ARTICLE II
HEALTH AND HUMAN SERVICES*

Sec. 1. The several sums of money herein specified, or so much thereby as may be necessary, are appropriated out of any funds in the State Treasury not otherwise appropriated, or out of special funds as indicated, for the support, maintenance, or improvement of the designated health and human services agencies.

DEPARTMENT ON AGING**

<table>
<thead>
<tr>
<th>For the Years Ending</th>
<th>August 31, 2004</th>
<th>August 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Goal: SERVICES AND OPPORTUNITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To enable older Texans to live dignified, independent, and productive lives within a safe living environment through an accessible, locally-based, comprehensive and coordinated continuum of services and opportunities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome (Results/Impact):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of Older Population Receiving Services Who Are Moderately to Severely Impaired</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Percent of Older Population Receiving Services Who Remained Independent Due to Services</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>Percent of Nursing Homes with a Certified Ombudsman</td>
<td>90%</td>
<td>92%</td>
</tr>
<tr>
<td><strong>A.1.1. Strategy: SERVICES AND OPPORTUNITIES</strong></td>
<td>$71,449,532</td>
<td>$72,511,277</td>
</tr>
<tr>
<td>Support a locally based system of services and opportunities that includes assistance in accessing public and private resources as well as the provision of a full range of services designed to promote personal well being, independence, and productivity.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Output (Volume):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Certified Ombudsmen</td>
<td>1,123</td>
<td>1,179</td>
</tr>
<tr>
<td>Number of Persons Receiving Care Coordination</td>
<td>13,792</td>
<td>14,074</td>
</tr>
<tr>
<td>Number of Unlicensed Assisted Living Facilities Identified</td>
<td>140</td>
<td>140</td>
</tr>
<tr>
<td>Number of Congregate Meals Served</td>
<td>4,261,038</td>
<td>4,239,991</td>
</tr>
<tr>
<td>Number of Home-delivered Meals Served</td>
<td>4,168,605</td>
<td>4,164,191</td>
</tr>
<tr>
<td>Number of Persons Receiving Homemaker Services</td>
<td>4,791</td>
<td>4,950</td>
</tr>
<tr>
<td>Number of One-way Trips</td>
<td>1,242,207</td>
<td>1,246,525</td>
</tr>
<tr>
<td><strong>Efficiencies:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statewide Average TDOA Cost Per Certified Ombudsman</td>
<td>2,698</td>
<td>2,621</td>
</tr>
<tr>
<td>Statewide Average TDOA Cost Per Care Coordination Client</td>
<td>203</td>
<td>202</td>
</tr>
<tr>
<td>Statewide Average TDOA Cost Per Congregate Meal</td>
<td>3.75</td>
<td>3.81</td>
</tr>
<tr>
<td>Statewide Average TDOA Cost Per Home-delivered Meal</td>
<td>3.98</td>
<td>4.05</td>
</tr>
<tr>
<td>Statewide Average TDOA Cost Per Person Receiving Homemaker Services</td>
<td>401</td>
<td>400</td>
</tr>
<tr>
<td>Statewide Average TDOA Cost Per One-way Trip</td>
<td>42.9</td>
<td>43.3</td>
</tr>
<tr>
<td><strong>B. Goal: DIRECT AND INDIRECT ADMIN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct and Indirect administrative and support costs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct and indirect administrative and support costs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total, DEPARTMENT ON AGING</strong></td>
<td>$74,506,685</td>
<td>$75,568,430</td>
</tr>
<tr>
<td><strong>Method of Financing:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenue Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenue Fund</td>
<td>$3,091,583</td>
<td>$3,031,463</td>
</tr>
<tr>
<td>Earned Federal Funds</td>
<td>25,000</td>
<td>25,000</td>
</tr>
</tbody>
</table>

*All Article II agency appropriations impacted by Article II, Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.  **Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.

DEPARTMENT ON AGING  
(Continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. GR Match for Federal Funds (Department on Aging)</td>
<td>3,672,801</td>
<td>3,732,920</td>
</tr>
<tr>
<td>Subtotal, General Revenue Fund</td>
<td>$6,789,384</td>
<td>$6,789,383</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>67,717,301</td>
<td>68,779,047</td>
</tr>
<tr>
<td>Total, Method of Financing</td>
<td>$74,506,685</td>
<td>$75,568,430</td>
</tr>
</tbody>
</table>

Number of Full-Time-Equivalent Positions (FTE): 35.0

Schedule of Exempt Positions:
- Executive Director, Group 2: $70,000
- Board Member Per Diem: (9) $4,400

Object-of-Expense Informational Listing:
- Salaries and Wages: $1,693,301
- Professional Fees and Services: $521,138
- Consumable Supplies: $21,764
- Utilities: $50,836
- Travel: $65,636
- Rent - Building: $3,902
- Rent - Machine and Other: $13,429
- Other Operating Expense: $687,147
- Grants: $71,449,532

Total, Object-of-Expense Informational Listing: $74,506,685

1. **Data on RSVP Matching Funds Required.** It is the intent of the Legislature that the Department on Aging maintain data on the amount of matching funds required for federal grants to local retired senior volunteer programs. By October 1 of each fiscal year, the department shall submit to the Legislative Budget Board and the Governor a report in such detail as the two offices may require.

2. **Unit Cost Reporting Required.** It is the intent of the Legislature that the Department on Aging maintain a reporting system that clearly and accurately identifies the unit cost of each service provided by each Area Agency on Aging for all strategies, except for volunteer services in A.1.1, and that the results of this unit cost reporting be provided to the Legislative Budget Board and the Governor semi-annually and in a form that the two offices may require.

3. **Memorandum of Agreement.** It is the intent of the Legislature that the Department on Aging maintain a Memorandum of Agreement with the Department of Human Services which specifies that there will be no duplication of services to older persons served by the Department on Aging and older persons served by the Department of Human Services.

4. **Appropriation and Unexpended Balances: Affordable Housing for the Elderly.** Funds appropriated above include fees collected pursuant to § 394.902, Local Government Code, and § 101.022, Human Resources Code, as amended, for the purpose of promoting affordable housing for the elderly ($360,000 for the biennium). The Department on Aging shall submit a report to the Legislative Budget Board and the Governor by October 1 of each year. The report shall identify for the prior fiscal year the amount of fees collected and deposited into the General Revenue Fund, the dollar value of grants issued with such funds, the number of persons or entities receiving grants, and the specific purposes for which grants were issued.

Any unexpended balances in fees collected to promote affordable housing for the elderly for the fiscal year ending August 31, 2004, may be carried forward into fiscal year 2005, and such balances are hereby appropriated.
In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

5. **Area Agencies on Aging.** It is the intent of the Legislature that if the Department on Aging plans to alter local planning and service areas in effect on September 1, 2003, that the department receive approval from the Health and Human Services Commission and that the Governor and the Legislative Budget Board be notified before the adoption of such plans.

6. **Criminal Background Checks.** Out of funds appropriated above, the Department on Aging may contract with the Department of Public Safety to conduct criminal background checks on new staff and volunteer ombudsmen.

### COMMISSION ON ALCOHOL AND DRUG ABUSE*

For the Years Ending August 31, 2004 | August 31, 2005
--- | ---
**A. Goal:** SERVICES DISTRIBUTION
Provide for the delivery of substance abuse prevention, intervention, and treatment services based on need throughout the state.

**Outcome (Results/Impact):**
- Percent of Youth Who Receive Treatment Services and Report No Past Month Substance Use at Follow-up: 84% | 84%
- Percent of Adults Who Receive Treatment Services and Report No Past Month Substance Use at Follow-up: 80% | 80%
- Percent of Unemployed Adults Who Complete Treatment Programs and Report Being Employed or Engaged in Productive Activities at Follow-up: 62% | 62%
- Percent of Youth Who Receive Treatment Services and Report Improvement in School Attendance at Follow-up: 71% | 71%

**A.1.1. Strategy: PREVENTION SERVICES**
Implement community and family based prevention services to increase resilience and reduce the risk of chemical use, abuse and dependency in Texas.

**Output (Volume):**
- Number of Adults Served in Prevention Programs: 149,823 | 143,716
- Number of Youth Served in Prevention Programs: 437,518 | 419,685

**A.1.2. Strategy: INTERVENTION SERVICES**
Implement community and family based intervention services to interrupt the illegal use of alcohol, tobacco, and other drugs by youth and to break the cycle of harmful use of legal substances and all use of illegal substances by adults.

**Output (Volume):**
- Number of Adults Served in Intervention Programs: 144,857 | 143,767
- Number of Youth Served in Intervention Programs: 104,171 | 103,387

**Efficiencies:**
- Average Cost Per Adult for Intervention Services: 80.6 | 80.6
- Average Cost Per Youth for Intervention Services: 180.53 | 180.53

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.
A. 1. 3. Strategy: TREATMENT SERVICES

Implement a continuum of community and family based treatment and related services for chemically dependent persons.

**Output (Volume):**

- Number of Adults Served in Treatment Programs: 37,258
- Number of Youth Served in Treatment Programs: 4,558

**Efficiencies:**

- Average Cost Per Adult Served in Treatment Programs: $1,706
- Average Cost Per Youth Served in Treatment Programs: $1,706

**Explanatory:**

- Percent of Adults Completing Treatment Programs: 68%
- Percent of Youth Completing Treatment Programs: 68%

**Total, Goal A: SERVICES DISTRIBUTION**

$143,066,980

B. Goal: QUALITY ASSURANCE

Ensure value, safety and accountability of substance abuse prevention, intervention, and treatment services.

**Outcome (Results/Impact):**

- Percent of TCADA-funded Programs Meeting Performance Targets: 77% (79%)

**B. 1.1. Strategy: COMPLIANCE**

Verify and enforce compliance with regulatory and funding requirements.

**Output (Volume):**

- Number of Field Audits Performed: 95

**Efficiencies:**

- Median Time (in Days) for Facility License Issuance: 118

**B. 1.2. Strategy: PERFORMANCE MANAGEMENT**

Optimize performance quality and cost efficiency through the funding, managing, and monitoring of services.

**Output (Volume):**

- Number of Provider Performance Reviews Conducted: 1,936

**Total, Goal B: QUALITY ASSURANCE**

$8,116,354

C. Goal: INDIRECT ADMINISTRATION

**C. 1.1. Strategy: CENTRAL ADMINISTRATION**

$2,982,881

**C. 1.2. Strategy: INFORMATION RESOURCES**

$1,041,835

**C. 1.3. Strategy: OTHER SUPPORT SERVICES**

$172,158

**Total, Goal C: INDIRECT ADMINISTRATION**

$4,196,874

**Grand Total, COMMISSION ON ALCOHOL AND DRUG ABUSE**

$155,380,208

Method of Financing:

<table>
<thead>
<tr>
<th>Source of Financing</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR for Substance Abuse Prevention and Treatment Block Grant</td>
<td>$17,214,474</td>
<td>27,214,474</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>136,513,896</td>
<td>122,275,222</td>
</tr>
<tr>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriated Receipts</td>
<td>771,750</td>
<td>771,750</td>
</tr>
<tr>
<td>Interagency Contracts</td>
<td>880,088</td>
<td>880,088</td>
</tr>
<tr>
<td>Subtotal, Other Funds</td>
<td>$1,651,838</td>
<td>$1,651,838</td>
</tr>
<tr>
<td><strong>Total, Method of Financing</strong></td>
<td>$155,380,208</td>
<td>$151,141,534</td>
</tr>
</tbody>
</table>

**Number of Full-Time-Equivalent Positions (FTE):**

- 191.4
- 187.8
1. **Agreements With Native American Population Authorities.** The Texas Commission on Alcohol and Drug Abuse may enter into agreements with Native American population authorities for the provision of substance abuse programs aimed at dealing with the prevention, intervention and treatment of alcoholics and drug abusers among the Native American population.

2. **Priority Populations Defined.** The Legislature designates the following priority populations of the commission:

   a. youth who currently are at risk of using or abusing, who currently abuse, or have abused, substances including youth in or referred by the juvenile justice system;
   b. people who have or are at risk of having human immunodeficiency virus infection through substance abusing behavior;
   c. substance abusers who have now, or who have at one time, entered the criminal justice system;
   d. substance abusers who are at risk of institutionalization or who currently are served in mental health facilities;
   e. substance abusers who have had children placed under the conservatorship of the Department of Protective and Regulatory Services;
   f. youth at-risk of selling controlled substances;
   g. women with children or women of child bearing years; and
   h. indigent veterans having received an honorable discharge.

3. **Youth At Risk of Selling Controlled Substances.** Out of funds appropriated above, the commission shall plan, develop, coordinate, evaluate, and implement constructive methods and programs to provide wholesome alternatives for youth at risk of selling controlled substances.

4. **Coordination of Support Services.** Out of the funds appropriated above, the commission is directed to enter into formal agreements with other health and human service agencies to facilitate referral and access for its clients to other needed ancillary services as determined by the client's treatment plan. Each client's treatment plan is to contain complete and appropriate medical, educational and/or vocational objectives that meet the needs of clients. The commission shall provide technical aids and assistance to ensure that clients are provided or referred to appropriate services. The commission shall monitor its contractors to gauge the performance of its contractors regarding the provision and/or referral of clients to appropriate services. The commission shall evaluate the impact that supportive services may have upon achieving successful treatment outcomes.

5. **Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover, at a minimum, the cost of the appropriations made above for the licensing and regulation of chemical dependency counselors and chemical dependency treatment facilities in strategy item B.1.1, Compliance, as well as the “other direct and indirect costs” associated with this function, appropriated elsewhere in this Act. “Other direct and indirect costs” for the licensing and
regulation of chemical dependency counselors and chemical dependency treatment facilities are estimated to be $114,583 for fiscal year 2004 and $106,502 for fiscal year 2005. In the event that actual and/or projected fee revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

6. **Notification of Intent to Utilize Federal Grant Funds.**
   a. **Use of Funds for Services Previously Funded From Other Sources.**
      The Commission on Alcohol and Drug Abuse (TCADA) shall notify the Legislative Budget Board and the Governor of its intent to use additional Substance Abuse Prevention and Treatment grant funds in excess of the amounts specifically appropriated in the strategies above to fund services previously funded from other federal sources. This notification shall include the services to be provided, the original source of funding for the program or services, and the amount of the grant funds to be used. The notification shall be submitted at least 30 days prior to allocations made out of funds appropriated above.

   b. **Use of Additional Federal Funds.**
      In addition, TCADA shall notify the Legislative Budget Board and the Governor of its intent to use federal funds in excess of the amounts specified above. The notification shall identify the amount of the specific grant to be used, indicating if any portion represents a carry forward of federal authority; address the use of funds, indicating the impact on performance measures and FTE levels; and indicate if services and FTEs are temporary or on-going. Written notification shall be submitted at least 14 days prior to any meeting of the Board of Commissioners on Alcohol and Drug Abuse (or any subset thereof) to budget or expend funds in excess of the amounts identified above. Written notification is also required 14 days prior to any decision or action by any agency personnel to budget or expend funds in excess of the amounts identified above.

7. **Advisory Committee Members.** Pursuant to Government Code, § 2110.004, Reimbursement of Expenses, funds appropriated above not to exceed $26,047 per year may be expended to reimburse advisory committee members of the State Incentive Grant Committee.

To the maximum extent possible, the department shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

8. **Criminal Justice/Substance Abuse Initiative.** Out of funds appropriated above in Strategy A.1.3, Treatment Services, the Commission shall transfer $3,250,000 in each year of the biennium to the Treatment Alternative to Incarceration Program with the Texas Department of Criminal Justice for the provision of outpatient substance abuse treatment services for probationers. The agencies shall enter into an interagency contract to include data reporting provisions to address performance and other data requirements for state and federal reporting.

9. **Client Services.** It is the intent of the Legislature that the Texas Commission on Alcohol and Drug Abuse (TCADA) and the Department of Protective and Regulatory Services (PRS) enter into a Memorandum of Understanding for providing outpatient treatment services by TCADA to referred PRS clients. Out of Substance Abuse Prevention and Treatment Federal funding at TCADA a maximum of $2,070,114 for the biennium may be used for qualified services to PRS clients.
COMMISSION FOR THE BLIND*  

For the Years Ending  
August 31,  
2004  
August 31,  
2005

A. Goal: INDEPENDENT LIVING
To assist Texans who are blind or visually impaired to live as independently as possible consistent with their capabilities.

**Outcome (Results/Impact):**
Percent of Consumers Whose Dependent Living Risk Was Diminished  98% 98%

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output (Volume):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Consumers Served</td>
<td>4,730</td>
<td>4,890</td>
</tr>
</tbody>
</table>

**Efficiencies:**
Average Cost per Consumer Served 552 600

To provide a program of developing independent living skills.

<table>
<thead>
<tr>
<th>A.2.1. Strategy: HABILITATIVE SERVICES FOR CHILDREN</th>
<th>$2,579,469</th>
<th>$2,637,629</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output (Volume):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Children Receiving Habilitative Services</td>
<td>3,062</td>
<td>2,946</td>
</tr>
</tbody>
</table>

**Efficiencies:**
Average Cost per Child Served 933 990

B. Goal: MAINTAIN EMPLOYMENT
To assist Texans who are blind or visually impaired to secure or maintain employment in careers consistent with their skills, abilities, and interests.

**Outcome (Results/Impact):**
Percent of Consumers Completing Program Services Who Were Satisfied with Services 95% 95%

<table>
<thead>
<tr>
<th>B.1.1. Strategy: VOCATIONAL REHABILITATION</th>
<th>$35,506,527</th>
<th>$36,293,015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output (Volume):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Consumers Served</td>
<td>10,498</td>
<td>10,150</td>
</tr>
</tbody>
</table>

**Efficiencies:**
Average Cost per Consumer Served 3,795 4,005

To provide vocational rehabilitation services to persons who are blind or visually impaired.

<table>
<thead>
<tr>
<th>B.1.2. Strategy: BUSINESS ENTERPRISES OF TEXAS</th>
<th>$2,163,392</th>
<th>$2,186,160</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output (Volume):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Consumers Employed</td>
<td>116</td>
<td>121</td>
</tr>
</tbody>
</table>

**Efficiencies:**
Average Program Administration Cost per Consumer 11,108 10,752

To provide employment opportunities in the food service industry for persons who are blind and visually impaired.

<table>
<thead>
<tr>
<th>B.1.3. Strategy: BUSN ENTERPRISES OF TEX TRUST FUND</th>
<th>$410,000</th>
<th>$410,000</th>
</tr>
</thead>
</table>

To administer trust funds for retirement and benefits program for individuals licensed to operate vending machines under Business Enterprises of Texas (estimated and nontransferable).

**Total, Goal A: INDEPENDENT LIVING**  
$5,555,717  
$5,909,947

**Total, Goal B: MAINTAIN EMPLOYMENT**  
$38,079,919  
$38,889,175

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.
C. Goal: INDIRECT ADMINISTRATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRAL ADMINISTRATION</td>
<td>$2,810,564</td>
<td>$2,860,870</td>
</tr>
<tr>
<td>INFORMATION RESOURCES</td>
<td>$867,602</td>
<td>$864,940</td>
</tr>
<tr>
<td>OTHER SUPPORT SERVICES</td>
<td>$967,848</td>
<td>$960,633</td>
</tr>
</tbody>
</table>

Total, Goal C: INDIRECT ADMINISTRATION $4,646,014 $4,686,443

Grand Total, COMMISSION FOR THE BLIND $48,281,650 $49,485,565

Method of Financing:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$2,753,534</td>
<td>$2,750,655</td>
</tr>
<tr>
<td>GR Match for Medicaid</td>
<td>169,371</td>
<td>170,997</td>
</tr>
<tr>
<td>Earned Federal Funds</td>
<td>541,023</td>
<td>657,046</td>
</tr>
<tr>
<td>GR for Vocational Rehabilitation</td>
<td>7,124,465</td>
<td>7,008,445</td>
</tr>
</tbody>
</table>

Subtotal, General Revenue Fund $10,588,393 $10,587,143

General Revenue Fund - Dedicated

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Business Enterprises of Texas Trust Fund</td>
<td>410,000</td>
<td>410,000</td>
</tr>
<tr>
<td>Business Enterprises of Texas Account No. 492</td>
<td>1,462,183</td>
<td>1,462,183</td>
</tr>
</tbody>
</table>

Subtotal, General Revenue Fund - Dedicated $1,872,183 $1,872,183

Federal Funds | 35,546,925 | 36,752,090 |

Other Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriated Receipts</td>
<td>82,750</td>
<td>82,750</td>
</tr>
<tr>
<td>Blind Commission Endowment Fund No. 493</td>
<td>121,399</td>
<td>121,399</td>
</tr>
<tr>
<td>Interagency Contracts</td>
<td>70,000</td>
<td>70,000</td>
</tr>
</tbody>
</table>

Subtotal, Other Funds $274,149 $274,149

Total, Method of Financing $48,281,650 $49,485,565

Number of Full-Time-Equivalent Positions (FTE):

617.5 617.5

Schedule of Exempt Positions:

Executive Director, Group 3 $80,000 $80,000

Object-of-Expense Informational Listing:

<table>
<thead>
<tr>
<th>Category</th>
<th>2002-2003</th>
<th>2003-2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$21,807,103</td>
<td>$22,523,181</td>
</tr>
<tr>
<td>Other Personnel Costs</td>
<td>576,414</td>
<td>620,177</td>
</tr>
<tr>
<td>Professional Fees and Services</td>
<td>1,323,256</td>
<td>1,051,202</td>
</tr>
<tr>
<td>Fuels and Lubricants</td>
<td>9,130</td>
<td>9,221</td>
</tr>
<tr>
<td>Consumable Supplies</td>
<td>343,659</td>
<td>357,246</td>
</tr>
<tr>
<td>Utilities</td>
<td>642,854</td>
<td>649,282</td>
</tr>
<tr>
<td>Travel</td>
<td>1,062,876</td>
<td>1,075,080</td>
</tr>
<tr>
<td>Rent - Building</td>
<td>1,137,747</td>
<td>1,160,473</td>
</tr>
<tr>
<td>Rent - Machine and Other</td>
<td>696,709</td>
<td>629,751</td>
</tr>
<tr>
<td>Other Operating Expense</td>
<td>1,681,735</td>
<td>1,793,082</td>
</tr>
<tr>
<td>Client Services</td>
<td>17,391,483</td>
<td>18,119,981</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>1,608,684</td>
<td>1,496,889</td>
</tr>
</tbody>
</table>

Total, Object-of-Expense Informational Listing $48,281,650 $49,485,565
1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Repair or Rehabilitation of Buildings and Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Repair and Maintenance of Heating and Cooling Systems</td>
<td>$96,000</td>
<td>$350,000</td>
</tr>
<tr>
<td>(2) Repair and Replace Building Fixtures</td>
<td>0</td>
<td>53,376</td>
</tr>
<tr>
<td>(3) Security System</td>
<td>$26,949</td>
<td>0</td>
</tr>
</tbody>
</table>

Total, Repair or Rehabilitation of Buildings and Facilities: $122,949 $403,376

b. Acquisition of Information Resource Technologies

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Desktop Services Lease for Personal Computers</td>
<td>609,959</td>
<td>543,000</td>
</tr>
<tr>
<td>(2) Refresh Computer Hardware</td>
<td>98,964</td>
<td>47,696</td>
</tr>
<tr>
<td>(3) Refresh Computer Software</td>
<td>329,462</td>
<td>115,317</td>
</tr>
<tr>
<td>(4) Telephone Systems</td>
<td>83,350</td>
<td>0</td>
</tr>
</tbody>
</table>

Total, Acquisition of Information Resource Technologies: $1,121,735 $706,013

c. Transportation Items

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Vehicles</td>
<td>$24,000</td>
<td>$47,500</td>
</tr>
</tbody>
</table>

d. Acquisition of Capital Equipment and Items

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Establish and Refurbish Food Service Facilities</td>
<td>$340,000</td>
<td>$340,000</td>
</tr>
</tbody>
</table>

Total, Capital Budget: $1,608,684 $1,496,889

Method of Financing (Capital Budget):

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$1,679</td>
<td>$1,143</td>
</tr>
<tr>
<td>GR Dedicated - Business Enterprise Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account No. 492</td>
<td>340,000</td>
<td>340,000</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>1,267,005</td>
<td>1,155,746</td>
</tr>
</tbody>
</table>

Total, Method of Financing: $1,608,684 $1,496,889

2. **Central Supply Revolving Fund.** The Commission for the Blind may, under such rules and regulations as deemed necessary, maintain and operate on a reimbursable basis a Central Supply Revolving Fund in order to contribute to the efficiency and economy of the commission under its control and management. The Central Supply Revolving Fund may be established and operated from funds appropriated to the commission in such amounts as shall be necessary. All receipts deposited to this Fund are appropriated for the purchase of necessary operating supplies and materials for the biennium ending August 31, 2005. To reimburse the funds from which expenditures are made, the commission may make fund transfers from the appropriations which receive the supplies, or may submit purchase vouchers through the office of the State Comptroller.
3. **Employee Work Assignments.** Employees assigned to the Criss Cole Rehabilitation Center or to special project facilities operated by the agency may, to the extent required for the effective direct provision of services to clients, be excepted from usual state policies regarding working hours, working days, and holidays. Insofar as possible, the work days and work hours of such employees shall be determined according to a system comparable to that used by other state-operated special schools, hospitals, institutions or other facilities providing residential services to eligible individuals.

4. **Reimbursement of Services.** In order to reimburse equitably the appropriation items hereinabove made from which expenditures are made for services to employees and guests of the Criss Cole Rehabilitation Center or other residential facilities operated by the Commission for the Blind, the Commission for the Blind shall establish such reimbursement rates and rules as might be necessary to assure reimbursement at rates not less than the rates of reimbursement required by institutions, agencies or offices under the jurisdiction of the Board of Health, Board of Mental Health and Mental Retardation and the Texas Youth Commission.

5. **Appropriation of Federal Medicaid Receipts.** The Commission for the Blind shall certify and/or transfer appropriated state funds to the Texas Medicaid Single State Agency so that federal financial participation can be claimed for Medicaid services. Such federal receipts are hereby appropriated to the commission to provide rehabilitative services to blind and visually impaired children.

6. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members, out of funds appropriated above not to exceed $10,540 per year, is limited to the following advisory committees: State Independent Living Council and the Elected Committee of Managers.

To the maximum extent possible, the agency shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

7. **Notification of Federal Funds Distribution.** The Texas Commission for the Blind shall notify the Legislative Budget Board and the Governor of its intent to redirect General Revenue funds to obtain additional federal funds for the Vocational Rehabilitation program. The Texas Commission for the Blind shall notify the Legislative Budget Board and the Governor at least 14 days prior to the expenditure of more than $31,872,695 in fiscal year 2004 or $32,736,373 in fiscal year 2005 in federal Vocational Rehabilitation funds (CFDA 84.126) included in the method of finance as Federal Funds above, in either fiscal year 2004 or 2005. Furthermore, it is the intent of the Legislature that no federal funds be drawn and expended by utilizing as matching funds any General Revenue Funds appropriated for the subsequent state fiscal year. The notification shall include the original purpose and item of appropriation for which the General Revenue Funds were appropriated, and the effect on measures and/or full-time equivalent positions for all affected strategies. The notification shall be made at least 30 days prior to requesting additional federal funding for the Vocational Rehabilitation program.

8. **Appropriation of Donations.** Included in the amounts above in Strategy A.2.2. is $1,239,856 for the biennium for the Blindness Education, Screening, and Treatment (BEST) Program, contingent upon the generation of funds through donations. Revenues received from donations made in fiscal year 2004 and fiscal year 2005, in amounts not to exceed $1,239,856 as provided by § 521.421 (f) or § 521.422 (b), Transportation Code, are appropriated to the Commission for the Blind for purposes related to the Blindness Education, Screening, and Treatment Program. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of...
COMMISSION FOR THE BLIND
(Continued)

Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

Contingent on passage of legislation relating to extending BEST program services to include transition services for young, blind Texans eligible for Vocational Rehabilitation services under § 91.052, Human Resources Code, the Commission for the Blind shall use $200,000 of these donations for the biennium as the state match to provide Vocational Rehabilitation services. Federal Funds will increase by $738,967 for the 2004-05 biennium.

9. Business Enterprises of Texas Trust Fund. Amounts above in Strategy B.1.3, Business Enterprises of Texas Trust Fund, are appropriated to the Texas Commission for the Blind (TCB) for the purpose of establishing and maintaining a retirement and benefits plan for blind or visually impaired vendors as defined in the federal Randolph-Sheppard Act (20 USC, § 107). Any amounts in addition to the amount identified in Strategy B.1.3, Business Enterprises of Texas Trust Fund, necessary to make retirement and benefits payments in conformity with the Randolph-Sheppard Act (20 USC, § 107) and Human Resource Code, § 94.016, are hereby appropriated. None of the funds appropriated in Strategy B.1.3, Business Enterprises of Texas Trust Fund, or through this rider may be transferred to any other strategy. TCB shall report quarterly on deposits into and expenditures out of, including identification of the purpose for the expenditure, to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts.

In addition, TCB shall submit a written report quarterly to the Legislative Budget Board and Governor on the management of the BET Trust Fund. TCB shall report deposits to the fund, the recommendations of the fund manager regarding investments, performance of investments, and an actuarial analysis of projected disbursements.


11. General Revenue Dedicated Account No. 492. Included in amounts above in the Method of Finance “Business Enterprises of Texas Account No. 492” is $2,180,000 for the biennium from revenue deposited into the account in object codes 3747, 3754, and 3802.

12. Contingency for Disapproval of Changes to the Children’s Program. Included above in Strategy B.1.1, Vocational Rehabilitation, is $1,267,310 in General Revenue for the biennium to provide selected youth transition services previously provided in Strategy A.2.1, Habilitative Services for Children. If this program change is not approved by the federal Rehabilitation Services Administration, the Legislative Budget Board may direct the Comptroller of Public Accounts to transfer up to $1,267,310 in General Revenue from Strategy B.1.1, Vocational Rehabilitation, to Strategy A.2.1, Habilitative Services for Children. In addition, if such a change to the Children’s Program is not approved and funds are transferred from Strategy B.1.1 to Strategy A.2.1, FTEs will decrease in Strategy B.1.1, Vocational Rehabilitation, by 26.5, increase in Strategy A.2.1, Habilitative Services for Children, by 10.5, and decrease in Strategy C.1.1, Central Administration, by 2. The Commission for the Blind shall notify the Legislative Budget Board and the Governor’s office as soon as the Rehabilitation Services Administration approves or disapproves the agency’s request for program restructuring.
### COMMISSION FOR THE DEAF AND HARD OF HEARING

<table>
<thead>
<tr>
<th>For the Years Ending</th>
<th>August 31,</th>
<th>August 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2005</td>
</tr>
</tbody>
</table>

#### A. Goal: SERVICES TO INDIVIDUALS
To promote and regulate an effective system of services to individuals who are deaf or hard of hearing.

**A.1.1. Strategy: CONTRACT SERVICES**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$980,072</td>
<td>$980,072</td>
</tr>
</tbody>
</table>

Develop and implement a statewide program to ensure continuity of services to persons who are deaf or hard of hearing. Ensure more effective coordination and cooperation among public and nonprofit organizations providing social and educational services to individuals who are deaf or hard of hearing.

**Output (Volume):**

- Number of Contact Hours of Communication Access Services Provided: 13,830

**A.1.2. Strategy: TRAINING AND EDUCATION**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$511,500</td>
<td>$511,500</td>
</tr>
</tbody>
</table>

Facilitate communication access activities through training and educational programs to enable individuals who are deaf or hard of hearing to attain equal opportunities to participate in society to their potential and reduce their isolation regardless of location, socioeconomic status, or degree of disability.

**Output (Volume):**

- Number of Individuals Trained: 1,590

**Efficiencies:**

- Average Cost Per Camper: $225

**A.1.3. Strategy: TELEPHONE ASSISTANCE**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$593,390</td>
<td>$593,390</td>
</tr>
</tbody>
</table>

Ensure equal access to the telephone system for persons with a disability (estimated and nontransferable).

**Output (Volume):**

- Number of Equipment/service Vouchers Issued: 12,500

**A.2.1. Strategy: INTERPRETERS CERTIFICATION**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$214,837</td>
<td>$214,837</td>
</tr>
</tbody>
</table>

Certify and regulate interpreters.

**Output (Volume):**

- Number of Interpreter Certificates Issued: 1,682

**Efficiencies:**

- Average Time for Ethics Complaint Resolution (Certified Interpreter): Days 90

#### Total, Goal A: SERVICES TO INDIVIDUALS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,299,799</td>
<td>$2,299,800</td>
</tr>
</tbody>
</table>

#### B. Goal: INDIRECT ADMINISTRATION

**B.1.1. Strategy: INDIRECT ADMINISTRATION**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$216,911</td>
<td>$216,911</td>
</tr>
</tbody>
</table>

**Grand Total, COMMISSION FOR THE DEAF AND HARD OF HEARING**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,516,710</td>
<td>$2,516,711</td>
</tr>
</tbody>
</table>

**Method of Financing:**

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$1,051,220</td>
<td>$1,051,221</td>
</tr>
<tr>
<td>Other Funds Appropriated Receipts</td>
<td>27,100</td>
<td>27,100</td>
</tr>
</tbody>
</table>

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.
1. **Fund Transfer.** The Texas Commission for the Deaf and Hard of Hearing (TCDHH) and the Texas Commission for the Blind (TCB) shall develop an interagency contract for the provision of administrative services to the TCDHH by TCB. General Revenue funds in the amount of $70,000 in fiscal year 2004 and $70,000 in fiscal year 2005 shall be transferred from TCDHH to TCB in accordance with the interagency contract.

2. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members, out of funds appropriated above not to exceed $4,500 per year, is limited to the Board for Evaluation of Interpreters.

To the maximum extent possible, the agency shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

3. **Appropriation: Unexpended Balances in Summer Camp Program.** Any unexpended and unobligated balances remaining as of August 31, 2003, in the appropriation made to the Commission for the Deaf and Hard of Hearing by Senate Bill 1, Seventy-seventh Legislature, Regular Session, Article IX, General Provisions, Acceptance of Gifts of Money, are hereby appropriated to the Commission, and included in amounts above in Strategy A.1.2, Training and Education, for the biennium beginning September 1, 2003, for the purpose of expenses related to the Commission’s Summer Camp Program (estimated to be $10,000). Unexpended and unobligated balances remaining as of August 31, 2004, in the Summer Camp program are hereby appropriated to the Commission for fiscal year 2005, and included in amounts above in Strategy A.1.2, Training and Education, for use in the Summer Camp Program (estimated to be $10,000).
4. **Cash Flow Contingency for the Specialized Telecommunications Assistance Program.** Contingent upon the receipt of Universal Services Funds reimbursements, the Commission for the Deaf and Hard of Hearing may temporarily utilize additional General Revenue Funds in an amount not to exceed the anticipated Universal Services Funds reimbursement. The General Revenue Funds accessed under this provision must be repaid within the biennium they are used upon receipt of Universal Services Funds and shall be utilized only for the purpose of temporary cash flow needs. These transfers and repayments shall be credited to the fiscal year being reimbursed and shall be made in accordance with accounting procedures established by the Comptroller of Public Accounts.

5. **Appropriation: Unexpended Balances in Interagency Contracts for Administrative Fees.** Unexpended and unobligated balances remaining as of August 31, 2003; in the appropriation of Interagency Contracts for Administrative Fees made to the Commission for the Deaf and Hard of Hearing by Senate Bill 1, Seventy-seventh Legislature, for the purpose of specialized projects for individuals who are hard of hearing, are hereby appropriated to the Commission, for the biennium beginning September 1, 2003, and any unexpended balances remaining as of August 31, 2004 are appropriated for the same purpose for the fiscal year beginning September 1, 2004 (estimated to be zero).

6. **Unexpended Balances for the Board of Evaluation of Interpreters (BEI) Program.** Unexpended and unobligated balances remaining as of August 31, 2004, in certification fees for Strategy A.2.1, Interpreters Certification, made to the Texas Commission for the Deaf and Hard of Hearing, are hereby appropriated to the Commission, for fiscal year 2005 beginning September 1, 2004, for the purpose of developing evaluation materials, validating interpreter evaluation materials, and expenses related to the Commission’s Certification Program (estimated to be zero).

7. **BEI Test License and Marketing.** The Commission for the Deaf and Hard of Hearing is authorized to license any tests that it develops in its Board of Evaluation of Interpreters Program and may sell these tests to other governmental agencies or interested parties. Any revenue generated from these sales is hereby appropriated to the Commission for the Deaf and Hard of Hearing (estimated to be zero).

8. **Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by TCDHH cover, at a minimum, $130,000 in general revenue in each year of the biennium to support Strategy 1.2.1, Interpreters Certification, as well as the “other direct and indirect costs” associated with these programs, appropriated elsewhere in this Act. “Other direct and indirect costs” for the certification of interpreters are estimated to be $17,105 in fiscal year 2004 and $16,994 in fiscal year 2005. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

9. **Appropriation of License Plate Revenue.** Included in funds appropriated above in Strategy A.1.2, Training and Education, is $70,000 for the biennium in general revenue generated from the sale of specialized Texas Commission for the Deaf and Hard of Hearing license plates. Any additional revenues generated by the sale of specialized Texas Commission for the Deaf and Hard of Hearing license plates above $70,000 is hereby appropriated to the agency (estimated to be zero). It is the intent of the Legislature that these funds be expended for direct services programs, training, and education.

10. **Specialized Telecommunications Assistance Program (STAP).** Out of funds appropriated above in Strategy A.1.3, Telecommunications Assistance, for Section 56.151 and Section 56.153(a) of the Utilities Code establishing the Specialized Telecommunications Assistance
Program (STAP), the agency shall allow two-way wireless text messaging devices to be included in the list of eligible devices that participants in STAP may choose to purchase with a STAP voucher.

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION*  

\[\text{For the Years Ending}\]
\[\text{August 31, 2004} \quad \text{August 31, 2005}\]

\section*{A. Goal: CHILDREN AT RISK OF DELAY}  
The Interagency Council on Early Childhood Intervention ensures that all children in Texas below the age of three who have developmental needs or are at risk of developmental delay and their families have the resources and supports they need to reach their Individualized Family Service Plan goals.

\textbf{Outcome (Results/Impact):}  
Percent of Population Under Age Three Served 3.43% 3.6%

\subsection*{A.1.1. Strategy: ECI ELIGIBILITY AWARENESS}  
Conduct statewide activities which ensure that eligible infants, toddlers and their families are identified and families have access to information about the importance of early intervention and how to receive the resources and supports they need to reach their service plan goals.

\$ 407,314 \quad \$ 407,314

\subsection*{A.1.2. Strategy: ADMINISTER SYSTEM OF SERVICES}  
Administer a statewide system of services which ensure that eligible infants, toddlers and their families have access to the resources and supports they need to reach their service plan goals. Provide eligibility determination services to all referred children to determine eligibility for comprehensive and follow along services.

\$ 116,460,284 \quad \$ 125,609,551

\textbf{Output (Volume):}  
Number of Children Served in Comprehensive Services 43,304 46,001  
Number of Children Receiving Eligibility Services 38,880 41,602

\textbf{Efficiencies:}  
Average Cost Per Child: Comprehensive Services State and Federal Funds 2,005 2,015

\subsection*{A.1.3. Strategy: ENSURE QUALITY SERVICES}  
Ensure the quality of early intervention services by offering training and technical assistance, establishing service and personnel standards, and evaluating consumer satisfaction and program performance.

\$ 1,490,928 \quad \$ 1,490,928

\textbf{Output (Volume):}  
Number of Training and Technical Assistance Events Provided 180 180

\section*{Total, Goal A: CHILDREN AT RISK OF DELAY}  
\$ 118,358,526 \quad \$ 127,507,793

\section*{B. Goal: RESPITE CARE FOR FAMILIES}  
Ensure respite care for families.

\subsection*{B.1.1. Strategy: RESPITE CARE}  
Coordinate respite care resources.

\$ 400,000 \quad \$ 400,000

\textbf{Output (Volume):}  
Number of Families Receiving Respite Services 678 678

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.
C. Goal: INDIRECT ADMINISTRATION

C.1.1. Strategy: INDIRECT ADMINISTRATION

$1,324,477 $1,324,477

Grand Total, INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION $120,083,003 $129,232,270

Method of Financing:

General Revenue Fund

General Revenue Fund $18,292,966 $17,487,102

GR Match for Medicaid $836,370 $905,615

GR Certified as Match for Medicaid $13,302,707 $14,039,327

Subtotal, General Revenue Fund $32,432,043 $32,432,044

Federal Funds $74,641,475 $80,202,124

Other Funds

Appropriated Receipts $100,000 $100,000

Interagency Contracts - Transfer from Foundation School Fund No. 193 $12,909,485 $16,498,102

Subtotal, Other Funds $13,009,485 $16,598,102

Total, Method of Financing $120,083,003 $129,232,270

Number of Full-Time-Equivalent Positions (FTE):

66.0

Schedule of Exempt Positions:

Executive Director, Group 3 $68,000 $68,000

Object-of-Expense Informational Listing:

Salaries and Wages $2,613,343 $2,613,343

Other Personnel Costs $40,816 $40,816

Operating Costs $736,167 $736,167

Professional Fees and Services $216,511 $216,511

Consumable Supplies $12,579 $12,579

Utilities $43,906 $43,906

Travel $88,451 $88,451

Rent - Building $2,144 $2,144

Rent - Machine and Other $24,655 $24,655

Other Operating Expense $552,627 $552,628

Client Services $2,371,755 $2,366,556

Grants $113,104,806 $122,059,271

Capital Expenditures $275,243 $275,243

Total, Object-of-Expense Informational Listing $120,083,003 $129,232,270

1. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.
a. Acquisition of Information Resource Technologies

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Lease of Personal Computers</td>
<td>$68,349</td>
<td>$68,349</td>
</tr>
<tr>
<td>(2) ECI Statewide Centralized Data Base</td>
<td>$205,072</td>
<td>$205,072</td>
</tr>
<tr>
<td><strong>Total, Acquisition of Information Resource Technologies</strong></td>
<td>$273,421</td>
<td>$273,421</td>
</tr>
<tr>
<td><strong>Total, Capital Budget</strong></td>
<td>$273,421</td>
<td>$273,421</td>
</tr>
</tbody>
</table>

Method of Financing (Capital Budget):

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$34,175</td>
<td>$34,174</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$239,246</td>
<td>$239,247</td>
</tr>
<tr>
<td><strong>Total, Method of Financing</strong></td>
<td>$273,421</td>
<td>$273,421</td>
</tr>
</tbody>
</table>

2. Reimbursement of Advisory Committee Members. Pursuant to Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, not to exceed $16,650 per fiscal year, is limited to the following advisory committee: Advisory Committee to the Interagency Council on Early Childhood Intervention.

To the maximum extent possible, the department shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

3. Reporting and Other Requirements. The Interagency Council on Early Childhood Intervention, in coordination with the Health and Human Services Commission, shall maintain procedures and monitor contractors for compliance to ensure that third-party resources and Medicaid are billed for eligible services. The agency shall submit quarterly reports to the Legislative Budget Board, the Governor, and the Health and Human Services Commission, that provide information about the number of children served and funded services.

a. The reports should include,

   (1) a copy of the CMS64 Medicaid report. Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the report is submitted to the federal government, and

   (2) a report detailing the number of children served and the expenditures for services paid in for the preceding quarter. Such reports shall be submitted to the Legislative Budget Board, the Governor, and the Health and Human Services Commission no later than the date the agency Performance Measures are due in ABEST.


a. Within the biennium, if it becomes necessary in order to qualify for federal funds, the Executive Director of the Interagency Council on Early Childhood Intervention (ECI) shall certify, by February 1 of each fiscal year of the biennium, to the Commissioner of Health and Human Services that revenues needed to continue to serve all eligible children will exceed available revenue. The Commissioner of Health and Human Services shall evaluate the projected need and make a determination within 30 days as to whether a transfer of funds will be necessary. ECI shall supply the following information to the Legislative Budget Board, the Governor, and the Commissioner of Health and Human Services at the time of any authorization of additional need:
(1) Caseload and average cost projections showing the additional need;
(2) An evaluation of other possible available funding sources that ECI has considered, including federal education funding at the Texas Education Agency, other federal funding sources, and any other possible source;
(3) An evaluation of the availability and continuation of local funding sources to address the funding need; and
(4) Documentation of the agency’s efforts to seek additional funding based on:
   i. Cost-sharing by clients;
   ii. Cost control measures;
   iii. Maximizing coverage under Medicaid and the Children’s Health Insurance Program;
   iv. Third party recovery;
   v. Examining the developmental delay criteria; and
   vi. Maximizing local commitments.

All transfers made shall be subject to the prior approval of the Governor and Legislative Budget Board.

b. Prior to expenditure in fiscal year 2004 of $12,909,485 and fiscal year 2005 of $16,498,102 in Other Funds received through interagency contract with the Texas Education Agency, the agency shall notify the Governor and the Legislative Budget Board that agency intends to use the funds for eligibility determination services, comprehensive services and transition services, and report the amount of funds that will be allocated to each local provider and the number of children the each local provider is expected to serve.

c. It is the intent of the Legislature that the Interagency Council on Early Childhood Intervention maintain procedures for the selection of providers and renewal of provider contracts based on “best value” practices that maximize the use of federal, private, and local funding.

5. **Respite Care for Families.** It is the intent of the Legislature that any General Revenue Funds appropriated for the biennium for the purpose of providing respite care for families shall not be included in the State’s maintenance of effort (MOE) for the federal Individuals with Disabilities Education Act (IDEA), Part C grant.

6. **Education Funding.** Included in the Method of Financing in Other Funds above is $12,909,485 in fiscal year 2004 and $16,498,102 in fiscal year 2005 set aside from the Special Education Allotment and transferred to the Interagency Council on Early Childhood Intervention to support eligibility determination, including the initial determination of eligibility and subsequent eligibility assessments occurring after the initial individualized family service plan. The Interagency Council on Early Childhood Intervention is hereby required to enter into a Memorandum of Understanding with the Texas Education Agency for the purpose of providing funds to ECI contractors for eligibility determinations services, including the initial determination of eligibility and subsequent eligibility assessments occurring after the initial individualized family service plan, comprehensive services and transitions services, as specified. The Memorandum of Understanding may include other provisions the agencies deem necessary. The Interagency Council shall provide a signed copy of the Memorandum of Understanding to the Legislative Budget Board and the Governor, no later than October 1, 2003.

7. **Medicaid Billing of Developmental Rehabilitation Services.** The Interagency Council shall, in coordination with the Health and Human Services Commission, maintain procedures and monitor contractors for compliance to ensure that local providers bill Medicaid for Developmental Rehabilitation Services (DRS) provided by Early Childhood Intervention...
Specialists prior to use of state appropriations and resources and federal Individuals with Disabilities Education Act (IDEA) Part C funds. The agency shall submit quarterly reports to the Legislative Budget Board, Governor and Health and Human Services Commission to include, but not limited to, the number of billings submitted for reimbursement by Medicaid for all early intervention services and in particular developmental services provided by Early Childhood Intervention Specialists, the number of bills approved for Medicaid reimbursement and the amounts received in Medicaid reimbursements by local contractors and any additional information as prescribed by the Legislative Budget Board. The Interagency Council on Early Childhood Intervention shall maintain procedures for reducing allocations to local providers based on projected Medicaid reimbursements of all ECI services that are Medicaid reimbursable including DRS.

To ensure that all DRS provided by local programs are approved for Medicaid reimbursement, the Interagency Council on Early Childhood shall maintain agency policy and procedures requiring that local program staff, including certified teachers, that deliver DRS are certified in the ECI competency demonstration system.

**DEPARTMENT OF HEALTH**

<table>
<thead>
<tr>
<th></th>
<th>For the Years Ending</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Goal: PUBLIC HEALTH PROMOTION</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Ensure that prevention, promotion and education are integral parts of all public health services. Reduce health hazards, support resistance to health threats and promote disease control. Promote individual and community involvement in improving personal and environmental health.</td>
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<tr>
<td><strong>Outcome (Results/Impact):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of Inspected Entities in Compliance with Statutes and/or Rules</td>
<td>78.06%</td>
<td>78.1%</td>
<td></td>
</tr>
<tr>
<td>Percentage of Eligible WIC Population Served</td>
<td>75%</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>Percent of AIDS Cases Diagnosed Two Years Ago and Living 24 Months or More</td>
<td>88.6%</td>
<td>89.1%</td>
<td></td>
</tr>
<tr>
<td>Vaccination Coverage Levels among Children Aged 19 to 35 Months</td>
<td>79%</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td><strong>A.1.1. Strategy: BORDER HEALTH &amp; COLONIAS</strong></td>
<td>$1,276,346</td>
<td>$1,276,346</td>
<td>$1,276,346</td>
</tr>
<tr>
<td>Develop and implement programs designed to assist in the reduction of consumer, environmental, occupational and community health hazards along the Texas/Mexico border and in the “colonias” in a binational effort that coordinates with local providers and community leaders.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A.1.2. Strategy: FOOD (MEAT) &amp; DRUG SAFETY</strong></td>
<td>$18,214,664</td>
<td>$18,214,664</td>
<td>$18,214,664</td>
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<tr>
<td>Design and implement uniform and effective programs to ensure the safety of food, drugs, and medical devices.</td>
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</tr>
<tr>
<td><strong>A.1.3. Strategy: ENVIRONMENTAL HEALTH</strong></td>
<td>$6,623,069</td>
<td>$6,623,069</td>
<td>$6,623,069</td>
</tr>
<tr>
<td>Develop and implement comprehensive, uniform and effective risk assessment and risk management programs in the areas of consumer products, occupational and environmental health, and community sanitation.</td>
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</tr>
</tbody>
</table>

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Sections 11.28, 11.32, and 11.47. Article IX, Section 11.45 appropriates the Department of Health any additional revenues from fees collected for the purpose of obtaining criminal history record information.
Output (Volume):
Number of Enforcement Actions Initiated 5,132 5,132

Efficiencies:
Average Cost Per Surveillance Activity 156 156

A.1.4. Strategy: RADIATION CONTROL
$7,749,762 $7,749,763
Develop and implement a comprehensive regulatory program for all sources of radiation using risk assessment and risk management techniques.

Efficiencies:
Average Cost Per Surveillance Activity 253.74 253.74

A.2.1. Strategy: WIC FOOD & NUTRITION SERVICES
$588,222,037 $587,473,286
To provide nutrition services, including benefits, to eligible low income women, infants and children (WIC) clients, nutrition education and counseling.

Output (Volume):
Number of WIC Participants Provided Nutritious Food Supplements Per Month 837,828 858,774

Efficiencies:
Average Food Costs Per Person Receiving Services 29.93 30.93

Explanatory:
Incidence (Percent) of Low Birth Weight Babies Born to Women, Infants and Children (WIC) Nutrition Program Mothers 5.9% 5.9%

$139,626,285 $131,326,285
Provide HIV and STD education to prevent the spread of infection, identify individuals infected with or exposed to HIV/STD, provide HIV/STD medications, and link infected and exposed individuals to health and social service providers for intervention.

Output (Volume):
Number of Persons Served by the HIV Medication Program 14,189 14,189

A.3.2. Strategy: IMMUNIZATIONS
$41,761,836 $41,761,836
Implement programs to immunize Texas residents.

Output (Volume):
Number of Doses Administered 7,285,520 7,285,520

Explanatory:
Dollar Value (in Millions) of Vaccine Provided by the Federal Government 90 90

A.3.3. Strategy: PREVENTABLE DISEASES
$46,563,667 $46,063,667
Implement programs to reduce the incidence of preventable health conditions such as zoonotic diseases (including tuberculosis) and dental disease, and to improve epidemiological activities to track reductions.

Output (Volume):
Number of Diabetes-related Prevention Activities 200,000 200,000

A.3.4. Strategy: CHRONIC DISEASE SERVICES
$26,568,912 $26,568,912
Provide prompt service and/or referral of all eligible applicants for chronic disease services.

Output (Volume):
Number of Kidney Health Clients Provided Services 25,666 28,232

A.3.5. Strategy: TOBACCO EDUCATION AND PREVENTION
$7,380,570 $7,380,570
Develop and implement a statewide program to provide education, prevention and cessation in the use of cigarettes and tobacco products.
### A.6. Strategy: PUBLIC HEALTH PREPAREDNESS

Plan and implement programs to ensure public health preparedness for bioterrorism, natural epidemics, and other public health threats and emergencies.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, Goal A: PUBLIC HEALTH PROMOTION</td>
<td>$ 926,227,398</td>
<td>$ 916,678,648</td>
</tr>
</tbody>
</table>

### B. Goal: MEDICAID SERVICES

Develop a comprehensive approach to integrate certain Medicaid services with other service delivery programs.

#### B.1.1. Strategy: MEDICAL TRANSPORTATION

Provide non-ambulance transportation for eligible Medicaid recipients to and from providers of Medicaid services.

**Output (Volume):**

- Recipient One-way Trips: 3,418,628, 3,608,819

#### B.1.2. Strategy: TEXAS HEALTH STEPS (EPSDT) MEDICAL

Provide access to comprehensive diagnostic/treatment services for eligible clients by maximizing the use of primary prevention, early detection and management of health care in accordance with all federal mandates.

**Efficiencies:**

- Average Cost Per THSteps (EPSDT) Client Receiving Medical Check-ups in Fee for Service Medicaid: 100.28, 97.68

#### B.1.3. Strategy: TEXAS HEALTH STEPS (EPSDT) DENTAL

Provide dental care in accordance with all federal mandates.

**Efficiencies:**

- Average Cost Per THSteps (EPSDT) Dental Client: 220.71, 212.76

**Total, Goal B: MEDICAID SERVICES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, Goal B: MEDICAID SERVICES</td>
<td>$ 437,248,563</td>
<td>$ 467,077,129</td>
</tr>
</tbody>
</table>

### C. Goal: HEALTH CARE STANDARDS

Assure the highest quality services to all Texans across the care continuum. Respond promptly to the public’s needs and concerns about health professionals and health facilities.

#### C.1.1. Strategy: HEALTH CARE STANDARDS

Implement programs to ensure timely, accurate issuance of licenses, certifications, permits, documentations and placing on a registry for health care professionals and implement cost-effective, efficient, consistent plan to license/certify and provide technical assistance to health care facilities.

**Output (Volume):**

- Number of Health Care Professionals Licensed, Permitted, Certified, Registered, or Documented: 110,667, 111,608
- Number of Complaint Investigations Conducted: 2,032, 2,145

#### C.2.1. Strategy: LABORATORY

Operate a state-of-the-art reference laboratory to provide essential support to disease prevention and other TDH associateship programs in the isolation, identification, detection and verification of living/nonliving agents which cause disease and disabilities.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, Goal B: MEDICAID SERVICES</td>
<td>$ 20,840,258</td>
<td>$ 20,840,258</td>
</tr>
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</table>

DEPARTMENT OF HEALTH
(Continued)

Output (Volume):
Work Time Units Produced 17,400,000 18,100,000

C.2.2. Strategy: LABORATORY-BOND DEBT SERVICE
Reference laboratory - bond debt service.

Total, Goal C: HEALTH CARE STANDARDS $34,790,221 $34,790,221

D. Goal: EQUITABLE ACCESS
Work to eliminate disparities in health status among all population groups. Reduce rates of diseases and conditions which disproportionately affect minority populations. Allocate public health resources in a rational and equitable manner. Promote equitable access to quality health care and public health education for all populations through private providers, public clinics, and/or private-public cooperative ventures.

Outcome (Results/Impact):
Number of Infant Deaths Per Thousand Live Births (Infant Mortality Rate) 5.5 5.5
Percentage of Low Birth Weight Births 7.2% 7.1%
Number of Pregnant Females Age 13-19 Per Thousand (Adolescent Pregnancy Rate) 63.5 62.4

D.1.1. Strategy: WOMEN AND CHILDREN’S HEALTH SRVS
Provide easily accessible, quality and community-based maternal and child health services to low-income women, infants, children and adolescents.

Output (Volume):
Number of Infants <1 and Children Age 1-20 Years Provided Services by the Maternal and Child Health Program 45,366 45,366
Number of Women Provided Services by the Maternal and Child Health Program 69,538 69,538

D.1.2. Strategy: FAMILY PLANNING
Increase family planning services throughout Texas for adolescents and women.

Output (Volume):
Number of Adults and Adolescents Receiving Family Planning Services 464,883 444,260

Efficiencies:
Average Annual Cost Per Family Planning Client 179.99 192.6

D.1.3. Strategy: SPECIAL NEEDS CHILDREN
Administer the Children with Special Health Care Needs (CSHCN) Program.

Output (Volume):
Number of Children with Special Health Care Needs - CSHCN - Receiving Case Management Services 31,372 31,372

Explanatory:
Number of Clients Removed from Waiting List and Provided Services 250 250

D.1.4. Strategy: ABSTINENCE EDUCATION
Increase abstinence education programs in Texas.

Output (Volume):
Number of Persons Served in Abstinence Education Programs 288,520 288,520

D.2.1. Strategy: COMMUNITY HEALTH SERVICES
Develop systems of primary and preventive health care delivery to alleviate the lack of health care in underserved areas of Texas; and develop and implement program policies that are sensitive and responsive to minority populations.

Total, Goal D: EQUITABLE ACCESS $187,230,998 $189,645,989
E. Goal: COORDINATED HEALTH SYSTEM
Establish a coordinated and unified statewide system of public health. Promote the development of competent and effective health leadership throughout the state, focusing on local level development. Coordinate public health policy and service delivery with state agencies, local government, public and private sectors, and the public.

Outcome (Results/Impact):
Percentage of Reported Cases of Tuberculosis that Are Treated Appropriately 100% 100%

E.1.1. Strategy: VITAL STATISTICS SYSTEM
Provide a cost-effective, timely and secure system for recording, certifying, and disseminating information relating to births, deaths, fetal deaths, marriages, and divorces occurring in this state.

Efficiencies:
Average Number of Days to Certify or Verify Records 15 15

E.1.2. Strategy: HEALTH DATA & POLICY
Collect, analyze and distribute data concerning health trends, status, and systems as tools for decision-making policy.

Output (Volume):
Number of Requests for Data and Information Completed 2,800 2,800

E.1.3. Strategy: HEALTH CARE & OUTCOMES
Collect, analyze and distribute health care data concerning charges, utilization, provider quality, and outcomes.

E.2.1. Strategy: SUPPORT OF INDIGENT HEALTH SERVICES
Provide support to local governments that provide indigent health care services.

E.2.2. Strategy: EMERGENCY HEALTH CARE SYSTEM
Develop and enhance regionalized emergency health care systems.

Output (Volume):
Number of Emergency Health Care Providers (EMS Firms, Hospitals, RACS) Assisted through EMS/Trauma System Funding Programs 725 725

E.2.3. Strategy: HEALTH CARE FACILITIES
Provide for more than one level of care for tuberculosis, infectious diseases and chronic respiratory disease patients, provided in systematic coordination among the two facilities and other health care providers.

Output (Volume):
Number of Inpatient Days, Texas Center for Infectious Disease 26,000 26,000
Number of Outpatient Visits, South Texas Health Care System 50,000 50,000

E.2.4. Strategy: PUBLIC HEALTH SERVICES
Coordinate essential public health services at the local level through public health regions and affiliated local health departments, emphasizing community involvement.

E.2.5. Strategy: INDIGENT HEALTH REIMBURSEMENT
Reimburse the provision of indigent health services through the deposit of funds in the State-owned Multicategorical Teaching Hospital Account.

Total, Goal E: COORDINATED HEALTH SYSTEM $ 85,757,153 $ 57,882,444
DEPARTMENT OF HEALTH
(Continued)

F. Goal: INDIRECT ADMINISTRATION

F.1.1. Strategy: CENTRAL ADMINISTRATION $14,995,999 $14,995,998
F.1.2. Strategy: INFORMATION RESOURCES $4,710,424 $4,710,422
F.1.3. Strategy: OTHER SUPPORT SERVICES $12,454,197 $12,454,196
F.1.4. Strategy: REGIONAL ADMINISTRATION $8,659,539 $8,659,538

Total, Goal F: INDIRECT ADMINISTRATION $40,820,159 $40,820,154

Grand Total, DEPARTMENT OF HEALTH $1,712,074,492 $1,706,894,585

Method of Financing:

General Revenue Fund

General Revenue Fund $188,322,626 $180,022,621
Earned Federal Funds 4,718,555 4,718,553
GR for Maternal and Child Health Block Grant 40,208,727 40,208,728
GR for HIV Services 27,138,532 27,138,532
GR Match for Medicaid 179,191,062 186,639,644
Vendor Drug Rebates–Public Health 3,529,000 3,529,000

Subtotal, General Revenue Fund $443,108,502 $442,257,078

General Revenue Fund - Dedicated

Health Department Laboratory Financing Fees (formerly 3595) 3,140,680 3,140,680
WIC Rebates (formerly 3597) 184,350,000 184,350,000
Permanent Fund Tobacco Education & Enforcement Account No. 5044 7,993,590 7,993,590
Permanent Fund Children & Public Health Account No. 5045 3,997,882 3,997,882
Permanent Fund for EMS & Trauma Care Account No. 5046 3,849,692 3,849,692
Community Hospital Capital Improvement Account No. 5048 1,000,361 1,000,361
State Owned Multicategorical Teaching Hospital Account No. 5049 10,000,000 10,000,000
Animal Friendly Account No. 5032 500,000 0
Advisory Commission on Emergency Communications Account No. 5007 2,001,200 2,001,200
Crippled Children Account No. 5009 130,176 130,176
Asbestos Removal Licensure Account No. 5017 2,142,346 2,142,346
Workplace Chemicals List Account No. 5020 659,463 659,463
Certificate of Mammography Systems Account No. 5021 369,163 369,164
Oyster Sales Account No. 5022 252,000 252,000
Food and Drug Registration Account No. 5024 3,787,700 3,787,700
Vital Statistics Account No. 019 2,760,905 2,760,905
Hospital Licensing Account No. 129 1,042,777 1,042,777
Food and Drug Fee Account No. 341 1,571,366 1,571,366
Bureau of Emergency Management Account No. 512 999,176 999,176
Department of Health Public Health Services Fee Account No. 524 9,078,447 9,078,447

Subtotal, General Revenue Fund - Dedicated $239,626,924 $239,126,925

Federal Funds 976,792,422 1,000,838,645

Other Funds

Interagency Contracts 10,360,610 10,360,610
Bond Proceeds - General Obligation Bonds 27,874,707 0
Appropriated Receipts 4,980,842 4,980,842

DEPARTMENT OF HEALTH
(Continued)

State Chest Hospital Fees and Receipts
1,704,061
TDH Public Health Medicaid Reimbursements
7,626,424
Subtotal, Other Funds $52,546,644 $24,671,937

Total, Method of Financing $1,712,074,492 $1,706,894,585

Number of Full-Time-Equivalent Positions (FTE):
4,858.1
Number of FTEs in Riders:
7.5

Schedule of Exempt Positions:
Commissioner of Health, Group 6 $155,000

Supplemental Appropriations Made in Riders:
$60,247,768 $113,427,798

Object-of-Expense Informational Listing:
Salaries and Wages $178,202,542 $178,365,334
Other Personnel Costs 4,011,814 4,011,815
Operating Costs 60,324,832 113,504,862
Professional Fees and Services 38,053,661 38,000,472
Fuels and Lubricants 6,332,774 6,332,774
Utilities 6,348,537 6,348,537
Travel 6,330,044 6,330,044
Rent - Building 6,516,019 6,516,019
Rent - Machine and Other 1,227,859 1,227,859
Other Operating Expense 125,743,728 130,209,019
Client Services 15,600,000 15,600,000
Client Services 994,803,861 1,026,765,770
Food for Persons - Wards of State 107,543 107,543
Grants 284,372,502 276,345,605
Capital Expenditures 44,441,444 10,751,630
Total, Object-of-Expense Informational Listing $1,772,322,260 $1,820,322,383

LIMITATIONS ON EXPENDITURES

1. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

   a. Construction of Buildings and Facilities
      (1) Laboratory - Bond Debt Service $3,140,680 $3,140,680
      (2) Construction of Healthcare Facilities 27,874,507 UB
      Total, Construction of Buildings and Facilities $31,015,187 $3,140,680

   b. Acquisition of Information Resource Technologies
      (1) Client Access Systems 5,618,650 60,500
      (2) Information Systems Improvement 183,000 0

DEPARTMENT OF HEALTH
(Continued)

(3) Surveillance Systems  1,326,300 843,600
(4) Lab Information Systems  430,000 0

Total, Acquisition of Information Resources Technologies  $ 7,557,950 $ 904,100

c. Acquisition of Capital Equipment and Items
(1) Safety and/or Accessibility Equipment 50,000 0

Total, Acquisition of Capital Equipment and Items  $ 50,000 $ 0

Total, Capital Budget  $ 38,623,137 $ 4,044,780

Method of Financing (Capital Budget):

GR Match for Medicaid  $ 45,750 $ 0
GR Dedicated - Health Department Laboratory
Financing Fees (formerly 3595) 3,140,680 3,140,680
Federal Funds 7,132,200 904,100

Other Funds
Appropriated Receipts 430,000 0
Bond Proceeds - General Obligation Bonds 27,874,507 0

Subtotal, Other Funds  $ 28,304,507 $ 0

Total, Method of Financing  $ 38,623,137 $ 4,044,780

2. Limitation: Medicaid Transfer Authority. Notwithstanding any other provision of this Act, none of the funds appropriated by this Act to the Texas Department of Health for

a. Medicaid Strategies in Goal B; and
b. D.1.2. Family Planning

may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated, however, transfers may be made between Medicaid Strategies in accordance with other provisions in this Act.

3. Transfer Authority. Subject to the limitations contained in provisions No. 2, Limitation: Medicaid Transfer Authority and No. 45, Children with Special Health Care Needs and notwithstanding any other provision, appropriations contained in this Act to the Department of Health may be transferred from one appropriation item to another appropriation item in amounts not to exceed 25 percent of All Funds for the fiscal year, at the discretion of the Commissioner of Health. Transfers from one appropriation item to another item that exceed the lesser of $250,000 or 10 percent in All Funds of the appropriation item from which the transfer is made are subject to the approval of the Board of Health, and are subject to the following reporting requirements.

a. At least 14 days prior to a meeting of the Board of Health to consider or take action on any transfer of funds between items of appropriation notification shall be made to the Governor and the Legislative Budget Board.
DEPARTMENT OF HEALTH  
(Continued)

b. At least 14 days prior to a meeting of the Board of Health to consider any program expansion, notification shall be made to the Governor and the Legislative Budget Board. Program expansion is defined as any modification of current policy that would result in an increase in services delivered or clients served, including any increase in funds budgeted in the program.

c. Notifications shall include information regarding the source of funds to be transferred; any changes in Federal Funds related to the proposed transfer; the strategy from which the transfer is to be made and the strategy to which the transfer is to be made; the need which was to be served through the original appropriation and the basis for the decrease in need; the need to be served in the strategy receiving the funds and the basis for such selection and the amounts of funds to be spent on direct client services as opposed to both general and operating support costs. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; source of funding; and impact on existing programs.

Transfers approved by the Commissioner of Health will be reported to the Board of Health, Legislative Budget Board, and the Governor quarterly.

4. Laboratory Funding.

a. All receipts generated by the Texas Department of Health from laboratory fees during the 2004–05 biennium are hereby appropriated to the Texas Department of Health for transfer to the Texas Public Finance Authority for the payment of debt services on the project revenue bonds.

b. Appropriations made out of the General Revenue Fund to the Texas Department of Health in Goal F, Indirect Administration, may be transferred for bond debt service payments only if laboratory fees generated by the laboratory during the biennium are insufficient to support the bond debt service, subject to prior approval of the Governor and the Legislative Budget Board and if no funds appropriated to the Department of Health by this Act have been transferred into Goal F, Indirect Administration.

5. Appropriations Limited to Revenue Collections. The Board of Health shall review all of the fee schedules within its authority on an annual basis. The Department of Health shall provide a copy of the report summarizing this review to the Legislative Budget Board and the Governor no later than September 1 of each year in the biennium, with a copy of the final report to be submitted no later than January 1 of each year of the biennium. It is the intent of the Legislature that, to the extent feasible, fees, fines and other miscellaneous revenues as authorized and generated by the department cover, at a minimum, the cost of the appropriations made for the programs listed in the table below, as well as the “other direct and indirect costs” associated with these programs, appropriated elsewhere in this Act. “Other direct and indirect costs” for these programs are estimated to be $9,180,402 for fiscal year 2004 and $9,315,188 for fiscal year 2005. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. This rider shall apply to revenues generated in the following strategies and deposited under the following revenue codes or account numbers:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Revenue Code or Account</th>
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<tbody>
<tr>
<td>A.1.2. Food (Meat) &amp; Drug Safety</td>
<td>341 Food &amp; Drug Retail Fee</td>
</tr>
<tr>
<td></td>
<td>5022 Oyster Sales</td>
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<tr>
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<td>5024 Food &amp; Drug Registration</td>
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• Fees deposited into 001 to support Food (Meat) and Drug Safety, including fees deposited under the following revenue codes: 3142 (Food Service Worker Training); 3180 (Health Regulation Fees for Body Piercing and Tattoo Studios, Tanning Facility Fees, and Narcotic Treatment Fees); 3400 (Business Fees-Agriculture, for Renderers Licenses and Milk Industry Products); 3414 (Agriculture Inspection Fees, for Meat Inspection); 3554 (Food and Drug Fees, for Medical Device Wholesalers, Food Drug and Cosmetic Sales, and Frozen Desserts).

A.1.3. Environmental Health
• 5017 Asbestos Removal Licensure
• 5020 Workplace Chemical List
• Fees deposited into 001 to support A.1.3, Environmental Health, including fees deposited under the following revenue codes: 3123 (Glue and Paint Sales Permit); 3141 (Bedding Permit Fees); 3175 (Professional Fees, for Code Enforcement Officers); 3180 (Lead-Based Paint Certification Program); 3555 (Hazardous Substance Manufacture); 3562 (Health Related Professions Fees, for Sanitarian Registration and Pesticide Use and Application Program); and 3573 (Health Licenses for Camps, for Migrant Camps and Youth Camps).

A.1.4. Radiation Control
• 5021 Certificate of Mammography Systems
• Fees deposited into 001 to support A.1.4, Radiation Control, including fees deposited under the following revenue codes: 3589 (Radiation Control).

C.1.1. Health Care Standards
• 129 Hospital Licensing
• 512 Emergency Management
• Fees deposited into 001, Revenue Codes: 3175 (Professional Fees, for Health Services Providers, Athletic Trainers); 3180 (Health Regulation Fees, for Special Care Facilities); 3557 (Health Care Facilities Fees, for Abortion Clinics, Ambulatory Surgical Centers, Birthing Centers and End Stage Renal Disease Facilities); 3560 (Medical Examination and Registration, for Perfusionists, Medical Radiologic Technicians, and Respiratory Therapists); 3562 (Health Related Profession Fees, for Medical Physicists, Hearing Aid Dispensers, Marriage and Family Therapists, Massage Therapists, Respiratory Care Practitioners, Professional Counselors, Dispensing Opticians, Speech Pathologists, Dieticians); 3616 (Social Worker Regulation); and 3727 (Councel on Sex Offender Treatment Providers).

E.1.1. Vital Statistics System
• 019 Vital Statistics

6. Medicaid and Other Reporting Requirements.
   a. None of the funds appropriated by this Act to the Texas Department of Health may be expended or distributed by the department unless:
(1) the department submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program, the Maternal and Child Health Block Grant (Title V of the Social Security Act), the WIC program (Child Nutrition Act of 1966, as amended). This shall include, but is not limited to:
   i. expenditure data;
   ii. caseload data;
   iii. interest earnings;
   iv. WIC rebates and Public Health Vendor Drug rebates;
   v. State plan amendments; and
   vi. State plan waivers.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

(2) the department submits to the Legislative Budget Board and the Governor at the end of each quarter: (i) a report detailing the Medicaid caseload figures and related expenditure amounts for the preceding month; (ii) a report projecting the anticipated Medicaid caseloads for the 36 months period beginning with first month after the report is due; and (iii) a report detailing the CSHCN caseload figures and related expenditure amounts for the preceding month.

(3) The Department of Health submits data to the Legislative Budget Board and the Governor by the end of each month pertaining to the actuarial data and forecasts of caseloads and costs for the programs identified in subsection a(2). The data shall be sent in a manner to be specified by the Legislative Budget Board and the Governor.

b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.

c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon information and belief together with supporting documentation.

d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Texas Department of Health if the Legislative Budget Board and the Governor certifies to the Comptroller of Public Accounts that the Department of Health is not in compliance with this provision.

7. Funding for Abstinence Sexual Education. It is the intent of the Legislature that funds appropriated in Strategy D.1.4, Abstinence Education, be utilized for the purpose of implementing abstinence sexual education programs to reduce the need for future family planning services for unwed minors. Abstinence education means materials and instruction which:

a. present abstinence from sexual activity as the preferred choice of behavior for unmarried persons; and

b. emphasize that abstinence from sexual activity, used consistently and correctly, is the only method that is 100 percent effective in preventing pregnancy, sexually transmitted disease, and infection with human immunodeficiency virus or acquired immune deficiency syndrome.
8. **Prohibition on Abortions.**

   a. It is the intent of the Legislature that no funds shall be used to pay the direct or indirect costs (including overhead, rent, phones and utilities) of abortion procedures provided by contractors of the department.

   b. It is also the intent of the legislature that no funds appropriated under Strategy D.1.2, Family Planning, shall be distributed to individuals or entities that perform elective abortion procedures or that contract with or provide funds to individuals or entities for the performance of elective abortion procedures.

   c. If the department concludes that compliance with b. would result in a significant reduction in family planning services in any public health region of the state, the department may waive b. for the affected region to the extent necessary to avoid a significant reduction in family planning services to the region. This waiver provision shall expire on August 31, 2004, and no waiver shall extend beyond that date.

   d. The department shall include in its financial audit a review of the use of appropriated funds to ensure compliance with this section.

9. **Family Planning.** Of funds appropriated under Strategy D.1.2, Family Planning, no state funds may be used to dispense prescription drugs to minors without parental consent.

10. **Medical Treatment.** The Texas Department of Health may distribute funds for medical, dental, psychological or surgical treatment provided to a minor only if consent to treatment is obtained pursuant to Chapter 32 of the Texas Family Code. In the event that compliance with this rider would result in the loss of Federal Funds to the state, the department may modify, or suspend this rider to the extent necessary to prevent such loss of funds, provided that prior approval is obtained from the Governor and the Legislative Budget Board.

11. **Reporting of Child Abuse.** The Texas Department of Health may distribute or provide appropriated funds only to recipients which show good faith efforts to comply with all child abuse reporting guidelines and requirements set forth in Chapter 261 of the Texas Family Code.

12. **Trauma Formula Distribution.** It is the intent of the Legislature that the Department of Health allocate monies from the emergency medical services and trauma care system fund in accordance with Health and Safety Code § 773.122(c). It is further the intent of the Legislature that the Department of Health weight the statutory criteria in such fashion that, in so far as possible, 40 percent of the funds are allocated to urban counties and 60 percent of the funds are allocated rural and frontier counties.

13. **Health Care Facilities.** Funds appropriated above and noted in the Capital Budget rider as Hospital Construction for the purpose of healthcare facilities capital budget items may only be expended for capital budget items in the manner provided for by House Bills 1748 and 3504, Seventy-sixth Legislature. Funds appropriated for these projects may only be expended for each phase of the projects after the Department of Health provides a detailed description of the project phase and cost to the Legislative Budget Board and the Governor prior to implementation of the project phase, and the Legislative Budget Board and the Governor approve the plan.

14. **Authorization to Receive, Administer, and Disburse Federal Funds.** The appropriations made herein may be used to match Federal Funds granted to the state for the payment of personal services and other necessary expenses in connection with the administration and operation of a state program of health services. Notwithstanding the General Provisions of this Act, the Texas Board of Health is hereby authorized to receive and disburse in accordance with
plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as Federal Funds for such purposes, and to receive, administer, and disburse Federal Funds for federal regional programs in accordance with plans agreed upon by the Department of Health and the responsible federal agency, and such other activities as come under the authority of the Texas Board of Health, and such moneys are hereby appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned Federal Funds are not considered to be Federal Funds for the purpose of this section.

15. **Medical Assistance Payments and Unexpended Balances.** Funds for Medical Assistance payments appropriated for Medicaid Strategies in Goal B and D.1.2. Family Planning out of the General Revenue Fund for Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2004 to fiscal year 2005, and such funds are appropriated to the department for the 2004–05 biennium.

16. **Accounting of Support Costs.** The Comptroller of Public Accounts shall establish separate accounts from which certain support costs shall be paid. The Department of Health is hereby authorized to make transfers into these separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs and salary and travel costs of staff whose function supports several programs. The department shall be responsible for monthly allocations of these costs to the original strategies.

17. **WIC (Special Supplemental Program for Women, Infants, and Children) Rebates.** The Department of Health is authorized to receive and expend WIC rebates and interest earnings associated with WIC rebates and such funds are appropriated to the Department of Health. The department shall only expend WIC rebates and interest earnings for the purposes of the WIC program.

18. **Transfers of Appropriations—State-owned Hospital.** The State Texas Center for Infectious Disease shall transfer from non-Medicaid state appropriated funds $9,859,198 in fiscal year 2004 and $9,859,198 in fiscal year 2005 to the Health and Human Services Commission. The timing and form of such transfers shall be determined by the Comptroller of Public Accounts in consultation with the Health and Human Services Commission. The Governor and the Legislative Budget Board are authorized to adjust the amounts of such transfers as necessary to match available Federal Funds.

19. **State Health Care Facility Provisions.** The State Health Care Facilities (formerly known as State Chest Hospitals) operated by the Department of Health are the South Texas Health Care Center System (formerly known as the South Texas Hospital) and the Texas Center for Infectious Disease. The provisions applying to the State Health Care Facilities are as follows:

   a. Out of the funds appropriated above, the Directors of the State Health Care Facilities are authorized a house and utilities in addition to salary.

   b. The professional liability insurance premiums may be paid for physicians employed by the State Health Care Facilities out of the appropriations from the fees for physician services.
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c. It is the intent of the Legislature that the Department of Health develop interagency agreements with the Texas Department of Mental Health and Mental Retardation (TDMHMR) so that medical and surgical services, auxiliary services, pharmacy and laboratory services and other support services of TDMHMR facilities are provided to the extent possible by the two State Health Care Facilities. The Texas Center for Infectious Disease shall provide utilities and inpatient treatment and care services to the San Antonio State Hospital and the San Antonio State School without reimbursement.

d. Out of the funds appropriated above the South Texas Health Care System shall support medical education through the South Texas Family Practice Residency Program–McAllen with the cooperation of the University of Texas Health Science Center at San Antonio.

e. Third party collections (appropriated receipts) collected by the Department of Health State Health Care Facilities are hereby appropriated to Strategy E.2.3, Health Care Facilities, for the provision of services.

20. **Immunization of Employees.** Moneys appropriated above may be expended for any immunization which is required of employees at risk in the performance of their duties.

21. **Professional Liability Insurance Premiums.** From the appropriations made above, the department may also pay the professional liability premiums for those physicians, dentists, hygienists, nurses, and other medical personnel involved in providing medical and dental care in the department's clinical operations.

22. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above not to exceed $200,000 per fiscal year, is limited to the following advisory committees: Family Planning Advisory Council, State Preventive Health Advisory Committee, Oral Health Advisory Committee, Texas Radiation Advisory Board, Hospital Preparedness Planning Committee, Bioterrorism Preparedness and Response Committee, and Preparedness Coordinating Council.

Pursuant to Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to any advisory committee member who represents either the general public or consumer on the following advisory committees: Texas HIV Medication Program Advisory Committee, Children with Special Health Care Needs Advisory Committee, Device Distributors and Manufacturer’s Advisory Committee, Registered Sanitarian Advisory Committee, Code Enforcement Officer’s Advisory Committee, Promotoras Advisory Committee, Asbestos Advisory Committee, Medical Radiological Technologist Advisory Committee, Respiratory Care Practitioners Advisory Committee, and Governor’s Emergency Medical Services and Trauma Advisory Council.

To the maximum extent possible, the department shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

23. **Appropriation of Receipts: Civil Monetary Damages and Penalties.** Out of funds appropriated above related to civil monetary damages and penalties under Health and Safety Code § 431.047, there are appropriated to the department amounts equal to the costs of the investigation and collection proceedings conducted under that section, and any amounts collected as reimbursement for claims paid by the department.
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24. **Unexpended Balances—Prevention and Promotion.** Subject to the approval of the Board of Health, all unexpended balances, including General Revenue and All Funds, not otherwise restricted from appropriations to Goal A: Prevention and Promotion, at the close of the fiscal year ending August 31, 2004, are hereby appropriated for the fiscal year beginning September 1, 2004. The Department of Health shall submit a report to the Legislative Budget Board and the Governor identifying any appropriations carried forward into fiscal year 2005 pursuant to this provision no later than 14 days after Board approval. The report shall be prepared in a format prescribed by the Legislative Budget Board.

25. **Contingent Revenue, Food and Drug Retail Fees.** The Department of Health is hereby appropriated any additional revenues generated in General Revenue–Dedicated Account No. 341, Food and Drug Retail Fees, above the amounts identified in fiscal years 2004 and 2005 for Account No. 341 in the Comptroller of Public Accounts’ Biennial Revenue Estimate, for the purpose of restaurant inspections. The dollar amounts identified above in the Method of Financing are contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate 2004–05 for Revenue Objects deposited into Account No. 341.

26. **Laboratory Revenue.** The Department of Health is hereby appropriated any additional laboratory revenues, generated in General Revenue–Dedicated Account No. 524, above the amounts identified in fiscal years 2004 and 2005 for Account No. 524 in the Comptroller of Public Accounts’ Biennial Revenue Estimate, for the purpose of laboratory operations. This appropriation does not include any amounts deposited into Revenue Object 3561. The dollar amounts above are contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate 2004–05 for Revenue Objects deposited into Account No. 524 and exclude amounts estimated for Revenue Object 3561. Laboratory revenues deposited into Revenue Object No. 3561 are statutorily dedicated for laboratory debt service and may not be used for any other purpose.

27. **Asbestos Revenue.** The Department of Health is hereby appropriated any additional revenues generated in General Revenue-Dedicated, Account No. 5017, Asbestos Removal Licensure, above $3,648,562 in fiscal year 2004 and $3,648,562 in fiscal year 2005, for the purpose of asbestos inspections and regulatory activities. The dollar amounts above are contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate 2004–05 for Revenue Object 3175 deposited into General Revenue-Dedicated, Account No. 5017, Asbestos Removal Licensure.

28. **Additional Appropriation for Quality Patient Care Regulation.** The Texas Department of Health is hereby appropriated for the biennium any revenues above the Biennial Revenue Estimate that are deposited in the General Revenue Fund by the Department of Health under Comptroller Objects 3616, 3560, and 3562 for the purpose of regulating social workers, health-related professionals (marriage and family therapists, dietitians, medical physicists, respiratory care practitioners, and massage therapists), and midwifery training. Funds appropriated in this item may be transferred to the appropriate strategies for the purpose of regulating social workers, health related professionals, and midwifery training.

29. **State Health Programs Drug Manufacturer Rebates.** The Department of Health is authorized to receive and expend drug rebates and interest earnings associated with Kidney Health Care (KHC) drug rebates and Children with Special Health Care Needs (CSHCN) drug rebates and such funds are appropriated to the Department of Health. The department shall only expend the drug rebates and interest earnings for the purpose of client services for the KHC and CSHCN programs. The department shall establish a preference, within these programs, for the purchase of pharmaceutical products from those manufacturers that participate in the State Health Programs Drug Manufacturer Rebate Program for the CSHCN program and the KHC program.
30. **Childhood Lead Registry.** Out of funds appropriated above in Strategy A.3.3, Preventable Diseases, a total of $80,700 in total funds and $65,000 in General Revenue funds each fiscal year of the 2004–05 biennium shall be used for the Childhood Lead Registry.

31. **Performance of Licensing Entities.** The Department of Health shall provide performance information to the Legislative Budget Board and the Governor no later than December 1 of each year for each board or other entity that licenses, certifies, or registers health professionals attached to or within the purview of the Department of Health. For each board or other entity, the department shall provide the following for the previous fiscal year:
   
   a. Number of Professionals Licensed/Certified/Placed on a Registry;
   b. Number of New License/Certificate Applications Received;
   c. Total Number of Complaints Received;
   d. Total Number of Jurisdictional Complaints Resolved; and
   e. Total Number and Type of Disciplinary Actions Taken.

32. **Performance Reporting for TDH Hospital.** The Department of Health shall submit to the Legislative Budget Board and the Governor the following information on a quarterly basis regarding hospital performance: revenue collections at the hospital, by payor type; number of inpatient patients served on a monthly basis, by type of service provided; and number of outpatient patients served on a monthly basis, by type of service provided.

33. **Notification of Regional Funds Distribution.** The Department of Health shall notify the Legislative Budget Board and the Governor of the allocation methodology or formula used to allocate funds and provide an impact analysis of any changes from the previous year’s formula or percentage allocations, by public health region, at least 30 days prior to allocations made out of funds appropriated above in Strategy D.1.1, Women and Children’s Health Services.

34. **Transfer for Health Professions Council.** Out of funds appropriated above in Strategy C.1.1, Health Care Standards, an amount equal to $13,465 in fiscal year 2004 and $14,741 in fiscal year 2005 shall be used for transfer to, and expenditure by, the Health Professions Council as the pro-rated assessment of the Health Licensing Division of the Department of Health.

35. **Increase Immunization.** The Department of Health shall report to the Legislative Budget Board and the Governor no later than September 30 of each year of the biennium on plans to increase immunization rates in Texas, focusing on immunization of pre-school age children. It is the intent of the Legislature that this report be used by the department in managing state and federal resources to increase immunization rates. The report shall detail the following:
   
   a. Methodology used to determine rates of immunization;
   b. Current immunization rates by geographic region of the state, where available, focusing on areas in which pre-school children are immunized at rates less than the state average;
   c. Specific approaches planned for the fiscal year of the report to address geographic areas of under-immunization, including:
      1. Changes to agency procedures to more effectively reach under-immunized areas;
      2. Contracted services and contract provisions to focus on under-immunized areas;
      3. Performance measures, relating to increased immunization rates, which will be included in contract provisions;
      4. Estimated cost for each approach; and
   d. Estimates of the impact that each approach will make individually, and that the approaches will make collectively, to increase immunization rates (for geographic areas when appropriate) and to change other appropriate performance measures.
36. **Rabies Control.** Out of amounts appropriated above, up to $4,761,337 is appropriated in each fiscal year of the 2004–05 biennium to Strategy A.3.3, Preventable Diseases, for zoonotic disease control, including rabies control.

37. **Reducing the Incidence of Vibrio Vulnificus.** Out of the funds appropriated in the Food (Meat) and Drug Safety, the Department of Health shall allocate up to $100,000 in fiscal year 2004 and $100,000 in fiscal year 2005 in the General Revenue Dedicated, Account No. 5022, Oyster Sales, for the purpose of reducing the incidence of Vibrio vulnificus. Appropriation of these funds does not preclude the use of other funds (such as federal or other grants, donations, or awards) to carry out the activities by the Department of Health as provided for herein.

38. **Expenditures Related to School Health.** The Department of Health shall expend up to $3,241,189 for the biennium in total funds, for the purpose of school health services. Further, the Department of Health shall continue to award new contracts for school health services at the rate of at least two per contract award period of the biennium. Nothing in this provision is intended to require the department to contract with an applicant that does not meet the department’s qualification criteria.

39. **Use of Community Health Services Funds.** It is the intent of the Legislature that up to $5 million in FY 2004 and $5 million in FY 2005 of the funds appropriated in Strategy D.2.1. be expended exclusively to sustain existing Federally Qualified Health Centers (FQHCs) and to aid FQHCs through grants to existing or new institutions seeking to become FQHCs for planning, grant writing, initial operating costs, and initial capital costs. Any unused funds after March 1 of each year and all other funds appropriated in Strategy D.2.1, Community Health Services shall be used solely for the provision of direct primary care services through the continuation of the Primary Healthcare Program for existing FQHCs and non-FQHCs, with the exception of a total of $1,018,000 for the 2004-05 biennium appropriated in the strategy for the Office of Minority Health and Parkland Senior Care. No greater than $800,000 may be used each year for administrative expenses.

40. **State Owned Multi-categorical Teaching Hospital Account.** Out of funds appropriated above in Strategy E.2.5, Indigent Health Reimbursement, from the State Owned Multi-categorical Teaching Hospital Account No. 5049 (“Account”), and contingent upon legislation being enacted to limit the dedication of unclaimed lottery proceeds to the first $20,000,000 for this purpose, and contingent upon this amount being collected and deposited in the Account, the amount of $20,000,000 is allocated to the Department of Health for reimbursement to University of Texas Medical Branch at Galveston (UTMB) for the provision of health care services provided to indigent patients. All unexpended balances at the close of the fiscal year ending August 31, 2004, are hereby appropriated for the fiscal year beginning September 1, 2004.

Upon presentation of information supporting UTMB’s claim, the Department of Health shall reimburse UTMB for the health care services provided to indigent patients from the Account established for this purpose. The reimbursement from the Account shall be based upon a rate equal to 90 percent of the Medicaid fee-for-service rate in effect at the time of service for UTMB. This reimbursement shall be made monthly upon the submission to the Department of Health of a statement of the care provided by UTMB to indigent patients. UTMB is authorized to charge patient co-payment amounts for providing health care services, however, UTMB is not entitled to reimbursement for the Account for these co-payment amounts. The Office of the State Auditor will periodically review the statements submitted to the Department of Health for reimbursement from the Account, as well as the disbursement therefrom, to verify compliance with the criteria established herein.
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41. **Appropriation of License Plate Revenue.** Out of funds appropriated above, the Department of Health shall allocate $500,000 from revenues deposited in the General Revenue–Dedicated Fund, Account No. 5032, Animal Friendly, under § 828.014 of the Health and Safety Code for fiscal year 2004. Any unexpended balances as of August 31, 2004, from the amounts appropriated may be carried forward into fiscal year 2005.

42. **Emergency Care Attendant (ECA) Training.** Out of funds appropriated above, the Department of Health shall allocate $261,065 in fiscal year 2004 and $251,065 in fiscal year 2005 for the purpose of providing training grants to local Emergency Medical Services (EMS) instructors to conduct Emergency Care Attendant courses in or near communities lacking local training resources. The Department of Health shall contract with certified EMS instructors to conduct the 40-hour Emergency Care Attendant courses.

43. **End Stage Renal Disease.** Out of funds appropriated above in Strategy C.1.1, Health Care Standards, to the Department of Health, up to $368,000 in General Revenue per year is allocated for the purpose of regulating End Stage Renal Disease facilities.

44. **Kidney Health Care Revenue.** The Department of Health is appropriated any new additional revenues generated from co-pays that are assessed by the Kidney Health care program, are deposited in General Revenue-Dedicated Account 0524 in an amount not to exceed and included above in Strategy A.3.4, Chronic Disease Services in the amount of $2.8 million for the biennium. The additional revenues are appropriated for the purpose of client services in the Kidney Health Care program. This appropriation does not include laboratory revenues deposited in General Revenue-Dedicated Account 524 under Revenue Object 3595, any amounts deposited into Revenue Object 3561, which are statutorily dedicated for laboratory debt service and may not be used for any other purpose, any co-pays deposited for the purpose of the HIV Medication program, or any revenues deposited for the purpose of administering the J-1 Visa Waiver Program.

45. **Children with Special Health Care Needs.**
   a. The Department of Health shall calculate and reserve from transfer the amount of General Revenue and Federal Funds needed to provide services to children who are enrolled in the Children’s Health Insurance Program and who also are eligible through the Children with Special Health Care Needs Program to receive health care benefits excluding family support services not provided in the CHIP benefits package.
   b. Amounts appropriated above to the Department of Health in Strategy D.1.3, Special Needs Children may only be transferred to Strategy E.2.1, Support of Indigent Health Services, to the Health and Human Services Commission Strategy B.2.4, Premium: Children/Medically Needy. Transfers to the Health and Human Services Commission from Department of Health Strategy D.1.3, Special Needs Children, may only be made if General Revenue is made available by CSHCN-eligible children becoming eligible for Medicaid. Any transfers pursuant to this provision are subject to prior notification to the Legislative Budget Board and the Governor that such a transfer is to take place. Funds may not be transferred from Strategy D.1.3, Special Needs Children, if such a transfer would result in a loss of, or reduction in, services or a loss of, or reduction in, persons otherwise eligible for CSHCN services. Notwithstanding any other provisions contained in this Act, no transfers shall be made out of Strategy D.1.1, Women and Children’s Health Services. Further, the department shall make expenditures from Strategy D.1.3, Special Needs Children, from state funds in proportion to the source of funds budgeted for the strategy. The department shall report quarterly on compliance with this provision to the Legislative Budget Board and the Governor. The Comptroller of Public Accounts shall monitor compliance with these provisions and establish additional procedures, if necessary.
c. The Department of Health shall evaluate actuarial projections and projected expenditures for the Children with Special Health Care Needs program on a quarterly basis. If the department makes a finding of fact that projected expenditures are less than projected available appropriations for that fiscal year, the department shall first report this finding and related analysis to the Legislative Budget Board and Governor at least 30 days prior to adding clients from the waiting list to the program rolls. The department should add clients from the waiting list in order that projected expenditures equal projected available appropriations for the fiscal year.

d. The Department of Health is directed to:

   (1) Reduce provider reimbursement rates for Title V providers to mirror reductions in provider reimbursement rates for Medicaid providers.

   (2) Establish 6 month continuous eligibility limitations consistent with the 6 month continuous eligibility limitations in effect in the Medicaid program.

   (3) Make programmatic changes to achieve cost effectiveness within the CSCHN program without reducing the quality of care provided to CSCHN clients and their families.

46. Informational Listing - Permanent Funds and Endowments. The following is an informational list of the amounts used to capitalize Permanent Funds and Endowments created by House Bill 1676, Seventy-sixth Legislature, and does not make appropriations.

   Permanent Fund for Children and Public Health $ 100,000,000
   Permanent Fund for Tobacco Education and Enforcement $ 200,000,000
   Permanent Fund for Emergency Medical Services and Trauma Care $ 100,000,000
   Community Hospital Capital Improvement Fund (Small Urban Hospitals) $ 25,000,000

47. Estimated Appropriation and Unexpended Balance. The estimated amounts appropriated above out of the Permanent Fund for Tobacco Education and Enforcement, the Permanent Fund for Children and Public Health, the Permanent Fund for Emergency Medical Services and Trauma Care, and the Community Hospital Capital Improvement Fund (Small Urban Hospitals) are out of the available earnings of the funds. Available earnings in excess of the amounts estimated above are appropriated to the Texas Department of Health. In the event that amounts available for distribution or investment returns are less than the amounts estimated above, this Act may not be construed as appropriating funds to makeup the difference. Any unexpended appropriations made above as of August 31, 2004, are hereby appropriated to the same agencies and institutions for the same purposes for fiscal year 2005.

48. Administration of Public Health Funds. Funds are appropriated above out of the Permanent Fund for Tobacco Education and Enforcement, the Permanent Fund for Children and Public Health, the Permanent Fund for Emergency Medical Services and Trauma Care, and the Community Hospital Capital Improvement Fund (Small Urban Hospital) for the purpose of implementing House Bill 1676, Seventy-sixth Legislature, 1999. In no event may the administrative costs to implement the provisions of the bill exceed 3 percent. Grants and program costs must compose at least 97 percent of the expenditures to implement the provisions of the bill. Out of the appropriation from the Permanent Fund for Tobacco Education and Enforcement, the Texas Department of Health may reimburse members of an advisory committee related to the Permanent Fund for Tobacco Education and Enforcement if the department appoints an advisory committee.
49. **Tobacco Use Goals.**
   a. It is the intent of the Legislature that the Texas Department of Health or any other grantee or agency that receives funds for tobacco reduction or cessation in the State of Texas create the following goals;
   
   (1) In areas where the state funds tobacco cessation programs at a level of $3.00 per capita, there should be a demonstrated reduction in underage use of cigarettes, snuff, and smokeless tobacco of 60 percent by the year 2010 by all Texans 22 years and younger; and

   (2) In areas where the state funds tobacco prevention and cessation programs at a level of $3.00 per capita, the use of cigarettes, snuff, and smokeless tobacco by all Texans 22 years and younger should be eliminated by the year 2018.

   b. The agency should focus on achieving these goals by creating and using programs permitted under § 403.105, Government Code.

   c. The Texas Department of Health, or any other grantee or agency receiving funds for tobacco reduction or cessation in the state, shall prepare a report by December 1, 2004, on the agency’s progress in achieving the above goals. The report shall include an evaluation of the agency’s progress and recommendations on how to improve the programs. The report shall be submitted to the Seventy-ninth Legislature.

50. **Automated External Defibrillator (AED) Placement in State Buildings.** Out of funds appropriated above, the Department of Health shall allocate $125,000 in fiscal year 2004 and $125,000 in fiscal year 2005 for the purchase and placement of AEDs in state-owned and leased buildings. These placements should occur in a manner consistent with the study authorized by Senate Bill 531, Seventy-seventh Legislature. The department shall establish criteria to identify up to 100 key locations for placement by December 31, 2003.

51. **Regional Emergency Medical Dispatch Resource Center Pilot Program.** Out of funds appropriated above in Strategy E.2.2, Emergency Health Care System, $75,000 in funds from the Advisory Commission on Emergency Communications Account No. 5007 shall be allocated, in each fiscal year of the 2004–05 biennium, to support the regional emergency medical dispatch resource center pilot program. A political subdivision participating in the pilot program may enter into contract with the Department of Health to pay an appropriate share of the cost. The Department of Health is also authorized to seek additional grant funding for the program.

52. **Funding for the Children's Outreach Heart Program.** Out of funds appropriated above in Strategy A.3.4, Chronic Disease Services, $247,000 in General Revenue funds in each fiscal year of the 2004–05 biennium shall be used for the purposes of the Children's Outreach Heart Program.

53. **County Indigent Health Care.** The Texas Department of Health may not distribute more than 35 percent of the total funds appropriated for the County Indigent Health Care program strategy to any single county. If funds remain due to a lack of counties which meet the threshold for participation, the department may carry forward the remaining balance and shall direct those funds to the Primary Health Care Program in the Community Health Services strategy.

54. **Small Urban Hospitals.** Out of funds appropriated above in funds from the Community Hospital Capital Improvement Account No. 5048 to the Texas Department of Health in Strategy E.2.3, Health Care Facilities, the amount of one million dollars for the 2004-05 biennium is allocated to the department for the purposes of providing funds to small urban hospitals.
55. **HIV Medications Program.** The Department of Health is hereby appropriated any additional revenues generated from co-pays that are assessed by the HIV Medication program, are deposited in General Revenue-Dedicated Account 0524 and are above the amounts identified for fiscal years 2004 and 2005 in the Comptroller of Public Account Biennial Revenue estimate. The additional revenues are appropriated for the purchase of medications for the treatment of HIV disease. This appropriation does not include laboratory revenues deposited in General Revenue-Dedicated Account 0524 under Revenue Object 3595 or any amounts deposited into Revenue Object 3561, which are statutorily dedicated for laboratory debt service and may not be used for any other purpose.

56. **J-1 Visa Waiver Program.** The Department of Health is hereby appropriated any additional revenues generated from administrative fees assessed by the J-1 Visa Waiver Program, are deposited in General Revenue-Dedicated Account 0524 and are above the amounts identified for fiscal years 2004 and 2005 in the Comptroller of Public Accounts Biennial Revenue estimate. The additional revenues are appropriated for the purpose of administering the J-1 Visa Waiver Program for physicians serving in health professional shortage areas. This appropriation does not include laboratory revenue deposited in General Revenue-Dedicated Account 524 under Revenue Object 3595, any amounts deposited into Revenue Object 3561, which are statutorily dedicated for laboratory debt service and may not be used for any other purpose, or any co-pays deposited under Revenue Object for the purpose of the HIV Medication Program.

57. **Nuisance Surveys for the Economically Disadvantaged Communities Program.** The Commission on Environmental Quality (TCEQ) and the Water Development Board (WDB) shall reimburse the Department of Health (TDH) for costs incurred by the agency in conducting nuisance surveys for applicants for financial assistance through the Economically Disadvantaged Communities program administered by the Water Development Board. TCEQ and WDB shall each reimburse such costs through Interagency Contracts with TDH in an amount not to exceed a total of $125,000 per agency for the biennium beginning on September 1, 2003.

58. **Medically Fragile Children.** It is the intent of the Legislature that the Texas Department of Health provide appropriate general revenue funding in fiscal years 2004 and 2005 in strategy D.1.3, Special Needs Children, for programs specifically designed for medically fragile children, the most critical of the children with special health care needs. These programs should match state funds with private funds and follow the guidelines and criteria developed through the pilot program for medically fragile children established and funded by Rider 57 to the appropriations made to the Department of Health during the 77th Legislature, Regular Session.

59. **Alternate Funds for Capital Budget.** The Department of Health is authorized to transfer funds from elsewhere in the agency’s budget into the capital budget in order to finance the project identified in the capital budget as “Information Resources” in the amount of $45,750* for the biennium. Amounts identified would be an alternative Method of Financing and not in addition to the amounts authorized. The agency shall notify the Legislative Budget Board, the Governor, and the Comptroller of Public accounts 30 days prior to such a transfer regarding the source of funds to be utilized and the strategy from which the funds shall be transferred.

60. **Additional Transfer Authority: State-funded Immunizations.** Subject to the limitations on transfer authority prescribed by Rider 2 and by Rider 3, the Department of Health may transfer appropriations from one or more other appropriation items to appropriation item A.3.2, Immunizations, in the amounts the commissioner of public health or the Board considers necessary for the purpose of providing current and effective immunizations coverage for recipients of state-funded immunizations comparable to the immunizations coverage received by persons covered by the state Medicaid program or private insurance.

*Typographical error corrected in text.
61. **Renovations at the Texas Center for Infectious Disease.** None of the funds appropriated to the Department of Health may be expended for the purpose of renovations at the Texas Center for Infectious Disease. Funds appropriated may only be expended to construct a new facility at the University of Texas Health Science Center at San Antonio.

62. **Contingency Appropriation for House Bill 1567: Perpetual Care Account.** Contingent upon passage of House Bill 1567, or similar legislation relating to the creation, management, and use of the Perpetual Care Account in the General Revenue Fund, the Texas Department of Health (TDH) is hereby appropriated any revenues, including the proceeds of securities, deposited to the credit of the Perpetual Care Account during the biennium beginning September 1, 2003 (estimated to be $143,000 each fiscal year). These funds shall be used for purposes authorized in Health and Safety Code, § 401.305. Funds appropriated herein may be transferred to other appropriate strategies to implement the provisions set out in Health and Safety Code, § 401.305.

63. **Contingency Appropriation for House Bill 15.** Contingent upon the enactment of House Bill 15 or similar legislation relating to the regulation of abortion by the Seventy-eighth Legislature, Regular Session, and contingent upon the department generating $480,916 in revenues deposited to the credit of General Revenue during the biennium in accordance with the provisions of that Act, the Department of Health is hereby appropriated $218,150 in 2004 and $198,831 in 2005 out of General Revenue funds generated by the department in association with the provisions of House Bill 15 for the purpose of implementing that Act. Also contingent upon the enactment of House Bill 15 or similar legislation, the number of Full-Time Equivalent Positions (FTE) for the Department of Health is hereby increased for each fiscal year of the biennium beginning September 1, 2003, by half of an FTE. Funds appropriated in this item may be transferred to other appropriate strategies for the purpose of implementing that Act. In no event shall the amount expended out of, or transferred from, this appropriation exceed the amount of additional revenues generated pursuant to House Bill 15.

64. **Contingency Appropriation for House Bill 329.** Contingent upon the enactment of House Bill 329 or similar legislation relating to the regulation of mold assessors and remediators by the Seventy-eighth Legislature, Regular Session, and contingent upon the department generating $816,750 in revenues deposited to the credit of General Revenue during the biennium in accordance with the provisions of that Act, the Department of Health is hereby appropriated $411,985 in 2004 and $308,633 in 2005 out of General Revenue for the purpose of implementing that Act. Also contingent upon the enactment of House Bill 329 or similar legislation, the number of Full-Time Equivalent Positions (FTE) for the Department of Health is hereby increased for each fiscal year of the biennium beginning September 1, 2003, by six FTEs. Funds appropriated in this item may be transferred to other appropriate strategies for the purpose of implementing that Act. In no event shall the amount expended out of, or transferred from, this appropriation exceed the amount of additional revenues generated pursuant to House Bill 329.

65. **Contingency Appropriation for House Bill 660.** Contingent upon the enactment of House Bill 660 or similar legislation relating to the access to criminal history record information by certain licensing and regulatory agencies by the Seventy-eighth Legislature, Regular Session, the Department of Health is hereby appropriated any revenues collected as a result of the implementation of that Act in excess of the amounts included in the Comptroller’s Biennial Revenue Estimate for fiscal year 2004 and fiscal year 2005 for General Revenue Fund Revenue Objects 3175, 3560, 3562, and 3616. In no event shall the amount expended out of this appropriation exceed the amount of additional revenues generated pursuant to House Bill 660.

66. **Contingency Appropriation for Senate Bill 1409.** Contingent upon the enactment of Senate Bill 1409 or similar legislation relating to funding and extending the expiration date of the regional emergency medical dispatch resource center pilot program by the Seventy-eighth Legislature, Regular Session, and contingent upon the generation of revenues of $42,280 in...
fiscal year 2004 deposited to General Revenue Dedicated Account No. 5007 above amounts contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate and the generation of $257,169 for the biennium in Other Funds from participating political subdivisions, the department is hereby appropriated $42,280 from General Revenue Dedicated Account No. 5007 and $257,169 in Other Funds for the biennium for the purpose of implementing that Act. Also contingent upon the enactment of Senate Bill 1409 or similar legislation, the number of Full-Time Equivalent Positions (FTE) figure indicated in the bill pattern for the Department of Health is hereby increased for each fiscal year of the biennium beginning September 1, 2003, by one FTE. In no event shall the amount expended out of, or transferred from, this appropriation exceed the amount of additional revenues generated pursuant to Senate Bill 1409.

67. **Contingent Revenue Mammography Certification Fees.** Contingent upon the Department of Health being authorized by the Food and Drug Administration (FDA) to be a certifying body for the purpose of certification of mammography facilities, all revenues above amounts identified in the Biennial Revenue Estimate for 2004-05 and deposited into the Certificate of Mammography Systems Account No. 5021 are hereby appropriated to the Department of Health.

68. **Contingency Appropriation for House Bill 3588.** Contingent upon enactment of House Bill 3588, or similar legislation relating to the construction, acquisition, financing, maintenance, management, operation, ownership, and control of transportation facilities and the progress, improvement, policing, and safety of transportation in the state, $59,338,603 in fiscal year 2004 and $112,613,914 in fiscal year 2005 in funds deposited in the trauma facility and emergency medical services account established under the bill are hereby appropriated to the Department of Health. These funds shall be used to fund designated trauma facilities, county and regional emergency medical services, and trauma care systems. Of the funds appropriated from this account, the Commissioner of Health shall maintain a reserve of $500,000 for extraordinary emergencies.
HEALTH AND HUMAN SERVICES COMMISSION*

For the Years Ending
August 31, 2004  August 31, 2005

A. Goal: IMPROVE SERVICE DELIVERY
The Health and Human Services Commission will improve the effectiveness and efficiency of the delivery of health and human services in Texas.

Outcome (Results/Impact):

<table>
<thead>
<tr>
<th>Percent of Offices Co-located</th>
<th>57%</th>
<th>57%</th>
</tr>
</thead>
</table>

A.1.1. Strategy: SYSTEM INTEGRATION
$14,332,425 $15,607,675
Improve the operations of health and human service agencies in the functional areas of financial services, planning and evaluation, business systems operations and coordination of service delivery.

B. Goal: MEDICAID
Improve the efficiency and effectiveness of the state Medicaid system. Develop a comprehensive approach to provide eligible Medicaid client health care services that are integrated with other direct service delivery programs.

Outcome (Results/Impact):

<table>
<thead>
<tr>
<th>Dollars Recovered by OIE as Percentage of OIE Expenditures</th>
<th>74%</th>
<th>74%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid Acute Care Recipient Months Per Month</td>
<td>2,450,868</td>
<td>2,478,652</td>
</tr>
<tr>
<td>Medicaid Acute Care Cost Per Recipient Month</td>
<td>186.66</td>
<td>191.86</td>
</tr>
</tbody>
</table>

B.1.1. Strategy: STATE MEDICAID OFFICE
$589,709 $589,709
Set the overall policy direction of the state Medicaid program, and manage interagency initiatives to maximize federal dollars and improve quality of services by serving as the single state Medicaid agency.

Output (Volume):

| Medicaid Acute Care Recipient Months Per Month: Managed Care | 975,258 | 1,015,062 |

B.1.2. Strategy: INVESTIGATIONS AND ENFORCEMENT
$10,709,667 $10,709,667
Investigate fraud, waste and abuse in the provision of health and human services, enforce state law relating to the provision of those services, and provide utilization assessment and review of Medicaid client assessment.

Efficiencies:

| Average Dollars Recovered and Saved Per Completed Medicaid Provider Investigation | 80,000 | 80,000 |

B.1.3. Strategy: MEDICAID RATE SETTING FUNCTION
$2,252,188 $2,252,188
Administer Medicaid rate setting function.

B.1.4. Strategy: INFORMAL DISPUTE RESOLUTION
$650,930 $650,930
Administer informal dispute resolution for certain long-term care facilities.

Efficiencies:

| Percent of Reviews Completed Within Designated Timeframes | 84 | 84 |

B.2.1. Strategy: PREMIUMS: AGED & DISABLED
$2,021,482,263 $2,018,623,242
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to Medicaid aged and Medicare-related persons and Medicaid disabled and blind persons.

*Agency appropriations impacted by Article II Special Provisions, Sections 26, 27, and 28, and by Article IX, Section 11.28.
B.2.2. Strategy: PREMIUMS: TANF ADULTS & CHILDREN
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to Temporary Assistance for Needy Families (TANF) adults and TANF-related children.

B.2.3. Strategy: PREMIUMS: PREGNANT WOMEN
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to Medicaid eligible pregnant women.

B.2.4. Strategy: PREMIUMS: CHILDREN/MEDICALLY NEEDY
Provide medically necessary health care in the most appropriate, accessible, and cost effective setting to newborn infants and Medicaid eligible children above the Temporary Assistance for Needy Families (TANF) income eligibility criteria, and medically needy persons.

B.2.5. Strategy: MEDICARE PAYMENTS
Provide accessible premium-based health services to certain Title XVIII Medicare eligible recipients.

Output (Volume):
Supplemental Medical Insurance Part B (SMIB) Recipient Months Per Month 431,464 446,565

Efficiencies:
Average SMIB Premium Per Month 61.84 66.8

B.2.6. Strategy: EPSDT-COMPREHENSIVE CARE
Provide diagnostic/treatment services for federally allowable Medicaid services for conditions identified through an EPSDT screen or other health care encounter but not covered or provided under the State Medicaid Plan.

B.2.7. Strategy: COST REIMBURSED SERVICES
Provide medically necessary health care to Medicaid eligible recipients for services not covered under the insured arrangement including: federally qualified health centers, undocumented persons, school health and related services.

Output (Volume):
Average Number of Undocumented Persons Receiving Emergency Medicaid Services 11,662 13,946

Efficiencies:
Average Undocumented Persons Cost Per Recipient Month 3,060.81 3,152.64

B.2.8. Strategy: MEDICAID VENDOR DRUG PROGRAM
Provide prescription medication to Medicaid eligible recipients as prescribed by their treating physician.

Output (Volume):
Total Medicaid Prescriptions Incurred 35,271,239 35,961,050
HEALTH AND HUMAN SERVICES COMMISSION
(Continued)

Efficiencies:
Average Cost Per Medicaid Prescription 54.89 54.43

Total, Goal B: MEDICAID $9,355,582,514 $9,162,899,225

C. Goal: INSURE CHILDREN
Expand health insurance coverage for uninsured children in Texas.

Outcome (Results/Impact):
Average CHIP Programs Recipient Months Per Month (Includes Immigrant Health Insurance and School Employee Children Insurance) 380,603 346,818
Average CHIP Programs Benefit Cost without Prescription Benefit Per Recipient Month (Includes Immigrant Health Insurance and School Employee Children Insurance) 72.75 73.65
Average CHIP Programs Benefit Cost with Prescription Benefit Per Recipient Month (Includes Immigrant Health Insurance and School Employee Children Insurance) 88.54 91.27

C.1.1. Strategy: CHIP
$335,550,000 $335,550,000
Provide health care to uninsured children who apply for insurance through CHIP.

Output (Volume):
Average CHIP Children Recipient Months Per Month 362,662 330,496

C.1.2. Strategy: IMMIGRANT HEALTH INSURANCE
$10,050,000 $10,050,000
Provide health care to certain uninsured, legal, immigrant children who apply for insurance through CHIP.

Output (Volume):
Average Legal Immigrant Children Recipient Months Per Month 11,246 10,238

C.1.3. Strategy: STATE EMPLOYEE CHILDREN INS (SKIP)
$9,500,000 $9,500,000
Augment the state’s contributions for dependent health insurance coverage for certain state employees (Operational responsibility for this strategy is shared with the Employees Retirement System and higher education institutions insured through ERS).

C.1.4. Strategy: SCHOOL EMPLOYEE CHILDREN INSURANCE
$6,350,000 $6,350,000
Augment the state’s contributions for certain school employees (Operational responsibility for this strategy is shared with the Texas Education Agency).

Output (Volume):
Average School Employee Children Recipient Months/Month 6,695 6,084

C.1.5. Strategy: CHIP VENDOR DRUG PROGRAM
$42,500,000 $42,500,000
Provide prescription medication to CHIP eligible recipients (includes Immigrant Health Insurance and School Employee Children Insurance) as provided by their treating physician.

Output (Volume):
Total Number of CHIP Prescriptions (Includes Immigrant Health Insurance and School Employee Children Insurance) 1,579,322 1,405,792
Efficiencies:
Average Cost Per CHIP Prescription (Includes Immigrant Health Insurance and School Employee Children Insurance) 44.52 49.69

Total, Goal C: INSURE CHILDREN $ 403,950,000 $ 403,950,000

D. Goal: INDIRECT ADMINISTRATION

D.1.1. Strategy: INDIRECT ADMINISTRATION $ 5,964,554 $ 5,434,344

Grand Total, HEALTH AND HUMAN SERVICES COMMISSION $ 9,779,829,493 $ 9,587,891,244

Method of Financing:
General Revenue Fund $ 2,171,408 $ 4,134,232
Premium Co-Payments, Low Income Children, estimated 43,950,000 43,950,000
Premium Credits (State Share), estimated 50,000 50,000
Vendor Drug Rebates–Medicaid, estimated 164,814,586 181,487,342
GR Match for Medicaid 3,049,342,640 2,930,708,754
Tobacco Settlement Receipts Match for Medicaid 402,093,000 397,753,000
Tobacco Settlement Receipts Match for CHIP 86,150,000 86,150,000
Vendor Drug Rebates–CHIP, estimated 1,500,000 1,500,000
Tobacco Settlement Receipts 11,750,000 11,750,000
Experience Rebates - CHIP, estimated 0 0
Cost Sharing - Medicaid Clients, estimated 0 0

Subtotal, General Revenue Fund $ 3,761,821,634 $ 3,657,483,328

Federal Funds 5,896,249,321 5,829,411,834

Other Funds
Appropriated Receipts - Match for Medicaid 102,839,408 82,754,556
Medicaid Subrogation Receipts (State Share), estimated 8,561,691 8,561,691
Interagency Contracts 10,357,439 9,679,835

Subtotal, Other Funds $ 121,758,538 $ 100,996,082

Total, Method of Financing $ 9,779,829,493 $ 9,587,891,244

Number of Full-Time-Equivalent Positions (FTE): 555.5

Schedule of Exempt Positions:
Commissioner of Health and Human Services, Group 7 $189,000 $189,000

Object-of-Expense Informational Listing:
Salaries and Wages $ 22,068,769 $ 22,082,557
Other Personnel Costs 341,653 341,653
Professional Fees and Services 180,999,671 123,646,624
Travel 491,401 491,401
Rent - Building 1,536,218 1,536,218
Rent - Machine and Other 34,494 34,494
HEALTH AND HUMAN SERVICES COMMISSION  
(Continued)

Other Operating Expense
Client Services
Grants
Capital Expenditures
Total, Object-of-Expense Informational Listing  
$ 9,779,829,493 $ 9,587,891,244

1. Capital Budget. None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for “Lease Payments to the Master Equipment Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Acquisition of Information Resource Technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Seat Management - IR</td>
<td>$ 579,496</td>
<td>$ 579,496</td>
</tr>
<tr>
<td>(2) Enterprise HIPAA</td>
<td>$ 5,790,550</td>
<td>$ 5,853,650</td>
</tr>
<tr>
<td>Total, Acquisition of Information Resource Technologies</td>
<td>$ 6,370,046</td>
<td>$ 6,433,146</td>
</tr>
<tr>
<td>Total, Capital Budget</td>
<td>$ 6,370,046</td>
<td>$ 6,433,146</td>
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</tbody>
</table>

Method of Financing (Capital Budget):

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<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR Match for Medicaid</td>
<td>$ 273,062</td>
<td>$ 273,062</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$ 3,366,024</td>
<td>$ 4,106,734</td>
</tr>
<tr>
<td>Interagency Contracts</td>
<td>$ 2,730,960</td>
<td>$ 2,053,350</td>
</tr>
<tr>
<td>Total, Method of Financing</td>
<td>$ 6,370,046</td>
<td>$ 6,433,146</td>
</tr>
</tbody>
</table>

2. Budget Authority for Estimated Pass-through Funds. In addition to the amounts appropriated above for the Health and Human Services Commission, the Commission may establish additional budget authority with the Comptroller of Public Accounts to reflect other estimated income except from the General Revenue Fund.

3. Audit of Medicaid Funds. All transactions involving the transfer or investment of any funds of the Title XIX Medicaid program, held in trust or reserve for the state by any non-governmental entity shall be subject to audit by the State Auditor's Office.

4. Reimbursement of Advisory Committee Members. Pursuant to Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above – not to exceed $27,900 per year, is limited to the following advisory committees: Hospital Payment Advisory Committee, Medical Care Advisory Committee, and Guardianship Advisory Board. To the maximum extent possible, the Commission shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.
5. **Appropriation of Receipts: Civil Monetary Damages and Penalties.** Included in the GR Match for Medicaid appropriated above is $1,030,700 for the biennium from funds collected as civil monetary damages and penalties under Human Resources Code § 32.039. Any amounts above $1,030,700 are hereby appropriated to the Health and Human Services Commission in amounts equal to the costs of the investigation and collection proceedings conducted under the authority of that section.

6. **TIERS Oversight.** It is the intent of the Legislature in funding the Texas Integrated Eligibility Redesign System (TIERS) initiative at the Texas Department of Human Services, that the Health and Human Services Commission shall continue in its project oversight role to assure that client eligibility systems among other health and human services agencies and the Workforce Commission are appropriately accommodated in the design and implementation of TIERS.

7. **Assessments to Health and Human Services Agencies.** The Health and Human Services Commission shall notify the Legislative Budget Board and the Governor by September 1 of each fiscal year of the annual amount of funds to be transferred by interagency contract by each agency under the authority of the Health and Human Services Commission in Government Code, Chapter 531. The report shall provide an explanation of each contract. The Health and Human Services Commission shall provide quarterly updates to the Legislative Budget Board and the Governor, indicating amounts that have actually been transferred and amounts that remain to be transferred.

8. **Maximize Federal Reimbursement for Delinking Activities.** It is the intent of the Legislature that the Health and Human Services Commission continue efforts pursuant to HCR 96, Seventy-sixth Regular Session, to maximize federal reimbursement for activities related to modifications of the Medicaid enrollment and eligibility processes as a result of federal welfare reform. Activities include, but are not limited to, temporarily outstationing Medicaid eligibility workers in hospitals and clinics, providing automation to outstationed staff, training provider staff and eligibility workers, implementing community-based outreach programs, and making automation changes relating to welfare reform.

9. **Federal Funds for Prescription Drug Assistance.** Contingent upon the receipt of federal funds for the purpose of providing prescription drug assistance to seniors, the Health and Human Services Commission may, with the approval of the Legislative Budget Board and the Governor, expend those funds for that purpose.

10. **Voluntary Medicaid Demonstration Pilot.** From funds appropriated above, the Commissioner of Health and Human Services is authorized to implement a voluntary pilot program in a rural area which seeks to evaluate the use of an insured model for beneficiaries of the Texas Medical Assistance Program using the Rural Community Health System, an organization designated under Chapter 20 C of the Insurance Code, provided such pilot or demonstration does not include an area currently covered under an existing Medicaid managed care pilot program.

11. **Custody Relinquishment Prevention Plan.** The Health and Human Services Commission is hereby authorized to develop and implement a plan to prevent custody relinquishment of youth with serious emotional disturbances. To the extent required to implement the plan, the Health and Human Services Commission is authorized to request any necessary waivers or authorizations from the federal government. The Health and Human Services Commission may delay implementing the plan until necessary waivers, authorizations, and funding are provided.
12. **Enhanced Federal Match for Border States.** In order to maximize the use of state funds to deliver services, the Health and Human Services Commissioner shall work with the federal government to develop enhanced federal matching rates for Medicaid and other federal programs operated by states along the border of the United States of America and the United Mexican States.

13. **Limitation: Medicaid and CHIP Transfer Authority.**

   a. **Goal B, Medicaid.** Notwithstanding any other provision in this Act, none of the funds appropriated by this Act to the Health and Human Services Commission for Medicaid Strategies in Goal B may be transferred to any other item of appropriation or expended for any other purpose other than the specific purpose for which the funds are appropriated without the prior written approval of the Legislative Budget Board and the Governor; however, transfers may be made between Medicaid Strategies in Goal B in accordance with other provisions in this Act.

   b. **Goal C, Insure Children (CHIP).** Notwithstanding any other provision in this Act, none of the funds appropriated by this Act to the Health and Human Services Commission for CHIP Strategies in Goal C may be transferred to any other item of appropriation or expended for any other purpose other than the specific purpose for which the funds are appropriated without the prior written approval of the Legislative Budget Board and the Governor; however, transfers may be made between CHIP Strategies in Goal C in accordance with other provisions in this Act.

   c. **Exceptions to Limitations on Transfers.** As an exception to limitations on transfers found in subsections (a) and (b) of this provision and Sec. 6 of Special Provisions Relating to All Health and Human Services Agencies, Approvals of Transfers of Medicaid – Title XIX Funds, up to a total of $7.5 million in General Revenue per fiscal year from Goal B, Medicaid, and Goal C, Insure Children, may be transferred within the Commission’s bill pattern to fund any of the following programs: PeopleSoft (HHSAS), Promoting Independence, Guardianship Program, Family-based Alternatives, Community Resources Coordination Group (CRCG), Texas Integrated Funding Initiative (TIFI). The Health and Human Services Commission shall provide 30-day prior notification to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts of its intent to transfer funding under authority of this subsection. Unless disapproved by the Legislative Budget Board or the Governor within 30 days of notification, the transfer is approved.

14. **Vendor Drug Rebates – Medicaid.**

   a. Funds appropriated above in Strategy B.2.8, Medicaid Vendor Drug Program, include Medicaid vendor drug rebate revenues. The Health and Human Services Commission is authorized to expend Medicaid rebate revenues pursuant to the federal requirements of the Omnibus Budget and Reconciliation Act of 1990 as well as rebates collected in excess of federal requirements pursuant to state law;

   b. Expenditures for the Medicaid Vendor Drug Program shall be made from rebates received in fiscal years 2004 and 2005. As rebates are generated, expenditures to support the Medicaid Vendor Drug Program shall be made from rebate revenues. In the event rebate revenues are not available for expenditure, General Revenue may be used to support the Medicaid Vendor Drug Program until rebate revenues are available. In addition to Vendor Drug Rebates – Medicaid method of finance amounts appropriated above in Strategy B.2.8, Medicaid Vendor Drug Program, the Health and Human Services Commission is appropriated Medicaid vendor drug rebates generated in excess of those amounts, subject to the following requirements:
HEALTH AND HUMAN SERVICES COMMISSION
(Continued)

(1) Vendor drug rebates shall be expended prior to utilization of any General Revenue available for the purpose of the Medicaid Vendor Drug Program;

(2) In the event General Revenue has been expended prior to the receipt of vendor drug rebates, the Commission shall reimburse General Revenue. The Commission shall reimburse the General Revenue Fund with vendor drug rebates on a monthly basis in order to prevent accumulation of Medicaid vendor drug rebates; and

(3) The Commission shall report monthly to the Legislative Budget Board, the Governor, and the Comptroller’s Office on Medicaid vendor drug receipts, expenditures (including expenditures from the General Revenue Fund, made pursuant to this section), and anticipated revenues and balances.

15. Medicaid, CHIP and Other Reporting Requirements. None of the funds appropriated by this Act to the Health and Human Services Commission may be expended or distributed by the Commission unless:

a. The Commission submits notification of proposed State Plan amendments or waivers for Medicaid, CHIP, TANF and any other federal grant requiring a state plan, in accordance with the Commission’s authority under Chapter 531, Government Code, to the Legislative Budget Board and the Governor no later than the date any such amendment or waiver proposal is submitted to the federal government. State Plan amendments and waiver submissions shall also be provided to the Senate Health and Human Services, House Human Services, and House Public Health committees;

b. The Commission submits notification of any change in reimbursement rates or methodologies, including rates negotiated with managed care entities, relating to any services provided under Titles XIX and XXI of the Social Security Act (Medicaid and the Children’s Health Insurance Program), TANF, or any other federal grants in accordance with the Commission’s authority under Chapter 531, Government Code, to the Legislative Budget Board and the Governor. Notification of changes in reimbursement rates or methodologies shall be made at least 14 days before the proposed reimbursement modification is to become effective;

c. The Commission submits reports as follows to the Legislative Budget Board and the Governor by the end of each quarter: i) a report detailing Medicaid, Medicare, CHIP, and Immigrant Health Insurance caseload and prescription drug figures and related expenditure amounts for the preceding 36 months period; ii) a report projecting anticipated Medicaid, Medicare, CHIP, and Immigrant Health Insurance caseload and prescription drug figures and related expenditure amounts for the 36 months period beginning with the first month after the report is due; and iii) other budget information as prescribed by the Legislative Budget Board and the Governor, including but not limited to the following: premium credits, interest earnings, experience rebates, vendor drug rebates, Medicaid Subrogation Receipts, premium co-payments, and appropriated receipts used as match for federal funds;

d. The Commission submits data to the Legislative Budget Board and the Governor by the end of each month pertaining to the actuarial data and forecasts of caseloads and costs for the programs identified in subsection c. The data shall be sent in a manner to be specified by the Legislative Budget Board and the Governor.

e. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor;
f. Each report submitted pursuant to this provision must contain a certification by the person submitting the report that the information provided is true and correct based upon his or her belief together with supporting documentation; and

g. The Comptroller of Public Accounts shall not allow expenditures of funds appropriated by this Act to the Health and Human Services Commission if the Legislative Budget Board and the Governor certify to the Comptroller of Public Accounts that the Health and Human Services Commission is not in compliance with this provision.

16. Medicaid Subrogation Receipts (State Share). For the purposes of this provision, Medicaid Subrogation Receipts are defined as tort settlements related to the Medicaid program. Amounts defined as Medicaid Subrogation Receipts are to be deposited into the General Revenue Fund, Object No. 3802. The Commission is authorized to receive and expend Medicaid Subrogation Receipts. Expenditures shall be made from recoupments and interest earnings received in fiscal year 2004 and fiscal year 2005. The use of the state’s share of Medicaid Subrogation Receipts is limited to funding services for Medicaid clients. Medicaid Subrogation Receipts shall be expended as they are received as a first source, and General Revenue shall be used as a second source, to support the Medicaid program. In the event that these revenues should be greater than the amounts identified in the method of finance above as Medicaid Subrogation Receipts (State Share), the Commission is hereby appropriated and authorized to expend these Other Funds thereby made available, subject to the following requirements:

a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;

b. In the event General Revenue has been expended prior to the receipt of the state’s share of Medicaid Subrogation Receipts, the Commission shall reimburse General Revenue. This process shall be completed on a monthly basis in order to prevent accumulation of Medicaid Subrogation Receipt balances; and

c. The Commission shall report quarterly to the Legislative Budget Board, the Governor, and the Comptroller’s Office on Medicaid Subrogation Receipts, expenditures, and anticipated revenues and balances.

The preceding paragraph shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

17. Transfers from 2005 to 2004. In addition to the transfer authority provided elsewhere in this Act and in order to provide for unanticipated events that increase costs associated with providing Medicaid or CHIP services for eligible clients, the Health and Human Services Commission is authorized to transfer General Revenue from funds appropriated in Medicaid or CHIP strategies in the second year of the biennium to the first year of the biennium. Such transfers may only be made subject to the following:

a. Transfers under this section may be made only:

(1) if costs associated with providing Medicaid or CHIP services exceed the funds appropriated for these services for fiscal year 2004, or

(2) for any other emergency expenditure requirements, including expenditures necessitated by public calamity.
b. A transfer authorized by this section must receive the prior approval of the Governor and the Legislative Budget Board.

c. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

18. Medical Treatment. The Texas Health and Human Services Commission may distribute funds for medical, dental, psychological, or surgical treatment provided to a minor only if consent to treatment is obtained pursuant to Chapter 32 of the Texas Family Code. In the event that compliance with this rider would result in the loss of Federal Funds to the state, the Commission may modify or suspend this rider to the extent necessary to prevent such loss of funds, provided that prior approval is obtained from the Governor and the Legislative Budget Board.

19. Reporting of Child Abuse. The Texas Health and Human Services Commission may distribute or provide appropriated funds only to recipients who show good-faith efforts to comply with all child abuse reporting guidelines and requirements set forth in Chapter 261 of the Texas Family Code.

20. Authorization to Receive, Administer, and Disburse Federal Funds. The appropriations made herein may be used to match Federal Funds granted to the state for the payment of personal services and other necessary expenses in connection with the administration and operation of a state program of health services. Notwithstanding the General Provisions of this Act, the Health and Human Services Commission is hereby authorized to receive and disburse in accordance with plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as Federal Funds for such purposes, and to receive, administer, and disburse Federal Funds for federal regional programs in accordance with plans agreed upon by the Health and Human Services Commission and the responsible federal agency, and such other activities as come under the authority of the Commissioner of Health and Human Services, and such moneys are hereby appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned Federal Funds are not considered to be Federal Funds for the purpose of this section.

21. Medical Assistance Payments and Unexpended Balances. Funds for Medical Assistance payments appropriated for Medicaid Strategies in Goal B out of the General Revenue Fund for Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2004 to fiscal year 2005, and such funds are appropriated to the Commission for the 2004–05 biennium.

22. Risk Stabilization Reserve. Upon termination of a contract with the fiscal agent or insurance carrier for purchased health insurance, or change to another fiscal arrangement, the state’s share of the unexpended balance in the risk stabilization reserve and/or trust account shall be deposited into the General Revenue Fund and such funds are not appropriated to the Health and Human Services Commission.

23. Accounting of Support Costs. The Comptroller of Public Accounts shall establish separate accounts from which certain support costs shall be paid. The Health and Human Services Commission is hereby authorized to make transfers into these separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and
transport costs, telephone system costs and salary and travel costs of staff whose function supports several programs. The Commission shall be responsible for monthly allocations of these costs to the original strategies.

24. **Payment of Hospital Providers.** At the hospital’s option, all payments from funds appropriated for acute care services made to hospitals (1) with more than 100 licensed beds, located in a county that is not a metropolitan statistical area (MSA) as defined by the U.S. Office of Management and Budget, and designated by Medicare as Sole Community Hospital (SCH) or Rural Referral Center (RRC), or (2) with 100 or fewer licensed beds may be reimbursed under a cost-reimbursement methodology authorized by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) using the most current available cost figures. Hospitals reimbursed under TEFRA cost principles shall be paid without the imposition of the TEFRA cap.

At initial cost settlement of the hospital’s fiscal year, the Health and Human Services Commission shall determine the amount of reimbursement the hospital would have been paid under TEFRA cost principles, and if the amount of reimbursement under the TEFRA principles is greater than the amount of reimbursement received by the hospital under the prospective payment system, the Health and Human Services Commission shall reimburse the hospital the difference. These payments shall be made out of the funds appropriated above for acute care hospital services.

25. **Payments to Rural Hospitals under Medicaid Managed Care.** All payments from funds appropriated for acute care services made to rural hospitals with 100 or fewer licensed beds in counties with fewer than 50,000 persons that are in a Medicaid managed care program must be reimbursed at a rate calculated using the higher of the prospective payment system rate or cost-reimbursement methodology authorized under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Hospitals reimbursed under TEFRA cost principles shall be paid without the imposition of the TEFRA cap. Under a full-risk managed care pilot project, the participating managed care organizations shall reimburse the hospitals. This section applies only to a managed care contract that is entered into or renewed on or after September 1, 1997.

26. **Payments to Rural Physicians under Medicaid Managed Care.** All payments made to physicians who practice in rural counties with fewer than 50,000 persons and who participate in a Medicaid managed care program must be reimbursed at the Medicaid fee schedule, or in the case of a full-risk managed care model, at a rate using the current Medicaid fee schedule, including negotiated fee for service. Under a primary care case management system model, primary care physicians also shall be paid a monthly case management fee. This section applies only to a managed care contract that is entered into or renewed on or after September 1, 1997.

27. **Disposition of Appropriation Transfers from State-owned Hospitals.** The Health and Human Services Commission shall use the sums transferred from state owned hospitals as provided elsewhere in the Act as necessary to apply for appropriate matching Federal Funds and to provide the state’s share of disproportionate share payments due to state-owned hospitals. Any amounts of such transferred funds not required for disproportionate share payments shall be deposited by the Health and Human Services Commission to the General Revenue Fund as unappropriated revenue. At the beginning of each fiscal year, the Health and Human Services Commission shall present a schedule of projected transfers and payments to the Comptroller of Public Accounts, the Governor, and the Legislative Budget Board. The Comptroller of Public Accounts shall process all payments and transfers, unless disapproved or modified by the Legislative Budget Board or the Governor.

28. **Medicaid Support and Information Services.** Out of the funds appropriated above in Goal B: Medicaid, such funds as are necessary to implement the project are allocated for the Medicaid Help Line authorized under § 531.021, Government Code. It is the intent of the Legislature that,
under the authority of the Commissioner of Health and Human Services, the Health and Human Services Commission shall operate this service for Medicaid recipients enrolled in managed care plans.

29. **Transfer Authority.** Subject to the limitations contained in provision No. 13, Limitation: Medicaid and CHIP Transfer Authority, and notwithstanding any other provision, appropriations contained in this Act to the Health and Human Services Commission may be transferred from one appropriation item to another appropriation item in amounts not to exceed 25 percent of All Funds for the fiscal year, upon approval by the Commissioner, subject to the following reporting requirements:

   a. At least 14 days prior to any transfer of funds between items of appropriation notification shall be made to the Governor and the Legislative Budget Board.

   b. At least 30 days prior to adopting or implementing a program expansion, notification shall be made to the Governor and the Legislative Budget Board. Program expansion is defined as any modification of current policy that would result in delivery of new or additional services not previously provided or the delivery of services to additional client populations.

   c. Notifications shall include information regarding the source of funds to be transferred; any changes in Federal Funds related to the proposed transfer; the strategy from which the transfer is to be made and the strategy to which the transfer is to be made; the need which was to be served through the original appropriation and the basis for the decrease in need; the need to be served in the strategy receiving the funds and the basis for such selection; and the amounts of funds to be spent on direct client services as opposed to both general and operating support costs. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; source of funding; and impact on existing programs.

30. **Medicaid Provider Reimbursement.** The Health and Human Services Commission shall establish and maintain a provider reimbursement methodology that recognizes and rewards high volume Medicaid practitioners, especially those along the Texas-Mexico border and in medically underserved inner-city areas, where Medicaid funding is vital to the health care delivery system.

31. **Medicaid Reimbursement Rates for Texas State Veterans Homes.** It is the intent of the Legislature that the Health and Human Services Commission, in consultation with the Texas Veterans Land Board and pursuant to existing general law authority, should establish Medicaid reimbursement rates for long-term care services provided to Medicaid-eligible veterans who reside in veterans homes established and operated pursuant to Chapter 164, Natural Resources Code, that contract with the Texas Department of Human Services to provide nursing facility services. The Health and Human Services Commission shall report on December 1 of each fiscal year in the biennium to the Legislative Budget Board and the Governor on the following: how many, on average, Medicaid-eligible veterans are in the veteran’s homes; how many current residents of the homes are determined to be Medicaid eligible in the prior fiscal year; how many Medicaid-eligible veterans transfer into the homes and how many enter the homes as their initial nursing facility during the previous fiscal year. In addition, the report shall contain the total amount of Medicaid reimbursements paid in the prior fiscal year for veterans, the average daily rate paid to the facilities, and any other information requested by the Legislative Budget Board and the Governor.

32. **Use of Additional Premium Credits.** For the purposes of this provision, premium credits are defined as: 1) refunds/rebates of previously paid premiums and interest earnings generated in relationship to the Risk Stabilization Reserve and other accounts listed below; and 2) managed care rebates as described below. Amounts defined as premium credits are to be deposited into
the General Revenue Fund, Object No. 3639. The Health and Human Services Commission is authorized to receive and spend premium credits and interest earnings generated from fund balances with the Risk Stabilization Reserve, the Disbursement Account, and the STAR (Managed Care) Account, as defined in the contractual agreement with the fiscal agent and/or insurance carrier for purchased health services except for those interest earnings related to the Cash Management Improvement Act (CMIA). The Commission is also authorized to receive and spend experience rebates generated in accordance with its contractual agreements with health maintenance organizations who participate in Medicaid managed care. Expenditures shall be made from credits, managed care rebates, and interest earnings received in fiscal years 2004 and 2005. The use of the credits, managed care rebates, and interest earnings is limited to funding services for Medicaid clients. Premium credits shall be expended as they are received as a first source, and General Revenue shall be used as a second source, to support the Medicaid program. In the event that these revenues should be greater than the amounts identified in the method of finance above as Premium Credits, the department is hereby appropriated and authorized to expend these General Revenue Funds thereby made available, subject to the following requirements:

a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;

b. In the event General Revenue has been expended prior to the receipt of premium credits, the Commission shall reimburse General Revenue. This process shall be completed on a monthly basis in order to prevent accumulation of premium credit balances; and

c. The Commission shall report quarterly to the Legislative Budget Board, the Governor, and the Comptroller’s Office on premium credit receipts, expenditures, and anticipated revenues and balances.

The preceding paragraph shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

33. Prescription Drug Cost-efficiency. It is the intent of the Legislature that the Health and Human Services Commission provide medically-needed prescription drugs in the most cost-efficient manner possible. Further, it is the intent of the Legislature that the Commission take into account data reported by drug manufacturers and wholesalers, pursuant to §§ 431.116 and 431.208 of the Health and Safety Code, when establishing reimbursement rates for prescription drugs. Notwithstanding other provisions contained in this Act, funds appropriated above in Strategy B.2.8, Medicaid Vendor Drug Program, are made subject to the following conditions:

a. The Health and Human Services Commission shall provide a schedule of average manufacturer prices and wholesale purchase prices, as compiled from drug manufacturers and wholesalers pursuant to §§ 431.116 and 431.208 of the Health and Safety Code, to the State Auditor’s Office, the Governor, and the Legislative Budget Board on a semi-annual basis.

(1) Specifically, the Commission shall provide a schedule with updated data on the following dates: September 1, 2003, February 1, 2004, September 1, 2004, and February 1, 2005.

(2) The schedule shall detail the source and date of each reported price.
(3) The schedule shall note each manufacturer and wholesaler participating in the Medicaid or CHIP Vendor Drug programs that has not provided data as required by state law. The schedule shall also note what action has been taken by the Attorney General to enforce compliance.

(4) The report shall detail how the reported data has or will influence the reimbursement levels established by the Health and Human Services Commission for prescription drugs.

b. No funds may be transferred into Strategy B.2.8, Medicaid Vendor Drug Program, without the prior approval of the Legislative Budget Board.

34. **Vendor Drug Rebates - CHIP.** The Health and Human Services Commission is authorized to expend CHIP rebate revenues. The method of financing item, Vendor Drug Rebates - CHIP, for appropriations made above, includes unexpended and unobligated balances of Vendor Drug Rebates - CHIP remaining as of August 31, 2003 and receipts earned in fiscal years 2004 and 2005. As rebates are generated, expenditures shall be made from CHIP rebate revenues as a first source and General Revenue as a second source to support the CHIP Vendor Drug Program. Once the Health and Human Services Commission has generated and expended the amounts identified in the method of finance as Vendor Drug Rebates–CHIP above for each fiscal year, the Commission is appropriated and authorized to expend additional amounts generated, subject to the following requirements:

a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;

b. In the event General Revenue has been expended prior to the receipt of CHIP vendor drug rebates, the Commission shall reimburse General Revenue. This process shall be completed on a monthly basis in order to prevent accumulation of CHIP vendor drug rebate balances; and

c. The Commission shall report monthly to the Legislative Budget Board, the Governor, and the Comptroller’s Office on CHIP vendor drug receipts, expenditures, and anticipated revenues and balances.

35. **Use of Additional CHIP Experience Rebates.** For the purposes of this provision, CHIP Experience Rebates are defined as: 1) refunds/rebates of previously paid CHIP premiums and related interest earnings; and 2) managed care rebates and related interest earnings as described below. Amounts defined as CHIP Experience Rebates are to be deposited into the General Revenue Fund. The Health and Human Services Commission is authorized to receive and spend experience rebates generated in accordance with its contractual agreements with managed care organizations and other providers who participate in the CHIP, Immigrant Health Insurance, and School Employee Health Insurance programs. Expenditures shall be made from CHIP Experience Rebates generated in fiscal years 2004 and 2005. The method of financing item, Experience Rebates - CHIP, for appropriations made above, includes unexpended and unobligated balances of Experience Rebates - CHIP remaining as of August 31, 2003, and receipts earned in fiscal years 2004 and 2005.

The use of CHIP Experience Rebates is limited to health care services for CHIP clients. CHIP Experience Rebates shall be expended as they are received as a first source, and General Revenue shall be used as a second source, to support CHIP-related programs. In the event that these revenues should be greater than the amounts identified in the method of finance above as Experience Rebates - CHIP, the department is hereby appropriated and authorized to expend these General Revenue Funds thereby made available, subject to the following requirements:
a. Amounts available shall be expended prior to utilization of any General Revenue available for the same purposes;

b. In the event General Revenue has been expended prior to the receipt of CHIP Experience Rebates, the Commission shall reimburse General Revenue. This process shall be completed on a monthly basis in order to prevent accumulation of CHIP Experience Rebate balances; and

c. The Commission shall report monthly to the Legislative Budget Board, the Governor, and the Comptroller’s Office on CHIP Experience Rebate receipts, expenditures, and anticipated revenues and balances.

The preceding paragraph shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

36. **Rate Analysis and Reporting Requirements.**

   a. None of the funds appropriated by this Act to the Health and Human Services Commission may be expended or distributed by the Commission unless:

      (1) the Commission submits to the Legislative Budget Board at least 60 days prior to the approval of any rate increase or program expansion for the Medicaid or CHIP programs:

         i. notification of the proposed rate increase or program expansion; and
         ii. a five-year cost impact analysis report using the most current caseload forecast.

      (2) The cost impact analysis report shall be prepared in a format approved by the Legislative Budget Board.

   b. Each report submitted to the Legislative Budget Board pursuant to this provision must contain a certification by the Chief Financial Officer and the Health and Human Services Commissioner that the information provided is true and correct based upon their belief together with supporting documentation. Additionally, the Chief Financial Officer and the Health and Human Services Commissioner must either indicate that the proposed action is within biennial appropriated/available funding or estimate the amounts (including General Revenue and All Funds) by which the proposed action will exceed biennial appropriated/available funding.

   c. The Office of the State Auditor shall review the Commission’s documentation, supporting records, and justification, and report back to the Legislative Budget Board prior to the approval action.

   d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Health and Human Services Commission if the Legislative Budget Board certifies to the Comptroller of Public Accounts that the Health and Human Services Commission is not in compliance with this provision.

37. **Umbilical Cord Blood Bank.** Out of funds appropriated above, the Health and Human Services Commission shall use up to $3,500,000 in General Revenue for an unrelated donor umbilical cord blood bank, subject to the following limitations:
a. The entity awarded a grant or contract by the Health and Human Services Commission shall provide local matching funds in an amount equal to funding provided by the Commission. The Comptroller of Public Accounts shall certify that an appropriate amount of local matching funds have been made available prior to releasing state funding; and

b. Any unexpended balances of these funds remaining as of August 31, 2004, are appropriated to the Health and Human Services Commission for the fiscal year beginning September 1, 2004 for the same purpose.

38. **Language Interpreter Services.** It is the intent of the Legislature that the Health and Human Services Commission provide recipients of medical assistance with oral and written language interpreter services financed solely by contributions from local governmental entities and federal matching funds available under the medical assistance program.

39. **Use of Local Funds for 211 Project.** The Health and Human Services Commission is authorized to utilize local funds (appropriated receipts classified as Other Funds) as match for federal funds – including but not limited to federal funds designated for bioterrorism, homeland security, technology initiatives, and other initiatives – for the 211 project. Use of local funds shall not preclude the expenditure of General Revenue for the 211 project, to the extent that such dollars are available for this purpose from funds appropriated above.

40. **Allocation of Funds for Children’s Health Insurance Program.**

   a. The Health and Human Services Commission is hereby appropriated any unexpended balances remaining as of August 31, 2003, from the appropriations for the Children’s Health Insurance Program made in Strategy A.1.1, Article XII, Senate Bill 1, Seventy-seventh Legislature (estimated to be $0), to help fund Goal C, Insure Children, during the 2004–05 biennium. Balances appropriated may only be expended in the manner provided for by this section.

   b. It is the intent of the Legislature that tobacco settlement receipts appropriations made above in Goal C, Insure Children, include $97.9 million for fiscal year 2004 and $97.9 million for fiscal year 2005 in tobacco settlement receipts paid to the State pursuant to the Comprehensive Tobacco Settlement and Release. In the event that the state has not received a tobacco settlements payment for fiscal year 2004 and fiscal year 2005 by September 1 of each year of the biennium, the Comptroller of Public Accounts is hereby authorized to use general revenue funds as needed for program expenditures for cash flow purposes between the beginning of the fiscal year and the receipt by the state of the tobacco settlement payment for the fiscal year. Upon receipt of the tobacco settlement payment, the general revenue fund shall be reimbursed with tobacco settlement receipts for all expenditures made pursuant to this provision.

41. **Payment of August 2005 Premium.** The Health and Human Services Commission is hereby authorized to defer its August 2005 Medicaid premium payment until September 2005 and to pay the August 2005 premium from fiscal year 2006 appropriations. The August 2005 premium is estimated to total $300 million in All Funds, including $120 million in General Revenue. Out of funds appropriated above, 13 premium payments are assumed for fiscal year 2004 and 11 premium payments are assumed for fiscal year 2005.

42. **Cash Basis Expenditures Authorization.** Notwithstanding any other provision of this Act, the Health and Human Services Commission is authorized to expend Medicaid appropriations in a fiscal year without regard to date of service. The authorization herein is limited to expenditures for claims payments, premiums, cost settlements and other related expenses to Medicaid client services.
43. **Breast and Cervical Cancer Programs.** Out of amounts appropriated above to the Health and Human Services Commission in Strategy B.2.7, Cost Reimbursed Services, the Commission shall spend the amount of $2.5 million in General Revenue during the state fiscal biennium beginning September 1, 2003, for purposes of funding breast and cervical cancer programs for low income women.

44. **Evaluation of Mental Retardation Services.** The Health and Human Services Commission shall work with providers, advocates, appropriate agency staff, and other persons or entities deemed by the Commissioner to be necessary to accomplish the following:

a. Evaluate its current regulatory and administrative functions, and those of the agencies under its jurisdiction, relating to the provision of mental retardation services, and recommend ways to eliminate duplicative functions, while maintaining services and ensuring ongoing agency accountability; and

b. Review its current statutory authority and rules, regulations and procedures, and those of the agencies under its jurisdiction, relating to the provision of mental retardation services, to identify those which exceed federal requirements, add no value to current programs, are duplicative, or are overly burdensome or costly, for the purpose of achieving an overall reduction in paperwork requirements imposed upon persons subject to its regulation of at least 10 percent by September 1, 2005 through:

   (1) revision of its own rules, regulations and procedures;

   (2) recommendations for revisions of rules, regulations and procedures of those agencies under its jurisdiction; and

   (3) recommendations for statutory changes by the legislature.

c. The Commission shall report its findings, actions and recommendations to implement this directive to the Legislative Budget Board, the Senate Finance Committee, the House Appropriations Committee and the Governor’s Budget Office not later than October 1, 2004.

45. **Mental Retardation Provider Cost Reporting.** The Health and Human Services Commission shall review and revise its mental retardation provider cost reporting rules, regulations and procedures for the purposes of simplifying the cost reporting process and reducing overall administrative costs to the state and providers while providing fair and accurate financial information to the state necessary to the proper planning and funding of mental retardation services. In so doing, the Health and Human Services Commission shall seek to capture any and all costs, follow GAAP standards and to the extent possible, utilize financial statements similar to those prepared for banking, tax, and other common business financial planning, evaluation and reporting purposes.

In implementing this directive, the Commission shall work with providers, advocates, agency staff, and private sector financial experts, and shall ensure a clear separation between the rate setting and analysis functions from the audit functions.

46. **Medicaid Provider Reimbursement – Application of FY 2004–05 Reductions.** It is the intent of the Legislature that the Health and Human Services Commission shall apply Medicaid reimbursement rate reductions, required by FY 2004–05 appropriation levels, as follows:

a. Reductions related to any long term care budget strategy shall be calculated without rebasing of current reimbursement factors and shall be shared equally across all Medicaid providers funded by the strategy.
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b. Reductions related to physician reimbursement may vary based on Medicaid patient volume, access factors, or other similar factors. The Health and Human Services Commission will seek input from the Physician Payment Advisory Committee prior to implementing any physician reimbursement changes.

c. Reductions related to Medicaid hospital reimbursement shall be calculated without rebasing of current reimbursement factors and may vary based on Medicaid patient volume, access factors, or other similar factors. The Health and Human Services Commission will seek input from the Hospital Payment Advisory Committee prior to implementing any hospital reimbursement changes.

d. Capitation rates for Medicaid Managed Care plans shall be reduced across the board to gain administrative savings and program efficiencies assumed in the appropriations made above.

e. The Health and Human Services Commission may maximize the use of intergovernmental transfers to minimize the impact of provider rate reductions.

47. Performance Reporting for the Prescription Drug Rebate Program. The Commission shall report on a quarterly basis the following information to the Legislative Budget Board and the Governor’s Office: the outstanding prescription drug rebate balances for the Medicaid, CHIP, Kidney Health, and Children with Special Health Care Needs programs. The report shall include rebate principal and interest outstanding, age of receivables, and annual collection rates. The reports shall specify amounts billed, dollar value of pricing adjustments, dollar value of utilization adjustments, and dollars collected. The Commission shall report these data on each year for which the Prescription Drug Rebate program has collected rebates and also on a cumulative basis for all years.

In order to fully comply with this rider, the Commission should address data integrity issues related to the calculation of outstanding balance, cited in the State Auditor’s Office report number 03-029 An Audit Report on the Health & Human Services Commission Prescription Drug Rebate Program.

48. Graduate Medical Education. Any amounts collected and deposited into General Revenue Object 3963 in the General Revenue Fund during the 2004–05 biennium above the amounts contained in the Comptroller of Public Accounts Biennial Revenue Estimate are hereby appropriated to the Health and Human Services Commission for the purpose of making Graduate Medical Education allocations in the Medicaid Program. Amounts appropriated by this provision are not to exceed $40 million for the biennium. This funding does not go into effect if appropriations or allocations from appropriations are made for this purpose in Article IX, Appropriation of State Fiscal Relief Federal Funds.

49. Enterprise HIPAA. The Health and Human Services Commission is hereby authorized to transfer funds from elsewhere in the agency’s budget into the capital budget in order to finance the project identified as “Enterprise HIPAA” in the amount of $3,025,890 for the biennium. Amounts identified would be an alternative Method of Financing and not in addition to the amounts authorized. The agency shall notify the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts 30 days prior to such a transfer regarding the source of funds to be utilized and the strategy from which the funds shall be transferred.

50. Medicaid Eligibility Determinations for Children. It is the intent of the Legislature that the initial Medicaid certification be determined without a face-to-face interview. The Health and Human Services Commission may develop procedures that require an initial Medicaid certification to be conducted by a personal interview only when it is determined that there are no other reasonable means to verify the information needed to satisfactorily determine initial eligibility.
For recertification of Medicaid eligibility, the Health and Human Services Commission may develop procedures to determine the need for a personal interview, based on a system of objective, risk-based factors and conditions. Such procedures shall be intended to focus only on a targeted and limited number of recertifications for which there is a high probability that eligibility has not continued.

51. **Cost Sharing - Medicaid Clients.** Contingent upon enactment by the Seventy-eighth Legislature, Regular Session, of House Bill 2292 or similar legislation relating to the establishment of cost sharing by Medicaid clients, and contingent upon necessary approvals by the federal government, the Health and Human Services Commission is authorized to collect and is hereby appropriated all cost sharing revenues generated by Medicaid clients.

52. **Front-end Medicaid Fraud Program.** Contingent upon passage of House Bill 2292, or similar legislation by the Seventy-eighth Legislature, Regular Session, relating to a Medicaid fraud pilot program, from funds appropriated above, the Commission may implement a “front-end” Medicaid fraud program.

53. **Children’s Health Insurance Program (CHIP) Benefits.** The Health and Human Services Commission may, with input from the Medical Care Advisory Committee and affected CHIP health plans, implement reasonable limits on basic covered benefits in order to add additional cost-effective benefits such as home health care, therapies, durable medical equipment, or other services. Any added services must be offset by limits on basic covered services and may not increase the overall cost of the CHIP benefit package.

The Health and Human Services Commission may also develop alternative financing and service delivery methods for delivering CHIP mental health services. These alternatives may include securing CHIP federal matching funds for qualifying services and expenditures certified or transferred by local mental health authorities or other local governmental entities. These alternatives must rely on non-federal matching funds provided by or through local MHMR centers or other governmental entities and must be budget neutral to CHIP general revenue matching funds appropriated in Strategy C.1.1, CHIP, above.

54. **Application of Quality Assurance Fees to Certain Waiver Programs.** The Commission shall work collaboratively with the Department of Mental Health and Mental Retardation to aggressively seek new ways to maximize the use of federal funds to pay for the cost of services provided through 1915(c) waivers operated by the Department of Mental Health and Mental Retardation, including the possibility of assessing a Quality Assurance Fee on waiver services. Additional funds gained through this effort are hereby appropriated to the Department to be used to restore rate reductions in the HCS waiver, the MRLA waiver, and the non-state operated ICF/MR programs. To the extent possible, the rate restoration shall be retroactive to the time of the initial reimbursement rate reduction. Any excess funds shall be used to reduce or eliminate the wage disparity between the wage component in the HCS and MRLA reimbursement model and the wages paid to comparable direct support professional services workers in state-operated programs for persons with mental retardation; and then, to reduce or eliminate the disparity between the wage component of the non-state operated ICF/MR program professional services workers in state-operated ICF/MR programs.

55. **Study of Facility Closures and Consolidations.** It is the intent of the Legislature that, during the 2004–05 biennium, the Health and Human Services Commission shall study the feasibility of closure and consolidation of facilities funded in Department of Mental Health and Mental Retardation Strategy B.1.1, State Hospitals, and Strategy D.1.1, State Schools. The Commission shall take into account information from clients, clients’ representatives and families, service providers, advocates, and other interested parties in developing the recommendations. The criteria for identifying facilities for closure include:
a. proximity to other facilities and geographical distribution of remaining facilities;
b. administrative cost of the facility;
c. availability of other employment opportunities in the area for employees displaced by the closure;
d. condition of existing facility structures;
e. marketability of the property where the facility is located when considering possible sale of the property or alternate use possibilities;
f. ease of client transfer capability;
g. capacity at remaining facilities to accommodate persons transferred from a facility identified for closure; and 
h. identification of specialty programs and services.

The Commission shall provide a report with site specific recommendations on closures and consolidations when the 2006–07 Legislative Appropriations Request is submitted to the Legislature.

DEPARTMENT OF HUMAN SERVICES*

For the Years Ending
August 31, August 31,
2004 2005

A. Goal: LONG-TERM CARE CONTINUUM
To provide appropriate care based on individual needs ranging from in-home and community-based services for elderly people and people with disabilities who request assistance in maintaining their independence and increasing their quality of life, to institutional care for those who require that level of support, seeking to ensure health and safety and to maintain maximum independence for the client while providing the support required.

Outcome (Results/Impact):
Percent of Long-term Care Clients Served in Community Settings 70.57% 71.1%
Percent of Facilities Complying with Standards at Time of Inspection for Licensure and/or Medicare/Medicaid Certification 66% 66%
Percent of Complaints and Referrals Resulting in Disciplinary Action: Nursing Facility Administrators 85% 85%

Provide assistance with daily needs in homes and community settings which will enable elderly persons, persons with disabilities, and others who qualify for nursing facility care but can be served at home or in the community to maintain their independence and prevent institutionalization.

Output (Volume):
Average Number of Clients Served Per Month: Medicaid Nonwaiver Community Care 111,070 119,968

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.
DEPARTMENT OF HUMAN SERVICES
(Continued)

Efficiencies:
Average Monthly Cost Per Client Served: Medicaid
Nonwaiver Community Care 491.89 495.3

A.1.2. Strategy: COMMUNITY CARE - WAIVERS $ 517,216,458 $ 484,667,910
Provide assistance with daily needs in homes and community settings which will enable elderly persons, persons with disabilities, and others who qualify for nursing facility care but can be served at home or in the community to maintain their independence and prevent institutionalization.

Output (Volume):
Average Number of Clients Served Per Month: Medicaid Community-based Alternatives (CBA) Waiver 29,284 27,211
Average Number of Clients Served Per Month: Medicaid Related Conditions Waiver (CLASS) 1,859 1,817
Average Number of Clients Served Per Month: Medicaid Deaf-blind with Multiple Disabilities Waiver 143 143
Average Number of Clients Served Per Month: Medicaid Dependent Children’s Program Waiver 1,038 983

Efficiencies:
Average Monthly Cost Per Client Served: Medicaid Community-based Alternatives (CBA) Waiver 1,223.03 1,223.03
Average Monthly Cost Per Client Served: Medicaid Related Conditions Waiver (CLASS) 2,602.88 2,602.88
Average Monthly Cost Per Client Served: Medicaid Deaf-blind with Multiple Disabilities Waiver 3,493.96 3,493.96
Average Monthly Cost Per Client Served: Medicaid Dependent Children’s Program Waiver Services $ 74,657,712 $ 74,690,475

A.1.3. Strategy: COMMUNITY CARE - STATE
Provide assistance with daily needs in homes and community settings which will enable elderly persons, persons with disabilities, and others who qualify for nursing facility care but can be served at home or in the community to maintain their independence and prevent institutionalization.

Output (Volume):
Average Number of Clients Served Per Month: Non-Medicaid Community Care 13,971 13,971

Efficiencies:
Average Monthly Cost Per Client Served: Non-medicaid Community Care 426.68 440.64

A.1.4. Strategy: IN-HOME & FAMILY SUPPORT $ 4,000,000 $ 4,000,000
Provide cash subsidy and provide reimbursement for capital improvements, purchase of equipment, and other expenses to enable elderly persons and persons with disabilities to maintain their independence and prevent institutionalization.

Output (Volume):
Average Number of Clients Per Month Receiving In-home Family Support (IHFS) Cash Subsidy 1,876 1,876

A.1.5. Strategy: LTC ELIGIBILITY & SERVICE PLANNING $ 105,845,689 $ 101,822,603
Provide timely and accurate eligibility determination for all individuals who apply and service planning and referral for all elderly persons and persons with disabilities who qualify for services.

Output (Volume):
Average Number of Persons Eligible Per Month: Community Care 157,515 164,243
Average Case Equivalents Per Long-term Care Medicaid Financial Eligibility Worker 285 295
DEPARTMENT OF HUMAN SERVICES

(Continued)

Efficiencies:
Average Monthly Cost Per Case: Community Care $27.21 $24.25

A.1.6. Strategy: NURSING FACILITY & HOSPICE PAYMENTS
Provide payments which will promote quality care for clients with medical problems that require nursing facility or hospice care.
Output (Volume):
Average Number of Persons Receiving Medicaid-funded Nursing Facility Services Per Month 61,035 61,767
Average Number of Clients Receiving Copaid Medicaid/Medicare Nursing Facility Services Per Month 5,751 6,160
Average Number of Clients Receiving Hospice Services Per Month 3,995 4,293
Efficiencies:
Net Nursing Facility Cost Per Medicaid Resident Per Month $2,263.99 $2,233.7
Net Payment Per Client for Copaid Medicaid/Medicare Nursing Facility Services Per Month $1,472.62 $1,501.51
Average Payment Per Client per Month for Hospice $2,081.64 $2,076.11

A.1.7. Strategy: INTEGRATED MANAGED CARE SYSTEMS
Provide the development of integrated managed care systems for aged and disabled clients.
Output (Volume):
Average Number of Aged and Medicare-eligible Recipients Per Month: STAR+PLUS Managed Care 29,097 29,929
Average Number of Disabled and Blind Recipients Per Month: STAR+PLUS Managed Care 22,572 22,700
Average Number of Recipients Per Month: Program for All Inclusive Care (PACE) 1,008 1,070
Efficiencies:
Average Monthly Cost Per Aged and Medicare-eligible Recipient: STAR+PLUS Managed Care $182.82 $186.6
Average Monthly Cost Per Disabled and Blind Recipient: STAR+PLUS Managed Care $641.71 $652.11
Average Monthly Cost Per Recipient: Program for All Inclusive Care (PACE) $2,309.74 $2,300.4

A.2.1. Strategy: LONG-TERM CARE FACILITY REGULATION
Provide licensing, certification and contract enrollment services, as well as financial monitoring and complaint investigation, to ensure that residential facilities comply with state and federal standards and that residents receive high-quality services and are protected from abuse, neglect, and exploitation.
Output (Volume):
Number of Inspections Completed Per Year 4,855 4,855
Number of Complaint and Incident Investigations Completed 16,566 16,566
Total Dollar Amount Collected from Fines $3,409,124 $3,409,124

A.2.2. Strategy: LONG-TERM CARE CREDENTIALING
Provide credentialing, training and enforcement services to qualify individuals to provide services to long-term care facility and home health care agency clients in compliance with applicable law and regulations.
Output (Volume):
Number of Licenses Issued or Renewed Per Year: Nursing Facility Administrators 1,322 939

A.2.3. Strategy: HOME/COMM SUPPORT SVCS LICENSING
Provide licensing, inspection, and certification services to home and community

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support services agencies for the protection of clients and to ensure compliance with state and federal standards.

**Output (Volume):**
- Number of Home and Community Support Services Agency Licenses Issued: 2,379
- Number of Home and Community Support Services Agency Inspections Conducted: 1,547
- Number of Complaint Investigations Conducted On-site: Home and Community Support Services Agencies: 767

**A.24. Strategy: LTC QUALITY OUTREACH**

A.2.4. Strategy: Provide Quality Monitoring and Rapid Response Team Visits in order to assess quality and promote quality improvement in LTC facilities.

**Total, Goal A: LONG-TERM CARE CONTINUUM**

- **Outcome (Results/Impact):**
  - Percent of Total Children in Poverty Receiving TANF: 18.27% (17.45%)
  - Unduplicated Number of TANF Adult Clients per Year Who Have Exhausted Their Time-limited Benefits: 10,463 (12,371)
  - Percent of Poverty Met by TANF, Food Stamps and Medicaid Benefits/Family of Three: 75.8% (76.2%)
  - Percent of TANF Cases Required to Sign the TANF Responsibility Agreement Who Are in Compliance with All Requirements in the Responsibility Agreement: 60% (62%)

**B. Goal: ENCOURAGE SELF-SUFFICIENCY**

To encourage self-sufficiency and long-term independence from public assistance by providing prompt, accurate, comprehensive, and effective support and preventive services to low-income families.

**Outcome (Results/Impact):**
- Percent of Total Children in Poverty Receiving TANF: 18.27% (17.45%)
- Unduplicated Number of TANF Adult Clients per Year Who Have Exhausted Their Time-limited Benefits: 10,463 (12,371)
- Percent of Poverty Met by TANF, Food Stamps and Medicaid Benefits/Family of Three: 75.8% (76.2%)
- Percent of TANF Cases Required to Sign the TANF Responsibility Agreement Who Are in Compliance with All Requirements in the Responsibility Agreement: 60% (62%)

**B.1. Strategy: TANF GRANTS (FORMERLY AFDC)**

- **Output (Volume):**
  - Number of TANF Recipients Per Month: 318,603 (307,228)
  - Number of TANF State-paid Recipients Per Month: 27,202 (25,338)
  - Average Number of TANF One-time Payments Per Month: 706 (695)
  - Average Monthly Grant: TANF: 56.35 (57.14)
  - Average Monthly Grant: TANF - State Paid: 56.04 (58.25)

**B.1.2. Strategy: CSS ELIG & ISSUANCE SERVICES**

- **Output (Volume):**
  - Average Number of Families Determined Eligible Monthly - TANF: 23,722 (23,163)
  - Average Number of Households Determined Eligible Monthly - Food Stamps: 191,168 (197,755)
  - Average Number of Cases Determined Eligible Monthly - Children, Pregnant Women, and Medically Needy Program (CPW Medicaid): 185,688 (189,297)
  - Average Number of Recipients Per Month: Food Stamps: 2,092,653 (2,169,408)
  - Average Number of Recipients Per Month: Children, Pregnant Women, and Medically Needy Program (CPW Medicaid): 1,463,934 (1,496,137)

**B.1.3. Strategy: NUTRITION ASSISTANCE**

- **Output (Volume):**
  - Increase the availability of federal nutrition assistance by providing reimbursement for nutritious meals, food distribution, and nutrition education..

**Total, Goal A: LONG-TERM CARE CONTINUUM**

- **Output (Volume):**
  - Total Number of Home and Community Support Services Agency Licenses Issued: 2,379 (2,379)
  - Total Number of Home and Community Support Services Agency Inspections Conducted: 1,547 (1,547)
  - Total Number of Complaint Investigations Conducted On-site: Home and Community Support Services Agencies: 767 (767)

**Total, Goal A: LONG-TERM CARE CONTINUUM**

- **Total, Goal A: LONG-TERM CARE CONTINUUM**
  - $3,675,289,300 (3,332,018,275)
DEPARTMENT OF HUMAN SERVICES

(Continued)

Output (Volume):
Average Number of Children and Adults Served Meals
Through Child and Adult Care Food Program Per Day
224,891
234,296

B.1.4. Strategy: REFUGEE ASSISTANCE
Assist refugees and immigrants in attaining self-sufficiency through financial, medical, and social services, and disseminate information to interested individuals.

Output (Volume):
Average Number of Refugees Receiving Financial and Medical Assistance Per Month
2,200
2,200

Total, Goal B: ENCOURAGE SELF-SUFFICIENCY
$ 987,753,043
$ 887,277,829

C. Goal: FAMILY VIOLENCE SERVICES
To promote self-sufficiency, safety, and long-term independence from family violence for adult victims and their children by providing emergency, support, and preventive services.

Outcome (Results/Impact):
Percent of Adult Victims of Family Violence Requesting Shelter Who Could Not Receive Shelter Due to Lack of Space
22%
22%

C.1.1. Strategy: FAMILY VIOLENCE SERVICES
Provide emergency shelter and support services to victims of family violence and their children, educate the public, and provide training and prevention support to institutions and agencies.

Output (Volume):
Number of Women and Children Served
83,349
83,349

Efficiencies:
Department of Human Services Average Cost Per Person Receiving Emergency Shelter and/or Nonresident Services
264.12
264.12

D. Goal: INDIRECT ADMINISTRATION

D.1.1. Strategy: CENTRAL ADMINISTRATION
Provide comprehensive management services to all programs and agencies.

D.1.2. Strategy: INFORMATION RESOURCES
Provide information to the public and agencies on all aspects of services and programs.

D.1.3. Strategy: OTHER SUPPORT SERVICES
Support human services agencies and programs.

D.1.4. Strategy: REGIONAL ADMINISTRATION
Support human services agencies and programs.

Total, Goal D: INDIRECT ADMINISTRATION
$ 99,043,712
$ 100,012,836

Grand Total, DEPARTMENT OF HUMAN SERVICES
$ 4,784,101,843
$ 4,341,328,728

Method of Financing:
General Revenue Fund

General Revenue Fund
$ 23,355,713
$ 21,351,762
GR Match for Medicaid
1,445,646,633
1,324,252,068
GR MOE for Temporary Assistance for Needy Families
105,108,501
104,028,853
GR Match for Food Stamp Administration
120,248,744
120,989,148
Earned Federal Funds, estimated
36,800,000
7,100,000

Subtotal, General Revenue Fund
$ 1,731,159,591
$ 1,577,721,831

General Revenue Fund - Dedicated
Home Health Services Account No. 5018
2,440,319
2,440,319
Telecommunications Infrastructure Fund No. 345
27,000,000
0
Compensation to Victims of Crime Account No. 469
17,344,848
17,348,848

Subtotal, General Revenue Fund - Dedicated
$ 46,785,167
$ 19,789,167

Federal Funds
2,957,809,608
2,711,114,150

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Other Funds

| Appropriated Receipts          | 7,932,382 | 7,967,549 |
| Interagency Contracts         | 23,400,169 | 24,736,031 |
| Bond Proceeds - Revenue Bonds | 17,014,926 | 0 |

Subtotal, Other Funds $48,347,477 $32,703,580

Total, Method of Financing $4,784,101,843 $4,341,328,728

Number of Full-Time-Equivalent Positions (FTE)- State and Federal Funds 12,938.4 12,805.9

Number of Full-Time-Equivalent Positions (FTE)- Local and Federal Funds 750.0 750.0

Number of Full-Time-Equivalent Positions (FTE)- All Funds (Total) 13,688.4 13,555.9

Schedule of Exempt Positions:

| Commissioner, Group 6 | $150,000 |

Object-of-Expense Informational Listing:

| Salaries and Wages         | $412,770,801 | $409,511,463 |
| Other Personnel Costs      | 15,774,672 | 15,710,682 |
| Professional Fees and Services | 31,099,843 | 31,378,099 |
| Fuels and Lubricants       | 73,554 | 75,281 |
| Consumable Supplies        | 9,681,826 | 9,768,320 |
| Utilities                 | 12,003,539 | 12,124,294 |
| Travel                    | 10,029,835 | 10,574,636 |
| Rent - Building            | 37,744,818 | 38,933,717 |
| Rent - Machine and Other   | 5,200,014 | 5,252,109 |
| Other Operating Expense    | 95,049,900 | 93,867,956 |
| Client Services            | 3,999,374,085 | 3,656,594,868 |
| Grants                     | 35,802,757 | 36,113,513 |
| Capital Expenditures       | 119,496,199 | 21,423,790 |

Total, Object-of-Expense Informational Listing $4,784,101,843 $4,341,328,728

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

   | 2004 | 2005 |
|---|---|---|
| Acquisition of Information Resource Technologies | | |
| 1) Texas Integrated Eligibility Redesign System | $84,150,277 | UB |
| 2) TIERS Bond Purchases | 17,014,926 | UB |
| 3) Infrastructure Maintenance | 1,566,130 | 2,594,559 |
| Total, Acquisition of Information Resource Technologies | $102,731,333 | 2,594,559 |

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b. Acquisition of Capital Equipment and Items
   (1) Debt Service 1,787,203 2,399,551 & UB

c. Other Lease Payments to the Master Lease Purchase Program (MLPP)
   (1) MLPP Payments 9,545,061 10,791,360

Total, Capital Budget $114,063,597 $15,785,470

Method of Financing (Capital Budget):

General Revenue Fund
   General Revenue Fund $ 2,927,128 $ 909,090
   GR Match for Medicaid 6,472,967 6,648,741
   GR MOE for Temporary Assistance for Needy Families 10,140 9,985
   GR Match for Food Stamp Administration 4,294,643 4,762,157
   Subtotal, General Revenue Fund $13,704,878 $12,329,973

GR Dedicated - Telecommunications Infrastructure Fund No. 345
   27,000,000 0

Federal Funds
   56,326,420 3,436,840

Other Funds
   Other Funds 17,373 18,657
   Bond Proceeds - Revenue Bonds 17,014,926 0
   Subtotal, Other Funds $17,032,299 $18,657

Total, Method of Financing $114,063,597 $15,785,470

2. Medical Assistance Payments. General revenue funds appropriated herein above for all Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2004 to fiscal year 2005, and such funds are appropriated to the department for the 2004–05 biennium.

3. Federal Funds Appropriated. The appropriations herein made may be used to match federal funds granted to the state for the payment of personal services, travel and other necessary expenses in connection with the administration and operation of a state program of public welfare services. The Department of Human Services is hereby authorized to receive and disburse in accordance with plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as federal funds for such purposes and all fees authorized by federal law, and to receive, administer, and disburse federal funds for federal programs in accordance with plans agreed upon by the Department of Human Services and the responsible federal agency, and such other activities as come under the authority of the Department of Human Services, and such moneys are appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned federal funds are not considered to be federal funds for the purpose of this section.

4. Federal, State and Local Funds Appropriated. The Department of Human Services is hereby authorized to accept all moneys appropriated by the federal or state governments, or by the Commissioners’ Court of any county, or by any political subdivisions, as provided by Human Resources Code § 11.003, as amended, for any purpose including but not limited to the cost of
distributing foods to needy people, institutions, school lunch programs, or otherwise as provided by the laws of the United States and the rules and regulations issued pursuant thereto for the distribution of commodities as they now read or as they may be hereafter amended, and to deposit said moneys in the State Treasury. All of said funds are hereby appropriated to the Department of Human Services for the purposes for which they were granted.

5. **Appropriation of Federal and Local Funds.** All funds received by the department from counties, cities, federal agencies and from any other local source and all balances from such sources as of August 31, 2003, are hereby appropriated for the biennium ending August 31, 2005, for the purpose of carrying out the provisions of this Act.

6. **Food Stamp Program Funds Appropriated.** The Department of Human Services is hereby designated as the state agency to establish and operate a statewide Food Stamp Program and to accept all moneys appropriated for this purpose by the federal or state governments, by the Commissioners’ Court of any county, by any political subdivisions of the state, or received from any other source as provided for herein and in Chapter 33, Human Resources Code. The Department of Human Services is authorized to expend such funds for welfare purposes, including the cost of distributing foods to needy people, institutions, school lunch programs, or otherwise as provided by the laws of the United States and the rules and regulations issued pursuant thereto, for the establishment and operation of a statewide Food Stamp Program, and for the employment of essential personnel who shall be employed under a merit system basis comparable to the merit principles or standards applicable to all other personnel of the department.

7. **Nursing Home Program Provisions.**
   a. **Nursing Home Income Eligibility Cap.** It is the intent of the Legislature that the income eligibility cap for nursing home care shall be maintained at the federal maximum level of 300 percent of Supplemental Security Income (SSI). Further, it is the intent of the Legislature that any cost-of-living increase in social security or other benefits sponsored by the federal government or that any increase in other pension plans should not result in the termination of Title XIX benefits for persons already eligible for services. The Department of Human Services is hereby authorized to expend general revenue funds to the extent necessary to ensure the continuation of benefits to persons eligible.

   b. **Limitation of Per Day Cost of Alternate Care.**

      (1) Subject to the exception in (2), no funds shall be expended by the Department of Human Services for alternate care where the cost per patient per day exceeds the average Medicaid Nursing or ICF-MR Facility rate or the patient's nursing or ICF-MR facility rate, whichever is greater, except for cases individually exempted by the Board of Human Services or by the Commissioner of Human Services.

      (2) The department may not disallow or jeopardize community services for individuals currently receiving services under Medicaid waivers if those services are required for that individual to live in the most integrated setting, the reimbursement rate paid for needed services does not exceed 133.3 percent of the reimbursement rate that would have been paid for that same individual to receive comparable services in an institution over a six month period, and the department continues to comply with cost-effectiveness requirements from the Centers for Medicare and Medicaid Service.

      The department shall “grandfather” on September 1, 2003, those individuals receiving services in a medical assistance waiver program, under authority granted in the department’s budget rider 7 from the Seventy-seventh Legislature, when
continuation of these services is necessary for the individual to live in the most integrated setting appropriate to his/her needs and the department continues to comply with the cost-effectiveness requirements from the Centers for Medicare and Medicaid Service.

c. Establishment of a Swing-bed Program. Out of the funds appropriated above for nursing home vendor payments, the department shall maintain a "swing-bed" program, in accordance with federal regulations, to provide reimbursement for skilled nursing patients who are served in hospital settings in counties with a population of 100,000 or less. If the swing beds are used for more than one 30-day length of stay per year per patient, the hospital must comply with the regulations and standards required for nursing home facilities.

d. Nursing Home Bed Capacity Planning. It is the intent of the Legislature that the department shall establish by rule procedures for controlling the number of Medicaid beds and for the decertification of unused Medicaid beds and for reallocating some or all of the decertified Medicaid beds. The procedures shall take into account a facility’s occupancy rate.

e. Nursing Facility Competition. It is the intent of the Legislature that the department encourage competition among contracted nursing facilities.

8. Appropriation of Receipts: Civil Monetary Damages and Penalties. Included in the General Revenue Funds appropriated above is $2,660,000 for the biennium from funds collected as civil monetary damages and penalties under Human Resources Code § 32.021. Any amounts above $2,660,000 are hereby appropriated to the department in amounts equal to the costs of the investigation and collection proceedings conducted under that section, and any amounts collected as reimbursement for claims paid by the department.

9. Appropriations Limited to Revenue Collections. It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover, at a minimum, the cost of the appropriations made above for the Nursing Facility Administrator program in Strategy A.2.2, Long Term Care Credentialing and Home Health and Community Support Service Agencies program in Strategy A.2.3, Home and Community Support Services Licensing as well as the “other direct and indirect costs” associated with this program, appropriated elsewhere in this Act. Direct costs for the Nursing Facility Administrator program are estimated to be $248,766 for fiscal year 2004 and $248,766 for fiscal year 2005. Direct costs for the Home and Community Support Services Licensing program are estimated to be $1,867,073 for fiscal year 2004 and $1,870,615 for fiscal year 2005. “Other direct and indirect costs” for the Nursing Facility Administrator program are estimated to be $82,831 for fiscal year 2004 and $83,702 for fiscal year 2005. “Other direct and indirect costs” for the Home and Community Support Services Licensing program are estimated to be $427,904 for fiscal year 2004 and $434,200 for fiscal year 2005. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.

10. Accounting of Support Costs. The State Comptroller shall establish separate accounts from which certain support costs shall be paid. The Department of Human Services is hereby authorized to make transfers into these separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include, but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs, and salary and travel costs of staff whose function supports several programs. The department shall be responsible for monthly allocations of these costs to the original strategies.
11. **Fund Transfers for Funds Consolidation.** For the purpose of funds consolidation, federal and other funds may be transferred into the General Revenue Fund from the Department of Human Services Fund No. 117. The initial deposit of federal funds shall be made into Fund No. 117 and no direct expenditures shall be made from this fund.

12. **Pediatric Care in Nursing Facilities.** In determining the appropriate placement for children who currently receive care in nursing facilities, the department shall, within the requirements of federal law, consider the requests of parents concerning either a continued stay in a nursing facility providing skilled pediatric care or an alternate placement.

13. **Limitation: Transfer Authority.** Notwithstanding any other provision of this Act, none of the funds appropriated by this Act to the Department of Human Services for

   a. A.1.1. Community Care Entitlement;
   b. A.1.2. Community Care - Waivers;
   c. A.1.3. Community Care - State;
   d. A.1.4. In-home & Family Support;
   e. A.1.5. LTC Eligibility & Service Planning;
   f. A.1.6. Nursing Facility & Hospice Payments;
   g. A.1.7. Integrated Managed Care Systems;
   h. A.2.1. Long-Term Care Facility Regulation; and
   i. B.1.2. CSS Eligibility & Issuance Services.

may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated, unless the Commissioner certifies to the Legislative Budget Board and the Governor that such a transfer is necessary to maintain direct services to clients or to provide needed transitional services and complies with other provisions contained in this Act regarding notification of transfers. However, transfers may be made between Medicaid Strategies in accordance with other provisions in this Act.

14. **Additional Funding Sources, Medicaid.** Notwithstanding any other provisions of this Act, if the appropriations provided for

   a. A.1.1. Community Care - Entitlement;
   b. A.1.2. Community Care - Waivers;
   c. A.1.5. LTC Eligibility & Service Planning;
   d. A.1.6. Nursing Facility & Hospice Payments;
   e. A.1.7. Integrated Managed Care Systems;
   f. A.2.1. Long-Term Care Facility Regulation; and
   g. B.1.2. CSS Eligibility & Issuance Services

are not sufficient to provide for expenditures mandated by either state or federal law, after accounting for any appropriations made to the department and available for transfer to these programs, the Legislative Budget Board and the Governor may provide for and are hereby authorized to direct the transfer of sufficient amounts of funds to the department from appropriations made elsewhere in this Act.

15. **Medicaid and Other Program Reporting Requirements.**

   a. None of the funds appropriated by this Act to the Department of Human Services may be expended or distributed by the department unless:

      (1) the department submits to the Legislative Budget Board and the Governor a copy of each report or petition submitted to the federal government relating to Medicaid, Temporary Assistance for Needy Families, and other programs. This shall include, but is not limited to:
DEPARTMENT OF HUMAN SERVICES
(Continued)

(i) expenditure data;
(ii) caseload data;
(iii) revenue generation;
(iv) cost allocation revisions;
(v) state plan amendments; and
(vi) state plan waivers, including, but not limited to, applications for new waivers or changes to existing waiver services, costs, or authorized number of clients.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

(2) the department submits to the Legislative Budget Board and the Governor at the close of each quarter a report detailing Medicaid, TANF, and other program caseload figures and related expenditure amounts for the preceding 36 months, and projecting the anticipated Medicaid and other program caseloads, related expenditure amounts, and full-time equivalent requirements for the 36 month period beginning with the first month after the report is due. The report shall be prepared in a format specified by the Legislative Budget Board.

(3) The Department of Human Services submits data to the Legislative Budget Board and the Governor by the end of each month pertaining to the actuarial data and forecasts of caseloads and costs for the programs identified in subsection a(2). The data shall be sent in a manner to be specified by the Legislative Budget Board and the Governor.

b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting material as specified by the Legislative Budget Board and the Governor.

c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report that the information provided is true and correct based upon information and belief together with supporting documentation.

d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Department of Human Services if the Legislative Budget Board and the Governor certify to the Comptroller of Public Accounts that the Department of Human Services is not in compliance with this provision.

e. The department shall submit to the Legislative Budget Board and the Governor a monthly report on expenditures and encumbrances of the agency by strategy. The report shall include, but is not limited to expenditures and methods of finance, number of full-time equivalent positions, both state/federal and local/federal, Earned Federal Funds, and capital budget.

16. Earned Federal Funds.

a. The Department of Human Services shall submit a monthly report to the Legislative Budget Board and the Governor which details revenues, expenditures, and balances for earned federal funds as of the last day of the prior month. The report shall be prepared in a format approved by the Legislative Budget Board.

b. The authority to receive and expend earned federal funds generated in the 2004–05 biennium in excess of those appropriated above is subject to the following limitations:
(1) At least 14 days prior to any expenditure of earned federal funds in excess of those appropriated, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission. At least 14 days prior to any meeting of the Board of Human Services to budget any use of earned federal funds above levels indicated in the appropriation above or to consider any program expansion, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission.

(2) Notifications shall include information regarding the need which will be served with the additional revenue. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; and impact upon existing programs.

(3) The report shall include the information detailed in "2" and identify the impact on established performance targets, measures, and full-time equivalent positions.

17. Child Support Supplemental Payments. Out of the funds appropriated above in Strategy B.1.1, TANF Grants, and child support collections from the Child Support Trust Fund, the department shall make supplemental payments to families receiving welfare who would be eligible to receive child support “pass through” and “first excess” payments under the Social Security Act Title IV-D child support distribution requirements prior to passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. These payments shall equal the amount of the “pass through” and “first excess” payment the family would have received under prior law. Child support collections shall comprise a portion of each total payment. The portion of the total payment funded with child support collections shall equal the state share of the Federal Medical Assistance Percentage (FMAP) for the fiscal year. If child support “pass through” or “first excess” payment distribution requirements are modified by federal law after enactment of this provision, the department, in cooperation with the Office of the Attorney General, shall adjust the supplemental payments as necessary to be consistent with federal law and to not exceed the total the family would have received prior to welfare reform. The department shall report any change to child support supplemental payments to the Governor and Legislative Budget Board.

18. Temporary Emergency Assistance for Families At-Risk of Welfare Dependency. Out of funds appropriated above in Strategy B.1.1, TANF Grants, the department shall provide a one-time emergency assistance payment to applicants for Temporary Assistance for Needy Families (TANF) who are likely to be employed within a short period of time, without referral to the Choices program. It is the intent of the Legislature that the department expand the use of one-time emergency payments as a cost-effective deterrence from the TANF program.

19. Revolving Account for the Consolidated Health and Human Services Print Shop. It is the intent of the Legislature that the Department of Human Services establish and maintain the “Revolving Account for the Consolidated Health and Human Services Print Shop” to account for the expenditures, revenues, and balances of managing a full-cost recovery Consolidated Print Shop. The expenditures, revenues, and balances included above for this operation shall be maintained separately by the Department of Human Services within its accounting system. Any unobligated balances as of August 31, 2004, are appropriated for the same use during fiscal year 2005. For the purpose of meeting cash flow needs, the Department of Human Services may temporarily transfer funds from Strategy D.1.3, Other Support Services, to the revolving account. Transfers must be returned by the end of the fiscal year.

20. Appropriation Transfer Between Fiscal Years. In addition to the transfer authority provided elsewhere in this Act, the Department of Human Services may transfer appropriations made for fiscal year 2005 to fiscal year 2004, subject to the following conditions provided by this section:
a. Transfers under this section may be made only:
   (1) If costs associated with providing Long Term Care Medicaid services exceed the funds appropriated for these services for fiscal year 2004, or
   (2) for any other emergency expenditure requirements, including expenditures necessitated by public calamity.

b. Transfers may not exceed $50,000,000 in general revenue.

c. A transfer authorized by this section must receive the prior approval of the Governor and the Legislative Budget Board.

d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

21. **Enhanced Federal Funding and High Performance Bonus for Administration of the Food Stamp Program.** Enhanced federal funding is defined as funding from the federal government which exceeds the normal federal contribution toward administrative costs. High Performance Bonuses are annual incentive payments to state agencies that meet standards for high or most improved performance established by the Secretary of the U.S. Department of Agriculture. The authority to expend enhanced federal funding for administrative costs paid in a prior fiscal year is subject to the following conditions:

a. Within 30 days of receiving notice of the state’s eligibility for enhanced federal funding or a performance bonus, the Department of Human Services shall notify the Legislative Budget Board and the Governor;

b. At least 14 days prior to any meeting of the Board of Human Services to budget enhanced federal funds or a performance bonus, the Department of Human Services shall provide documentation of the proposed use of these funds to the Legislative Budget Board, the Governor, and Health and Human Services Commission. The report shall identify the impact on established performance targets, measures, and full-time equivalent positions, and shall be prepared in a format specified by the Legislative Budget Board.

c. In the event that the state receives enhanced federal funds or a performance bonus, the Department of Human Services is appropriated all funds received by the agency subject to all limitations in this rider and to the following:

   (1) a portion of these funds, in each year of the biennium, shall be used by the Department of Human Services for the development and operation of a nutrition education and outreach program, or for activities that otherwise improve low-income consumers’ access to basic nutrition and healthy foods; and

   (2) a portion of these funds, in each year of the biennium, shall be used by the Department of Human Services to provide bonuses to position classifications whose efforts directly contributed to meeting these performance standards, or to position classifications who meet or exceed customer service performance measures developed by the department, or whose efforts directly contributed to increasing the percentage of eligible persons who receive Food Stamps.

   (3) Any Enhanced Federal Funds or High Performance bonus received by the Department of Human Services between June 2, 2003 and August 31, 2003 is hereby appropriated to the department.

d. Before an employee can be eligible for a bonus, the employee must have been employed in the program for the related twelve months, remains employed in the program, and whose performance meets expectations.
e. The department has the authority to determine whether employees who have received bonuses under this provision are eligible for merit salary increases during a twelve-month period prior to or after receipt of the bonus.

f. The department shall prepare quarterly reports summarizing the department’s progress in implementing the outreach program required in section (c) and file those reports with the standing committees of the Senate and House of Representatives having primary jurisdiction over health and human services.

22. **Reimbursement of Advisory Committees.** Pursuant to Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, not to exceed $8,000 per fiscal year, is limited to the following advisory committee:

a. Nursing Facility Administrators Advisory Committee

To the maximum extent possible, the department shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

23. **Temporary Assistance for Needy Families (TANF) Maintenance of Effort.** It is the intent of the Legislature that all general revenue appropriated above for TANF maintenance of effort shall be expended within the appropriate fiscal year for that purpose in order to secure the TANF federal block grant for the state. Out of funds appropriated above in Strategy B.1.1, TANF Grants and Strategy B.1.2, CSS Eligibility and Issuance Services, $105,108,501 in general revenue is appropriated for TANF maintenance of effort for fiscal year 2004, and $104,028,853 in general revenue is appropriated for TANF maintenance of effort for fiscal year 2005. None of the general revenue appropriated for TANF maintenance of effort in Strategy B.1.1, TANF Grants and Strategy B.1.2, CSS Eligibility and Issuance Services, may be transferred to any other item of appropriation or expended for any purpose other than the specific purpose for which the funds are appropriated. However, general revenue appropriated for TANF maintenance of effort may be transferred to Strategy B.1.2, CSS Eligibility and Issuance Services, subject to the following limitations:

a. Declines or shifts in TANF caseloads prevent the Department of Human Services from expending all general revenue appropriated for TANF maintenance of effort in Strategy B.1.1, TANF Grants and Strategy B.1.2, CSS Eligibility and Issuance Services, within the appropriate fiscal year;

b. The amount of general revenue transferred from Strategy B.1.1, TANF Grants, shall be expended within Strategy B.1.2, CSS Eligibility and Issuance Services, for TANF program operating costs (object of expense 2000), within the appropriate fiscal year; and

c. At least 14 days prior to transferring general revenue funds between Strategy B.1.1, TANF Grants and Strategy B.1.2, CSS Eligibility and Issuance Services, the Department of Human Services shall notify the Legislative Budget Board and the Governor.

24. **Earned Income Disregard.** It is the intent of the Legislature that out of amounts appropriated above to Strategy B.1.1, TANF Grants, the Department of Human Services is to maintain the earned income disregard for working TANF families. When determining eligibility and benefits, the department shall exclude $120 of earnings and 90 percent of the remaining earnings for each of the first four months of employment by a recipient. After the first four months of employment, the department shall exclude $120 of a recipient’s earnings each month.

25. **Survey of Nursing Facility Residents.** Out of funds appropriated above in Strategy A.1.6, Nursing Facility and Hospice Payments, the Department of Human Services is allocated
a. Up to $360,000 in all funds, of which up to $180,000 is general revenue, in fiscal year 2004 to conduct a survey of nursing facility residents. The survey shall assess how satisfied residents are with their quality of care and quality of life. Not later than January 15, 2005, the department shall submit a written report on the survey to the Legislature, Governor, and Health and Human Services Commissioner;

b. Up to $1,000,000 in all funds, of which up to $500,000 is general revenue, to perform on-site case reviews of nursing home resident care in specific quality areas. Using measurement tools developed in the Quality Improvement pilot, these reviews will identify preventable occurrences of adverse outcomes. The result of these reviews will be included in the report to the Legislature, Governor and Health and Human Services Commissioner described in (a) above.

26. **TANF Grants.** It is the intent of the Legislature that the department shall adjust the TANF grant amount each year to ensure that the maximum monthly grant for a family of three is at least 17 percent of the federal poverty level and provide a one-time per year grant of up to $30 for each TANF child on August 1 of each year.

27. **Full-time Equivalent Positions (FTE)–Local and Federal Funds.** Only local funds (appropriated receipts) and federal funds may be used to pay salaries, benefits or related costs for the Number of Full-time Equivalent Positions (FTE)–Local and Federal Funds, identified above. The following are included within this cap: 583 worker FTE positions in Strategy B.1.2, CSS Eligibility and Issuance Services, 126 FTE positions in Strategy B.1.3, Nutrition Assistance, 25 FTE positions in Strategy B.1.4, Refugee Assistance, and 16.0 FTE positions in A.1.5, LTC–Eligibility and Service Planning. The Department of Human Services may utilize the FTE authority contained in the Number of Full-time Equivalent Positions (FTE)–Local and Federal Funds only to the extent that local and federal funds are readily available. Under no circumstances may unfilled FTE positions from the Number of Full-time Equivalent Positions (FTE)–Local and Federal Funds be transferred to the Number of Full-time Equivalent Positions (FTE)–State and Federal Funds.

28. **Promoting Independence.** It is the intent of the Legislature that as clients relocate from nursing facilities to community care services, funds will be transferred from Nursing Facilities to Community Care Services to cover the cost of the shift in services.

29. **Nursing Facility Beds for Medicaid Eligible Veterans.** Contingent upon a request from the Texas Veterans Land Board, it is the intent of the Legislature that the Department of Human Services maintain a program for Medicaid-eligible veterans that will enable those individuals to be placed in State Veterans Homes. It is further the intent of the Legislature that the department amend its nursing facility bed allocation rules to create sufficient certified beds to accommodate the requirements of such a program.

30. **Texas Integrated Eligibility Redesign Systems (TIERS).** Out of funds appropriated above in fiscal years 2004–05 in Strategy B.1.2, CSS Eligibility and Issuance Services, the Department of Human Services is allocated (for the biennium) $23,367,343 in General Revenue, $27,000,000 in Telecommunication Infrastructure Funds, $55,836,840 in Federal Funds, and $17,014,926 in Revenue Bond Proceeds, totaling $123,219,109 in All Funds. The department shall make quarterly reports to the Legislative Budget Board and the Governor on the TIERS project as well as quarterly budgeted amounts, actual expenditures, and the status of contracted services, as well as any other information requested. All contracts relating to this project shall include performance measures.

To fund the plan, the department may seek funding from the most cost-effective type of financing, including but not limited to cash acquisition, commercial financing, and financing provided by the Texas Public Finance Authority. The Texas Public Finance Authority may issue revenue bonds or other debt obligations to finance the design, development, acquisition, and implementation of automated data processing systems to support the plan. As provided by Government Code, Chapter 1232, Vernon’s Texas Civil Statutes, in recognition that cost
estimates are not final at the time that the project is authorized for financing and that bonds may be issued to fund associated costs, including reasonably required reserve funds, capitalized interest, administrative costs of the authority and debt issuing expenses, the principal amount of any issuance of debt for this purpose may be in an amount not to exceed one and one-half the amount of the expected cost for the project being financed. From the proceeds of the issuance and sale of such bonds or debt obligations, such amounts as may be necessary to fund the associated costs of issuances are hereby appropriated to the Texas Public Finance Authority for the fiscal biennium beginning September 1, 2003. From any funds appropriated to the Department of Human Services for the purpose of implementing the project, an amount not to exceed $4,186,754 (amounts needed for debt service) for the biennium in all funds may be transferred to the Texas Public Finance Authority for lease payments to the Texas Public Finance Authority to pay debt service on the obligations issued by the Texas Public Finance Authority on behalf of the department for the above-mentioned project.

31. **Community Care Assessment Tool.** Out of funds appropriated above, the Department of Human Services shall develop a new functional needs assessment tool for eligibility for community care programs for aged and disabled clients, which takes into consideration any other evaluation/assessment tools utilized by other state agencies and other states. The tool shall take into consideration innovations in technology with assistive devices. The assessment tool shall be evaluated for validity by an independent third party as an assessment tool for ensuring that clients with the greatest functional needs are identified for services. The assessment tool shall ensure that a client’s family resources, monetary, community resources and otherwise, are taken into consideration in calculation of hours of assistance needed. The scoring instrument will be used in conjunction with program services to ensure that clients with scores identifying the greatest needs are prioritized for services. It is the intent of the Legislature that the department provide a status report on progress in developing the tool to the Legislative Budget Board and the Governor by September 1, 2004 and that the tool be fully implemented by January 1, 2005.

32. **Capital Purchases on Behalf of other Government Entities or Service Providers.** Any capital items purchased by the Department of Human Services for use by local governmental entities for which the department is reimbursed do not apply to the department for the purpose of the capital budget rider limitations specified in Article IX, Limitation on Expenditures—Capital Budget, of the General Provisions of this Act.

33. **TANF Separate State Program.** It is the intent of the Legislature that out of amounts appropriated in Strategy B.1.1, TANF Grants, the department, shall use funds other than TANF federal funds to provide assistance to tow-parent families, and may use funds other than TANF federal funds to provide assistance to families residing in minimum service counties.

34. **Motor Vehicle Allowance for Certain Recipients.** It is the intent of the Legislature that the Board of the Department of Human Services shall determine the vehicle limit amount in determining eligibility for services. The vehicle limit amount shall be established within available appropriations and a level which will provide adequate, dependable transportation for clients.

35. **Centers of Excellence.** It is the intent of the Legislature that out of amounts appropriated above to Strategy A.2.1, Long-term Care Facility Regulation and funds obtained through a grant from a national foundation, the Department of Human Services shall allocate funds for a Centers for Excellence program. The department shall partner with an institution of higher education to promote positive outcomes for the residents of Long Term Care facilities, identify best practices and improve service delivery. Not later than January 15, 2005, the department shall submit to the Legislature and the Governor a report which identifies progress made towards achieving these goals.
36. **Payment of August 2005 Nursing Home Payment.** Funds appropriated above include a reduction of $142,500,000 in All Funds, including $56,686,500 in General Revenue Match for Medicaid in Strategy A.1.6, Nursing Facility and Hospice Payments, for the August 2005 nursing home payment. The Department of Human Services is authorized to defer payment of the August 2005 payment until September of 2005.

37. **Community Care Waiver Slots.** It is the intent of the Legislature that the Department of Human Services will not expand the base number of appropriated waiver slots through Rider 28 transfers. Clients utilizing Rider 28 shall remain funded separately through transfers from the Nursing Facility strategy, and those slots shall not count against the total appropriated community care slots. Rider 28 funding through the nursing facility strategy shall be maintained for those clients as long as the individual client remains in the transferred slot. When a Rider 28 client leaves a waiver program, any remaining funding for the biennium shall remain in the nursing facility strategy.

If the department determines available revenue within community care strategies requires a reduction in the base number of slots for waiver programs, the department shall utilize attrition to meet appropriated levels.

38. **Community Care Services.** It is the intent of the Legislature that the Department of Human Services shall implement a community care assessment tool that focuses primarily on a client’s ability to perform functional tasks. Any resulting savings shall be utilized to maintain services to the most vulnerable clients, and also minimize reductions in service levels for all clients.

39. **Contingency Related to Reduction of TANF-funded Transportation Services.** Contingent upon the enactment of House Bill 2292, House Bill 3343, or similar legislation by the Seventy-eighth Legislature, Regular Session, authorizing the coordination of statewide public transportation, the amount of federal funds appropriated above in Strategy B.1.1, TANF Grants, is increased by $3,568,239 in fiscal year 2004 and $3,570,798 in fiscal year 2005. The amount of General Revenue appropriated above in Strategy B.1.1, TANF Grants, is reduced by $3,568,239 in fiscal year 2004 and $3,570,798 in fiscal year 2005.

40. **Maximization of Community Care Services.** The Department of Human Services shall maximize services utilizing the most efficient and effective combination of functional needs score and hours of service to best meet the needs of community care clients. It is the intent of the Legislature that the department utilize all available flexibility to ensure the maximization of community care resources.

### DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

*For the Years Ending August 31, 2004 and August 31, 2005*

**A. Goal:** COMMUNITY MENTAL HEALTH SERVICES  
Increase the abilities of persons with mental illness to lead successful lives in their communities.

**Outcome (Results/Impact):**
- Percent of Adults Receiving MH Community Services Whose Functional Level Stabilized or Improved: 80% 80%
- Percent of Parents Who Are Satisfied with MH Services Delivered to Their Children: 70% 70%

**A.1.1. Strategy:** ADULT MH COMMUNITY SERVICES  
Provide services and supports in the community  

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$275,700,204</td>
<td>$275,703,279</td>
</tr>
</tbody>
</table>

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Sections 11.28 and 12.04.*
so persons with mental illness can live independently.

**Output (Volume):**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of MH Consumers Receiving Community Services</td>
<td>60,771</td>
<td>60,771</td>
</tr>
<tr>
<td>Average Monthly Number of MH Consumers Receiving Supported Housing Services</td>
<td>2,813</td>
<td>2,813</td>
</tr>
<tr>
<td>Average Monthly Number of MH Consumers Receiving Assessment and Service Coordination</td>
<td>35,149</td>
<td>35,149</td>
</tr>
</tbody>
</table>

**Efficiencies:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Cost Per MH Consumer Receiving Community Services</td>
<td>374</td>
<td>374</td>
</tr>
<tr>
<td>Average Monthly Cost Per Adult MH Consumer Receiving Supported Housing</td>
<td>421</td>
<td>421</td>
</tr>
</tbody>
</table>

**A.1.2. Strategy: CHILDREN’S MH COMMUNITY SERVICES**

$60,999,474 \rightarrow $60,995,118

Provide services and supports for emotionally disturbed children and their families.

**Output (Volume):**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of Children Receiving MH Services in the Community</td>
<td>11,322</td>
<td>11,322</td>
</tr>
</tbody>
</table>

**A.1.3. Strategy: MH COMMUNITY HOSPITALS**

$20,164,248 \rightarrow $20,164,248

Provide inpatient and outpatient treatment, crisis assessment, and medical services to adults and children served in community hospitals.

**Output (Volume):**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Daily Number of Occupied Community Hospital Beds</td>
<td>168</td>
<td>168</td>
</tr>
</tbody>
</table>

**A.1.4. Strategy: NORTHSTAR BEHAVIORAL HEALTH WAIVER**

$90,800,595 \rightarrow $91,774,035

Provide mental health and substance abuse inpatient and outpatient services using a managed care model for adults and children.

**Output (Volume):**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of Persons Covered by NorthSTAR Behavioral Health Services Waiver</td>
<td>1,241,374</td>
<td>1,259,619</td>
</tr>
</tbody>
</table>

**Total, Goal A: COMMUNITY MENTAL HEALTH SERVICES**

$447,664,521 \rightarrow $448,636,680

**B. Goal: MH SPECIALIZED SERVICES**

Promote the recovery and abilities of persons with mental illness who require specialized treatment not available in community settings.

**Outcome (Results/Impact):**

Percent of Consumers Receiving MH Campus Services Whose Functional Level Stabilized or Improved

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.1.1. Strategy: MH STATE HOSPITAL SERVICES</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

**B.1.1. Strategy: MH STATE HOSPITAL SERVICES**

$274,250,705 \rightarrow $273,352,078

Provide specialized assessment, treatment and medical services in state mental health facility programs.

**Output (Volume):**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Daily Census of State Mental Health Facilities</td>
<td>2,295</td>
<td>2,295</td>
</tr>
<tr>
<td>Average Monthly Number of State Mental Health Facility Consumers Receiving New Generation Medication Services</td>
<td>2,821</td>
<td>2,829</td>
</tr>
</tbody>
</table>

**Efficiencies:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Fiscal Year 1</th>
<th>Fiscal Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Daily Facility Cost Per Occupied State Mental Health Facility Bed</td>
<td>327</td>
<td>326</td>
</tr>
<tr>
<td>Average Monthly Cost of New Generation Medications Per State Mental Health Facility Consumer Receiving New Generation Medication Services</td>
<td>303</td>
<td>303</td>
</tr>
</tbody>
</table>

**C. Goal: COMMUNITY MR SERVICES**

Support the abilities of persons with mental retardation to lead successful lives in their communities.
Outcome (Results/Impact):

Number of Consumers with MR Who Moved from Campus to Community

<table>
<thead>
<tr>
<th></th>
<th>120</th>
<th>120</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Medicaid Waiver Placements Filled</td>
<td>97%</td>
<td>97%</td>
</tr>
</tbody>
</table>

C.1.1. Strategy: MR COMMUNITY SERVICES

Provide services and supports for persons with mental retardation who reside in the community.

Outcome (Volume):

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of Consumers with MR Receiving Community Services</td>
<td>13,635</td>
<td>13,635</td>
</tr>
<tr>
<td>Average Monthly Number of Consumers with MR Receiving Assessment and Service Coordination</td>
<td>12,655</td>
<td>12,655</td>
</tr>
<tr>
<td>Number of Consumers with MR Receiving In-home and Family Support Per Year</td>
<td>1,710</td>
<td>1,669</td>
</tr>
</tbody>
</table>

Efficiencies:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Cost Per Consumer with MR Receiving Assessment and Service Coordination</td>
<td>$279</td>
<td>$279</td>
</tr>
</tbody>
</table>

C.1.2. Strategy: MR MEDICAID WAIVER SERVICES

Provide residential services and supports for persons with mental retardation through Medicaid waiver programs for home and community-based services.

Outcome (Volume):

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of Consumers Receiving Medicaid Waiver Services (MR)</td>
<td>6,823</td>
<td>6,823</td>
</tr>
</tbody>
</table>

Efficiencies:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Cost Per Consumer Receiving Medicaid Waiver Services (MR)</td>
<td>$3,389</td>
<td>$3,389</td>
</tr>
</tbody>
</table>

C.1.3. Strategy: MR INTERMEDIATE CARE FACILITIES

Provide residential services and supports for persons with mental retardation living in intermediate care facilities (ICFs/MR).

Outcome (Volume):

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Number of Persons in ICF/MR Medicaid Beds per Month, Total</td>
<td>7,471</td>
<td>7,471</td>
</tr>
</tbody>
</table>

Efficiencies:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Cost Per ICF/MR Medicaid Eligible Consumer, Total</td>
<td>$4,252</td>
<td>$4,243</td>
</tr>
</tbody>
</table>

C.1.4. Strategy: MR COMMUNITY RESIDENTIAL SERVICES

Provide non-Medicaid residential services and supports for persons with mental retardation living in the community.

Outcome (Volume):

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of Non-Medicaid Consumers with MR Receiving Community Residential Services</td>
<td>122</td>
<td>122</td>
</tr>
</tbody>
</table>

Efficiencies:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Cost Per Non-Medicaid Consumer with MR Receiving Community Residential Services</td>
<td>$3,017</td>
<td>$3,017</td>
</tr>
</tbody>
</table>

Total, Goal C: COMMUNITY MR SERVICES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, Goal C: COMMUNITY MR SERVICES</td>
<td>$832,385,685</td>
<td>$826,299,219</td>
</tr>
</tbody>
</table>

D. Goal: MR SPECIALIZED SERVICES

Promote the well being and abilities of persons with mental retardation who require the most intensive, specialized long-term care.

Outcome (Results/Impact):

Average Number of Days MR Campus Residents Recommended for Community Placement Wait for Placement

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D.1.1. Strategy: MR STATE SCHOOL SERVICES</td>
<td>180</td>
<td>180</td>
</tr>
</tbody>
</table>

Provide specialized assessment, treatment, support, and medical services in state school and state center programs for persons with mental retardation.
### Output (Volume):

<table>
<thead>
<tr>
<th>Description</th>
<th>Average Monthly Number of MR Campus Residents</th>
<th>Average Monthly Number of Consumers with MR Waiting for Admission to Any State School Campus (Application Completed)</th>
<th>Average Monthly Number of Consumers with MR Waiting for Admission to a Specific State School Campus (Application Completed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Number of MR Campus Residents</td>
<td>4,963</td>
<td>4,922</td>
<td></td>
</tr>
<tr>
<td>Average Monthly Number of Consumers with MR Waiting for Admission to Any State School Campus (Application Completed)</td>
<td>25</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Average Monthly Number of Consumers with MR Waiting for Admission to a Specific State School Campus (Application Completed)</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

### Efficiencies:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Monthly Cost Per MR Campus Resident</td>
<td>6,658</td>
<td>45</td>
</tr>
<tr>
<td>Average Number of Days Consumers with MR Wait for Admission to Any State School Campus (Application Completed)</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Average Number of Days Consumers with MR Wait for Admission to a Specific State School Campus (Application Completed)</td>
<td>45</td>
<td>45</td>
</tr>
</tbody>
</table>

### E. Goal: IMPROVE SYSTEM QUALITY

E.1.1. Strategy: CAPITAL CONSTRUCTION

Construct and renovate facilities for the delivery of care in state facilities.

### F. Goal: INDIRECT ADMINISTRATION

F.1.1. Strategy: CENTRAL ADMINISTRATION

F.1.2. Strategy: INFORMATION RESOURCES

### Total, Goal F: INDIRECT ADMINISTRATION

$27,793,864

### Grand Total, DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

$1,996,048,105

### Method of Financing:

#### General Revenue Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$378,194,015</td>
<td>$373,271,232</td>
</tr>
<tr>
<td>GR Match for Medicaid</td>
<td>244,459,206</td>
<td>240,199,211</td>
</tr>
<tr>
<td>GR for Mental Health Block Grant</td>
<td>243,469,211</td>
<td>243,372,161</td>
</tr>
<tr>
<td>GR Certified as Match for Medicaid</td>
<td>183,873,012</td>
<td>179,580,698</td>
</tr>
<tr>
<td>Earned Federal Funds</td>
<td>5,698,877</td>
<td>4,881,599</td>
</tr>
<tr>
<td>Subtotal, General Revenue Fund</td>
<td>$1,055,694,321</td>
<td>$1,041,304,901</td>
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</tbody>
</table>

#### General Revenue Fund - Dedicated

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR Dedicated - Quality Assurance Account No. 5080</td>
<td>49,212,436</td>
<td>49,206,003</td>
</tr>
<tr>
<td>GR Dedicated - Texas Capital Trust Fund Account No. 543</td>
<td>2,929,924</td>
<td>2,929,926</td>
</tr>
<tr>
<td>Subtotal, General Revenue Fund - Dedicated</td>
<td>$52,142,360</td>
<td>$52,135,929</td>
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</table>

#### Federal Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interagency Contracts</td>
<td>22,352,934</td>
<td>22,676,426</td>
</tr>
<tr>
<td>Bond Proceeds - General Obligation Bonds</td>
<td>20,000,000</td>
<td>33,050,000</td>
</tr>
<tr>
<td>MHMR Collections for Patient Support and Maintenance</td>
<td>24,864,763</td>
<td>24,854,625</td>
</tr>
<tr>
<td>MHMR Appropriated Receipts</td>
<td>7,667,645</td>
<td>7,667,209</td>
</tr>
<tr>
<td>MHMR Medicare Receipts</td>
<td>14,290,744</td>
<td>14,290,120</td>
</tr>
<tr>
<td>MHMR Revolving Fund Receipts</td>
<td>6,108,669</td>
<td>4,509,300</td>
</tr>
<tr>
<td>Subtotal, Other Funds</td>
<td>$95,284,755</td>
<td>$107,047,680</td>
</tr>
</tbody>
</table>
Total, Method of Financing

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,996,048.105</td>
<td>$1,999,948.402</td>
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</tbody>
</table>

Number of Full-Time-Equivalent Positions (FTE):

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19,495.0</td>
<td>19,504.6</td>
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</tbody>
</table>

Schedule of Exempt Positions:

<table>
<thead>
<tr>
<th>Group</th>
<th>Number of FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>$140,000</td>
</tr>
</tbody>
</table>

Object-of-Expense Informational Listing:

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$492,047,747</td>
<td>$492,410,852</td>
</tr>
<tr>
<td>Other Personnel Costs</td>
<td>29,499,643</td>
<td>28,347,352</td>
</tr>
<tr>
<td>Professional Fees and Services</td>
<td>26,674,477</td>
<td>26,310,546</td>
</tr>
<tr>
<td>Fuels and Lubricants</td>
<td>937,193</td>
<td>881,008</td>
</tr>
<tr>
<td>Consumable Supplies</td>
<td>7,340,097</td>
<td>6,874,247</td>
</tr>
<tr>
<td>Utilities</td>
<td>24,448,682</td>
<td>24,532,329</td>
</tr>
<tr>
<td>Travel</td>
<td>1,813,142</td>
<td>1,775,489</td>
</tr>
<tr>
<td>Rent - Building</td>
<td>605,909</td>
<td>585,928</td>
</tr>
<tr>
<td>Rent - Machine and Other</td>
<td>2,806,524</td>
<td>2,628,117</td>
</tr>
<tr>
<td>Other Operating Expense</td>
<td>121,591,075</td>
<td>134,275,110</td>
</tr>
<tr>
<td>Client Services</td>
<td>835,405,522</td>
<td>835,969,820</td>
</tr>
<tr>
<td>Food for Persons - Wards of State</td>
<td>10,748,059</td>
<td>10,302,554</td>
</tr>
<tr>
<td>Grants</td>
<td>436,117,353</td>
<td>430,282,147</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>6,012,682</td>
<td>4,772,903</td>
</tr>
</tbody>
</table>

Total, Object-of-Expense Informational Listing

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,996,048.105</td>
<td>$1,999,948.402</td>
</tr>
</tbody>
</table>

LIMITATIONS ON EXPENDITURES

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with an ",(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

<table>
<thead>
<tr>
<th>Description</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Repair or Rehabilitation of Buildings and Facilities (1) Repairs or Rehabilitation of Buildings and Facilities</td>
<td>$19,597,124</td>
<td>$33,250,000</td>
</tr>
<tr>
<td>b. Acquisition of Information Resource Technologies (1) Acquisition of Information Resource Technologies - Pharmacy System Replacement</td>
<td>684,833</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>(2) Acquisition of Information Resource Technologies - Phone System Replacement</td>
<td>$939,513</td>
</tr>
<tr>
<td>Total, Acquisition of Information Resource Technologies</td>
<td>$1,624,346</td>
<td>939,514</td>
</tr>
<tr>
<td>c. Acquisition of Capital Equipment and Items (1) Acquisition of Capital Equipment and Items at State Facilities</td>
<td>$1,790,411</td>
<td>1,790,412</td>
</tr>
</tbody>
</table>
d. Other Lease Payments to the Master Lease Purchase Program (MLPP)

   $1,675,300  $435,520

(2) Lease Payments to TPFA - Debt Service on General Obligation Bonds  
   $80,205  $919,282

Total, Other Lease Payments to the Master Lease Purchase Program (MLPP)  
   $1,755,505  $1,354,802

Total, Capital Budget  
   $24,767,386  $37,334,728

Method of Financing (Capital Budget):

General Revenue Fund  
   $1,755,505  $1,354,802

GR Dedicated - Texas Capital Trust Fund Account No. 543  
   $2,929,924  $2,929,926

Federal Funds  
   $81,957  0

Bond Proceeds - General Obligation Bonds  
   $20,000,000  $33,050,000

Total, Method of Financing  
   $24,767,386  $37,334,728

2. Limitation of Specific Strategy Transfers. The transfer of appropriations from Strategy B.1.1, MH State Hospital Services, to any other strategy is limited to 10 percent and the transfer of appropriations from Strategy D.1.1, MR State School Services, to any other strategy is limited to 5 percent without the prior approval of the Legislative Budget Board and the Governor.

3. Medicaid and Other Reporting Requirements.

a. None of the funds appropriated by this Act to the Texas Department of Mental Health and Mental Retardation may be expended or distributed by the department unless:

(1) the department submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program. This shall include, but is not limited to:

   (i) expenditure data;
   (ii) caseload data;
   (iii) interest earnings;
   (iv) State plan amendments; and
   (v) State plan waivers.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government, and

(2) the department submits to the Legislative Budget Board and the Governor at the end of each quarter: i.) a report detailing the Medicaid and Medicare caseload figures and related expenditure amounts for the preceding month; and ii.) a report projecting the anticipated Medicaid and Medicare caseloads for the 36 months period beginning with the first month after the report is due;

(3) the Department of Mental Health and Mental Retardation submits data to the Legislative Budget Board and the Governor by the end of each month pertaining to the actuarial data and forecasts of caseloads and costs for the programs identified in subsection a(2). The data shall be sent in a manner to be specified by the Legislative Budget Board and the Governor.
b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.

c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon information and belief together with supporting documentation.

d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Texas Department of Mental Health and Mental Retardation if the Legislative Budget Board and the Governor certify to the Comptroller of Public Accounts that the Department of Mental Health and Mental Retardation is not in compliance with this provision.

REVENUE CLASSIFICATION

4. MHMR Collections for Patient Support and Maintenance.
   a. Definition. For the purposes of this section and appropriation authority for the Department of Mental Health and Mental Retardation, MHMR Collections for Patient Support and Maintenance are defined as reimbursements received for health and other services provided to individuals in state hospitals, state operated community services, state operated intermediate care facilities for the mentally retarded (ICF-MR) and state schools from third party payers including insurance companies, clients, relatives, trusts and estates, and government retirement benefit programs including the US Civil Service, Federal Railroad, State, Social Security, Teacher and Veteran’s Administration.

   b. Classification for depositing revenues and reporting of expenditures. For the purpose of revenue classification for depositing and expending certain collections related to the support and maintenance of patients, the following Revenue Object Codes as defined by the Comptroller of Public Accounts shall be used for recording collections, reporting expenditures, and requesting legislative appropriations by the Department of Mental Health and Mental Retardation:

   (1) Revenue Object Codes 3595, 3606, 3614, and 3618 as defined by the Comptroller of Public Accounts shall be used to record collections and deposits from the above defined sources into the General Revenue Fund:

      (i) 3595: Medical Assistance Cost Recovery
      (ii) 3606: Support and Maintenance of Patients
      (iii) 3614: Counseling, Care and Treatment of Outpatients
      (iv) 3618: Welfare/MHMR Service Fees (Child Support)

   (2) Automated Budget and Evaluation System of Texas (ABEST) Method of Financing (MOF) Code 8031- MHMR Collections for Patient Support and Maintenance shall be used to report expenditures and request legislative appropriations from collections/deposits made to Revenue Object Codes 3595, 3606, 3614, and 3618.

   c. Appropriation authority and accounting for expenditures of MHMR Collections for Patient Support and Maintenance. The Department of Mental Health and Mental Retardation is authorized to receive and expend MHMR Collections for Patient Support and Maintenance as a first source, and general revenue shall be used as a second source, to support the state hospitals, state operated intermediate care facilities for the mentally retarded (ICF-MR), and state operated community services. In the event that these revenues
should be greater than the amounts identified in the method of financing above as MHMR Collections for Patient Support and Maintenance, the department is hereby appropriated and authorized to expend these state funds hereby made available. The expenditure of MHMR Collections for Patient Support and Maintenance is subject to the following requirements:

(1) Amounts available shall be expended prior to utilization of any general revenue available for the same purpose;

(2) In the event general revenue has been expended prior to the receipt of MHMR Collections for Patient Support and Maintenance, the department shall reimburse general revenue upon receipt of the revenue. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess MHMR Collections for Patient Support and Maintenance; and

(3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts, and Governor on MHMR Collections for Patient Support and Maintenance, expenditures and anticipated revenues and balances.

d. Responsibility for proportionate share of indirect costs and benefits. The Department of Mental Health and Mental Retardation shall ensure that MHMR Collections for Patient Support and Maintenance fund their proportionate share of benefits and statewide allocated indirect costs as required and directed in Article IX of this act.

e. Exclusive appropriation authority. The preceding subsections of this rider shall be the exclusive appropriation authority for receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

5. Funds for the Medicaid Program. For the purposes of this section and appropriation authority for the Medicaid Program responsibilities of the Department of Mental Health and Mental Retardation (TDMHMR), the following subsections provide governance relating to appropriate use, classification and expenditure of funds.

a. General Revenue Match for Medicaid. ABEST Method of Financing Code 758 - GR Match for Medicaid shall be used to report general revenue expenditures and request general revenue appropriations for the state’s share of Medicaid payments for the following Medicaid services:

(1) Community-based Intermediate Care Facilities for the Mentally Retarded (ICF-MR) that are privately operated through contractual arrangements between private providers and the department;

(2) Community-based Intermediate Care Facilities for the Mentally Retarded (ICF-MR) that are operated by the State/department;

(3) Home and Community-based Services (HCS) authorized by a 1915(c) federal waiver and provided by state-operated community centers;

(4) Home and Community-based Services (HCS) authorized by a 1915(c) federal waiver and provided through contractual arrangements between private providers and the department;

(5) Home and Community-based Services - Omnibus Budget Reconciliation Act of 1981 (HCS-O) authorized by a 1915(c) federal waiver and provided by state-operated community centers;
DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

(6) Home and Community-based Services - Omnibus Budget Reconciliation Act of 1981 (HCS-O) authorized by a 1915(c) federal waiver and provided through contractual arrangements between private providers and the department;

(7) Mental Retardation Local Authority (MRLA) waiver services;

(8) MHMR Medicaid services provided through contracts with Behavioral Health Organizations as a component of the NorthSTAR Project; and

(9) Salaries and operating costs related to direct program administration and indirect administration of the department.

b. **General Revenue Certified as Match for Medicaid.** The Department of Mental Health and Mental Retardation shall use ABEST Method of Financing code 8032 - General Revenue Certified Match for Medicaid to identify general revenue funds requested and reported as expended for the purpose of drawing federal funds and to document that State funds have been spent for Medicaid services and administrative expenditures for the following services:

(1) Intermediate care facilities for the mentally retarded that are operated by the State and known as “state schools”;  

(2) Services delivered in hospitals operated by the Department of Mental Health and Mental Retardation including inpatient services for clients under the age of 21 and services that qualify under the federally approved Institutions for Mental Diseases (IMD) option for clients over the age of 65;

(3) Rehabilitation Services as approved in the State Medicaid Plan which are provided by Mental Health Authorities and Mental Retardation Authorities;

(4) Service Coordination Services as approved in the State Medicaid Plan provided by Mental Health Authorities and Mental Retardation Authorities; and

(5) Medicaid Administrative Claims as approved in the State Medicaid Plan which are based on certain activities of Mental Health Authorities and Mental Retardation Authorities.

c. **Reporting requirements related to General Revenue Matching Funds for the Medicaid Program.** The Department of Mental Health and Mental Retardation shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on the expenditures of General Revenue for Medicaid federal matching purposes by the method of financing codes identified above and the amounts of local, non-profit expenditures certified as state match for Medicaid federal funds by the department for services provided by Mental Health Authorities and Mental Retardation Authorities.

d. **Medicaid Federal Funds.** The Department of Mental Health and Mental Retardation shall report its expenditures and request legislative appropriations for federal Medicaid matching funds for client services, program administration and agency indirect administration. Automated Budgeting and Evaluation System of Texas (ABEST) Method Financing Code (MOF) 555 and Medicaid CFDA 93.778 shall be used for the following:

(1) Federal funds drawn from the US Centers for Medicare and Medicaid Services (CMS) using general revenue funds classified as General Revenue Match for Medicaid (ABEST MOF Code 758), General Revenue Certified as Match for
Medicaid (ABEST MOF Code 8032), Tobacco Settlement Receipts Match for Medicaid (ABEST MOF Code 8024) or Tobacco Receipts Certified as Match for Medicaid (ABEST MOF Code 8023);

(2) Federal funds drawn from CMS using the department’s certification of local, non-profit expenditures made by the Mental Health Authorities and Mental Retardation Authorities on behalf of Medicaid-eligible individuals;

(3) Federal funds received from CMS for services rendered to certain Medicaid-eligible individuals over the age of 65 by federally recognized Institutions for Mental Diseases (IMD Medicaid option) based on billings from hospitals operated by the Department of Mental Health and Mental Retardation to the claims processing agent for the Texas Medicaid program in its capacity as the State’s fiscal agent for certain Medicaid payments; and

(4) Federal funds received from CMS for general Medicaid health services including the Comprehensive Care Program for children based on billings from the facilities operated by the Department of Mental Health and Mental Retardation to the claims processing agent for the Texas Medicaid program in its capacity as the State’s fiscal agent for certain Medicaid payments.

c. Appropriation authority and accounting for Federal Funds for the Medicaid Program. Amounts defined as Medicaid Federal Funds shall be used as a first source, and general revenue which was not used as matching funds shall not be used to fund Medicaid eligible services. In the event that these revenues should be greater than $754,073,148 in 2004 and $760,703,219 in 2005 as included above in Federal Funds, the department is hereby appropriated and authorized to expend these federal funds made available, subject to the following requirements:

(1) Amounts made available shall be expended prior to utilization of any general revenue made available for the same purpose;

(2) In the event general revenue has been expended prior to the receipt of Medicaid Federal Funds, the department shall reimburse general revenue upon receipt of the revenue. This process shall be completed on a monthly basis in order to not have an excess balance of Medicaid Federal Funds; and

(3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on the amounts of Medicaid Federal Funds drawn and expended.

f. Responsibility for proportionate share of indirect costs and benefits. Nothing in this provision shall exempt the department from provisions of Article IX of this Act which apply equally to direct recoveries of benefits and indirect costs and to amounts recovered through an approved rate structure for services provided. Specifically, the department does not have appropriation authority for Medicaid federal funds claimed on behalf of services provided by other agencies, including:

(1) health and retirement services for active and retired TDMHMR employees paid by the Employee Retirement System;

(2) Social Security payments, salary increases authorized in General Provisions, and Benefit Replacement Pay for TDMHMR employees paid by the Comptroller of Public Accounts;
(3) Debt service amounts paid on behalf of TDMHMR by the Texas Public Finance Authority; and

(4) Indirect cost allocation plans negotiated with CMS for the purposes of the State-wide Cost Allocation Plan (SWCAP).

g. **Exclusive Appropriation Authority.** The preceding subsections of this provision shall be the exclusive appropriation authority for Medicaid Federal Fund receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

6. **MHMR Appropriated Receipts.**

a. **Definition.** For the purposes of this section and appropriation authority for the Department of Mental Health and Mental Retardation, MHMR Appropriated Receipts are defined as revenues deposited by the Department of Mental Health and Mental Retardation into the following Revenue Object Codes as defined by the Comptroller of Public Accounts:

   (1) 3628: Dormitory, Cafeteria, and Merchandise Sales
   (2) 3719: Fees for Copies or Filing of Records
   (3) 3738: Grants-Cities/Counties
   (4) 3739: Grants-Other Political Subdivisions
   (5) 3740: Grants/Donations-Operating/Capital Grants and Contributions
   (6) 3750: Sale of Furniture & Equipment
   (7) 3752: Sale of Publication/Advertising (General)
   (8) 3754: Other Surplus/Salvaged Property/Material Sales
   (9) 3767: Supplies/Equipment/Services/Federal/Other (General)
   (10) 3769: Forfeitures
   (11) 3773: Insurance & Damages
   (12) 3802: Reimbursements-Third Party
   (13) 3806: Rental of Housing to State Employees

b. **Reporting.** ABEST Method of Financing Code 8033 - MHMR Appropriated Receipts shall be used to report expenditures and request legislative appropriations from the Revenue Object Codes identified above.

c. **Appropriation authority and accounting for MHMR Appropriated Receipts.** Amounts defined as MHMR Appropriated Receipts shall be deposited into the General Revenue Fund according to the identified Revenue Object Codes above. The Department of Mental Health and Mental Retardation is authorized to receive and expend MHMR Appropriated Receipts as a first source, and general revenue shall be used as a second source. In the event that these revenues should be greater than the amounts identified in the method of financing above as MHMR Appropriated Receipts, the department is hereby appropriated and authorized to expend these state funds hereby made available. The expenditure of MHMR Appropriated Receipts is subject to the following requirements:

   (1) Amounts available shall be expended prior to utilization of any general revenue available for the same purpose. In the event general revenue must be expended, the agency will provide prior notification to the Legislative Budget Board and the Governor;

   (2) In the event general revenue has been expended prior to the receipt of MHMR Appropriated Receipts as defined above, the department shall reimburse general revenue upon receipt of the revenue. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess MHMR Appropriated Receipts; and
(3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on MHMR Appropriated Receipts collections by Revenue Object Code, expenditures and anticipated revenues and balances.

d. Exclusive appropriation authority. The preceding subsections of this provision shall be the exclusive appropriation authority for Appropriated Receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

   a. Definition. For the purposes of this section and appropriation authority, general revenue dedicated funds referred to as Texas Capital Trust Fund Account No. 543 (Chapter 2201, Government Code) are defined as revenues deposited by the Department of Mental Health and Mental Retardation into the following Revenue Object Codes as defined by the Comptroller of Public Accounts:

   (1) 3340: Land Easements
   (2) 3341: Grazing Lease Rental
   (3) 3344: Sand, Shell, Gravel and Timber Sales
   (4) 3349: Land Sales
   (5) 3746: Rental of Lands and Buildings
   (6) 3747: Rental - Other
   (7) 3851: Interest on State Deposits

   b. Appropriation authority and accounting for Texas Capital Trust Fund Account No. 543. For the purpose of revenue classification for expending and depositing certain collections related to the Texas Capital Trust Fund Account No. 543, ABEST Method of Finance Code 543 shall be used to report expenditures and request legislative appropriations from collections/deposits made to Revenue Object Codes 3340, 3341, 3344, 3349, 3746, 3747, and 3851 by the department. Appropriations of the Texas Capital Trust Fund Account No. 543 are limited to the amounts identified above.

8. MHMR Medicare Receipts.
   a. For the purposes of this section and appropriation authority, the Department of Mental Health and Mental Retardation shall use ABEST Method of Financing Code 8034 as an Other Fund to report expenditures and request legislative appropriations from Medicare funds deposited in Revenue Object Code 3634 that are collected by the department as payment for:

   (1) hospital, physician and other services rendered to Medicare-eligible individuals in facilities operated by the department; and

   (2) cost settlements for services rendered in state facilities operated by the department as authorized by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA).

   b. Appropriation authority and accounting for MHMR Medicare Receipts. Amounts defined as MHMR Medicare Receipts shall be deposited into the General Revenue Fund according to the identified Comptroller Revenue Object Code above. The Department of Mental Health and Mental Retardation is authorized to receive and expend MHMR Medicare Receipts as a first source, and general revenue shall be used as a second source. In the event that these revenues should be greater than the amounts identified in the method of financing above as MHMR Medicare Receipts, the department is hereby appropriated and authorized to expend these state funds hereby made available. The expenditure of MHMR Medicare Receipts is subject to the following requirements:
DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

(Continued)

(1) Amounts available shall be expended prior to utilization of any general revenue available for the same purpose. In the event general revenue must be expended, the agency will provide notification to the Legislative Budget Board and the Governor;

(2) In the event general revenue has been expended prior to the receipt of MHMR Medicare Receipts as defined above, the department shall reimburse general revenue upon receipt of the revenue. This process shall be completed on a monthly basis in order to maintain a minimum balance on hand in excess MHMR Medicare Receipts; and

(3) The department shall report monthly to the Legislative Budget Board, Comptroller of Public Accounts and Governor on MHMR Medicare Receipts collections by Comptroller Revenue Object Code, expenditures and anticipated revenues and balances.

c. Exclusive appropriation authority. The preceding subsections of this provision shall be the exclusive appropriation authority for MHMR Medicare Receipts from the above identified sources and none of these receipts shall be appropriated by a provision of Article IX of this Act.

BUDGET POLICY AND APPROPRIATION MANAGEMENT

9. State School Medicaid Revenues. The Department of Mental Health and Mental Retardation shall report quarterly to the Legislative Budget Board and the Governor on the distribution of ICF/MR state school revenues to other state agencies. This report shall be submitted no later than 25 days after the close of each quarter. The format and content of the report shall be prescribed by the Legislative Budget Board.

10. Contingency Appropriation of Earned Federal Funds.
   a. Included in the method of financing above are Earned Federal Funds in the amount of $10,580,476 for the 2004–05 biennium, contingent upon the department earning and depositing funds generated which constitute Earned Federal Funds as defined elsewhere in this Act into the General Revenue Fund, Appropriation No. 70000 established by the Comptroller of Public Accounts for this purpose.
   b. The Department of Mental Health and Mental Retardation shall submit a quarterly report to the Legislative Budget Board and the Governor which details revenues, expenditures, and balances for earned federal funds as of the last day of the prior quarter. The report shall be prepared in a format approved by the Legislative Budget Board.
   c. The authority to receive and expend earned federal funds is subject to the following limitations:
      (1) At least 14 days prior to any expenditure of earned federal funds in excess of those appropriated, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission. At least 14 days prior to any meeting of the Board of Mental Health and Mental Retardation to consider a budget adjustment of any use of earned federal funds above levels indicated in the appropriation above or to consider any program expansion, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission.
(2) Notifications shall include information regarding the need which will be served with the additional revenue. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served, criteria for eligibility, and impact upon existing programs.

(3) The report shall include the information detailed in “b” and identify the impact on established performance targets, measures, and full-time equivalent positions.

11. **Community Hospital Medicaid Services.** The Harris County Psychiatric Center, Lubbock Community Hospital, and Galveston Community Hospital shall certify appropriated state funds to the Health and Human Services Commission or its designee for the state share of Medicaid reimbursement for the following services:
   
a. Inpatient psychiatric services for children.

b. Inpatient psychiatric services for age 65 and over (Institute for Mental Disease option).

The Department of Mental Health and Mental Retardation shall report monthly to the Legislative Budget Board and the Governor on the amounts certified by each community hospital.

12. **Home and Community-Based Services (HCS) Waiver Program.** The department shall ensure the cost-effectiveness of the HCS program by limiting the average annual HCS expenditure per client to 80 percent of the average annual per client ICF-MR expenditure. Expenditures for individual clients may exceed this cap as long as the overall average expenditure for HCS clients remains below 80 percent of the ICF-MR annual average. Furthermore, it is the intent of the Legislature that, in order to increase the number of clients served, the overall average monthly expenditure per client may not exceed $3,389 per month in fiscal years 2004 and 2005. The Department of Mental Health and Mental Retardation and the Health and Human Services Commission shall report to the Legislative Budget Board and Governor by October 1 of each year of the biennium, on the measures taken to decrease the average cost per person and to increase the number of clients served in the HCS program.

13. **Residential Services Funded by General Revenue.** The Department of Mental Health and Mental Retardation shall refinance, with Medicaid funding, residential services to Medicaid-eligible clients that are currently funded with general revenue. This refinancing effort shall include both public and private general revenue-funded programs. The department shall accomplish this refinancing through the use of Medicaid waiver programs, or, if necessary, the Intermediate Care Facility for the Mentally Retarded program. The department shall submit a report by October 1 of each year of the biennium to the Legislative Budget Board and the Governor that documents the number of persons and residential sites converted to Medicaid funding. The format of this report shall be prescribed by the Legislative Budget Board.

14. **Cash Flow Contingency.** Contingent upon the receipt of MHMR Medicare Receipts, MHMR Collections for Patient Support and Maintenance, and of federal funds allocated from the Medicaid Program, the department may temporarily utilize additional general revenue funds, pending receipt of reimbursement, in an amount not to exceed the anticipated reimbursement, in each year of the biennium. The general revenue amounts utilized above the general revenue method of finance must be repaid upon receipt of reimbursement and shall be utilized only for the purpose of temporary cash flow needs. These transfers and repayments shall be credited to the fiscal year being reimbursed and shall be in accordance with procedures established by the Comptroller. All transfers of the method of finance shall be reported by the department to the Legislative Budget Board and the Governor.
15. **Funding Equity Among Local Mental Health and Mental Retardation Authorities.** It is the intent of the Legislature that the Texas Department of Mental Health and Mental Retardation shall develop and implement a long-term plan to achieve equity in state funding allocations among local mental health and mental retardation authorities. The plan shall be implemented from fiscal years 2006–2011. The goal of the plan shall be to achieve equity to the greatest extent possible by fiscal year 2011, however, any funding reductions to a local authority for the purpose of achieving equity may not exceed 5 percent of allocated general revenue in a fiscal year. The plan shall also provide for improving funding equity to be a priority in distributing any new state or federal funds that may become available for allocation to community centers.

In assessing the equity of funding the Department may use alternatives other than basing equity calculations solely on the total population served by each local authority. Additional factors, such as incidence of poverty, may be considered if they help to provide a better estimate of the need for state funded mental health or mental retardation services in the areas served by each local authority. The Department shall submit its long-term equity plan to the Office of the Governor and the Legislative Budget Board by December 31, 2003. The Department shall include in its legislative appropriations requests a table showing how implementation of the equity plan will affect projected allocations to community centers at the baseline current services funding level.

16. **State School Funding.** It is the intent of the Legislature that the department implement a single funding methodology for state schools which funds all state schools equitably and at a level which is adequate to maintain compliance with applicable federal standards. The methodology should be based on the number of residents in each school and the needs of those residents.

17. **Report on Local Authorities.** To ensure that the Legislature and Governor are kept informed of the effects of delegating to a local mental health authority or local mental retardation authority (local authority) the responsibility of planning, coordination, and oversight of mental health and/or mental retardation services in that area, the department shall submit a report by January 15 of each year to the Legislative Budget Board and the Governor. This report shall describe both beneficial and detrimental client outcomes and shall be presented in a format to be prescribed by the Legislative Budget Board.

18. **Community Mental Health and Mental Retardation Centers.** If the department determines that a community mental health and mental retardation center is unable or unwilling to fulfill its contractual obligations to provide services or to exercise adequate control over expenditures and assets, the department may take necessary steps, including the appointment of a management team as authorized by Health and Safety Code, §§ 534.038–534.040, to protect the funds appropriated under this Act and ensure the continued provision of services.

19. **Performance Contracts.** Funds in Strategy A.1.5, MH Community Hospitals, shall be allocated through performance contracts with local mental health authorities.

20. **Medicaid and Medicare Collections.** The Department of Mental Health and Mental Retardation shall maximize reimbursement of Medicare and Medicaid funding for all eligible individuals and for all expenditures at the state hospitals, state schools, and state centers.

21. **Use of Timber Receipts for Capital Projects.** The Department of Mental Health and Mental Retardation is hereby authorized to sell timber located on department land. Revenues generated from the sale of timber, estimated at zero for the biennium, shall be deposited into the Texas Capital Trust Fund Account No. 543.
22. **Rusk State Hospital Timber Sales.** The Department of Mental Health and Mental Retardation is authorized to sell timber located on department land at Rusk State Hospital. Revenues generated from the sale of timber, estimated at zero for the biennium, shall be deposited into the Texas Capital Trust Fund Account No. 543.

23. **Third Party Reimbursement for Community Mental Health and Mental Retardation Centers.** It is the intent of the Legislature that community mental health and mental retardation centers maximize third-party reimbursement from Medicaid and the Children’s Health Insurance Program for all eligible individuals.

### BUDGET POLICY AND APPROPRIATION MANAGEMENT, FACILITY–RELATED

24. **Transfers of Appropriation - State Owned Hospitals.**

The Department of Mental Health and Mental Retardation shall transfer from non-Medicaid state appropriated funds the following amounts to the Health and Human Services Commission for the Disproportionate Share Hospital Reimbursement Program:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Mental Hospitals</td>
<td>$ 246,525,883</td>
<td>$ 246,525,883</td>
</tr>
<tr>
<td>Harris County Psychiatric Center</td>
<td>$ 20,423,113</td>
<td>$ 20,423,113</td>
</tr>
<tr>
<td></td>
<td><strong>$ 266,948,996</strong></td>
<td><strong>$ 266,948,996</strong></td>
</tr>
</tbody>
</table>

The timing and form of such transfers shall be determined by the Comptroller of Public Accounts in consultation with the Health and Human Services Commission. The Legislative Budget Board is authorized to adjust the amounts of such transfers as necessary to match available federal funds. The department shall also transfer non-Medicaid state appropriated funds as necessary for other qualifying state-funded community hospitals.

25. **State School Funding and Staffing Levels.** It is the intent of the Legislature that funding for state schools shall be based on the number of residents in each state school at the beginning of the fiscal year and the needs of those residents. Staffing patterns at state schools shall not reflect a census decline until a campus has realized a decline in census.

26. **Barber and Cosmetology Services.** The Department of Mental Health and Mental Retardation may charge fees for barber and cosmetology services provided the fees charged are consistent with an individual's ability to pay. These fees are appropriated to the department to offset the cost of providing barber and cosmetology services. The department may also use patient benefit funds to offset the cost of these services for indigent clients.

27. **Surplus Property.** In order to conserve funds appropriated, surplus personal property may be transferred from one facility to another with or without reimbursement. The Department of Mental Health and Mental Retardation may transfer surplus personal property to community MHMR centers with or without reimbursement. Surplus personal property belonging to any facility may be sold; provided, however, that such transfers or sales shall be made under the same procedure as provided by Government Code, Chapter 2175.

28. **Disposition of Construction Appropriation.** Construction appropriations may be used to pay salaries and travel expenses of department engineers and architects and administrative expenses of construction projects (but shall not exceed $350,000 in a fiscal year that are paid out of G.O. Bonds); architect's and engineer's fees; and the actual travel expenses incurred by them or their representatives in making trips of inspection at the discretion of the department during construction, renovation, or repair of buildings and systems or the installation of fixed
equipment. Job titles and rates of pay for such salaried positions of department personnel paid from construction appropriations shall conform with the Position Classification Plan and Classification Salary Schedule.

29. **Road Construction and Maintenance at State Facilities.** Notwithstanding any other provision in law, the Texas Department of Transportation shall construct, repair, and maintain roads in and providing access to and from Texas Department of Mental Health and Mental Retardation facilities.

**EXPENDITURES SPECIFICALLY AUTHORIZED**

30. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code, § 2110.004, reimbursement of expenses for advisory committee members, out of the funds appropriated above not to exceed $18,978 per year, is limited to the following advisory committee: Mental Health Planning and Advisory Committee.

None of the funds for reimbursement shall be redirected from the appropriation for the direct provision of services to the clients of MHMR.

To the maximum extent possible, the Department shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

31. **Office For Prevention Of Developmental Disabilities.** The Department of Mental Health and Mental Retardation shall expend, from funds otherwise appropriated to the department by this Act, an amount not to exceed $105,600 each fiscal year for salaries, benefits, travel expenses, and other support of the Office for Prevention of Developmental Disabilities.

32. **Pilot Project for Persons with Developmental Disabilities.** The Department of Mental Health and Mental Retardation (TDMHMR) is required to continue a project in Midland County which identified and served 16 individuals who have required long-term care settings in the past and/or are still in need of and eligible for placement in long-term Medicaid group homes. For purposes of continuing this project, TDMHMR shall expend, out of funds appropriated, for fiscal years 2004 and 2005, an amount sufficient to continue TDMHMR waiver program services to an individual participating in this project as long as that individual meets programmatic eligibility criteria. These 16 individuals, or their authorized representatives, were provided the opportunity to direct their own level of care, such that their service plans include only necessary and requested services. The original pilot was intended to demonstrate that provision of only necessary and requested services in a manner prescribed by persons with developmental disabilities will produce less dependent, more productive citizens in a most cost-efficient model.

33. **Mexia State School Medicaid-decertified Beds.** It is the intent of the Legislature that all funds appropriated in Strategy D.1.1, MR State School Services, to fund beds at Mexia State School that have been decertified from Medicaid and related costs shall be distributed to Mexia State School.

34. **Community Hospital Funding for Galveston Community Hospital.** Out of funds appropriated above, the Department of Mental Health and Mental Retardation shall allocate $400,000 in General Revenue for fiscal year 2004 and $400,000 in General Revenue for fiscal year 2005 for the Galveston Community Hospital, specifically for the purpose of providing outpatient medication services.
ADDITIONAL APPROPRIATION AUTHORITY

35. **Appropriation of Local Funds.** All funds received by the department from counties, cities, and from any other local governmental entity and all balances from such sources as of August 31, 2003, are hereby appropriated for the biennium ending August 31, 2005, for the purpose of carrying out the provisions of this Act. (Estimated to be zero.)

36. **Medical Assistance Payments and Unexpended Balances.** General revenue funds appropriated hereinabove for all Medicaid services shall be made available to the agency by the Comptroller of Public Accounts in equal monthly installments on the first day of each calendar month; provided, however, that any balances on hand in such funds may be carried over from month to month during each fiscal year and from fiscal year 2004 to fiscal year 2005, and such funds are appropriated to the department for the 2004–05 biennium.

37. **Unexpended Construction Balances.** Any unexpended construction, repair, or renovation balances from previous appropriations, estimated to be $17,700,000 from fiscal year 2003 to fiscal year 2004 and included in the method of finance above as General Obligation Bond proceeds and in Strategy E.1.1, Capital Construction, are hereby appropriated to the Texas Department of Mental Health and Mental Retardation (TDMHMR) for the same purposes, provided that the expenditure of such appropriated funds shall require the approval of the Board of Mental Health and Mental Retardation. At least 14 days prior to board approval, TDMHMR shall report on the appropriated fund sources, amounts and year of appropriation and on the proposed use of these funds to the Legislative Budget Board and the Governor.

38. **Unexpended Balances.** Except as otherwise provided, unexpended and unobligated balances, not to exceed $10 million, remaining from appropriations for the first year of the biennium to the Department of Mental Health and Mental Retardation are appropriated to the department for the purpose of complying with Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) standards and Intermediate Care Facilities for the Mentally Retarded (ICF-MR) standards dealing with residential, non-residential, and community based mental health and mental retardation services. This paragraph does not apply to those unexpended and unobligated balances remaining from appropriations for the first year of the biennium that the department is authorized by this Act to retain for specific purposes in the second year of the biennium. The department shall notify the Legislative Budget Board and the Governor as to when the appropriation originated, why it is not needed, and how it will be used prior to budgeting and expending these balances.

39. **Copyright of Training Materials and Patent of Technologies Developed by the Department.** In addition to the amounts appropriated above, the Department of Mental Health and Mental Retardation is hereby authorized to collect the following fees: a) fees collected from the sale of written training materials, video tapes, audio tapes and in the form of electronic media, such materials having been developed in part or whole by the department; and b) licensing fees collected by the department in exchange for allowing individuals and companies to use any patented technology developed, in part or in whole, by the department. The department is authorized to license the use of any copyright-protected material, trademark, trade secrets, and any patented technology. This does not include any mineral royalties. Fees collected in the sale of training materials described above may be in excess of the actual reproduction cost incurred by the department and shall be used to recoup the costs associated with developing the training materials. Fifty percent of the fees collected in licensing of any patented technology shall be devoted to further research and development of technologies reasonably believed to be of assistance to the department's priority population. The remaining 50 percent shall be deposited to the General Revenue Fund.
40. **Appropriation Transfer Between Fiscal Years.** In addition to the transfer authority provided elsewhere in this Act, the Department of Mental Health and Mental Retardation may transfer appropriations made for the fiscal year ending August 31, 2005, to the fiscal year ending August 31, 2004, subject to the following conditions provided by this section:

a. Transfers under this section may be made only:
   1. if appropriated receipts required to fund appropriations contained in this Act for fiscal year 2004 are less than those contained in the method of finance for the department for fiscal year 2004;
   2. for any emergency expenditure requirements, including expenditures necessitated to ensure the continuation of Medicaid client services to maintain fiscal year 2003 Medicaid caseloads.

b. Transfers may not exceed $15,000,000 in general revenue.

c. A transfer authorized by this section must receive the prior approval of the Legislative Budget Board and the Governor.

d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

41. **Revolving Fund Services: Canteen Services and Sheltered Workshops.**

a. **Canteen Services.** Each of the facilities under control and management of the Department of Mental Health and Mental Retardation, except the Central Office, may establish, maintain and operate a canteen for the convenience of its patients. Any balances remaining in each canteen operation fund are appropriated for the biennium beginning with the effective date of this Act in an amount estimated to be $350,000 from balances on hand on August 31, 2003 and included above in Strategy D.1.1, MR State School Services. Any unobligated balances as of August 31, 2004, are appropriated for the same use during fiscal year 2005. All receipts deposited to its credit, estimated to be $3,067,661 in fiscal year 2004 and $3,067,661 in fiscal year 2005 and included above in Strategy D.1.1, MR State School Services, are appropriated for all costs necessary for the operation of a canteen for the next fiscal year. Funds appropriated for canteen services are reflected in the method of finance above as MHMR Revolving Fund Receipts. Each of the facilities under control and management of the department that contracts with the Commission for the Blind for the operation of its canteen shall deposit the amount of monies originally appropriated for its Canteen Operation Fund into the General Revenue Fund. The balance remaining in the facility's Canteen Operation Fund, after the amount originally appropriated is deposited to the General Revenue Fund, shall be deposited to the Benefit Fund created at the facility under the provisions of Health and Safety Code § 551.004.

The department shall provide information on related revenues, balances, contracts and profits to the Legislative Budget Board, Governor and Comptroller of Public Accounts. These revenues, expenditures and balances shall be reported and included in agency Operating Budgets, Legislative Appropriation Requests, and Annual Financial Reports. The timetable, format and content for additional monthly reports related to Canteen operations shall be prescribed by the Legislative Budget Board.

b. **Sheltered Workshops.** The Department of Mental Health and Mental Retardation may maintain a revolving fund for its management responsibilities related to sheltered workshops. Any balances remaining in the sheltered workshop funds are appropriated for the biennium beginning with the effective date of this Act in an amount estimated to be $1,300,000 from balances on hand remaining on August 31, 2003 and included above in
Strategy D.1.1, MR State School Services. Any unobligated balances as of August 31, 2004, are appropriated for the same use during fiscal year 2005. All receipts deposited to the credit of the sheltered workshops, estimated to be $1,457,854 in fiscal year 2004 and $1,457,854 in fiscal year 2005 and included above in Strategy D.1.1, MR State School Services, are appropriated for all costs necessary for the operation of sheltered workshops. Funds appropriated for sheltered workshops are reflected in the method of finance above as MHMR Revolving Fund Receipts. The department shall provide information on related revenues, expenditures, balances, contracts and profits to the Legislative Budget Board, Governor and Comptroller of Public Accounts. These revenues, expenditures and balances shall be reported and included in agency Operating Budgets, Legislative Appropriations Requests, and Annual Financial Reports. The timetable, format, and content for additional monthly reports related to the Sheltered Workshop Revolving Fund shall be prescribed by the Legislative Budget Board.

HUMAN RESOURCE POLICY

42. **Employee Meals.** Notwithstanding any other provision in this Act, the Department of Mental Health and Mental Retardation may provide free meals to employees who are required to eat meals with clients.

43. **Maximum Security Salaries.** As a specific exception to the General Provisions of this Act governing salary rates of classified positions, funds are included above for the Department of Mental Health and Mental Retardation to pay employees working in designated Maximum Security Units or designated specialized Behavioral Management Units up to a two step increase over those salary rates provided by the General Provisions.

44. **Fire Prevention and Safety.** In instances in which regular employees of facilities located in remote areas are assigned extra duties in fire prevention programs, the following payments are authorized in addition to the salary rates stipulated by the General Provisions on this Act relating to the position classifications and assigned salary ranges:

- Fire Chief $75 per month
- Assistant Fire Chief $65 per month
- Fire Brigade Member $50 per month

45. **Patient or Client Assistance.** Subject to the approval of rules and regulations of the governing board of the Department of Mental Health and Mental Retardation, patients or clients in any state facility who are assisting in the operation of the facility as part of their therapy, may receive compensation out of any funds available to the respective facilities.

46. **Language Interpreter Services.** In order to compensate employees for assuming the duty of providing interpretation services to consumers whose primary language is not English, facilities of the Texas Department of Mental Health and Mental Retardation, upon written authorization of the Commissioner or his/her designee, may, from funds appropriated above, increase the salary of classified employees by an amount equal to a one step increase, or 3.4 percent, so long as the resulting salary rate does not exceed the rate designated as the maximum rate for the applicable salary group. This increase shall be granted only for the regular provision of interpreter services above and beyond the regular duties of the position, and shall be removed when these services are, for whatever reason, no longer provided by the employee or when they are no longer needed by the facility. Salary increases provided for this purpose are not merit increases and shall not affect an employee’s eligibility to receive a merit increase. This authorization also includes employees who provide interpretation services in American Sign Language.
DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

47. **State-Owned Housing Authorized.** The Superintendent, Medical Director, Assistant Superintendent for Programs, and Director of Plant Maintenance at each facility are authorized to live in state-owned housing at a rate determined by the department. Other department employees may live in state-owned housing as set forth in Article IX, State Owned Housing - Recover Housing Costs, of this Act. Fees for employee housing are hereby appropriated to be used for maintaining employee housing.

48. **Professional Trainees and Interns.** The Texas Department of Mental Health and Mental Retardation is authorized to compensate professional trainees or interns in recognized educational programs at any salary rate not to exceed the following amounts:

<table>
<thead>
<tr>
<th>Role</th>
<th>Salary per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychiatrist Interns</td>
<td>$3,412</td>
</tr>
<tr>
<td>Physician Interns</td>
<td>$2,925</td>
</tr>
<tr>
<td>Psychologist Trainees</td>
<td>$2,749</td>
</tr>
<tr>
<td>Registered Nurse Trainees</td>
<td>$2,295</td>
</tr>
<tr>
<td>Chaplain Interns</td>
<td>$2,161</td>
</tr>
<tr>
<td>Physical, Occupational, or Registered Therapist Trainees</td>
<td>$2,036</td>
</tr>
<tr>
<td>Social Worker Trainees</td>
<td>$1,921</td>
</tr>
<tr>
<td>Medical Technologist Trainees</td>
<td>$1,921</td>
</tr>
<tr>
<td>Licensed Vocational Nurse Trainees</td>
<td>$1,716</td>
</tr>
</tbody>
</table>

**OTHER PROVISIONS**

49. **Residential Providers.** It is the intent of the Legislature that individuals seeking residential services for a person with mental retardation have a choice of available providers. To ensure choice, the agency shall inform individuals seeking residential services of all the service options available, including large and small congregate living arrangements and waiver services.

50. **Placement Options.** An individual with mental retardation or an individual’s legally authorized representative seeking residential services shall receive a clear explanation of programs and services for which the individual is determined to be eligible, including state schools, community ICFs-MR, 1915(c) waiver services or other services. The programs and services that are explained shall be documented in the individual’s record and acknowledged in writing by the individual or the individual’s legally authorized representative. If the chosen programs or services are not available, the individual or the individual’s legally authorized representative shall be given assistance in gaining access to alternative services and the selected waiting lists. The department shall keep a central list of the number of openings available for each type of residential service. The department shall honor the program and services preferences of the person or the person’s legally authorized representative to the maximum extent openings are available in a residential program or service for which the individual meets program criteria.

51. **New Generation Medications.** Funds expended on New Generation medications shall be spent in accordance with the practice guidelines developed through the Texas Implementation of Medication Algorithms (TIMA), Children’s Medication Algorithm Project (CMAP) or a TDMHMR-approved variation or substitute of TIMA or CMAP guidelines.

52. **Limit on Spending New Generation Medication Funds.**  
   a. It is the intent of the Legislature that the Department of Mental Health and Mental Retardation utilize funds appropriated for New Generation Medications for no other purpose than the provision of New Generation Medications. This limitation shall apply to funds
appropriated for New Generation Medications in the following strategies: A.1.1, Adult MH Community Services; A.1.2, Children’s MH Community Services; A.1.4, NorthSTAR Behavioral Health Waiver; B.1.1, MH State Hospital Services; and D.1.1, MR State School Services.

b. Notwithstanding the limitation described above, the department shall allow a local mental health or mental retardation authority to expend an amount not to exceed 15 percent of its New Generation Medication funds on support programs that are related to the administration of New Generation Medications, provided, however, that an authority using its New Generation Medication funds for support services must meet its contracted performance target for persons served with New Generation Medications and that the availability of New Generation Medication funds to expend on services must result from cost efficiencies achieved by the authority.

53. **Home and Community-Based Services Mid-Range Waiver.** The Department of Mental Health and Mental Retardation, in conjunction with the Health and Human Services Commission, is authorized to seek approval from the Centers for Medicare and Medicaid Services for a Home and Community-based Services ‘mid-range’ waiver to provide services and supports to persons with mental retardation who do not require out-of-home residential support. Services and supports in this waiver would be capped at $25,000 per year. The Legislative Budget Board and the Governor must approve implementation of this waiver prior to expenditure of any funds on waiver placements.

54. **Provision of Information About All Care Alternatives.** The Department of Mental Health and Mental Retardation shall comply with the requirements of § 533.038 of the Health and Safety Code by specifically providing to a person with mental retardation who is seeking residential services, or that person’s legally authorized representative, information regarding the full continuum of care alternatives that are available, as well as information regarding spaces available in all the care alternatives.

55. **Performance Measure Adjustment.** It is the intent of the Legislature that the department work with the Legislative Budget Board and the Governor, in accordance with the provision titled “Budgeting and Reporting” in the General Provisions of this Act to make appropriate adjustments to performance measure targets if, during the course of the 2004–05 biennium, it receives a decrease in federal earnings related to a reduction in the rates for Medicaid reimbursement for rehabilitation services.

56. **Performance Measure Targets.** The department, with assistance from local authorities, the Legislative Budget Board, and the Governor, shall develop uniform methodologies to be used in setting its biennial performance measure targets. The methodologies will take into consideration inflation and operating costs as well as the actual costs associated with delivering individual units of mental health and mental retardation services. The department will use the methodologies in developing measure targets in its 2006–07 Legislative Appropriations Request.

57. **Purchasing of Medication.** The Department of Mental Health and Mental Retardation shall require local mental health and mental retardation authorities to document their effort to make needed medications available to consumers at the lowest possible prices and to utilize the most cost effective medication purchasing arrangement available. It is the intent of the Legislature that the Department of Mental Health and Mental Retardation shall provide technical assistance to community centers as necessary to maximize efficiency.

58. **Appropriation of Bond Funds.** The appropriation of $35,350,000 in bond funds included above in Strategy E.1.1 Capital Construction is subject to the following limitations and requirements. The Texas Public Finance Authority shall not issue debt to fund this appropriation at a rate that would cause the debt service on these bond funds to exceed $1,000,000 during the fiscal year.
2004–05 biennium. The Department shall reimburse, from its General Revenue appropriation, the Texas Public Finance Authority for the actual debt service incurred during the biennium related to the issuances under this appropriation and shall transfer these funds as instructed by the Comptroller of Public Accounts.

59. **Local Service Area Planning Pilot Project—Gulf Coast.** The Department of Mental Health and Mental Retardation may develop a pilot project, beginning in fiscal year 2004, negotiating a performance agreement with the Gulf Coast Center based on priorities identified by the community and expressed in a local service plan.

The performance agreement shall specify outcomes as established in the Appropriations Act for programs administered by the local authority, and financed by general revenue funds. Performance related to these outcomes must be verifiable by the Department. Measures relating to outputs and units of service delivered, which may be included in the performance agreement, shall be recorded in the local authority automated data systems. Copies of these reports shall be forwarded to the Department on a quarterly basis.

The Department shall develop criteria for evaluation of the pilot project and report on the effectiveness of the pilot project to the Legislative Budget Board and the Governor by December 31, 2004.

60. **Local Service Area Planning Pilot Project—El Paso.** The Department of Mental Health and Mental Retardation may develop a pilot project, beginning in fiscal year 2004, negotiating a performance agreement with the El Paso Mental Health and Mental Retardation Community Center authority based on priorities identified by the community and expressed in a local service plan.

The performance agreement shall specify outcomes as established in the Appropriations Act for programs administered by the local authority, and financed by general revenue funds. Performance related to these outcomes must be verifiable by the Department. Measures relating to outputs and units of service delivered, which may be included in the performance agreement, shall be recorded in the local authority automated data systems. Copies of these reports shall be forwarded to the Department on a quarterly basis.

The Department shall develop criteria for evaluation of the pilot project and report on the effectiveness of the pilot project to the Legislative Budget Board and the Governor by December 31, 2004.

61. **Recoupment of Funds from Local Authorities.** Notwithstanding other provisions of this Act, any state funds appropriated for fiscal year 2004 recouped by the Department from a local mental health or mental retardation authority for failing to fulfill its performance contract with the State, are hereby reappropriated to the Department to reallocate to other local mental health or mental retardation authorities to use for a related purpose in fiscal year 2005. In conjunction with the reallocation of funds, the Department shall provide a report to the Legislative Budget Board and the Governor on the amount of funds, the reasons for the recoupment, the local authorities involved, any performance contract requirements that were not met, and the purposes of the reallocation.

62. **Donations from Individuals, Community Groups and Volunteer Services Councils.** It is expressly provided that the Texas Department of Mental Health and Mental Retardation, in accordance with § 533.001 of the Health and Safety Code and to the extent permitted by law, may accept donations for permanent improvements at the state mental health facilities and the state mental retardation facilities from individuals, community groups and local Volunteer
Services Councils. Such funds are not subject to limitations on capital budget expenditures as contained in Article IX or any other similar provisions in this Act. Permanent improvements are defined as an improvement to a state facility that involves construction, building system(s), and/or landscaping.

63. **Contracted Medical Services.** It is the intent of the Legislature that the Texas Department of Mental Health and Mental Retardation (TDMHMR) will not pay more than the approved reimbursement rate set by the Health and Human Services Commission for hospital services provided to an indigent TDMHMR consumer in a private or public hospital.

64. **Cost Effective Study of TDMHMR Community Hospitals.** Out of funds appropriated the Department of Mental Health and Mental Retardation shall develop a study to identify the cost effectiveness of community hospitals across the state. The study shall include state, regional, and local factors affecting issues related to stabilization and long term care for mental health needs. The department will also review the reasons for closures of community hospitals, including costs associated with providing acute and long term care. The department shall submit the findings of the study to the Legislature, no later than September 1, 2005.

65. **Contingency Appropriation out of the Capital Trust Fund.** Included in amounts above is $5,859,850 in Capital Trust Fund revenue for the 2004-05 biennium, contingent upon the department earning and depositing amounts above the $4,599,000 that is identified in the Biennial Revenue Estimate. These funds above the revenue estimate shall be made available upon certification by the Comptroller of Public Accounts and used in accordance with their statutorily dedicated purpose.

66. **Contingency Appropriation for HB 2292.** Contingent upon the enactment of House Bill 2292, or similar legislation related to imposing a Quality Assurance Fee on facilities owned by the Department of Mental Health and Mental Retardation, by the Seventy-eighth Legislature, Regular Session, the amounts appropriated above from the Quality Assurance Account No. 5080 include an estimated $27,779,438 in fiscal year 2004 and an estimated $27,780,950 in fiscal year 2005 from fees collected pursuant to House Bill 2292.

67. **Authorization of Deferred Payments to Community MHMR Centers.**
   a. The Department of Mental Health and Mental Retardation is hereby authorized to defer payments to community centers for services in fiscal year 2005 until September 2005 and those deferred payments will be paid from fiscal year 2006 appropriations in an amount not to exceed $5,500,000 in General Revenue.
   b. However, after and contingent upon the Comptroller providing notice to the Legislative Budget Board and the Governor regarding a finding of fact by the Comptroller (at the time of certification or after certification of this Act) that sufficient revenue is estimated to be available, and following approval by the Legislative Budget Board and Governor, there is hereby appropriated to the Texas Department of Mental Health and Mental Retardation such amounts as may be necessary for payment of the one-month deferred payments (estimated to be $5,500,000 General Revenue) by August 31, 2005.

68. **Efficiencies at Local Mental Health and Mental Retardation Authorities.** It is the intent of the Legislature that the local mental health and mental retardation authorities that receive allocations from the funds appropriated above (in Goal 1, Community Mental Health Services and Goal 3, Community Mental Retardation Services) shall maximize the dollars available to provide services by minimizing overhead and administrative costs and achieving purchasing efficiencies. Among the strategies that should be considered in achieving this objective are consolidations.
DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION
(Continued)

among local authorities and partnering among local authorities on administrative, purchasing, or service delivery functions where such partnering may eliminate redundancies or promote economies of scale. Local mental health and mental retardation authorities shall also maximize third party billing opportunities, including Medicare and Medicaid.

By November 30, 2004 the State Auditor’s Office shall report to the Legislature on the progress in achieving such efficiencies and the opportunities for achieving further efficiencies, including structural efficiencies, in the local authority service delivery system. It is the Legislature’s intent that local authorities not expend funds appropriated in Strategy C.1.1, Mental Retardation Community Center Services, to supplement the rate-based payments they receive to fund their costs as providers of waiver or ICF-MR services and that the State Auditor shall identify the amounts of any such supplementation occurring in fiscal year 2004 in its report to the Legislature.

69. Expenditures on Bond Homes. It is the intent of the Legislature that expenditures made for the provision of client services in bond homes operated by the Department of Mental Health and Mental Retardation shall not exceed the approved reimbursement rates.

70. Feasibility Study for Six Bed Waiver Settings. In order to make TDMHMR waiver services more cost effective and maximize the number of persons served, the Department shall study the feasibility, cost, and benefits of converting waiver residential services to six bed settings, with the intent that any feasible conversion begin in fiscal year 2006. The study shall consider required provider rates, the transition costs to providers, and the impact on consumers. The study shall be developed with the assistance of a workgroup which shall include members of the staff of the Department, representatives of public providers, private providers, and advocates. The Department will complete the study by March 31, 2004 and will report its findings to the Governor’s Office of Budget and Planning, the House Appropriations Committee, the Senate Finance Committee, and the Legislative Budget Board.

71. In-home and Family Support for Persons with Mental Retardation. It is the intent of the Legislature that, out of funds appropriated to Strategy C.1.1, MR Community Services, the Department shall spend $10 million in General Revenue Funds for the MR In-home and Family Support program.

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES*

For the Years Ending August 31, August 31, 2004 2005

A. Goal: PROTECTIVE SERVICES
In collaboration with other public and private entities, protect children, elder adults, and persons with disabilities, from abuse, neglect and/or exploitation by providing an integrated service delivery system that results in quality outcomes, and reduce the incidence of abuse, neglect, and exploitation by maximizing resources for early intervention, prevention, and aftercare.

Outcome (Results/Impact):
Percent of Children in PRS Conservatorship for Whom Legal Resolution Was Achieved within 12 Months 62% 62.5%
Percent of Children in PRS Conservatorship for Whom Permanency Was Achieved within 18 Months 90% 90%
Percent of Adoptions Consummated within 18 Months of Termination of Parental Rights 77% 77%
Percent of CYD Youth Not Referred to Juvenile Probation 95% 95%
Child Protective Services Caseworker Turnover Rate 25% 25%

*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Sections 11.23, 11.28, and 12.01 due to passage of House Bill 3442, regular session.
DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES
(Continued)

Percent of Elderly Persons and Persons with Disabilities
Found to Be in a State of Abuse/Neglect/Exploitation Who
Receive Protective Services 84% 84%
Incidence of Abuse/Neglect/Exploitation per 1,000 Persons
Receiving Services in MHMR Settings 6.3 6.4
Percent of Validated Occurrences Where Children Are Placed
at Serious Risk 33% 33%
Percent of CAPS Help Desk Calls Answered within the Related
Service Level Agreement 90% 90%

A.1.1. Strategy: CPS STATEWIDE INTAKE

Provide a comprehensive and consistent system
with automation support for receiving reports
of children suspected to be at risk of
abuse/neglect and assign for investigation
those reports that meet the Texas Family Code
definition of child abuse/neglect.

Output (Volume):
Number of CPS Reports of Child Abuse/Neglect 172,825 181,423

Explanatory:
CPS Caseload Per Worker: Intake Stages of Service 95.1 99.4

A.1.2. Strategy: CHILD AND FAMILY SERVICES

Provide a comprehensive and consistent system
for the direct delivery of investigations,
regular family preservation and family
reunification services, out-of-home care, and
permanency planning for children who are at
risk of abuse/neglect and their families.

Output (Volume):
Number of Completed CPS Investigations 128,697 131,722
Number of Confirmed CPS Cases of Child Abuse/Neglect 32,398 33,145
Average Number of Open CPS Investigations Per Month 26,609 27,186
Number of Children in PRS Conservatorship Who Are Adopted 2,160 2,167

Efficiencies:
Average Monthly Cost Per Open CPS Investigation 137.39 135.66

Explanatory:
CPS Workload Equivalency Measure (WEM) 27.5 27.4
CPS Caseload Per Worker: Investigation Stages of Service 54 54.4
CPS Caseload Per Worker: Family Based Stages of Service 21.3 21.6
CPS Caseload Per Worker: Substitute Care Stages of Service 36.3 37
CPS Caseload Per Worker: Foster/Adoptive Development
Stages of Service 23 23.4
CPS Caseload Per Worker: Generic (No Specific Stage of
Service) 33.1 33.7

A.1.3. Strategy: CPS PURCHASED CLIENT SERVICES

Provide purchased services to treat children
who have been abused or neglected, to enhance
the safety and well-being of children at risk
of abuse and neglect, and to enable families to
provide safe and nurturing home environments
for their children.

Output (Volume):
Average Number of Days of TWC Child Care Paid Per Month 59,725 59,725

Efficiencies:
Average Cost Per Day for TWC Child Care 18.53 18.53

A.1.4. Strategy: INTENSIFIED FAMILY

Preservation
Provide intensified family preservation
services to prevent unnecessary removal from
their homes of children at risk of abuse and
neglect, and intensified family reunification
services to enable the early and safe return of
children to their homes.
### Output (Volume):

- **Average Number of Families Receiving Intensified Family Preservation Services Per Month**
  - 1,745
  - 1,782

### Efficiencies:

- **Average Cost Per Family Receiving Intensified Family Preservation/Reunification Services**
  - 695.44
  - 680.33

### Explanatory:

- **CPS Caseload Per Worker: Intensive Family Based Stages of Service**
  - 14.5
  - 15

#### A.1.5. Strategy: FOSTER CARE PAYMENTS

Provide funding for foster care services for children who need them.

### Output (Volume):

- **Average Number of Days Per Month of Foster Care for All Levels of Care**
  - 497,547
  - 532,048

### Efficiencies:

- **Average Expenditures for Foster Care Per Month for All Levels of Care**
  - $28,353,316
  - $30,533,481

#### A.1.6. Strategy: ADOPTION SUBSIDY PAYMENTS

Provide funding for adoption subsidies for children who need them.

### Output (Volume):

- **Average Number of Children Provided Adoption Subsidy Per Month**
  - 16,673
  - 18,057

### Efficiencies:

- **Average Monthly Payment Per Adoption Subsidy**
  - $487.05
  - $473.15

#### A.1.7. Strategy: AT-RISK PREVENTION SERVICES

Provide funding and support for community-based prevention programs to alleviate the conditions that lead to child abuse/neglect and juvenile crime.

### Output (Volume):

- **Average Number of STAR Youth Served Per Month**
  - 5,367
  - 5,367

- **Average Number of CYD Youth Served Per Month**
  - 5,772
  - 5,772

- **Number of Case-managed Students Participating in Communities-in-Schools Program**
  - 59,577
  - 59,577

### Efficiencies:

- **Average State Cost Per Communities-in-Schools Participant**
  - 296.3
  - 296.3

#### A.2.1. Strategy: ADULT PROTECTIVE SERVICES

Provide a comprehensive and consistent system for the investigation of reports of abuse, neglect, and exploitation of vulnerable adults and provide services to alleviate and prevent the recurrence of cases of maltreatment.

### Output (Volume):

- **Number of Completed APS Investigations**
  - 58,429
  - 58,902

- **Number of Confirmed APS Cases**
  - 42,457
  - 43,141

- **Number of APS Clients Receiving Guardianship Services**
  - 709
  - 732

### Efficiencies:

- **Average Monthly Cost Per APS Investigation**
  - 116.76
  - 115.18

#### A.2.2. Strategy: MHMR INVESTIGATIONS

Provide a comprehensive and consistent system for the investigation of reports of abuse, neglect, and exploitation of persons receiving services in MHMR settings.

### Output (Volume):

- **Number of Completed MHMR Investigations**
  - 9,977
  - 10,215

### Efficiencies:

- **Average Monthly Cost Per MHMR Investigation**
  - 312.97
  - 305.73

#### A.3.1. Strategy: CHILD CARE REGULATION

Provide a comprehensive system of consultation, licensure, and regulation which ensures the maintenance of minimum standards by day care.
facilities, residential child care facilities, registered family homes, child-placing agencies, and residential child care facility administrators.

**Output (Volume):**
Number of New Licenses, Certifications, Registrations and Listings Issued 4,407 4,407

**Efficiencies:**
Average Cost Per Issuance 696.01 691.18

**A.4.1. Strategy:** MAINTAIN AUTOMATED SYSTEM
Maintain the Child and Adult Protective System (CAPS) to support investigations and the delivery of protective services.

**Output (Volume):**
Number of Hours of Unscheduled Downtime for the Child and Adult Protective System 20 20

**Total, Goal A:** PROTECTIVE SERVICES $ 838,200,286 $ 877,380,047

**B. Goal:** INDIRECT ADMINISTRATION

**B.1.1. Strategy:** CENTRAL ADMINISTRATION

**B.1.2. Strategy:** INFORMATION RESOURCES

**B.1.3. Strategy:** OTHER SUPPORT SERVICES

**B.1.4. Strategy:** REGIONAL ADMINISTRATION

**Total, Goal B:** INDIRECT ADMINISTRATION $ 26,933,004 $ 26,909,731

**Grand Total, DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES** $ 865,133,290 $ 904,289,778

**Method of Financing:**

<table>
<thead>
<tr>
<th>Source</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>89,194,783</td>
<td>95,846,505</td>
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<tr>
<td>GR Match for Medicaid</td>
<td>42,639,392</td>
<td>43,495,642</td>
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<tr>
<td>GR MOE for Temporary Assistance for Needy Families</td>
<td>14,235,737</td>
<td>14,235,737</td>
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<tr>
<td>Earned Federal Funds</td>
<td>837,551</td>
<td>837,551</td>
</tr>
<tr>
<td>GR Match for Title IV-E Foster Care/Adoption Payments</td>
<td>88,897,311</td>
<td>93,489,365</td>
</tr>
</tbody>
</table>

Subtotal, General Revenue Fund               $235,804,774 $247,904,800

**General Revenue Fund - Dedicated**

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2003</th>
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</thead>
<tbody>
<tr>
<td>Child Abuse and Neglect Prevention Operating Account No. 5084</td>
<td>3,298,000</td>
<td>3,298,000</td>
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<tr>
<td>Compensation to Victims of Crime Account No. 469</td>
<td>32,782,709</td>
<td>32,782,709</td>
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</tbody>
</table>

Subtotal, General Revenue Fund - Dedicated $36,080,709 $36,080,709

**Federal Funds**

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
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</thead>
<tbody>
<tr>
<td>576,594,393</td>
<td>603,650,855</td>
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</tbody>
</table>

**Other Funds**

<table>
<thead>
<tr>
<th>Description</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriated Receipts</td>
<td>3,834,008</td>
<td>3,834,008</td>
</tr>
<tr>
<td>Interagency Contracts</td>
<td>12,819,406</td>
<td>12,819,406</td>
</tr>
</tbody>
</table>

Subtotal, Other Funds $16,653,414 $16,653,414

**Total, Method of Financing** $865,133,290 $904,289,778

**Number of Full-Time-Equivalent Positions (FTE):**
6,815.9 6,993.9

**Schedule of Exempt Positions:**

<table>
<thead>
<tr>
<th>Position</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director, Group 5</td>
<td>$125,000</td>
<td>$125,000</td>
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</tbody>
</table>
DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES
(Continued)

Object-of-Expense Informational Listing:

<table>
<thead>
<tr>
<th>Item</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$231,562,701</td>
<td>$236,912,153</td>
</tr>
<tr>
<td>Other Personnel Costs</td>
<td>5,340,161</td>
<td>5,340,161</td>
</tr>
<tr>
<td>Professional Fees and Services</td>
<td>14,504,677</td>
<td>14,606,855</td>
</tr>
<tr>
<td>Fuels and Lubricants</td>
<td>9,039</td>
<td>9,039</td>
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<tr>
<td>Consumable Supplies</td>
<td>1,397,396</td>
<td>1,643,662</td>
</tr>
<tr>
<td>Utilities</td>
<td>5,852,440</td>
<td>5,852,440</td>
</tr>
<tr>
<td>Travel</td>
<td>16,399,339</td>
<td>16,924,245</td>
</tr>
<tr>
<td>Rent - Building</td>
<td>16,254,163</td>
<td>16,254,163</td>
</tr>
<tr>
<td>Rent - Machine and Other</td>
<td>6,765,382</td>
<td>6,959,520</td>
</tr>
<tr>
<td>Other Operating Expense</td>
<td>23,042,720</td>
<td>24,611,474</td>
</tr>
<tr>
<td>Client Services</td>
<td>528,856,417</td>
<td>560,050,484</td>
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<tr>
<td>Food for Persons - Wards of State</td>
<td>39,256</td>
<td>39,256</td>
</tr>
<tr>
<td>Grants</td>
<td>14,898,341</td>
<td>14,898,341</td>
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<tr>
<td>Capital Expenditures</td>
<td>211,258</td>
<td>187,985</td>
</tr>
</tbody>
</table>

**Total, Object-of-Expense Informational Listing**

$865,133,290 $904,289,778

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for “Lease Payments to the Master Lease Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

<table>
<thead>
<tr>
<th>Item</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Acquisition of Information Resource Technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Lease Payments to the Master Lease Purchase Program (1998-99)</td>
<td>$64,709</td>
<td>$41,436</td>
</tr>
<tr>
<td>(2) Desktop Services Lease for Computer Hardware and Software</td>
<td>$4,903,324</td>
<td>$5,097,462</td>
</tr>
<tr>
<td><strong>Total, Acquisition of Information Resource Technologies</strong></td>
<td>$4,968,033</td>
<td>$5,138,898</td>
</tr>
<tr>
<td><strong>Total, Capital Budget</strong></td>
<td>$4,968,033</td>
<td>$5,138,898</td>
</tr>
</tbody>
</table>

**Method of Financing (Capital Budget):**

<table>
<thead>
<tr>
<th>Source</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Revenue Fund</td>
<td>$337,460</td>
<td>$325,274</td>
</tr>
<tr>
<td>GR Match for Medicaid</td>
<td>730,456</td>
<td>765,647</td>
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<tr>
<td>GR Match for Title IV-E Foster Care/Adoption Payments</td>
<td>12,509</td>
<td>21,220</td>
</tr>
<tr>
<td><strong>Subtotal, General Revenue Fund</strong></td>
<td>$1,080,425</td>
<td>$1,112,141</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>3,887,608</td>
<td>4,026,757</td>
</tr>
<tr>
<td><strong>Total, Method of Financing</strong></td>
<td>$4,968,033</td>
<td>$5,138,898</td>
</tr>
</tbody>
</table>

2. **Substitute Care Permanency Goal.** In order to comply with 45 CFR 1356.21, it is the intent of the Legislature that the Department of Protective and Regulatory Services actively seek permanent homes for the children who are in the department's substitute care program for long periods. To this end, the department shall seek to limit the number of children under the department's responsibility who are in substitute care for a period longer than 24 months. The
department shall strive to assure that no more than 45 percent of the children in paid placements are in substitute care for more than 24 months for fiscal years 2004 and 2005.

Further, it is the intent of the Legislature that whenever possible, the department shall utilize state and/or federal funds currently being expended for substitute care to cover the cost of assuring permanent homes where appropriate for foster children.

3. **Limitation on Expenditures for Conservatorship Suits.** To the extent allowed by federal regulation, federal funds may be used by the department, in conjunction with funds provided by counties with which the department has child welfare contracts, to pay for legal representation for children or their parents in suits in which the department is seeking to be named conservator. No general revenue funds appropriated to the department may be used to make such payments.

4. **Appropriation of Funds.** All funds received by the department from counties, cities, and other local sources and all balances from such sources as of August 31, 2003, are hereby appropriated for the biennium ending August 31, 2005, for the purpose of carrying out the provisions of this Act. (Estimated to be $0)

5. **Accounting of Support Costs.** The State Comptroller shall establish separate accounts from which certain support costs shall be paid. The Department of Protective and Regulatory Services is hereby authorized to make transfers into separate accounts from line item strategies in order to pay for these expenses in an efficient and effective manner. Only costs not directly attributable to a single program may be budgeted in or paid from these accounts. Items to be budgeted in and paid from these accounts include but are not limited to: postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs, and salary and travel costs of staff whose function supports several programs. The department shall be responsible for monthly allocations of these costs to the original strategies.

6. **Tertiary Prevention of Child Abuse Programs.** From the amounts appropriated above, the Department of Protective and Regulatory Services shall allocate up to $120,000 each fiscal year of the biennium for continuation of a statewide network of community-based, volunteer-driven programs for prevention, intervention, and aftercare services of abused children.

7. **Foster Care Rates.**
   a. It is the intent of the Legislature that the Department of Protective and Regulatory Services reimburse foster families at least $17.12 per day for children under 12 years old and $17.50 per day for children age 12 and older during the 2004–05 biennium. The department may transfer funds into Strategy A.1.5, Foster Care Payments, for the purpose of maintaining these rates. The department may not transfer funds out of Strategy A.1.5, Foster Care Payments.
   b. The department may also use funds in Strategy A.1.5, Foster Care Payments, to recommend alternate service provision intake and investigation that will consider expansion of contract services, regional planning, service outcomes, and appropriate funding mechanisms to be tested in pilot projects. Such pilot approaches to innovative service delivery shall be designed in conjunction with providers, approved by the Health and Human Services Commission, and funded at no increased cost to the State. The department may include a modification of rates for existing and new pilot approaches implemented in this manner.
   c. The department may utilize up to $250,000 from funds appropriated above in Strategy A.1.5, Foster Care Payments, to develop and implement a relative placement reimbursement pilot program in one region of the state. The department shall conduct an evaluation of the pilot.
8. **Fund Transfers for Funds Consolidation.** For the purpose of funds consolidation, federal and other funds may be transferred into the General Revenue Fund from Department of Protective and Regulatory Services Fund 37. The initial deposit of federal funds shall be made into Fund 37 and no direct expenditures shall be made from this fund.

9. **Reimbursement of Advisory Committees.** Pursuant to Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above not to exceed $6,500 per year, is limited to the Texas Multidisciplinary Task Force on Children's Justice.

   To the maximum extent possible, the department shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so that they may return the same day and reduce the need to reimburse members for overnight stays.

10. **Earned Federal Funds.**
    a. The Department of Protective and Regulatory Services shall submit a monthly report to the Legislative Budget Board and the Governor which details revenues, expenditures, and balances for earned federal funds as of the last day of the prior month. The report shall be prepared in a format approved by the Legislative Budget Board.

    b. The authority to receive and expend earned federal funds in excess of those appropriated above is subject to the following limitations:

       (1) At least 14 days prior to any expenditure of earned federal funds in excess of those appropriated, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission. At least 14 days prior to any meeting of the Board of Protective and Regulatory Services to consider a budget adjustment of any use of earned federal funds above levels indicated in the appropriation above or to consider any program expansion, the department shall report the earned federal funds received and provide documentation of the proposed use of these funds to the Legislative Budget Board, Governor, and Health and Human Services Commission.

       (2) Notifications shall include information regarding the need which will be served with the additional revenue. In the event program expansions are under consideration, information shall be forwarded regarding the population to be served; criteria for eligibility; and impact upon existing programs.

       (3) The report shall include the information detailed in "b" and identify the impact on established performance targets, measures, and full-time equivalent positions.

    c. The method of financing item, Earned Federal Funds, for appropriations made above includes unexpended and unobligated balances of earned federal funds remaining as of August 31, 2003 (estimated to be $0), and receipts earned in fiscal years 2004 and 2005.

11. **Medicaid and Other Reporting Requirements.**
    a. None of the funds appropriated by this Act to the Department of Protective and Regulatory Services may be expended or distributed by the department unless:
(1) the department submits to the Legislative Budget Board and the Governor a copy of each report submitted to the federal government relating to the Medicaid program, the Foster Care and Adoption Assistance program, Temporary Assistance for Needy Families, and the Child Welfare Services program. This shall include, but is not limited to:

i. expenditure data;
ii. caseload data;
iii. cost allocation revisions;
iv. State plan amendments; and
v. State plan waivers, including, but not limited to applications for new waivers and changes to existing waiver services, costs or authorized number of clients.

Such reports shall be submitted to the Legislative Budget Board and the Governor no later than the date the respective report is submitted to the federal government.

(2) the department submits to the Legislative Budget Board and the Governor quarterly:

i. a report detailing the foster care caseload figures and related expenditure amounts, by level of care, for the preceding months;
ii. a report detailing the adoption assistance caseload figures and related expenditure amounts for the preceding months; and
iii. a report projecting the anticipated foster care and adoption assistance caseloads for the 36 month period beginning with the first month after the report is due.

(3) the department submits data to the Legislative Budget Board and the Governor by the end of each month pertaining to forecasts of caseloads and costs for the programs identified in subsection a(2). The data shall be sent in a manner to be specified by the Legislative Budget Board and the Governor.

b. Each report submitted to the Legislative Budget Board and the Governor pursuant to this provision must be accompanied by supporting documentation detailing the sources and methodologies utilized to develop any caseload or cost projections contained in each respective report and any other supporting materials as specified by the Legislative Budget Board and the Governor.

c. Each report submitted pursuant to this provision must contain a certification by the person submitting the report, that the information provided is true and correct based upon information and belief together with supporting documentation.

d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Department of Protective and Regulatory Services if the Legislative Budget Board and the Governor certify to the Comptroller of Public Accounts that the Department of Protective and Regulatory Services is not in compliance with this provision.

12. Appropriation Transfer Between Fiscal Years. In addition to the transfer authority provided elsewhere in this Act, the Department of Protective and Regulatory Services may transfer appropriations made above for Strategy A.1.5, Foster Care Payments and Strategy A.1.6, Adoption Subsidy Payments, for fiscal year 2005 to fiscal year 2004, subject to the following conditions provided by this section:

a. Transfers under this section may be made only if costs associated with providing foster care or adoption subsidy payments exceed the funds appropriated for these payments for fiscal year 2004;
b. Transfers may not exceed $10,000,000 in general revenue;

c. A transfer authorized by this section must receive the prior approval of the Legislative Budget Board and the Governor; and

d. The Comptroller of Public Accounts shall cooperate as necessary to assist the completion of a transfer and spending made under this section.

13. **At-Risk Prevention Services.** Out of funds appropriated above in Strategy A.1.7, At-Risk Prevention Services, in each year of the biennium the department shall allocate up to $18,581,994 for the STAR Program; and up to $7,065,945 for Community Youth Development Grants.

14. **Limitation on Expenditures for Administrative Overhead.** Out of the funds appropriated above in Strategy A.1.3, CPS Purchased Client Services, $13,979,163 in fiscal year 2004 and $13,979,163 in fiscal year 2005 may be used only to purchase child day care services through the Texas Workforce Commission.

The Department of Protective and Regulatory Services’ expenditures for administrative overhead payments to the Texas Workforce Commission and local workforce boards in connection with any agreement to provide child day care services out of funds appropriated above shall be limited to no more than 5 percent of all amounts paid for child day care services out of funds appropriated above.

15. **Communities in Schools Program.** Out of the funds appropriated above in Strategy A.1.7, At-Risk Prevention Services, $4,842,341 in TANF Federal Funds for fiscal year 2004 and $4,842,341 in TANF Federal Funds for fiscal year 2005, may be used only for the Communities in Schools program.

16. **Human Resources Management Plan.** From funds appropriated above, the Texas Department of Protective and Regulatory Services shall develop a Human Resources Management Plan designed to improve employee morale and retention. The plan must focus on reducing employee turnover through better management. The Texas Department of Protective and Regulatory Services shall report, by October 1 of each year of the biennium, to the Senate Finance Committee, the House Committee on Appropriations, the Legislative Budget Board, and the Governor the employee turnover rate, by job category, at the agency during the preceding fiscal year. The effectiveness of the agency’s plan shall be measured by whether or not there is a reduction in annual employee turnover rates at the agency, specifically by the reduction in the turnover rates for caseworkers.

17. **Use of Personal Cellular Telephones.** Out of funds appropriated above, the Department of Protective and Regulatory Services shall pay child and adult protective services program caseworkers, supervisors, and directors an amount not to exceed $50 per month for work-related use of their personal cellular telephones.

18. **Rate Analysis and Reporting Requirements.**

a. None of the funds appropriated by this Act to the Department of Protective and Regulatory Services may be expended or distributed by the department unless:

   1. At least 45 days prior to any action by the Department of Protective and Regulatory Services to increase foster care rates or adoption subsidy rates, the department shall notify the Legislature Budget Board, the Governor, and the Office of the State Auditor, about the proposed rates and submit a five-year cost impact analysis using the most current caseload forecast.
DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

(Continued)

(2) The cost impact analysis shall be prepared in a format approved by the Legislative Budget Board.

b. Reports submitted pursuant to this provision must contain a certification by the Chief Financial Officer and the Chair of the Board of Protective and Regulatory Services that the information provided is true and correct based upon information and belief together with supporting documentation. Additionally, the Chief Financial Officer and the Chair of the Board of Protective and Regulatory Services must either indicate that the proposed action is within biennial appropriated/available funding or estimate the amounts (including General Revenue, Temporary Assistance for Needy Families, and All Funds) by which the proposed action will exceed biennial appropriated/available funding.

c. The Office of the State Auditor shall review the cost impact analysis prepared under subsection (a) along with supporting documentation, supporting records, and justification for the rate increase provided by the Department of Protective and Regulatory Services and report back to the Legislative Budget Board and the Governor prior to the rate increase.

d. The Comptroller of Public Accounts shall not allow the expenditure of funds appropriated by this Act to the Department of Protective and Regulatory Services if the Legislative Budget Board and the Governor certify to the Comptroller of Public Accounts that the department (or the Health and Human Services Commission in the event that authority to set foster care rates or adoption subsidy rates is transferred to the Health and Human Services Commission) is not in compliance with the provision.

e. Any requirement for the Department of Protective and Regulatory Services to provide a cost analysis under subsection (a), a certification under subsection (b), or supporting documentation and justification under subsection (c) shall mean the Health and Human Services Commission or the Commissioner of Health and Human Services, in the event that authority to set foster care rates or adoption subsidy rates is transferred to the Health and Human Services Commission.

19. **Provision of Direct Services.** The Children’s Trust Fund state plan for child abuse and neglect primary prevention programs shall emphasize funding for programs that provide direct services such as mentoring, parenting skills, early intervention and prevention, services for high-risk parents, and services to families in crisis.

20. **Unexpended Balances.** All unexpended balances appropriated above to Strategy A.1.7, At-Risk Prevention Services, for the fiscal year ending August 31, 2004, are hereby appropriated for the same purposes for the fiscal year beginning September 1, 2004.

21. **Foster Care Payments.** The funds appropriated above for Strategy A.1.5, Foster Care Payments, assume $22,231,477 in savings due to redesign of the Foster Care Levels of Care (LOC) system to one based on services provided. It is the intent of the Legislature that the Department of Protective and Regulatory Services work with the Health and Human Services Commission to create a LOC rate system that merges certain of the current LOCs used in fiscal year 2003 to attain greater efficiencies in classifying of foster care children and reduce costs. The Department of Protective and Regulatory Services shall submit a proposed plan for LOC restructuring to the Governor and the Legislative Budget Board to allow it to have the new rates in effect no later than October 1, 2003.

22. **Adult Protective Services and MHMR Investigations.** Out of the funds appropriated above for Strategy A.2.1, Adult Protective Services, and Strategy A.2.2, MHMR Investigations, the Department of Protective and Regulatory Services shall maximize the use of federal Medicaid funding.
23. **Training for CPS Caseworkers.** It is the intent of the Legislature that the training curriculum for CPS Caseworkers funded out of Strategy A.1.2, Child and Family Services, include instruction in the Fourth Amendment to the U.S. Constitution and parents’ rights.

24. **Faith-based Foster Family Recruitment and Training.** From funds appropriated above, up to $500,000 in fiscal year 2004 and up to $706,000 in fiscal year 2005 shall be used for the purposes of developing and implementing a program to recruit and train foster families from faith-based communities.

25. **Buffalo Soldiers Heritage Program.** Out of funds appropriated above in Strategy A.1.7, At-Risk Prevention Services, in each year of the biennium the Department of Protective and Regulatory Services shall use up to $250,000 for the Dan Kubiak Buffalo Soldiers Program. Contract(s) are to be awarded through statewide procurement.

26. **Adoption Subsidy Payments.** As a means to limit appropriations and agency expenditures, it is the intent of the Legislature that within the funds appropriated above for Strategy A.1.6, Adoption Subsidy Payments, the Department of Protective and Regulatory Services shall establish a tiered payment schedule that is based on the child’s service level needs at the time of placement into adoption. The tiered payment schedule shall apply only to children placed after September 1, 2003.

### REHABILITATION COMMISSION*

#### A. Goal: SERVICE DELIVERY SYSTEM

To provide an integrated system of service delivery options which promotes informed client choice in the delivery of services leading to employment of choice, living as independently as possible, and accessing high quality services.

**Outcome (Results/Impact):**

| Percent of Employed Rehabilitants Earning at Least Minimum Wage | 97.3% | 97.3% |

Rehabilitate and place people with disabilities in competitive employment or other appropriate settings, consistent with informed consumer choice and abilities.

**Output (Volume):**

| Number of Eligible Clients Provided Vocational Rehabilitation Services | 126,195 | 126,196 |
| Number of Eligible Clients Rehabilitated and Employed | 20,000 | 20,000 |
| Number of Individuals Whose TRC-supported Training and Education Extended past Two Years | 1,700 | 1,700 |

**Efficiencies:**

| Cost per Client Rehabilitated and Employed | $8,531 | $8,531 |
| Average Number of Months of TRC-supported Training and Education Courses Before Employment | 12 | 12 |
| Average Cost per Individual in a TRC-supported Training and Education Course | $1,085 | $1,085 |

#### A.3.1. Strategy: INDEPENDENT LIVING CENTERS

Work with independent living centers and the State Independent Living Council (SILC) to establish the centers as financially and programmatically independent from Texas Rehabilitation Commission and financially and

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*Agency appropriations impacted by Article II Special Provisions, Sections 26 and 28, and by Article IX, Section 11.28.*
programmatically accountable for achieving independent living outcomes with their clients.

**Output (Volume):**
Number of People Receiving Services from Texas Rehabilitation Commission Supported Independent Living Centers 3,821 3,822

**A.3.2. Strategy: INDEPENDENT LIVING SERVICES**
Provide consumer-driven and Texas Rehabilitation Commission counselor-supported independent living services to people with severe disabilities statewide.

**Output (Volume):**
Number of People Receiving Texas Rehabilitation Commission Supported Independent Living Services 2,237 2,237

**A.3.3. Strategy: COMPREHENSIVE REHABILITATION**
Provide consumer-driven and counselor-supported Comprehensive Rehabilitation Services for people with traumatic brain injuries or spinal cord injuries.

**Output (Volume):**
People Receiving Comprehensive Rehabilitation Services 380 363

**Efficiencies:**
Cost Per CRS Client 26,391 27,627

**Total, Goal A: SERVICE DELIVERY SYSTEM**
$184,700,045 $184,700,046

**B. Goal: DISABILITY DETERMINATION**
Enhance service to persons with disabilities by achieving accuracy and timeliness within the Social Security Administration Disability Program guidelines and improving the cost-effectiveness of the decision making process in the disability determination services.

**Outcome (Results/Impact):**
Percent of Case Decisions That Are Accurate 95% 95%

**B.1.1. Strategy: DDS DETERMINATION**
Enhance cost-effective methods in administering disability determination services.

**Output (Volume):**
Number of Disability Cases Determined 238,430 248,085

**Efficiencies:**
Cost Per Disability Case Determination 359 359

**C. Goal: PROGRAM INITIATIVES**
Strengthen our continuum of direct service programs with legislative and strategic initiatives which promote innovation in meeting the needs of Texans with disabilities and emphasize effective interaction with consumers and advocates.

**Outcome (Results/Impact):**
Percent of Total Developmental Disabilities Plan Activities Initiated 87% 87%

**C.1.1. Strategy: PROMOTE INDEPENDENCE**
Promote the independence, productivity, and integration of people with developmental disabilities in Texas.

**D. Goal: INDIRECT ADMINISTRATION**

**D.1.1. Strategy: CENTRAL ADMINISTRATION**
$7,871,173 $7,871,173

**D.1.2. Strategy: INFORMATION RESOURCES**
$5,942,549 $5,942,549

**D.1.3. Strategy: OTHER SUPPORT SERVICES**
$5,211,277 $5,211,277

**Total, Goal D: INDIRECT ADMINISTRATION**
$19,024,999 $19,024,999

**Grand Total, REHABILITATION COMMISSION**
$293,948,336 $297,465,525
Method of Financing:

General Revenue Fund

<table>
<thead>
<tr>
<th>Source</th>
<th>2004</th>
<th>2005</th>
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<tbody>
<tr>
<td>General Revenue Fund</td>
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<td>$832,516</td>
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<tr>
<td>Earned Federal Funds</td>
<td>2,328,231</td>
<td>2,328,231</td>
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<tr>
<td>GR for Vocational Rehabilitation</td>
<td>37,375,782</td>
<td>37,375,782</td>
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</table>

Subtotal, General Revenue Fund $40,536,529 $40,536,529

GR Dedicated - Comprehensive Rehabilitation Account No. 107

Federal Funds

<table>
<thead>
<tr>
<th>Source</th>
<th>2004</th>
<th>2005</th>
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</thead>
<tbody>
<tr>
<td>Interagency Contracts</td>
<td>1,009,747</td>
<td>1,121,247</td>
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<tr>
<td>Subrogation Receipts</td>
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</table>

Subtotal, Other Funds $1,509,747 $1,621,247

Total, Method of Financing $293,948,336 $297,465,525

Number of Full-Time-Equivalent Positions (FTE):

<table>
<thead>
<tr>
<th>Source</th>
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<tbody>
<tr>
<td>GR Dedicated - Comprehensive Rehabilitation Account No. 107</td>
<td>10,439,439</td>
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<tr>
<td>Federal Funds</td>
<td>241,462,621</td>
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<tr>
<td>Other Funds</td>
<td>1,509,747</td>
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Schedule of Exempt Positions:

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<tr>
<th>Source</th>
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<tr>
<td>Commissioner, Group 4</td>
<td>$104,000</td>
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Object-of-Expense Informational Listing:

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<thead>
<tr>
<th>Source</th>
<th>2004</th>
<th>2005</th>
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</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>$91,675,000</td>
<td>$93,065,849</td>
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<tr>
<td>Other Personnel Costs</td>
<td>3,721,538</td>
<td>3,771,581</td>
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<tr>
<td>Professional Fees and Services</td>
<td>8,645,928</td>
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<tr>
<td>Consumable Supplies</td>
<td>634,209</td>
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<td>Utilities</td>
<td>4,332,187</td>
<td>5,132,330</td>
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<td>Travel</td>
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<tr>
<td>Rent - Building</td>
<td>6,797,935</td>
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<tr>
<td>Rent - Machine and Other</td>
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<tr>
<td>Other Operating Expense</td>
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<td>9,442,830</td>
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<tr>
<td>Client Services</td>
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<tr>
<td>Client Services</td>
<td>154,390,504</td>
<td>155,868,826</td>
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<tr>
<td>Grants</td>
<td>5,346,790</td>
<td>5,438,490</td>
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<tr>
<td>Capital Expenditures</td>
<td>2,282,257</td>
<td>1,519,757</td>
</tr>
</tbody>
</table>

Total, Object-of-Expense Informational Listing $293,948,336 $297,465,525

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended for the purposes shown and are not available for expenditures for other purposes. Amount appropriated above have been identified in this provision as appropriations either for “Lease payments to Master Lease Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103.

   Out of Federal Funds:

   a. **Acquisition of Information Resource Technologies**
      (1) SSA Redesign and Reconfiguration of State DDS

<table>
<thead>
<tr>
<th>Source</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSA Redesign and Reconfiguration of State DDS</td>
<td>$937,257</td>
<td>$974,747</td>
</tr>
</tbody>
</table>
(2) Infrastructure and Development Platform Update

(3) Workstation upgrade

b. Acquisition of Capital Equipment and Items

(1) Uninterruptible Power Supply

Total, Capital Budget

Total, Acquisition of Information Resource Technologies

2. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members, out of funds appropriated above, not to exceed $61,920 per year, is limited to the following advisory committees: State Independent Living Council and the Rehabilitation Council of Texas.

To the maximum extent possible, the agency shall encourage the use of videoconferencing and teleconferencing and shall schedule meetings and locations to facilitate the travel of participants so they may return the same day and reduce the need to reimburse members for overnight stays.

3. **Subrogation Receipts.** Included in amounts appropriated above in Strategy A.1.1, Rehabilitation Services, are subrogation collections received during the 2004–05 biennium, $500,000 annually. Amounts collected above $500,000 in each year are hereby appropriated to the agency for client services in the Vocational Rehabilitation program (estimated to be zero).

4. **Notification of Federal Funds Distribution.**

a. **Redirect of General Revenue Funds.** The Rehabilitation Commission shall notify the Legislative Budget Board and the Governor of its intent to redirect General Revenue funds to obtain additional federal funds for the Vocational Rehabilitation program. The notification shall include the original purpose and item of appropriation for which the General Revenue Funds were appropriated, and the effect on measures and/or full-time equivalent positions for all affected strategies. The notification shall be made at least 30 days prior to requesting additional federal funding for the Vocational Rehabilitation program.

b. **Budgeting of Additional Federal Dollars.** The Rehabilitation Commission shall notify the Legislative Budget Board and the Governor at least 14 days prior to the budgeting of more than $135,892,170 in fiscal year 2004 and $135,883,151 in fiscal year 2005 in federal Vocational Rehabilitation funds (CFDA 84.126) included in the “Method of Financing” above. At least 14 days prior to the expenditure of amounts greater than those listed above, the agency shall notify the Legislative Budget Board and the Governor. Amounts noted above include any amounts expended in fiscal year 2004 or 2005 that were carried forward from previous year’s allotments.

5. **FTE Designation: Disability Council.** The Texas Rehabilitation Commission is authorized up to 2,602.5 in 2004 and 2,602.5 in 2005 in Full-Time Equivalent (FTE) positions. It is the intent of the Legislature that 17 FTEs each fiscal year are designated for Strategy C.1.1, Promote Independence, for the Developmental Disabilities Council.

6. **General Revenue Fund Dedicated: Comprehensive Rehabilitation Revenue.** The method of financing noted above, General Revenue Fund-Dedicated, Comprehensive Rehabilitation Account No. 107, includes unexpended and unobligated balances of Comprehensive Rehabilitation funds remaining as of August 31, 2003, and receipts earned in fiscal year 2004.
REHABILITATION COMMISSION
(Continued)

and fiscal year 2005, not to exceed $20,878,879 for the biennium. Revenues deposited into General Revenue–Dedicated Account No. 107 are statutorily dedicated for comprehensive rehabilitation services and may not be used for any other purpose.

7. **Earned Federal Funds.** Included in the method of financing above are Earned Federal Funds in the amount of $2,328,231 in 2004 and $2,238,231 in 2005, contingent upon the agency earning and depositing funds which constitute Earned Federal Funds, as defined elsewhere in this Act, into the General Revenue Fund Appropriation Number 70000 established by the Comptroller of Public Accounts for this purpose.

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### RETIREMENT AND GROUP INSURANCE

<table>
<thead>
<tr>
<th>For the Years Ending</th>
<th>August 31,</th>
<th>August 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2005</td>
</tr>
</tbody>
</table>

**A. Goal: EMPLOYEES RETIREMENT SYSTEM**

**A.1.1. Strategy: RETIREMENT CONTRIBUTIONS**

Provide an actuarially sound level of funding as defined by state law. Estimated.

- **$ 89,428,060**
- **$ 90,320,822**

**A.1.2. Strategy: GROUP INSURANCE**

Provide a basic health care and life insurance program for general state employees. Estimated.

- **$ 272,558,401**
- **$ 276,652,388**

**Total, Goal A: EMPLOYEES RETIREMENT SYSTEM**

- **$ 361,986,461**
- **$ 366,973,210**

**Grand Total, RETIREMENT AND GROUP INSURANCE**

- **$ 361,986,461**
- **$ 366,973,210**

**Method of Financing:**

- General Revenue Fund, estimated **$ 187,814,296**
- General Revenue Dedicated Accounts, estimated **$ 3,158,553**
- Federal Funds, estimated **$ 171,013,612**

**Total, Method of Financing**

- **$ 361,986,461**
- **$ 366,973,210**

*Modified by Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 28(c). Modified by Article IX, Section 11.60 due to passage of House Bill 2359, regular session.

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### SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY**

<table>
<thead>
<tr>
<th>For the Years Ending</th>
<th>August 31,</th>
<th>August 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2005</td>
</tr>
</tbody>
</table>

**A. Goal: SOCIAL SECURITY/BENEFIT REPLACEMENT**

To provide funding to the Comptroller of Public Accounts for Social Security Contributions and Benefit Replacement Pay.

**A.1.1. Strategy: STATE MATCH – EMPLOYER**

Provide an employer match for Social Security contributions. Estimated.

- **$ 112,429,405**
- **$ 113,551,789**

**Modified by Article II, Special Provisions Relating to All Health and Human Services Agencies, Section 28(c).**
SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY
(Continued)

A.1.2. Strategy: BENEFIT REPLACEMENT PAY
Provide Benefit Replacement Pay to eligible employees. Estimated.

Total, Goal A: SOCIAL SECURITY/BENEFIT REPLACEMENT

<table>
<thead>
<tr>
<th></th>
<th>Goal 1</th>
<th>Goal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Replacement Pay for eligible employees. Estimated.</td>
<td>$24,054,165</td>
<td>$22,827,402</td>
</tr>
</tbody>
</table>

Grand Total, SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

<table>
<thead>
<tr>
<th></th>
<th>Goal 1</th>
<th>Goal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Replacement Pay</td>
<td>$136,483,570</td>
<td>$136,379,191</td>
</tr>
</tbody>
</table>

Method of Financing:

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Goal 1</th>
<th>Goal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund, estimated</td>
<td>$68,051,892</td>
<td>$67,775,689</td>
</tr>
<tr>
<td>General Revenue Dedicated Accounts, estimated</td>
<td>$1,333,044</td>
<td>$1,334,249</td>
</tr>
<tr>
<td>Federal Funds, estimated</td>
<td>$67,098,634</td>
<td>$67,269,253</td>
</tr>
</tbody>
</table>

Total, Method of Financing

<table>
<thead>
<tr>
<th></th>
<th>Goal 1</th>
<th>Goal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Replacement Pay</td>
<td>$136,483,570</td>
<td>$136,379,191</td>
</tr>
</tbody>
</table>

BOND DEBT SERVICE PAYMENTS

For the Years Ending August 31, 2004 | August 31, 2005

A. Goal: FINANCE CAPITAL PROJECTS
To provide funding to the Texas Public Finance Authority for the payment of general obligation bond debt service requirements.

A.1.1. Strategy: BOND DEBT SERVICE
Make general obligation bond debt service payments in compliance with bond covenants.

Grand Total, BOND DEBT SERVICE PAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Debt Service</td>
<td>$18,150,356</td>
<td>$19,513,831</td>
</tr>
</tbody>
</table>

Method of Financing:

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue Fund</td>
<td>$15,319,522</td>
<td>$16,683,587</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>2,362,984</td>
<td>2,361,154</td>
</tr>
<tr>
<td>Other Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Fund Balance</td>
<td>14,000</td>
<td>15,000</td>
</tr>
<tr>
<td>MHMR Collections for Patient Support and Maintenance</td>
<td>232,081</td>
<td>232,290</td>
</tr>
<tr>
<td>MHMR Appropriated Receipts</td>
<td>32,767</td>
<td>32,786</td>
</tr>
<tr>
<td>MHMR Medicare Receipts</td>
<td>189,002</td>
<td>189,014</td>
</tr>
</tbody>
</table>

Subtotal, Other Funds

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$467,850</td>
<td>$469,090</td>
</tr>
</tbody>
</table>

Total, Method of Financing

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$18,150,356</td>
<td>$19,513,831</td>
</tr>
<tr>
<td>Out of the General Revenue Fund:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td><strong>A. Goal: FINANCE CAPITAL PROJECTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To provide funding to the Building and Procurement Commission for payment to the Texas Public Finance Authority for the payment of revenue bond debt service requirements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A.1. Strategy: LEASE PAYMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make lease payments to the Texas Public Finance Authority on facilities financed through the Texas Public Finance Authority.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total, LEASE PAYMENTS</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|  | August 31, | August 31, |
|  | 2004      | 2005      |
|---------------------------------|--|
| **LEASE PAYMENTS**             |  |
| $ 7,449,926                     | $ 7,455,848 |
| & UB                            |  |

|  |  |  |
|  |  |  |
|  |  |  |
SPECIAL PROVISIONS RELATING TO ALL HEALTH AND HUMAN SERVICES AGENCIES

Sec. 1. Night Shift and Weekend Differential.

a. Clinical and Support Personnel. The Department of Mental Health and Mental Retardation and the Department of Health are authorized to pay an additional night shift salary differential not to exceed 15 percent of the monthly pay rate to personnel who work the 3 p.m. to 11 p.m. or the 11 p.m. to 7 a.m. shift or its equivalent. A weekend shift salary differential not to exceed 5 percent of the monthly pay rate may be paid to persons who work weekend shifts. The evening or night shift salary differential may be paid in addition to the weekend shift salary differential for persons working weekend, evening, or night shifts.

b. Data Processing Personnel. The Department of Health, Department of Human Services, Department of Mental Health and Mental Retardation, the Department of Protective and Regulatory Services, and the Health and Human Services Consolidated Print Shop may pay an evening or night shift salary differential not to exceed 15 percent of the monthly pay rate to personnel in data processing or printing operations who work the 3:00 p.m. to 11:00 p.m. shift or 11:00 p.m. to 7:00 a.m. shift, or their equivalents. A weekend shift salary differential not to exceed 5 percent of the monthly pay rate may be paid to persons who work weekend shifts. The evening or night shift salary differential may be paid in addition to the weekend shift salary differential for persons working weekend, evening, or night shifts.

Sec. 2. Services to Employees. Out of the appropriations authorized, the Department of Mental Health and Mental Retardation and Department of Health may expend funds for the provision of first aid or other minor medical attention for employees injured in the course and scope of their employment and for the repair and/or replacement of employees’ items of personal property which are damaged or destroyed in the course and scope of their employment so long as such items are medically prescribed equipment. Expenditures for such equipment may not exceed $500 per employee per incident.

Sec. 3. Charges to Employees and Guests. Collections for services rendered employees and guests shall be made by a deduction from the recipient's salary or by cash payment in advance. Such deductions and other receipts for these services from employees and guests are hereby appropriated to the facility. Refunds of excess collections shall be made from the appropriation to which the collection was deposited.

As compensation for services rendered and notwithstanding any other provision in this Act, any facility under the jurisdiction of the respective governing boards may provide free meals for food service personnel and volunteer workers, and may furnish housing facilities, meals and laundry service in exchange for services rendered by interns, chaplains in training, and student nurses.

Sec. 4. New or Additional Facilities. No funds appropriated may be spent for constructing new or additional facilities or for the purchase of sites without specific authorization of the Legislature. All facilities shall be kept where they are located by the Legislature, and all new buildings to be constructed shall be on these sites unless otherwise specifically authorized by the Legislature. For the purpose of this subsection, specific authorization may be granted either by basic statute or special authorization in this Act.

Sec. 5. Revolving Petty Cash Funds. Each facility under the Board of Health and Board of Mental Health and Mental Retardation may establish a petty cash fund to be maintained in cash or at a local bank. The petty cash fund, not to exceed $25,000, shall be used only for making emergency payments and small purchases which will increase the efficiency of the operation; for payments to client workers on a regular payday basis; for use as change funds in specific locations where financial activities of the agency require a change fund, and for supplies and equipment purchases for sheltered workshops.
Sec. 6. Approval of Transfers of Medicaid - Title XIX Funds. As an exception to other provisions of this Act, a transfer that exceeds $1 million in all funds, state and federal, appropriated for Medicaid - Title XIX purposes between strategies of an agency receiving appropriations in this article cannot be made without the prior approval of the Commissioner of Health and Human Services established in Chapter 531 of the Government Code. The Commissioner shall establish procedures that expedite the approval process. Within 14 days of the transfer, agencies are to submit a report to the Legislative Budget Board, the Governor, and the Comptroller of Public Accounts. The report shall include information regarding affected strategies; method of finance; performance measure changes; and full-time equivalent positions due to the transfer of Medicaid funding.

Sec. 7. Annual Report - Professional Fee Exemption. It is the intent of the Legislature that the Annual Report required by the General Provisions of this Act shall not include professional fees paid for routine or special examinations for the purpose of determining eligibility of individuals for any of the programs administered by the agencies in this article, professional fees for treatment, services or care for individual recipients, or for providing special needs or appliances for individual recipients, but shall include fees for professional services or consultative services rendered for the general administration of the department.

Sec. 8. Disposition of State Funds Available Resulting from Federal Match Ratio Change. In the event the Federal Medical Assistance Percentage should be greater than 60.82 percent for federal fiscal year 2005, or the Enhanced Federal Medical Assistance Percentage should be greater than 72.57 percent for federal fiscal year 2005, the following departments shall be authorized to expend the state funds thereby made available only to the extent authorized in writing by the Legislative Budget Board and Governor: Health and Human Services Commission; Department of Health; Department of Human Services; Department of Mental Health and Mental Retardation; and Department of Protective and Regulatory Services. A copy of such authorization shall be provided to the Comptroller of Public Accounts to assist in monitoring compliance with this provision.

Sec. 9. Costs Related to Co-location of Services and to Inter-agency Sharing of Support Functions and Services. To provide an efficient and effective method of paying common support costs related to co-location of human services as required pursuant to the provision of Chapter 531 of the Government Code, and/or costs of performing support functions for multiple agencies, funds may be transferred between agencies for payment of such costs and agencies are authorized to deposit those funds into separate accounts for the purpose of paying shared costs including, but not limited to, postage, occupancy costs, equipment repair, telephones and telephone system costs, office printing costs, supplies, freight and transport costs, electronic data processing systems, or other business functions. Each agency shall be responsible for monthly allocations of these costs to the original strategies.

Sec. 10. Contracts for Purchase of Client Services. No funds appropriated to an agency covered by this article may be utilized for contracts for the purchase of program-related client services unless:

a. such contracts include clearly defined goals, outputs, and measurable outcomes which directly relate to program objectives;

b. such contracts include clearly defined sanctions or penalties for noncompliance with contract terms and conditions;

c. such contracts specify the accounting, reporting, and auditing requirements applicable to funds received under the contract;

d. the agency has implemented a formal program using a risk assessment methodology to monitor compliance with financial and performance requirements under the contract, including a determination of whether performance objectives have been achieved; and
c. the agency has implemented a formal program to obtain and evaluate program costs information to ensure that all costs, including administrative costs, are reasonable and necessary to achieve program objectives.

Sec. 11. **Attorney General Representation.** The Attorney General and the respective head of an agency identified in this provision are hereby authorized to jointly select one or more Assistant Attorneys General to be assigned to the respective agency. The following agencies are subject to this provision: Department of Health, Department of Human Services, Department of Mental Health and Mental Retardation, Health and Human Services Commission, and Department of Protective and Regulatory Services.

Sec. 12. **Medicaid Managed Care Contracts.** The Health and Human Services Commission, Department of Health, Department of Human Services and the Department of Mental Health and Mental Retardation shall include and award value added points in the scoring of applications submitted for Medicaid managed care contracts. At a minimum, the following considerations are to be considered as items for value added points:

a. Continuity of care for the Medicaid client;

b. Graduate Medical Education as part of the delivery system; and

c. Amount of charity care provided by the party applying for a contract award.

Sec. 13. **Transfer of Fund Balances.** Any interest, payments on principal, or balances remaining as of August 31, 2003, in Fund Numbers 15, 16, 17, and 18 are to be transferred by the State Comptroller of Public Accounts to the General Revenue Fund either annually or semiannually.

Sec. 14. **Consolidated Waiver Pilot Project Authorization.** From funds appropriated in Article II for Medicaid waivers that serve people with disabilities, the Department of Human Services is authorized to utilize up to $5,738,858 in Interagency Contracts and $7,963,364 in matching federal funds for the biennium to continue implementation of a pilot waiver program that would consolidate waiver services provided to eligible clients. Waiver programs affected under this provision include the Community Based Alternatives, Community Living Assistance and Support Services, and Medically Dependent Children’s program at the Department of Human Services and the Home and Community Services waiver at the Department of Mental Health and Mental Retardation.

Sec. 15. **Children’s Medicaid Review.** The Department of Human Services and other agencies determining Medicaid eligibility shall implement procedures to automatically review children’s eligibility for Medicaid when their families become ineligible for Temporary Assistance for Needy Families (TANF) and to ensure that their Medicaid coverage continues uninterrupted if they are eligible. The Department of Health, the Health and Human Services Commission, the Department of Mental Health and Mental Retardation, and the Department of Human Services shall cooperate to ensure that the child continues to receive medical assistance without a gap in eligibility if the review required by this rider indicates that the child is eligible for medical assistance on another basis. The Department of Health, the Department of Mental Health and Mental Retardation, and the Health and Human Services Commission shall make expenditures, out of funds appropriated above, in the Medicaid program for children determined to be eligible for the Medicaid program. No child shall receive Medicaid unless they are eligible because of their income level.

Sec. 16. **Transfer Authority.** The Commissioner of Health and Human Services is authorized to make the following transfers, notwithstanding any other provision in this Act and subject to prior approval by the Legislative Budget Board and the Governor, between health and human services agencies listed in Chapter 531, Government Code, including the Health and Human Services Commission, and between the strategies of each such agency. Any such transfers shall be made solely for purpose of creating an efficient, integrated system of business operations across health and human services agencies, for achieving the efficient and effective operation of the Medicaid program, to maximize federal funds, or for other purposes specifically described in Chapter 531, Government Code.
a. For the purposes of this Section, ‘agency’ means an agency listed in Chapter 531, Government Code, and ‘agencies’ means the agencies listed in Chapter 531, Government Code;

b. The Commissioner of Health and Human Services is authorized to transfer funds between health and human services agencies including the Health and Human Services Commission, and between the strategies of each such agency, for the purpose of implementing the purposes outlined in Chapter 531, Government Code, subject to prior approval by the Legislative Budget Board and the Governor. No one transfer action between agencies may exceed ten percent of the total yearly appropriation amount of the agency from which funds are being transferred. All approved transfers made pursuant to this provision shall be reported to the Governor and the Legislative Budget Board within 14 days of the transfer action.

c. Notwithstanding any other provision in this Act, no agency may make a transfer between Medicaid strategies unless

(1) a balance is projected by the agency operating that Medicaid program for the Medicaid program operated by that agency for the biennium overall;

(2) the forecast and data supporting that assessment are provided to the Legislative Budget Board and the Governor at least 30 days prior to the intended transfer; and

(3) prior approval is granted by the Legislative Budget Board and the Governor.

d. The Commissioner of Health and Human Services is authorized to transfer full-time equivalent positions 1) between agencies and 2) from agencies to the Health and Human Services Commission, provided that such approved transfers shall not result in a net increase in the total number of full-time equivalent positions authorized for those agencies in this Act. These transfers are subject to the prior approval of the Legislative Budget Board and the Governor.

e. Notwithstanding other limitations on transfers contained in the General Provisions of this Act, the Commissioner of Health and Human Services is authorized to make the following transfers, subject to the prior approval of the Legislative Budget Board and the Governor:

(1) funds appropriated for capital budget items to agencies may be transferred between agencies for existing capital budget purposes; or

(2) funds appropriated for capital budget items to agencies may be transferred from a capital budget item to a non-capital item at the agency or from one agency to another agency.

f. All approved fund transfers, transfers of full-time equivalent employees, transfer of appropriation authority for capital budget items, and travel limitations made pursuant to this section shall be reported to the Governor and the Legislative Budget Board no later than 30 days prior to the transfer action. Notifications shall include information regarding the source of funds to be transferred, and any changes in federal funds related to the proposed transfer, the agency and strategy from which the transfer is to be made and the agency and strategy to which the transfer is to be made, the need which was to be served through the original appropriation and the basis for the decrease in need, the need to be served in the strategy receiving the funds and the basis for selecting the strategy, and the purpose established in Chapter 531, Government Code, to be achieved by the transfer. In the event that the transfer could potentially impact client services, the notification shall include information regarding the client population potentially impacted and the impacted
agencies’ ability to operate existing programs. The proposed transfer shall be considered to be approved unless the Legislative Budget Board or the Governor deny the request within 30 days of the date of the request.

Sec. 17. Payment for Compensatory Time. It is expressly provided that the Department of Mental Health and Mental Retardation and the Texas Department of Health’s State Healthcare Facilities, to the extent permitted by law, may pay FLSA exempt and FLSA non-exempt employees on a straight-time basis for work on a holiday or for regular compensatory time hours when the taking of regular compensatory time off would be disruptive to normal business functions.

Sec. 18. Limitation on Appropriations for Long-term Care Waiver Slots. None of the funds appropriated above to the Department of Human Services and the Department of Mental Health and Mental Retardation for long-term care waiver slots may be utilized for purposes other than the following unless the alternative purpose was previously authorized by the Legislative Budget Board and the Governor:

a. the establishment and maintenance of long-term care waiver slots;

b. the provision of wraparound services that are specifically associated with such slots and that relate to transitional services, access to immediate housing, and transportation services; or

c. the development of family-based alternatives for children leaving institutions as authorized in Government Code § 531.055, as added by Acts 2001, Seventy-seventh Legislature, Chapter 590, § 2.

This provision applies to funds appropriated for the Mental Retardation (MR) Medicaid Waiver program at the Department of Mental Health and Mental Retardation and the following waiver programs at the Department of Human Services: Community-based Alternatives (CBA), Community Living Assistance and Support Services (CLASS), Medically Dependent Children’s Program (MDCP) and Deaf-Blind with Multiple Disabilities Waiver.

Sec. 19. Salary Recommendations. Before the beginning of each session of the Legislature, the Commissioner of Health and Human Services may recommend to the members of the Legislature, the Legislative Budget Board, and the State Auditor that the salaries of the chief executive officer of an agency named under Chapter 531, Government Code, be adjusted.

Sec. 20. Access to Health Care Services. It is the intent of the Legislature that all agencies administering or responsible for any part of the medical assistance program under Chapter 32, Human Resources Code or referenced in Chapter 531, Government Code, work together to maximize the number of providers, including providers of pediatric care, primary care, nursing home care, and home health services to promote access to quality health care services for all enrollees.

Sec. 21. Leases. No funds appropriated under this Act may be expended by Article II agencies for leased office or for building where the agency determines that the leased space is no longer needed due to 1) the implementation of changes that result in a reduction in staff, 2) consolidations of office or building space to achieve cost efficiencies, or 3) a change in client demographics resulting in the need to relocate staff to other locations. Prior to lease cancellation the agency will

a. provide written notice to the lessor at least 180 days prior to the date of lease cancellation, and

b. notify the Texas Building and Procurement Commission that space is available for use by another state tenant.
SPECIAL PROVISIONS RELATING TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)

Sec. 22. Limitation on Use of Funds.

a. State agencies that are appropriated funds from the receipts collected pursuant to the Comprehensive Tobacco Settlement Agreement and Release in this Article, including distributions from funds, shall submit a budget by November 1 of each year of the biennium to the Legislative Budget Board and the Governor. This budget shall describe the purposes and amounts for which such funds will be expended by the state agency. No funds described in this budget may be expended by the state agency or institution of higher education until the Legislative Budget Board and the Governor receive the budget.

b. Authorized managers of permanent funds and endowments whose earnings are appropriated to the Texas Department of Health in this article shall provide a copy of year-end financial reports to the Legislative Budget Board and the Governor by November 1 of each year of the biennium. These reports should include, at a minimum, an income statement and balance sheet for each fund, and a summary of the investment return of the fund during the preceding fiscal year.

c. Agencies directly appropriated tobacco settlement receipts, tobacco settlement receipts match for Medicaid, tobacco settlement receipts match for CHIP in this Article shall only expend funds for direct client services.

Sec. 23. Review of Reports and Studies Required by Article II Agencies. Notwithstanding any other provisions of this Act, it is the intent of the Legislature that the Health and Human Services Commission works with the Legislative Budget Board and the Governor’s Office to consolidate the reports and studies required by this Act.

Sec. 24. Alternative Delivery Model. From funds appropriated in Article II, the Health and Human Services Commission is authorized to expend state and/or federal funds, if available, through the Texas Commission on Alcohol and Drug Abuse and other enterprise agencies to conduct a pilot project using an alternative service delivery model in Dallas County that uses a school-based youth and family center with existing primary and behavioral health programs. The targeted population is high-risk students. In addition to treatment, the program shall provide information, education, early intervention and care. In conducting the pilot project, the Health and Human Services Commission shall not negatively affect existing programs.

* Sec. 25. Medicaid Informational Rider. This rider is informational only and does not make any appropriations. The Health and Human Services Commission is the single state agency for Title XIX, the Medical Assistance Program (Medicaid) in Texas. Other agencies receive appropriations for and responsibility for the operations of various Medicaid programs. Appropriations made elsewhere in this Act, related to the Medicaid program, include the following:

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas Commission for the Blind</td>
<td>$455,873</td>
<td>$457,499</td>
</tr>
<tr>
<td>Interagency Council on Early Childhood Intervention</td>
<td>$30,515,776</td>
<td>$32,198,977</td>
</tr>
<tr>
<td>Texas Department of Health</td>
<td>$474,006,954</td>
<td>$505,279,110</td>
</tr>
<tr>
<td>Health and Human Services Commission</td>
<td>$9,359,915,710</td>
<td>$9,166,708,863</td>
</tr>
<tr>
<td>Department of Human Services</td>
<td>$3,731,333,409</td>
<td>$3,362,740,493</td>
</tr>
</tbody>
</table>

*Amounts have been revised to reflect total appropriation.
SPECIAL PROVISIONS RELATING TO ALL HEALTH AND HUMAN SERVICES AGENCIES  
(Continued)

| Department of Mental Health and Mental Retardation | $1,237,316,679 | $1,234,570,730 |
| Department of Protective and Regulatory Services | $107,202,473 | $110,873,415 |
| **Total, Medical Assistance Program** | $14,940,746,874 | $14,412,829,087 |

**Method of Financing:**

| General Revenue for Medicaid | $5,367,309,555 | $5,113,025,198 |
| Tobacco Settlement Receipts for Medicaid | $402,093,000 | $397,753,000 |
| **Subtotal, General Revenue Funds** | $5,769,402,555 | $5,510,778,198 |
| GR–Dedicated | $49,212,436 | $49,206,003 |
| Federal Funds | $9,010,730,784 | $8,761,528,639 |
| Other Funds | $111,401,099 | $91,316,247 |
| **Total, All Funds** | $14,940,746,874 | $14,412,829,087 |

Sec. 26. **Contingency Reduction for Transportation Services.** Contingent upon the enactment of House Bill 2292, House Bill 3343, or similar legislation by the Seventy-eighth Legislature, Regular Session, authorizing the coordination of statewide public transportation, the Commissioner of Health and Human Services, or appropriate designee, shall enter into a memorandum of understanding with the Texas Department of Transportation for the provision of transportation services for health and human services clients in Article II. The Department of Transportation shall provide transportation services during the 2004–05 biennium.

a. The General Revenue appropriations of the Health and Human Services Commission, or the appropriate designated agency as defined in the memorandum of understanding, are reduced by $104,271,604 for the biennium.

b. The Health and Human Services Commission, or the appropriate designated agency, shall reduce, if necessary, provider reimbursements to obtain the savings.

c. The Health and Human Services Commission, or the appropriate designated agency, shall report the reduction amounts and affected strategies to the Comptroller, Legislative Budget Board, and the Governor by January 1, 2004.

Sec. 27. **Contingency Reduction in Appropriations for House Bill 727.** Contingent upon the enactment of House Bill 727, or similar legislation by the Seventy-eighth Legislature, Regular Session, implementing the recommendations in e-Texas issue HHS 4, Implement a Disease Management Program for Medicaid Patients, appropriations made by this Act to the Health and Human Services Commission for the medical assistance program are hereby reduced by $2,851,000 in General Revenue and $4,282,000 in Federal Funds for fiscal year 2004 and $5,732,000 in General Revenue and $8,595,000 in Federal Funds for fiscal year 2005.
Sec. 28. Contingency Appropriation for House Bill 2292. Contingent upon enactment of House Bill 2292 or similar legislation by the Seventy-eighth Legislature, Regular Session, relating to the provision of health and human services, including the powers and duties of the Health and Human Services Commission and other state agencies, reorganizing the structure of Health and Human Services agencies, changing program eligibility and service levels, and establishing client financial contributions, the following provisions shall be implemented on the effective date or dates specified in that Act, only for the purpose of implementing the provisions of House Bill 2292 or similar legislation:

a. Transfers. All powers, duties, obligations, rights, contracts, leases, records, personnel, property, Full-time-equivalents (FTEs), appropriations, and other funds of health and human services agencies to be abolished by House Bill 2292 are transferred to the Health and Human Services Commission or to the appropriate agency or agencies established by House Bill 2292.

b. Appropriations to Article II Agencies.

(1) Appropriations to the Health and Human Services Commission for the 2004–05 biennium are hereby reduced by $180.1 million in General Revenue and by the appropriate amount of matching or related Federal Funds. The number of authorized FTE positions for the Health and Human Services Commission is hereby reduced by 985.6 for fiscal year 2004 and by 2,116.5 for fiscal year 2005. The Health and Human Services Commission shall allocate funding and FTE reductions to the appropriate health and human services agencies and strategies.

i. Preliminary Plan. The Commission shall provide a preliminary allocation plan in a manner specified by the Legislative Budget Board to the Governor, the Legislative Budget Board, the Comptroller of Public Accounts, and State Auditor’s Office by February 1, 2004.

ii. Final Plan. The Commission shall provide a final allocation plan in a manner specified by the Legislative Budget Board to the Governor, the Legislative Budget Board, the Comptroller of Public Accounts, and State Auditor’s Office by February 1, 2005. The Comptroller of Public Accounts shall implement funding reductions as allocated by the Health and Human Services Commission’s final plan and modified by the Legislative Budget Board and the Governor by March 1, 2005.

(2) Contingent upon enactment of House Bill 2292, or similar legislation relating the applicability of certain premium maintenance, and other insurance related taxes to certain health benefit plans, a) the Health and Human Services Commission shall ensure that premium rates for health plans under contract with the commission for services to Medicaid and CHIP recipients take into consideration the enacted legislation and b) the Health and Human Services Commission is hereby appropriated $11,810,207 for 2004 and $11,815,778 for 2005 from the General Revenue Fund.

(3) General Revenue Fund appropriations to the Department of Human Services for TANF maintenance of effort in Strategy B.1.1, TANF Grants, are hereby reduced by $10,881,000 for fiscal year 2004 and by $7,027,000 for fiscal year 2005 and General Revenue Fund appropriations for TANF maintenance of effort in Strategy B.1.2, CSS Eligibility and Issuance Services, are hereby reduced by $941,000 for fiscal year 2004 and by $1,506,000 for fiscal year 2005. General Revenue Fund appropriations made elsewhere in this Act for employee benefit costs are hereby reduced by $266,000 for fiscal year 2004 and by $426,000 for fiscal year 2005. The authorized FTE figure indicated in the bill pattern for the Department of Human Services.
Services is hereby reduced by 30.8 positions for fiscal year 2004 and by 49.3 positions for fiscal year 2005.

c. **Appropriations to the End of Article II for Employee Benefits.** Appropriations for employee benefits associated with the decrease in FTEs at the Health and Human Services Commission or appropriate health and human services agency in subsection (b) (i) for the 2004–05 biennium are hereby reduced by $15.2 million in General Revenue and by the appropriate amount of matching or related Federal Funds.

d. **Appropriations to the Office of the Attorney General.** Appropriations to the Office of the Attorney General in Article I of this Act are hereby increased by $5.5 million in General Revenue and matching Federal Funds for the 2004–05 biennium and the number of FTE positions authorized for the Office of the Attorney General is hereby increased by 200.0 for each year of the biennium for the purpose of reducing Medicaid fraud and overpayments.

c. **Appropriations to the End of Article I for Employee Benefits.** Appropriations for employee benefits associated with the increase in FTEs at the Office of the Attorney General in subsection (d) for the 2004–05 biennium are hereby increased by $1.6 million in General Revenue and by the appropriate amount of matching or related Federal Funds.

f. **e-Texas Recommendations.** Appropriations made by this provision, as well as appropriations made elsewhere in this Act, are intended to partially implement the following recommendations presented in *e-Texas: Limited Government, Unlimited Opportunity* and in *e-Texas: Special Report to the Legislature – Additional e-Texas Recommendations:*

   (1) GG-3: Consolidate Health and Human Service Agencies to Reduce Cost and Improve Service Delivery
   (2) GG-10: Reduce Management Costs in State Government
   (3) GG-11: Reduce Human Resource Management Costs
   (4) GG-12: Use Call Centers to Determine Eligibility for Children’s Medicaid; Consider an Internet-based, Combined Application for Human Services Programs
   (5) GG-14: Use Innovative Asset Management Techniques for State Real Property
   (6) HHS-1: Contract for Quality Nursing Home Care
   (7) HHS-3: Use Transportation Brokers to Improve the State’s Medical Transportation Program
   (8) HHS-7: Maintain the Current Period of Medicaid Eligibility for Children; Postpone the Implementation of Expanded Eligibility Until Fiscal Year 2006
   (9) HHS-8: Improve Purchasing of Prescription Drugs
   (10) HHS-11: Increase Medicaid Patient Responsibility for Health Care Use
   (11) HHS-12: Increase Third-party Liability Reimbursements for Medicaid
   (12) HHS-13: Strengthen Efforts to Reduce Medicaid Fraud and Overpayment
   (13) HHS-14: Achieve Greater Savings in Medicaid Managed Care
   (14) HHS-15: Ensure Texas’ Neediest Children Keep Health Insurance

g. In the event that provisions relating to reorganizing the structure of Health and Human Services agencies, changing program eligibility and service levels, establishing client financial contributions, or authorizing increased fraud recoveries are not in the enacted version of House Bill 2292 or similar legislation, the Health and Human Services Commission may forward revised estimates of the fiscal and Full-Time-Equivalent position impact to the Legislative Budget Board and the Governor. The Legislative Budget Board and Governor may consider this information when developing any budget adjustment plans or actions during the biennium.
SPECIAL PROVISIONS RELATING TO ALL HEALTH AND HUMAN SERVICES AGENCIES
(Continued)

* Sec. 29. **Contingency Rider for House Bill 2298.** Contingent upon the enactment by the Seventy-eighth Legislature, Regular Session, of House Bill 2298 or similar legislation, relating to the authority of certain state agencies to purchase prescription drugs and other medications jointly with other states, the Comptroller of Public Accounts is hereby directed to reduce appropriations made by this Act to the Health and Human Services Commission by $2,662,932 in General Revenue and $4,027,852 in Federal Funds for fiscal year 2004 and $2,682,755 in General Revenue and $4,119,363 in Federal Funds for fiscal year 2005. The Health and Human Services Commission is hereby authorized to reduce the appropriations made pursuant to this provision in the appropriate strategy items of the commission’s bill pattern and allocate the reduction to the appropriate health and human services agencies.

*House Bill 2298, regular session, or similar legislation did not pass.
<table>
<thead>
<tr>
<th>Department</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department on Aging</td>
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<td>$6,789,383</td>
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<td>Commission for the Blind</td>
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<td>Commission for the Deaf and Hard of Hearing</td>
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<td>Interagency Council on Early Childhood</td>
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<td>507,464</td>
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<td>(3,570,798)</td>
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<td>(12,714,363)</td>
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<td><strong>$11,731,288,924</strong></td>
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# RECAPITULATION - ARTICLE II
## HEALTH AND HUMAN SERVICES
### (Other Funds)

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<th>Account Description</th>
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<th>2005</th>
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<td>Commission on Alcohol and Drug Abuse</td>
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<td>Commission for the Blind</td>
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<td>Commission for the Deaf and Hard of Hearing</td>
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<td>Contingency Appropriations</td>
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<td>Department of Mental Health and Mental Retardation</td>
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<td>Department of Protective and Regulatory Services</td>
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<td>$258,058,259</td>
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## RECAPITULATION - ARTICLE II
### HEALTH AND HUMAN SERVICES
#### (All Funds)

For the Years Ending

<table>
<thead>
<tr>
<th></th>
<th>August 31, 2004</th>
<th>August 31, 2005</th>
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<tbody>
<tr>
<td>Department on Aging</td>
<td>$74,506,685</td>
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<td>Commission for the Deaf and Hard of Hearing</td>
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Number of Full-Time-Equivalent Positions (FTE)