

Articles of General Government: I, VI, VII, VIII, and X

The appropriations articles relating to general government—Articles I, VI, VII, VIII and X—provide policymakers perhaps the best opportunity to examine Texas government agencies and functions for areas that are duplicative, unnecessary, or outside the proper scope of government.

To this end, the Foundation offers the following questions that policymakers should ask when evaluating and prioritizing spending on the agencies and programs in these articles:

- Is a program or agency consistent with the mission of Texas' state government?
- Are the benefits from a program or agency unambiguous and universal?
- Do the benefits of a program or agency clearly outweigh the total costs to taxpayers and consumers?
- Is the program or agency fulfilling a need only government can effectively fill?
- Does an existing program or agency show evidence of past success?
- Does a program or agency protect private property and liberty or interfere with free enterprise?
- How difficult is it to measure the performance of a program or agency?
- How well does an agency's performance stack up compared to others?
- Is there evidence that continued funding will significantly improve or maintain outcomes?
- Are the general benefits of a program evenly distributed across the state?
- Does a program or agency exist only for the sake of gaining federal funds?

In coming up with our budget savings, the Foundation applied these principles in an agency by agency, program by

program, and line by line review. In some cases, this resulted in specific recommendations for certain agencies or programs—many of which are highlighted below. At other times, it resulted in recommendations of across the board savings for agencies. In all cases, the impact of higher spending and the resulting higher taxes were weighed against the interests of taxpayers and consumers during these tough economic times.

The recommendations below represent budget savings from the 2010-11 appropriations bill. Some of these savings may already be reflected in HB 1 or SB 1.

Recommendations

ARTICLE I: GENERAL GOVERNMENT

[Eliminate the Commission on the Arts](#)

Agency: Commission on the Arts

Savings: \$10.5 million

Description: The mission of the Texas Commission on the Arts (TCA) is to advance our state economically and culturally by investing in a creative Texas. However, the truth is that the economic benefit of having a creative Texas is minor compared to many of the other core programs being funded by the State. Texas already has a thriving art and music culture. Austin is considered the music capitol of the world, and has been without the assistance of the Arts Commission. In addition, many movies have been and will continue to be filmed here as a direct result of Texas' unique geographic and cultural background. Their own website lists their programs as varied as marketing and education to promoting the State as a tourism spot. These goals are far removed from its core mission. In addition, the organizational structure is top heavy, as there are 17 different commissioners. The most logical action in this budget shortfall is to eliminate the Texas Commission on the Arts, and look at providing a better suited alternative in the future.

[Eliminate the Texas Historical Commission](#)

Agency: Historical Commission

Savings: \$22.2 million

Description: Texas is a state rich in cultural heritage. Yet at a time when we are trying to make difficult decisions about preserving certain services to Texans, funding for programs like courthouse preservation is not the state's top priority. The Texas Historical Commission should be eliminated, and the management of historic sites and the management of federal funds—along with a portion of the Commission's GR funding—should be transferred to the Texas Parks and Wildlife Commission.

[Eliminate Funding Texas Film and Music Marketing](#)

Agency: Trusteed Programs within the Office of the Governor

Savings: \$64.2 million

Description: While state-funded film and music marketing may provide a short-term economic boost, the truth is that the economic benefit is minor, compared to the rest of the Texas economy. When looking at the size and scope of the Texas music and film industry, Texas' funding is clearly not needed. Texas' unique geography, history and culture already make it a draw for musicians and film-makers alike. Texas' film and music scene is thriving. These thriving industries, along with Texas' competitive tax structure, are factors that are more than sufficient to attract artists to the state without the need for more subsidy. State-funded film and music marketing is a luxury that Texas simply cannot afford in this budget shortfall.

[Require a \\$75 health benefits contribution from State Employees](#)

Agency: Employee Retirement System

Savings: \$558 million

Description: With the rising cost of health insurance the State cannot afford to continue contributing the full cost of employee health insurance. A contribution of 20 percent (approximately \$83 currently) of the cost of current average benefits plan from each employee each month would alleviate \$669 million from the budget. This would also open the discussion on new insurance options for state employees that would produce long term cost containment. Among these options is Health Savings Accounts (HSA). HSAs are a means of cost savings both to the State and the individual. Proven to bring down premium costs, a number of states have used an HSA option to bring down the costs associated with employee benefits, notably Indiana. The traditional critique of HSAs is that the healthier, younger populations take advantage of them leaving higher costs for others as they pay less into insurance. However, this has been largely refuted

through the experiences in places like Indiana and Blue Cross Blue Shield of Florida. After offering an HSA option in these places there was overwhelming support for HSAs from across the age and health spectrum. HSAs encourage competition and choice in the marketplace. As a supporter of consumer choice the Foundation sees the offering of an HSA option as a positive step toward lowering cost and increasing employee choice in their health care.

[Discontinue state contribution to employee life insurance](#)

Agency: Employees Retirement System

Savings: \$12 million

Description: Eliminating the state subsidy for employees' life insurance would reduce General Revenue spending for the 2012-13 biennium by \$12 million while placing only a minor burden of \$2.20 per month on employees for coverage.

ARTICLE VI: NATURAL RESOURCES

[Eliminate GR-dedicated funding for the Texas Emission Reduction Program](#)

Agency: Texas Commission on Environmental Quality

Savings: \$246.9 million

Description: The current Texas Emission Reduction Program (TERP) program was created in 2001 with the original objective of securing EPA accepted emission reductions of NOx emissions in the ozone State Implementation Plan. EPA originally agreed to accept every \$5000 of TERP grants as equivalent to one ton of reduction of NOx emissions. TERP is a grant program originally limited to up to 85 percent of the cost of replacements or retrofit of diesel-fueled heavy-duty vehicles or off road diesel powered equipment in ozone non-attainment areas. TERP funds derive predominantly from a \$20 surcharge on title fees obtained in non-attainment areas and \$15 surcharge on title fees obtained in attainment areas. A percentage of tax on sale, rental or lease of off-road equipment also is dedicated to the TERP fund. Since 2001, TCEQ has awarded grants of \$789 million to 7,335 projects. Neither the federal government nor any other state has come close to a grant program as well-funded as TERP. Previous TERP grants have been as much as \$45 million to pay for 85 percent of the replacement cost of switcher engines in rail yards or of \$20 million for new construction equipment. Grants require destruction of the equipment replaced. TCEQ now has administrative costs to implement TERP of approximately \$2.5 million annually. Eligibility for TERP grants have been continually expanded. Although the lion's share of grants are still dedicated to diesel emission reduction, TERP grants are now given for a wide range of purposes including a Clean School Bus and Clean Fleet program as well as for a New Technology, Research

and Development Program (NTRP) awarding grants for diverse energy-related uses such as rebates on energy efficient home appliances. The various purposes and sheer number of TERP grant contracts (well over 7,000) make verifying contact execution and environmental benefits impossible. In most years, the TERP fund has generated substantially more revenue than appropriated to TCEQ. In some years, eligibility requirements were eased in order to attract enough grant applicants to utilize all appropriated funds. In the early years of the program, TERP achieved some genuine benefits, particularly for the Dallas-Fort Worth area whose ozone levels are driven by mobile sources. In the last few years, the TERP program has been so expanded that its purpose is amorphous. The cleaner burning diesel engines that TERP funds bought, earlier than required, are now required by federal standards. Over time, natural turn over will achieve the same emission reductions as envisioned by TERP.

It is questionable policy whether state government should use revenue derived from title fees and sales taxes imposed on the private sector to award multi-million dollar gifts to the private sector to replace still well-functioning heavy-duty vehicles and construction equipment. The intended reduction in ozone forming pollution cannot be clearly established. With budgetary challenges to sustain the basic services and functions of state government, the TERP program should be eliminated.

ARTICLE VII: BUSINESS AND ECONOMIC DEVELOPMENT

[Eliminate the Skills Development Fund](#)

Agency: Texas Workforce Commission

Savings: \$75.2 million

Description: The Skills Development Fund (SDF) is a job training program overseen by the Texas Workforce Commission. Employers partner with community colleges, technical colleges, or the Texas Engineering Extension Service to develop customized training programs that meet the employer's specific needs. SDF grants pay for the training, and employer financial participation is not required. In FY 2009, the program served 170 out of Texas' almost 450,000 employers. Over time, the program has morphed away from training new workers toward retraining existing workers; more than 80 percent of the workers who received SDF training in FY 2009 were incumbent workers. To the extent that specialized job training is required to equip the local workforce to meet the needs of a particular employer, the full cost of that training should be borne by that employer.

See table on back "Total GR Savings from Articles of General Government"

ARTICLE VIII: REGULATORY

[Eliminate the System Benefit Fund](#)

Agency: Public Utility Commission of Texas

Savings: \$ 109.8 million

Description: The System Benefit Fund (SBF) was created to subsidize electricity bills for lower income consumers. The excess amount of money generated by the SBF has been used to help balance the state's fiscal budget and has not been used for its intended purpose. The state should end this practice and phase out the subsidy of electricity bills. The fee on electricity bills for this purpose should be eliminated, reducing consumer electricity bills, with the Fund's balance used to continue the program at one-half the current level until the Fund is depleted.

[Consolidate all medical boards into one health care regulatory agency](#)

Agency: Texas Medical Board, Board of Podiatric Medical Examiners, Executive Council of Physical Therapy and Occupational Therapy Examiners, Optometry Board, Board of Examiners of Psychologists, Board of Pharmacy, Texas Board of Nursing, Health Professions Council, Texas State Board Dental Examiners, Board of Chiropractic Examiners,
Savings: \$8 million

Description: Medical professionals in Texas are regulated by a myriad of different, profession-specific medical boards. This regulatory system is a cumbersome, antiquated means of regulating one of the fastest growing industries in our state's economy. The state needs a streamlined system regulating health care professions that has the structure and ability to respond to this rapidly changing economic landscape. This would also provide for uniform regulations in overlapping areas, standard consumer protection structures, and an adaptable regulatory protocol.

[Eliminate the Healthy Texas Program](#)

Agency: Texas Department of Insurance

Savings: \$9.95 million

Description: Healthy Texas is a new statewide health insurance program administered by the Texas Department of Insurance (TDI) designed for small employers and their eligible employees. Created with the passage of Senate Bill 78 during the 81st legislature, Healthy Texas uses state and federal funding to subsidize the cost of insurance for qualifying small employers to offer health care to their employees. Though the program is in its infancy, it will be absorbed by ObamaCare in 2014. This highlights that Healthy Texas is taking Texas in the wrong direction. Texas should not be in the business of spending general revenue to launch a new program that further increases the government's takeover of health care, especially while trying to address a budget shortfall. ★

Total GR Savings from Articles of General Government \$2,094,768,637

(Savings from 2010-11 Spending Levels)

ARTICLE I Total	(\$1,123,833,000)	Texas Department of Rural Affairs	(\$15,955,275)
Commission on the Arts	(\$10,420,999)	Department of Transportation	(\$12,712,194)
Office of the Attorney General	(\$85,847,811)	Texas Workforce Commission	(\$78,806,181)
Bond Review Board	(\$174,574)	ARTICLE VIII Total	(\$231,272,706)
Comptroller	(\$69,057,223)	State Office of Administrative Hearing	(\$917,825)
Fiscal Programs - Comptroller	(\$154,838,088)	Board of Chiropractic Examiners	(\$614,311)
Commission on State Emergency Communications	(\$18,837,295)	Texas State Board of Dental Examiners	(\$2,450,687)
Employees Retirement System	(\$563,000,000)	Funeral Service Commission Total	(\$762,137)
Texas Ethics Commission	(\$665,706)	Board of Professional Geoscientists	(\$1,301,778)
Facilities Commission	(\$9,228,786)	Office of Injured Employee Counsel	(\$2,020,081)
Public Finance Authority	(\$940,248)	Department of Insurance	(\$42,406,356)
Fire Fighters' Pension Commissioner	(\$221,422)	Office of Public Insurance Counsel	(\$2,040,176)
Office of the Governor	(\$3,418,576)	Board of Professional Land Surveying	(\$447,500)
Trusted Programs within the Office of the Governor	(\$155,025,953)	Department of Licensing and Regulation	(\$7,244,566)
Historical Commission	(\$22,243,503)	Texas Medical Board	(\$10,936,351)
Department of Information Resources	(\$225,913)	Texas Board of Nursing	(\$9,309,554)
Library and Archives Commission	(\$5,258,553)	Optometry Board	(\$462,080)
Pension Review Board	(\$215,390)	Board of Pharmacy	(\$5,424,865)
Preservation Board	(\$12,008,625)	Executive Council of Physical Therapy & Occupational Therapy Examiners	(\$1,055,921)
Secretary of State	(\$10,066,615)	Board of Plumbing Examiners	(\$4,503,756)
Veterans Commission	(\$2,137,721)	Board of Podiatric Medical Examiners	(\$239,087)
ARTICLE VI Total	(\$445,512,234)	Board of Examiners of Psychologists	(\$865,521)
Department of Agriculture	(\$20,461,219)	Racing Commission	(\$8,790,827)
Animal Health Commission	(\$2,218,815)	Real Estate Commission	(\$6,354,746)
Commission on Environmental Quality	(\$292,861,593)	Securities Board	(\$2,671,756)
General Land Office and Veterans' Land Board	(\$8,262,980)	Public Utility Commission of Texas	(\$116,919,581)
Parks and Wildlife Development	(\$78,203,380)	Office of Public Utility Counsel	(\$3,341,562)
Railroad Commission	(\$10,726,058)	Board of Veterinary Medical Examiners	(\$191,686)
Soil and Water Conservation Board	(\$22,399,238)	ARTICLE X Total	(\$39,478,613)
Water Development Board	(\$10,378,951)	Senate	(\$10,511,081)
ARTICLE VII Total	(\$254,672,083)	House of Representatives	(\$11,601,074)
Department of Housing and Community Affairs	(\$41,152,722)	Legislative Council	(\$11,352,333)
Texas Lottery Commission	(\$89,600,000)	Commission on Uniform State Laws	(\$56,947)
Department of Motor Vehicles	(\$16,445,711)	State Auditors Office	(\$5,490,428)
		Legislative Reference Library	(\$466,750)

