



# **Legislative Appropriations Request**

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**Fiscal Years 2026 – 2027**

**Submitted to the Office of the Governor's Budget and Policy Division  
and the Legislative Budget Board**

by

**State Office of Administrative Hearings**

August 22, 2024

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## **Administrator's Statement**

8/22/2024 7:10:23AM

89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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### **360 State Office of Administrative Hearings**

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#### **INTRODUCTION**

The State Office of Administrative Hearings (SOAH) operates under Chapter 2003 of the Texas Government Code. Chapter 2003 charges SOAH to separate the adjudicative function from the investigative, prosecutorial, and policymaking functions within the executive department, and to centralize those hearings functions and their attendant administrative costs. To these ends, SOAH conducts administrative hearings in contested cases under the Administrative Procedure Act for agencies that do not employ hearing officers, other administrative hearings as required or permitted by law, and alternative dispute resolution proceedings. Each year, SOAH will hear around 30,000 cases, covering more than 700 case types, referred by more than 60 state agencies and other governmental bodies.

SOAH is headed by a Chief Administrative Law Judge (Chief ALJ), who is appointed by the Governor and subject to Senate confirmation. The current Chief ALJ is Kristofer S. Monson, of Driftwood, Texas. Chief Judge Monson was appointed to his third two-year appointment in 2022.

The Deputy Chief Administrative Law Judge for Austin and the Deputy Chief Administrative Law Judge for Regional oversee the hearings divisions. All offices handle high volume caseloads, such as Administrative License Revocation (ALR), in addition to a continuous stream of general docket cases statewide.

The General Counsel handles issues of statutory and rule compliance, administers the complaints-process required by Chapter 2003, provides general legal support to the agency's financial, administrative, information technology, records management, and hearings functions, and serves as the primary point of contact for legislative and media inquiries.

The Chief Clerk oversees the hearings support teams and provides support for the clerk's office, legal secretaries, and legal assistants. All case documents are filed with the Chiefs Clerk's Office.

The Chief Financial Officer oversees operations staff and provides support for accounting, budget, facilities, human resources, purchasing, and records.

The Chief Information Officer oversees information technology staff and provides support for help desk, systems development, and implementation of the various technologies required for electronic filing and remote hearings access.

SOAH is headquartered in Austin, and the majority of its Administrative Law Judges (ALJs), staff, and hearing rooms are located in the William P. Clements Building. SOAH also has seven regional offices in Corpus Christi, Dallas, El Paso, Fort Worth, Houston, Lubbock, and San Antonio, and a satellite office in Waco. SOAH occasionally utilizes a number of remote sites throughout the state, in cooperation with other governmental bodies.

The Austin office staff oversees more-complex matters and is subdivided into teams and panels. The largest number of Austin office ALJs is assigned to the general docket, which is divided between two panels: the Central Panel, which comprises ALJs and focuses on routine, shorter, and less complex cases; and the Master Panel, which is comprised of more experienced "Master ALJs" and focuses on more complex, and multi-day cases. These judges share general-docket responsibilities with the Alternative Dispute Resolution (ADR) and Utilities teams, which take the lead in their specific subject matters. Two special-topic teams, Tax and Individuals with Disabilities Education Act (IDEA), comprise judges with specialized expertise who focus almost exclusively on those dockets.

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#### SUMMARY

SOAH's work consists of conducting administrative hearings and ADR proceedings upon referral by a governmental body. In FY 2023, SOAH disposed more than 31,000 cases and served over 60 agencies and other governmental bodies.

Because SOAH functions as a shared service between state agencies, covering almost 700 different case types, SOAH is staffed on a capacity model: the number of ALJs is driven by the need to have adequate coverage for case referrals. While some cases resolve quickly and some settle before hearing, other case types require much more work or have quick statutory deadlines that require immediate assignment to a judge. SOAH's need to staff based on capacity for hundreds of different types of determination means that changes to programs in other agencies can lead to unintended consequences at SOAH. For example, cutting a deadline in a permitting case might not have resulted in a major economic impact in isolation, for either the referring agency or for SOAH. But combining multiple small changes to deadlines and substantive requirements can have a significant cumulative fiscal impact, because ALJs must be kept off of other assignments in order to handle shorter timelines. And, as explained below, the different billing mechanisms for the state agencies can, over time, lead to funding inequities between programs.

The capacity-staffing model is financed by three methods of funding: General Revenue (GR), Interagency Contract (IAC), and Appropriated Receipts (AR). GR typically comprises 60% of the funding, IAC 40% and AR is less than 1%. Whether a particular category of hearings is funded by GR, or an IAC varies by agency and program. The majority of SOAH's IACs are subject to Government Code section 2003.024, which provides for a lump-sum contract based on a statutory formula that takes into consideration the agency's projected workload.

To project workload for the upcoming biennium, SOAH develops estimates for case referrals and casework hours for each referring agency, based on the past three years of data. SOAH then provides this information to the referring agency in advance of each budget cycle and gives the agency the opportunity to provide input on the caseload projections. Then SOAH finalizes its workload projections for the upcoming biennium based on all known information to formulate SOAH's Legislative Appropriations Request.

Because these amounts are paid for out of GR for some programs, but on a contract basis for others, it is possible for GR and contract amounts to get out of step, leaving contract-based programs to subsidize the costs of larger programs paid for out of GR.

The agency's appropriations request was compiled using zero-based budgeting method.

#### EFFICIENCY

As a resource agency for hundreds of state programs and over 60 other state agencies and governmental bodies, SOAH must be staffed at a level that ensures judge availability. Judges are shared between various programs. Indeed, the cost-savings proposition of the SOAH model is that sharing judges between programs and strategies minimizes down time and promotes greater efficiency. Due to SOAH's efficiency efforts, ALJs are currently spending more than 80% of their time directly working on cases, a record number. SOAH's new docket-management process, which allows for dynamic scheduling, allows the agency to maintain the hearings capacity required to adjudicate referred cases within the timelines set by the Legislature. Indeed, SOAH's approximately 60 ALJs handle about the same number of cases in a year as the state of Washington handles, but with half the employees and at an 70% lower total program cost. Texas ranks at the top of taxpayer efficiency for large-population states in the same study, calculated as number of hearings held per dollar expenditure.

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At this point, SOAH does not need new FTEs; the system is working efficiently and has capacity and flexibility to absorb routine fluctuations in workload. Time lost to recruiting and training new staff takes away from SOAH's capacity to handle emergency filings and short deadlines. The key to maintaining current hearings capacity with current resources as population grows and the Texas economy becomes more sophisticated is to recruit, develop, and retain legal talent to serve as Administrative Law Judges (Judges or ALJs).

#### KEY ISSUES

Since 2019, the targets required for SOAH's performance measures have increased dramatically. Indeed, due to efficiencies associated with SOAH's new case management system and other increased technology usage, SOAH has ambitiously moved the target for percentage of ALJ time spent on cases up to 80%. SOAH has thus far been able to maximize the effectiveness of its modest resources to meet its obligations to handle the case load from more than 60 state agencies, despite inflationary increases in general operating costs and surrendering FTEs in the last few budget cycles.

SOAH's current strategy is to continue leveraging technology to provide hearings services to Texans, addressing rising caseloads with more efficient practices instead of requesting more FTEs.

To maintain the current, higher level of ALJ efficiency, SOAH has (1) hired a number of new, highly qualified ALJs and staff and (2) reconfigured the case-assignment structure to allow more, and more complicated, work to be performed by SOAH's Regional Offices and ALJs who live outside the Austin area. At the same time, SOAH has redesigned its non-attorney and support areas to require fewer employees. SOAH's main budgeting request is to provide salary enhancements that will help to retain highly qualified employees, which will ensure continuity for SOAH's current level of efficiencies by minimizing turnover and thereby avoid the need to spend money on recruitment and training.

#### A. Restructuring Salaries to Compete with Peer Agencies.

SOAH judges function at a remarkable efficiency level: indeed, SOAH is requesting to raise its target efficiency goals in this year's legislative performance measures. SOAH's customer-survey results over the past two and half years have constantly reflected favorable results. And SOAH's engagement survey this year shows very high level of favorable employee engagement. Yet every biennium since 2020, SOAH's employee engagement survey reveals an increasing rate of complaint about employee pay levels. Currently 86% of survey respondents report that pay has not kept pace with other government jobs. Over the last few cycles of the engagement survey, the only scores not to improve were IT services, pay, and benefits. Those are the three issues this salary request will address.

1. SOAH's ALJs are required to operate at a higher level of sophistication and independent responsibility than attorneys with similar titles at other agencies. Indeed, SOAH has found that lawyers with fewer than 10 years' licensure are ill-suited to preside over contentious hearings such as those involving teacher misconduct and highly disputed environmental permits, or dealing with complicated subject matters such as a taxation and utilities regulation. Before raising SOAH's recruiting standards, SOAH had faced an extremely high rate of new-employee attrition when attempting to hire less-experienced attorneys to fulfill the public-facing, high-responsibility job of serving as an administrative law judge. Raising the minimum qualifications has eased the agency's onboarding and training process, improved the quality of hearings, and increased employee retention.

In the last budget cycle, SOAH's peer agencies, such as the Attorney General's Office (OAG) and the Public Utilities Commission (PUC) requested and obtained at least a

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10% across-the-board salary increase in addition to the 10% for all state employees, which has put SOAH at a competitive disadvantage in future hiring cycles. For example, the PUC employees styled as Administrative Law Judges who handle only preliminary issues in utilities cases to prepare them for referral to SOAH, now make substantially more money than the highly experienced SOAH ALJs who are tasked to resolve those cases on the merits and draft the complex legal decisions that are ultimately adopted and implemented by the Commission on behalf of all Texans. Likewise, many of SOAH's highly qualified ALJs who were recruited directly from the OAG based on their years of state experience now make less than the OAG attorneys who appear before them. Decreased salary competition will undermine SOAH's efforts to train and retain quality employees.

This salary enhancement will re-establish salary parity between qualified SOAH ALJs and similarly experienced attorneys at other state agencies, particularly PUC and OAG. This request is necessary to assist SOAH with the continued recruitment and retention of qualified ALJs and to avoid negative impacts to SOAH's hearings capacity and overall efficiency that are likely to result from employee attrition if SOAH fails to compensate ALJs at a competitive state attorney salary.

2. At the same time that ALJ salaries have fallen behind comparable state agency attorney salaries, support staff salaries have fallen behind other peer agencies as well. Not only is there a gap between SOAH support staff salaries and that of peer agencies, many SOAH employee salaries are below the State Auditor's Office midpoint range. As a result, SOAH has begun to experience staff turnover associated with employees seeking higher-paying jobs at other state agencies.

**B. Equalizing Regional Office Salaries So that Employees with Similar Responsibilities are Paid Equitably.**

Since the last fiscal biennium, SOAH's new case management system has transformed the role of regional-office judges, allowing them to handle a greater share of the central docket. Yet SOAH's legacy case management and salary structure assumed that the regional office ALJs could conduct hearings for only the least complex cases. As a result, many regional office Judges are assigned to a lower job classification and paid less for doing the same work as Austin-based ALJs. This has created a structural defect in SOAH's salary system: judges in the regional office are in a lower job classification even though they are frequently assigned to perform the same or similar work as the entry-level Austin judges. To relieve this salary pressure, SOAH has recently begun to attach a small number of qualified ALJs from the regional offices around the state to the Austin-based central hearings panel, at the ALJ III level. These changes have not fully alleviated the disparity, however.

An additional equity increase in salary for regional office ALJs will allow SOAH to place the remaining regional ALJs in the same pay group as entry-level Austin judges performing the same functions. Expanding SOAH's regional office capabilities will allow SOAH to better manage long-term operating costs and handle future population-driven increases in various high-volume dockets at a lower cost, by hiring judges in parts of the state with a lower cost of living than Austin.

**C. Funding the Senior and Master ALJ programs Created by the Government Code.**

The Texas Government Code mandates SOAH to establish four levels of seniority for the ALJs employed by the Chief ALJ, see Tex. Gov't Code s. 2003.041: (1) entry-level ALJs, who must be minimally qualified and trained in a number of statutorily mandated skills, id. s. 2003.0451; (2) Senior ALJs, with at least six years' legal experience and five years' experience presiding over hearings as a judge, id. s. 2003.0411(b); (3) Master ALJs, who have at least ten years' legal experience and at least six years' experience presiding over hearings as a judge, id. s. 2003.0411(c); and (4) Master ALJ IIs, who have substantial experience in a particular subject-matter necessary to hear certain technical cases, such as tax hearings referred by the Comptroller, see id. s. 2003.101(b). Currently, the salary structures among these different levels are flattened into two levels, regular and Master, with no available funding to implement the type of career ladder necessary to offer distinctions in paygrade among the different levels or to promote ALJs as they gain the requisite years of experience and duties associated with their titles.

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Leaving these career advancement mechanisms unfunded puts SOAH at risk of being unable to fulfill its statutory mandates. For example, a member of SOAH's utilities team recently requested promotion to Senior ALJ, based on qualifying years of experience and the development of significant expertise in water permitting cases. Although Chapter 2003 of the Government Code incentivizes acquisition of such subject-matter expertise in SOAH's statutory career ladder, SOAH was unable to grant the request due to a lack of funding. Without promotion opportunities, SOAH's most qualified ALJs will be under salary pressure to seek other employment. This is all the more important in the context of the Public Utilities Commission docket, because losing an experienced ALJ with this particular type of experience would undermine SOAH's ability to comply with the Legislature's intent to shorten certain timelines in the utilities permitting and ratemaking processes.

In short, SOAH's ability to handle shortened deadlines and meet the demands associated with increased caseloads depends on its ability to retain and develop qualified employees who are capable of performing high-level work in an efficient manner. Employee retention requires a fully funded ALJ career promotion ladder as envisioned by the Legislature in Chapter 2003.

#### D. Rightsizing Information Technology (IT) Staff to Handle Necessary Security.

The transition to a new, cloud-based case management system has also changed the qualifications required for SOAH's IT staff. While, as a small agency, SOAH does not need to hire a large number of IT staff, it does have distinct needs for higher-skilled IT employees, particularly those with expertise in cloud-based network operations, cybersecurity, and remote technologies. Due to funding constraints, SOAH has been unable to successfully attract and recruit an employee to fulfill the statutory mandate to employ an information security officer, and has had to, instead, rely on contracting with an outside vendor for network security. Even at an increased salary expense, it would be less expensive in the long run to handle these information security functions within the agency. Furthermore, as the SOAH's digital transformation has made agency operations more efficient, it has brought on its own challenges. With more SOAH case data being stored in the cloud and a greater dependency on technology for all aspects of agency operations, the need for a robust network security framework is an operational necessity. Funding to employ the critical IT staff needed to ensure information security protocols are implemented and followed is a must.

#### EXEMPT POSITIONS

The Chief ALJ is the only exempt position within SOAH and is currently in Group 5 of the salary schedule. A State Auditor Report #20-706 Examining Executive Compensation at State Agencies, published in 2022, identified the SOAH Chief ALJ's statutory salary as well below the high-end for the relevant employment classification. SOAH seeks an increase in compensation for the Chief ALJ, together with the request for increases in the salaries of all other levels of ALJs. This increase is necessary to avoid salary compression and to bring the Chief ALJ's salary into line with peer employees at agencies like the Office of the Attorney General, where employees with similar legal and supervisory responsibilities receive almost \$50,000 (more than 25% more) more than the Chief ALJ.

SOAH also seeks a change in salary group for the Chief Administrative Law Judge from Group 5 to Group 6. The Chief ALJ is required to be a licensed attorney with significant litigation and/or presiding experience, and the increase in salary would be based on additional years of legal education and managerial experience required to supervise and manage the agency's statewide caseload, recruit and supervise the experienced attorneys who serve as SOAH's ALJs, and to oversee an increasingly complex set of information-technology systems. An increase in available salary would also help the agency remain competitive in attracting quality executive staff in the future, who are not only required to manage high-level employees, but also to collaborate with more than sixty referring agencies on matters of legal process and policy.

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**BACKGROUND CHECKS**

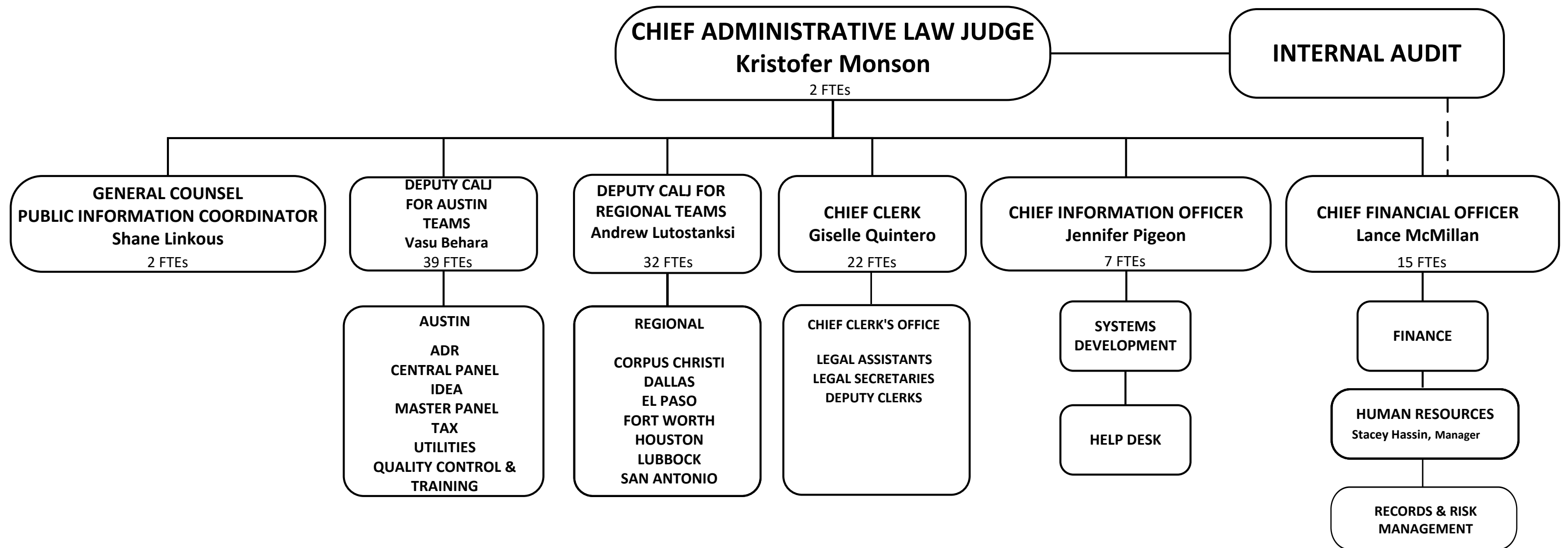
Due to the passage of H.B. 4123, 88th R.S. (2023), SOAH now has statutory authority to conduct Department of Public Safety (DPS) and Federal Bureau of Investigation (FBI) criminal background checks pursuant to Texas Government Code, s. 411.14101.

A pre-employment criminal background check is performed for all SOAH positions, including employees, consultants, contractors, subcontractors, interns, and volunteers. Additionally, SOAH may monitor or perform checks on the criminal history of any current employee of the agency to ensure that individual remains eligible for employment in his or her current position.





# STATE OFFICE OF ADMINISTRATIVE HEARINGS





## CERTIFICATE

**Agency Name** State Office of Administrative Hearings

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Office of the Governor, Budget and Policy Division, is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Office of the Governor will be notified in writing in accordance with House Bill 1, Article IX, Section 7.01, Eighty-eighth Legislature, Regular Session, 2023.

**Chief Executive Office or Presiding Judge**

A handwritten signature in black ink, appearing to read "Kristofer S. Monson".

Signature

Kristofer S. Monson

Printed Name

Chief Administrative Law Judge

Title

08/22/2024

Date

**Board or Commission Chair**

N/A

Signature

N/A

Printed Name

N/A

Title

N/A

Date

**Chief Financial Officer**

A handwritten signature in blue ink, appearing to read "Lance McMillan".

Lance McMillan (Aug 22, 2024 09:00 CDT)

Signature

Lance McMillan

Printed Name

Chief Financial Officer

Title

08/22/2024

Date

**Budget Overview - Biennial Amounts**  
**89th Regular Session, Agency Submission, Version 1**  
Automated Budget and Evaluation System of Texas (ABEST)

360 State Office of Administrative Hearings  
Appropriation Years: 2026-27

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2024-25	2026-27	2026-27
<b>Goal: 1. Provide for a Fair and Efficient Administrative Hearings Process</b>											
1.1.1. Conduct Hearings	12,839,966	13,074,293					8,247,456	7,355,078	21,087,422	20,429,371	4,505,585
1.2.1. Conduct Alt Dispute Resolution	334,655	324,346					193,602	216,230	528,257	540,576	72,330
<b>Total, Goal</b>	<b>13,174,621</b>	<b>13,398,639</b>					<b>8,441,058</b>	<b>7,571,308</b>	<b>21,615,679</b>	<b>20,969,947</b>	<b>4,577,915</b>
<b>Goal: 2. Indirect Administration</b>											
2.1.1. Indirect Administration	2,381,070	2,315,884					1,403,274	1,543,922	3,784,344	3,859,806	1,436,182
<b>Total, Goal</b>	<b>2,381,070</b>	<b>2,315,884</b>					<b>1,403,274</b>	<b>1,543,922</b>	<b>3,784,344</b>	<b>3,859,806</b>	<b>1,436,182</b>
<b>Total, Agency</b>	<b>15,555,691</b>	<b>15,714,523</b>					<b>9,844,332</b>	<b>9,115,230</b>	<b>25,400,023</b>	<b>24,829,753</b>	<b>6,014,097</b>
<b>Total FTEs</b>									<b>119.0</b>	<b>119.0</b>	<b>2.0</b>

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Goal / Objective / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<b>1</b> Provide for a Fair and Efficient Administrative Hearings Process					
<b>1</b> <i>Ensure that All Hearings are Conducted in a Fair and Impartial Manner</i>					
<b>1 CONDUCT HEARINGS</b>	9,061,291	10,331,800	10,755,622	10,214,685	10,214,686
<b>2</b> <i>Provide an Opportunity for Alternative Dispute Resolution Proceedings</i>					
<b>1 CONDUCT ALT DISPUTE RESOLUTION</b>	245,771	257,969	270,288	270,288	270,288
TOTAL, GOAL <b>1</b>	<b>\$9,307,062</b>	<b>\$10,589,769</b>	<b>\$11,025,910</b>	<b>\$10,484,973</b>	<b>\$10,484,974</b>
<b>2</b> Indirect Administration					
<b>1</b> <i>Indirect Administration</i>					
<b>1 INDIRECT ADMINISTRATION</b>	1,715,229	1,854,441	1,929,903	1,929,903	1,929,903
TOTAL, GOAL <b>2</b>	<b>\$1,715,229</b>	<b>\$1,854,441</b>	<b>\$1,929,903</b>	<b>\$1,929,903</b>	<b>\$1,929,903</b>
TOTAL, AGENCY STRATEGY REQUEST	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				<b>\$0</b>	<b>\$0</b>
GRAND TOTAL, AGENCY REQUEST	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>

2.A. Summary of Base Request by Strategy

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Goal / Objective / STRATEGY	Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<u>METHOD OF FINANCING:</u>					
<b>General Revenue Funds:</b>					
1 General Revenue Fund	6,600,132	7,522,044	8,033,647	7,857,261	7,857,262
<b>SUBTOTAL</b>	<b>\$6,600,132</b>	<b>\$7,522,044</b>	<b>\$8,033,647</b>	<b>\$7,857,261</b>	<b>\$7,857,262</b>
<b>Other Funds:</b>					
666 Appropriated Receipts	11,025	40,000	40,000	15,000	15,000
777 Interagency Contracts	4,411,134	4,882,166	4,882,166	4,542,615	4,542,615
<b>SUBTOTAL</b>	<b>\$4,422,159</b>	<b>\$4,922,166</b>	<b>\$4,922,166</b>	<b>\$4,557,615</b>	<b>\$4,557,615</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>

\*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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Agency code:	360	Agency name:	State Office of Administrative Hearings			
METHOD OF FINANCING		Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<u>GENERAL REVENUE</u>						
<u>1</u>	General Revenue Fund					
	REGULAR APPROPRIATIONS					
	Regular Appropriations from MOF Table (2022-23 GAA)	\$6,776,411	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$7,522,044	\$8,033,647	\$0	\$0
	Regular Appropriations from MOF Table (2026-27 GAA)	\$0	\$0	\$0	\$7,857,261	\$7,857,262
	TRANSFERS					
	Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023	\$78,845	\$0	\$0	\$0	\$0
	Comments: 5% Salary Adjustments					
	LAPSED APPROPRIATIONS					
	Data Center Services	\$(13,625)	\$0	\$0	\$0	\$0

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

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Agency code: <b>360</b>		Agency name: <b>State Office of Administrative Hearings</b>				
METHOD OF FINANCING		Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<b><u>GENERAL REVENUE</u></b>						
House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.		\$(4,200)	\$0	\$0	\$0	\$0
<b>Comments:</b> Case Management System						
Collected Revenue Lapse		\$(411,765)	\$0	\$0	\$0	\$0
Excess Collected Revenue Lapse		\$(21,534)	\$0	\$0	\$0	\$0
<i>UNEXPENDED BALANCES AUTHORITY</i>						
House Bill 2, Eighty-seventh Legislature, Regular Session, 2021.		\$196,000	\$0	\$0	\$0	\$0
<b>Comments:</b> Case Management System						
<b>TOTAL,</b>	<b>General Revenue Fund</b>	<b>\$6,600,132</b>	<b>\$7,522,044</b>	<b>\$8,033,647</b>	<b>\$7,857,261</b>	<b>\$7,857,262</b>
<b>TOTAL, ALL</b>	<b>GENERAL REVENUE</b>	<b>\$6,600,132</b>	<b>\$7,522,044</b>	<b>\$8,033,647</b>	<b>\$7,857,261</b>	<b>\$7,857,262</b>
<b><u>OTHER FUNDS</u></b>						

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

8/22/2024 7:10:35AM

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>360</b>		Agency name: <b>State Office of Administrative Hearings</b>				
METHOD OF FINANCING		Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<b><u>OTHER FUNDS</u></b>						
<b><u>666</u></b>	Appropriated Receipts					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2022-23 GAA)					
		\$60,000	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2024-25 GAA)					
		\$0	\$40,000	\$40,000	\$0	\$0
	Regular Appropriations from MOF Table (2026-27 GAA)					
		\$0	\$0	\$0	\$15,000	\$15,000
	<i>LAPSED APPROPRIATIONS</i>					
	Revenue Not Collected					
		\$(48,433)	\$0	\$0	\$0	\$0
	Collected Lapse					
		\$(542)	\$0	\$0	\$0	\$0
<b>TOTAL,</b>	<b>Appropriated Receipts</b>	<b>\$11,025</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$15,000</b>	<b>\$15,000</b>



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

8/22/2024 7:10:35AM

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>360</b>		Agency name: <b>State Office of Administrative Hearings</b>				
METHOD OF FINANCING		Exp 2023	Est 2024	Bud 2025	Req 2026	Req 2027
<b><u>OTHER FUNDS</u></b>						
<b><u>777</u></b>	Interagency Contracts					
	<i>REGULAR APPROPRIATIONS</i>					
	Regular Appropriations from MOF Table (2022-23 GAA)	\$4,389,600	\$0	\$0	\$0	\$0
	Regular Appropriations from MOF Table (2024-25 GAA)	\$0	\$4,882,166	\$4,882,166	\$0	\$0
	Regular Appropriations from MOF Table (2026-27 GAA)	\$0	\$0	\$0	\$4,542,615	\$4,542,615
	<i>RIDER APPROPRIATION</i>					
	Excess Collected Revenue, Article IX Sec. 8.02(a) (2022-23 GAA)	\$21,534	\$0	\$0	\$0	\$0
<b>TOTAL,</b>	<b>Interagency Contracts</b>	<b>\$4,411,134</b>	<b>\$4,882,166</b>	<b>\$4,882,166</b>	<b>\$4,542,615</b>	<b>\$4,542,615</b>
<b>TOTAL, ALL</b>	<b>OTHER FUNDS</b>	<b>\$4,422,159</b>	<b>\$4,922,166</b>	<b>\$4,922,166</b>	<b>\$4,557,615</b>	<b>\$4,557,615</b>

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

8/22/2024 7:10:35AM

89th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: <b>360</b>	Agency name: <b>State Office of Administrative Hearings</b>				
<b>METHOD OF FINANCING</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>Req 2026</b>	<b>Req 2027</b>
<b>GRAND TOTAL</b>	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>

**FULL-TIME-EQUIVALENT POSITIONS**

## REGULAR APPROPRIATIONS

Regular Appropriations from MOF Table (2022-23 GAA)	119.0	0.0	0.0	0.0	0.0
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Regular Appropriations from MOF Table (2024-25 GAA)	0.0	119.0	119.0	0.0	0.0
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Regular Appropriations from MOF Table (2026-27 GAA)	0.0	0.0	0.0	119.0	119.0
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## UNAUTHORIZED NUMBER OVER (BELOW) CAP

Vacancy Equivalents	(11.6)	0.0	0.0	0.0	0.0
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**Comments:** Unfilled Vacancies

<b>TOTAL, ADJUSTED FTES</b>	<b>107.4</b>	<b>119.0</b>	<b>119.0</b>	<b>119.0</b>	<b>119.0</b>
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**NUMBER OF 100% FEDERALLY FUNDED  
FTEs**

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

8/22/2024 7:10:36AM

89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)**360 State Office of Administrative Hearings**

<b>OBJECT OF EXPENSE</b>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>BL 2026</b>	<b>BL 2027</b>
1001 SALARIES AND WAGES	\$8,885,025	\$10,268,761	\$10,896,607	\$10,386,488	\$10,386,488
1002 OTHER PERSONNEL COSTS	\$323,111	\$241,500	\$241,400	\$241,900	\$241,900
2001 PROFESSIONAL FEES AND SERVICES	\$497,247	\$482,593	\$184,385	\$184,385	\$184,385
2003 CONSUMABLE SUPPLIES	\$3,917	\$16,500	\$16,500	\$16,500	\$16,500
2004 UTILITIES	\$32,729	\$40,325	\$25,725	\$25,725	\$25,725
2005 TRAVEL	\$16,241	\$52,000	\$52,000	\$52,000	\$52,000
2006 RENT - BUILDING	\$376,502	\$382,600	\$380,100	\$380,100	\$380,100
2007 RENT - MACHINE AND OTHER	\$33,402	\$45,500	\$17,500	\$17,500	\$17,500
2009 OTHER OPERATING EXPENSE	\$854,117	\$914,431	\$1,141,596	\$1,110,278	\$1,110,279
<b>OOE Total (Excluding Riders)</b>	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>

**2.D. Summary of Base Request Objective Outcomes**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

8/22/2024 7:10:36AM

<b>360 State Office of Administrative Hearings</b>					
<i>Goal/ Objective / Outcome</i>	<b>Exp 2023</b>	<b>Est 2024</b>	<b>Bud 2025</b>	<b>BL 2026</b>	<b>BL 2027</b>
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>					
<b>KEY</b> <b>1 Percentage of Participants Surveyed Satisfied with Overall Process</b>					
	88.07%	92.00%	92.00%	92.00%	92.00%
<b>KEY</b> <b>2 % of Proposed Tax Decisions Issued within 60 Days of Record Closing</b>					
	98.28%	100.00%	100.00%	100.00%	100.00%
2 <i>Provide an Opportunity for Alternative Dispute Resolution Proceedings</i>					
<b>KEY</b> <b>1 Percentage of Participants Surveyed Satisfied with Overall ADR Process</b>					
	98.30%	94.00%	94.00%	95.00%	95.00%

**2.E. Summary of Exceptional Items Request**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2024  
TIME : 7:10:36AM

Agency code: 360

Agency name: State Office of Administrative Hearings

		2026			2027			Biennium	
Priority	Item	GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds
1	Salary Enhancements	\$1,756,323	\$1,756,323		\$1,756,323	\$1,756,323		\$3,512,646	\$3,512,646
2	Cyber Security	\$292,820	\$292,820	2.0	\$292,820	\$292,820	2.0	\$585,640	\$585,640
3	Information Technology	\$188,688	\$188,688		\$198,728	\$198,728		\$387,416	\$387,416
4	General Revenue Case Growth	\$295,719	\$295,719		\$295,719	\$295,719		\$591,438	\$591,438
5	Judge Career Ladder	\$321,467	\$321,467		\$520,800	\$520,800		\$842,267	\$842,267
6	Exempt Position	\$47,345	\$47,345		\$47,345	\$47,345		\$94,690	\$94,690
Total, Exceptional Items Request		\$2,902,362	\$2,902,362	2.0	\$3,111,735	\$3,111,735	2.0	\$6,014,097	\$6,014,097
Method of Financing									
	General Revenue	\$2,902,362	\$2,902,362		\$3,111,735	\$3,111,735		\$6,014,097	\$6,014,097
	General Revenue - Dedicated								
	Federal Funds								
	Other Funds								
		\$2,902,362	\$2,902,362		\$3,111,735	\$3,111,735		\$6,014,097	\$6,014,097
Full Time Equivalent Positions				2.0				2.0	
Number of 100% Federally Funded FTEs									

**2.F. Summary of Total Request by Strategy**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/22/2024  
TIME : 7:10:37AM

Agency code: 360	Agency name: State Office of Administrative Hearings					
Goal/Objective/STRATEGY	Base 2026	Base 2027	Exceptional 2026	Exceptional 2027	Total Request 2026	Total Request 2027
<b>1</b> Provide for a Fair and Efficient Administrative Hearings Process						
<b>1</b> <i>Ensure that All Hearings are Conducted in a Fair and Impartial Ma</i>						
<b>1</b> CONDUCT HEARINGS	\$10,214,685	\$10,214,686	\$2,148,453	\$2,357,132	\$12,363,138	\$12,571,818
<b>2</b> <i>Provide an Opportunity for Alternative Dispute Resolution Proceedi</i>						
<b>1</b> CONDUCT ALT DISPUTE RESOLUTION	270,288	270,288	36,165	36,165	306,453	306,453
<b>TOTAL, GOAL 1</b>	<b>\$10,484,973</b>	<b>\$10,484,974</b>	<b>\$2,184,618</b>	<b>\$2,393,297</b>	<b>\$12,669,591</b>	<b>\$12,878,271</b>
<b>2</b> Indirect Administration						
<b>1</b> <i>Indirect Administration</i>						
<b>1</b> INDIRECT ADMINISTRATION	1,929,903	1,929,903	717,744	718,438	2,647,647	2,648,341
<b>TOTAL, GOAL 2</b>	<b>\$1,929,903</b>	<b>\$1,929,903</b>	<b>\$717,744</b>	<b>\$718,438</b>	<b>\$2,647,647</b>	<b>\$2,648,341</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>	<b>\$2,902,362</b>	<b>\$3,111,735</b>	<b>\$15,317,238</b>	<b>\$15,526,612</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>	<b>\$2,902,362</b>	<b>\$3,111,735</b>	<b>\$15,317,238</b>	<b>\$15,526,612</b>

**2.F. Summary of Total Request by Strategy**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/22/2024  
TIME : 7:10:37AM

Agency code: 360		Agency name: State Office of Administrative Hearings					
Goal/Objective/STRATEGY		Base 2026	Base 2027	Exceptional 2026	Exceptional 2027	Total Request 2026	Total Request 2027
General Revenue Funds:							
1	General Revenue Fund	\$7,857,261	\$7,857,262	\$2,902,362	\$3,111,735	\$10,759,623	\$10,968,997
		\$7,857,261	\$7,857,262	\$2,902,362	\$3,111,735	\$10,759,623	\$10,968,997
Other Funds:							
666	Appropriated Receipts	15,000	15,000	0	0	15,000	15,000
777	Interagency Contracts	4,542,615	4,542,615	0	0	4,542,615	4,542,615
		\$4,557,615	\$4,557,615	\$0	\$0	\$4,557,615	\$4,557,615
TOTAL, METHOD OF FINANCING		\$12,414,876	\$12,414,877	\$2,902,362	\$3,111,735	\$15,317,238	\$15,526,612
FULL TIME EQUIVALENT POSITIONS		119.0	119.0	2.0	2.0	121.0	121.0

**2.G. Summary of Total Request Objective Outcomes**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/22/2024

Time: 7:10:37AM

Agency code: **360**

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

Goal/ Objective / Outcome

		<b>BL</b>	<b>BL</b>	<b>Excp</b>	<b>Excp</b>	<b>Total</b>	<b>Total</b>
		<b>2026</b>	<b>2027</b>	<b>2026</b>	<b>2027</b>	<b>Request</b>	<b>Request</b>
						<b>2026</b>	<b>2027</b>
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>						
<b>KEY</b>	<b>1 Percentage of Participants Surveyed Satisfied with Overall Process</b>						
		92.00%	92.00%			92.00%	92.00%
<b>KEY</b>	<b>2 % of Proposed Tax Decisions Issued within 60 Days of Record Closing</b>						
		100.00%	100.00%			100.00%	100.00%
2	<i>Provide an Opportunity for Alternative Dispute Resolution Proceedings</i>						
<b>KEY</b>	<b>1 Percentage of Participants Surveyed Satisfied with Overall ADR Process</b>						
		95.00%	95.00%			95.00%	95.00%



**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

Service Categories:

Service: 01      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
KEY 1	Number of Hours Billed (General Docket Hearings and ALR Hearings)	78,413.50	75,699.00	75,699.00	76,943.00	76,943.00
KEY 2	Number of Administrative License Revocation Cases Disposed	28,757.00	24,946.00	24,946.00	25,390.00	25,390.00
KEY 3	Number of General Docket Cases Disposed	3,230.00	3,882.00	3,882.00	3,239.00	3,239.00
KEY 4	Percent of Available Administrative Law Judge Time Spent on Case Work	81.35 %	75.00 %	75.00 %	80.00 %	80.00 %
KEY 5	Percent of Case Time Spent on General Docket (Non-ALR) Cases	60.00 %	66.00 %	66.00 %	65.00 %	65.00 %
KEY 6	# of Proposals for Decision Related to Tax Hearings Issued by ALJs	174.00	377.00	377.00	250.00	250.00
<b>Efficiency Measures:</b>						
KEY 1	Average # of Days from Close of Record to PFD or Final Order Issuance	30.28	40.00	40.00	35.00	35.00
KEY 2	Median Number of Days to Dispose Case	112.00	75.00	75.00	75.00	75.00
KEY 3	Avg Days to Issue Proposed Tax Decision Following Record Closing	11.26	9.00	9.00	9.00	9.00

**Explanatory/Input Measures:**

**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

Service Categories:

Service: 01      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
KEY 1	Number of Administrative License Revocation Cases Received	23,467.00	24,946.00	24,946.00	25,390.00	25,390.00
KEY 2	Number of General Docket Cases Received	3,380.00	3,882.00	3,882.00	3,239.00	3,239.00
KEY 3	Number of Agencies Served	50.00	50.00	50.00	50.00	50.00
	4 Number of Complaints Received Regarding Hearing Process	3.00	5.00	5.00	5.00	5.00
	5 Percent of PFDs Changed, Vacated or Modified by Governing Boards	2.05 %	5.00 %	5.00 %	5.00 %	5.00 %
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$7,208,358	\$8,414,179	\$8,958,340	\$8,449,221	\$8,449,221
1002	OTHER PERSONNEL COSTS	\$241,161	\$185,000	\$185,000	\$185,000	\$185,000
2001	PROFESSIONAL FEES AND SERVICES	\$423,645	\$393,593	\$95,385	\$95,385	\$95,385
2003	CONSUMABLE SUPPLIES	\$3,649	\$15,000	\$15,000	\$15,000	\$15,000
2004	UTILITIES	\$31,557	\$37,000	\$22,400	\$22,400	\$22,400
2005	TRAVEL	\$14,091	\$47,500	\$47,500	\$47,500	\$47,500
2006	RENT - BUILDING	\$376,430	\$382,500	\$380,000	\$380,000	\$380,000
2007	RENT - MACHINE AND OTHER	\$29,259	\$40,000	\$15,000	\$15,000	\$15,000
2009	OTHER OPERATING EXPENSE	\$733,141	\$817,028	\$1,036,997	\$1,005,179	\$1,005,180

**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

Service Categories:

Service: 01      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$9,061,291</b>	<b>\$10,331,800</b>	<b>\$10,755,622</b>	<b>\$10,214,685</b>	<b>\$10,214,686</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$5,437,570	\$6,208,072	\$6,631,894	\$6,537,146	\$6,537,147
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$5,437,570</b>	<b>\$6,208,072</b>	<b>\$6,631,894</b>	<b>\$6,537,146</b>	<b>\$6,537,147</b>
<b>Method of Financing:</b>						
666	Appropriated Receipts	\$11,025	\$40,000	\$40,000	\$15,000	\$15,000
777	Interagency Contracts	\$3,612,696	\$4,083,728	\$4,083,728	\$3,662,539	\$3,662,539
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$3,623,721</b>	<b>\$4,123,728</b>	<b>\$4,123,728</b>	<b>\$3,677,539</b>	<b>\$3,677,539</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$10,214,685</b>	<b>\$10,214,686</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$9,061,291</b>	<b>\$10,331,800</b>	<b>\$10,755,622</b>	<b>\$10,214,685</b>	<b>\$10,214,686</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>88.3</b>	<b>97.0</b>	<b>97.0</b>	<b>97.0</b>	<b>97.0</b>
<b>STRATEGY DESCRIPTION AND JUSTIFICATION:</b>						

**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	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 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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Tex. Gov't Code § 2003.021(b) requires SOAH to conduct all administrative hearings in contested cases under Gov't Code ch. 2001 for state agencies that do not employ hearings officers; requires SOAH to conduct administrative hearings in matters for which SOAH is required to conduct the hearing under other law; and authorizes SOAH to conduct for a fee and under a contract administrative hearings in matters voluntarily referred to SOAH by a governmental entity. In addition, Tex. Transp. Code chs. 522, 524, and 724 require SOAH to conduct administrative license revocation (ALR) 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 ALR hearings comprise approximately 33% of SOAH's casework. 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 SOAH case files; schedule hearings rooms; and prepare daily hearing dockets. Docketing is SOAH's direct link with all referring agencies and other parties involved in pending cases. Additional duties include capturing data SOAH uses to calculate performance measures.

**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

SOAH's hearings workload and the related budgetary requirements are directly related to the cases filed with SOAH by approximately 60 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  
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

Service Categories:

Service: 01      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2024 + Bud 2025)</u>	<u>Baseline Request (BL 2026 + BL 2027)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$21,087,422	\$20,429,371	\$(658,051)	\$384,269	General Revenue increase due to 5% salary increases from FY 2024 to FY 2025.
			\$(313,218)	General Revenue decrease due to one time expenditures for hybrid hearing rooms in FY 2024 and FY 2025.
			\$(50,000)	Appropriated Receipts decrease due to projected lower transcript requests.
			\$(679,102)	Interagency Contracts decrease based on case projections.
			<u>\$(658,051)</u>	<b>Total of Explanation of Biennial Change</b>

**360 State Office of Administrative Hearings**

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

Service Categories:

Service: 01      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Output Measures:</b>						
	1 Number of Hours Billed to Alternative Dispute Resolution Cases	2,337.00	2,500.00	2,500.00	2,250.00	2,250.00
	2 Number of Cases Resolved through Alternative Dispute Resolution	141.00	150.00	150.00	150.00	150.00
<b>Efficiency Measures:</b>						
KEY 1	Median Number of Days to Dispose Alternative Dispute Resolution Cases	82.00	90.00	90.00	90.00	90.00
<b>Explanatory/Input Measures:</b>						
KEY 1	Number of Alternative Dispute Resolution Cases Requested or Referred	188.00	110.00	110.00	150.00	150.00
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$236,602	\$251,658	\$264,277	\$263,277	\$263,277
1002	OTHER PERSONNEL COSTS	\$5,620	\$2,500	\$2,400	\$2,900	\$2,900
2009	OTHER OPERATING EXPENSE	\$3,549	\$3,811	\$3,611	\$4,111	\$4,111
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$245,771</b>	<b>\$257,969</b>	<b>\$270,288</b>	<b>\$270,288</b>	<b>\$270,288</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$148,970	\$161,168	\$173,487	\$162,173	\$162,173

**360 State Office of Administrative Hearings**

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

Service Categories:

Service: 01      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$148,970</b>	<b>\$161,168</b>	<b>\$173,487</b>	<b>\$162,173</b>	<b>\$162,173</b>
<b>Method of Financing:</b>						
	777 Interagency Contracts	\$96,801	\$96,801	\$96,801	\$108,115	\$108,115
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$96,801</b>	<b>\$96,801</b>	<b>\$96,801</b>	<b>\$108,115</b>	<b>\$108,115</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$270,288</b>	<b>\$270,288</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$245,771</b>	<b>\$257,969</b>	<b>\$270,288</b>	<b>\$270,288</b>	<b>\$270,288</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>		<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

Tex. Gov't Code § 2003.021(b) requires SOAH to conduct Alternative Dispute Resolution (ADR) procedures that SOAH is required to conduct under law, and it authorizes SOAH to conduct for a fee and under a contract dispute resolution procedures in matters voluntarily referred to SOAH by a governmental entity. ADR comprises a variety of processes, ranging from formal arbitration to informal 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 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.

**360 State Office of Administrative Hearings**

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

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 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**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 successful settlement.

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2024 + Bud 2025)</u>	<u>Baseline Request (BL 2026 + BL 2027)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$528,257	\$540,576	\$12,319	\$12,319	General Revenue increase due to 5% salary increases from FY 2024 to FY 2025.
			<b>\$12,319</b>	<b>Total of Explanation of Biennial Change</b>



**360 State Office of Administrative Hearings**

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

Service Categories:

Service: 09      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
<b>Objects of Expense:</b>						
1001	SALARIES AND WAGES	\$1,440,065	\$1,602,924	\$1,673,990	\$1,673,990	\$1,673,990
1002	OTHER PERSONNEL COSTS	\$76,330	\$54,000	\$54,000	\$54,000	\$54,000
2001	PROFESSIONAL FEES AND SERVICES	\$73,602	\$89,000	\$89,000	\$89,000	\$89,000
2003	CONSUMABLE SUPPLIES	\$268	\$1,500	\$1,500	\$1,500	\$1,500
2004	UTILITIES	\$1,172	\$3,325	\$3,325	\$3,325	\$3,325
2005	TRAVEL	\$2,150	\$4,500	\$4,500	\$4,500	\$4,500
2006	RENT - BUILDING	\$72	\$100	\$100	\$100	\$100
2007	RENT - MACHINE AND OTHER	\$4,143	\$5,500	\$2,500	\$2,500	\$2,500
2009	OTHER OPERATING EXPENSE	\$117,427	\$93,592	\$100,988	\$100,988	\$100,988
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,715,229</b>	<b>\$1,854,441</b>	<b>\$1,929,903</b>	<b>\$1,929,903</b>	<b>\$1,929,903</b>
<b>Method of Financing:</b>						
1	General Revenue Fund	\$1,013,592	\$1,152,804	\$1,228,266	\$1,157,942	\$1,157,942
<b>SUBTOTAL, MOF (GENERAL REVENUE FUNDS)</b>		<b>\$1,013,592</b>	<b>\$1,152,804</b>	<b>\$1,228,266</b>	<b>\$1,157,942</b>	<b>\$1,157,942</b>
<b>Method of Financing:</b>						
777	Interagency Contracts	\$701,637	\$701,637	\$701,637	\$771,961	\$771,961

360 State Office of Administrative Hearings

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

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
SUBTOTAL, MOF (OTHER FUNDS)		\$701,637	\$701,637	\$701,637	\$771,961	\$771,961
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					\$1,929,903	\$1,929,903
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		\$1,715,229	\$1,854,441	\$1,929,903	\$1,929,903	\$1,929,903
FULL TIME EQUIVALENT POSITIONS:		17.1	20.0	20.0	20.0	20.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy provides SOAH with necessary administrative support in the areas of executive management, legal counsel, accounting, budgeting, facilities, information resources, human resources, payroll, employee benefits, and training. This area is also responsible for reporting agency information, including the legislatively mandated Hearings Activity Report and various special reports. These functions and reports are required and necessary for efficient and effective agency operations.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Agency growth, workload increases and modernization of information technology positively effects the level of resources needed to provide these required services.

**360 State Office of Administrative Hearings**

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

Service Categories:

Service: 09      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2023	Est 2024	Bud 2025	BL 2026	BL 2027
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**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		BIENNIAL CHANGE	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2024 + Bud 2025)	Baseline Request (BL 2026 + BL 2027)		\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$3,784,344	\$3,859,806	\$75,462	\$75,462	General Revenue increase due to 5% salary increases from FY 2024 to FY 2025.
			<u>\$75,462</u>	<b>Total of Explanation of Biennial Change</b>

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**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				<b>\$12,414,876</b>	<b>\$12,414,877</b>
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	<b>\$11,022,291</b>	<b>\$12,444,210</b>	<b>\$12,955,813</b>	<b>\$12,414,876</b>	<b>\$12,414,877</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>	<b>107.4</b>	<b>119.0</b>	<b>119.0</b>	<b>119.0</b>	<b>119.0</b>

### 3.B. Rider Revisions and Additions Request

<b>Agency Code:</b> 360	<b>Agency Name:</b> State Office of Administrative Hearings	<b>Prepared By:</b> Lance McMillan	<b>Date:</b> 8/22/2024	<b>Request Level:</b> Base
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Current Rider Number	Page Number in 2024-25 GAA	Proposed Rider Language																																																						
1	VIII-2	<p><b>Performance Measure Targets.</b> 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><b>A. Goal: ADMINISTRATIVE HEARINGS</b></p> <table> <tr> <td></td><td><u>2026</u> <del>2024</del></td><td><u>2027</u> <del>2025</del></td></tr> <tr> <td><b>Outcome (Results/Impact):</b></td><td></td><td></td></tr> <tr> <td>Percentage of Participants Surveyed Expressing Satisfaction with Overall Process</td><td>92%</td><td>92%</td></tr> <tr> <td>Percentage of Proposed Decisions Related to Tax Hearings Issued by Administrative Law Judges within 60 days of Record Closing</td><td>100%</td><td>100%</td></tr> <tr> <td>Percentage of Participants Surveyed Satisfied with Overall Alternative Dispute Resolution Process</td><td>95 94%</td><td>95 94%</td></tr> <tr> <td><b>A.1.1. Strategy: CONDUCT HEARINGS</b></td><td></td><td></td></tr> <tr> <td><b>Output (Volume):</b></td><td></td><td></td></tr> <tr> <td>Number of Hours Billed (both for General Docket Hearings and Administrative License Revocation Hearings)</td><td><u>76,943</u> <del>75,699</del></td><td><u>76,943</u> <del>75,699</del></td></tr> <tr> <td>Number of Administrative License Revocation Cases Disposed</td><td><u>25,390</u> <del>24,946</del></td><td><u>25,390</u> <del>24,946</del></td></tr> <tr> <td>Number of General Docket Cases Disposed</td><td><u>3,239</u> <del>3,882</del></td><td><u>3,239</u> <del>3,882</del></td></tr> <tr> <td>Percent of Available Administrative Law Judge Time Spent on Case Work</td><td>80 75%</td><td>80 75%</td></tr> <tr> <td>Number of Proposals for Decision Related to Tax Hearings Issued by Administrative Law Judges</td><td>250 <del>377</del></td><td>250 <del>377</del></td></tr> <tr> <td><b>Efficiencies:</b></td><td></td><td></td></tr> <tr> <td>Average Number of Days from Close of Record to Issuance of Proposal for Decision or Final Order Issuance</td><td>35 40</td><td>35 40</td></tr> <tr> <td>Median Number of Days to Dispose Case</td><td>75</td><td>75</td></tr> <tr> <td>Average Length of Time (Days) Taken to Issue a Proposed Decision Related to Tax Hearings Following Record Closing</td><td>9</td><td>9</td></tr> <tr> <td><b>Explanatory:</b></td><td></td><td></td></tr> <tr> <td>Number of Administrative License Revocation Cases Received</td><td><u>25,390</u> <del>24,946</del></td><td><u>25,390</u> <del>24,946</del></td></tr> </table>		<u>2026</u> <del>2024</del>	<u>2027</u> <del>2025</del>	<b>Outcome (Results/Impact):</b>			Percentage of Participants Surveyed Expressing Satisfaction with Overall Process	92%	92%	Percentage of Proposed Decisions Related to Tax Hearings Issued by Administrative Law Judges within 60 days of Record Closing	100%	100%	Percentage of Participants Surveyed Satisfied with Overall Alternative Dispute Resolution Process	95 94%	95 94%	<b>A.1.1. Strategy: CONDUCT HEARINGS</b>			<b>Output (Volume):</b>			Number of Hours Billed (both for General Docket Hearings and Administrative License Revocation Hearings)	<u>76,943</u> <del>75,699</del>	<u>76,943</u> <del>75,699</del>	Number of Administrative License Revocation Cases Disposed	<u>25,390</u> <del>24,946</del>	<u>25,390</u> <del>24,946</del>	Number of General Docket Cases Disposed	<u>3,239</u> <del>3,882</del>	<u>3,239</u> <del>3,882</del>	Percent of Available Administrative Law Judge Time Spent on Case Work	80 75%	80 75%	Number of Proposals for Decision Related to Tax Hearings Issued by Administrative Law Judges	250 <del>377</del>	250 <del>377</del>	<b>Efficiencies:</b>			Average Number of Days from Close of Record to Issuance of Proposal for Decision or Final Order Issuance	35 40	35 40	Median Number of Days to Dispose Case	75	75	Average Length of Time (Days) Taken to Issue a Proposed Decision Related to Tax Hearings Following Record Closing	9	9	<b>Explanatory:</b>			Number of Administrative License Revocation Cases Received	<u>25,390</u> <del>24,946</del>	<u>25,390</u> <del>24,946</del>
	<u>2026</u> <del>2024</del>	<u>2027</u> <del>2025</del>																																																						
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### 3.B. Rider Revisions and Additions Request (continued)

		<p>Number of General Docket Cases Received <span style="float: right;"><u>3,239</u> <del>3,882</del> <span style="margin-left: 20px;"><u>3,239</u> <del>3,882</del></span></span></p> <p>Number of Agencies Served <span style="float: right;">50 <span style="margin-left: 20px;">50</span></span></p> <p><b>A.2.1. Strategy:</b> CONDUCT ALT DISPUTE RESOLUTION</p> <p><b>Efficiencies:</b> Median Number of Days to Dispose Alternative Dispute Resolution Cases <span style="float: right;">90 <span style="margin-left: 20px;">90</span></span></p> <p><b>Explanatory:</b> Number of Alternative Dispute Resolution Cases Requested or Referred <span style="float: right;">150 <del>140</del> <span style="margin-left: 20px;">150 <del>140</del></span></span></p> <p><i>This rider has been updated to reflect the fiscal years for this appropriation request and updates to Performance Measure Targets.</i></p>
2.	VIII-2	<p><b>Capital Budget.</b> None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for "Lease Payments to the Master Equipment Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code §1232.103.</p> <div style="text-align: right; margin-bottom: 10px;"> <u>2026</u> <del>2024</del>      <u>2027</u> <del>2025</del> </div> <p>a. Data Center/Shared Technology Services</p> <p>    (1) Data Center Services <span style="float: right;"><u>\$45,385</u> <del>45,306</del> <span style="margin-left: 20px;"><u>\$45,385</u> <del>45,147</del></span></span></p> <p>Total, Capital Budget <span style="float: right;"><u>\$45,385</u> <del>45,306</del> <span style="margin-left: 20px;"><u>\$45,385</u> <del>45,147</del></span></span></p> <p>Method of Financing (Capital Budget):</p> <p>    General Revenue Fund <span style="float: right;"><u>\$45,385</u> <del>45,306</del> <span style="margin-left: 20px;"><u>\$45,385</u> <del>45,147</del></span></span></p> <p>    Total, Method of Financing <span style="float: right;"><u>\$45,385</u> <del>45,306</del> <span style="margin-left: 20px;"><u>\$45,385</u> <del>45,147</del></span></span></p> <p><i>This rider has been updated to reflect changes in the Capital Budget based on DIR projections (less exceptional items).</i></p>
3.	VIII-3	<p><b>Benefit Collection.</b> 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>

### 3.B. Rider Revisions and Additions Request (continued)

		<i>No changes needed.</i>
4.	VIII-3	<p><b>Contingency Appropriation for Expanded Jurisdiction.</b> Contingent on the enactment of legislation by the Eighty-ninth <del>eightth</del> 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 the use in expanded jurisdiction cases during the biennium. Any unexpended balances related to the transferring of hearing functions to SOAH or expanding jurisdiction of the office as of August 31, 2026<del>4</del> are appropriated to the State Office of Administrative Hearings for the fiscal year beginning September 1, 2026<del>4</del>.</p> <p><i>This rider has been updated to reflect the legislative session for this appropriation request.</i></p>
5.	VIII-3	<p><b>Hearings Activity Report.</b> 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 by method of finance, the projected and actual 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 projected and actual number of cases received, the number of cases disposed, and the median number of days between the date a case is received by SOAH and the date the case is finally disposed, and any other information requested by the Legislative Budget Board during the reporting period.</p> <p><i>No changes needed.</i></p>
6.	VIII-3	<p><b>Contingency for Additional Self-directed Semi-independent Agencies.</b> Contingent upon additional agencies becoming a self-directed semi-independent (SDSI) agencies during the <del>2026-2027</del> <u>2024-25</u> <del>biennium</del>, any agency becoming an SDSI agency 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 appropriation years for this request.</i></p>
7.	VIII-3	<p><b>Billing Rate for Workload.</b></p> <p>a. Unless otherwise provided, amounts appropriated above and elsewhere in this Act for</p>

### 3.B. Rider Revisions and Additions Request (continued)

		<p>funding for the payment of costs associated with administrative hearings conducted by the State Office of Administrative Hearings (SOAH) are based on SOAH's actual hourly costs. SOAH's billing rate shall not exceed \$165 per hour for each hour of work performed during each fiscal year as reflected by the SOAH's Legislative Appropriation Request to the <u>Eighty-ninth</u> <del>Eighty-eighth</del> Legislature.</p> <p>b. 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> <ol style="list-style-type: none"> <li>(1) Department of Agriculture</li> <li>(2) Department of Public Safety</li> <li>(3) Employees Retirement System of Texas</li> <li>(4) Executive Council of Physical and Occupational Therapy Examiners</li> <li>(5) Parks and Wildlife Department</li> <li>(6) Public Utility Commission of Texas (not including waste water cases)</li> <li>(7) Secretary of State</li> <li>(8) State Board of Dental Examiners</li> <li>(9) State Board of Veterinary Medical Examiners</li> <li>(10) State Pension Review Board</li> <li>(11) State Securities Board</li> <li>(12) Teacher Retirement System of Texas</li> <li>(13) Texas Alcoholic Beverage Commission</li> <li>(14) Texas Behavior Health Executive Council</li> <li>(15) Texas Board of Chiropractic Examiners</li> <li>(16) Texas Board of Nursing</li> <li>(17) Texas Board of Professional Geoscientists</li> <li>(18) Texas Commission on Fire Protection</li> <li>(19) Texas Commission on Law Enforcement</li> <li>(20) Texas Department of Housing and Community Affairs</li> <li>(21) Texas Department of Insurance (not including the Division of Workers' Compensation)</li> <li>(22) Texas Department of Licensing and Regulation</li> <li>(23) Texas Department of Transportation</li> <li>(24) Texas Funeral Service Commission</li> <li>(25) Texas Higher Education Coordinating Board</li> <li>(26) Texas Lottery Commission</li> <li>(27) Texas Medical Board</li> <li>(28) Texas Optometry Board</li> </ol>
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**3.B. Rider Revisions and Additions Request  
(continued)**

		<p>(29) Texas Racing Commission (30) Texas State Board of Pharmacy (31) Texas State Board of Plumbing Examiners</p> <p><i>This rider has been updated to reflect the legislative session for this appropriation request.</i></p>
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**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

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

CODE	DESCRIPTION		Excp 2026	Excp 2027
	<b>Item Name:</b>	Salary Enhancements		
	<b>Item Priority:</b>	1		
	<b>IT Component:</b>	No		
	<b>Anticipated Out-year Costs:</b>	Yes		
	<b>Involve Contracts &gt; \$50,000:</b>	No		
	<b>Includes Funding for the Following Strategy or Strategies:</b>	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		
<b>OBJECTS OF EXPENSE:</b>				
1001	SALARIES AND WAGES		1,730,367	1,730,367
2009	OTHER OPERATING EXPENSE		25,956	25,956
	<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$1,756,323</b>	<b>\$1,756,323</b>
<b>METHOD OF FINANCING:</b>				
1	General Revenue Fund		1,756,323	1,756,323
	<b>TOTAL, METHOD OF FINANCING</b>		<b>\$1,756,323</b>	<b>\$1,756,323</b>

**DESCRIPTION / JUSTIFICATION:**

SOAH provides a pool of judges as a shared resource for more than 700 case types, some of which have extremely tight deadlines. SOAH must employ enough ALJs to handle cases, and emergencies, as they are referred. The key to maintaining this success is to recruit and retain qualified attorneys to serve as Administrative Law Judges (ALJs).

The requested salary enhancements address three goals:

- (1) Raise ALJ salaries to level of comparably experienced attorneys at peer agencies. SOAH has improved the quality of hearings by hiring more-experienced attorneys and maintaining salary parity with peer agencies, particularly OAG and PUC. Last session, OAG and PUC requested and obtained at least a 10% salary increase for agency attorneys in addition to the 10% salary increase given for all employees. This salary enhancement will reestablish salary parity between qualified SOAH ALJs and attorneys at peer state agencies.
- (2) Raise support staff salaries to level of comparable agencies or to midpoint of salary range. SOAH support-staff salaries have fallen behind peer agencies, and salaries for many positions are below the SAO midpoint range. SOAH is experiencing increased staff turnover associated with employees seeking higher-pay at other state agencies. This salary enhancement will establish and maintain salary parity for SOAH support staff with peer agencies.

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

CODE	DESCRIPTION	Excp 2026	Excp 2027
(3)	Address pay inequity for regional ALJs. The work of SOAH regional offices has transformed by SOAH's new case management system, which allows any ALJ statewide to handle any case. Yet regional ALJs are paid less for doing the same work as Austin ALJs because SOAH's legacy salary structure assumed regional offices would only conduct low-level hearings. This salary enhancement will correct pay inequities between ALJs performing the same work, leverage efficiencies associated with managing caseloads on a statewide basis, and allow SOAH to expand its statewide capacity without hiring additional FTEs.		

**EXTERNAL/INTERNAL FACTORS:**

- (1) SOAH operations are directly tied to the administration of other agencies' programs. Increases in Texas's population and the size and complexity of the state's economy will lead to increased caseloads. This increase, in turn, affects SOAH's required staffing levels and the imperative to maintain competitive salaries.
- (2) The increasing sophistication and integration of technology with SOAH's hearings operation allows SOAH to efficiently accomplish more work with fewer staff, but only if employees are compensated at the level required to attract and retain qualified employees with the technological proficiency required.
- (3) The Legislature has adopted a number of shortened deadlines without increasing appropriations to SOAH. This is a particular concern with respect to new types of emergency hearing and certain large, complex cases referred to SOAH by the PUC. Shortened deadlines can require additional staffing at SOAH, because judges assigned to emergency matters are not available to handle other parts of the 30,000 case docket. Reserving judges for short-deadline cases: increases the workload for other ALJs, who must assume an increased share of the statewide caseload; causes delays in the resolution of other cases; hinders SOAH's ability to meet its LBB performance measure targets; and affects the rights of the Texans whose other hearings are now delayed.

**PCLS TRACKING KEY:**

**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Ongoing salary and wages for agency staff who's salaries received a salary enhancement.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

2028	2029	2030
\$1,782,277	\$1,782,277	\$1,782,277

**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

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

CODE	DESCRIPTION	Excp 2026	Excp 2027
<b>Item Name:</b> Cyber Security <b>Item Priority:</b> 2 <b>IT Component:</b> No <b>Anticipated Out-year Costs:</b> Yes <b>Involve Contracts &gt; \$50,000:</b> No <b>Includes Funding for the Following Strategy or Strategies:</b> 02-01-01 Indirect Administration			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	288,493	288,493
2009	OTHER OPERATING EXPENSE	4,327	4,327
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$292,820</b>	<b>\$292,820</b>
<b>METHOD OF FINANCING:</b>			
1	General Revenue Fund	292,820	292,820
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$292,820</b>	<b>\$292,820</b>
<b>FULL-TIME EQUIVALENT POSITIONS (FTE):</b>		2.00	2.00

**DESCRIPTION / JUSTIFICATION:**

In July, 2024, SOAH assessed its cybersecurity system to determine whether it was fully matured, as required by statute. The statutory assessment yielded three areas of improvement and made strategic recommendations to help SOAH mitigate current security risks and ultimately strengthen its information security posture. All of these analyses indicate that SOAH requires funding to hire a full-time Data Officer and Information Security Officer.

1. SOAH needs to formally prioritize the criticality/sensitivity of its IT assets, including cloud-based services. Doing so requires defining and documenting data classification policies and processes, identifying data owners responsible for classifying the data and include enforcement actions, ensuring that critical data is inventoried, and training staff on data classifications and the associated protections required at each level. Success in fulfilling the assessed goals requires the expertise of a full-time Data Officer.
2. SOAH needs to formalize security policies and extend enterprise risk management responsibilities to include information security and privacy. Doing so involves: defining and documenting cybersecurity risks across the agency to establish and document priorities, constraints, risk tolerances, and assumptions used to support operational risk decisions.
3. The agency needs to align security policies, standards, and guidelines within a standard security framework. This exceptional item request seeks the additional funding required for SOAH to implement these recommendations in order to strengthen SOAH's cybersecurity posture, and likewise require hiring a full-time Information Security Officer.

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

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CODE	DESCRIPTION	Excp 2026	Excp 2027
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**EXTERNAL/INTERNAL FACTORS:**

To provide the services Texans now expect, SOAH has had to pivot to new technologies, including cloud computing, hybrid hearings, and high-volume data retention and security. Increased technology dependence has increased the risk of cyber security attack.

**PCLS TRACKING KEY:**

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**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Ongoing costs related to salary and wages for two additional information technology staff.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

2028	2029	2030
\$292,820	\$292,820	\$292,820

**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

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

CODE	DESCRIPTION	Excp 2026	Excp 2027
	<b>Item Name:</b> Information Technology		
	<b>Item Priority:</b> 3		
	<b>IT Component:</b> No		
	<b>Anticipated Out-year Costs:</b> Yes		
	<b>Involve Contracts &gt; \$50,000:</b> Yes		
	<b>Includes Funding for the Following Strategy or Strategies:</b>		
	01-01-01      Conduct Hearings and Prepare Proposals for Decisions and Final Orders		
	02-01-01      Indirect Administration		
<b>OBJECTS OF EXPENSE:</b>			
2001	PROFESSIONAL FEES AND SERVICES	40,929	46,340
2009	OTHER OPERATING EXPENSE	147,759	152,388
	<b>TOTAL, OBJECT OF EXPENSE</b>	<b>\$188,688</b>	<b>\$198,728</b>
<b>METHOD OF FINANCING:</b>			
1	General Revenue Fund	188,688	198,728
	<b>TOTAL, METHOD OF FINANCING</b>	<b>\$188,688</b>	<b>\$198,728</b>

**DESCRIPTION / JUSTIFICATION:**

The agency deploys various software to provide services both internally and externally. These include software for legal research, process automation, hybrid hearings, communications, collaborations, and cloud storage. As the digital age has changed dramatically recently, the agency has had to pivot to new technologies including cloud computing, hybrid hearings, as well as the volume and types of data retained. Additionally, the Department of Information Resources has informed SOAH that the software license costs for data center services will increase more than 17% in the next few years. Without additional funding, the agency will not be able to absorb these cost increases and maintain current services.

**EXTERNAL/INTERNAL FACTORS:**

Technology assists internal staff and external parties to continue business operations. External vendors provide critical software to accomplish this and with the rising cost information technology, the agency will be impacted.

**PCLS TRACKING KEY:**

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

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<b>CODE</b>	<b>DESCRIPTION</b>	<b>Excp 2026</b>	<b>Excp 2027</b>
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**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Ongoing costs related to 3rd-party vendors providing critical software and other technology services.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

<b>2028</b>	<b>2029</b>	<b>2030</b>
\$198,728	\$198,728	\$198,728

**APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM :**            100.00%

**CONTRACT DESCRIPTION :**

Contract costs related to 3rd-party vendors providing critical software and other technology services.

**4.A. Exceptional Item Request Schedule**  
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DATE: **8/22/2024**  
TIME: **7:10:53AM**

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

CODE	DESCRIPTION	Excp 2026	Excp 2027
	<b>Item Name:</b> General Revenue Case Growth <b>Item Priority:</b> 4 <b>IT Component:</b> No <b>Anticipated Out-year Costs:</b> Yes <b>Involve Contracts &gt; \$50,000:</b> No <b>Includes Funding for the Following Strategy or Strategies:</b> 01-01-01 Conduct Hearings and Prepare Proposals for Decisions and Final Orders 02-01-01 Indirect Administration		
	<b>OBJECTS OF EXPENSE:</b>		
1001	SALARIES AND WAGES	295,719	295,719
	<b>TOTAL, OBJECT OF EXPENSE</b>	<b>\$295,719</b>	<b>\$295,719</b>
	<b>METHOD OF FINANCING:</b>		
1	General Revenue Fund	295,719	295,719
	<b>TOTAL, METHOD OF FINANCING</b>	<b>\$295,719</b>	<b>\$295,719</b>

**DESCRIPTION / JUSTIFICATION:**

Agencies that are listed in the agency's rider as being General Revenue funded continue to see increased caseloads. Most case increases are attributed to cases referred by the Texas Department of Public Safety, Texas Lottery Commission, Texas Department of Licensing and Regulation, Texas Medical Board, and State Board of Dental Examiners. Case growth isn't the only factor; Statutory changes have also required SOAH to dedicate more ALJs to support the General Revenue funded caseloads, particularly for cases referred by the Public Utility Commission of Texas. To address these increased caseload projections, the agency is requesting additional funding to ensure judge and support staff capacity exists to support these demands. Because this exceptional item request is tied directly to the increased caseloads for general revenue funded agency referrals, SOAH is requesting additional General Revenue. Utilizing General Revenue to fund the increases in General Revenue funded agency case referrals would promote greater equity in SOAH's funding structure by avoiding the past practice of increasing the billing rate charged to IAC funded agencies each legislative cycle without regard to which agencies were responsible for generating the additional costs associated with an increase in caseloads.

This additional funding would allow SOAH to backfill vacant positions that have remained vacant, and for which the salary savings was used to retain current staff. This would allow those positions to be used to increase SOAH's capacity to support the general docket caseload. Although we are asking for additional funding to fund general revenue case growth, the agency is not asking for additional Full Time Equivalents (FTEs).

**EXTERNAL/INTERNAL FACTORS:**

Caseload increases are impacted by population growth, changes in statute, economic changes, or general population behaviors. Additionally, when case deadlines are shortened by Legislative action, SOAH must keep more judges available to meet capacity demands.



**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
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DATE: **8/22/2024**  
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Agency code:     **360**                      Agency name: **State Office of Administrative Hearings**

<u>CODE</u>	<u>DESCRIPTION</u>	<u>Excp 2026</u>	<u>Excp 2027</u>
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**PCLS TRACKING KEY:**

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**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Ongoing salaries and wages for staff funded for additional general revenue case growth.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

<u>2028</u>	<u>2029</u>	<u>2030</u>
\$295,719	\$295,719	\$295,719

**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

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

CODE	DESCRIPTION	Excp 2026	Excp 2027
<p style="text-align: right;"> <b>Item Name:</b> Judge Career Ladder  <b>Item Priority:</b> 5  <b>IT Component:</b> No  <b>Anticipated Out-year Costs:</b> Yes  <b>Involve Contracts &gt; \$50,000:</b> No  <b>Includes Funding for the Following Strategy or Strategies:</b> 01-01-01      Conduct Hearings and Prepare Proposals for Decisions and Final Orders </p>			
<b>OBJECTS OF EXPENSE:</b>			
1001	SALARIES AND WAGES	316,716	513,103
2009	OTHER OPERATING EXPENSE	4,751	7,697
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$321,467</b>	<b>\$520,800</b>
<b>METHOD OF FINANCING:</b>			
1	General Revenue Fund	321,467	520,800
<b>TOTAL, METHOD OF FINANCING</b>		<b>\$321,467</b>	<b>\$520,800</b>

**DESCRIPTION / JUSTIFICATION:**

The Texas Government Code mandates SOAH to establish four levels of seniority for the ALJs employed by the Chief ALJ, see Tex. Gov't Code s. 2003.041: (1) entry-level ALJs, who must be minimally qualified and trained in a number of statutorily mandated skills, id. s. 2003.0451; (2) senior ALJs, with at least six years' legal experience and five years' experience presiding over hearings as a judge, id. s. 2003.0411(b); (3) Master ALJs, who have at least ten years' legal experience and at least six years' experience presiding over hearings as a judge, id. s. 2003.0411(c); and (4) Master ALJ IIs, who have substantial experience in a particular subject-matter necessary to hear certain technical cases, such as tax hearings referred by the Comptroller, see id. s. 2003.101(b). Currently, the salary structures among these different levels are flat, with no available funding to implement the type of career ladder necessary to offer distinctions in paygrade among the different levels or to promote ALJs as they gain the requisite years of experience and duties associated with their titles.

Leaving career advancement mechanisms unfunded puts SOAH at risk of being unable to fulfill its statutory mandates. For example, a member of SOAH's utilities team recently requested promotion to Senior ALJ, based on qualifying years of experience and the development of significant expertise in water permitting cases. Although Chapter 2003 of the Government Code incentivizes the acquisition of such subject-matter expertise in SOAH's statutory career ladder, if promotion opportunities are not available due to funding, then SOAH's most qualified ALJs will be under salary pressure to seek other employment as they gain years of experience and expertise.

SOAH's ability to handle shortened deadlines and meet the demands associated with increased caseloads depends on its ability to retain and develop qualified employees who are capable of performing high-level work in an efficient manner.

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

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CODE	DESCRIPTION	Excp 2026	Excp 2027
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**EXTERNAL/INTERNAL FACTORS:**

The lack of a promotion hierarchy limits SOAH's ability to retain talent and could put SOAH's ability to handle new shorter deadlines on important matters like utility licensing in jeopardy.

**PCLS TRACKING KEY:**

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**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Ongoing salary and wages related to staff eligible and selected for Senior or Master Judge.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

2028	2029	2030
\$520,800	\$520,800	\$520,800

**4.A. Exceptional Item Request Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

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

CODE	DESCRIPTION		Excp 2026	Excp 2027
	<b>Item Name:</b> Exempt Position <b>Item Priority:</b> 6 <b>IT Component:</b> No <b>Anticipated Out-year Costs:</b> Yes <b>Involve Contracts &gt; \$50,000:</b> No <b>Includes Funding for the Following Strategy or Strategies:</b> 02-01-01      Indirect Administration			
<b>OBJECTS OF EXPENSE:</b>				
1001	SALARIES AND WAGES		46,645	46,645
2009	OTHER OPERATING EXPENSE		700	700
<b>TOTAL, OBJECT OF EXPENSE</b>			<b>\$47,345</b>	<b>\$47,345</b>
<b>METHOD OF FINANCING:</b>				
1	General Revenue Fund		47,345	47,345
<b>TOTAL, METHOD OF FINANCING</b>			<b>\$47,345</b>	<b>\$47,345</b>

**DESCRIPTION / JUSTIFICATION:**

SOAH seeks a salary increase and an accompanying increase to Salary Group 6.

The Chief ALJ is the only exempt position within SOAH and is currently in Group 5 of the salary schedule. The last State Auditor Report #20-706, published in 2022, the Chief ALJ's statutory salary was well below the high end for the relevant employment classification. SOAH seeks an increase for the Chief ALJ, alongside all other employees. This increase is necessary to avoid salary compression and to bring the Chief ALJs salary into line with peer employees at agencies like the Texas Attorney General's Office, where employees with similar supervisory responsibilities receive almost \$50,000 (more than 25% more) more than the Chief ALJ.

SOAH also seeks a change in salary group for the Chief Administrative Law Judge from Group 5 to Group 6. The Chief ALJ is required to be a licensed attorney with significant litigation and/or presiding experience, and the increase in salary would be based on additional years of education and managerial experience in hiring and managing attorneys and overseeing an increasingly complex set of information-technology systems. An increase in available salary would also help the agency remain competitive in attracting quality executive staff, who are not only required to manage high-level employees, but also to collaborate with more than sixty referring agencies on matters of budget and policy.

**EXTERNAL/INTERNAL FACTORS:**

Texas Attorney General employees supervising similarly sized numbers of attorneys on similar programs make more than 25% higher salary than the Chief ALJ. Additionally, the Chief ALJ is currently compensated at a level equal to a Texas Supreme Court or Court of Criminal Appeals Justice with four years' experience.

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

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CODE	DESCRIPTION	Excp 2026	Excp 2027
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PCLS TRACKING KEY:

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**DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :**

Ongoing costs related to salary and wages for the Chief Administrative Law Judge.

**ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:**

2028	2029	2030
\$47,345	\$47,345	\$47,345

**4.B. Exceptional Items Strategy Allocation Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description			Excp 2026	Excp 2027
Item Name:	Salary Enhancements				
Allocation to Strategy:	1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES			1,391,478	1,391,478
2009	OTHER OPERATING EXPENSE			20,872	20,872
TOTAL, OBJECT OF EXPENSE				\$1,412,350	\$1,412,350
METHOD OF FINANCING:					
1	General Revenue Fund			1,412,350	1,412,350
TOTAL, METHOD OF FINANCING				\$1,412,350	\$1,412,350

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description			Excp 2026	Excp 2027
Item Name:	Salary Enhancements				
Allocation to Strategy:	1-2-1	Conduct Alternative Dispute Resolution Proceedings			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES			35,630	35,630
2009	OTHER OPERATING EXPENSE			535	535
TOTAL, OBJECT OF EXPENSE				\$36,165	\$36,165
METHOD OF FINANCING:					
1	General Revenue Fund			36,165	36,165
TOTAL, METHOD OF FINANCING				\$36,165	\$36,165

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description		Excp 2026	Excp 2027	
Item Name:	Salary Enhancements				
Allocation to Strategy:	2-1-1	Indirect Administration			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES		303,259	303,259	
2009	OTHER OPERATING EXPENSE		4,549	4,549	
TOTAL, OBJECT OF EXPENSE			\$307,808	\$307,808	
METHOD OF FINANCING:					
1	General Revenue Fund		307,808	307,808	
TOTAL, METHOD OF FINANCING			\$307,808	\$307,808	



Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description		Excp 2026	Excp 2027	
Item Name:	Cyber Security				
Allocation to Strategy:	2-1-1	Indirect Administration			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES		288,493	288,493	
2009	OTHER OPERATING EXPENSE		4,327	4,327	
TOTAL, OBJECT OF EXPENSE			\$292,820	\$292,820	
METHOD OF FINANCING:					
1	General Revenue Fund		292,820	292,820	
TOTAL, METHOD OF FINANCING			\$292,820	\$292,820	
FULL-TIME EQUIVALENT POSITIONS (FTE):			2.0	2.0	

**4.B. Exceptional Items Strategy Allocation Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME: **7:10:53AM**

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description			Excp 2026	Excp 2027
Item Name:	Information Technology				
Allocation to Strategy:	1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:					
2001	PROFESSIONAL FEES AND SERVICES			40,929	46,340
2009	OTHER OPERATING EXPENSE			125,595	129,530
TOTAL, OBJECT OF EXPENSE				\$166,524	\$175,870
METHOD OF FINANCING:					
1	General Revenue Fund			166,524	175,870
TOTAL, METHOD OF FINANCING				\$166,524	\$175,870

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description			Excp 2026	Excp 2027
Item Name:	Information Technology				
Allocation to Strategy:	2-1-1	Indirect Administration			
OBJECTS OF EXPENSE:					
2009	OTHER OPERATING EXPENSE			22,164	22,858
TOTAL, OBJECT OF EXPENSE				\$22,164	\$22,858
METHOD OF FINANCING:					
1	General Revenue Fund			22,164	22,858
TOTAL, METHOD OF FINANCING				\$22,164	\$22,858

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description			Excp 2026	Excp 2027
Item Name:	General Revenue Case Growth				
Allocation to Strategy:	1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES			248,112	248,112
TOTAL, OBJECT OF EXPENSE				\$248,112	\$248,112
METHOD OF FINANCING:					
1	General Revenue Fund			248,112	248,112
TOTAL, METHOD OF FINANCING				\$248,112	\$248,112

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description			Excp 2026	Excp 2027
Item Name:	General Revenue Case Growth				
Allocation to Strategy:	2-1-1	Indirect Administration			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES			47,607	47,607
TOTAL, OBJECT OF EXPENSE				\$47,607	\$47,607
METHOD OF FINANCING:					
1	General Revenue Fund			47,607	47,607
TOTAL, METHOD OF FINANCING				\$47,607	\$47,607

Agency code:	360	Agency name:	State Office of Administrative Hearings		
Code	Description	Excp 2026		Excp 2027	
Item Name:	Judge Career Ladder				
Allocation to Strategy:	1-1-1	Conduct Hearings and Prepare Proposals for Decisions and Final Orders			
OBJECTS OF EXPENSE:					
1001	SALARIES AND WAGES	316,716		513,103	
2009	OTHER OPERATING EXPENSE	4,751		7,697	
TOTAL, OBJECT OF EXPENSE		\$321,467		\$520,800	
METHOD OF FINANCING:					
1	General Revenue Fund	321,467		520,800	
TOTAL, METHOD OF FINANCING		\$321,467		\$520,800	

Agency code: 360		Agency name: State Office of Administrative Hearings	
Code	Description	Excp 2026	Excp 2027
Item Name:		Exempt Position	
Allocation to Strategy:		2-1-1	Indirect Administration
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	46,645	46,645
2009	OTHER OPERATING EXPENSE	700	700
TOTAL, OBJECT OF EXPENSE		\$47,345	\$47,345
METHOD OF FINANCING:			
1	General Revenue Fund	47,345	47,345
TOTAL, METHOD OF FINANCING		\$47,345	\$47,345

4.C. Exceptional Items Strategy Request  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2024  
TIME: 7:10:54AM

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

Service Categories:

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

Service: 01 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
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OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	1,956,306	2,152,693
2001	PROFESSIONAL FEES AND SERVICES	40,929	46,340
2009	OTHER OPERATING EXPENSE	151,218	158,099

Total, Objects of Expense		\$2,148,453	\$2,357,132
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METHOD OF FINANCING:

1	General Revenue Fund	2,148,453	2,357,132
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Total, Method of Finance		\$2,148,453	\$2,357,132
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EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Salary Enhancements

Information Technology

General Revenue Case Growth

Judge Career Ladder



**4.C. Exceptional Items Strategy Request**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

**DATE:** 8/22/2024  
**TIME:** 7:10:54AM

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

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

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 2026	Excp 2027
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**OBJECTS OF EXPENSE:**

1001	SALARIES AND WAGES	35,630	35,630
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2009	OTHER OPERATING EXPENSE	535	535
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**Total, Objects of Expense**

<b>\$36,165</b>	<b>\$36,165</b>
-----------------	-----------------

**METHOD OF FINANCING:**

1	General Revenue Fund	36,165	36,165
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**Total, Method of Finance**

<b>\$36,165</b>	<b>\$36,165</b>
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**EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:**

Salary Enhancements

4.C. Exceptional Items Strategy Request  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2024  
TIME: 7:10:54AM

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

GOAL: 2 Indirect Administration

OBJECTIVE: 1 Indirect Administration

STRATEGY: 1 Indirect Administration

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Excp 2026	Excp 2027
------	-------------	-----------	-----------

OBJECTS OF EXPENSE:

1001	SALARIES AND WAGES	686,004	686,004
2009	OTHER OPERATING EXPENSE	31,740	32,434
Total, Objects of Expense		\$717,744	\$718,438

METHOD OF FINANCING:

1	General Revenue Fund	717,744	718,438
Total, Method of Finance		\$717,744	\$718,438

FULL-TIME EQUIVALENT POSITIONS (FTE):	2.0	2.0
---------------------------------------	-----	-----

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Salary Enhancements  
Cyber Security  
Information Technology  
General Revenue Case Growth  
Exempt Position

**5.A. Capital Budget Project Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/22/2024**  
TIME : **7:10:54AM**

Agency code: **360**

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

**Category Code / Category Name**

*Project Sequence/Project Id/ Name*

**OOE / TOF / MOF CODE**

**Est 2024**

**Bud 2025**

**BL 2026**

**BL 2027**

**7000 Data Center/Shared Technology Services**

*1/1 Data Center Services*

**OBJECTS OF EXPENSE**

Capital

General 2001 PROFESSIONAL FEES AND SERVICES

\$45,539

\$45,385

\$45,385

\$45,385

Capital Subtotal OOE, Project 1

\$45,539

\$45,385

\$45,385

\$45,385

Subtotal OOE, Project 1

**\$45,539**

**\$45,385**

**\$45,385**

**\$45,385**

**TYPE OF FINANCING**

Capital

General CA 1 General Revenue Fund

\$45,539

\$45,385

\$45,385

\$45,385

Capital Subtotal TOF, Project 1

\$45,539

\$45,385

\$45,385

\$45,385

Subtotal TOF, Project 1

**\$45,539**

**\$45,385**

**\$45,385**

**\$45,385**

Capital Subtotal, Category 7000

\$45,539

\$45,385

\$45,385

\$45,385

Informational Subtotal, Category 7000

**Total, Category 7000**

**\$45,539**

**\$45,385**

**\$45,385**

**\$45,385**

**AGENCY TOTAL -CAPITAL**

**\$45,539**

**\$45,385**

**\$45,385**

**\$45,385**

**AGENCY TOTAL -INFORMATIONAL**

**AGENCY TOTAL**

**\$45,539**

**\$45,385**

**\$45,385**

**\$45,385**

5.A. Capital Budget Project Schedule  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2024  
TIME : 7:10:54AM

Agency code: 360

Agency name: State Office of Administrative Hearings

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

Est 2024

Bud 2025

BL 2026

BL 2027

METHOD OF FINANCING:

Capital

General	1	General Revenue Fund	\$45,539	\$45,385	\$45,385	\$45,385
Total, Method of Financing-Capital			\$45,539	\$45,385	\$45,385	\$45,385
Total, Method of Financing			\$45,539	\$45,385	\$45,385	\$45,385

TYPE OF FINANCING:

Capital

General	CA	CURRENT APPROPRIATIONS	\$45,539	\$45,385	\$45,385	\$45,385
Total, Type of Financing-Capital			\$45,539	\$45,385	\$45,385	\$45,385
Total, Type of Financing			\$45,539	\$45,385	\$45,385	\$45,385

**5.B. Capital Budget Project Information**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2024  
TIME: 7:10:55AM

Agency Code:	<b>360</b>	Agency name:	<b>State Office of Administrative Hearings</b>
Category Number:	<b>7000</b>	Category Name:	<b>Data Center/Shared Technology Svcs</b>
Project number:	<b>1</b>	Project Name:	<b>Data Center Services</b>

**PROJECT DESCRIPTION**

**General Information**

The agency utilizes the enterprise-level Microsoft 365 G5 services. Advantages include discounted pricing based on the Data Center Services enterprise volumes, tenant administration support, security alerting, incident management, enterprise contract management, access to the Microsoft Unified Support Contract and access to Microsoft 365 expertise from the Public Cloud Manager Contract.

<b>PLCS Tracking Key</b>	N/A
<b>Number of Units / Average Unit Cost</b>	N/A
<b>Estimated Completion Date</b>	Ongoing

<b>Additional Capital Expenditure Amounts Required</b>	<b>2028</b>	<b>2029</b>
	0	0
<b>Type of Financing</b>	CA	CURRENT APPROPRIATIONS
<b>Projected Useful Life</b>	N/A	
<b>Estimated/Actual Project Cost</b>	\$90,770	
<b>Length of Financing/ Lease Period</b>	N/A	

**ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS**

	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Total over project life</b>
	0	0	0	0	0

**REVENUE GENERATION / COST SAVINGS**

<b><u>REVENUE COST FLAG</u></b>	<b><u>MOF CODE</u></b>	<b><u>AVERAGE AMOUNT</u></b>
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**Explanation:** The volume licensing for Microsoft 365 provides collaboration tools for a modern workforce.

**Project Location:** Services are utilized by staff statewide.

**Beneficiaries:** Both the agency and the public benefit for redundant and secure information technology services, as well as cost savings realized in volume pricing.

**Frequency of Use and External Factors Affecting Use:**

The services are utilized daily. Reliance on the Department of Information Resources and third-party vendors.

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

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2024	Bud 2025	BL 2026	BL 2027
7000 Data Center/Shared Technology Services					
I/I	Data Center Services				
<b><u>GENERAL BUDGET</u></b>					
Capital	1-1-1	CONDUCT HEARINGS	45,539	45,385	\$45,385
		TOTAL, PROJECT	\$45,539	\$45,385	\$45,385
		TOTAL CAPITAL, ALL PROJECTS	\$45,539	\$45,385	\$45,385
		TOTAL INFORMATIONAL, ALL PROJECTS			
		TOTAL, ALL PROJECTS	\$45,539	\$45,385	\$45,385

5.D. Capital Budget Operating and Maintenance Expenses  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/22/2024  
TIME: 7:10:56AM

Agency Code: 360 Agency name: State Office of Administrative Hearings  
Project Number: 1 Project name: Data Center Services

Operating Expenses Estimates (For Information Only)

CODE DESCRIPTION	2026	2027	2028	2029
<b>OBJECTS OF EXPENSE:</b>				
2001 PROFESSIONAL FEES AND SERVICES	\$45,385	\$45,385	\$45,385	\$45,385
<b>TOTAL, OBJECT OF EXPENSE</b>	<b>\$45,385</b>	<b>\$45,385</b>	<b>\$45,385</b>	<b>\$45,385</b>
<b>METHOD OF FINANCING:</b>				
1 General Revenue Fund	\$45,385	\$45,385	\$45,385	\$45,385
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$45,385</b>	<b>\$45,385</b>	<b>\$45,385</b>	<b>\$45,385</b>

OPERATING COSTS DESCRIPTION AND JUSTIFICATION:

N/A

360 State Office of Administrative Hearings

Category Code/Name					
Project Sequence/Name					
Goal/Obj/Str	Strategy Name	Est 2024	Bud 2025	BL 2026	BL 2027
7000	Data Center/Shared Technology Services				
1 Data Center Services					
OOE					
Capital					
1-1-1 CONDUCT HEARINGS					
General Budget					
2001	PROFESSIONAL FEES AND SERVICES	45,539	45,385	45,385	45,385
TOTAL, OOE's		\$45,539	\$45,385	45,385	45,385
MOF					
GENERAL REVENUE FUNDS					
Capital					
1-1-1 CONDUCT HEARINGS					
General Budget					
1	General Revenue Fund	45,539	45,385	45,385	45,385
TOTAL, GENERAL REVENUE FUNDS		\$45,539	\$45,385	45,385	45,385
TOTAL, MOF's		\$45,539	\$45,385	45,385	45,385



360 State Office of Administrative Hearings

		Est 2024	Bud 2025	BL 2026	BL 2027
CAPITAL					
General Budget					
GENERAL REVENUE FUNDS					
TOTAL, GENERAL BUDGET		\$45,539	\$45,385	45,385	45,385
		45,539	45,385	45,385	45,385
TOTAL, ALL PROJECTS		\$45,539	\$45,385	45,385	45,385

**6.A. Historically Underutilized Business Supporting Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/22/2024**  
Time: **7:10:56AM**

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

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

**A. Fiscal Year - HUB Expenditure Information**

Statewide HUB Goals	Procurement Category	% Goal	HUB Expenditures FY 2022			Total Expenditures		HUB Expenditures FY 2023			Total Expenditures
			% Actual	Diff	Actual \$	FY 2022	% Goal	% Actual	Diff	Actual \$	FY 2023
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
32.9%	Special Trade	32.9 %	0.0%	-32.9%	\$0	\$4,036	32.9 %	0.0%	-32.9%	\$0	\$1,139
23.7%	Professional Services	23.7 %	0.0%	-23.7%	\$0	\$0	23.7 %	100.0%	76.3%	\$44,656	\$44,656
26.0%	Other Services	26.0 %	26.0%	0.0%	\$196,188	\$755,917	26.0 %	15.7%	-10.3%	\$95,655	\$608,703
21.1%	Commodities	21.1 %	65.9%	44.8%	\$132,879	\$201,696	21.1 %	70.2%	49.1%	\$181,494	\$258,474
	<b>Total Expenditures</b>		<b>34.2%</b>		<b>\$329,067</b>	<b>\$961,649</b>		<b>35.2%</b>		<b>\$321,805</b>	<b>\$912,972</b>

**B. Assessment of Attainment of HUB Procurement Goals**

**Attainment:**

The State Office of Administrative Hearings attained or exceeded two of the applicable statewide HUB procurement goals in FY 2022 and FY 2023. An assessment of Fiscal Year efforts to meet HUB procurement goals found that the agency expended 34% on HUBs in FY 2022 and 35% on HUBs in FY 2023 respectively.

**Applicability:**

The "Heavy Construction" and "Building Construction" categories were not applicable to agency operations in either FY 2022 or FY 2023 as the agency did not have any strategies or programs related to construction. Additionally, "Special Trade" categories are generally not applicable to the operations for the agency, however, in both FY 2022 and FY 2023, the agency had minimal expenditures in this category.

**Factors Affecting Attainment:**

Factors that affected attainment were a lack of HUB vendors for certain purchases unique to the agency's operations as well as cost for licenses for software that doesn't have HUB participation.

**C. Good-Faith Efforts to Increase HUB Participation**

**Outreach Efforts and Mentor-Protégé Programs:**

The agency's procurement practices reflect a good faith effort to achieve the goal of maximizing opportunities for HUB business in the state procurement process. Each year, the purchaser attends at least two outreach events, including the spot bid fair in north Texas. 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 for purchasing considerations.

**6.A. Historically Underutilized Business Supporting Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/22/2024**  
Time: **7:10:56AM**

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

**HUB Program Staffing:**

The agency has one full time purchaser who serves as the HUB Coordinator. The HUB Coordinator ensures each procurement is evaluated for HUB participation.

**Current and Future Good-Faith Efforts:**

The HUB Coordinator attends state sponsored HUB fairs and provides management updates regarding HUB participation.

**6.B. Current Biennium Onetime Expenditure Schedule**  
**Summary of Onetime Expenditures**

<b>Agency Code:</b>	<b>Agency Name:</b>	<b>Prepared By:</b>	<b>Date:</b>
360	State Office of Administrative Hearings	Lance McMillan	08/22/2024

<b>Projects</b>	<b>Estimated 2024</b>	<b>Budgeted 2025</b>	<b>Requested 2026</b>	<b>Requested 2027</b>
Hybrid Hearing Rooms	\$145,023	\$168,195	\$0	\$0
0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0
0	\$0	\$0	\$0	\$0
<b>Total, All Projects</b>	<b>\$145,023</b>	<b>\$168,195</b>	<b>\$0</b>	<b>\$0</b>

**6.B. Current Biennium Onetime Expenditure Schedule**  
**Strategy Allocation from 2024-25 Biennium to 2026-27 Biennium**

<b>Agency Code:</b>	<b>Agency Name:</b>	<b>Prepared By:</b>	<b>Date:</b>
360	State Office of Administrative Hearings	Lance McMillan	08/22/2024

<b>2024-25</b>	<b>2026-27</b>
<b>PROJECT:</b> Hybrid Hearing Rooms	<b>PROJECT:</b>
<b>ALLOCATION TO STRATEGY: A.1.1</b>	<b>ALLOCATION TO STRATEGY:</b>

Strategy Code	OOE/MOF Code	Strategy Allocation	Estimated 2024	Budgeted 2025	Requested 2026	Requested 2027
<b>Object of Expense:</b>						
A.1.1	2001	Professional Fees and Services	\$60,750	\$60,750	\$0	\$0
A.1.1	2009	Other Operating Costs	\$84,273	\$107,445		
<b>Total, Object of Expense</b>			\$145,023	\$168,195	\$0	\$0
<b>Method of Financing:</b>						
A.1.1	0001	General Revenue	\$145,023	\$168,195	\$0	\$0
<b>Total, Method of Financing</b>			\$145,023	\$168,195	\$0	\$0

<b>Project Description for the 2024-25 Biennium:</b>
Hybrid Hearing Rooms - Equipment and installation/setup
<b>Project Description and Allocation Purpose for the 2026-27 Biennium:</b>

**6.E. Estimated Revenue Collections Supporting Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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

<b>FUND/ACCOUNT</b>	<b>Act 2023</b>	<b>Exp 2024</b>	<b>Est 2025</b>	<b>Est 2026</b>	<b>Est 2027</b>
<b><u>666</u> Appropriated Receipts</b>					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3719 Fees/Copies or Filing of Records	0	40,000	40,000	15,000	15,000
Subtotal: Actual/Estimated Revenue	0	40,000	40,000	15,000	15,000
<b>Total Available</b>	<b>\$0</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b>DEDUCTIONS:</b>					
Transcripts	0	(40,000)	(40,000)	(15,000)	(15,000)
<b>Total, Deductions</b>	<b>\$0</b>	<b>\$(40,000)</b>	<b>\$(40,000)</b>	<b>\$(15,000)</b>	<b>\$(15,000)</b>
<b>Ending Fund/Account Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**REVENUE ASSUMPTIONS:**

This is based on anticipated requests for Administrative License Revocation (ALR) Appeal Transcripts. This number continues to decline as requests for an audio recording increase. Audio recordings are provided through open records requests typically at no cost to the requestor.

**CONTACT PERSON:**

Lance McMillan

**6.E. Estimated Revenue Collections Supporting Schedule**  
89th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

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

<b>FUND/ACCOUNT</b>	<b>Act 2023</b>	<b>Exp 2024</b>	<b>Est 2025</b>	<b>Est 2026</b>	<b>Est 2027</b>
<b><u>777</u> Interagency Contracts</b>					
Beginning Balance (Unencumbered):	\$0	\$0	\$0	\$0	\$0
Estimated Revenue:					
3765 Supplies/Equipment/Services	4,411,675	4,882,166	4,882,166	4,542,615	4,542,615
Subtotal: Actual/Estimated Revenue	4,411,675	4,882,166	4,882,166	4,542,615	4,542,615
<b>Total Available</b>	<b>\$4,411,675</b>	<b>\$4,882,166</b>	<b>\$4,882,166</b>	<b>\$4,542,615</b>	<b>\$4,542,615</b>
<b>DEDUCTIONS:</b>					
Administrative Hearings	(4,411,675)	(4,882,166)	(4,882,166)	(4,542,615)	(4,542,615)
<b>Total, Deductions</b>	<b>\$(4,411,675)</b>	<b>\$(4,882,166)</b>	<b>\$(4,882,166)</b>	<b>\$(4,542,615)</b>	<b>\$(4,542,615)</b>
<b>Ending Fund/Account Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**REVENUE ASSUMPTIONS:**

This is based on projected hours and total operating costs for conducting hearings that are funded by interagency contract.

**CONTACT PERSON:**

Lance McMillan