LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2014 AND 2015

•

SUBMITTED TO THE
GOVERNOR'S OFFICE OF BUDGET, PLANNING AND POLICY
AND THE LEGISLATIVE BUDGET BOARD

BY

STATE OFFICE OF ADMINISTRATIVE HEARINGS

•

AUGUST 09, 2012

CERTIFICATE

Agency Name **STATE OFFICE OF ADMINISTRATIVE HEARINGS (#360)**

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the bound paper copies are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the GOBPP will be notified in writing in accordance with Article IX, Section 7.01 (2012–13 GAA).

Chief Administrative Law Judge

Signature

Cathleen Parsley
Printed Name

Chief Administrative Law Judge
Title

August 9, 2012
Date

Chief Financial Officer

Signature

Linda L. Duncan
Printed Name

Chief Operating Officer
Title

August 9, 2012
Date

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1. Administrator's Statement

360 State Office of Administrative Hearings

Introduction
In 2012, the State Office of Administrative Hearings (SOAH) celebrates twenty years as the state's central hearings panel. SOAH is headed by a Chief Administrative Law Judge (ALJ), a gubernatorial appointee; it does not have a governing or advisory board or commission. The current Chief ALJ's reappointment to the statutory two-year term was effective May 15, 2012. The duties and responsibilities of the Chief ALJ and SOAH are defined in Chapter 2003 of the Texas Government Code, and most SOAH hearings are conducted under the Administrative Procedure Act, Texas Government Code Chapter 2001. All SOAH ALJs must be licensed to practice law in Texas and meet other requirements imposed by statute or prescribed by the Chief ALJ.

SOAH is headquartered in Austin with staffed field offices in Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Lubbock, and San Antonio. SOAH also utilizes 31 remote sites statewide for administrative license suspension (ALR) hearings. The remote sites are not SOAH offices and are not staffed by SOAH employees, but are locations made available to SOAH by local governments or entities for regular periodic dockets of hearings. Thirty of the 31 locations are gratis to SOAH. One location charges a nominal fee.

SOAH's funding has four parts: a general revenue appropriation to fund hearings referred by specific agencies; interagency contracts by which other agencies pay SOAH on either an hourly or lump-sum basis for hearing work; a direct appropriation of State Highway Fund 006 to conduct the ALR hearings; and an appropriated receipts appropriation that is an in-and-out account used primarily for transcripts for appeals of ALR hearings. SOAH's current rate for interagency contract billing is $100 per hour. This rate was originally set by the 79th Legislature and approved by the 80th and 81st Legislatures. (SOAH underwent an audit by the State Auditor's Office in 2012. The auditors calculated SOAH's actual cost at $125 per hour.)

Workload and Staffing
Since it began conducting hearings in April 1992, the volume, nature, and scope of SOAH's case work has increased as a result of legislatively mandated transfers of additional jurisdiction and voluntary transfers of hearings and dispute resolution matters by agencies and governmental entities. SOAH ALJs preside in hearings or mediate disputes covering a wide range of subjects including professional licensing and regulation; insurance, workers' compensation and retirement benefits; child support; child abuse and neglect; health and medical services; transportation; land ownership; environment and natural resources; public safety; financial and utility regulation; and contract claims against the state. Most recently, the 81st Legislature established a pilot program in six urban counties (Bexar, Cameron, El Paso, Harris, Tarrant, and Travis) in which property owners can elect to appeal certain appraisal review board orders to SOAH. (Tex. Gov't Code § 2003.901 et seq.) The 82nd Legislature expanded the pilot program to five additional counties (Collin, Denton, Fort Bend, Montgomery, and Nueces).

Along with additional jurisdiction, the referring agencies' level of demand for SOAH's services is a significant external factor for the agency. SOAH is akin to the courts in its function, and it is also similar to the courts in that it does not initiate work. Instead, work is generated externally and referred to it. SOAH bases its workload projections on information requested and received from the referring agencies and on SOAH's own compilations of information and historical data in the absence of information from a referring agency. However, because SOAH does not control the work referred, the overall demand for its services, or the demand from any individual referring agency, may fluctuate from one period to the next and cannot be predicted with certainty.

In the near term and into the next biennium, the legacy work referred, and still to be referred, from the Texas Department of Insurance Division of Workers' Compensation (DWC) represents a potentially significant influx of cases and case hours in FY 2014 and perhaps in FY 2015. The legacy work can be divided into two categories: approximately 4,800 cases in which the issue is whether, in the absence of applicable fee guidelines, workers' compensation insurers' reimbursements to health care providers were fair and reasonable; and approximately 1,755 stop-loss cases in which the issue will be the application of the acute care inpatient hospital fee guidelines' stop-loss provisions, as determined in the Third Court of Appeals' decision in Texas Mutual Insurance Company, et al. v. Vista Community Medical Center, et al. (275 S.W.3d 538). Most of the fair and reasonable cases have been referred to SOAH, but most of the stop-loss cases have been pending at DWC or at the district

court pending the outcome of the litigation.

It is SOAH's goal and intention to complete all of the legacy work, should it all be referred in FY 2013, by the end of FY 2014. Current docketing schedules anticipate disposing of about 2,600 legacy cases in FY 2013 (whether by hearing or settlement), an estimate that includes all of the fair and reasonable cases for all but one of the involved health care providers, and 230 stop-loss cases. The remainder of the fair and reasonable cases (which at that point would belong to one provider) and the remaining 1,525 stop-loss cases would be disposed of in FY 2014. However, there are factors at play beyond SOAH's (and DWC's) control. For example, SOAH cannot predict the timing of the district court's remand of the 600 stop-loss cases pending there to DWC, which would then refer them to SOAH. In addition, there is uncertainty about the status and litigation posture of one of the providers involved in the bulk of the legacy cases. Should that provider take a different tack before SOAH and settle most or all of its cases, up to almost 70 percent of the legacy work could disappear.

DWC and SOAH are working cooperatively on processing the legacy cases and will continue to do so.

The legacy cases are a temporary phenomenon. Once they are disposed of by hearing, settlement, or some combination thereof, and assuming no change in applicable statutes, rules, or guidelines, the number of cases referred annually to SOAH from DWC and the accompanying workload is predicted to be steady but not large – estimated at 80 to 100 cases per year.

Absent the legacy cases or a legislatively-mandated or voluntary transfer of a significant caseload to SOAH, SOAH's projections for FYs 2014 and 2015 reflect a possible 20,600 hours of work per year funded by general revenue (roughly even with the hours for that work in FYs 2009, 2010, and 2011 and approximately 3,900 hours more than FY 2012), and an average of 26,000 hours of work per fiscal year funded by interagency contract. Based on information as of the date of this LAR, the legacy cases could add approximately 3,500 hours of work funded by interagency contract in FY 2013, and 3,000 hours in FY 2014. (Again, SOAH's working assumption is that all of the legacy cases will be referred by the end of FY 2013 and completed by the end of FY 2014.) The ALR work, funded by Fund 006, is projected to remain steady in case referrals and hours in both years of the 2014-2015 biennium. Total case referrals (i.e., general docket and ALR) in FY 2014 and 2015 are anticipated to be approximately 38,000 per year.

Essential to SOAH's ability to perform its mission and meet the demand for its services is a dedicated and skilled ALJ and support workforce. SOAH is funded for 115 FTEs, and it needs its staffing to remain at that level in order to handle the projected caseload, even factoring in the potential hearing of several thousand DWC legacy cases. SOAH has identified a number of docketing and hearing efficiencies for those cases that will enable it to handle the volume expeditiously and without requiring more than its currently funded staffing resources. For example, it has organized and docketed the DWC fair-and-reasonable legacy cases in logical, related groups and set them for hearing in groupings so that one ALJ can hear a number of cases in a half-day or a day. The parties in the cases have proposed and agreed to efficiencies as well, such as allowing one expert witness to testify once and having that testimony apply in all relevant cases. The stop-loss cases will be less conducive to these kinds of efficiencies because the cases are very fact-specific and will almost certainly have to be tried one by one. Therefore, while SOAH believes it can handle whatever may come with the DWC legacy cases, it needs the full complement of 115 FTEs to accomplish all of the work before it.

The 81st Legislature authorized SOAH to have 126 FTEs in FY 2010 and 127 in FY 2011, numbers that would include an additional eight ALJs and five support staff (four in FY 2010 and one in FY 2011). SOAH received general revenue to hire one of the FTEs for the support staff, but it received only the authorization to hire the remaining twelve if reimbursements to SOAH for work performed under interagency contracts were sufficient to allow it. This authorization was continued by the 82nd Legislature. SOAH has not hired the additional FTEs to date because the work it anticipated would be referred did not materialize, and the projected workload for the coming biennium, even including the DWC legacy cases, may not justify their addition.

360 State Office of Administrative Hearings

Impact of 10% General Revenue Budget Reduction
SOAH has always worked to find efficiencies in its processes and to identify cost savings whenever possible. For example, it revised its rule on defaults to allow cases in which notice to the respondent was adequate under the Administrative Procedure Act to be dismissed from the SOAH docket and remanded expeditiously to the referring agency for final disposition. The docketing and potential hearing of the DWC legacy cases described earlier is another example. In addition, SOAH has long set appropriate cases in docket calls so that many cases can be heard or disposed of in one setting rather than individually. Docket calls save resources for the referring agencies as well, as a referring agency must send only one staff attorney for one setting rather than an attorney for each hearing set on separate days. SOAH also has a rule allowing parties and witnesses to appear by telephone or videoconference in appropriate circumstances.

Although SOAH is serious in its commitment to find additional efficiencies if possible, its work is necessarily labor intensive. It constantly examines ways in which supporting functions and processes can be automated, streamlined, or eliminated, but ultimately the agency's mission work cannot be accomplished without people, especially highly qualified and capable attorneys. Employees' salaries comprise approximately 85% of SOAH's budget. In order to meet the 5% budget reduction for the 2010-2011 biennium, SOAH eliminated all items not directly and crucially related to the performance of the agency's mission or for which there were alternatives (e.g., eliminating the library and substituting online research services). It did not have to take any personnel action to meet the 5% target. At this point, its remaining non-salary expenditures are for such mission-specific items as interpreters, paper, and computer support, or are expenditures associated with statutory mandates (e.g., the internal auditor, assessments for the State Office of Risk Management and Statewide Cost Allocation Plan, and the 1% state agency contribution to the Employees Retirement System for state-paid insurance).

In short, there are no additional non-salary expenses to reduce that would not have a direct impact on hearings and mediations. To reach the 10% general revenue budget reduction, SOAH will be required to eliminate positions. SOAH believes that the FTE reductions can be accomplished by eliminating vacant ALJ and administrative assistant positions occasioned by routine voluntary departures, specifically, retirements by eligible employees. These positions are comprised of three ALJs and two administrative assistants.

SOAH receives general revenue for the purpose of conducting administrative hearings. (General Appropriations Act, SOAH's appropriation, Rider 7c.) The general revenue piece of SOAH's budget is absolutely vital to the agency. It provides certainty and stability, and a reduction of it directly affects hearing capacity. Decreasing the number of FTEs directly devoted to hearings, as ALJs and administrative assistants are, and having inadequate ALJ and staff resources available to handle the work directly impacts SOAH's mission. It will impair SOAH's ability to perform its responsibilities effectively and efficiently and will mean delays in hearing and deciding contested cases. A reduction of three ALJs could mean that approximately 4,300 hours per year of case work will be delayed, which equates to the work on each case being delayed an average of approximately 9% in FY 2014. The delayed work would carry over and compound in FY 2015, leading to a potential 21% delay in completing the FY 2015 workload. The anticipated delays would be reflected most directly in SOAH's measures, "Average Number of Days from Close of Record to Issuance of Proposal for Decision – Major Hearings" and "Average Time to Dispose of a Case (Median Number of Days)." For FY 2011 and the first three quarters of FY 2012, those numbers have averaged 47.5 days and 74 days, respectively.

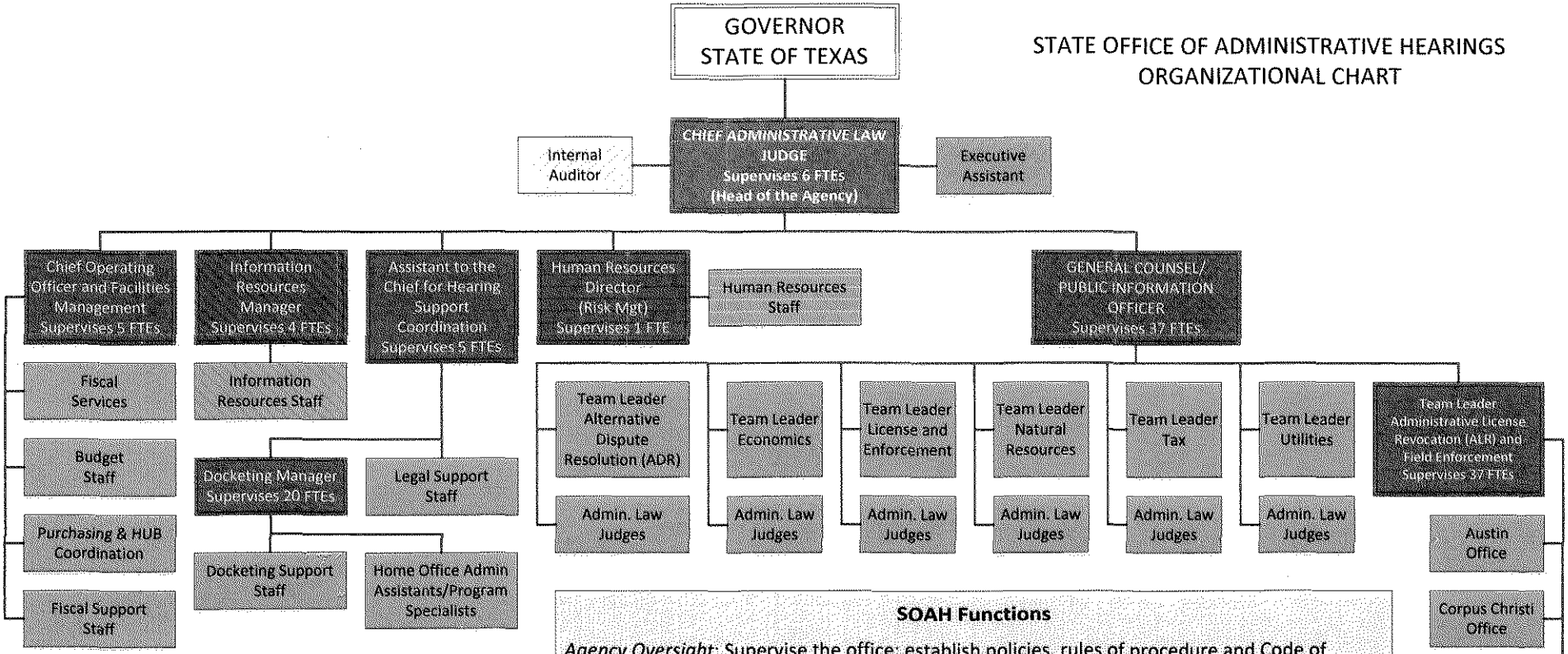
Likewise, the loss of administrative assistants will affect productivity. Among other things, SOAH's administrative assistants put ALJs' orders and proposals for decision in final format and send them to parties (whether by regular mail, fax, or electronic means), monitor and manage case files, respond to routine inquiries from parties and counsel, upload ALJ-issued documents to the electronic filing system so that Docketing can then index and publish them, coordinate travel to out-of-town hearings for ALJs and prepare travel reimbursement vouchers, and in appropriate circumstances, assist ALJs with hearing preparations, e.g., compile trial notebooks. The administrative staff is incredibly important and critical to the efficient and timely operation of the contested case process at SOAH. A reduction of their numbers will be keenly felt. Remaining administrative assistants would be required to take on the additional workload occasioned by the others' departure, and an overload in their work would inevitably lead to delays in processing, issuance, and publishing of orders and PFDs.

Background Checks
SOAH has authority to conduct criminal background checks only on information technology employees. Tex. Gov't Code § 411.1405(b). It has a policy implementing this authority.

SOAH contacts prior employers during its reference checking process for potential new employees. Also, it verifies that attorneys applying for ALJ positions are in good standing with the State Bar of Texas, and all ALJs are expected to maintain good standing. SOAH checks driver's license records for potential ALJs. SOAH also verifies any necessary certifications (e.g., Certified Public Accountants).

Conclusion
SOAH is gratified that the Legislature has shown confidence in it over the last twenty years by giving it additional responsibility. It wants to continue to be worthy of that confidence and to do a good job for the State of Texas. Although SOAH is committed to achieving maximum efficiencies and to being a good steward of the state's resources, SOAH is equally dedicated to maintaining a professional, first-class workforce that provides outstanding service to parties and the public, and to providing employees with the support and resources to do their jobs well. SOAH has no exceptional item or rider requests. It respectfully requests only that it be permitted to keep the general revenue funding associated with the five FTE positions identified as the primary components of its 10% budget reduction.

STATE OFFICE OF ADMINISTRATIVE HEARINGS ORGANIZATIONAL CHART



Structural Key

- MANAGER
- TEAM LEADER
- OUTSIDE CONTRACTOR
- NON-SUPERVISOR

Function

- Agency Oversight
- Hearings
- Agency Oversight/ Hearings
- Fiscal
- Information Resources
- Human Resources

SOAH Functions

Agency Oversight: Supervise the office; establish policies, rules of procedure and Code of Conduct; ensure compliance with laws, statutes, agency policy and mission; handle legal and legislative affairs, contract negotiation and management, open records requests and complaints; ensure eligibility of ALJs; and protect and ensure the decisional independence of each ALJ.

Hearings: Manage contested case hearings and alternative dispute resolution proceedings.

Fiscal: Provide budgetary, accounting, purchasing, property control, billing, facilities management including leases, internal audit oversight and compliance reporting.

Information Resources: Provide information technology services (design, hardware and software acquisitions, maintenance, trouble-shooting, telecommunications system coordination, data collection, compliance reporting and user assistance). Maintain local and wide area networks; public and internal web sites; and connectivity between 8 SOAH offices.

Human Resources: Provide employment and personnel-related services; benefits administration; payroll functions; risk management and workers' compensation duties; wellness coordination; complaint investigations; compliance reporting; and guidance on compliance with employment laws and state regulations.

2. Summary of Request

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Goal / *Objective* / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
1 Provide for a Fair and Efficient Administrative Hearings Process					
1 *Ensure that All Hearings are Conducted in a Fair and Impartial Manner*					
1 CONDUCT HEARINGS	7,684,138	7,984,304	8,427,845	8,365,535	8,061,399
2 *Provide an Opportunity for Alternative Dispute Resolution Proceedings*					
1 CONDUCT ALT DISPUTE RESOLUTION	230,020	247,161	236,019	235,251	235,188
TOTAL, GOAL 1	$7,914,158	$8,231,465	$8,663,864	$8,600,786	$8,296,587
2 Indirect Administration					
1 *Indirect Administration*					
1 INDIRECT ADMINISTRATION	1,149,368	1,232,026	1,092,495	1,068,313	1,079,512
TOTAL, GOAL 2	$1,149,368	$1,232,026	$1,092,495	$1,068,313	$1,079,512
TOTAL, AGENCY STRATEGY REQUEST	$9,063,526	$9,463,491	$9,756,359	$9,669,099	$9,376,099
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				$0	$0
GRAND TOTAL, AGENCY REQUEST	$9,063,526	$9,463,491	$9,756,359	$9,669,099	$9,376,099

360 State Office of Administrative Hearings

Goal / *Objective* / STRATEGY	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	3,026,317	3,310,493	3,299,539	3,299,539	3,299,539
SUBTOTAL	**$3,026,317**	**$3,310,493**	**$3,299,539**	**$3,299,539**	**$3,299,539**
Other Funds:					
6 State Highway Fund	3,133,997	3,242,680	3,239,763	3,241,221	3,241,222
666 Appropriated Receipts	131,205	102,890	150,000	125,000	125,000
777 Interagency Contracts	2,772,007	2,807,428	3,067,057	3,003,339	2,710,338
SUBTOTAL	**$6,037,209**	**$6,152,998**	**$6,456,820**	**$6,369,560**	**$6,076,560**
TOTAL, METHOD OF FINANCING	**$9,063,526**	**$9,463,491**	**$9,756,359**	**$9,669,099**	**$9,376,099**

*Rider appropriations for the historical years are included in the strategy amounts.

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
GENERAL REVENUE					
1 General Revenue Fund					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2010-11 GAA)	$3,484,353	$0	$0	$0	$0
Regular Appropriations from MOF Table (2012-13 GAA)	$0	$3,305,957	$3,299,539	$0	$0
Regular Appropriations from MOF Table (2014-15 GAA)	$0	$0	$0	$3,299,539	$3,299,539
RIDER APPROPRIATION					
Art IX, Sec 18.15, Payments to DIR (2012-13 Biennium)	$0	$4,536	$0	$0	$0
Comments: AY 2012 Strategy 01-01-01 (Hearings Appn 13006) $3,031.97; Strategy 01-02-01 (ADR Appn 13008) $151.86; Strategy 02-01-01 (ADMIN Appn 13009) $1,351.29					
SUPPLEMENTAL, SPECIAL OR EMERGENCY APPROPRIATIONS					
HB 4, 82nd Leg, Regular Session, Sec 1(a) General Revenue Reductions.	$(252,505)	$0	$0	$0	$0

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
GENERAL REVENUE					
Comments: AY 2011 Strategy 01-01-01 (Hearings Appn 13006) $235,739; Strategy 01-02-01 (ADR Appn 13008) $1,370; Strategy 02-01-01 (Admin Appn 13009) $15,396					
LAPSED APPROPRIATIONS					
Lapse commited budget	$(205,531)	$0	$0	$0	$0
Comments: AY 2011 Strategy 01-01-01 (Hearings Appn 13006) $204,272 Strategy 01-02-01 (ADR Appn 13008) $1,259					
TOTAL, General Revenue Fund	**$3,026,317**	**$3,310,493**	**$3,299,539**	**$3,299,539**	**$3,299,539**
TOTAL, ALL GENERAL REVENUE	**$3,026,317**	**$3,310,493**	**$3,299,539**	**$3,299,539**	**$3,299,539**
OTHER FUNDS					
6 State Highway Fund No. 006					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2010-11 GAA)	$3,239,763	$0	$0	$0	$0
Regular Appropriations from MOF Table (2012-13 GAA)	$0	$3,239,763	$3,239,763	$0	$0

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
OTHER FUNDS					
Regular Appropriations from MOF Table (2014-15 GAA)	$0	$0	$0	$3,241,221	$3,241,222
RIDER APPROPRIATION					
Article IX, Sec. 18.15, Payments to DIR (2012-13 Biennium)	$0	$2,917	$0	$0	$0
Comments: AY 2012 Strategy 01-01-01 (Hearings- Appn 13006) $2,917.04					
LAPSED APPROPRIATIONS					
Lapse committed budget	$(105,766)	$0	$0	$0	$0
Comments: AY 2011 Strategy 01-01-01 (Hearings- Appn 13006) $86,820.82 Strategy 02-01-01 (Admin - Appn 13009) $18,944.95					
TOTAL, State Highway Fund No. 006	**$3,133,997**	**$3,242,680**	**$3,239,763**	**$3,241,221**	**$3,241,222**
666 Appropriated Receipts					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2010-11 GAA)	$150,000	$0	$0	$0	$0

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
OTHER FUNDS					
Regular Appropriations from MOF Table (2012-13 GAA)	$0	$150,000	$150,000	$0	$0
Regular Appropriations from MOF Table (2014-15 GAA)	$0	$0	$0	$125,000	$125,000
LAPSED APPROPRIATIONS					
Estimated Revenue not collected	$(18,795)	$0	$0	$0	$0
Comments: AY 2011: Did not collect the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) $18,295.01 for Fees-Copies/Filing of records (e.g.Transcripts) and in Strategy 02-01-01 (Admin- Appn 13009) $499.99 for the Third Party Receipts.					
Estimated Revenue not anticipated to collect (2012-13 GAA)	$0	$(47,110)	$0	$0	$0
Comments: AY 2012: Do not anticipate collecting the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) $46,620 for Fees-Copies/Filing of records (e.g. Transcripts) and in Strategy 02-01-01 (Admin- Appn 13009) $490 for the Third Party Receipts.					
TOTAL, Appropriated Receipts	**$131,205**	**$102,890**	**$150,000**	**$125,000**	**$125,000**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
OTHER FUNDS					
777 Interagency Contracts					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2010-11 GAA)	$3,669,449	$0	$0	$0	$0
Regular Appropriations from MOF Table (2012-13 GAA)	$0	$3,545,187	$3,545,187	$0	$0
Regular Appropriations from MOF Table (2014-15 GAA)	$0	$0	$0	$3,003,339	$2,710,338
RIDER APPROPRIATION					
Rider 5, Expanded Jurisdiction (2010-11 GAA) Add. Earned Rev. Authorit	$5,360	$0	$0	$0	$0
Comments: All funds collected by SOAH as payment for, or reimbursement of, its cost of providing services to other state agencies or governmental entities, or others as directed by the Legislature, are appropriated to SOAH for its use during the biennium. Strategy 01-02-01 (ADR Appn 13008) $5,360					
Article IX, Sec. 18.15, Payments to DIR (2012-13 Biennium)	$0	$12,982	$0	$0	$0

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
OTHER FUNDS					
Comments: AY 2012 Strategy 01-01-01 (Hearings Appn 13006) $10,969.26; Strategy 01-02-01 (ADR Appn 13008) $40.22; Strategy 02-01-01 (ADMIN Appn 13009) $1,972.55					
DIR Refunds (2010-11) Biennium	$(365)	$0	$0	$0	$0
Comments: AY 2011 Strategy 01-01-01 (Hearings Appn 13006) $313.17 Strategy 01-02-01 (ADR Appn 13008) $5.84; Strategy 02-01-01 (ADMIN Appn 13009) $45.99					
Rider 7-A Billing Rate for Workload	$0	$0	$357,800	$0	$0
LAPSED APPROPRIATIONS					
Estimated Revenue not collected	$(902,437)	$0	$0	$0	$0
Comments: Exp 2011: Did not collect the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) $902,152 and in Strategy 02-01-01 (Admin-Appn 13009) $285 for Sales of Supplies/Equipment/Services (e.g. Hearings)					
Estimated Revenue not anticipated to collect	$0	$(516,458)	$0	$0	$0

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
OTHER FUNDS					
Comments: Est. 2012: Do not anticipate collecting the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) $516,458 for Sales of Supplies/Equipment/Services (e.g. Hearings) Most of the difference is attributable to ARB workload but some is also attributed to TEA, TDI-DWC, MVD, DSHS and CPA.					
Estimated Revenue not anticipated to collect - TCEQ	$0	$(234,283)	$0	$0	$0
Comments: Est. 2012: SOAH anticipates making a partial refund to TCEQ per our contract with them attributed to a decrease in the workload during FY 2012. Strategy 01-01-01 (Hearings - Appn 13006) $234,283 for Sales of Supplies/Equipment/Services (e.g. Hearings)					
Estimated Revenue not anticipated to collect	$0	$0	$(835,930)	$0	$0
Comments: Est. 2013: Do not anticipate collecting the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) $835,930 for Sales of Supplies/Equipment/Services (e.g. Hearings) Most of the difference is attributable to ARB workload but some is also attributed to TEA, TDI-DWC, MVD, DSHS and CPA.					
TOTAL, Interagency Contracts	**$2,772,007**	**$2,807,428**	**$3,067,057**	**$3,003,339**	**$2,710,338**
TOTAL, ALL OTHER FUNDS	**$6,037,209**	**$6,152,998**	**$6,456,820**	**$6,369,560**	**$6,076,560**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

METHOD OF FINANCING	Exp 2011	Est 2012	Bud 2013	Req 2014	Req 2015
GRAND TOTAL	**$9,063,526**	**$9,463,491**	**$9,756,359**	**$9,669,099**	**$9,376,099**
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2010-11 GAA)	127.0	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2012-13 GAA)	0.0	127.0	127.0	0.0	0.0
Regular Appropriations from MOF Table (2014-15 GAA)	0.0	0.0	0.0	115.0	115.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Position contingent on workload and Estimated Revenue (MOF-IAC)	(12.0)	0.0	0.0	0.0	0.0
Position contingent on workload and Estimated Revenue (MOF-IAC)	0.0	(12.0)	(12.0)	0.0	0.0
Equivalents (terminations)	(3.8)	(7.5)	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	**111.2**	**107.5**	**115.0**	**115.0**	**115.0**
NUMBER OF 100% FEDERALLY FUNDED FTEs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

360 State Office of Administrative Hearings

OBJECT OF EXPENSE	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1001 SALARIES AND WAGES	$7,609,072	$7,483,975	$7,781,361	$7,781,361	$7,781,361
1002 OTHER PERSONNEL COSTS	$264,231	$495,439	$328,360	$340,200	$310,200
2001 PROFESSIONAL FEES AND SERVICES	$24,705	$71,776	$43,073	$29,022	$25,049
2003 CONSUMABLE SUPPLIES	$51,626	$68,970	$66,776	$66,776	$66,776
2004 UTILITIES	$96,604	$99,544	$112,760	$112,760	$112,760
2005 TRAVEL	$82,828	$99,586	$131,425	$131,425	$100,000
2006 RENT - BUILDING	$223,625	$226,893	$225,734	$225,734	$225,734
2007 RENT - MACHINE AND OTHER	$23,441	$23,261	$29,611	$29,611	$29,611
2009 OTHER OPERATING EXPENSE	$671,330	$858,906	$1,017,259	$952,210	$724,608
5000 CAPITAL EXPENDITURES	$16,064	$35,141	$20,000	$0	$0
OOE Total (Excluding Riders)	**$9,063,526**	**$9,463,491**	**$9,756,359**	**$9,669,099**	**$9,376,099**
OOE Total (Riders)					
Grand Total	**$9,063,526**	**$9,463,491**	**$9,756,359**	**$9,669,099**	**$9,376,099**

2.D. Summary of Base Request Objective Outcomes

83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

360 State Office of Administrative Hearings

Goal/ *Objective* / **Outcome**	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1 Provide for a Fair and Efficient Administrative Hearings Process					
1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner					
KEY **1 Percentage of Participants Surveyed Satisfied with Overall Process**	78.90%	92.00%	92.00%	92.00 %	92.00 %
2 Percent of Administrative License Revocation Orders Affirmed on Appeal	81.05%	92.55%	92.55%	92.55 %	92.55 %
3 Percent of SOAH Administrative License Revocation Orders Appealed	0.15%	1.43%	1.43%	1.43 %	1.43 %
KEY **4 % of Proposed Tax Decisions Issued within 60 Days of Record Closing**	99.72%	100.00%	100.00%	100.00 %	100.00 %
2 Provide an Opportunity for Alternative Dispute Resolution Proceedings					
1 Percentage of Alternative Dispute Resolution Requests Granted	97.60%	97.70%	97.70%	97.70 %	97.70 %

2.F. Summary of Total Request by Strategy
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : **8/9/2012**
TIME : **2:00:42PM**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Goal/*Objective*/STRATEGY	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
1 Provide for a Fair and Efficient Administrative Hearings Process						
1 *Ensure that All Hearings are Conducted in a Fair and Impartial Man*						
1 CONDUCT HEARINGS	$8,365,535	$8,061,399	$0	$0	$8,365,535	$8,061,399
2 *Provide an Opportunity for Alternative Dispute Resolution Proceedin*						
1 CONDUCT ALT DISPUTE RESOLUTION	235,251	235,188	0	0	235,251	235,188
TOTAL, GOAL 1	**$8,600,786**	**$8,296,587**	**$0**	**$0**	**$8,600,786**	**$8,296,587**
2 Indirect Administration						
1 *Indirect Administration*						
1 INDIRECT ADMINISTRATION	1,068,313	1,079,512	0	0	1,068,313	1,079,512
TOTAL, GOAL 2	**$1,068,313**	**$1,079,512**	**$0**	**$0**	**$1,068,313**	**$1,079,512**
TOTAL, AGENCY STRATEGY REQUEST	**$9,669,099**	**$9,376,099**	**$0**	**$0**	**$9,669,099**	**$9,376,099**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	**$9,669,099**	**$9,376,099**	**$0**	**$0**	**$9,669,099**	**$9,376,099**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Goal/*Objective*/STRATEGY	Base 2014	Base 2015	Exceptional 2014	Exceptional 2015	Total Request 2014	Total Request 2015
General Revenue Funds:						
1 General Revenue Fund	$3,299,539	$3,299,539	$0	$0	$3,299,539	$3,299,539
	$3,299,539	**$3,299,539**	**$0**	**$0**	**$3,299,539**	**$3,299,539**
Other Funds:						
6 State Highway Fund	3,241,221	3,241,222	0	0	3,241,221	3,241,222
666 Appropriated Receipts	125,000	125,000	0	0	125,000	125,000
777 Interagency Contracts	3,003,339	2,710,338	0	0	3,003,339	2,710,338
	$6,369,560	**$6,076,560**	**$0**	**$0**	**$6,369,560**	**$6,076,560**
TOTAL, METHOD OF FINANCING	**$9,669,099**	**$9,376,099**	**$0**	**$0**	**$9,669,099**	**$9,376,099**
FULL TIME EQUIVALENT POSITIONS	**115.0**	**115.0**	**0.0**	**0.0**	**115.0**	**115.0**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Goal/ *Objective* / **Outcome**	BL 2014	BL 2015	Excp 2014	Excp 2015	Total Request 2014	Total Request 2015
1 Provide for a Fair and Efficient Administrative Hearings Process						
1 *Ensure that All Hearings are Conducted in a Fair and Impartial Manner*						
KEY **1 Percentage of Participants Surveyed Satisfied with Overall Process**	92.00%	92.00%			92.00%	92.00 %
2 Percent of Administrative License Revocation Orders Affirmed on Appeal	92.55%	92.55%			92.55%	92.55 %
3 Percent of SOAH Administrative License Revocation Orders Appealed	1.43%	1.43%			1.43%	1.43 %
KEY **4 % of Proposed Tax Decisions Issued within 60 Days of Record Closing**	100.00%	100.00%			100.00%	100.00 %
2 *Provide an Opportunity for Alternative Dispute Resolution Proceedings*						
1 Percentage of Alternative Dispute Resolution Requests Granted	97.70%	97.70%			97.70%	97.70 %

3. Strategy and Rider Revision Request

360 State Office of Administrative Hearings

GOAL: 1 Provide for a Fair and Efficient Administrative Hearings Process — Statewide Goal/Benchmark: 5 0

OBJECTIVE: 1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner — Service Categories:

STRATEGY: 1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders — Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
	1 Number of Hearings and Prehearings Held	37,972.00	38,333.00	39,046.00	38,900.00	38,333.00
	2 Number of Hours Billed (General Docket Hearings and ALR Hearings)	75,184.80	70,929.73	74,507.73	80,829.00	76,610.00
KEY	3 Number of Administrative License Revocation Cases Disposed	31,316.00	27,660.00	27,660.00	27,660.00	27,660.00
	4 Number of Administrative License Revocation Orders Issued	44,933.00	41,633.00	41,633.00	41,633.00	41,633.00
KEY	5 Number of Cases Disposed	37,719.00	34,893.00	37,540.00	38,988.00	34,893.00
KEY	6 Number of Administrative Fine Cases Disposed	144.00	105.00	105.00	105.00	105.00
	7 Number of Requests for Continuances and Abatements Granted	14,435.00	15,092.00	15,092.00	15,092.00	15,092.00
KEY	8 Percent of Available ALJ Time Spent on Case Work	97.85 %	100.00 %	100.00 %	100.00 %	100.00 %
	9 Percent of Case Time Spent on ALR Cases	39.21 %	36.91 %	35.19 %	37.80 %	39.88 %
	10 Percent of Case Time Spent on General Docket (Non-ALR) Cases	60.79 %	63.09 %	64.81 %	62.20 %	60.15 %
KEY	11 # of Proposals for Decision Related to Tax Hearings Rendered by ALJs	355.00	231.00	231.00	231.00	231.00
Efficiency Measures:						
	1 Average Cost Per Case	217.26	223.95	223.95	223.95	223.95

360 State Office of Administrative Hearings

GOAL: 1 Provide for a Fair and Efficient Administrative Hearings Process — Statewide Goal/Benchmark: 5 0

OBJECTIVE: 1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner — Service Categories:

STRATEGY: 1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders — Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
KEY	2 Average # of Days-Close of Record to PFD Issuance--Major Hearings	44.70	50.30	50.30	50.30	50.30
KEY	3 Average Time to Dispose of a Case (Median Number of Days)	73.00	75.00	75.00	75.00	75.00
	4 Average Number of Days from Date of Request to Execution	0.01	0.01	0.01	0.01	0.01
KEY	5 Avg Work Days to Issue Proposed Tax Decision Following Record Closing	5.55	5.53	5.53	5.53	5.53
Explanatory/Input Measures:						
	1 Number of Hours in Hearing (Including Prehearing Conferences)	13,770.48	11,884.17	12,515.67	12,199.17	11,884.17
	2 Number of Hours Preparing Prehearing Orders, PFDs, and Final Orders	46,982.80	42,352.76	45,299.26	45,061.76	42,352.76
KEY	3 Number of Cases Received	40,975.00	38,027.00	40,287.00	38,104.00	37,903.00
KEY	4 Number of Agencies Served	45.00	47.00	47.00	47.00	47.00
	5 Percent of Adopted proposals for Decision Overturned/Remanded	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
	6 Number of Complaints Received Regarding Hearing Process	7.00	2.00	2.00	2.00	2.00

360 State Office of Administrative Hearings

GOAL: 1 Provide for a Fair and Efficient Administrative Hearings Process — Statewide Goal/Benchmark: 5 0

OBJECTIVE: 1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner — Service Categories:

STRATEGY: 1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders — Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
7	Percent of PFDs Changed, Vacated or Modified by Governing Boards	1.64 %	1.98 %	1.98 %	1.98 %	1.98 %
Objects of Expense:						
1001	SALARIES AND WAGES	$6,384,467	$6,299,880	$6,595,215	$6,595,215	$6,595,215
1002	OTHER PERSONNEL COSTS	$218,133	$383,666	$297,985	$308,105	$278,105
2001	PROFESSIONAL FEES AND SERVICES	$20,292	$54,961	$38,658	$24,472	$21,063
2003	CONSUMABLE SUPPLIES	$42,268	$58,115	$57,294	$57,294	$57,294
2004	UTILITIES	$87,420	$86,398	$101,819	$101,819	$101,819
2005	TRAVEL	$81,767	$94,622	$131,425	$131,425	$100,000
2006	RENT - BUILDING	$223,050	$226,245	$225,118	$225,118	$225,118
2007	RENT - MACHINE AND OTHER	$20,358	$20,062	$25,304	$25,304	$25,304
2009	OTHER OPERATING EXPENSE	$591,269	$760,355	$935,027	$896,783	$657,481
5000	CAPITAL EXPENDITURES	$15,114	$0	$20,000	$0	$0
TOTAL, OBJECT OF EXPENSE		**$7,684,138**	**$7,984,304**	**$8,427,845**	**$8,365,535**	**$8,061,399**
Method of Financing:						
1	General Revenue Fund	$2,419,749	$2,756,821	$2,747,370	$2,747,370	$2,747,370
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$2,419,749**	**$2,756,821**	**$2,747,370**	**$2,747,370**	**$2,747,370**

360 State Office of Administrative Hearings

GOAL: 1 Provide for a Fair and Efficient Administrative Hearings Process — Statewide Goal/Benchmark: 5 0

OBJECTIVE: 1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner — Service Categories:

STRATEGY: 1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders — Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Method of Financing:						
6	State Highway Fund	$2,775,501	$2,865,568	$2,862,651	$2,864,109	$2,864,110
666	Appropriated Receipts	$131,205	$102,880	$149,500	$124,500	$124,500
777	Interagency Contracts	$2,357,683	$2,259,035	$2,668,324	$2,629,556	$2,325,419
SUBTOTAL, MOF (OTHER FUNDS)		**$5,264,389**	**$5,227,483**	**$5,680,475**	**$5,618,165**	**$5,314,029**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$8,365,535**	**$8,061,399**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$7,684,138**	**$7,984,304**	**$8,427,845**	**$8,365,535**	**$8,061,399**
FULL TIME EQUIVALENT POSITIONS:		**93.6**	**89.9**	**97.0**	**97.0**	**97.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

360 State Office of Administrative Hearings

GOAL:	1	Provide for a Fair and Efficient Administrative Hearings Process	Statewide Goal/Benchmark:	5 0
OBJECTIVE:	1	Ensure that All Hearings are Conducted in a Fair and Impartial Manner	Service Categories:	
STRATEGY:	1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders	Service: 01 Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015

SOAH is directed by Tex. Gov't Code Ch. 2003 to conduct all administrative hearings in contested cases as defined by the Administrative Procedure Act. Also, SOAH has responsibility for conducting hearings for a number of other agencies, including Department of Insurance (including the Division of Workers' Compensation), Alcoholic Beverage Commission, Public Utility Commission, Commission on Environmental Quality, Comptroller of Public Accounts, Department of Transportation, Department of Motor Vehicles, Real Estate Commission, Department of Licensing and Regulation, and Department of Family and Protective Services, along with appeals of certain appraisal review board orders (Tex. Gov't Code Ch 2003, Subch. Z) SOAH is also directed by Tex. Transp. Code Chs. 524, 522, and 724 to conduct all administrative hearings to determine whether a person's driver's license should be administratively suspended or denied because the person had an intoxication level above the legal limit while driving or because the person refused to submit to a breath or blood test to determine intoxication. The strategy includes the docketing section's responsibilities to receive agencies' requests to initiate cases before SOAH, receive and distribute pleadings, open, maintain, and close all of SOAH's case files, schedule hearing rooms, and prepare daily hearing dockets. Tasks also include responding to public information requests. Docketing is SOAH's direct link with all referring agencies. Additional duties include capturing much of the data SOAH uses to calculate performance measures.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

SOAH's hearings workload and the related budgetary requirements are directly related to the cases filed with SOAH by approximately 50 state agencies and governmental entities within SOAH's jurisdiction. The hearings requirements may be affected by population or economic growth, changes in the referring agencies' regulatory authority, increases in referring agencies' funding for enforcement or regulation, and the effectiveness of public education or awareness programs, for example, on the dangers of driving while intoxicated.

360 State Office of Administrative Hearings

GOAL: 1 Provide for a Fair and Efficient Administrative Hearings Process — Statewide Goal/Benchmark: 5 0

OBJECTIVE: 2 Provide an Opportunity for Alternative Dispute Resolution Proceedings — Service Categories:

STRATEGY: 1 Conduct Alternative Dispute Resolution Proceedings — Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Output Measures:						
	1 Number of Hours Billed to Alternative Dispute Resolution Cases	1,919.60	2,186.40	2,186.40	2,186.40	2,186.40
Efficiency Measures:						
	1 Number of Cases Resolved through Alternative Dispute Resolution	79.00	96.00	96.00	96.00	96.00
	2 Average Cost Per Alternative Dispute Resolution Proceeding	797.47	452.94	452.94	452.94	452.94
	3 Average Number of Days from Date of Request to Execution for ADR	0.00	0.00	0.00	0.00	0.00
Explanatory/Input Measures:						
KEY	1 Number of Alternative Dispute Resolution Cases Requested or Referred	122.00	109.00	109.00	109.00	109.00
Objects of Expense:						
1001	SALARIES AND WAGES	$212,564	$217,005	$217,005	$217,005	$217,005
1002	OTHER PERSONNEL COSTS	$3,440	$10,540	$3,410	$3,630	$3,630
2001	PROFESSIONAL FEES AND SERVICES	$378	$4,737	$441	$456	$393
2003	CONSUMABLE SUPPLIES	$503	$867	$1,068	$1,068	$1,068
2004	UTILITIES	$855	$841	$1,121	$1,121	$1,121

360 State Office of Administrative Hearings

GOAL: 1 Provide for a Fair and Efficient Administrative Hearings Process — Statewide Goal/Benchmark: 5 0

OBJECTIVE: 2 Provide an Opportunity for Alternative Dispute Resolution Proceedings — Service Categories:

STRATEGY: 1 Conduct Alternative Dispute Resolution Proceedings — Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
2005	TRAVEL	$0	$1,358	$0	$0	$0
2006	RENT - BUILDING	$16	$24	$29	$29	$29
2007	RENT - MACHINE AND OTHER	$3,083	$3,074	$3,107	$3,107	$3,107
2009	OTHER OPERATING EXPENSE	$8,231	$8,715	$9,838	$8,835	$8,835
5000	CAPITAL EXPENDITURES	$950	$0	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$230,020**	**$247,161**	**$236,019**	**$235,251**	**$235,188**
Method of Financing:						
1	General Revenue Fund	$178,696	$179,522	$179,370	$179,370	$179,370
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$178,696**	**$179,522**	**$179,370**	**$179,370**	**$179,370**
Method of Financing:						
777	Interagency Contracts	$51,324	$67,639	$56,649	$55,881	$55,818
SUBTOTAL, MOF (OTHER FUNDS)		**$51,324**	**$67,639**	**$56,649**	**$55,881**	**$55,818**

360 State Office of Administrative Hearings

GOAL:	1	Provide for a Fair and Efficient Administrative Hearings Process	Statewide Goal/Benchmark:	5	0
OBJECTIVE:	2	Provide an Opportunity for Alternative Dispute Resolution Proceedings	Service Categories:		
STRATEGY:	1	Conduct Alternative Dispute Resolution Proceedings	Service: 01	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$235,251**	**$235,188**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$230,020**	**$247,161**	**$236,019**	**$235,251**	**$235,188**
FULL TIME EQUIVALENT POSITIONS:		**2.0**	**2.0**	**2.0**	**2.0**	**2.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

Pursuant to Tex. Gov't Code §2003.021(b)(3), SOAH's responsibilities include providing and coordinating alternative dispute resolution (ADR) services in conjunction with contested cases referred to SOAH and in accordance with the Government Dispute Resolution Act, Tex. Gov't Code Ch. 2009. ADR comprises a variety of processes, ranging from formal (e.g., arbitration) to informal (e.g., mediation), intended to resolve disputes through agreement of the parties. The form of ADR used most frequently at SOAH, mediation, is a confidential form of ADR that offers parties an opportunity to resolve their disputes without having an administrative hearing. In mediation, an impartial person, the mediator (who is a SOAH ALJ trained in mediation), facilitates effective communication between the parties and helps them explore settlement options. By resolving disputes through mediation, the parties control the outcome and often save considerable effort and expense. The strategy also provides adequate support for ADR services.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

SOAH's hearings and ADR workload and the related budgetary requirements are directly related to the cases filed with SOAH. Also, notwithstanding the assignment of qualified and experienced ALJs to conduct mediations, the proceedings may not always result in a settlement of issues.

360 State Office of Administrative Hearings

GOAL: 2 Indirect Administration
OBJECTIVE: 1 Indirect Administration
STRATEGY: 1 Indirect Administration

Statewide Goal/Benchmark: 5 0
Service Categories:
Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
Objects of Expense:						
1001	SALARIES AND WAGES	$1,012,041	$967,090	$969,141	$969,141	$969,141
1002	OTHER PERSONNEL COSTS	$42,658	$101,233	$26,965	$28,465	$28,465
2001	PROFESSIONAL FEES AND SERVICES	$4,035	$12,078	$3,974	$4,094	$3,593
2003	CONSUMABLE SUPPLIES	$8,855	$9,988	$8,414	$8,414	$8,414
2004	UTILITIES	$8,329	$12,305	$9,820	$9,820	$9,820
2005	TRAVEL	$1,061	$3,606	$0	$0	$0
2006	RENT - BUILDING	$559	$624	$587	$587	$587
2007	RENT - MACHINE AND OTHER	$0	$125	$1,200	$1,200	$1,200
2009	OTHER OPERATING EXPENSE	$71,830	$89,836	$72,394	$46,592	$58,292
5000	CAPITAL EXPENDITURES	$0	$35,141	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$1,149,368**	**$1,232,026**	**$1,092,495**	**$1,068,313**	**$1,079,512**
Method of Financing:						
1	General Revenue Fund	$427,872	$374,150	$372,799	$372,799	$372,799
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$427,872**	**$374,150**	**$372,799**	**$372,799**	**$372,799**
Method of Financing:						
6	State Highway Fund	$358,496	$377,112	$377,112	$377,112	$377,112

360 State Office of Administrative Hearings

GOAL: 2 Indirect Administration
OBJECTIVE: 1 Indirect Administration
STRATEGY: 1 Indirect Administration

Statewide Goal/Benchmark: 5 0
Service Categories:
Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
666	Appropriated Receipts	$0	$10	$500	$500	$500
777	Interagency Contracts	$363,000	$480,754	$342,084	$317,902	$329,101
SUBTOTAL, MOF (OTHER FUNDS)		**$721,496**	**$857,876**	**$719,696**	**$695,514**	**$706,713**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$1,068,313**	**$1,079,512**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$1,149,368**	**$1,232,026**	**$1,092,495**	**$1,068,313**	**$1,079,512**
FULL TIME EQUIVALENT POSITIONS:		**15.6**	**15.6**	**16.0**	**16.0**	**16.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy provides the agency with necessary administrative support in the areas of accounting, budgeting, billing, information resources, human resources, payroll, employee benefits, and training. Also, this area is responsible for reporting agency information, including the legislatively mandated Hearings Activity Report, performance measures, and various special reports. These are required and necessary for efficient and effective agency operations.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency growth and workload increases have a significant and direct impact on the level of resources needed to provide these required services.

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	**$9,063,526**	**$9,463,491**	**$9,756,359**	**$9,669,099**	**$9,376,099**
METHODS OF FINANCE (INCLUDING RIDERS):				**$9,669,099**	**$9,376,099**
METHODS OF FINANCE (EXCLUDING RIDERS):	**$9,063,526**	**$9,463,491**	**$9,756,359**	**$9,669,099**	**$9,376,099**
FULL TIME EQUIVALENT POSITIONS:	**111.2**	**107.5**	**115.0**	**115.0**	**115.0**

3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
360	State Office of Administrative Hearings	Linda Duncan	08/09/12	Base

Current Rider Number	Page Number in 2012-13 GAA	Proposed Rider Language
1	VIII – 2	**Performance Measure Targets.** The following is a listing of the key performance target levels for the State Office of Administrative Hearings. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the State Office of Administrative Hearings. In order to achieve the objectives and service standards established by this Act, the State Office of Administrative Hearings shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

A. Goal: ADMINISTRATIVE HEARINGS	2014 ~~2012~~		2015 ~~2013~~	
Outcome (Results/Impact):				
Percentage of Participants Surveyed Expressing Satisfaction with Overall Process		92%	92%	
Percentage of Proposed Decision Related to Tax Hearings Issued by Administrative Law Judges within 60 Days of Record Closing		100%	100%	
A.1.1. Strategy: CONDUCT HEARINGS				
Output (Volume):				
Number of Administrative License Revocation Cases Disposed	27,660	~~34,859~~	~~34,859~~	27,660
Number of Cases Disposed	38,988	~~42,673~~	~~42,673~~	34,893
Number of Administrative Fine Cases Disposed	105	~~159~~	~~159~~	105
Percent of Available Administrative Law Judge Time Spent on Case Work		100%	100%	
Number of Proposals for Decision Related to Tax Hearings Rendered by Administrative Law Judges	231	~~214~~	~~214~~	231

3.B. Rider Revisions and Additions Request
(Continued)

1 (cont'd)	VIII – 2	**Efficiencies:**				
		Average Number of Days from Close to Record to Issuance of Proposal for Decision – Major Hearings	50.30	~~49.8~~	~~49.8~~	50.30
		Average Time to Dispose of a Case (Median Number of Days)	75.00	~~88.42~~	~~88.42~~	75.00
		Average Length of Time (Work Days) Taken to Issue a Proposed Decision Related to Tax Hearings Following Record Closing		5.53	~~5~~	5.53 ~~5~~
		Explanatory:				
		Number of Cases Received	38,104	~~42,090~~	~~42,090~~	37,903
		Number of Agencies Served	47	~~51~~	~~51~~	47
		A.2.1 Strategy : CONDUCT ALT DISPUTE RESOLUTION				
		Explanatory:				
		Number of Alternative Dispute Resolution Cases Proceeding Requested or Referred	109	~~155~~	~~155~~	109
		This rider has been updated to reflect the years for this appropriation request.				
2	VIII – 2, 3	**Renegotiation of Lump Sum Contract.** Appropriations made above to Strategy A.1.1, Conduct Hearings, include $1,000,000 in fiscal year ~~2012~~ 2014 and $1,000,000 in fiscal year ~~2013~~ 2015 in Interagency Contracts to fund the Natural Resources Division for the purpose of conducting hearings for the Texas Commission on Environmental Quality (TCEQ). The State Office of Administrative Hearings (SOAH) and TCEQ may not enter into a contract for an amount less than the specified amounts herein above. If SOAH determines, at the end of each fiscal year, that the amount paid under the contract exceeds the funding necessary for the Natural Resources Division, it shall refund the difference. If SOAH determines that these amounts are insufficient to fund the Natural Resources Division, it may enter into negotiations with the TCEQ in order to renegotiate an interagency contract in a manner which will provide it with additional funds, provided that SOAH shall not be appropriated any state funds from such renegotiated interagency contract until it gives prior written notice to the Legislative Budget Board and the Governor, accompanied by written permission of the TCEQ. *This rider has been updated to reflect the years for this appropriation request.*				
3	VIII – 3	**Benefit Collection.** Agencies that enter into contracts with the State Office of Administrative Hearings (SOAH), for the purpose of performing the hearings function, and make payments to SOAH from funding sources other than General Revenue, must reimburse SOAH for employee benefit costs for salaries and wages. These reimbursements to SOAH will then be paid to the General Revenue Fund in proportion to the source of funds from which the respective salary or wage is paid.				

3.B. Rider Revisions and Additions Request
(Continued)

4	VIII -3	**Contingency Appropriation for Expanded Jurisdiction.** Contingent on the enactment of legislation by the ~~Eighty-second~~ Eighty-third Legislature transferring the hearings functions of other state agencies to the State Office of Administrative Hearings (SOAH), or otherwise expanding the jurisdiction of the office, SOAH may expend funds transferred to the office from those agencies or funds appropriated for the purpose of handling the expanded jurisdiction, pursuant to provisions elsewhere in this Act. Appropriations authorized pursuant to this provision may be expended only to implement the transferred functions or expanded jurisdiction. All funds collected by SOAH as payment for, or reimbursement of, the office's costs of providing services to other state agencies or governmental entities, or others as directed by the Legislature, are appropriated to SOAH for its use during the biennium. *This rider has been updated to reflect the legislative session for this appropriation request.*
5	VIII – 3	**Hearings Activity Report.** By May 1st and November 1st of each fiscal year, the State Office of Administrative Hearings (SOAH) shall submit to the Legislative Budget Board and the Governor a report detailing hearings activity conducted during the prior two fiscal year quarters. The report shall indicate in a format prescribed by the Legislative Budget Board, for each agency served, the person hours allocated to the agency's cases and the cost, both direct and indirect, of conducting the hearings. The report shall also indicate in a format prescribed by the Legislative Budget Board, for each agency served, the number of cases received, the number of transcripts requested by Administrative Law Judges, the number of cases disposed of, the number of administrative fine cases disposed of and the median number of days between the dates a case is received by SOAH and the date the case is finally disposed of, and any other information requested by the Legislative Budget Board during the reporting period.
6	VIII – 3	**Contingency for Additional Self-directed Semi-independent Agency Pilot Projects.** Contingent upon additional agencies added as a self-directed semi-independent (SDSI) agency pilot project by the Legislature during the ~~2012-13~~ 2014-15 biennium, any agency added as a SDSI pilot project that is listed in Rider 7 shall be removed from the exemption granted in Rider 7 below. *This rider has been updated to reflect the years for this appropriation request.*

7	VIII – 3, 4	**Billing Rate for Workload** a. Unless otherwise provided, amounts appropriated above and elsewhere in this Act for funding for the payment of costs associated with administrative hearings conducted by the State Office of Administrative Hearings (SOAH) are based on an hourly rate of $100 per hour for each hour of work performed during each fiscal year as reflected by the SOAH's Legislative Appropriation Request and Hearings Activity Report to the ~~Eighty-second~~ Eighty-third Legislature. b. Notwithstanding other provisions in this act, amounts for the payment of costs associated with administrative hearings conducted by SOAH for the Comptroller of Public Accounts shall be established through an interagency contract between the two agencies. The contract shall provide funding for hearings on tax issues conducted by Master Administrative Law Judge IIs in a separate tax division within SOAH that have expertise in state tax and shall specify the salaries of the judges within the division. c. Amounts appropriated above in Strategy A.1.1., Conduct Hearings, to SOAH from the General Revenue Fund include funding in each year of the biennium for billable casework hours performed by SOAH for conducting administrative hearings at the rate determined by SOAH and approved by the Legislature for those agencies that do not have appropriations for paying SOAH costs for administrative hearings and are not subject to subsection (a) of this Section: ~~(1) Real Estate Commission (not including Residential Service Companies and Texas Timeshare Act Hearings)~~ (1) ~~(2)~~ Board of Chiropractic Examiners (2) ~~(3)~~ Texas State Board of Dental Examiners (3) ~~(4)~~ Funeral Services Commission (4) ~~(5)~~ Board of Professional Geoscientists (5) ~~(6)~~ Board of Professional Land Surveying (6) ~~(7)~~ Texas Medical Board (7) ~~(8)~~ Texas Board of Nursing (8) ~~(9)~~ Optometry Board (9) ~~(10)~~ Board of Pharmacy

7 (cont'd)	VIII – 4	(10) ~~(11)~~ Executive Council of Physical Therapy and Occupational Therapy Examiners (11) ~~(12)~~ Board of Plumbing Examiners (12) ~~(13)~~ Board of Podiatric Medical Examiners (13) ~~(14)~~ Board of Examiners of Psychologists (14) ~~(15)~~ Board of Veterinary Medical Examiners (15) ~~(16)~~ Secretary of State (16) ~~(17)~~ Securities Board (17) ~~(18)~~ Public Utility Commission of Texas (18) ~~(19)~~ Teacher Retirement System (19) ~~(20)~~ Fire Fighters' Pension Commissioner (20) ~~(21)~~ Employees Retirement System (21) ~~(22)~~ Department of Housing and Community Affairs (22) ~~(23)~~ Texas Lottery Commission (23) ~~(24)~~ Department of Public Safety (Non-Administrative License Revocation Hearings) (24) ~~(25)~~ Commission on Law Enforcement Officer Standards and Education (25) ~~(26)~~ Commission on Fire Protection (26) ~~(27)~~ Department of Insurance (not including the Division of Workers' Compensation) (27) ~~(28)~~ Alcoholic Beverage Commission (28) ~~(29)~~ Racing Commission (29) ~~(30)~~ Department of Agriculture (30) ~~(31)~~ Department of Transportation (31) ~~(32)~~ Higher Education Coordinating Board (32) ~~(33)~~ Parks and Wildlife Department (33) ~~(34)~~ Department of Licensing and Regulation *This rider has been updated to reflect the legislative session for this appropriation request and agency listing modifications.*

6. Supporting Schedules

Agency Code: **360** Agency: **State Office of Administrative Hearings**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2010 - 2011 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2010 % Goal	% Actual	Diff	Actual $	Total Expenditures FY 2010	HUB Expenditures FY 2011 % Goal	% Actual	Diff	Actual $	Total Expenditures FY 2011
11.9%	Heavy Construction	11.9 %	0.0%	-11.9%	$0	$0	11.9 %	0.0%	-11.9%	$0	$0
26.1%	Building Construction	26.1 %	0.0%	-26.1%	$0	$0	26.1 %	0.0%	-26.1%	$0	$0
57.2%	Special Trade Construction	57.2 %	0.0%	-57.2%	$0	$0	57.2 %	0.0%	-57.2%	$0	$695
20.0%	Professional Services	20.0 %	0.0%	-20.0%	$0	$3,920	20.0 %	0.0%	-20.0%	$0	$26,990
33.0%	Other Services	33.0 %	76.4%	43.4%	$231,310	$302,664	33.0 %	75.1%	42.1%	$171,423	$228,136
12.6%	Commodities	12.6 %	78.3%	65.7%	$88,918	$113,508	12.6 %	73.0%	60.4%	$102,326	$140,210
	Total Expenditures		**76.2%**		**$320,228**	**$420,092**		**69.1%**		**$273,749**	**$396,031**

B. Assessment of Fiscal Year 2010 - 2011 Efforts to Meet HUB Procurement Goals

Attainment:

SOAH attained or exceeded two of three, or 66%, of the applicable statewide HUB procurement goals, in FY 2010. In FY 2011, the agency attained two of four, or 50%, of the applicable statewide HUB procurement goals. However, it far exceeded the statewide goals in the two categories in which it had the most need and thus the highest expenditures. Assessment of Fiscal Year 2010 - 2011 Efforts to Meet HUB Procurement Goals 76.2% and 69.1%.

Applicability:

The "Heavy Construction" and "Building Construction" categories were not applicable to agency operations in either FY 2010 or FY 2011 as SOAH did not have any strategies or programs related to construction.

Factors Affecting Attainment:

The factors that affected attainment are a lack of HUB vendors for certain purchases unique to SOAH.

"Good-Faith" Efforts:

SOAH's procurement practices reflect a good faith effort to achieve the goal of maximizing opportunities for HUB business in the state procurement process. The agency has a strong history of HUB usage and follows strict purchasing guidelines and procedures. It continues to explore opportunities to identify HUB vendors. HUB applications are included with and made a part of all invitations for bids. SOAH refers to the Texas Procurement and Support Services bidders' and HUB lists for purchases and sends notification of bid opportunities with SOAH as they arise. Subject to budgetary constraints, SOAH's purchaser attends HUB forums when and where practicable, and SOAH participates in HUB workgroups. SOAH has established a Mentor/Protégé Program and has reached out to potential mentors and protégés about participating in it. SOAH will continue its efforts to increase HUB usage.

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Conference room rental

ALLOCATION TO STRATEGY: 1-1-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2006	Rent - Building	1,641			
	Total, Objects of Expense	$1,641	$0	$0	$0
	Method of Financing:				
0777	Interagency Contracts	$1,641			
	Total, Method of Financing	$1,641	$0	$0	$0

Description of Item for 2012-13

To rent a conference room that would accommodate the anticipated number of attendees for a TCEQ hearing.

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Installation of Duress/Panic Buttons in various SOAH locations (security enhancements)

ALLOCATION TO STRATEGY: 1-1-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2009	Other Operating Expense	17,873			
	Total, Objects of Expense	$17,873	$0	$0	$0
	Method of Financing:				
0001	General Revenue	$6,130			
0777	Interagency Contracts	$5,050			
0006	State Highway Fund	$6,693			
	Total, Method of Financing	$17,873	$0	$0	$0

Description of Item for 2012-13

To install duress/panic buttons and security systems in SOAH's locations (Austin hearing rooms, Corpus, Dallas, El Paso, Ft Worth, Waco).

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Enhancements to CIS

ALLOCATION TO STRATEGY: 1-1-1 and 1-2-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2001	Professional Fees & Services	16,510			
	Total, Objects of Expense	$16,510	$0	$0	$0
	Method of Financing:				
0001	General Revenue	$8,637			
0777	Interagency Contracts	$7,873			
	Total, Method of Financing	$16,510	$0	$0	$0

Description of Item for 2012-13

For enhancements to SOAH's electronic filing system: to email parties a confirmation regarding the upload (successful or unsucessful) of their document; to include item title when exporting files; to create a report that captures date and time from receipt of filing to creation (assignment of docket number) and data and time from creation (assignment of docket number) to publication in SOAH's electronic filing system, provide ability to search for active (open) cases or inactive (closed) cases or search all cases.

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Purchase of Prohibition of Weapon Possession posters

ALLOCATION TO STRATEGY: 1-1-1 and 1-2-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2009	Other Operating Expenses	450			
	Total, Objects of Expense	$450	$0	$0	$0
	Method of Financing:				
0001	General Revenue	$163			
0777	Interagency Contracts	$136			
0006	State Highway Fund	$151			
	Total, Method of Financing	$450	$0	$0	$0

Description of Item for 2012-13

To purchase posters to display in SOAH locations prohibiting weapons in hearing rooms.

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Upgrade of Microsoft Software Licenses to Windows 7

ALLOCATION TO STRATEGY: 1-1-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2009	Other Operating Expense	9,906			
	Total, Objects of Expense	$9,906	$0	$0	$0
	Method of Financing:				
0001	General Revenue	$5,444			
0777	Interagency Contracts	$4,462			
	Total, Method of Financing	$9,906	$0	$0	$0

Description of Item for 2012-13

To purchase 32 licenses upgrading to Microsoft Office 2010 Home & Business and 23 to Microsoft Windows 7.

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Replacement of Executive Copier

ALLOCATION TO STRATEGY: 2-1-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
5000	Capital Expenditures	13,569			
	Total, Objects of Expense	$13,569	$0	$0	$0
	Method of Financing:				
0001	General Revenue	$7,630			
0777	Interagency Contracts	$5,939			
	Total, Method of Financing	$13,569	$0	$0	$0

Description of Item for 2012-13

To replace aging copier used by SOAH's executive staff.

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Replacement of Hearing Room Furniture

ALLOCATION TO STRATEGY: 1-1-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2009	Other Operating Expense	34,905			
	Total, Objects of Expense	$34,905	$0	$0	$0
	Method of Financing:				
0001	General Revenue	$11,702			
0777	Interagency Contracts	$9,590			
0006	State Highway Fund	$13,613			
	Total, Method of Financing	$34,905	$0	$0	$0

Description of Item for 2012-13

To replace aging hearing room furniture (e.g., tables and chairs used by parties to the hearing and chairs for persons attending hearings).

6.B. Current Biennium One-time Expenditure Schedule - Strategy Allocation 2012-13 Biennium

Agency Code:	Agency Name:	Prepared By:	Date
360	State Office of Administrative Hearings	Linda Duncan	8/9/12

PROJECT ITEM: Evaluation of Time (Hearing) System needs

ALLOCATION TO STRATEGY: 1-1-1

Code	Strategy Allocation	Estimated 2012	Budgeted 2013	Requested 2014	Requested 2015
	Objects of Expense:				
2001	Professional Fees & Services		15,000		
	Total, Objects of Expense	$0	$15,000	$0	$0
	Method of Financing:				
0001	General Revenue		$7,610		
0777	Interagency Contracts		$7,390		
	Total, Method of Financing	$0	$15,000	$0	$0

Description of Item for 2012-13

To assist SOAH with assessing needs for a time system to be used to record case-related time.

6.E. Estimated Revenue Collections Supporting Schedule
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **360** Agency name: **State Office of Administrative Hearings**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
1 General Revenue Fund					
Beginning Balance (Unencumbered):	$4,686,646	$4,573,148	$4,562,194	$4,562,194	$4,562,194
Estimated Revenue:					
DEDUCTIONS:					
Expended/Budgeted/Requested	(3,942,389)	(3,305,957)	(3,299,539)	(3,299,539)	(3,299,539)
Transfer -Employee Benefits	(1,202,293)	(1,262,655)	(1,262,655)	(1,262,655)	(1,262,655)
Lapsed Appropriations	205,531	0	0	0	0
HB 4, 82nd Leg RS, Sec 1(a) GR	252,505	0	0	0	0
Rider - Art . IX, Sec 18.15, DIR	0	(4,536)	0	0	0
Total, Deductions	**$(4,686,646)**	**$(4,573,148)**	**$(4,562,194)**	**$(4,562,194)**	**$(4,562,194)**
Ending Fund/Account Balance	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUE ASSUMPTIONS:

CONTACT PERSON:
Linda Duncan

6.E. Estimated Revenue Collections Supporting Schedule
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **360** Agency name: **State Office of Administrative Hearings**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
6 State Highway Fund					
Beginning Balance (Unencumbered):	$3,891,470	$3.904.046	$3,960,905	$3,902,587	$3,902,588
Estimated Revenue:					
DEDUCTIONS:					
Expended/Budgeted/Requested	(3,345,529)	(3,239,763)	(3,299,539)	(3,241,221)	(3,241,222)
Transfer - Employee Benefits	(651,707)	(661,366)	(661,366)	(661,366)	(661,366)
Lapsed Appropriations	105,766	0	0	0	0
Rider - Art IC, Sec 18.15-DIR	0	(2,917)	0	0	0
Total, Deductions	**$(3,891,470)**	**$(3,904,046)**	**$(3,960,905)**	**$(3,902,587)**	**$(3,902,588)**
Ending Fund/Account Balance	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUE ASSUMPTIONS:
Continue to provide current level of Administrative License Revocation hearings.

CONTACT PERSON:
Linda Duncan

6.E. Estimated Revenue Collections Supporting Schedule
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **360** Agency name: **State Office of Administrative Hearings**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
666 Appropriated Receipts					
Beginning Balance (Unencumbered):	$0	$0	$0	$0	$0
Estimated Revenue:					
3719 Fees/Copies or Filing of Records	131,205	102,880	149,500	124,500	124,500
3802 Reimbursements-Third Party	0	10	500	500	500
Subtotal: Actual/Estimated Revenue	131,205	102,890	150,000	125,000	125,000
Total Available	**$131,205**	**$102,890**	**$150,000**	**$125,000**	**$125,000**
DEDUCTIONS:					
Expended/Budgeted/Requested	(150,000)	(150,000)	(150,000)	(125,000)	(125,000)
Estimated Revenue not collected	18,795	47,110	0	0	0
Total, Deductions	**$(131,205)**	**$(102,890)**	**$(150,000)**	**$(125,000)**	**$(125,000)**
Ending Fund/Account Balance	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUE ASSUMPTIONS:
No significant change in transcript requests is anticipated.

CONTACT PERSON:
Linda Duncan

6.E. Estimated Revenue Collections Supporting Schedule
83rd Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **360** Agency name: **State Office of Administrative Hearings**

FUND/ACCOUNT	Act 2011	Exp 2012	Exp 2013	Bud 2014	Est 2015
777 **Interagency Contracts**					
Beginning Balance (Unencumbered):	$2,772,007	$2.807.428	$3,067,057	$3,003,338	$2,710,338
Estimated Revenue:					
DEDUCTIONS:					
Expended/Budgeted/Requested	(3,669,449)	(3,545,187)	(3,545,187)	(3,003,338)	(2,710,338)
Rider 5, Expanded Jurisdition	(5,360)	0	0	0	0
Lapsed Collected Budget	902,437	750,741	835,930	0	0
Rider- DIR Refunds	365	0	0	0	0
Rider - Art IX Sec 18.15 DIR	0	(12,982)	0	0	0
Rider 7-A Billing Rate for Workload	0	0	(357,800)	0	0
Total, Deductions	**$(2,772,007)**	**$(2,807,428)**	**$(3,067,057)**	**$(3,003,338)**	**$(2,710,338)**
Ending Fund/Account Balance	**$0**	**$0**	**$0**	**$0**	**$0**

REVENUE ASSUMPTIONS:

SOAH relied on responses from agencies regarding the amount of work they anticipate referring and historical data for the basis of the estimate for the FYs2014-15. As discussed in the Administrator's Statement, SOAH is coordinating with the Texas Department of Insurance Division of Workers' Compensation (DWC) regarding legacy work referred, and still to be referred, which could be a potential increase of case hours (i.e., IAC) in FYs2013 and 2014. Beyond these cases, which are a temporary phenomenon, SOAH does not anticipate any significant change in its interagency revenue.

CONTACT PERSON:

Linda Duncan

Agency code: **360** Agency name: **State Office of Administrative Hearings**

	REVENUE LOSS			REDUCTION AMOUNT			TARGET
Item Priority and Name/ Method of Financing	**2014**	**2015**	**Biennial Total**	**2014**	**2015**	**Biennial Total**	

1 Administrative Assistant #1

Category: Programs - Service Reductions (FTEs-Hiring Freeze)

Item Comment: This reduction would eliminate one Administrative Assistant position. SOAH anticipates this reduction will be realized through attrition (retirement). It would indirectly impact SOAH's revenue and performance measures because Administrative Assistants put ALJs' orders and proposals for decision in final format and send them to parties (whether by regular mail, fax, or electronic means), manage case files, respond to routine inquiries from parties and counsel, upload ALJ-issued documents to the electronic filing system so that Docketing can then index and publish them, coordinate travel to out-of-town hearings for ALJs and prepare travel reimbursement vouchers, and in appropriate circumstances, assist ALJs with hearing preparations, e.g., compile trial notebooks. A reduction in ALJ support will reflect in a corresponding reduction in ALJ efficiency and timeliness.

Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders

General Revenue Funds						
1 General Revenue Fund	$0	$0	$0	$38,858	$38,858	$77,716
General Revenue Funds Total	**$0**	**$0**	**$0**	**$38,858**	**$38,858**	**$77,716**
Item Total	**$0**	**$0**	**$0**	**$38,858**	**$38,858**	**$77,716**
FTE Reductions (From FY 2014 and FY 2015 Base Request)				**1.0**	**1.0**	

2 Administrative Assistant #2

Category: Programs - Service Reductions (FTEs-Hiring Freeze)

Item Comment: This reduction would eliminate one Administrative Assistant position. SOAH anticipates this reduction will be realized through attrition (retirement). It would indirectly impact SOAH's revenue and performance measures because Administrative Assistants put ALJs' orders and proposals for decision in final format and send them to parties (whether by regular mail, fax, or electronic means), manage case files, respond to routine inquiries from parties and counsel, upload ALJ-issued documents to the electronic filing system so that Docketing can then index and publish them, coordinate travel to out-of-town hearings for ALJs and prepare travel reimbursement vouchers, and in appropriate circumstances, assist ALJs with hearing preparations, e.g., compile trial notebooks. A reduction in ALJ support will reflect in a corresponding reduction in ALJ efficiency and timeliness.

Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders

General Revenue Funds

Agency code: **360** Agency name: **State Office of Administrative Hearings**

	REVENUE LOSS			REDUCTION AMOUNT			TARGET
Item Priority and Name/ Method of Financing	**2014**	**2015**	**Biennial Total**	**2014**	**2015**	**Biennial Total**	
1 General Revenue Fund	$0	$0	$0		$37,200	$37,200	
General Revenue Funds Total	**$0**	**$0**	**$0**		**$37,200**	**$37,200**	
Item Total	**$0**	**$0**	**$0**		**$37,200**	**$37,200**	
FTE Reductions (From FY 2014 and FY 2015 Base Request)					**1.0**		

3 ALJ #1

Category: Programs - Service Reductions (FTEs-Hiring Freeze)

Item Comment: This reduction would eliminate one Administrative Law Judge position. SOAH anticipates this reduction will be realized through attrition (retirement). It would impact SOAH's revenue and performance measures. SOAH receives general revenue for the purpose of conducting administrative hearings (see GAA, SOAH appropriation, Rider 7c). If the general revenue appropriation is cut, it is a direct loss to SOAH of both revenue and hearing capacity. The hours of general revenue-funded work that would have been performed by the ALJ will not be performed. As indicated by SOAH's Output Performance measure "% of Available ALJ Time Spent" for FY 2012, SOAH's ALJs are at virtually 100% capacity: 97.93% as of the end of the third quarter of FY 2012. Fewer ALJs to handle the work projected for 2014-2015 will result in a delay in hearing and closing cases. This budget reduction coupled with the anticipated workload would have even greater negative effect on SOAH's ability to process the cases in a timely and efficient manner.

Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders

General Revenue Funds						
1 General Revenue Fund	$0	$0	$0	$91,015	$91,015	$182,030
General Revenue Funds Total	**$0**	**$0**	**$0**	**$91,015**	**$91,015**	**$182,030**
Item Total	**$0**	**$0**	**$0**	**$91,015**	**$91,015**	**$182,030**
FTE Reductions (From FY 2014 and FY 2015 Base Request)				**1.0**	**1.0**	

4 ALJ #2

Category: Programs - Service Reductions (FTEs-Hiring Freeze)

Agency code: **360** Agency name: **State Office of Administrative Hearings**

	REVENUE LOSS			REDUCTION AMOUNT			TARGET
Item Priority and Name/ Method of Financing	**2014**	**2015**	**Biennial Total**	**2014**	**2015**	**Biennial Total**	

Item Comment: This reduction would eliminate one Administrative Law Judge position. SOAH anticipates this reduction will be realized through attrition (retirement). It would impact SOAH's revenue and performance measures. SOAH receives general revenue for the purpose of conducting administrative hearings (see GAA, SOAH appropriation, Rider 7c). If the general revenue appropriation is cut, it is a direct loss to SOAH of both revenue and hearing capacity. The hours of general revenue-funded work that would have been performed by the ALJ will not be performed. As indicated by SOAH's Output Performance measure "% of Available ALJ Time Spent" for FY 2012, SOAH's ALJs are at virtually 100% capacity: 97.93% as of the end of the third quarter of FY 2012. Fewer ALJs to handle the work projected for 2014-2015 will result in a delay in hearing and closing cases. This budget reduction coupled with the anticipated workload would have even greater negative effect on SOAH's ability to process the cases in a timely and efficient manner.

Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders

General Revenue Funds						
1 General Revenue Fund	$0	$0	$0	$91,015	$91,015	$182,030
General Revenue Funds Total	**$0**	**$0**	**$0**	**$91,015**	**$91,015**	**$182,030**
Item Total	**$0**	**$0**	**$0**	**$91,015**	**$91,015**	**$182,030**
FTE Reductions (From FY 2014 and FY 2015 Base Request)				**1.0**	**1.0**	

5 ALJ #3

Category: Programs - Service Reductions (FTEs-Hiring Freeze)

Item Comment: This reduction would eliminate one Administrative Law Judge position. SOAH anticipates this reduction will be realized through attrition (retirement). It would impact SOAH's revenue and performance measures. SOAH receives general revenue for the purpose of conducting administrative hearings (see GAA, SOAH appropriation, Rider 7c). If the general revenue appropriation is cut, it is a direct loss to SOAH of both revenue and hearing capacity. The hours of general revenue-funded work that would have been performed by the ALJ will not be performed. As indicated by SOAH's Output Performance measure "% of Available ALJ Time Spent" for FY 2012, SOAH's ALJs are at virtually 100% capacity: 97.93% as of the end of the third quarter of FY 2012. Fewer ALJs to handle the work projected for 2014-2015 will result in a delay in hearing and closing cases. This budget reduction coupled with the anticipated workload would have even greater negative effect on SOAH's ability to process the cases in a timely and efficient manner.

Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders

General Revenue Funds						
1 General Revenue Fund	$0	$0	$0	$91,015	$91,015	$182,030

10 % REDUCTION

83rd Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/9/2012

Time: 2:00:44PM

Agency code: **360** Agency name: **State Office of Administrative Hearings**

	REVENUE LOSS			REDUCTION AMOUNT			TARGET
Item Priority and Name/ Method of Financing	**2014**	**2015**	**Biennial Total**	**2014**	**2015**	**Biennial Total**	
General Revenue Funds Total	**$0**	**$0**	**$0**	**$91,015**	**$91,015**	**$182,030**	
Item Total	**$0**	**$0**	**$0**	**$91,015**	**$91,015**	**$182,030**	
FTE Reductions (From FY 2014 and FY 2015 Base Request)				**1.0**	**1.0**		
AGENCY TOTALS							
General Revenue Total				**$311,903**	**$349,103**	**$661,006**	**$661,003**
Agency Grand Total	**$0**	**$0**	**$0**	**$311,903**	**$349,103**	**$661,006**	
Difference, Options Total Less Target						**$3**	
Agency FTE Reductions (From FY 2014 and FY 2015 Base Request)				**4.0**	**5.0**		

7. Administrative and Support Costs

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Strategy		Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-1	**Conduct Hearings and Prepare Proposals for Decisions and Final Orders**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$991,800	$ 947,749	$ 949,758	$ 949,758	$ 949,758
1002	OTHER PERSONNEL COSTS	41,805	99,208	26,426	27,896	27,896
2001	PROFESSIONAL FEES AND SERVICES	3,954	11,836	3,895	4,012	3,521
2003	CONSUMABLE SUPPLIES	8,678	9,788	8,246	8,246	8,246
2004	UTILITIES	8,163	12,059	9,624	9,624	9,624
2005	TRAVEL	1,040	3,534	0	0	0
2006	RENT - BUILDING	548	612	575	575	575
2007	RENT - MACHINE AND OTHER	0	123	1,176	1,176	1,176
2009	OTHER OPERATING EXPENSE	70,393	88,039	70,946	45,660	57,126
5000	CAPITAL EXPENDITURES	0	34,438	0	0	0
	Total, Objects of Expense	**$1,126,381**	**$1,207,386**	**$1,070,646**	**$1,046,947**	**$1,057,922**
METHOD OF FINANCING:						
1	General Revenue Fund	419,315	366,667	365,344	365,343	365,343
6	State Highway Fund	358,496	377,112	377,112	377,112	377,112
666	Appropriated Receipts	0	10	490	490	490
777	Interagency Contracts	348,570	463,597	327,700	304,002	314,977
	Total, Method of Financing	**$1,126,381**	**$1,207,386**	**$1,070,646**	**$1,046,947**	**$1,057,922**
FULL TIME EQUIVALENT POSITIONS		**15.3**	**15.3**	**15.7**	**15.7**	**15.7**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Strategy		Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-1	**Conduct Hearings and Prepare Proposals for Decisions and Final Orders**					

Method of Allocation

As SOAH is a labor-intensive agency, indirect and administrative support costs (i.e., executive administration, fiscal services, information resource technologies, human resources, and support services) are allocated based on the number of FTEs associated with each strategy. For this reason, 98% of the administrative costs are allocated to Hearings and 2% are allocated to Alternative Dispute Resolution (ADR). ADR does not, however, perform work on Administrative License Revocation (ALR). For this reason, no portion of Fund 006 (ALR funding) has been allocated to ADR.

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Strategy		Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-2-1	**Conduct Alternative Dispute Resolution Proceedings**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$20,241	$ 19,341	$ 19,383	$ 19,383	$ 19,383
1002	OTHER PERSONNEL COSTS	853	2,024	539	569	569
2001	PROFESSIONAL FEES AND SERVICES	81	242	79	82	72
2003	CONSUMABLE SUPPLIES	177	200	168	168	168
2004	UTILITIES	166	246	196	196	196
2005	TRAVEL	21	72	0	0	0
2006	RENT - BUILDING	11	12	12	12	12
2007	RENT - MACHINE AND OTHER	0	3	24	24	24
2009	OTHER OPERATING EXPENSE	1,437	1,797	1,448	932	1,166
5000	CAPITAL EXPENDITURES	0	703	0	0	0
	Total, Objects of Expense	**$22,987**	**$24,640**	**$21,849**	**$21,366**	**$21,590**
METHOD OF FINANCING:						
1	General Revenue Fund	8,557	7,483	7,455	7,456	7,456
666	Appropriated Receipts	0	0	10	10	10
777	Interagency Contracts	14,430	17,157	14,384	13,900	14,124
	Total, Method of Financing	**$22,987**	**$24,640**	**$21,849**	**$21,366**	**$21,590**
FULL TIME EQUIVALENT POSITIONS		**0.3**	**0.3**	**0.3**	**0.3**	**0.3**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

		Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
GRAND TOTALS						
Objects of Expense						
1001	SALARIES AND WAGES	$1,012,041	$967,090	$969,141	$969,141	$969,141
1002	OTHER PERSONNEL COSTS	$42,658	$101,232	$26,965	$28,465	$28,465
2001	PROFESSIONAL FEES AND SERVICES	$4,035	$12,078	$3,974	$4,094	$3,593
2003	CONSUMABLE SUPPLIES	$8,855	$9,988	$8,414	$8,414	$8,414
2004	UTILITIES	$8,329	$12,305	$9,820	$9,820	$9,820
2005	TRAVEL	$1,061	$3,606	$0	$0	$0
2006	RENT - BUILDING	$559	$624	$587	$587	$587
2007	RENT - MACHINE AND OTHER	$0	$126	$1,200	$1,200	$1,200
2009	OTHER OPERATING EXPENSE	$71,830	$89,836	$72,394	$46,592	$58,292
5000	CAPITAL EXPENDITURES	$0	$35,141	$0	$0	$0
	Total, Objects of Expense	**$1,149,368**	**$1,232,026**	**$1,092,495**	**$1,068,313**	**$1,079,512**
Method of Financing						
1	General Revenue Fund	$427,872	$374,150	$372,799	$372,799	$372,799
6	State Highway Fund	$358,496	$377,112	$377,112	$377,112	$377,112
666	Appropriated Receipts	$0	$10	$500	$500	$500

Agency code: **360** Agency name: **State Office of Administrative Hearings**

	Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
777 Interagency Contracts	$363,000	$480,754	$342,084	$317,902	$329,101
Total, Method of Financing	**$1,149,368**	**$1,232,026**	**$1,092,495**	**$1,068,313**	**$1,079,512**
Full-Time-Equivalent Positions (FTE)	**15.6**	**15.6**	**16.0**	**16.0**	**16.0**

Agency code: **360** Agency name: **State Office of Administrative Hearings**

Strategy		Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
1-1-1	**Conduct Hearings and Prepare Proposals for Decisions and Final Orders**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$1,414,159	$1,395,423	$1,460,840	$1,460,840	$1,460,840
1002	OTHER PERSONNEL COSTS	48,316	84,982	66,004	68,245	61,600
2001	PROFESSIONAL FEES AND SERVICES	4,495	12,174	8,563	5,420	4,665
2003	CONSUMABLE SUPPLIES	9,362	12,872	12,691	12,691	12,691
2004	UTILITIES	19,364	19,137	22,553	22,553	22,553
2005	TRAVEL	17,372	20,959	29,111	29,111	22,150
2006	RENT - BUILDING	49,406	50,113	49,864	49,864	49,864
2007	RENT - MACHINE AND OTHER	4,509	4,444	5,605	5,605	5,605
2009	OTHER OPERATING EXPENSE	100,465	168,419	207,108	198,637	145,632
5000	CAPITAL EXPENDITURES	3,348	0	4,430	0	0
	Total, Objects of Expense	**$1,670,796**	**$1,768,523**	**$1,866,769**	**$1,852,966**	**$1,785,600**
METHOD OF FINANCING:						
1	General Revenue Fund	535,276	618,983	616,034	611,479	624,960
6	State Highway Fund	613,973	636,668	653,369	648,538	642,816
777	Interagency Contracts	521,547	512,872	597,366	592,949	517,824
	Total, Method of Financing	**$1,670,796**	**$1,768,523**	**$1,866,769**	**$1,852,966**	**$1,785,600**
FULL-TIME-EQUIVALENT POSITIONS (FTE):		**38.1**	**39.0**	**39.0**	**39.0**	**39.0**

DESCRIPTION

The administrative and support costs in this strategy are related to administrative assistants and paralegals who work only for the Administrative Law Judges on hearing-related tasks.

Agency code: **360** Agency name: **State Office of Administrative Hearings**

		Exp 2011	Est 2012	Bud 2013	BL 2014	BL 2015
GRAND TOTALS						
Objects of Expense						
1001	SALARIES AND WAGES	$1,414,159	$1,395,423	$1,460,840	$1,460,840	$1,460,840
1002	OTHER PERSONNEL COSTS	$48,316	$84,982	$66,004	$68,245	$61,600
2001	PROFESSIONAL FEES AND SERVICES	$4,495	$12,174	$8,563	$5,420	$4,665
2003	CONSUMABLE SUPPLIES	$9,362	$12,872	$12,691	$12,691	$12,691
2004	UTILITIES	$19,364	$19,137	$22,553	$22,553	$22,553
2005	TRAVEL	$17,372	$20,959	$29,111	$29,111	$22,150
2006	RENT - BUILDING	$49,406	$50,113	$49,864	$49,864	$49,864
2007	RENT - MACHINE AND OTHER	$4,509	$4,444	$5,605	$5,605	$5,605
2009	OTHER OPERATING EXPENSE	$100,465	$168,419	$207,108	$198,637	$145,632
5000	CAPITAL EXPENDITURES	$3,348	$0	$4,430	$0	$0
	Total, Objects of Expense	**$1,670,796**	**$1,768,523**	**$1,866,769**	**$1,852,966**	**$1,785,600**
Method of Financing						
1	General Revenue Fund	$535,276	$618,983	$616,034	$611,479	$624,960
6	State Highway Fund	$613,973	$636,668	$653,369	$648,538	$642,816
777	Interagency Contracts	$521,547	$512,872	$597,366	$592,949	$517,824
	Total, Method of Financing	**$1,670,796**	**$1,768,523**	**$1,866,769**	**$1,852,966**	**$1,785,600**
	Full-Time-Equivalent Positions (FTE)	**38.1**	**39.0**	**39.0**	**39.0**	**39.0**