Lt. Governor have publicly stated that they strongly support funding for HIV/AIDS programs during FY 94-95.*

### **Transportation Issues**

- T 3            **Coordinate State Telecommunications Improvements**

- T 5            **Enact a Pavement Management System Policy**

No cost savings until the system is in place. Once the system is in place, an estimated \$13 million a year would be saved. *This proposal has merit since it would require statewide application and would provide for the best pavement design and construction. The agency believes it is already improving its pavement management system.*

- T 8            **Use State Highway Funds to Help Higher Education and State Agencies Maintain, Construct and Police Roads**

*Funding rights-of-way, construction, maintenance and purchasing of road materials and supplies and the policing of these roads for Parks and Wildlife, MHMR and state universities will be the subject of debate among transportation officials. Highway users argue that less money will be available for the backlog of highway projects which currently exist.*

### **Public Safety and Criminal Justice Issues**

- PS 2            **Increase Unit Accountability for Operating Costs in Prisons**
- PS 12          **Increase Revenues of Texas Correctional Industries**

### **General Government Issues**

- GG 7            **Consolidate State Gaming Regulation Into One Agency**
- GG 14          **Provide Funding for the Texas Commission on the Arts with a Special "State of the Arts" License Plate**
- GG 42          **Collect 100 Percent of Child Support Owed to Texas Children by the Year 2000**
- GG 44          **Implement "Self-Starting" Enforcement and Establish a Central Registry for Child Support**
- GG 45          **Improve Child Support Information Collected in the State's AFDC and Medicaid Programs**
- GG 46          **Implement Employer New-Hire Reporting for Child Support Enforcement**
- GG 49          **Increase the Use of Electronic Fund Transfers in Child Support Enforcement**
- GG 54          **Implement Incentives for Child Support Workers**

### **Natural Resources**

- NR 3            **Transfer Texas Air Control Board and Texas Water Commission Hearings to the Office of Administrative Hearings**
- NR 6            **Establish an Independent Office of Environmental Public Interest Counsel**

### **Cross Government Issues**

- CG 1            **Initiate Process Reviews in State Agencies**
- CG 4            **Establish a Single Identification Number for Entities Doing Business with the State**
- CG 15          **Reduce State Spending for Liability Insurance**

- CG 16      **Improve the Payment of Utility Services by State Agencies**
- CG 18      **Establish a Centralized Utility Audit Process**
- CG 20      **Prohibit Utility Companies from Charging State Agencies Higher Rates than City or County Governments**
- CG 22      **Clarify State Law Regarding Authority for Disaster Recovery of Utility Services**
- CG 25      **Coordinate State Training in a Central Personnel Office**
- Statute to require central personnel office to coordinate State's employee training.
- CG 28      **Adopt Work Alternative Policies for State Employees**
- Recommends encouraging agencies to explore opportunities for telecommuting and implementing flexibility in job schedules. Implementation could be achieved by executive order. Telecommuting can save parking, office space. Flexible work schedules accommodate employees with medical conditions, disabilities, increase morale. This measure could necessitate providing equipment for telecommuting employees, could create scheduling difficulties for agencies. Some agencies may feel flexible schedules are disruptive to workplace.*
- CG 29      **Improve Incentives for State Employees to Develop Cost-Saving Ideas**
- CG 31      **Prohibit Smoking in State Office Buildings**
- CG 33      **Integrate Telecommunications Networks Among State Agencies and Universities**
- CG 36      **Establish a State Council on Competitive Government**
- CG 37      **Explore Opportunities for Consolidating and Contracting for Information Systems Functions**

#### IV. REPEAT RECOMMENDATIONS--NOT LIKELY TO PASS

##### Education Issues

**ED 2            Revise the State Textbook Process to Provide Greater Local Control**

Cost savings for FY 94-95 is estimated at \$4.16 million. *The proposal would require a constitutional amendment and statutory changes. Injects textbook debates into every school district and results in a loss in uniformity. School boards will oppose.*

**ED 8            Reduce the Need for Post-Secondary Remedial Education by Holding Public Secondary Schools Accountable**

Cost savings for FY 94-95 is estimated at \$125 million. *Increases accountability for schools. Cuts funds from the schools which most need funds to enhance performance. Institutions of higher education may support. School groups will oppose.*

**ED 16           Collect the Debt Due to the General Revenue Fund from the American Educational Complex College**

Cost savings for FY 94-95 is estimated at \$2 million. *The proposal is controversial because the debt is disputed. There is a potential for damage to the institution budget. American Educational Complex opposes.*

**ED 18           Restructure Texas High School Vocational Education**

Cost savings for FY 94-95 is estimated at \$40 million. *Vocational education programs need to be reviewed and restructured. Vocational education groups will vigorously oppose.*

##### Employee Benefits Issues

**EB 5            Change the Funding Method for the Law Enforcement and Custodial Officers Supplemental Retirement Fund**

Cost savings for FY 94-95 is estimated at \$56.2 million. *All state law enforcement and custodial officers will oppose.*

**EB 6 Use the Group Insurance Fund Surplus to Reduce the State's Share of Health Insurance Costs**

Cost savings for FY 94-95 is estimated at \$56.2 million. *Employees Retirement System, state employee associations and higher education employees will oppose.*

**General Government Issues**

**GG 8 Abolish the Texas Space Commission and Transfer its Function**

Cost savings for FY 94-95 is estimated at \$.11 million. *This measure was introduced last session and failed to win support. Supporters contend that because of NASA there should be increased focus in the space industry. The state funds were used primary for leverage to attract private funds for this effort. The agency is against abolishing its functions and operations.*

**GG 13 Merge the Texas Public Finance Authority and Bond Review Board**

Cost savings for FY 94-95 is estimated at \$1 million. *This measure was introduced last session in a somewhat different format and failed to win support. There is debate over the same agency regulating and issuing bonds. There are precedents in other states that would lend support to this measure. Opponents would probably include current issuers of state bonds and the bond industry.*

**GG 22 Eliminate or Reduce Discounts for Tax Report Filers**

The estimated increase in tax revenue for FY 94-95 is \$107 million. *The recommendation rescinds a major State tax policy. The Tax Report Filers discount help taxpayers recover the cost of collecting, reporting and remitting state taxes. The measure will be opposed by major taxpayer groups including retailers.*

**GG 25 Eliminate the Motor Fuel Tax Exemption for Railroads**

Cost savings for FY 94-95 is estimated at \$41 million per fiscal year. *This recommendation failed in special session of the 72nd Legislature. The railroad industry says that taxation of diesel fuel violates federal law.*

## Cross Government Issues

### CG 7      Reengineer State Vehicle Management

Estimated reduced cost to general revenue for FY 94-95 is \$.757 million and reduced cost to other funds is \$1.24 million. *A similar recommendation from last session was not fully implemented and did not result in material cost savings. Agencies will resist further centralized control. Law enforcement agencies may need to be exempt.*

### CG 9      Generate Additional State Revenue from Unclaimed Property

Cost savings for FY 94-95 is estimated to be \$3.5 million. *A form of this measure was considered during the last round of Texas Performance Review recommendations and won support. This is a somewhat different approach to permit investment of some of the funds and to allow publication. The Treasurer's Office would favor this measure.*

### CG 32      Limit Travel Reimbursements and Require Higher Education to Participate in State Travel Management Program

Cost savings for FY 94-95 is estimated at \$1.1 million. *There is a tradeoff with savings accrued by institutions of higher education. Some system offices have implemented systemwide travel programs. Other institutions have voluntarily joined the state system. There are ongoing negotiations between higher education and the General Services Commission. Institutions of higher education will oppose.*

HJ  
2053  
.T4  
T4921  
1993