

# Financial Overview

FEBRUARY 2011



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Texas Parks and Wildlife Department



## **FOREWORD**

The Texas Parks and Wildlife Department Financial Overview document was developed by TPWD Administrative Resources Division to provide answers to various questions one might have about the agency, including information on agency responsibilities, organization, revenues, balances, funds, division budgets and appropriation authority. Its primary design at this time is to function as a reference tool for commissioners, top management, budget staff, interested employees, constituent groups and other agency customers.

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## Roles and Responsibilities

In 1963, the Texas State Legislature merged the Game and Fish Commission with the State Parks Board to create the Texas Parks and Wildlife Department (TPWD) as it exists today. This merger was significant in that two very different financial structures were combined along with different cultures and missions.

As reflected in the Parks and Wildlife Code, the Department's current responsibilities encompass a range of activities:

State law authorizes TPWD to plan, acquire, improve, operate and maintain a system of public lands, including many historical and cultural sites. These resources include over 1.4 million acres of parks and recreation areas, wildlife management areas, natural areas and historic/cultural areas. In all, the Department manages 93 state parks and 51 wildlife management areas.

TPWD also continues to serve as the state agency with primary responsibility for conserving, protecting and enhancing the state's fish and wildlife resources. In fulfilling these responsibilities, the Department monitors and assesses habitats, surveys fish and game populations, conducts research and demonstration projects, and currently operates eight fish hatcheries.

The Department is also charged with regulating and enforcing commercial and recreational fishing, hunting, and boating laws in the state. Since the consolidation of related regulatory powers in 1983, TPWD sets and administers all rules regarding the taking of fish and wildlife in Texas. A force of approximately 530 commissioned peace officers serving as TPWD game wardens, as well as over 150 commissioned park peace officers, ensure compliance with these regulations, and with provisions

of the Texas Parks and Wildlife Code, certain portions of the Penal Code, the Water Code and the Antiquities Code. TPWD game wardens have the same authority as a sheriff to apprehend, convict, fine, and jail violators, in coordination with state and local prosecutors and courts.

TPWD serves an important role in environmental protection by monitoring, conserving and enhancing the quality of rivers, streams, lakes, coastal marshes, bays, beaches, gulf waters, and other aquatic and wildlife habitat. These activities incorporate pollution surveillance and enforcement of certain environmental laws. By statute, the Department coordinates much of this activity with other state and federal agencies such as the Texas Commission on Environmental Quality and the U.S. Environmental Protection Agency.

The Department is the primary educator of the public regarding laws and rules related to fish, game and environmental habitats, boating safety, firearm safety for hunters, fish and wildlife conservation and outdoor recreation in general. In addition to offering workshops, certification classes and outreach events, the agency disseminates information to the public through the *Texas Parks & Wildlife* magazine, a daily radio series and a weekly television show that airs on numerous public broadcasting systems throughout the state.

Finally, the Department also provides assistance and direct matching grants to local political subdivisions and nonprofit entities for planning, acquisition or development of local parks, indoor and outdoor recreational facilities, and for recreation, conservation and education programs for underserved populations. These grants are funded through a combination of state and federal sources.

# Organization

The Department is functionally organized into 11 divisions that range in size from about 10 positions to over 1,300 regular full-time equivalent positions (see Figure 1). Division oversight responsibilities rest with the Executive Office and the Deputy Executive Directors for Operations,

Administration and Natural Resources. Except for administrative functions, all other divisions of the agency have locations at regional and park site offices throughout the state.

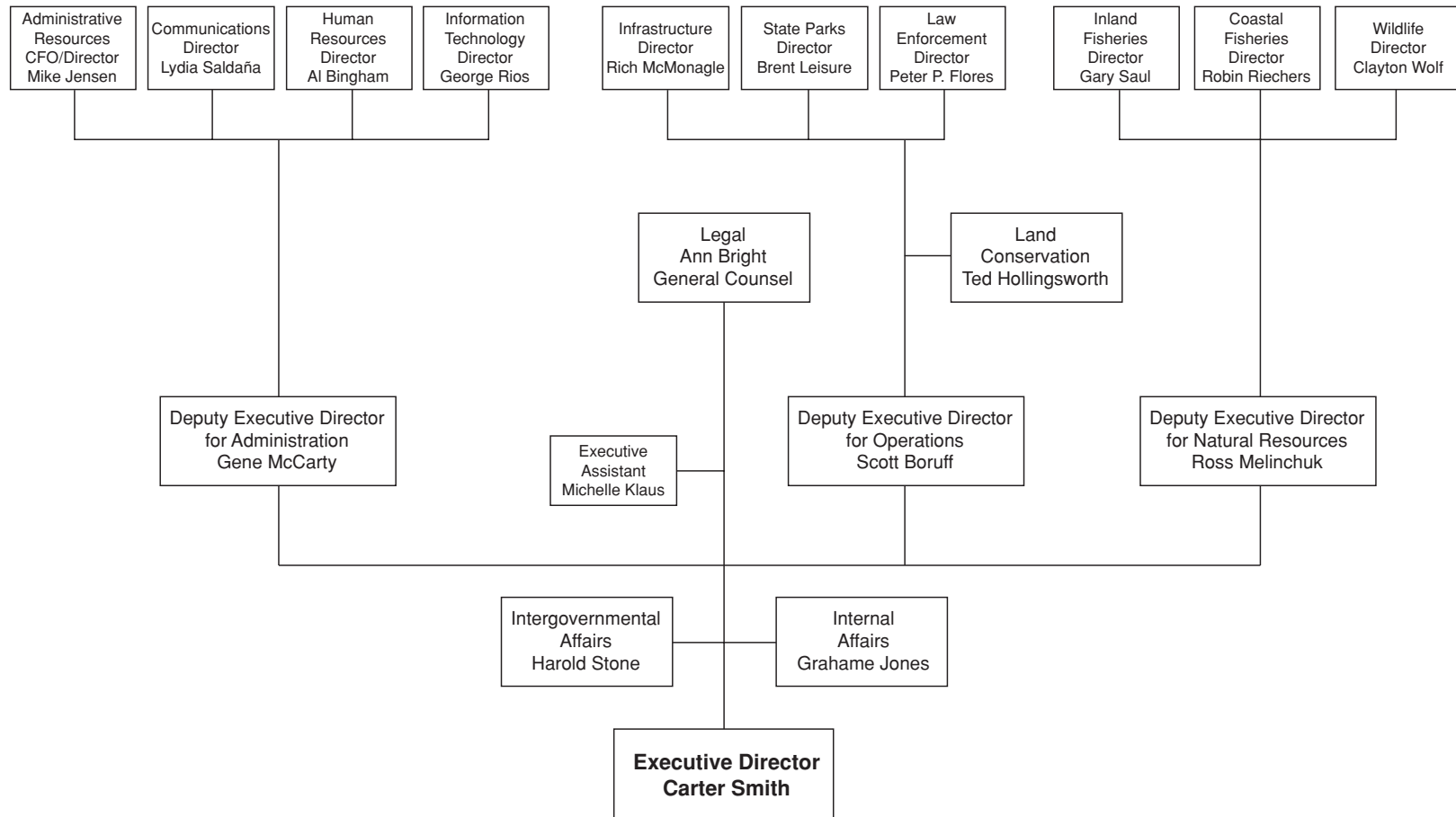


Figure 1

The WILDLIFE DIVISION manages the taking of state wildlife; coordinates wildlife management on all public lands; administers the public hunt program; conducts surveys and research studies; issues scientific permits; and provides wildlife management assistance to private landowners.

The STATE PARKS DIVISION is the largest, both organizationally and financially, of the agency's divisions, employing over 1,000 persons responsible for the management and operation of all state parks, natural areas, historic sites and park regional offices, and for the administration of the Department's grants-in-aid program.

The LAW ENFORCEMENT DIVISION works closely with other divisions to enforce state laws and Department rules and regulations, to prevent violations through education and communication, and to investigate pollution incidents and other environmental crimes.

The INLAND FISHERIES DIVISION is responsible for the protection, enhancement and regulation of the state's freshwater resources. Activities include fisheries management and research; ecosystem and habitat assessment; instream flow and river studies; fish production; fish kill assessments; natural resource damage recovery; wetlands conservation; permitting; angler education and information; and fishing access. Five of the eight fish hatcheries operated by TPWD produce freshwater fish.

The COASTAL FISHERIES DIVISION is responsible for protecting, managing and ensuring the long-term sustainability of Texas' marine resources. Major activities and programs of this division include assessments for marine resource management; stock identification and research; fisheries enhancement; the Artificial Reef program; and habitat conservation and restoration activities. The Coastal Fisheries Division also operates three marine fish hatcheries.

The INFRASTRUCTURE DIVISION manages the capital construction program for TPWD facilities statewide. Division functions include

planning; budgeting; construction; preparation of master plans for preservation and use of TPWD lands; and architectural, surveying and other technical assistance to field locations. The Division also administers the TPWD energy conservation, safety and risk management, fleet management and radio management programs and provides support services for the TPWD headquarters complex.

The COMMUNICATIONS DIVISION is the marketing and public information arm of the Department, with responsibility for administering outreach and education programs and disseminating conservation related information to the public through both internal and external media.

The ADMINISTRATIVE RESOURCES DIVISION provides support services, including financial management, accounts payable/payroll, purchasing/contracting, and budget and planning, to the entire Department. Boat registration and licensing functions are also included in this division.

The HUMAN RESOURCES DIVISION maintains all personnel records and develops personnel related policy and procedures; determines training needs and priorities; and provides day-to-day services in employee recruitment, benefits and relations.

The LEGAL DIVISION provides legal assistance and advice to the TPW Commission and TPWD staff; represents the Department in administrative legal proceedings; assists the Attorney General's office in litigation involving TPWD; and coordinates responses to requests for information under the Texas Public Information Act.

The INFORMATION TECHNOLOGY DIVISION provides information resources services in support of all TPWD divisions. Key functions include operations, applications development, customer service, and planning and quality assurance.

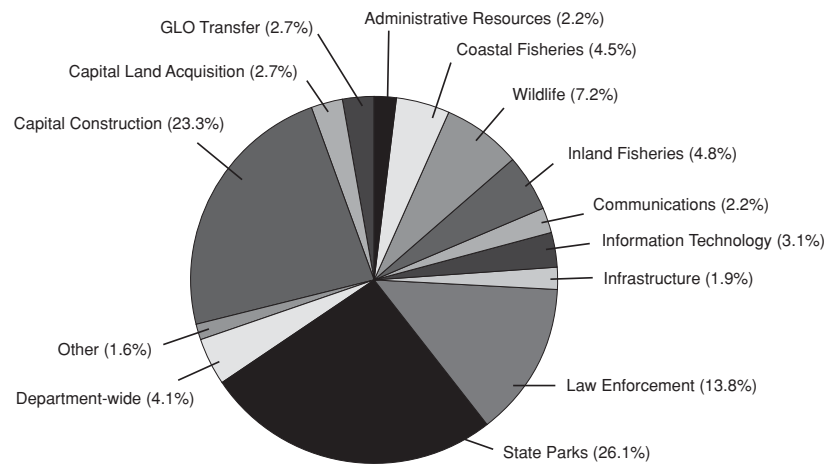
## The Budget and Where It Goes

The Fiscal Year 2011 combined budget for TPWD, which includes operating expenses, capital projects, grants and employee benefits, totals approximately \$423.2 million.

### BY DIVISION/FUNCTION

As shown in Figure 2, the State Parks Division accounts for the largest portion (26.1%) of the budget. Of the total State Parks Division budget of \$110.5 million, approximately \$16.6 million is “passed through” in the form of grants to local governments and other entities.

**FY 2011 Total Budget by Division \$423.2 million**



Source: 8/26/10 Commission Meeting Materials, FY 2011 Operating and Capital Budget

Figure 2

Capital construction comprises the second largest portion of the budget at 23.3 percent, or \$98.4 million, and consists primarily of unexpended balances of Proposition 4 and Proposition 8 bonds for statewide repairs. Funding for the Law Enforcement Division accounts for roughly \$58.4 million, or 13.8 percent of the total, while allocations for aquatic resource protection and fish and wildlife management activities, reflected in the Wildlife, Coastal and Inland Fisheries divisions, represent roughly 16.5 percent of the budget. The Wildlife Division budget is the largest, at \$30.3 million, followed by Inland Fisheries (\$20.1 million) and Coastal Fisheries (\$18.9 million).

Support functions such as those provided by Infrastructure, Communications, Administrative Resources, Information Technology, Executive, Legal and Human Resources together account for 11 percent of the budget.

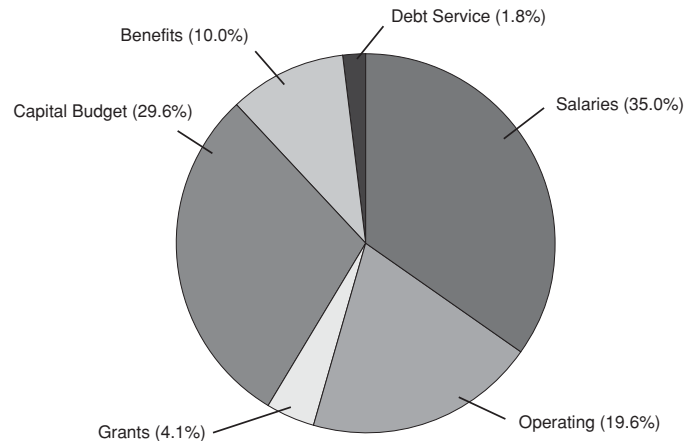
Department-wide initiatives such as debt service payments, allocations for the State Office of Risk Management (SORM), payments to license agents and the point-of-sale contract, make up 4.1 percent (or \$17.4 million) of the overall budget. Finally, in Fiscal Year 2011, approximately 2.7 percent of the total TPWD budget was passed through to the General Land Office for coastal erosion projects.

### BY CATEGORY

As a heavily service-oriented agency with over 3,100 authorized full-time equivalent positions, personnel costs comprise the largest portion of TPWD’s budget. As shown in Figure 3, approximately 35.0 percent (or \$147.9 million) of the overall budget is allocated for salaries in Fiscal Year 2011.



**FY 2011 Total Budget by Category \$423.2 million**



Source: 8/26/10 Commission Meeting Materials, FY 2011 Operating and Capital Budget

Figure 3

Employee benefits for current employees account for an additional 10.0 percent (or \$42.2 million). It is important to note that these amounts are not directly appropriated to or spent by TPWD – rather, they are transferred to the state’s retirement system in compliance with provisions of the General Appropriations Act which require payments for employee benefit costs to be proportional to the source from which the salaries are paid. For a majority of state agencies, general revenue is used to fund salaries and as a result, general revenue is directly appropriated by the state to the retirement systems for payment of benefits. However, because TPWD funding is derived from agency-specific accounts and most salaries are paid from these sources, payments for benefit costs must be transferred out of the specific accounts to the state’s retirement system.

Critical infrastructure repairs and other items that comprise the agency’s capital budget account for the next largest category of spending, with approximately 29.6 percent (or \$125.3 million) allocated for this

purpose. About 19.6 percent (or \$82.8 million) is allocated for operating expenses, while 1.8 percent (\$7.4 million) is allocated for debt service on bonds. Finally, the Department’s grant budget comprises 4.1 percent (or approximately \$17.5 million) of overall funding, and includes amounts for local park, outreach, boating access and a number of other grant programs.

**Financing the Budget**

**DEPARTMENT FUNDING AND ACCOUNTS**

TPWD generates significant revenues from the sale of various Parks and Wildlife products and services, such as hunting and fishing licenses and state park entrance and facility use fees. These revenues help fund a sizable amount of TPWD’s budget, but they are not sufficient to cover all funding needs. As a result, TPWD is funded from a combination of general revenue, general revenue-dedicated, federal and other funds. Figure 4 depicts the major funding sources for the Department.

**FY 2011 Total Budget by Funding Source (in millions)**

General Revenue – Fund 1	113.9	26.9%
GR Ded. – Account 9	129.0	30.5%
GR Ded. – Account 64	45.4	10.7%
GR Ded. – Other	5.1	1.2%
Federal	54.4	12.8%
Other	75.4	17.8%
<b>Total</b>	<b>423.2</b>	<b>100.0%</b>

GR Ded–Other includes smaller GR–Dedicated accounts such as 506, 679, 544, etc.  
Other includes interagency contracts, appropriated receipts and bonds.  
Source: 8/26/10 Commission Meeting Materials, FY 2011 Operating and Capital Budget

Figure 4

By far the largest portion of funding is attributed to TPWD's special, or dedicated, funds, which together account for approximately 42.4 percent of the Fiscal Year 2011 budget. Compared to general revenue, which is derived from general state taxes, these dedicated funds primarily consist of revenues generated from Texas Parks and Wildlife Department customers. They are also distinguished from general revenue in that their appropriation and use is restricted to specific purposes as stated in statute.

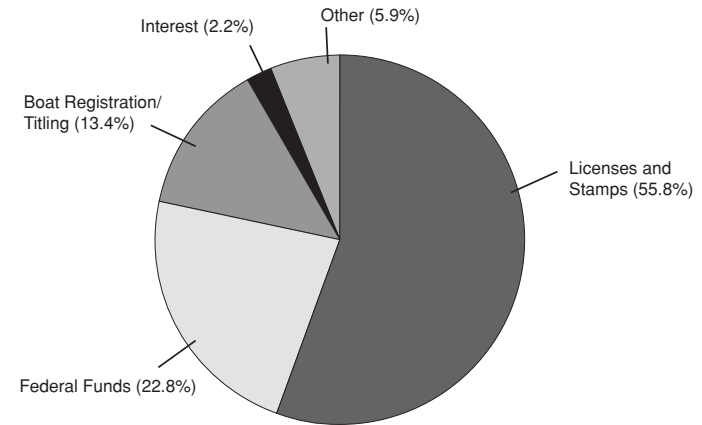
## GENERAL REVENUE DEDICATED

The largest of the agency's special funds is the Game, Fish and Water Safety Account (Account 009), which accounts for 30.5 percent of the agency's budget for Fiscal Year 2011. The main sources of revenue for Account 009 (shown in Figure 5) include:

1. all types of fishing and hunting licenses, permits, and stamps;
2. federal funds received for fish and wildlife research and activities, including federal apportionments under the Sportfish and Wildlife Restoration Acts;
3. boat user, manufacturer, and dealer registration and titling fees, as well as boat and boat motor sales and use tax;
4. other activities and sources, such as the sale/lease of grazing rights on public lands, the sale of sand, shell and gravel, fines and penalties collected for violations of laws pertaining to the protection of fish, game and wildlife, and interest earnings.

As a statutorily dedicated account, Account 009 may be used only for purposes related to the protection, regulation and conservation of the state's fish and wildlife, sand, shell, and gravel, and the enforcement of water safety laws. Therefore, this fund pays for the operational activities and capital projects of the Inland Fisheries, Coastal Fisheries, Wildlife and Law Enforcement divisions as well as some support services of the administrative and support divisions.

### Game, Fish and Water Safety Account 9 2011 Estimated Revenue – \$162.92 million



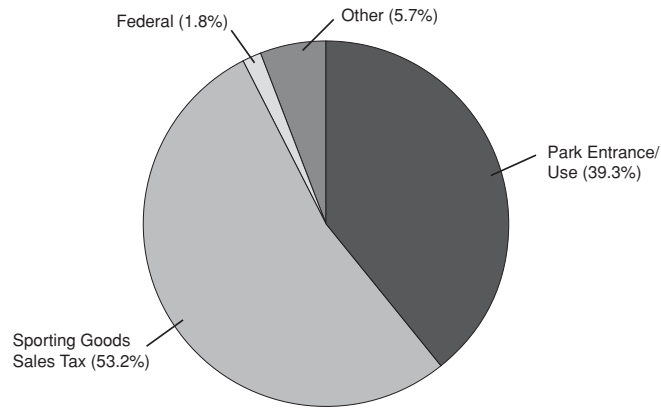
Source: Comptroller's Biennial Revenue Estimate (Jan. 2009).

Figure 5

The State Parks Account (Account 064) is the second-largest dedicated funding source for the Department and accounts for about 10.7 percent of the Fiscal Year 2011 operating budget. The sources and uses of this account are associated with the operation of state parks, historic sites and natural areas (see Figure 6), and consist primarily of:

1. entrance and use fees for state parks;
2. a portion of the state sales tax on sporting goods;
3. other revenues, including gifts, grants and donations, oil and gas royalties and leases, federal funds, and interest.

**State Parks Account 64  
2011 Estimated Revenue – \$98.9 million**



Source: Based on Comptroller's Biennial Revenue Estimate (Jan. 2009) adjusted to include Sporting Goods Sales Tax allocation.

Figure 6

In addition to the accounts mentioned above, several smaller dedicated accounts also fund TPWD operations. A complete description of these accounts/funds, including statutory authorization and revenue streams, can be found in the Appendix.

**GENERAL REVENUE**

The General Revenue Fund (Fund 001) is another important source of funding for TPWD. The largest portion of general revenue funding appropriated to TPWD consists of allocations of sporting goods sales tax, which is used primarily to fund state and local park-related needs. During the 1970s and 1980s, the main source of funding for state parks was a one-penny-per-pack tax on cigarettes. During the 73rd Legislative Session (1993), the Department worked successfully with legislators and state leadership to replace cigarette tax funding for state parks with a portion of revenues derived from the sales tax on sporting goods (House Bill 706).

Until recently, by statute, proceeds from the sporting goods sales tax up to a specified amount of \$27 million were divided in half between Account 064 and the Texas Recreation and Parks Account (Account 467), which is used to provide grant funding for local park and other projects/activities. In addition, proceeds above the \$27 million, up to a statutory cap of \$32 million, were split as follows: 40 percent to Account 064, 40 percent to Account 467 and 20 percent to the Texas Parks and Wildlife Conservation and Capital Account (Account 5004). In 2007, the 80th Legislature passed House Bill 12, which directed 94 percent of total sporting goods sales tax proceeds to TPWD and the remaining 6 percent to the Texas Historical Commission. At the same time, House Bill 12 also provided that amounts credited to either agency could not exceed actual amounts appropriated by the Legislature. In FY2011, TPWD was appropriated a total of \$66.5 million in sporting goods sales tax, to be transferred into the specified general revenue dedicated accounts as provided in the General Appropriations Act. Of this total, \$12.6 million is intended to fund General Land Office coastal erosion projects.

The next largest portion of general revenue appropriated to TPWD consists of unclaimed refunds of motorboat fuel taxes. By statute, 75 percent of the revenue from unclaimed refunds of motorboat fuel taxes may be appropriated only to the Texas Parks and Wildlife Department (V.T.C.A. Tax Code, 162.502). While the proceeds from refunds of the motorboat fuel tax can be spent for any purpose within the responsibilities of TPWD, they have historically been used to subsidize park operations. In Fiscal Year 2011 TPWD received an appropriation of approximately \$16.1 million from this source.

TPWD also received \$10.8 million in “pure” general revenue appropriations. Of this amount, \$4.8 million is for debt service payments on revenue bonds. The remaining amounts will be used for park operations and support, aquatic vegetation management efforts, and border security and other law enforcement related operations. Finally, general revenue funding for TPWD also includes receipts from the Boat and Boat Motor Sales and Use Tax. The Fiscal Year 2011 appropriation to TPWD

from this source was \$5.3 million. These amounts are in addition to the amounts deposited into Account 009 under V.T.C.A. Tax Code 160.122 for collection and processing of boat and boat motor sales and use taxes.

## BOND AUTHORITY

Bonds account for a sizable portion of agency finances, and have served to enhance TPWD's ability to undertake projects at parks and wildlife management areas and to address critical repair and construction needs.

In 2005, the 79th Legislature authorized the second issuance of Proposition 8 general obligation bonds for TPWD, totaling \$18.1 million for the 2006-07 biennium. As of the end of Fiscal Year 2010 TPWD had completed 103 projects associated with this issuance and had fully expended the appropriation. The 79th Legislature also authorized the issuance of \$15.0 million in revenue bonds to finance construction of a new East Texas fish hatchery, with debt service to be paid using proceeds from the freshwater fishing stamp. The Department received these funds in March 2007 and the project is currently in the construction phase. As of August 2010, TPWD had expended \$9.4 million and encumbered \$5.6 million of the total.

For the 2008-09 biennium, the 80th Legislature authorized an additional \$17 million of Proposition 8 and \$52.12 million in new Proposition 4 general obligation bonds for state park capital repairs and for the dry berthing of the Battleship TEXAS. Of the Proposition 8 amounts, a total of \$11.1 million had been encumbered or expended as of August 2010 (see Figure 7). The Department has embarked on a new project delivery method which groups projects regionally, and as a result, this issue includes 47 projects statewide, of which 8 have been completed and 38 are in the design or construction phase.

### General Obligation Bond Project Status (Prop. 8, 3rd Issue - September 2008) as of August 2010 (\$17.0 million)

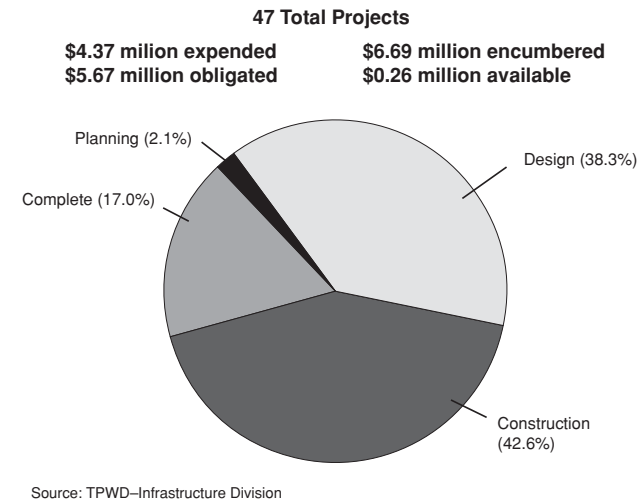


Figure 7

In September 2008, TPWD received \$27.12 million of the Proposition 4 general obligation bond amounts. A total of 71 projects have been funded through this source, and as of August 2010, \$22.8 million had either been encumbered or expended (see Figure 8). The Department secured the remaining Proposition 4 general obligation bond authority of \$25 million for dry docking and repairs to the Battleship TEXAS in July 2009. This project is currently in the design phase.

**General Obligation Bond Project Status  
(Prop. 4, 1st Issue - September 2008) as of August 2010  
(\$27.12 million)**

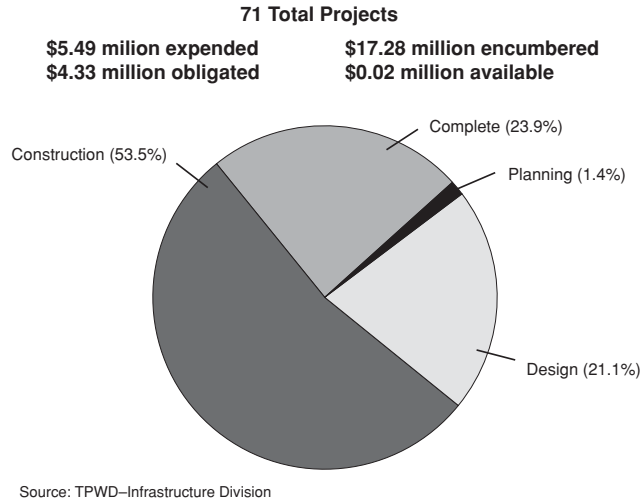


Figure 8

For the 2010-11 biennium, the 81st Legislature authorized issuance of an additional \$38 million of Proposition 4 general obligation bonds for critical repairs and improvements at state parks, wildlife management areas and other facilities statewide. A total of \$10 million of this amount is dedicated to addressing weather related damages at Mother Neff State Park, Palo Duro Canyon State Park, and Government Canyon State Natural Area. TPWD received this issuance in April 2010, and as of August, had expended or encumbered \$1.1 million and obligated \$34 million to 82 projects statewide (see Figure 9).

**General Obligation Bond Project Status  
(Prop. 4, 2nd Issue - April 2010) as of August 2010  
(\$38.0 million)**

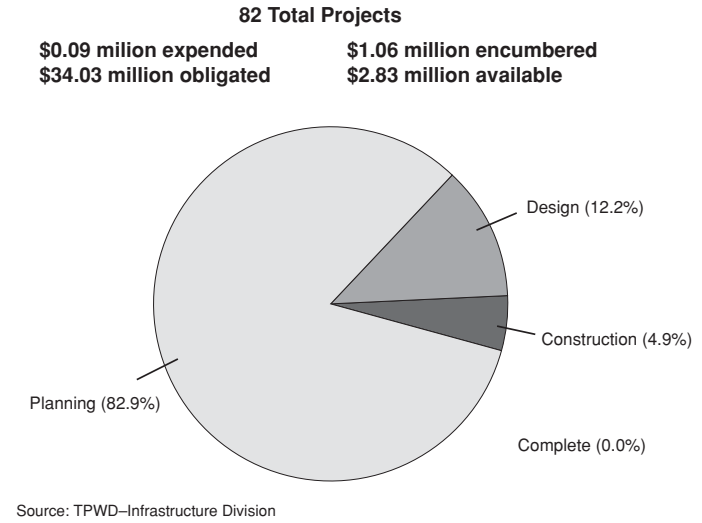


Figure 9

**FEDERAL SOURCES**

In Fiscal Year 2011 approximately \$54.4 million of Department funding is estimated to come from the federal government in the form of apportionments, grants and contracts. Almost all federal programs from which the Department receives funding require the state to match contributions by a set percentage. In addition, each program has specific requirements to maintain the state's eligibility for participation. Some federal sources are project specific, while others are more flexible in terms of how the funds may be used.

Two of the largest federal funding sources are apportionments allocated by the U.S. Fish and Wildlife Service to states by formula under the Wildlife Restoration Act (a.k.a. Pittman-Robertson programs) and the Sportfish Restoration Act (a.k.a. Dingell-Johnson/Wallop-Breaux

programs). In Fiscal Year 2011, the Department budgeted \$16.2 million and \$19.5 million, respectively, from these two sources.

Other significant federal funding anticipated in Fiscal Year 2011 includes State Wildlife grants, National Recreational Trails grants and Boating Safety Financial Assistance grants. Under the state's accounting mechanisms, the Department's federal funds flow into state funds. For example, both the Wildlife Restoration and Sportfish Restoration funds are deposited to Account 009.

## OTHER

**Foundation Support.** The Department receives additional support from the Texas Parks and Wildlife Foundation. The Foundation was incorporated in 1991 as a nonprofit entity for the purpose of assisting TPWD in carrying out its mission.

**Friends Organizations.** Numerous friends groups support the operations of specific TPWD sites, such as parks and hatcheries. These groups raise funds through private donations, gifts, concession operations and other sources and expend the receipts on behalf of the specific sites.

## The Budget Process

### LEGISLATIVE APPROPRIATIONS

In Texas, the state legislature meets and develops the state budget, or General Appropriations Act, every two years. The General Appropriations Act (GAA) establishes specific funding and performance levels for each state agency for the upcoming biennium, specifies the amounts that may be spent from each source of funding and sets agency staffing levels. Agency specific riders set further restrictions or more clearly specify the purposes for which appropriated funds may be used. In some cases, agency riders authorize appropriation of additional funds to the agency. As a result, riders can either increase or limit budgeting flexibility for TPWD. Examples of current riders that increase flexibility include Rider 9, Fund Transfer Authority (which helps alleviate cash flow problems) and Rider 27, Appropriation of Receipts Out of General Revenue—Dedicated Accounts (which provides authority to spend revenues received in excess of the Comptroller's Biennial Revenue Estimate). Rider 2, Capital Budget, which specifically delineates the capital budget amounts and items on which appropriations may be spent, is an example of a rider that limits and directs expenditures.

In addition to agency specific information, the General Appropriations Act includes general provisions within Article IX that are applicable to all state agencies. These general provisions include items related to salary administration, various limitations on expenditures (including travel and salary caps) and additional appropriation authority.

In general, agency spending is limited to the agency specific amounts set forth in the General Appropriations Act, plus any additional authority granted through agency rider and the general provisions of Article IX. In Fiscal Year 2011, the bill pattern appropriation authority for TPWD totaled \$291.3 million (see Figure 10).

### FY 2011 Appropriation Authority (in millions)

Fund 1 – General Revenue	98.7
Account 9 – Game, Fish and Water Safety	109.9
Account 64 – State Parks	32.2
Account 467 – Texas Recreation and Parks	1.6
Federal	41.8
Other (Appropriated Receipts, Other GR-Ded. Accts, etc.)	6.9
<b>Total</b>	<b>291.3</b>

Does not include authority associated with fringe benefits or Article IX Schedule C Salary Increase.  
 Source: 2010-2011 General Appropriations Act

Figure 10

### TPWD BUDGET

Within the framework of appropriations authority granted by the Legislature, the Department develops its annual, agency-wide budget. The budget is based on agency needs and priorities balanced against available and anticipated revenues.

Budget development generally begins during the spring and culminates in the adoption of the TPWD budget by the Commission in August of each year. Amounts budgeted by TPWD for any given year will generally exceed the original appropriation authority as shown in the General Appropriations Act. This is primarily due to the fact that the budget will reflect increases in funding authorized in riders and general provisions. In addition, the agency budget includes amounts associated with employee benefits, which are not reflected in TPWD appropriations. Figure 11 shows the crosswalk between Fiscal Year 2011 appropriation authority and the final approved TPWD operating budget.

### GAA – FY 2011 Operating Budget Crosswalk (in millions)

General Appropriations Act	291.3
Adjustments:	
Article IX Schedule C Increase	1.4
Benefits/Benefit Replacement Pay	42.2
Construction and Land Acquisition UB	97.9
Federal Funds	3.5
2011 5% Reduction	(13.9)
Other Adjustments	0.8
<b>Total, FY 2011 Budget</b>	<b>423.2</b>

Source: 8/26/10 Commission Meeting Materials, slide presentation.

Figure 11

For Fiscal Year 2011, the starting point for development of TPWD’s internal budget was 100 percent of the Fiscal Year 2010 base less the legislatively mandated five percent reductions and one-time items for that year. Similar to past years, divisions were directed to justify and prioritize all programs and were allowed to request additional budget only if it came with additional funding and authority (for example, in the case of federal funds or donations). As compared to original appropriation authority, the final approved Fiscal Year 2011 budget reflected the Article IX, Schedule C salary increase for game wardens, carry forward of unexpended balances associated with general obligation and revenue bonds, employee benefits, additional federal funds, and the five percent funding reductions effective for Fiscal Year 2011.

## Financial Issues

Due to TPWD's unique funding streams and funding structure, the Department faces a number of issues not often encountered by general revenue funded state agencies.

### APPROPRIATION AUTHORITY VS. CASH AVAILABLE

For agencies such as TPWD that generate revenue through user fees and rely on dedicated accounts for funding, it is possible for the amount of appropriation authority granted by the Legislature to be different than the actual amount of cash generated and available for use. This is the result of a number of factors, including the fact that appropriation authority for agency funds such as Account 009 or 064 is based on estimates of the amount of available balances and revenue to be generated two to three years in the future.

This feature of the budgeting process can have implications for agency cash and appropriations. For example, if appropriation authority exceeds actual cash available (including beginning balances and revenues), TPWD would be limited to expending the cash amounts available and would lapse appropriation authority – there would simply not be enough cash to cover appropriations. If the reason for such a lapse is not clearly understood, it could be perceived as an ineffective use of state funds.

Absent specific rider or other appropriation authority, if actual cash exceeds the amounts appropriated, TPWD's ability to effectively manage funds and be accountable to those who contributed to the agency's funding would be restricted, as the agency would not be able to respond to increased demand and pressure on agency resources, services and facilities. During the 80th Legislative Session, TPWD successfully worked with the Legislature to continue rider language authorizing expenditure of revenues brought in over and above the Comptroller's Biennial Revenue Estimate. The authority provided by this rider has been helpful in allowing TPWD to address funding needs resulting from budget reductions and cost increases.

### FUND BALANCES VS. FUND AVAILABILITY

Fund balances do not reflect actual fund availability. For example, Account 009 includes revenues generated from the sale of various stamps, which by statute are restricted only for use on research, management and protection of certain species or their habitats. There is a distinction therefore, between the total balances/revenue within general revenue–dedicated funds and the actual amounts available for appropriation or expenditure on general agency operations.

Fund balances are also affected by allocations that are required, but not specifically or directly appropriated to the agency by the Legislature. An example is the requirement that payment of employee benefit costs be proportional to the source from which the salaries are paid. While comprising a portion of general revenue-dedicated fund balances, amounts required to pay employee benefits are not available for other uses.

### LIMITATIONS OF TAX REVENUES AND FEES

Dedicated tax revenues, such as the sporting goods sales tax and unclaimed motorboat fuel tax refunds represent an important source of funding for the agency. Over the last several years, the Comptroller's estimate of total sporting goods sales tax revenues has steadily increased – from \$84.2 million in Fiscal Year 2001 to an estimated \$126.9 million in Fiscal Year 2011. Due to the statutory cap (in place until 2007) on the amounts of sporting goods sales tax allocated to TPWD, appropriations to TPWD from this source as a percent of overall sporting goods sales tax showed a steady decline over the years. In 2001, sporting goods sales tax appropriated to TPWD represented approximately 38 percent of the total. By Fiscal Year 2007, this figure had dropped to 19 percent. Beginning in 2008, House Bill 12 of the 80th Legislature removed the \$32 million cap and instead provided that TPWD and the Texas Historical Commission were to receive a set percentage of the overall sporting goods sales tax collected: 94 and 6 percent, respectively. This same bill, however, provided that the amounts credited to either agency could not exceed the actual amounts appropriated by the Legislature for



that biennium. While TPWD did ultimately experience an increase in sporting goods sales tax allocations, the totals fall below the 94 percent laid out in House Bill 12. In Fiscal Year 2011, TPWD was allocated approximately 52 percent of total estimated sporting goods sales tax collections. After adjusting for amounts intended for transfer to the General Land Office for coastal erosion projects, the total drops to 42 percent.

**Total Estimated Sporting Goods Sales Tax Collections Compared to Actual TPWD SGST Appropriations**

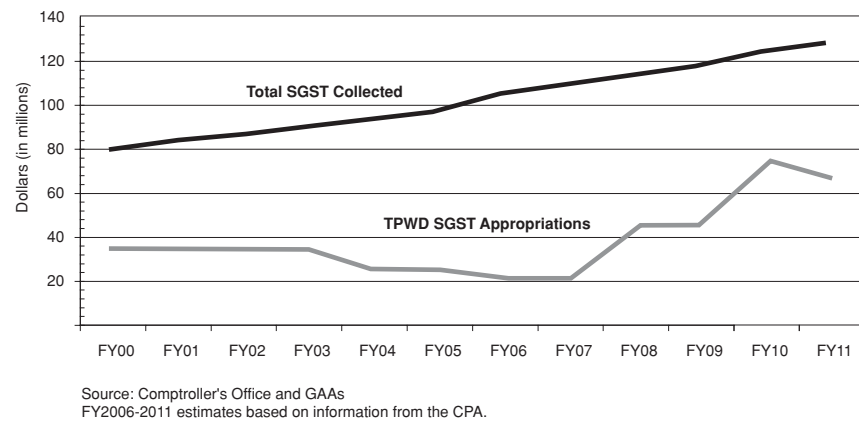


Figure 12

Similarly, revenue received from unclaimed refunds of motorboat fuel taxes has fallen short of maximum allowable levels. By statute, 75 percent of the revenue from unclaimed refunds of motorboat fuel taxes may be appropriated only to the Texas Parks and Wildlife Department. However, TPWD has historically received less than the authorized amount.

Additional legislative discussion and action will be required to fully address these and other issues with TPWD's funding streams and structure. TPWD will also continue to examine and pursue alternative funding mechanisms and options to improve our capacity to address long-term funding needs.

## Fiscal Year 2012-2013 Funding Requests

TPWD's Legislative Appropriations Request (LAR) for Fiscal Years 2012-2013 contained a base budget request totaling \$649.4 million over the biennium. The Legislative Budget Board's funding recommendations reflect significant reductions to these amounts. The House version includes a reduction of \$162.2 million (25%) over the biennium, while the Senate version reflects a reduction of \$145.4 million (22.4%) over the biennium. The primary difference between the two versions is in the area of law enforcement and payments to the General Land Office for coastal erosion.

In an effort to minimize the impacts associated with these recommended reductions, TPWD is requesting the following revised exceptional items, technical adjustments and riders:

### EXCEPTIONAL ITEMS AND OTHER REQUESTS

**Level LBB Recommended Funding and FTE Reductions Across FY 2012 and 2013:** Many of the LBB's recommended reductions call for deferral of programs for six months in FY 2012. As such, the associated funding and FTE cuts are front-loaded into FY 2012. TPWD requests that these reductions be leveled equally between each year of the biennium to help make the recommended reductions more manageable from an operational, business and budgeting standpoint. The net fiscal impact of this request over the biennium is zero.

**Partially Reinstate Funding and Capital Budget Authority for Capital Equipment, Transportation and Information Technology:** The LBB-recommended capital budget rider eliminated funding for capital transportation, information technology and equipment items. However, the recommendations continue rider language allowing TPWD to use gifts, grants and federal funds for capital items when designated for such purposes by the grantor (Rider 12). TPWD requests

reinstatement of capital budget authority for information technology, transportation and capital equipment items. For FY 2012, the request is to simply reinstate the line-items (at zero dollars) in the event amounts become available under Rider 12. For FY 2013, TPWD requests partial reinstatement at an amount equal to 50 percent of the total requested in these categories, for a total of \$3.98 million. This will help minimize impacts and disruption to core services that could otherwise result from complete elimination of funding in these areas.

**Capital Repairs and Construction:** Rider 31 in the 2008-09 General Appropriations Act required TPWD to conduct a study to identify strategies necessary to return Texas State Parks to a “high quality” park system. This study, conducted by Fisher Heck and Pros Consulting, recommended that the department focus on an annual reinvestment of approximately 4 to 6 percent of the total value of state park assets into repair and replacement projects and calculated a 4 percent annual reinvestment at \$32.35 million. Consistent with the study recommendations, TPWD requests \$32.35 million in G.O. bond authority in FY 2013. Approval of this authority will allow the department to maintain facilities statewide in a working, safe and usable condition and help prevent deterioration of these assets through ongoing repairs and renovations. Due to the process and timing of bond issuance, debt service on these amounts is expected to be minimal during the 2012-13 biennium.

**Employee Separation Costs:** LBB recommendations call for a total reduction of 304.6 FTEs to TPWD in FY 2012. Such reductions-in-force will result in additional funding impacts due to required payments to employees for any outstanding leave balances (lump sum payments) as well as unemployment benefits to former employees. TPWD estimates employee separation costs at a total of \$1.4 million and requests these estimated amounts in FY 2012. TPWD also requests an associated rider allowing payment of a portion of the costs from general revenue funds.

## TECHNICAL ADJUSTMENTS

**Exemption from Article IX Transferability Provisions.** The LBB-recommended Article IX provisions regarding transferability (sec. 14.01 Appropriation Transfers) include new restrictions on the ability to transfer funds in items for “Indirect Administration and Support.” Specifically, appropriations within the Indirect Administration and Support goals may not be increased by a transfer from another goal. This limits TPWD’s flexibility to manage the recommended funding reductions in a manner that minimizes impacts to operations, and poses special challenges for the Information Resources function in light of the data center cost increases. TPWD requests an exemption from Article IX, Sec. 14.01 (c) (2) as it relates to the Central Administration and Information Resources strategies.

**Capital Budget Land Acquisition.** The LBB recommendations continue rider language authorizing appropriation of any land sale proceeds (Rider 13), but do not include a line-item in the capital budget rider (Rider 2) for land acquisition. TPWD requests reinstatement of the land acquisition line-item in the capital budget rider as a placeholder (at zero dollars) in the event amounts become available under the authority of Rider 13.

**Construction and Landowner Incentive Grants.** Consistent with funding reductions impacting grant programs, the LBB recommendations eliminated TPWD Rider 8. Construction and Landowner Incentive Grants. This rider has historically allowed TPWD to treat local park and landowner incentive grants as construction appropriations for the purpose of determining the life of the appropriation. Given the long-term nature of many of these grants, this authority is vital for communities to be able to complete existing grant projects. TPWD requests reinstatement of this rider as it applies to grants awarded before 2012, to ensure that any current grant awards can continue to operate under the five-year appropriation life.

**Use of Federal Funds for Statewide Aquatic Vegetation Management.** LBB's recommended rider language (Rider 19) requires TPWD to spend \$156,654 in federal funds each year on aquatic vegetation management, but strikes language specifying that the use of the federal funds is contingent upon receipt of a federal grant for that purpose. TPWD requests reinstatement of this portion of the rider language.

**FTE Adjustment.** The LBB-recommended 15 percent administrative reductions include a disproportionate impact to Coastal Fisheries FTEs as compared to proposed funding cuts. TPWD requests an adjustment (increase) of 12.2 FTE in each year in Strategy A.2.3. Coastal Fisheries Management to base the 15 percent reductions on the actual number of administrative FTEs for this strategy.

## RIDERS

TPWD also requests the following riders:

**Appropriation of Receipts from General Revenue-Dedicated Accounts:** This rider would allow any additional revenue received in excess of the Comptroller's Biennial Revenue Estimate to be appropriated to the Department and has proven very helpful in granting TPWD flexibility in providing services in response to increased demand and use of agency programs and sites. TPWD has operated with this rider for the last several biennia, and is requesting continuation of this language for the 2012-13 biennium.

**Appropriation of Federally-Defined Program Income:** Under federal funding guidelines, any revenues generated by a state agency as the result of managing a federally funded activity are considered "program income." For any dollar of program income generated, the grant's federal reimbursement is reduced by the federal share of that program income. Due to fact that federal funds come with their own appropriation authority while certain specific revenue streams do not, program income can often result in a reduction in overall funding authority for TPWD.

For example, federal guidelines may specify that grazing lease revenue generated at a WMA supported by a federal grant should be treated as program income. The federal grant reimbursement is therefore reduced by an amount equal to the grazing lease revenue. From the federal perspective, the overall amount of funding under the grant is unchanged. However, the grazing lease revenue is deposited into a state fund using a state comptroller object that is unappropriated and as a result, the overall amount of TPWD spending authority is reduced by the amount of grazing lease revenue. This proposed new rider would provide the mechanism to allow program income to be appropriated to TPWD.

**FTE Exemption for Internship Program:** TPWD maintains an active and viable intern program that is targeted at attracting the "best and brightest" and diverse candidates in critical specialty areas. Historically, the hiring of interns has been possible because of staff vacancies created through retirement or other departures. In the last few years, the economic downturn has resulted in fewer vacancies, requiring the department to substantially scale back its intern program to avoid full-time equivalent (FTE) cap issues, from a total of 167 interns in 2008 to roughly 71 in 2009 and 2010. This proposed new rider would allow TPWD to develop the internship program without impacting the state mandated FTE caps for the agency.

**Exception for Game Warden Cadet Meals:** Currently, game warden cadets are responsible for purchasing and/or preparing their own meals while attending the seven-month cadet training at the Game Warden Training Center. This poses some inconvenience given the remote location of the new training center in Hamilton County. This proposed new rider would allow TPWD to purchase raw materials in advance to prepare meals and provide a mechanism to recoup associated costs.

**State Park Volunteer Services:** This proposed new rider would allow use of existing appropriations to purchase and provide meals to volunteers. This would allow TPWD to show appreciation of volunteer efforts, could potentially enhance volunteerism, and would help

maximize efficient use of volunteer time by reducing the need for volunteers to leave the park site to purchase meals for themselves.

**Contingency Appropriation for Floating Cabin Clean-Up:** Senate Bill 1573 (77th Legislature) established the Floating Cabins program and created the floating cabin clean-up account. The account was to consist of permit fees not-to-exceed \$1,500 and was intended to be used for the cleanup of illegal or abandoned floating cabins and related debris in coastal waters. This account was not specifically exempted in the funds consolidation bill, so amounts collected are deposited into the general revenue fund instead. This poses funding difficulties in the event TPWD needs to clean up an abandoned floating cabin since general revenue is not currently appropriated to TPWD for this purpose. TPWD requests a new rider specifying that in the event a floating cabin is abandoned, TPWD is appropriated amounts from the general revenue fund necessary to clean up the site in accordance with legislative intent.

# **A P P E N D I X**



**GENERAL REVENUE**  
**Account 001**

ALLOWABLE USES: Supplemental funding for any departmental program. Has historically been used to subsidize park operations and support administrative divisions. Recently also used for aquatic vegetation management, border security and other law enforcement related operations.

SOURCE(S): Undedicated and unspecified state general revenue, unclaimed refunds of motor boat fuel taxes, other specific general revenue streams.

AUTHORITY: General Appropriations Act; Tax Code Chapter 160, 162.502.

**GAME, FISH AND WATER SAFETY**  
**Account 009**

ALLOWABLE USES: Fisheries and wildlife management activities, including conservation, resource protection, research, habitat management and acquisition, private lands initiatives, fish hatcheries, and enforcement of game and fish laws. Also finances administrative costs of boat registration, boat and motor titling, construction and maintenance of boat ramps, issuing licenses, and enforcement of the Texas Water Safety Act. Proceeds credited to the account from the sale of certain stamps (such as migratory and upland game bird, freshwater and saltwater sportfishing) may only be spent for specific purposes as set forth in statute.

SOURCE(S): Hunting and fishing licenses and stamps, federal funds, boat user, manufacturer and dealer registration and titling fees, fines and penalties, revenue from other activities.

AUTHORITY: Includes TPW Code 11.033, 43.405, 43.657, 43.805; Tax Code 160.121

**STATE PARKS**  
**Account 064**

ALLOWABLE USES: Acquisition, planning, development, administration, operation, maintenance and improvements of state parks and historic sites and related support functions.

SOURCE(S): Park entrance and use fees, sporting goods sales tax revenues, revenue derived from park concessions, donations, publications, fines and penalties, a portion of vessel registration and titling fees, and any other source provided by law.

AUTHORITY: Includes TPW Code 11.035; Tax Code 151.801

**TEXAS PARK DEVELOPMENT**  
**Account 408**

ALLOWABLE USES: Acquiring, developing, improving, beautifying, and equipping state park sites and paying expenses incurred in issuing bonds.

SOURCE(S): Proceeds derived from the sale of Texas Park Development Bonds.

AUTHORITY: Texas Constitution, Article III, 49-e; TPW Code 21.102



**TEXAS PARK DEVELOPMENT BONDS INTEREST AND SINKING FUND**  
**Fund 409**

ALLOWABLE USES: Paying principal, interest, exchange and collection charges associated with the issuance and maturity of Texas Park Development Bonds.

SOURCE(S): Interest received from the sale of bonds, income from park entrance or gate fees, investment income, other.

AUTHORITY: Texas Constitution, Article III, 49-e; TPW Code 21.105

**TEXAS RECREATION AND PARKS**  
**Account 467**

ALLOWABLE USES: Matching grants to counties/municipalities with populations of less than 500,000 and to any other political subdivision. Grants may be provided for planning, acquisition, or development of local parks and grants for recreation, conservation, or education programs for underserved populations. Once revenues to the account exceed \$14 million per year, at least 15% must be used to fund indoor recreational facility grants.

\* During the 2008-09 biennium, the Legislature suspended statutory requirements regarding use of this fund and directed that balances in this account be used to fund state park operations (see House Bill 12 and GAA).

SOURCE(S): Sporting goods sales tax revenues, other sources as authorized.

AUTHORITY: TPW Code Chapter 24; Tax Code 151.801

**LARGE COUNTY AND MUNICIPALITY  
RECREATION AND PARKS ACCOUNT  
Account 5150**

ALLOWABLE USES: Matching grants to counties/municipalities with populations of 500,000 or more and to non-profit corporations for use in large counties/municipalities. Grants may be provided for planning, acquisition, or development of local parks and grants for recreation, conservation, or education programs for underserved populations. Once revenues to the account exceed \$14 million per year, at least 15% must be used to fund indoor recreational facility grants.

SOURCE(S): Sporting goods sales tax revenues, other sources as authorized.

AUTHORITY: TPW Code Chapter 24; Tax Code 151.801

**NON-GAME SPECIES AND ENDANGERED SPECIES CONSERVATION  
Account 506**

ALLOWABLE USES: Any department activity or program relating to non-game and endangered species, including management, research, conservation, restoration, dissemination of information, acquisition and development of habitat.

SOURCE(S): Private contributions, grants and donations, proceeds from sale of wildlife prints and stamps, endangered species propagation permits, interest income, entrance fees, other income.

AUTHORITY: TPW Code 11.052, 68.018

**LIFETIME LICENSE ENDOWMENT**  
**Account 544**

ALLOWABLE USES: Interest earned on the fund may be used to acquire, develop, manage, and repair public hunting and fishing areas. The corpus of the fund may not be spent except as provided by law.

SOURCE(S): Revenues from lifetime hunting, fishing, or combination licenses, gifts, grants and donations, interest income, other.

AUTHORITY: TPW Code 11.061

**ARTIFICIAL REEF**  
**Account 679**

ALLOWABLE USES: Promotion, development, maintenance, and enhancement of the state's artificial reef program.

SOURCE(S): Gifts and donations from private and public sources, interest.

AUTHORITY: TPW Code 89.041

**PARK FEE TRUST**  
**Account 965**

ALLOWABLE USES: Administrative and operational costs of collecting entrance and gate fees at state parks and historic sites. Net income is transferred to the Interest and Sinking Fund (Account 409) for payment of bonds.

SOURCE(S): Entrance and permit fees.

AUTHORITY: Texas Constitution, Article III, 49-e; TPW Code 21.111

**SHRIMP LICENSE BUYBACK**  
**Account 5023**

ALLOWABLE USES: Only to buy back commercial bay or bait shrimp boat licenses from willing license holders.

SOURCE(S): Fee increases for bait-shrimp dealers, wholesale fish dealers, wholesale truck dealers, retail fish dealers, retail dealers trucks, shrimp house operators, commercial bait shrimp boats, commercial bay shrimp boats, commercial gulf shrimp boats, individual bait shrimp trawls and transfer fee for commercial bay or bait shrimp boats, grants and donations.

AUTHORITY: TPW Code 77.120

## GENERAL OBLIGATION BONDS

ALLOWABLE USES: Critical infrastructure repair, maintenance, improvements and other projects.

AUTHORITY: General Appropriations Act; Texas Constitution, Article III, 50 (f) and 50 (g)

## REVENUE BONDS

ALLOWABLE USES: Construction of a new freshwater fish hatchery in East Texas, including construction project management and necessary equipment.

AUTHORITY: General Appropriations Act, 79th Legislature, Rider 24

## MISCELLANEOUS

### **Parks and Wildlife Conservation and Capital Account 5004:**

Receives sporting goods sales tax revenues, revenue bond proceeds, conservation license plate revenues and other funds for expenditure only on acquisition, development, maintenance or operation of parks, fisheries or wildlife projects that have been individually approved by the Commission (TPW Code 11.043; Transportation Code 504.618).

### **Operating Account 420:**

May be used for cash flow management for any department program (TPW Code 11.038).

### **State Parks Endowment Trust Account 885:**

Earnings from gifts of property and cash dividends used to maintain state parks as specified by each donor (TPW Code 13.004, 13.008; Op.Tex.Att'yGen. No. WW-122, MW-493).

### **Big Bend National Park Account 5030:**

Consists of license plate fees to be used only by TPWD to support activities of a designated nonprofit organization whose primary purpose is improvement and preservation of Big Bend National Park (Transportation Code 504.606).

### **Waterfowl/Wetland Conservation Plates Account 5057:**

Consists of license plate fees to be used only by TPWD to support activities of a designated nonprofit organization whose primary purpose is the conservation of waterfowl and wetlands (Transportation Code 504.627).

### **Texas Lions Camp Plate Account 5116:**

Consists of license plate fees to be used only by TPWD to support activities of a designated nonprofit organization whose primary purpose is to provide a camp for disabled, hearing or vision impaired, or diabetic children who reside in Texas (Transportation Code 504.656).

### **Marine Mammal Plate Account 5120:**

Consists of license plate fees to be used only by TPWD to support activities of the Texas Marine Mammal Stranding Network in the recovery, rehabilitation, and release of stranded marine mammals (Transportation Code 504.644).

### **Marine Conservation Plate Account 5142:**

Consists of license plate fees to be used only by TPWD to support activities of the Coastal Conservation Association Texas for the conservation of marine resources(Transportation Code 504.660).





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