

LEGISLATIVE APPROPRIATIONS REQUEST

FOR FISCAL YEARS 2016 AND 2017

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

BY

STATE OFFICE OF ADMINISTRATIVE HEARINGS

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AUGUST 11, 2014

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1. ADMINISTRATOR'S STATEMENT

Administrator's Statement

8/11/2014 10:25:35AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

Introduction

The State Office of Administrative Hearings (SOAH) serves Texas as the state's central and independent administrative hearing tribunal. SOAH is headed by a Chief Administrative Law Judge (ALJ), a gubernatorial appointee subject to Senate confirmation; 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, 2014. She is from Austin, Texas. 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. SOAH ALJs must be licensed to practice law in Texas and meet other requirements imposed by statute or prescribed by the Chief ALJ.

SOAH's headquarters are in Austin. It has 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.

SOAH's hearings are divided by subject matter among seven teams: Administrative License Revocation; Alternative Dispute Resolution; Economic; Licensing and Enforcement; Natural Resources; Tax; and Utilities. Administrative assistants and a docketing section provide direct support to the hearings function, and the Finance, Human Resources, and Information Resources sections support the entire agency.

The subject matter of SOAH's hearings covers the spectrum of the state's administrative and regulatory matters. A sample of the cases SOAH hears are those related to professional and occupational licensing and discipline, utility rates and transmission line siting, environmental permitting and enforcement, groundwater permitting, sales and use and property taxes, Medicaid fraud, state and teacher employee benefits, child support enforcement, child abuse and neglect, and workers' compensation healthcare provider reimbursements. In Fiscal Year 2014, SOAH has begun to hear cases in the Texas Education Agency's Individuals with Disabilities Education Act (IDEA) program. SOAH also has an active and successful mediation component that has assisted parties, particularly in the licensing disciplinary cases, in coming to and crafting resolutions perhaps more agreeable to them than might result from an adversarial hearing.

Though SOAH has grown and the Legislature has entrusted it with more and different responsibilities, the mandate to SOAH and the principle upon which it operates have not changed: to provide fair hearings and due process in contested cases in an independent and neutral forum. The mandate is carried out in hearings and mediations, which have grown in number and differ in subject matter and complexity, but which ultimately are at their core and in their origins what SOAH was established to do and has done since 1992.

Appropriation Request

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, and thus, its funding requests, on information it requests and receives from the referring agencies about the amount of work they anticipate referring to SOAH in the next biennium. However, because SOAH does not control the work referred, the overall demand for its services, or the demand from any individual referring agency or entity, may fluctuate from one period to the next and cannot be predicted with certainty.

For FYs 2016 and 2017, SOAH projects an annual 9.1 percent increase in hours of work over FY 2014, from 75,133 hours in FY 2014 to 81,991 hours in FY 2016 and 2017.

SOAH's funding has four parts: a general revenue appropriation to fund hearings referred by specific agencies listed in current appropriation rider 7.c; interagency contracts by which referring agencies or entities 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 in ALR hearings.

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The total baseline request is \$20,703,774, which includes \$6,952,362 in general revenue funding; \$6,863,134 in interagency contract funding; \$6,648,278 in Fund 006 funding; and \$240,000 in appropriated receipts. General revenue exceptional items total \$10,156,047.

The total request also includes 126.7 FTEs in FY2016 and 124.3 FTEs in FY2017. SOAH's current FTE cap is 115. As set out in exceptional item requests 2 and 3 below, three of the eight additional hearings-related FTEs would be funded by general revenue, and five would be funded by interagency contract reimbursements. Exceptional item 7 discusses 3.7 in FY 2016 and 1.3 in FY 2017 FTEs who would be temporary employees to assist SOAH in the transition to the Centralized Accounting and Payroll/Personnel System (CAPPS). They would also be funded by general revenue.

Exceptional Items

SOAH requests consideration of eight exceptional items.

Item 1 – Equity pay increases for SOAH employees.

SOAH is fortunate to have a talented and dedicated company of employees who perform work of worth and significance, but that is also demanding and detailed. Especially as the economy improves, it will be increasingly critical for SOAH's salaries to be competitive so that it can retain and appropriately compensate its employees. SOAH requests \$367,677 per year in general revenue to provide equity adjustments for those employees whose salaries are below 35 percent of the state salary schedule.

Item 2 – Increase FTE cap by 3.0.

As mentioned earlier, SOAH lays the groundwork for its legislative appropriations requests with information from the referring agencies about the caseloads they estimate they will refer to SOAH in the coming biennium. Based on that information, SOAH anticipates an increase in its workload that will necessitate the addition of a total of eight FTEs. Three FTEs – one ALJ and two administrative assistants – will be needed to support the increase in workload for the referring agencies whose work is funded by general revenue, at a cost of \$219,000 in FY 2016 and \$201,000 in FY 2017.

Item 3 – Increase FTE cap by 5.0.

Based on information from the referring agencies, SOAH anticipates an increase in its workload that will necessitate the addition of five FTEs – two ALJs, one docket clerk, one systems analyst, and one indirect support assistant. The increased workload associated with these FTEs is projected to be referred from agencies whose work is funded by interagency contract reimbursements. These additional FTEs will be funded by reimbursements from interagency contracts that will be signed and in place prior to the beginning of the fiscal year.

Item 4 – Integrated case management, case filing, and timekeeping system

SOAH's current technology needs span three core work functions: an electronic case filing system, a case management system, and a timekeeping solution. It is critical that SOAH address these needs to stay ahead of the agency's technical demands, complex and voluminous caseload, and reporting requirements. In FY 2013, SOAH received just over 37,000 cases, including the administrative license revocation cases. In 2013, approximately 14,000 civil cases were filed in Bexar County district courts, and approximately 21,000 in Dallas County district courts. Excluding ALR, SOAH received 6,087 general docket cases in FY 2013; civil filings in Travis County district courts in 2013 totaled approximately 7,200. Though SOAH has been functioning and handling the caseload well for many years with its current systems, there exist a need and means to gain efficiencies. To illustrate, currently ALJs and their administrative assistants must use five different applications to issue a single order, which also requires nine different steps for the administrative assistant. SOAH ALJs and paralegals use paper to bill case time and separately record leave time, which must be reconciled on a daily basis. Team leaders currently assign cases on a weekly basis using a paper system. For these reasons, SOAH requests general revenue

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funding for an integrated case management, case filing, and timekeeping system. The preliminary estimated cost for the system is \$1,220,000 in FY 2016 and \$200,000 for maintenance in FY 2017. This system will have to be bid, and in the event its purchase, installation, and implementation cannot be entirely completed in FY 2016, SOAH requests the authority to carry the balance of the funding into FY 2017.

Ideally, a new electronic filing system would be more robust than the current system (which has served SOAH well since November 2010 but which is being quickly overtaken by its limitations and SOAH's needs) and be capable of feeding case filings directly into a case management system such that the docketing team and the assigned ALJ both receive the filing and can act on it accordingly through the system. Also, a case management system must either include or work well with a timekeeping system. SOAH ALJs keep their time as lawyers in a law firm do, and all employees must record their leave and compensatory time. Any timekeeping system must be compatible with the Oracle products that comprise the CAPPs system managed by the Comptroller of Public Accounts that is to be implemented by SOAH's finance and human resources sections beginning in January 2016.

Item 5 – Payments for anticipated retirements

SOAH has a minimum of 49 employees (45 percent of the current workforce) who will meet retirement eligibility requirements within the next five years. Of these, 33 are ALJs. SOAH requests an appropriation of \$250,000 in general revenue for FY 2016 to pay retiring employees the amounts of their accrued leave.

SOAH requests that, in the event some or all of the \$250,000 is not spent for retirement payments in FY 2016, it be authorized to carry the balance into FY 2017 to make those payments.

Item 6 – General revenue funding to replace interagency contract funding

SOAH requests a general revenue appropriation of \$3,431,567 for each of FY 2016 and FY 2017 (\$6,863,134 for the biennium) to replace its interagency contract funding.

As described earlier, SOAH is funded with general revenue, Fund 006, and interagency contract reimbursements, with a smaller appropriated receipts appropriation that is an in-and-out item. SOAH does not control the amount of work it receives from a referring agency, and it does not control the reimbursement mechanism underlying the work. In a given year, work covered by one method of finance may increase and another decrease. In another year, the increase and decrease may be reversed, or it may all increase or decrease. Except for general revenue, SOAH cannot move funding sources to where they are needed to address the vagaries of the workload. In addition, while the interagency contract line item in SOAH's bill pattern is a fixed number, the work funded by interagency contracts, and thus the reimbursements themselves, fluctuate from year to year, sometimes significantly. The dollar amount reflected in the bill pattern for interagency contracts is not the dollar amount that is ultimately paid to SOAH. It is entirely a function of the interagency contract work referred and conducted. In addition, SOAH's contract with TCEQ, one of its largest, contains a refund provision under which SOAH must refund any unused portion of the contract at the end of the fiscal year.

The variability of the interagency contract reimbursements, coupled with the potential refunding of a portion of the resources funding SOAH's operations, lends unpredictability and uncertainty to SOAH's budgetary planning. With regard to the contract with TCEQ, a significant refund has a proportionally greater impact on SOAH's budget than it would if SOAH were a much larger agency with much greater funding.

There is also a public policy component to the interagency contract method of finance. SOAH is independent and its neutrality is an article of faith for the corporate agency and for the individual ALJs, and the particular method of finance for a referring agency or a case has absolutely no implication for the contested cases. However, the construct wherein SOAH bills and receives funds from agencies that are parties to cases is less than ideal. It feeds a perception from parties that are not the referring agency that if SOAH is being paid by the referring agency, SOAH is not really independent, fair, and neutral. That perception is baseless and wrongly held, but the

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appearance of fairness and neutrality can be as important as reality to those who appear before SOAH, a principle understood by the Legislature in 1991 when it established SOAH.

Item 7– Increase FTE cap by 3.7 in FY 2016 and 1.3 in FY 2017 for temporary staff to backfill for CAPPs implementation

SOAH will transition its payroll systems to the CAPPs system beginning January 1, 2016, with its financial systems to follow on September 1, 2016. SOAH has limited staff with which to both implement CAPPs and continue with the agencies' regular duties, so SOAH requests an increase of 3.7 in FY 2016 and 1.3 in FY2017 in its FTE cap to allow it to hire temporary staff to assist with accounting, programming, and human resources duties. These temporary employees, consisting of two accountants, one human resources assistant, and one programmer, will allow SOAH's permanent staff to work on the CAPPs implementation. The cost for the temporary CAPPs-related employees is estimated to be \$342,000 in FY 2016 and \$125,559 in FY 2017.

Impact of 10 Percent 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. SOAH has since the mid-1990s set appropriate cases in docket calls or mass hearings so that many cases can be heard or disposed of in one setting rather than individually. Docket calls and mass hearings 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 numerous hearings set on separate days. SOAH also has a rule allowing parties and witnesses to appear by telephone or videoconference in appropriate circumstances.

SOAH has also found ways to handle unique circumstances. Perhaps the most illustrative situation involves over 6,500 legacy cases referred from the Division of Workers' Compensation. Instead of setting out to try these cases one by one, SOAH established logical groupings based on carrier, reimbursement methodology, and provider, and, in consultation with the parties, issued scheduling and case management orders identifying appropriate efficiencies for the trial of the cases, such as the reduction of pertinent expert testimony to writing by prefiled testimony or deposition or to an electronic recording of the testimony and cross-examination on a separate track for introduction and use in multiple cases to ensure a complete record. Many of these cases have settled, but for those that have gone, or will go, to hearing, SOAH has developed a standardized decision and order that will need insertion only of language particular to the case or cases being heard. In some cases, a single decision and order with a spreadsheet-type attachment has been used to decide as many as 113 cases with one 15-page written decision.

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 percent of SOAH's budget. SOAH's non-salary expenditures are for such mission-specific items as interpreters 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 percent state agency contribution to the Employees Retirement System for state-paid insurance.)

For SOAH to reach the 10 percent general revenue budget reduction, it will be required to eliminate four positions comprised of three ALJ positions and one administrative assistant position. It would be SOAH's hope to eliminate those positions via routine voluntary departures, specifically retirements by eligible employees.

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

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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 to 5,300 hours per year of case work will be delayed, which equates to a delay of approximately 8 to 10 percent in FY 2016. The delayed work would carry over and compound in FY 2017, leading to a potential 15 to 19 percent delay in completing the FY 2017 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 2013 and the first three quarters of FY 2014, those numbers have averaged 51 days and 112 days, respectively.

Likewise, the loss of an administrative assistant 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, 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 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 extraordinarily important and critical to the efficient and timely operation of the contested case process at SOAH. A reduction of even one administrative assistant will be keenly felt. Remaining administrative assistants would be required to take on the additional workload occasioned by a 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.

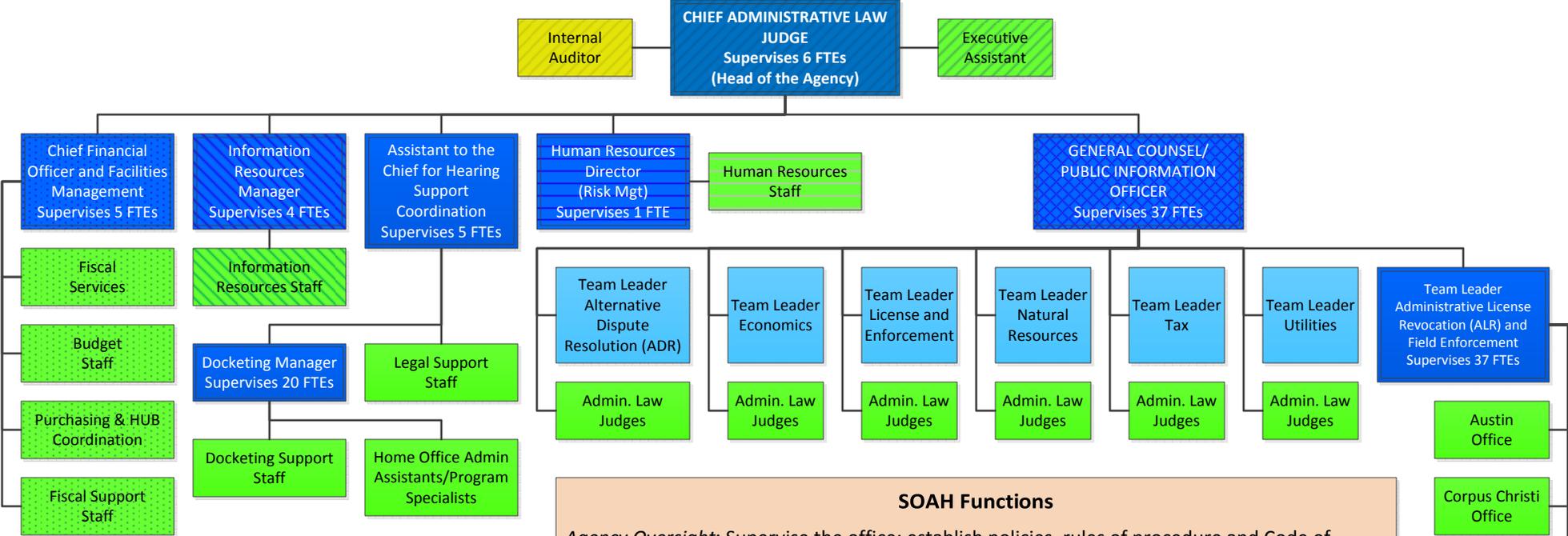
SOAH contacts prior employers during its reference checking process for potential new employees. Also, it verifies that attorneys applying for ALJ positions are in good standing with the State Bar of Texas, and all ALJs are required to maintain good standing. SOAH checks driver's license records for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

Conclusion

SOAH is proud to be Texas's central hearing tribunal. The agency's work has an impact not just on the parties that appear in the hearings, but beyond, whether the issue is a health care provider alleged to have endangered patients, the proposed siting of a landfill or transmission line near a community, or the suspension of a person's driver's license because he or she is alleged to have been driving on the public roadway while under the influence of alcohol. It is important and meaningful work, and SOAH is proud to do it, and proud of the honorable and dedicated professionals who daily demonstrate their commitment to fairness, independence, and the law. This legislative appropriations request allows SOAH to maintain its first-class workforce and work product while remaining a careful steward of the state's resources.

GOVERNOR
STATE OF TEXAS

STATE OFFICE OF ADMINISTRATIVE HEARINGS
ORGANIZATIONAL CHART



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.

Structural Key

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

Function

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

- Austin Office
- Corpus Christi Office
- Dallas Office
- El Paso Office
- Fort Worth Office
- Houston Office
- Lubbock Office
- San Antonio Office

2. SUMMARY OF REQUEST

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>1</u> Provide for a Fair and Efficient Administrative Hearings Process					
<u>1</u> Ensure that All Hearings are Conducted in a Fair and Impartial Manner					
1 CONDUCT HEARINGS	7,802,237	7,913,734	8,244,196	8,866,425	8,866,425
<u>2</u> Provide an Opportunity for Alternative Dispute Resolution Proceedings					
1 CONDUCT ALT DISPUTE RESOLUTION	244,303	237,478	247,883	247,883	247,883
TOTAL, GOAL 1	\$8,046,540	\$8,151,212	\$8,492,079	\$9,114,308	\$9,114,308
<u>2</u> Indirect Administration					
<u>1</u> Indirect Administration					
1 INDIRECT ADMINISTRATION	1,040,281	1,077,835	1,109,579	1,237,579	1,237,579
TOTAL, GOAL 2	\$1,040,281	\$1,077,835	\$1,109,579	\$1,237,579	\$1,237,579
TOTAL, AGENCY STRATEGY REQUEST	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>METHOD OF FINANCING:</u>					
General Revenue Funds:					
1 General Revenue Fund	3,007,130	3,362,071	3,476,181	3,476,181	3,476,181
SUBTOTAL	\$3,007,130	\$3,362,071	\$3,476,181	\$3,476,181	\$3,476,181
Other Funds:					
6 State Highway Fund	3,158,632	3,268,860	3,324,139	3,324,139	3,324,139
666 Appropriated Receipts	88,752	91,000	91,000	120,000	120,000
777 Interagency Contracts	2,832,307	2,507,116	2,710,338	3,431,567	3,431,567
SUBTOTAL	\$6,079,691	\$5,866,976	\$6,125,477	\$6,875,706	\$6,875,706
TOTAL, METHOD OF FINANCING	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887

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

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

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

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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GENERAL REVENUE

1 General Revenue Fund

REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2012-13 GAA)

\$3,299,539	\$0	\$0	\$0	\$0
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Regular Appropriations from MOF Table (2014-15 GAA)

\$0	\$3,305,016	\$3,305,016	\$0	\$0
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Regular Appropriations from MOF Table (2016-17 GAA)

\$0	\$0	\$0	\$3,476,181	\$3,476,181
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TRANSFERS

Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)

\$0	\$57,055	\$171,165	\$0	\$0
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LAPSED APPROPRIATIONS

Lapse Committed Budget

\$(292,409)	\$0	\$0	\$0	\$0
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Comments: AY 2013 Strategy 01-01-01 (Hearings Appn 13006) \$203,775;
 Strategy 01-02-01 (ADR Appn 13008) \$853; Strategy 02-01-01 (Admin appn
 13009) \$87,781

2.B. Summary of Base Request by Method of Finance

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Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 360		Agency name: State Office of Administrative Hearings				
METHOD OF FINANCING		Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>GENERAL REVENUE</u>						
TOTAL,	General Revenue Fund	\$3,007,130	\$3,362,071	\$3,476,181	\$3,476,181	\$3,476,181
TOTAL, ALL	GENERAL REVENUE	\$3,007,130	\$3,362,071	\$3,476,181	\$3,476,181	\$3,476,181
<u>OTHER FUNDS</u>						
<u>6</u> State Highway Fund No. 006						
<i>REGULAR APPROPRIATIONS</i>						
	Regular Appropriations from MOF Table (2012-13 GAA)	\$3,239,763	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2014-15 GAA)	\$0	\$3,241,221	\$3,241,222	\$0	\$0
	Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$0	\$0	\$3,324,139	\$3,324,139
<i>TRANSFERS</i>						
	Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA)	\$0	\$27,639	\$82,917	\$0	\$0

2.B. Summary of Base Request by Method of Finance

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Agency code: 360		Agency name: State Office of Administrative Hearings				
METHOD OF FINANCING		Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>OTHER FUNDS</u>						
<i>LAPSED APPROPRIATIONS</i>						
Lapse Committed Budget						
		\$(81,131)	\$0	\$0	\$0	\$0
Comments: AY 2013 Strategy 01-01-01 (Hearings Appn 13006)						
TOTAL,	State Highway Fund No. 006	\$3,158,632	\$3,268,860	\$3,324,139	\$3,324,139	\$3,324,139
<u>666</u> Appropriated Receipts						
<i>REGULAR APPROPRIATIONS</i>						
Regular Appropriations from MOF Table (2012-13 GAA)						
		\$150,000	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2014-15 GAA)						
		\$0	\$125,000	\$125,000	\$0	\$0
Regular Appropriation from MOF Table (2016-17 GAA)						
		\$0	\$0	\$0	\$120,000	\$120,000
<i>LAPSED APPROPRIATIONS</i>						
Revenue Not Collected						

2.B. Summary of Base Request by Method of Finance

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Agency code: 360		Agency name: State Office of Administrative Hearings				
METHOD OF FINANCING		Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>OTHER FUNDS</u>						
		\$(61,248)	\$0	\$0	\$0	\$0
	Comments: Did not collect the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) for Filing of records (e.g. Transcripts)					
	Estimated Revenue Not anticipated to Collect					
		\$0	\$(34,000)	\$(34,000)	\$0	\$0
	Comments: Do not anticipate collecting the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006) for filing of records (e.g. Transcripts)					
TOTAL,	Appropriated Receipts					
		\$88,752	\$91,000	\$91,000	\$120,000	\$120,000
<u>777</u>	Interagency Contracts					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2012-13 GAA)					
		\$3,545,187	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2014-15 GAA)					
		\$0	\$3,003,339	\$2,710,338	\$0	\$0
	Regular Appropriations from MOF Table (2014-15 GAA)					
		\$0	\$0	\$500,000	\$0	\$0

2.B. Summary of Base Request by Method of Finance

8/11/2014 10:25:42AM

84th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

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

METHOD OF FINANCING	Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
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OTHER FUNDS

Comments: Anticipated increase in revenue from various agencies other than TCEQ Strategy 01-01-01 (Hearings - Apprn 13006)

Regular Appropriation from MOF Table (2016-17 GAA)

	\$0	\$0	\$0	\$3,431,567	\$3,431,567
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LAPSED APPROPRIATIONS

Revenue Not Collected

	\$(195,597)	\$0	\$0	\$0	\$0
--	-------------	-----	-----	-----	-----

Comments: AY 2013 did not collect the Estimated Revenue in Strategy 01-01-01 (Hearings - Appn 13006)

Revenue Not Collected

	\$(517,283)	\$0	\$0	\$0	\$0
--	-------------	-----	-----	-----	-----

Comments: Refund of Revenue - TCEQ AY 2013 Strategy 01-01-01 (Hearings Appn 13006)

Estimated Revenue Not Anticipated to Collect

	\$0	\$(475,000)	\$(500,000)	\$0	\$0
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Comments: Refund of Revenue - TCEQ Strategy 01-01-01 (Hearings - appn 13006)

2.B. Summary of Base Request by Method of Finance

8/11/2014 10:25:42AM

84th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code:	360	Agency name:	State Office of Administrative Hearings			
METHOD OF FINANCING		Exp 2013	Est 2014	Bud 2015	Req 2016	Req 2017
<u>OTHER FUNDS</u>						
	Estimated Revenue Not Anticipated to Collect	\$0	\$(21,223)	\$0	\$0	\$0
TOTAL,	Interagency Contracts	\$2,832,307	\$2,507,116	\$2,710,338	\$3,431,567	\$3,431,567
TOTAL, ALL	OTHER FUNDS	\$6,079,691	\$5,866,976	\$6,125,477	\$6,875,706	\$6,875,706
GRAND TOTAL		\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887

2.C. Summary of Base Request by Object of Expense

8/11/2014 10:25:42AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

OBJECT OF EXPENSE	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
1001 SALARIES AND WAGES	\$7,386,825	\$7,467,191	\$8,123,597	\$8,467,597	\$8,467,597
1002 OTHER PERSONNEL COSTS	\$525,798	\$526,429	\$241,860	\$534,089	\$534,089
2001 PROFESSIONAL FEES AND SERVICES	\$58,129	\$49,905	\$24,656	\$24,656	\$24,656
2003 CONSUMABLE SUPPLIES	\$31,607	\$37,209	\$50,195	\$56,195	\$56,195
2004 UTILITIES	\$92,486	\$95,321	\$102,447	\$102,447	\$102,447
2005 TRAVEL	\$99,374	\$86,621	\$101,000	\$137,000	\$137,000
2006 RENT - BUILDING	\$227,172	\$231,062	\$225,705	\$225,705	\$225,705
2007 RENT - MACHINE AND OTHER	\$28,772	\$22,513	\$26,504	\$26,504	\$26,504
2009 OTHER OPERATING EXPENSE	\$636,658	\$712,796	\$705,694	\$777,694	\$777,694
5000 CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
OOE Total (Excluding Riders)	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887
OOE Total (Riders)					
Grand Total	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887

2.D. Summary of Base Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

8/11/2014 10:25:43AM

360 State Office of Administrative Hearings

<i>Goal/ Objective / Outcome</i>	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
1 Provide for a Fair and Efficient Administrative Hearings Process					
1 <i>Ensure that All Hearings are Conducted in a Fair and Impartial Manner</i>					
KEY 1 Percentage of Participants Surveyed Satisfied with Overall Process					
	89.20%	92.00%	92.00%	92.00%	92.00%
2 Percent of Administrative License Revocation Orders Affirmed on Appeal					
	78.00%	92.55%	92.55%	90.00%	90.00%
3 Percent of SOAH Administrative License Revocation Orders Appealed					
	1.00%	1.43%	1.43%	1.50%	1.50%
KEY 4 % of Proposed Tax Decisions Issued within 60 Days of Record Closing					
	100.00%	100.00%	100.00%	100.00%	100.00%

2.E. Summary of Exceptional Items Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME : 10:25:43AM

Agency code: 360

Agency name: State Office of Administrative Hearings

Priority	Item	2016			2017			Biennium		
		GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	
1	Equity Increases for Staff	\$367,677	\$367,677	0.0	\$367,677	\$367,677	0.0	\$735,354	\$735,354	
2	Increase FTE Cap GR	\$219,000	\$219,000	3.0	\$201,000	\$201,000	3.0	\$420,000	\$420,000	
3	Increase FTE Cap IAC	\$0	\$0	5.0	\$0	\$0	5.0	\$0	\$0	
4	Integrated System	\$1,220,000	\$1,220,000	0.0	\$200,000	\$200,000	0.0	\$1,420,000	\$1,420,000	
5	Lump sum retirement payouts	\$250,000	\$250,000	0.0	\$0	\$0	0.0	\$250,000	\$250,000	
6	GR funding to replace IAC	\$3,431,567	\$0		\$3,431,567	\$0		\$6,863,134	\$0	
7	CAPPS Implementation	\$342,000	\$342,000	3.7	\$125,559	\$125,559	1.3	\$467,559	\$467,559	
Total, Exceptional Items Request		\$5,830,244	\$2,398,677	11.7	\$4,325,803	\$894,236	9.3	\$10,156,047	\$3,292,913	
Method of Financing										
	General Revenue	\$5,830,244	\$5,830,244		\$4,325,803	\$4,325,803		\$10,156,047	\$10,156,047	
	General Revenue - Dedicated									
	Federal Funds									
	Other Funds		(3,431,567)			(3,431,567)			(6,863,134)	
		\$5,830,244	\$2,398,677		\$4,325,803	\$894,236		\$10,156,047	\$3,292,913	
Full Time Equivalent Positions				11.7				9.3		
Number of 100% Federally Funded FTEs				0.0				0.0		

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/11/2014
 TIME : 10:25:44AM

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

Goal/Objective/STRATEGY	Base 2016	Base 2017	Exceptional 2016	Exceptional 2017	Total Request 2016	Total Request 2017
1 Provide for a Fair and Efficient Administrative Hearings Process						
1 <i>Ensure that All Hearings are Conducted in a Fair and Impartial Man</i>						
1 CONDUCT HEARINGS	\$8,866,425	\$8,866,425	\$2,028,735	\$740,735	\$10,895,160	\$9,607,160
2 <i>Provide an Opportunity for Alternative Dispute Resolution Proceedin</i>						
1 CONDUCT ALT DISPUTE RESOLUTION	247,883	247,883	0	0	247,883	247,883
TOTAL, GOAL 1	\$9,114,308	\$9,114,308	\$2,028,735	\$740,735	\$11,143,043	\$9,855,043
2 Indirect Administration						
1 <i>Indirect Administration</i>						
1 INDIRECT ADMINISTRATION	1,237,579	1,237,579	369,942	153,501	1,607,521	1,391,080
TOTAL, GOAL 2	\$1,237,579	\$1,237,579	\$369,942	\$153,501	\$1,607,521	\$1,391,080
TOTAL, AGENCY STRATEGY REQUEST	\$10,351,887	\$10,351,887	\$2,398,677	\$894,236	\$12,750,564	\$11,246,123
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	\$10,351,887	\$10,351,887	\$2,398,677	\$894,236	\$12,750,564	\$11,246,123

2.F. Summary of Total Request by Strategy
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/11/2014
 TIME : 10:25:44AM

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

Goal/Objective/STRATEGY	Base 2016	Base 2017	Exceptional 2016	Exceptional 2017	Total Request 2016	Total Request 2017
General Revenue Funds:						
1 General Revenue Fund	\$3,476,181	\$3,476,181	\$5,830,244	\$4,325,803	\$9,306,425	\$7,801,984
	\$3,476,181	\$3,476,181	\$5,830,244	\$4,325,803	\$9,306,425	\$7,801,984
Other Funds:						
6 State Highway Fund	3,324,139	3,324,139	0	0	3,324,139	3,324,139
666 Appropriated Receipts	120,000	120,000	0	0	120,000	120,000
777 Interagency Contracts	3,431,567	3,431,567	(3,431,567)	(3,431,567)	0	0
	\$6,875,706	\$6,875,706	\$(3,431,567)	\$(3,431,567)	\$3,444,139	\$3,444,139
TOTAL, METHOD OF FINANCING	\$10,351,887	\$10,351,887	\$2,398,677	\$894,236	\$12,750,564	\$11,246,123
FULL TIME EQUIVALENT POSITIONS	115.0	115.0	11.7	9.3	126.7	124.3

2.G. Summary of Total Request Objective Outcomes
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/11/2014
 Time: 10:25:45AM

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

Goal/ Objective / Outcome

	BL 2016	BL 2017	Excp 2016	Excp 2017	Total Request 2016	Total Request 2017
1	Provide for a Fair and Efficient Administrative Hearings Process					
1	<i>Ensure that All Hearings are Conducted in a Fair and Impartial Manner</i>					
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					
	90.00%	90.00%			90.00%	90.00%
	3 Percent of SOAH Administrative License Revocation Orders Appealed					
	1.50%	1.50%			1.50%	1.50%
KEY	4 % of Proposed Tax Decisions Issued within 60 Days of Record Closing					
	100.00%	100.00%			100.00%	100.00%

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Output Measures:						
KEY 1	Number of Hours Billed (General Docket Hearings and ALR Hearings)	73,466.51	73,621.00	75,110.00	80,491.00	80,491.00
KEY 2	Number of Administrative License Revocation Cases Disposed	30,022.00	27,660.00	30,100.00	30,000.00	30,000.00
KEY 3	Number of Cases Disposed	36,299.00	38,988.00	37,333.00	37,000.00	37,000.00
	4 Number of Requests for Continuances and Abatements Granted	16,343.00	15,092.00	15,092.00	15,500.00	15,500.00
KEY 5	Percent of Available ALJ Time Spent on Case Work	107.79 %	100.00 %	96.88 %	97.00 %	97.00 %
	6 Percent of Case Time Spent on ALR Cases	37.99 %	37.80 %	39.88 %	34.15 %	34.15 %
	7 Percent of Case Time Spent on General Docket (Non-ALR) Cases	62.01 %	62.20 %	60.15 %	65.85 %	65.85 %
KEY 8	# of Proposals for Decision Related to Tax Hearings Issued by ALJs	277.00	400.00	400.00	400.00	400.00
Efficiency Measures:						
	1 Average Cost Per Case	226.13	259.24	269.71	290.78	290.78
KEY 2	Average # of Days-Close of Record to PFD Issuance-Major Cases	51.10	50.30	50.30	60.00	60.00
KEY 3	Median Number of Days to Dispose Case	100.00	125.00	125.00	75.00	75.00

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
	4 Average Number of Days from Date of Request to Execution	0.01	0.01	0.01	0.01	0.01
KEY 5	Avg Days to Issue Proposed Tax Decision Following Record Closing	6.56	9.96	9.00	9.00	9.00
Explanatory/Input Measures:						
KEY 1	Number of Cases Received	37,087.00	33,067.00	35,000.00	37,000.00	37,000.00
KEY 2	Number of Agencies Served	52.00	47.00	47.00	50.00	50.00
	3 Percent of Adopted proposals for Decision Overturned/Remanded	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
	4 Number of Complaints Received Regarding Hearing Process	4.00	2.00	2.00	5.00	5.00
	5 Percent of PFDs Changed, Vacated or Modified by Governing Boards	1.34 %	1.98 %	1.98 %	1.50 %	1.50 %
Objects of Expense:						
1001	SALARIES AND WAGES	\$6,323,734	\$6,378,145	\$6,984,204	\$7,214,204	\$7,214,204
1002	OTHER PERSONNEL COSTS	\$455,008	\$433,819	\$153,509	\$453,738	\$453,738
2001	PROFESSIONAL FEES AND SERVICES	\$6,199	\$28,652	\$21,063	\$21,063	\$21,063
2003	CONSUMABLE SUPPLIES	\$30,931	\$33,958	\$41,281	\$47,281	\$47,281
2004	UTILITIES	\$83,930	\$88,735	\$91,819	\$91,819	\$91,819

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
2005	TRAVEL	\$94,141	\$83,120	\$97,987	\$133,987	\$133,987
2006	RENT - BUILDING	\$226,462	\$230,531	\$225,118	\$225,118	\$225,118
2007	RENT - MACHINE AND OTHER	\$27,704	\$22,310	\$25,304	\$25,304	\$25,304
2009	OTHER OPERATING EXPENSE	\$554,128	\$614,464	\$603,911	\$653,911	\$653,911
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$7,802,237	\$7,913,734	\$8,244,196	\$8,866,425	\$8,866,425
Method of Financing:						
1	General Revenue Fund	\$2,543,546	\$2,801,457	\$2,889,403	\$2,889,403	\$2,889,403
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$2,543,546	\$2,801,457	\$2,889,403	\$2,889,403	\$2,889,403
Method of Financing:						
6	State Highway Fund	\$2,771,494	\$2,887,944	\$2,937,380	\$2,937,380	\$2,937,380
666	Appropriated Receipts	\$88,752	\$91,000	\$91,000	\$120,000	\$120,000
777	Interagency Contracts	\$2,398,445	\$2,133,333	\$2,326,413	\$2,919,642	\$2,919,642
SUBTOTAL, MOF (OTHER FUNDS)		\$5,258,691	\$5,112,277	\$5,354,793	\$5,977,022	\$5,977,022

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$8,866,425	\$8,866,425
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$7,802,237	\$7,913,734	\$8,244,196	\$8,866,425	\$8,866,425
FULL TIME EQUIVALENT POSITIONS:		89.5	94.0	98.0	98.0	98.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

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 boating 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:

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Output Measures:						
	1 Number of Hours Billed to Alternative Dispute Resolution Cases	1,511.55	1,500.00	1,500.00	1,500.00	1,500.00
Efficiency Measures:						
	1 Number of Cases Resolved through Alternative Dispute Resolution	60.00	96.00	96.00	100.00	100.00
	2 Average Cost Per Alternative Dispute Resolution Proceeding	1,227.13	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	110.00	109.00	109.00	110.00	110.00
Objects of Expense:						
1001	SALARIES AND WAGES	\$222,666	\$220,643	\$231,175	\$231,175	\$231,175
1002	OTHER PERSONNEL COSTS	\$11,320	\$5,428	\$6,000	\$6,000	\$6,000
2001	PROFESSIONAL FEES AND SERVICES	\$0	\$594	\$0	\$0	\$0
2003	CONSUMABLE SUPPLIES	\$0	\$467	\$500	\$500	\$500
2004	UTILITIES	\$775	\$808	\$808	\$808	\$808

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
2005	TRAVEL	\$1,284	\$2,013	\$2,013	\$2,013	\$2,013
2006	RENT - BUILDING	\$0	\$37	\$0	\$0	\$0
2007	RENT - MACHINE AND OTHER	\$0	\$23	\$0	\$0	\$0
2009	OTHER OPERATING EXPENSE	\$8,258	\$7,465	\$7,387	\$7,387	\$7,387
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$244,303	\$237,478	\$247,883	\$247,883	\$247,883
Method of Financing:						
1	General Revenue Fund	\$178,517	\$181,597	\$194,672	\$194,672	\$194,672
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$178,517	\$181,597	\$194,672	\$194,672	\$194,672
Method of Financing:						
777	Interagency Contracts	\$65,786	\$55,881	\$53,211	\$53,211	\$53,211
SUBTOTAL, MOF (OTHER FUNDS)		\$65,786	\$55,881	\$53,211	\$53,211	\$53,211

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 2013	Est 2014	Bud 2015	BL 2016	BL 2017				
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)						\$247,883	\$247,883			
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)						\$244,303	\$237,478	\$247,883	\$247,883	\$247,883
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	Statewide Goal/Benchmark:	5	0
OBJECTIVE:	1	Indirect Administration	Service Categories:		
STRATEGY:	1	Indirect Administration	Service: 09	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
Objects of Expense:						
1001	SALARIES AND WAGES	\$840,425	\$868,403	\$908,218	\$1,022,218	\$1,022,218
1002	OTHER PERSONNEL COSTS	\$59,470	\$87,182	\$82,351	\$74,351	\$74,351
2001	PROFESSIONAL FEES AND SERVICES	\$51,930	\$20,659	\$3,593	\$3,593	\$3,593
2003	CONSUMABLE SUPPLIES	\$676	\$2,784	\$8,414	\$8,414	\$8,414
2004	UTILITIES	\$7,781	\$5,778	\$9,820	\$9,820	\$9,820
2005	TRAVEL	\$3,949	\$1,488	\$1,000	\$1,000	\$1,000
2006	RENT - BUILDING	\$710	\$494	\$587	\$587	\$587
2007	RENT - MACHINE AND OTHER	\$1,068	\$180	\$1,200	\$1,200	\$1,200
2009	OTHER OPERATING EXPENSE	\$74,272	\$90,867	\$94,396	\$116,396	\$116,396
5000	CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0
TOTAL, OBJECT OF EXPENSE		\$1,040,281	\$1,077,835	\$1,109,579	\$1,237,579	\$1,237,579
Method of Financing:						
1	General Revenue Fund	\$285,067	\$379,017	\$392,106	\$392,106	\$392,106
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$285,067	\$379,017	\$392,106	\$392,106	\$392,106
Method of Financing:						
6	State Highway Fund	\$387,138	\$380,916	\$386,759	\$386,759	\$386,759

360 State Office of Administrative Hearings

GOAL:	2	Indirect Administration	Statewide Goal/Benchmark:	5	0
OBJECTIVE:	1	Indirect Administration	Service Categories:		
STRATEGY:	1	Indirect Administration	Service: 09	Income: A.2	Age: B.3

CODE	DESCRIPTION	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
777	Interagency Contracts	\$368,076	\$317,902	\$330,714	\$458,714	\$458,714
SUBTOTAL, MOF (OTHER FUNDS)		\$755,214	\$698,818	\$717,473	\$845,473	\$845,473
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,237,579	\$1,237,579
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,040,281	\$1,077,835	\$1,109,579	\$1,237,579	\$1,237,579
FULL TIME EQUIVALENT POSITIONS:		15.0	15.0	15.0	15.0	15.0

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 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:	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887
METHODS OF FINANCE (INCLUDING RIDERS):				\$10,351,887	\$10,351,887
METHODS OF FINANCE (EXCLUDING RIDERS):	\$9,086,821	\$9,229,047	\$9,601,658	\$10,351,887	\$10,351,887
FULL TIME EQUIVALENT POSITIONS:	106.5	111.0	115.0	115.0	115.0

3.B. Rider Revisions and Additions Request

Agency Code: 360	Agency Name: State Office of Administrative Hearings	Prepared By: Kim Dudish	Date: 07/30/14	Request Level: Base
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Current Rider Number	Page Number in 2014–15 GAA	Proposed Rider Language
1	VIII-2	<p>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.</p> <p>A. Goal: ADMINISTRATIVE HEARINGS <u>2016</u> 2014 <u>2015-2017</u></p> <p>Outcome (Results/Impact):</p> <p>Percentage of Participants Surveyed Expressing Satisfaction with Overall Process 92% 92%</p> <p>Percentage of Proposed Decision Related to Tax Hearings Issued by Administrative Law Judges within 60 Days of Record Closing 100% 100%</p> <p>A.1.1. Strategy: CONDUCT HEARINGS</p> <p>Output (Volume):</p> <p><u>Average Cost Per Case</u> <u>\$290.78</u> \$290.78</p> <p>Number of Administrative License Revocation Cases Disposed <u>30,000</u> 30,100 <u>30,100-30,000</u></p> <p>Number of Cases Disposed <u>37,000</u> 41,428 <u>37,333 37,000</u></p> <p>Number of Administrative Fine Cases Disposed 105 <u>105</u></p> <p>Percent of Available Administrative Law Judge Time Spent on Case Work <u>97%</u> 100% <u>100%-97%</u></p> <p>Number of Proposals for Decision Related to Tax Hearings Rendered <u>Issued</u> by Administrative Law Judges <u>400</u> 231 <u>231-400</u></p>

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

<p>1 (cont'd)</p>	<p style="text-align: center;">VIII – 2</p>	<p>Efficiencies: Average Number of Days from Close to Record to Issuance of Proposal for Decision – Major Hearings <u>60</u> 50.3 <u>50.3</u> <u>60</u> Average Time <u>Median Number of Days</u> to Dispose of a Case (Median Number of Days) 75 75 Average Length of Time (Work Days) Taken to Issue a Proposed Decision Related to Tax Hearings Following Record Closing <u>9.0</u> 5.53 <u>5.53</u> <u>9.0</u> Explanatory: Number of Cases Received <u>37,000</u> 40,544 <u>40,343</u> 37,000 Number of Agencies Served <u>50</u> 47 <u>47</u> <u>50</u> A.2.1 Strategy : CONDUCT ALT DISPUTE RESOLUTION Explanatory: Number of Alternative Dispute Resolution Cases Proceeding Requested or Referred <u>110</u> 409 <u>409</u> <u>110</u></p> <p><i>This rider has been updated to reflect the years for this appropriation request and the approved budget structure changes.</i></p>
<p>2</p>	<p style="text-align: center;">VIII – 2</p>	<p>Renegotiation of Lump Sum Contract. Appropriations made above to Strategy A.1.1, Conduct Hearings, include \$1,000,000 <u>\$816,000</u> in fiscal year 2014-2016 and \$1,000,000 <u>\$816,000</u> in fiscal year 2015 <u>2017</u> 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.</p> <p><u>Appropriations made above to Strategy A.1.1, Conduct Hearings, include \$184,000 in fiscal year 2016 and \$184,000 in fiscal year 2017 in Interagency Contracts to fund SOAH for the purpose of conducting water and sewer utility case hearings for the Public Utility Commission of Texas (PUC). SOAH and PUC 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 SOAH, it shall refund the difference. If SOAH determines that these amounts are insufficient to fund SOAH, it may</u></p>

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

		<p><u>enter into negotiations with the PUC 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 PUC.</u></p> <p><i>This rider has been updated to reflect the years for this appropriation request and the transfer of water and sewer utility case hearings pursuant to H.B. 1600 by the 83rd Legislature.</i></p>
3	VIII – 2, 3	<p>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.</p> <p><i>No changes needed.</i></p>
4	VIII -3	<p>Contingency Appropriation for Expanded Jurisdiction. Contingent on the enactment of legislation by the Eighty-third <u>Eighty-fourth</u> 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</p> <p><i>This rider has been updated to reflect the legislative session for this appropriation request.</i></p>
5	VIII -3	<p>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.</p>

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

6	VIII -3	<p>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 2014-15 <u>2016-17</u> 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.</p> <p><i>This rider has been updated to reflect the years for this appropriation request.</i></p>
7	VIII – 3, 4	<p>Billing Rate for Workload</p> <p>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 <u>SOAH’s actual hourly costs as determined by the most recently published Hearing Activity Report (HARP).</u> <u>SOAH’s billing rate shall be actual costs as determined by the most recently published HARP, but not to exceed \$128 an hourly rate of \$100</u> 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-third <u>Eighty-fourth</u> Legislature.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> (1) Board of Chiropractic Examiners (2) Texas State Board of Dental Examiners (3) Funeral Services Commission

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

		<ul style="list-style-type: none"> (4) Board of Professional Geoscientists (5) Board of Professional Land Surveying (6) Texas Medical Board (7) Texas Board of Nursing (8) Optometry Board (9) Board of Pharmacy (10) Executive Council of Physical Therapy and Occupational Therapy Examiners (11) Board of Plumbing Examiners (12) Board of Podiatric Medical Examiners (13) Board of Examiners of Psychologists (14) Board of Veterinary Medical Examiners (15) Secretary of State (16) Securities Board (17) Public Utility Commission of Texas (18) Teacher Retirement System
7 (cont'd)	VIII – 4	<ul style="list-style-type: none"> (19) Pension Review Board (20) Employees Retirement System (21) Department of Housing and Community Affairs (22) Texas Lottery Commission (23) Department of Public Safety (Non-Administrative License Revocation Hearings) (24) Texas Commission on Law Enforcement (25) Commission on Fire Protection (26) Department of Insurance (not including the Division of Workers' Compensation) (27) Alcoholic Beverage Commission (28) Racing Commission (29) Department of Agriculture (30) Department of Transportation (31) Higher Education Coordinating Board (32) Parks and Wildlife Department (33) Department of Licensing and Regulation <p><i>This rider has been updated to reflect the legislative session for this appropriation request and to specify a billing rate that will recover SOAH's actual costs, as required by the Interagency Cooperation Act, Government Code § 771.007(a). State Audit Office report number 12-036 dated June 2012 determined SOAH's actual average cost per direct hour for fiscal year 2011 to be \$125. This rate has been increased to \$128 to reflect the Art IX, Sec 17.06 salary increase for general state employees (2014-2015 GAA).</i></p>
701	VIII	<u>Unexpended Balance Authority within the Biennium. Any unexpended balances as of August 31, 2016, in appropriations made to the State Office of Administrative Hearings are hereby appropriated for the same</u>

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

		<p><u>purposes for the fiscal year beginning September 1, 2016.</u></p> <p><i>This rider will enable SOAH to manage fluctuations in Interagency Contract funding for expenses appropriated for the same purposes.</i></p>
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4. EXCEPTIONAL ITEMS REQUEST

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:48AM

Agency code: 360

Agency name:
State Office of Administrative Hearings

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2016</u>	<u>Excp 2017</u>
	Item Name: Equity pay increases for SOAH employees		
	Item Priority: 1		
	Includes Funding for the Following Strategy or Strategies:		
	01-01-01 Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
	02-01-01 Indirect Administration		
 OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	367,677	367,677
	TOTAL, OBJECT OF EXPENSE	\$367,677	\$367,677
 METHOD OF FINANCING:			
1	General Revenue Fund	367,677	367,677
	TOTAL, METHOD OF FINANCING	\$367,677	\$367,677

DESCRIPTION / JUSTIFICATION:

SOAH requests general revenue to provide equity adjustments for those employees whose salaries are below 35 percent of the state salary schedule.

EXTERNAL/INTERNAL FACTORS:

As the economy continues to improve, it will be critical for SOAH's salaries to be competitive so that it can retain and appropriately compensate its employees.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:48AM

Agency code: 360

Agency name:

State Office of Administrative Hearings

CODE	DESCRIPTION	Excp 2016	Excp 2017
	Item Name: Increase FTE Cap - General Revenue Funded		
	Item Priority: 2		
	Includes Funding for the Following Strategy or Strategies: 01-01-01 Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	184,000	184,000
1002	OTHER PERSONNEL COSTS	3,000	3,000
2003	CONSUMABLE SUPPLIES	4,000	4,000
2009	OTHER OPERATING EXPENSE	28,000	10,000
	TOTAL, OBJECT OF EXPENSE	\$219,000	\$201,000
METHOD OF FINANCING:			
1	General Revenue Fund	219,000	201,000
	TOTAL, METHOD OF FINANCING	\$219,000	\$201,000
	FULL-TIME EQUIVALENT POSITIONS (FTE):	3.00	3.00

DESCRIPTION / JUSTIFICATION:

SOAH requests the addition of three FTEs – one ALJ and two administrative assistants. The increased workload associated with these FTEs is projected to be referred from agencies whose work is general revenue funded.

EXTERNAL/INTERNAL FACTORS:

Based on information from the referring agencies about the caseloads they estimate they will refer to SOAH in the coming biennium. SOAH anticipates an increase in its workload that will necessitate the addition of a total of three FTEs – one ALJ and two administrative assistants.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:48AM

Agency code: 360

Agency name:

State Office of Administrative Hearings

CODE	DESCRIPTION	Excp 2016	Excp 2017
	Item Name: Increase FTE Cap - Interagency Contracts		
	Item Priority: 3		
	Includes Funding for the Following Strategy or Strategies:		
	01-01-01 Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
	02-01-01 Indirect Administration		
 OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	0	0
	TOTAL, OBJECT OF EXPENSE	\$0	\$0
 METHOD OF FINANCING:			
1	General Revenue Fund	0	0
	TOTAL, METHOD OF FINANCING	\$0	\$0
	FULL-TIME EQUIVALENT POSITIONS (FTE):	5.00	5.00

DESCRIPTION / JUSTIFICATION:

SOAH requests the addition of five FTEs – two ALJs, one docket clerk, one systems analyst, and one indirect support assistant. These additional FTEs will be funded by reimbursements from interagency contracts that will be signed and in place prior to the beginning of the fiscal year.

EXTERNAL/INTERNAL FACTORS:

Based on information from the referring agencies about the caseloads they estimate they will refer to SOAH in the coming biennium. SOAH anticipates an increase in its workload that will necessitate the addition of five FTEs – two ALJs, one docket clerk, one systems analyst, and one indirect support assistant. The increased workload associated with these FTEs is projected to be referred from agencies whose work is funded by interagency contract reimbursements.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:48AM

Agency code: 360

Agency name:

State Office of Administrative Hearings

CODE	DESCRIPTION	Excp 2016	Excp 2017
	Item Name: Integrated case management, case filing, and timekeeping system		
	Item Priority: 4		
	Includes Funding for the Following Strategy or Strategies: 01-01-01 Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	0	200,000
5000	CAPITAL EXPENDITURES	1,220,000	0
	TOTAL, OBJECT OF EXPENSE	\$1,220,000	\$200,000
METHOD OF FINANCING:			
1	General Revenue Fund	1,220,000	200,000
	TOTAL, METHOD OF FINANCING	\$1,220,000	\$200,000

DESCRIPTION / JUSTIFICATION:

SOAH's current technology needs span three core work functions: an electronic case filing system, a case management system, and a timekeeping solution. It is critical that SOAH address these needs to stay ahead of the agency's technical demands, complex and voluminous caseload, and reporting requirements. There exists a need and means to gain efficiencies. To illustrate, currently ALJs and their administrative assistants must use five different applications to issue a single order, which also requires nine different steps for the administrative assistant. SOAH ALJs and paralegals use paper to bill case time and separately record leave time, which must be reconciled on a daily basis. Team leaders currently assign cases on a weekly basis using a paper system.

EXTERNAL/INTERNAL FACTORS:

In FY 2013, SOAH received just over 37,000 cases, including the administrative license revocation cases. Ideally, a new electronic filing system would be more robust than the current system and be capable of feeding case filings directly into a case management system such that the docketing team and the assigned ALJ both receive the filing and can act on it accordingly through the system. Also, this case management system must include or work well with a timekeeping system. SOAH ALJs keep their time as lawyers in a law firm do, and all employees must record their leave and compensatory time. Any timekeeping system must be compatible with the Oracle products that comprise the CAPPS system managed by the Comptroller of Public Accounts that is to be implemented by SOAH's finance and human resources sections beginning in January 2016.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:48AM

Agency code: 360

Agency name:
State Office of Administrative Hearings

CODE	DESCRIPTION	Excp 2016	Excp 2017
	Item Name: Accrued annual leave payments for anticipated retirements		
	Item Priority: 5		
	Includes Funding for the Following Strategy or Strategies: 01-01-01 Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	250,000	0
	TOTAL, OBJECT OF EXPENSE	\$250,000	\$0
METHOD OF FINANCING:			
1	General Revenue Fund	250,000	0
	TOTAL, METHOD OF FINANCING	\$250,000	\$0

DESCRIPTION / JUSTIFICATION:

SOAH requests an appropriation to pay retiring employees the amounts of their accrued leave. Due to the number of employees eligible to retire, SOAH's baseline appropriation may not have enough available funds to make the payout and fully staff operations in a timely manner.

EXTERNAL/INTERNAL FACTORS:

SOAH has 49 employees (45 percent of the current workforce) who will meet retirement eligibility requirements within the next five years. Of these, 33 are ALJs.

Agency code: 360

Agency name:

State Office of Administrative Hearings

CODE	DESCRIPTION		Excp 2016	Excp 2017
	Item Name:	General revenue funding to replace interagency contract funding		
	Item Priority:	6		
	Includes Funding for the Following Strategy or Strategies:	01-01-01	Conduct Hearings and Prepare Proposals for Decisions and Final Orders	
		01-02-01	Conduct Alternative Dispute Resolution Proceedings	
		02-01-01	Indirect Administration	
METHOD OF FINANCING:				
1	General Revenue Fund		3,431,567	3,431,567
777	Interagency Contracts		-3,431,567	-3,431,567
TOTAL, METHOD OF FINANCING			\$0	\$0

DESCRIPTION / JUSTIFICATION:

SOAH requests a general revenue appropriation to replace its interagency contract funding. SOAH is funded with general revenue, Fund 006, and interagency contract reimbursements, with a smaller appropriated receipts appropriation that is an in-and-out item.

EXTERNAL/INTERNAL FACTORS:

There is a public policy component to the interagency contract method of finance. SOAH is independent and its neutrality is an article of faith for the corporate agency and for the individual ALJs, and the particular method of finance for a referring agency or a case has absolutely no implication for the contested cases. However, the construct wherein SOAH bills and receives funds from agencies that are parties to cases is less than ideal. It feeds a perception from parties that are not the referring agency that if SOAH is being paid by the referring agency, SOAH is not really independent, fair, and neutral.

The dollar amount reflected in the bill pattern for interagency contracts is not the dollar amount that is ultimately paid to SOAH. The variability of the interagency contract reimbursements, coupled with the potential refunding of a portion of the resources funding SOAH's operations, lends unpredictability and uncertainty to SOAH's budgetary planning.

4.A. Exceptional Item Request Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:48AM

Agency code: 360

Agency name:
State Office of Administrative Hearings

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2016</u>	<u>Excp 2017</u>
	Item Name: Increase FTE cap for temporary staff to backfill for CAPPs implementation		
	Item Priority: 7		
	Includes Funding for the Following Strategy or Strategies: 02-01-01 Indirect Administration		
 OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	342,000	125,559
	TOTAL, OBJECT OF EXPENSE	\$342,000	\$125,559
 METHOD OF FINANCING:			
1	General Revenue Fund	342,000	125,559
	TOTAL, METHOD OF FINANCING	\$342,000	\$125,559
 FULL-TIME EQUIVALENT POSITIONS (FTE):		3.70	1.30

DESCRIPTION / JUSTIFICATION:

SOAH is on the Comptroller of Public Accounts implementation schedule and will transition its payroll systems to the CAPPs system beginning January 1, 2016, with its financial systems to follow on September 1, 2016. SOAH requests an increase in its FTE cap to allow it to hire temporary staff to assist with accounting, programming, and human resources duties.

EXTERNAL/INTERNAL FACTORS:

SOAH has limited staff with which to both implement CAPPs and continue with the agencies' regular duties. These temporary employees, consisting of two accountants, one human resources assistant, and one programmer, will allow SOAH's permanent staff to work on the CAPPs implementation.

4.B. Exceptional Items Strategy Allocation Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/11/2014**
 TIME: **10:25:49AM**

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

Code	Description	Excp 2016	Excp 2017
Item Name: Equity pay increases for SOAH employees			
Allocation to Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	339,735	339,735
TOTAL, OBJECT OF EXPENSE		\$339,735	\$339,735
METHOD OF FINANCING:			
1	General Revenue Fund	339,735	339,735
TOTAL, METHOD OF FINANCING		\$339,735	\$339,735
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	0.0

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

Code	Description	Excp 2016	Excp 2017
Item Name: Equity pay increases for SOAH employees			
Allocation to Strategy: 2-1-1 Indirect Administration			
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	27,942	27,942
TOTAL, OBJECT OF EXPENSE		\$27,942	\$27,942
METHOD OF FINANCING:			
1	General Revenue Fund	27,942	27,942
TOTAL, METHOD OF FINANCING		\$27,942	\$27,942

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

Code	Description	Excp 2016	Excp 2017
Item Name: Increase FTE Cap - General Revenue Funded			
Allocation to Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OUTPUT MEASURES:			
<u>1</u>	Number of Hours Billed (General Docket Hearings and ALR Hearings)	1,812.00	1,812.00
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	184,000	184,000
1002	OTHER PERSONNEL COSTS	3,000	3,000
2003	CONSUMABLE SUPPLIES	4,000	4,000
2009	OTHER OPERATING EXPENSE	28,000	10,000
TOTAL, OBJECT OF EXPENSE		\$219,000	\$201,000
METHOD OF FINANCING:			
1 General Revenue Fund		219,000	201,000
TOTAL, METHOD OF FINANCING		\$219,000	\$201,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		3.0	3.0

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

Code	Description	Excp 2016	Excp 2017
Item Name:	Increase FTE Cap - Interagency Contracts		
Allocation to Strategy:	1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
OUTPUT MEASURES:			
<u>1</u>	Number of Hours Billed (General Docket Hearings and ALR Hearings)	3,569.00	3,569.00
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	0	0
TOTAL, OBJECT OF EXPENSE		\$0	\$0
METHOD OF FINANCING:			
1	General Revenue Fund	0	0
TOTAL, METHOD OF FINANCING		\$0	\$0
FULL-TIME EQUIVALENT POSITIONS (FTE):		3.0	3.0

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

Code	Description	Excp 2016	Excp 2017
Item Name:	Increase FTE Cap - Interagency Contracts		
Allocation to Strategy:	2-1-1 Indirect Administration		
FULL-TIME EQUIVALENT POSITIONS (FTE):		2.0	2.0

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

Code	Description	Excp 2016	Excp 2017
Item Name: Integrated case management, case filing, and timekeeping system			
Allocation to Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:			
2009	OTHER OPERATING EXPENSE	0	200,000
5000	CAPITAL EXPENDITURES	1,220,000	0
TOTAL, OBJECT OF EXPENSE		\$1,220,000	\$200,000
METHOD OF FINANCING:			
1	General Revenue Fund	1,220,000	200,000
TOTAL, METHOD OF FINANCING		\$1,220,000	\$200,000
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	0.0

4.B. Exceptional Items Strategy Allocation Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/11/2014**
 TIME: **10:25:49AM**

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

Code	Description	Excp 2016	Excp 2017
Item Name: Accrued annual leave payments for anticipated retirements			
Allocation to Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:			
1002	OTHER PERSONNEL COSTS	250,000	0
TOTAL, OBJECT OF EXPENSE		\$250,000	\$0
METHOD OF FINANCING:			
1	General Revenue Fund	250,000	0
TOTAL, METHOD OF FINANCING		\$250,000	\$0
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	0.0

4.B. Exceptional Items Strategy Allocation Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/11/2014**
 TIME: **10:25:49AM**

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

Code	Description	Excp 2016	Excp 2017
Item Name:	General revenue funding to replace interagency contract funding		
Allocation to Strategy:	1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders	
METHOD OF FINANCING:			
	1 General Revenue Fund	2,919,642	2,919,642
	777 Interagency Contracts	-2,919,642	-2,919,642
TOTAL, METHOD OF FINANCING		\$0	\$0

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

Code	Description	Excp 2016	Excp 2017
Item Name:	General revenue funding to replace interagency contract funding		
Allocation to Strategy:	1-2-1	Conduct Alternative Dispute Resolution Proceedings	
METHOD OF FINANCING:			
	1 General Revenue Fund	53,211	53,211
	777 Interagency Contracts	-53,211	-53,211
TOTAL, METHOD OF FINANCING		\$0	\$0

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

Code	Description	Excp 2016	Excp 2017
Item Name:	General revenue funding to replace interagency contract funding		
Allocation to Strategy:	2-1-1 Indirect Administration		
METHOD OF FINANCING:			
	1 General Revenue Fund	458,714	458,714
	777 Interagency Contracts	-458,714	-458,714
TOTAL, METHOD OF FINANCING		\$0	\$0

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

Code	Description	Excp 2016	Excp 2017
Item Name: Increase FTE cap for temporary staff to backfill for CAPPS implementation			
Allocation to Strategy: 2-1-1 Indirect Administration			
OBJECTS OF EXPENSE:			
2001	PROFESSIONAL FEES AND SERVICES	342,000	125,559
TOTAL, OBJECT OF EXPENSE		\$342,000	\$125,559
METHOD OF FINANCING:			
1	General Revenue Fund	342,000	125,559
TOTAL, METHOD OF FINANCING		\$342,000	\$125,559
FULL-TIME EQUIVALENT POSITIONS (FTE):		3.7	1.3

4.C. Exceptional Items Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
TIME: 10:25:49AM

Agency Code: **360** Agency name: **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 2016	Exp 2017
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OUTPUT MEASURES:

1 Number of Hours Billed (General Docket Hearings and ALR Hearings)	5,381.00	5,381.00
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	523,735	523,735
1002 OTHER PERSONNEL COSTS	253,000	3,000
2003 CONSUMABLE SUPPLIES	4,000	4,000
2009 OTHER OPERATING EXPENSE	28,000	210,000
5000 CAPITAL EXPENDITURES	1,220,000	0
Total, Objects of Expense	\$2,028,735	\$740,735

METHOD OF FINANCING:

1 General Revenue Fund	4,948,377	3,660,377
777 Interagency Contracts	(2,919,642)	(2,919,642)
Total, Method of Finance	\$2,028,735	\$740,735

FULL-TIME EQUIVALENT POSITIONS (FTE):

	6.0	6.0
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Equity pay increases for SOAH employees
 Increase FTE Cap - General Revenue Funded
 Increase FTE Cap - Interagency Contracts
 Integrated case management, case filing, and timekeeping system
 Accrued annual leave payments for anticipated retirements
 General revenue funding to replace interagency contract funding

4.C. Exceptional Items Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
TIME: 10:25:49AM

Agency Code: **360** Agency name: **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	Excp 2016	Excp 2017
METHOD OF FINANCING:		
1 General Revenue Fund	53,211	53,211
777 Interagency Contracts	(53,211)	(53,211)
Total, Method of Finance	\$0	\$0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

General revenue funding to replace interagency contract funding

4.C. Exceptional Items Strategy Request
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
TIME: 10:25:49AM

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

GOAL: 2 Indirect Administration Statewide Goal/Benchmark: 5 - 0
 OBJECTIVE: 1 Indirect Administration Service Categories:
 STRATEGY: 1 Indirect Administration Service: 09 Income: A.2 Age: B.3

CODE DESCRIPTION	Exp 2016	Exp 2017
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OBJECTS OF EXPENSE:

1001 SALARIES AND WAGES	27,942	27,942
2001 PROFESSIONAL FEES AND SERVICES	342,000	125,559
Total, Objects of Expense	\$369,942	\$153,501

METHOD OF FINANCING:

1 General Revenue Fund	828,656	612,215
777 Interagency Contracts	(458,714)	(458,714)
Total, Method of Finance	\$369,942	\$153,501

FULL-TIME EQUIVALENT POSITIONS (FTE): 5.7 3.3

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

- Equity pay increases for SOAH employees
- Increase FTE Cap - Interagency Contracts
- General revenue funding to replace interagency contract funding
- Increase FTE cap for temporary staff to backfill for CAPPS implementation

5. CAPITAL BUDGET PROJECT SCHEDULE

5.A. Capital Budget Project Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/11/2014**
 TIME : **10:25:50AM**

Agency code: **360**

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

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
5005 Acquisition of Information Resource Technologies					
<i>1/1 Integrated case management, case filing, and timekeeping system</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	5000 CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0
	Capital Subtotal OOE, Project 1	\$0	\$0	\$0	\$0
<u>Informational</u>					
General	2009 OTHER OPERATING EXPENSE	\$0	\$0	\$0	\$0
	Informational Subtotal OOE, Project 1	\$0	\$0	\$0	\$0
	Subtotal OOE, Project 1	\$0	\$0	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 1 General Revenue Fund	\$0	\$0	\$0	\$0
	Capital Subtotal TOF, Project 1	\$0	\$0	\$0	\$0
<u>Informational</u>					
General	CA 1 General Revenue Fund	\$0	\$0	\$0	\$0
	Informational Subtotal TOF, Project 1	\$0	\$0	\$0	\$0
	Subtotal TOF, Project 1	\$0	\$0	\$0	\$0

5.A. Capital Budget Project Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/11/2014**
 TIME : **10:25:50AM**

Agency code: **360**

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

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE		Est 2014	Bud 2015	BL 2016	BL 2017
Capital Subtotal, Category	5005	\$0	\$0	\$0	\$0
Informational Subtotal, Category	5005	\$0	\$0	\$0	\$0
Total, Category	5005	\$0	\$0	\$0	\$0
8000 Centralized Accounting and Payroll/Personnel System(CAPPS)					
<i>2/2 Increase FTE cap for temporary staff to backfill for CAPPS implementation</i>					
OBJECTS OF EXPENSE					
<u>Capital</u>					
General	2001 PROFESSIONAL FEES AND SERVICES	\$0	\$0	\$0	\$0
Capital Subtotal OOE, Project	2	\$0	\$0	\$0	\$0
Subtotal OOE, Project	2	\$0	\$0	\$0	\$0
TYPE OF FINANCING					
<u>Capital</u>					
General	CA 1 General Revenue Fund	\$0	\$0	\$0	\$0
Capital Subtotal TOF, Project	2	\$0	\$0	\$0	\$0
Subtotal TOF, Project	2	\$0	\$0	\$0	\$0
Capital Subtotal, Category	8000	\$0	\$0	\$0	\$0
Informational Subtotal, Category	8000	\$0	\$0	\$0	\$0
Total, Category	8000	\$0	\$0	\$0	\$0
AGENCY TOTAL -CAPITAL		\$0	\$0	\$0	\$0
AGENCY TOTAL -INFORMATIONAL		\$0	\$0	\$0	\$0

5.A. Capital Budget Project Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/11/2014**
 TIME : **10:25:50AM**

Agency code: **360**

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

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE	Est 2014	Bud 2015	BL 2016	BL 2017
AGENCY TOTAL	\$0	\$0	\$0	\$0
METHOD OF FINANCING:				
<u>Capital</u>				
General 1 General Revenue Fund	\$0	\$0	\$0	\$0
Total, Method of Financing-Capital	\$0	\$0	\$0	\$0
<u>Informational</u>				
General 1 General Revenue Fund	\$0	\$0	\$0	\$0
Total, Method of Financing-Informational	\$0	\$0	\$0	\$0
Total, Method of Financing	\$0	\$0	\$0	\$0
TYPE OF FINANCING:				
<u>Capital</u>				
General CA CURRENT APPROPRIATIONS	\$0	\$0	\$0	\$0
Total, Type of Financing-Capital	\$0	\$0	\$0	\$0
<u>Informational</u>				
General CA CURRENT APPROPRIATIONS	\$0	\$0	\$0	\$0
Total, Type of Financing-Informational	\$0	\$0	\$0	\$0
Total, Type of Financing	\$0	\$0	\$0	\$0

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:51AM

Agency Code:	360	Agency name:	State Office of Administrative Hearings
Category Number:	5005	Category Name:	ACQUISITN INFO RES TECH.
Project number:	1	Project Name:	Integrated System

PROJECT DESCRIPTION

General Information

SOAH's current technology needs span three core work functions: an electronic case filing system, a case management system, and a timekeeping solution. It is critical that SOAH address these needs to stay ahead of the agency's technical demands, complex and voluminous caseload, and reporting requirements. There exists a need and means to gain efficiencies. To illustrate, currently ALJs and their administrative assistants must use five different applications to issue a single order, which also requires nine different steps for the administrative assistant. SOAH ALJs and paralegals use paper to bill case time and separately record leave time, which must be reconciled on a daily basis. Team leaders currently assign cases on a weekly basis using a paper system.

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	August 31, 2017						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td align="center">2018</td> <td align="center">2019</td> </tr> <tr> <td></td> <td align="center">0</td> <td align="center">0</td> </tr> </table>		2018	2019		0	0
	2018	2019					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	7						
Estimated/Actual Project Cost	\$1,220,000						
Length of Financing/ Lease Period	N/A						

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

	2016	2017	2018	2019	Total over project life
	0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: A new robust electronic filing system capable of feeding a high volume of case filings directly into a case management system such that the docketing team and the assigned ALJ both receive the filing and can act on it accordingly through the system. In FY 2013, SOAH received just over 37,000 cases, including the administrative license revocation cases. Also, this case management system must include or work well with a timekeeping system.

Project Location: Utilized by Austin and field locations.

Beneficiaries: Parties to cases will benefit from a robust filing system, capable of handling more and larger files. SOAH docketing and ALJs will benefit from greater efficiencies.

Frequency of Use and External Factors Affecting Use:
 This system will be core to SOAH operations and utilized daily in high volume.

5.B. Capital Budget Project Information
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:51AM

Agency Code:	360	Agency name:	State Office of Administrative Hearings
Category Number:	8000	Category Name:	CAPPS Statewide ERP System
Project number:	2	Project Name:	CAPPS Implementation

PROJECT DESCRIPTION

General Information

SOAH is on the Comptroller of Public Accounts implementation schedule and will transition its payroll systems to the CAPPS system beginning January 1, 2016, with its financial systems to follow on September 1, 2016. SOAH requests an increase in its FTE cap to allow it to hire temporary staff to assist with accounting, programming, and human resources duties.

Number of Units / Average Unit Cost	N/A						
Estimated Completion Date	February 28, 2017						
Additional Capital Expenditure Amounts Required	<table border="0"> <tr> <td></td> <td>2018</td> <td>2019</td> </tr> <tr> <td></td> <td align="right">0</td> <td align="right">0</td> </tr> </table>		2018	2019		0	0
	2018	2019					
	0	0					
Type of Financing	CA CURRENT APPROPRIATIONS						
Projected Useful Life	10						
Estimated/Actual Project Cost	\$467,559						
Length of Financing/ Lease Period	N/A						

<u>ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS</u>					Total over project life
2016	2017	2018	2019		
0	0	0	0		0

<u>REVENUE GENERATION / COST SAVINGS</u>		
<u>REVENUE COST FLAG</u>	<u>MOF CODE</u>	<u>AVERAGE AMOUNT</u>

Explanation: SOAH has limited staff with which to both implement CAPPS and continue with the agencies' regular duties. These temporary employees, consisting of two accountants, one human resources assistant, and one programmer, will allow SOAH's permanent staff to work on the CAPPS implementation.

Project Location: Austin

Beneficiaries: SOAH Finance and Human Resource staff and the Comptroller of Public Accounts.

Frequency of Use and External Factors Affecting Use:

CAPPS will be used daily by the Human Resources (HR) and Finance staff members. It is expected SOAH will no longer require an internal accounting system and stand alone HR databases, other than for historical data, once fully implemented.

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

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017	
5005 Acquisition of Information Resource Technologies						
<i>1/1 Integrated System</i>						
<u>GENERAL BUDGET</u>						
Capital	1-1-1	CONDUCT HEARINGS	0	0	\$0	\$0
Informational	1-1-1	CONDUCT HEARINGS	0	0	0	0
TOTAL, PROJECT			\$0	\$0	\$0	\$0
8000 Centralized Accounting and Payroll/Personnel System(CAPPS)						
<i>2/2 CAPPS Implementation</i>						
<u>GENERAL BUDGET</u>						
Capital	2-1-1	INDIRECT ADMINISTRATION	0	0	0	0
TOTAL, PROJECT			\$0	\$0	\$0	\$0
TOTAL CAPITAL, ALL PROJECTS			\$0	\$0	\$0	\$0
TOTAL INFORMATIONAL, ALL PROJECTS			\$0	\$0	\$0	\$0
TOTAL, ALL PROJECTS			\$0	\$0	\$0	\$0

5.D. Capital Budget Operating and Maintenance Expenses
 84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014
 TIME: 10:25:52AM

Agency Code: **360** Agency name: **State Office of Administrative Hearings**
 Project Number: **1** Project name: **Integrated case management, case filing, and timekeeping system**
Operating Expenses Estimates (For Information Only)

CODE DESCRIPTION	2016	2017	2018	2019
OBJECTS OF EXPENSE:				
2009 OTHER OPERATING EXPENSE	\$0	\$200,000	\$200,000	\$200,000
TOTAL, OBJECT OF EXPENSE	\$0	\$200,000	\$200,000	\$200,000
METHOD OF FINANCING:				
1 General Revenue Fund	\$0	\$200,000	\$200,000	\$200,000
TOTAL, METHOD OF FINANCING	\$0	\$200,000	\$200,000	\$200,000

OPERATING COSTS DESCRIPTION AND JUSTIFICATION:

Ongoing maintenance of a system this complex will be required to support the most up to date revision levels and to ensure seamless operations.

360 State Office of Administrative Hearings

Category Code/Name		Est 2014	Bud 2015	BL 2016	BL 2017
<i>Project Sequence/Name</i>					
Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
5005 Acquisition of Information Resource Technologies					
1 Integrated System					
OOE					
Capital					
1-1-1 CONDUCT HEARINGS					
<u>General Budget</u>					
5000	CAPITAL EXPENDITURES	0	0	0	0
Informational					
1-1-1 CONDUCT HEARINGS					
<u>General Budget</u>					
2009	OTHER OPERATING EXPENSE	0	0	0	0
TOTAL, OOE's		\$0	\$0	0	0
MOF					
GENERAL REVENUE FUNDS					
Capital					
1-1-1 CONDUCT HEARINGS					
<u>General Budget</u>					
1	General Revenue Fund	0	0	0	0
Informational					
1-1-1 CONDUCT HEARINGS					
<u>General Budget</u>					
1	General Revenue Fund	0	0	0	0
TOTAL, GENERAL REVENUE FUNDS		\$0	\$0	0	0
TOTAL, MOF's		\$0	\$0	0	0

360 State Office of Administrative Hearings

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2014	Bud 2015	BL 2016	BL 2017
8000	Centralized Accounting and Payroll/Personnel System(CAPPS)				
2 CAPPS Implementation					
OOE					
Capital					
2-1-1 INDIRECT ADMINISTRATION					
<u>General Budget</u>					
2001	PROFESSIONAL FEES AND SERVICES	0	0	0	0
TOTAL, OOE's		\$0	\$0	0	0
MOF					
GENERAL REVENUE FUNDS					
Capital					
2-1-1 INDIRECT ADMINISTRATION					
<u>General Budget</u>					
1	General Revenue Fund	0	0	0	0
TOTAL, GENERAL REVENUE FUNDS		\$0	\$0	0	0
TOTAL, MOFs		\$0	\$0	0	0

360 State Office of Administrative Hearings

	Est 2014	Bud 2015	BL 2016	BL 2017
CAPITAL				
<u>General Budget</u>				
GENERAL REVENUE FUNDS	\$0	\$0	0	0
TOTAL, GENERAL BUDGET	0	0	0	0
INFORMATIONAL				
<u>General Budget</u>				
GENERAL REVENUE FUNDS	\$0	\$0	0	0
TOTAL, GENERAL BUDGET	0	0	0	0
TOTAL, ALL PROJECTS	\$0	\$0	0	0

360 State Office of Administrative Hearings

Category Code / Category Name <i>Project Number / Name</i>	OOE / TOF / MOF CODE	Excp 2016	Excp 2017
5005 Acquisition of Information Resource Technologies			
<u>1 Integrated System</u>			
Objects of Expense			
5000 CAPITAL EXPENDITURES		1,220,000	0
Subtotal OOE, Project	1	1,220,000	0
Type of Financing			
CA 1 General Revenue Fund		1,220,000	0
Subtotal TOF, Project	1	1,220,000	0
Subtotal Category	5005	1,220,000	0
8000 Centralized Accounting and Payroll/Personnel System(CAPPS)			
<u>2 CAPPS Implementation</u>			
Objects of Expense			
2001 PROFESSIONAL FEES AND SERVICES		342,000	125,559
Subtotal OOE, Project	2	342,000	125,559
Type of Financing			
CA 1 General Revenue Fund		342,000	125,559
Subtotal TOF, Project	2	342,000	125,559
Subtotal Category	8000	342,000	125,559
AGENCY TOTAL		1,562,000	125,559
METHOD OF FINANCING:			
1 General Revenue Fund		1,562,000	125,559
Total, Method of Financing		1,562,000	125,559

360 State Office of Administrative Hearings

Category Code / Category Name

Project Number / Name

OOE / TOF / MOF CODE

Excp 2016

Excp 2017

TYPE OF FINANCING:

CA CURRENT APPROPRIATIONS

1,562,000

125,559

Total, Type of Financing

1,562,000

125,559

360 State Office of Administrative Hearings

Category Code/Name

Project Number/Name

Goal/Obj/Str	Strategy Name	Excp 2016	Excp 2017
5005 Acquisition of Information Resource Technologies			
1	Integrated System		
1 1 1	CONDUCT HEARINGS	1,220,000	0
	TOTAL, PROJECT	1,220,000	0
8000 Centralized Accounting and Payroll/Personnel System(CAPPS)			
2	CAPPS Implementation		
2 1 1	INDIRECT ADMINISTRATION	342,000	125,559
	TOTAL, PROJECT	342,000	125,559
	TOTAL, ALL PROJECTS	1,562,000	125,559

**6. HISTORICALLY UNDERUTILIZED BUSINESS
SUPPORTING SCHEDULE**

SESSION AGENCY MISSION

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/11/2014

TIME: 10:25:58AM

PAGE: 1 OF 1

Agency code: **360**

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

AGENCY MISSION

The mission of the State Office of Administrative Hearings is to conduct fair, prompt, and efficient hearings and alternative dispute resolution proceedings and to provide fair, logical, and timely decisions.

Justification Description

8/11/2014 10:25:59AM

84R Stage: S01 Version: 1

Agency: 360 STATE OFFICE OF ADMINISTRATIVE HEARINGS

- Goal:** 1 Provide for a Fair and Efficient Administrative Hearings Process
- Objective:** 1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner
- Strategy:** 1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders

General Justification

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 boating 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.

- Goal:** 1 Provide for a Fair and Efficient Administrative Hearings Process
- Objective:** 2 Provide an Opportunity for Alternative Dispute Resolution Proceedings
- Strategy:** 1 Conduct Alternative Dispute Resolution Proceedings

General 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.

Justification Description

8/11/2014 10:25:59AM

84R Stage: S01 Version: 1

Agency: 360 STATE OFFICE OF ADMINISTRATIVE HEARINGS

Goal: 2 Indirect Administration
Objective: 1 Indirect Administration
Stratagy: 1 Indirect Administration

General 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 and various special reports. These are required and necessary for efficient and effective agency operations.

Agency code: 360

Agency name: State Office of Administrative Hearings

Goal: 1 Provide for a Fair and Efficient Administrative Hearings Process

Objective: 1 Ensure that All Hearings are Conducted in a Fair and Impartial Manner

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

External/Internal Factors:

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.

Goal: 1 Provide for a Fair and Efficient Administrative Hearings Process

Objective: 2 Provide an Opportunity for Alternative Dispute Resolution Proceedings

Strategy: 1 Conduct Alternative Dispute Resolution Proceedings

External/Internal Factors:

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.

Goal: 2 Indirect Administration

Objective: 1 Indirect Administration

Strategy: 1 Indirect Administration

External/Internal Factors:

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

6.A. Historically Underutilized Business Supporting Schedule
 84th Regular Session, Agency Submission, Version 1
 Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/11/2014**
 Time: **10:26:00AM**

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

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2012 - 2013 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2012			Total Expenditures FY 2012	% Goal	HUB Expenditures FY 2013			Total Expenditures FY 2013
			% Actual	Diff	Actual \$	Actual \$		% Actual	Diff	Actual \$	
11.2%	Heavy Construction	11.2 %	0.0%	-11.2%	\$0	\$0	11.2 %	0.0%	-11.2%	\$0	\$0
21.1%	Building Construction	21.1 %	0.0%	-21.1%	\$0	\$0	21.1 %	0.0%	-21.1%	\$0	\$0
32.7%	Special Trade Construction	37.1 %	37.1%	0.0%	\$4,870	\$13,133	32.7 %	0.0%	-32.7%	\$0	\$180
23.6%	Professional Services	23.6 %	0.0%	-23.6%	\$0	\$30,435	23.6 %	17.2%	-6.4%	\$9,000	\$52,455
24.6%	Other Services	24.6 %	74.9%	50.3%	\$180,347	\$240,727	24.6 %	72.3%	47.7%	\$151,040	\$208,946
21.0%	Commodities	21.0 %	77.7%	56.7%	\$165,768	\$213,480	21.0 %	71.5%	50.5%	\$95,896	\$134,213
	Total Expenditures		70.5%		\$350,985	\$497,775		64.7%		\$255,936	\$395,794

B. Assessment of Fiscal Year 2012 - 2013 Efforts to Meet HUB Procurement Goals

Attainment:

SOAH attained or exceeded three of the applicable statewide HUB procurement goals in FY 2012. In FY 2013 the agency attained or exceeded two of the applicable statewide HUB procurement goals. However, it far exceeded the statewide goals in the two categories in which it had the highest expenditures. Assessment of Fiscal Year 2012 - 2013 efforts to meet HUB procurement goals were 70.51% and 64.66% respectively.

Applicability:

The "Heavy Construction" and "Building Construction" categories were not applicable to agency operations in either FY 2012 or FY 2013 as SOAH did not have any strategies or programs related to construction.

Factors Affecting Attainment:

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

"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. SOAH refers to the Texas Procurement and Support Services bidders and HUB lists for purchases explore opportunities to identify HUB vendors. 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 will continue its efforts to increase HUB usage.

**6.B. Current Biennium One-time Expenditure Schedule
Part 1 - Strategy Allocation 2014-15 Biennium**

Agency Code: 360	Agency Name: State Office of Administrative Hearings	Prepared By: E. D. Johnson	Date 7/23/14		
PROJECT ITEM: Computers					
ALLOCATION TO STRATEGY: 1.1.1. & 2.1.1					
Code	Strategy Allocation	Estimated 2014	Budgeted 2015	Requested 2016	Requested 2017
2009	Objects of Expense: Other Operating Expense	9,999			
	Total, Objects of Expense	\$9,999	\$0	\$0	\$0
	Method of Financing:				
0001	General Revenue	\$2,806			
0777	Interagency Contracts	\$3,669			
0006	State Highway Fund	\$3,525			
	Total, Method of Financing	\$9,999	\$0	\$0	\$0

Description of Item for 2014-15

Purchase of New Dell 15 5000 Series computers

**6.B. Current Biennium One-time Expenditure Schedule
Part 1 - Strategy Allocation 2014-15 Biennium**

Agency Code: 360	Agency Name: State Office of Administrative Hearings	Prepared By: E. D. Johnson	Date: 7/23/14		
PROJECT ITEM: Financial & Accounting Services					
ALLOCATION TO STRATEGY: 2.1.1					
Code	Strategy Allocation	Estimated 2014	Budgeted 2015	Requested 2016	Requested 2017
2001	Objects of Expense: Professional Fees & Services	6,220			
	Total, Objects of Expense	\$6,220	\$0	\$0	\$0
	Method of Financing:				
0001	General Revenue	\$1,651			
0777	Interagency Contracts	\$2,208			
0006	State Highway Fund	\$2,361			
	Total, Method of Financing	\$6,220	\$0	\$0	\$0

Description of Item for 2014-15

Review and update financial procedures

**6.B. Current Biennium One-time Expenditure Schedule
Part 1 - Strategy Allocation 2014-15 Biennium**

Agency Code: 360	Agency Name: State Office of Administrative Hearings	Prepared By: E. D. Johnson	Date 7/23/14		
PROJECT ITEM: Installation of Security System					
ALLOCATION TO STRATEGY: 1.1.1, 1.2.1 & 2.1.1					
Code	Strategy Allocation	Estimated 2014	Budgeted 2015	Requested 2016	Requested 2017
2009	Objects of Expense: Other Oprating Expense	3,049			
	Total, Objects of Expense	\$3,049	\$0	\$0	\$0
0001	Method of Financing: General Revenue	\$923			
0777	Interagency Contracts	\$1,130			
0006	State Highway Fund	\$996			
	Total, Method of Financing	\$3,049	\$0	\$0	\$0

Description of Item for 2014-15

Install card readers on door

**6.B. Current Biennium One-time Expenditure Schedule
Part 1 - Strategy Allocation 2014-15 Biennium**

Agency Code: 360	Agency Name: State Office of Administrative Hearings	Prepared By: E. D. Johnson	Date 7/23/14		
PROJECT ITEM: Survey Services					
ALLOCATION TO STRATEGY: 1.1.1, 1.2.1 & 2.1.1					
Code	Strategy Allocation	Estimated 2014	Budgeted 2015	Requested 2016	Requested 2017
2001	Objects of Expense: Professional Fees & Services	1,009			
	Total, Objects of Expense	\$1,009	\$0	\$0	\$0
0001	Method of Financing: General Revenue	\$306			
0777	Interagency Contracts	\$374			
0006	State Highway Fund	\$330			
	Total, Method of Financing	\$1,009	\$0	\$0	\$0
Description of Item for 2014-15					
Agency Survey of Organizational Engagement					

**6.B. Current Biennium One-time Expenditure Schedule
Part 1 - Strategy Allocation 2014-15 Biennium**

Agency Code: 360		Agency Name: State Office of Administrative Hearings		Prepared By: E. D. Johnson		Date: 7/23/14	
PROJECT ITEM: Telephones							
ALLOCATION TO STRATEGY: 1.1.1, 1.2.1 & 2.1.1							
Code	Strategy Allocation	Estimated 2014	Budgeted 2015	Requested 2016	Requested 2017		
2004	Objects of Expense: Utilities	1,298					
	Total, Objects of Expense	\$1,298	\$0	\$0	\$0		
0001	Method of Financing: General Revenue	\$393					
0777	Interagency Contracts	\$476					
0006	State Highway Fund	\$429					
	Total, Method of Financing	\$1,298	\$0	\$0	\$0		
Description of Item for 2014-15							
Purchase AT&T Telephone Handsets							

6.E. Estimated Revenue Collections Supporting Schedule
84th 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 2013	Exp 2014	Exp 2015	Bud 2016	Est 2017
<u>666</u> Appropriated Receipts					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3719 Fees/Copies or Filing of Records	88,752	91,000	91,000	120,000	120,000
Subtotal: Actual/Estimated Revenue	88,752	91,000	91,000	120,000	120,000
Total Available	\$88,752	\$91,000	\$91,000	\$120,000	\$120,000
DEDUCTIONS:					
Expended/Budgeted/Requested	(88,752)	(91,000)	(91,000)	(120,000)	(120,000)
Total, Deductions	\$(88,752)	\$(91,000)	\$(91,000)	\$(120,000)	\$(120,000)
Ending Fund/Account Balance	\$0	\$0	\$0	\$0	\$0

REVENUE ASSUMPTIONS:

No significant change in transcript requests is anticipated.

CONTACT PERSON:

Kim Dudish

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/11/2014
Time: 10:45:55AM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2016	2017	Biennial Total	2016	2017	Biennial Total	

1 Reduce One Administrative Law Judges

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 2014, SOAH's ALJs are near 100% capacity. Fewer ALJs to handle the work projected for 2016-2017 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	\$88,000	\$88,000	\$176,000
General Revenue Funds Total	\$0	\$0	\$0	\$88,000	\$88,000	\$176,000
Item Total	\$0	\$0	\$0	\$88,000	\$88,000	\$176,000

FTE Reductions (From FY 2016 and FY 2017 Base Request) **1.0** **1.0**

2 Reduce One Administrative Law Judge

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 2014, SOAH's ALJs are near 100% capacity. Fewer ALJs to handle the work projected for 2016-2017 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

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/11/2014
Time: 10:45:55AM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2016	2017	Biennial Total	2016	2017	Biennial Total	
<u>General Revenue Funds</u>							
1 General Revenue Fund	\$0	\$0	\$0	\$88,000	\$88,000	\$176,000	
General Revenue Funds Total	\$0	\$0	\$0	\$88,000	\$88,000	\$176,000	
Item Total	\$0	\$0	\$0	\$88,000	\$88,000	\$176,000	
FTE Reductions (From FY 2016 and FY 2017 Base Request)				1.0	1.0		

3 Reduce One Administrative Assistant

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 the 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

<u>General Revenue Funds</u>							
1 General Revenue Fund	\$0	\$0	\$0	\$49,000	\$49,000	\$98,000	
General Revenue Funds Total	\$0	\$0	\$0	\$49,000	\$49,000	\$98,000	
Item Total	\$0	\$0	\$0	\$49,000	\$49,000	\$98,000	
FTE Reductions (From FY 2016 and FY 2017 Base Request)				1.0	1.0		

4 Reduce One Administrative Law Judge

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

6.I. Percent Biennial Base Reduction Options

10 % REDUCTION

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: 8/11/2014
Time: 10:45:55AM

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

Item Priority and Name/ Method of Financing	REVENUE LOSS			REDUCTION AMOUNT			TARGET
	2016	2017	Biennial Total	2016	2017	Biennial Total	
<p>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 2014, SOAH's ALJs are near 100% capacity. Fewer ALJs to handle the work projected for 2016-2017 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.</p> <p>Strategy: 1-1-1 Conduct Hearings and Prepare Proposals for Decisions and Final Orders</p>							
<u>General Revenue Funds</u>							
1 General Revenue Fund	\$0	\$0	\$0	\$105,502	\$105,502	\$211,004	
General Revenue Funds Total	\$0	\$0	\$0	\$105,502	\$105,502	\$211,004	
Item Total	\$0	\$0	\$0	\$105,502	\$105,502	\$211,004	
FTE Reductions (From FY 2016 and FY 2017 Base Request)				1.0	1.0		
AGENCY TOTALS							
General Revenue Total				\$330,502	\$330,502	\$661,004	\$661,003
Agency Grand Total	\$0	\$0	\$0	\$330,502	\$330,502	\$661,004	
Difference, Options Total Less Target							\$1
Agency FTE Reductions (From FY 2016 and FY 2017 Base Request)				4.0	4.0		

7. ADMINISTRATIVE AND SUPPORT COSTS

7.A. Indirect Administrative and Support Costs

8/11/2014 10:26:01AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

Strategy		Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	\$823,617	\$ 851,035	\$ 890,054	\$ 1,001,774	\$ 1,001,774
1002	OTHER PERSONNEL COSTS	58,281	85,438	80,704	72,864	72,864
2001	PROFESSIONAL FEES AND SERVICES	50,891	20,246	3,521	3,521	3,521
2003	CONSUMABLE SUPPLIES	662	2,728	8,246	8,246	8,246
2004	UTILITIES	7,625	5,662	9,624	9,624	9,624
2005	TRAVEL	3,870	1,458	980	980	980
2006	RENT - BUILDING	696	484	575	575	575
2007	RENT - MACHINE AND OTHER	1,047	176	1,176	1,176	1,176
2009	OTHER OPERATING EXPENSE	72,786	89,051	92,507	114,067	114,067
Total, Objects of Expense		\$1,019,475	\$1,056,278	\$1,087,387	\$1,212,827	\$1,212,827
METHOD OF FINANCING:						
1	General Revenue Fund	279,366	371,437	384,264	384,264	384,264
6	State Highway Fund	379,396	373,298	379,024	379,024	379,024
777	Interagency Contracts	360,713	311,543	324,099	449,539	449,539
Total, Method of Financing		\$1,019,475	\$1,056,278	\$1,087,387	\$1,212,827	\$1,212,827
FULL TIME EQUIVALENT POSITIONS		14.7	14.7	14.7	14.7	14.7

7.A. Indirect Administrative and Support Costs

8/11/2014 10:26:01AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

Strategy	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
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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.

7.A. Indirect Administrative and Support Costs

8/11/2014 10:26:01AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

Strategy	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
1-2-1 Conduct Alternative Dispute Resolution Proceedings					
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$16,809	\$ 17,368	\$ 18,164	\$ 20,444	\$ 20,444
1002 OTHER PERSONNEL COSTS	1,189	1,744	1,647	1,487	1,487
2001 PROFESSIONAL FEES AND SERVICES	1,039	413	72	72	72
2003 CONSUMABLE SUPPLIES	14	56	168	168	168
2004 UTILITIES	156	116	196	196	196
2005 TRAVEL	79	30	20	20	20
2006 RENT - BUILDING	14	10	12	12	12
2007 RENT - MACHINE AND OTHER	21	4	24	24	24
2009 OTHER OPERATING EXPENSE	1,485	1,816	1,889	2,329	2,329
Total, Objects of Expense	\$20,806	\$21,557	\$22,192	\$24,752	\$24,752
METHOD OF FINANCING:					
1 General Revenue Fund	5,701	7,580	7,842	7,842	7,842
6 State Highway Fund	7,742	7,618	7,735	7,735	7,735
777 Interagency Contracts	7,363	6,359	6,615	9,175	9,175
Total, Method of Financing	\$20,806	\$21,557	\$22,192	\$24,752	\$24,752
FULL TIME EQUIVALENT POSITIONS	0.3	0.3	0.3	0.3	0.3

7.A. Indirect Administrative and Support Costs

8/11/2014 10:26:01AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

Exp 2013

Est 2014

Bud 2015

BL 2016

BL 2017

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.

7.A. Indirect Administrative and Support Costs

8/11/2014 10:26:01AM

84th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings

	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$840,426	\$868,403	\$908,218	\$1,022,218	\$1,022,218
1002 OTHER PERSONNEL COSTS	\$59,470	\$87,182	\$82,351	\$74,351	\$74,351
2001 PROFESSIONAL FEES AND SERVICES	\$51,930	\$20,659	\$3,593	\$3,593	\$3,593
2003 CONSUMABLE SUPPLIES	\$676	\$2,784	\$8,414	\$8,414	\$8,414
2004 UTILITIES	\$7,781	\$5,778	\$9,820	\$9,820	\$9,820
2005 TRAVEL	\$3,949	\$1,488	\$1,000	\$1,000	\$1,000
2006 RENT - BUILDING	\$710	\$494	\$587	\$587	\$587
2007 RENT - MACHINE AND OTHER	\$1,068	\$180	\$1,200	\$1,200	\$1,200
2009 OTHER OPERATING EXPENSE	\$74,271	\$90,867	\$94,396	\$116,396	\$116,396
Total, Objects of Expense	\$1,040,281	\$1,077,835	\$1,109,579	\$1,237,579	\$1,237,579
Method of Financing					
1 General Revenue Fund	\$285,067	\$379,017	\$392,106	\$392,106	\$392,106
6 State Highway Fund	\$387,138	\$380,916	\$386,759	\$386,759	\$386,759
777 Interagency Contracts	\$368,076	\$317,902	\$330,714	\$458,714	\$458,714
Total, Method of Financing	\$1,040,281	\$1,077,835	\$1,109,579	\$1,237,579	\$1,237,579
Full-Time-Equivalent Positions (FTE)	15.0	15.0	15.0	15.0	15.0

Agency code: **360**

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

Strategy	Exp 2013	Est 2014	Bud 2015	BL 2016	BL 2017
1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders				
OBJECTS OF EXPENSE:					
1001 SALARIES AND WAGES	\$1,237,649	\$1,391,524	\$1,419,785	\$1,451,785	\$1,451,785
1002 OTHER PERSONNEL COSTS	113,329	113,840	45,840	113,840	113,840
2001 PROFESSIONAL FEES AND SERVICES	2,597	11,430	8,060	8,060	8,060
2003 CONSUMABLE SUPPLIES	12,960	13,547	15,796	15,796	15,796
2004 UTILITIES	35,166	35,400	35,135	35,135	35,135
2005 TRAVEL	0	0	0	0	0
2006 RENT - BUILDING	94,886	91,967	86,142	86,142	86,142
2007 RENT - MACHINE AND OTHER	11,608	8,900	9,683	9,683	9,683
2009 OTHER OPERATING EXPENSE	232,176	245,132	231,089	236,089	236,089
Total, Objects of Expense	\$1,740,371	\$1,911,740	\$1,851,530	\$1,956,530	\$1,956,530
METHOD OF FINANCING:					
1 General Revenue Fund	573,893	684,627	656,162	656,162	656,162
6 State Highway Fund	625,324	705,763	667,057	667,057	667,057
777 Interagency Contracts	541,154	521,350	528,311	633,311	633,311
Total, Method of Financing	\$1,740,371	\$1,911,740	\$1,851,530	\$1,956,530	\$1,956,530
FULL-TIME-EQUIVALENT POSITIONS (FTE):	37.5	37.5	37.5	37.5	37.5
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 2013	Est 2014	Bud 2015	BL 2016	BL 2017
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	\$1,237,649	\$1,391,524	\$1,419,785	\$1,451,785	\$1,451,785
1002 OTHER PERSONNEL COSTS	\$113,329	\$113,840	\$45,840	\$113,840	\$113,840
2001 PROFESSIONAL FEES AND SERVICES	\$2,597	\$11,430	\$8,060	\$8,060	\$8,060
2003 CONSUMABLE SUPPLIES	\$12,960	\$13,547	\$15,796	\$15,796	\$15,796
2004 UTILITIES	\$35,166	\$35,400	\$35,135	\$35,135	\$35,135
2005 TRAVEL	\$0	\$0	\$0	\$0	\$0
2006 RENT - BUILDING	\$94,886	\$91,967	\$86,142	\$86,142	\$86,142
2007 RENT - MACHINE AND OTHER	\$11,608	\$8,900	\$9,683	\$9,683	\$9,683
2009 OTHER OPERATING EXPENSE	\$232,176	\$245,132	\$231,089	\$236,089	\$236,089
Total, Objects of Expense	\$1,740,371	\$1,911,740	\$1,851,530	\$1,956,530	\$1,956,530
Method of Financing					
1 General Revenue Fund	\$573,893	\$684,627	\$656,162	\$656,162	\$656,162
6 State Highway Fund	\$625,324	\$705,763	\$667,057	\$667,057	\$667,057
777 Interagency Contracts	\$541,154	\$521,350	\$528,311	\$633,311	\$633,311
Total, Method of Financing	\$1,740,371	\$1,911,740	\$1,851,530	\$1,956,530	\$1,956,530
Full-Time-Equivalent Positions (FTE)	37.5	37.5	37.5	37.5	37.5