

*Texas Parks and Wildlife Department*

# **FINANCIAL OVERVIEW**

*January 2005*

## **FOREWORD**

The Texas Parks and Wildlife Department Financial Overview document was created by the Administrative Resources Division to serve a number of purposes and audiences. The Overview provides answers to 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 1.3 million acres of parks and recreation areas, wildlife management areas, natural areas and historic/cultural areas. In all, the Department manages 117 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 476 commissioned peace officers serving as TPWD game wardens ensure compliance with these regulations, as well as provisions of the Texas Parks and Wildlife Code,

certain portions of the Penal Code, the Water Code and the Antiquities Code. The 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 some 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 technical assistance and direct matching grants to local political subdivisions and non-profit 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 10 divisions that range in size from about 10 positions to over 1,000 regular full-time positions (see Figure 1). Division oversight responsibilities rest with the Executive Office, the Chief of Staff, and the Deputy Executive Directors for Operations and Administration. Except for administrative

functions, all other divisions of the agency have locations at regional and park site offices throughout the state. In fact, approximately 73 percent of the Department's employees are located away from the central headquarters in Austin.

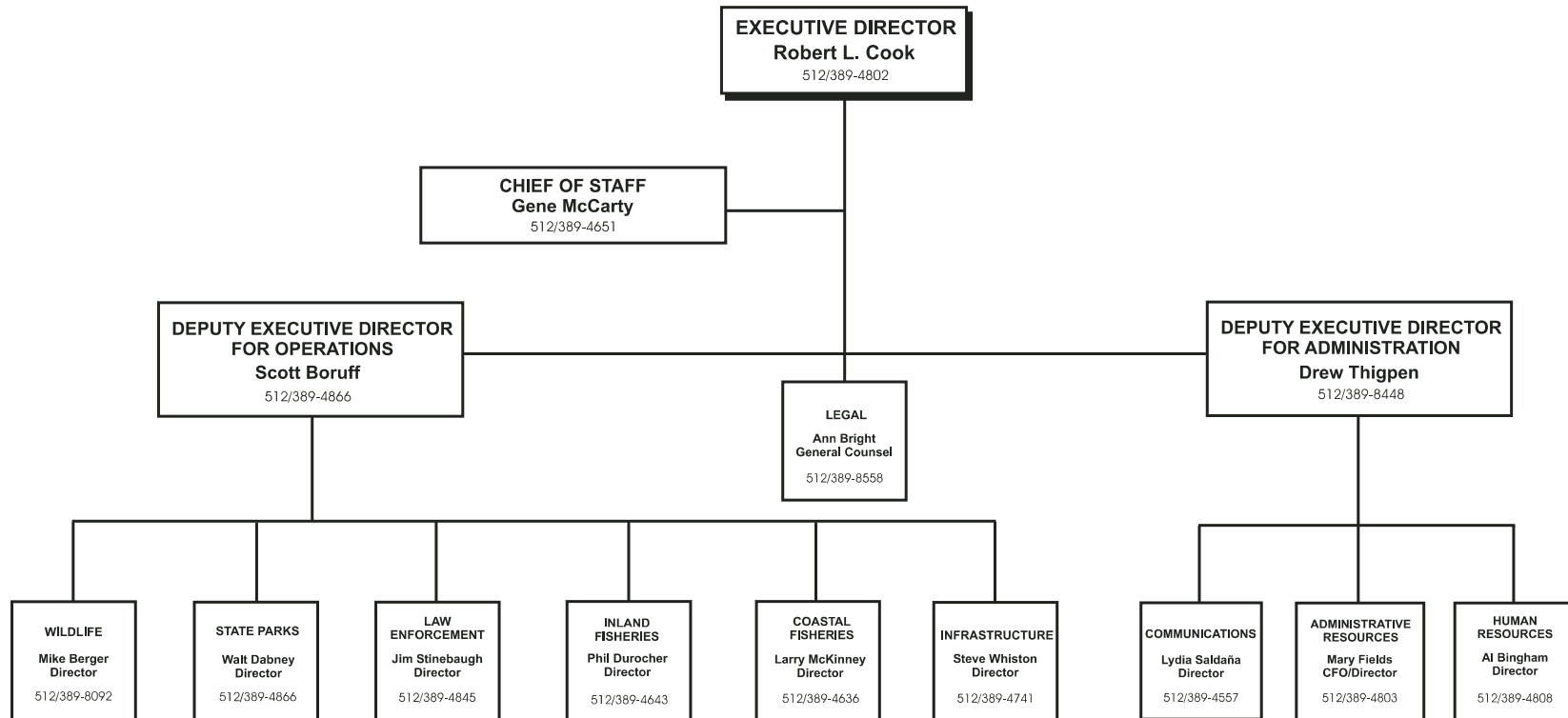


Figure 1

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 1,100 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, habitat conservation and restoration activities, and management and coordination of water-related issues. The Coastal Fisheries Division also operates three marine fish hatcheries.

The INFRASTRUCTURE DIVISION manages the capital 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 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 Budget and Where It Goes

The Fiscal Year 2005 combined budget for TPWD, which includes operating expenses, capital projects, grants and employee benefits, totals approximately \$279.2 million.

### BY DIVISION

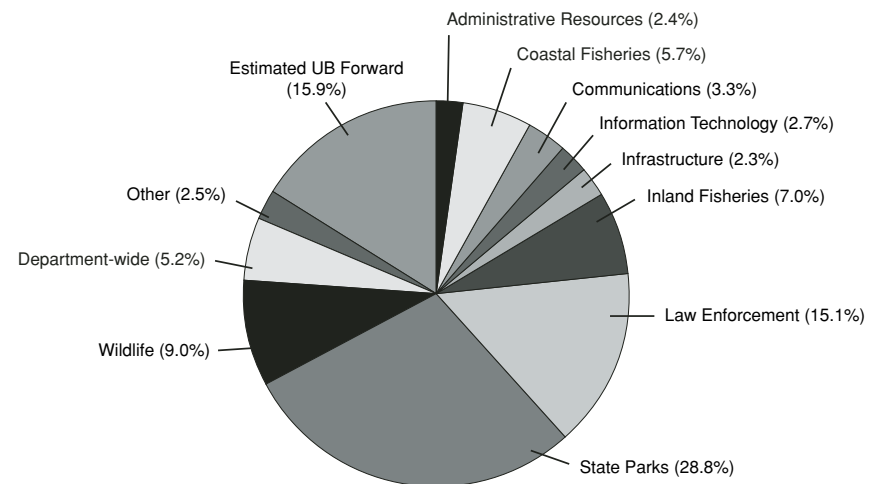
As shown in Figure 2, the State Parks Division accounts for the largest portion (28.8%) of the budget. Of the total State Parks Division budget of \$80.3 million, approximately \$18.4 million is “passed through” in the form of grants.

The second largest portion of the TPWD budget (15.9%, or \$44.5 million) consists of estimated unexpended balances carried forward for capital projects such as repairs and construction. The Law Enforcement Division accounts for the third largest portion of the budget, receiving roughly \$42.3 million, or 15.1 percent of the total.

Allocations for aquatic resource protection and fish and wildlife management activities, reflected in the Wildlife, Coastal and Inland Fisheries divisions, represent roughly 22 percent of the budget. The Wildlife Division budget is the largest, at \$25.0 million, followed by Inland Fisheries (\$19.6 million) and Coastal Fisheries (\$15.8 million).

Infrastructure related activities represent about 2.3 percent (\$6.4 million) of the total budget. The Communications Division, including outreach and education, accounts for 3.3 percent (\$9.3 million), while central functions such as Administrative Resources, Information Technology, and “Other” together account for roughly 7.7 percent of the budget. Finally, in Fiscal Year 2005, Department-wide initiatives such as debt service payments, allocations for the State Office of Risk Management (SORM), Statewide Cost Allocation Plan (SWCAP) and the retirement incentive accounted for 5.2 percent (or \$14.5 million) of the overall budget.

**FY 2005 Total Budget by Division \$279.2 million**



Source: 8/31/04 Commission meeting materials, FY 2005 Operating and Capital Budget  
\* Includes grants and capital  
Other includes Executive, Legal and Human Resources.  
Department-wide includes funding for items such as debt service, SORM, SWCAP and the retirement incentive.

Figure 2

## BY CATEGORY

As a heavily service-oriented agency with over 3,000 authorized full-time equivalent positions, personnel costs comprise the largest portion of TPWD's budget. As shown in Figure 3, approximately 39.8 percent (or \$111.2 million) of the overall budget is allocated for salaries in Fiscal Year 2005.

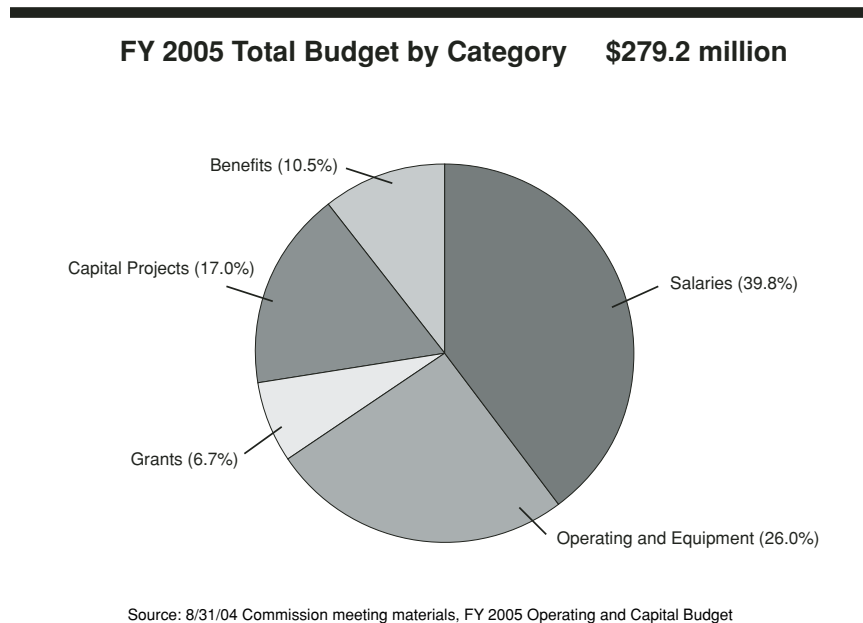


Figure 3

Employee benefits for current employees account for an additional 10.5 percent (or \$29.3 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 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.

Operating expenses account for the next largest category of spending, with approximately 26.0 percent (or \$72.5 million) allocated for this purpose. About 17 percent (or \$47.4 million) is allocated for critical infrastructure repairs and other initiatives that comprise the agency's capital program. Finally, the Department's grant budget comprises 6.7 percent (or approximately \$18.8 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

Unlike many state agencies, a large portion of TPWD's budget is financed with revenues generated from consumers of Parks and Wildlife products and services. These revenues are generally deposited into agency specific accounts. For example, hunting and fishing license revenues are deposited into the Game, Fish and Water Safety Account (Account 009), while entrance and facility use fees paid by state park visitors are deposited into the State Parks Account (Account 064).

While revenues from these sources help fund a sizable amount of TPWD's budget, 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 2005 Total Budget by Funding Source  
(in millions)**

General Revenue – Fund 1	34.8	12.5%
GR Ded. – Account 9	94.8	34.0%
GR Ded. – Account 64	44.2	15.8%
GR Ded. – Other	14.3	5.1%
Federal	56.4	20.2%
Other	34.7	12.4%
<b>Total</b>	<b>279.2</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.

Figure 4

By far the largest portion of funding is attributed to TPWD’s special, or dedicated, funds, which together account for over 54% of the Fiscal Year 2005 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.

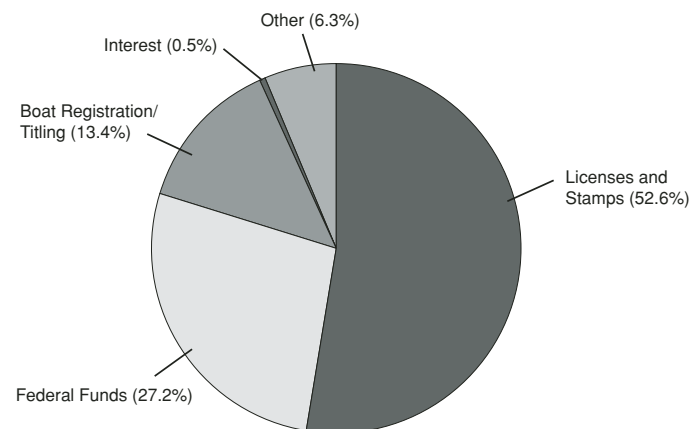
**GENERAL REVENUE DEDICATED**

The largest of the agency’s special funds is the Game, Fish and Water Safety Account (Account 009), which accounts for 34 percent of the agency’s budget for Fiscal Year 2005. The main sources of revenue for Account 009 (shown in Figure 5) include:

1. all types of fishing and hunting licenses and stamps;
2. federal funds received for fish and wildlife research and activities,

3. including federal apportionments from Sportfish and Wildlife Restoration;
3. boat user, manufacturer, and dealer registration and titling fees, as well as boat and boat motor sales and use tax;
4. fines and penalties collected for violations of laws pertaining to the protection of fish, game and wildlife, and the sale of sand, shell and gravel; and
5. other activities, such as the sale/lease of grazing rights on public lands.

**Game, Fish and Water Safety Account 9  
2005 Estimated Revenue – \$151.1 million**



Source: Based on Comptroller’s Biennial Revenue Estimate (Jan. 2005).

Figure 5

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 activi-

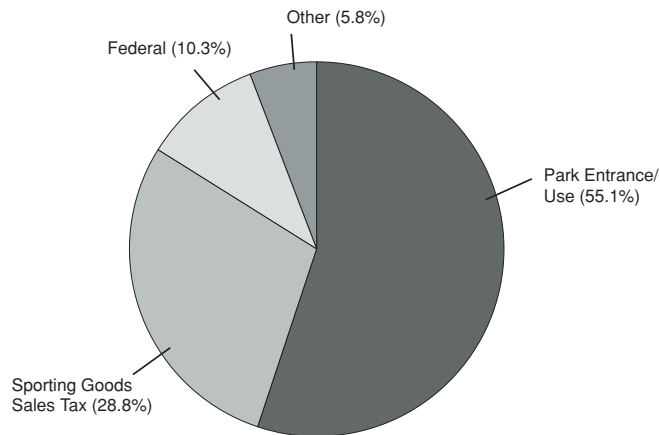
ties and capital projects of the Inland Fisheries, Coastal Fisheries, Wildlife and Law Enforcement divisions as well as some support services of the administrative divisions.

The State Parks Account (Account 064) is the second largest dedicated funding source for the Department and accounts for about 15.8 percent of the Fiscal Year 2005 operating budget. The sources and uses of the account are associated with the operation of state parks, historic sites and natural areas. As shown in Figure 6, these sources 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, such as park concessions, publications, and fines and penalties;
4. a portion of vessel registration, vessel manufacturer or dealer licensing and vessel/outboard motor titling fees.

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**State Parks Account 64**  
**2005 Estimated Revenue – \$53.7 million**



Source: Based on Comptroller's Biennial Revenue Estimate (Jan. 2005).

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Figure 6

For 23 years the primary source of funding for Account 064 was a one penny per pack tax on cigarettes. Once generating close to \$19 million per year, the proceeds from the cigarette tax declined over the years to a low of \$12.5 million. This loss of revenue compounded financial difficulties already facing Texas' growing and aging state park system. During the 73rd Legislative Session (1993), the Department worked successfully with legislators and state leadership to pass House Bill 706, which replaced cigarette tax funding for state parks with a portion of revenues derived from the sporting goods sales tax. This source of revenue has the advantage of being more closely linked with actual users of the Department's services and is more in line with the Department's mission.

By statute, proceeds from the sporting goods sales tax up to a specified amount of \$27 million have historically been 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. Beginning in Fiscal Year 1996, the state began to split proceeds above the \$27 million, up to a statutory cap of \$32 million, 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). During the 78th Legislative session however, these historic allocations were not applied in determining appropriations from this source. For Fiscal Year 2005, the 78th Legislature appropriated a total of \$23.7 million to TPWD, with \$15.5 million allocated to Account 064 and approximately \$8.2 million allocated to Account 467.

Account 467, the Texas Recreation and Parks Account, is the third largest dedicated funding source for TPWD. Revenue for the account is derived mainly from allocations of sporting goods sales tax and from interest earned on balances. By statute, revenue from the account finances 50% matching grants to local political subdivisions for planning, acquisition, or development of parks or other recreational areas. The account may also be used to provide grants for indoor recreational facilities and for educational and outreach programs.

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 the allocation from the Sporting Goods Sales Tax, described above.

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 the motorboat fuel tax can be spent for any purpose within the responsibilities of TPWD, it has historically been used to subsidize park operations. In Fiscal Year 2005 TPWD received an appropriation of approximately \$14.0 million from this source.

TPWD also received \$10.2 million in “pure” general revenue appropriations. Of this amount, \$5.6 million is for debt service payments on revenue bonds. The remaining amounts will be used to subsidize park operations. Finally, general revenue funding for TPWD generally also includes receipts from the Boat and Boat Motor Sales and Use Tax. The Fiscal Year 2005 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 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.

The Department was authorized \$60 million in revenue bonds by the 75th Legislature (1997) for use in addressing critical facility repairs, including health and safety, regulatory and resource damage, Americans with Disabilities Acts requirements, water/wastewater projects and hatchery renovations. The bonds were issued in four fiscal increments starting in 1998. As of January 2005, 100% of the total projects (424) receiving bond funding from this source were complete. Figures 7 and 8 illustrate the issuance and project status associated with these revenue bonds.

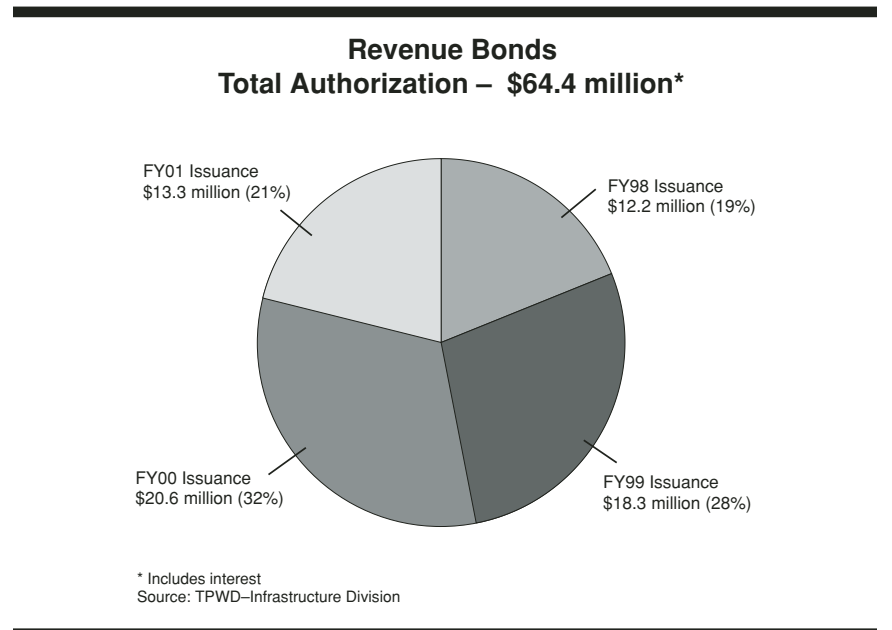
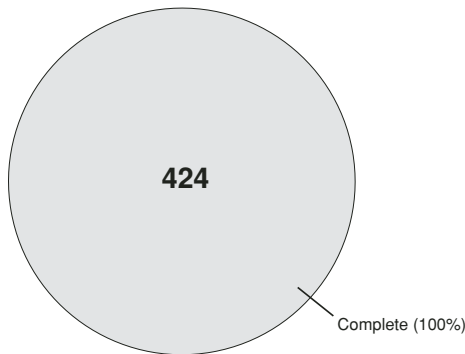


Figure 7

### Revenue Bond Project Status as of January 2005

424 Total Projects  
\$64.27 million spent to date \$0.13 million encumbered



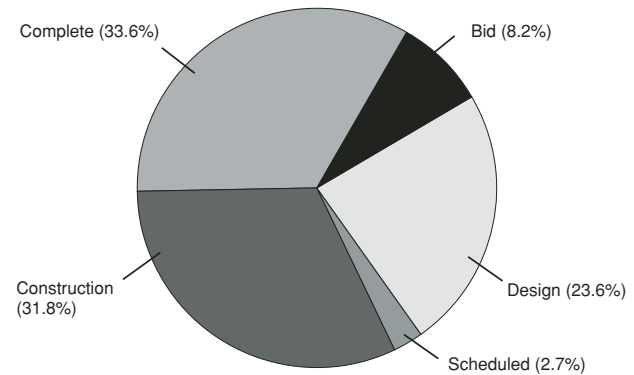
Source: TPWD—Infrastructure Division

Figure 8

In addition to the revenue bonds, the 77th Legislature authorized, and voters approved, \$101.5 million in new general obligation bond authority for critical repairs and improvements at state parks, wildlife management areas and hatcheries. Sites specifically designated to receive bond funding for repairs and renovations included the San Jacinto Battleground, Battleship TEXAS, the Admiral Nimitz Museum, Sheldon Lake State Park, and the Levi Jordan Plantation. TPWD received the first appropriation in January 2003 in the amount of \$36.7 million and has made significant progress in expending this bond issue. As of January 2005, the Department had expended and encumbered over \$19.7 million and identified and obligated the remaining \$17.0 million for facility repair and renovation projects across the state (see Figure 9). Due to concerns regarding adequate funding to cover debt service requirements on these bonds, no additional appropriation authority was provided to TPWD for the 2004-2005 biennium. However, as part of its Legislative Appropriations Request, the Department is seeking authority from the 79th Legislature for a total of \$46.4 million in new general obligation bonds for Fiscal Years 2006 and 2007.

### General Obligation Bond Project Status as of January 2005 (\$36.7 million)

110 Total Projects  
\$11.04 million spent to date \$8.67 million encumbered \$16.97 million obligated



Source: TPWD—Infrastructure Division

Figure 9

## FEDERAL SOURCES

In Fiscal Year 2005 approximately \$56.4 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 that ranges from 5 percent to 50 percent. 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 2005, the Department budgeted \$8.9 million and \$14.6 million, respectively, from these two sources.

Other significant federal funding anticipated in Fiscal Year 2005 includes State Wildlife grants, Land and Water Conservation Fund grants, Cooperative Endangered Species Conservation Fund grants, and grants under the National Recreational Trails and Federal Aid Highway programs. 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 non-profit entity for the purpose of assisting TPWD in carrying out its mission.

**Lone Star Legacy.** The Lone Star Legacy offers endowment opportunities for Texas Parks and Wildlife Department sites including parks, historic sites, wildlife management areas and fish hatcheries. The Lone Star Legacy Endowment Fund is held by the Texas Parks and Wildlife Foundation to support TPWD sites, and only the interest generated from the funds can be spent. While some donors have allowed their gifts to be distributed equally to all sites, others can contribute to their favorite outdoor locale with specific donations.

**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 10, Fund Transfer Authority (which helps alleviate cash flow problems) and Rider 27, Appropriation of Certain Concession Receipts (which provides authority to spend certain concession receipts generated at state parks or other TPWD facilities). Riders imposing limitations or directing expenditures include Rider 1, Capital Budget, which specifically delineates the capital budget amounts and items on which appropriations may be spent, and Rider 16, Limitation on Out of State Travel, which limits travel expenditures to 75 percent of amounts spent in Fiscal Year 2000.

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 2005, the appropriation authority (including riders) for TPWD totaled \$210.8 million (see Figure 10).

**FY 2005 Appropriation Authority  
(in millions)**

Fund 1 – General Revenue	53.2
Account 9 – Game, Fish and Water Safety	82.9
Account 64 – State Parks	18.7
Account 467 – Texas Recreation and Parks Account	4.9
Bonds	0.3
Federal	45.3
Other (Appropriated Receipts, Other GR-Ded.)	5.5
<b>Total</b>	<b>210.8</b>

Includes line-item and agency rider appropriations only. Does not include authority associated with fringe benefits or other authority granted in Article IX of the GAA.

Source: 2004-05 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 generally includes amounts associated with employee benefits, which are not reflected in TPWD appropriations. Figure 11 shows the crosswalk between Fiscal Year 2005 appropriation authority and the final approved TPWD operating budget.

**GAA – FY 2005 Operating Budget Crosswalk  
(in millions)**

General Appropriations Act	210.8
Adjustments:	
Appropriated Receipts	(0.5)
Federal Funds	(6.3)
Benefit Replacement Pay	1.4
Benefits	29.3
Estimated Construction Balances	44.5
<b>Total, FY 2005 Budget</b>	<b>279.2</b>

Source: 8/31/04 Commission presentation.

*Figure 11*

For Fiscal Year 2005, divisions were directed to justify and prioritize all programs in building the internal budget 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). The final approved budget continued to reflect the impact of biennial reductions imposed by the 78th Legislature, including reduced Proposition 8 G.O. bond funding and reduced funding for local parks, minor repairs, outreach and awareness, and information technology needs. The budget also reflected increased fuel prices and maintenance for aging agency vehicles, which was absorbed in operations, and general revenue reductions of \$5.2 million required under Article IX, Section 12.04 of the General Appropriations Act. These reductions were offset by additions including \$15.7 million contingent on fee increases adopted by the Commission, as well as \$4.3 million from the sale of the new freshwater fishing stamps.

## Financial Issues

As previously noted, the majority of funding for TPWD is derived from user fees such as hunting and fishing licenses, state park entry and camping fees, and boat registration and titling transactions. Due to these unique funding streams and the agency's funding structure, TPWD 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. Given the nature of estimates, the actual balances and revenues received can be different than the original projection.

This feature of the budgeting process can have serious implications. 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 cause of the lapse is not clearly understood, this could be perceived as an ineffective use of state funds.

On the other hand, if actual cash exceeds the amount of appropriation authority, TPWD's ability to effectively manage funds and be accountable to those who contributed to the agency's funding would be restricted. In this situation, because of appropriation limitations, TPWD would not be able to expend the additional cash generated to respond to increased pressure on agency resources and facilities.

### FUND BALANCES VS. FUND AVAILABILITY

Another funding issue facing the Department is that fund balances do not always accurately reflect fund availability. For example, Account 009 includes revenues generated from the sale of various stamps, which by statute must be spent only on very specific purposes. Revenue from turkey, waterfowl and white-winged dove stamps, for example, may only be spent for research, management and protection of each species or their habitats. Balances derived from these stamps may not be appropriated for general uses. There is a distinction therefore, between the total balances/revenue in Account 009 and the actual amounts available for appropriation or expenditure on general agency operations.

In other cases fund balances are affected by allocations that are required, but not directly appropriated to the agency. An example is the requirement that payment of employee benefit costs be proportional to the source from which the salaries are paid. Because TPWD funding is derived from several agency-specific funds and accounts, payments for benefit costs must be transferred out of these funds to the retirement system. While comprising a portion of fund balances, these amounts 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. However, as overall taxes from these sources have increased over the years, the Department's portion has not grown commensurately.

As noted previously, the Department's allocation from the Sporting Goods Sales tax is statutorily capped at \$32 million per year. 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 \$97.1 million in Fiscal Year 2005. During the

same time frame, appropriations to TPWD from this source as a percent of overall Sporting Goods Sales tax generated has steadily declined, from around 38 percent to 24 percent in Fiscal Year 2005.

Likewise, revenue received from unclaimed refunds of motorboat fuel taxes has generally been less than the total amounts authorized. 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. In recent years however, the disparity between amounts authorized and amounts appropriated has consistently remained at over \$1 million, and the cumulative difference between the statutorily authorized allocation and actual appropriations received over the years has been quite significant, totaling close to \$13.0 million.

While many of these issues have been examined by TPWD and other agencies such as the Sunset Commission, additional legislative action is required to address the inflexibilities in TPWD's funding 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 2006-2007 Legislative Appropriations Request**

### **EXCEPTIONAL ITEMS**

TPWD's Legislative Appropriations Request (LAR) for Fiscal Years 2006-2007 is organized according to the new budget structure approved by the Legislative Budget Board and the Governor's Office during the summer of 2004. This new structure increases the number of strategies from ten to a new total of 29. The strategies are organized more along divisional lines, are broken down into a lower level of detail than in prior years, and are intended to simplify and improve transparency in the budgeting process.

The agency's base budget request totals \$406.9 million over the biennium and represents 95% of the 2004-2005 base. The Department has also requested 17 exceptional items, several of which can be funded from available fund balances in GR-Dedicated accounts such as the Game, Fish and Water Safety Account (009) and the State Parks Account (064). These items are listed in priority order below:

**Proposition 8 Bond Funds:** The Department's highest priority is a request for general obligation bond authority totaling \$25.8 million over the biennium for critical repairs and improvements at state parks, wildlife management areas and fish hatcheries. Approximately \$18.1 million of this amount would be used for scheduled repairs at TPWD facilities. The remainder would be spent on the Admiral Nimitz Museum (\$0.8 million), Battleship TEXAS (\$2.8 million), Levi Jordan Plantation (\$0.9 million) and the San Jacinto Monument (\$3.2 million). Debt service associated with this request is approximately \$2.8 million over the biennium and will be requested by the Texas Public Finance Authority.

Securing this funding is vital if we are to avoid creating a critical repair backlog. Furthermore, without this additional funding we anticipate that repair and maintenance programs at facilities statewide would effectively cease. This could result in serious health and safety issues at TPWD sites, and would also have implications for infrastructure-related programs and staffing.

**Restore 5% Reductions:** The Department's second priority is to restore the reductions taken to meet the requirement that the base request be limited to 95% of FY 2004-2005 general revenue-related funds. The item would restore a total of \$5.1 million and 59.1 FTEs over the biennium. State Parks and Law Enforcement divisions account for a significant portion of these amounts, with approximately \$1.6 million and 27 FTEs of the total in state parks and \$1.3 million and 16.1 FTEs in law enforcement.



**Additional Funding for State Parks:** This exceptional item would provide \$6.0 million for state park operations and \$2.0 million for small repairs over the biennium. The funding will allow TPWD to offset increases in operating costs, such as fuel and utilities, and will allow state parks to restore 53 FTEs that are no longer affordable due to these operating cost increases. Funding for routine and preventative cyclical maintenance will help keep the system functioning at acceptable and safe levels and will also help reduce the need for costly major repairs in the future.

**Funding for Vehicles and Equipment:** This exceptional item requests a total of \$11.2 million over the biennium for the purchase of much needed replacement vehicles, boats and other transportation items, and a total of \$2.9 million for capital equipment purchases such as mowers, tractors and lab equipment. This funding would allow the Department to replace unreliable and unsafe vehicles and equipment and avoid incurring costly repair expenses on aging/obsolete equipment.

**Appropriation of Freshwater Stamp Revenue:** House Bill 1989, passed by the 78th Legislature, authorized the Department to issue a freshwater fishing stamp, the proceeds of which are to be spent to replace, renovate, and repair freshwater fish hatcheries and to stock fish in public state waters. Rider 28 of the FY 2004-2005 General Appropriations Act appropriated \$4.26 million from the sale of the freshwater fishing stamp to TPWD in FY 2005. Revenues from the sale of the stamp in FY 2006-2007 are estimated at a total of \$4.5 million per year. This exceptional item requests authority to spend the additional \$4.7 million of estimated stamp revenue brought in over amounts already reflected in the base. A related rider is also requested.

**Employee Pay Raise:** TPWD is requesting a cost of living pay increase of approximately 4.8%, totaling \$10 million over the biennium, for all TPWD employees. Lack of pay increases and higher out-of-pocket insurance costs have become a retention issue for many employees.

**Fully Fund Game Wardens:** This exceptional item would provide \$5.2 million over the biennium to fully fund game warden salary and operating costs and allow the Department to achieve the targeted total of 510 game wardens. The request would fund a cadet class in FY 2006 and ongoing costs for 12 new game wardens, and would also fund ongoing costs associated with FY 2005 cadets.

**Information Resources:** This item requests approximately \$7.0 million over the biennium to purchase computer equipment, including workstations, servers, telecommunications, other equipment and licenses. Current appropriations are not sufficient to continue the Department's four to five-year technology refresh program or to adequately support other information technology needs. This inability to upgrade computers places agency systems at significantly greater risk since some older computers do not have the capacity to load current versions of software and security patches. Critical network supported services such as park reservations and license sales could potentially be adversely affected due to these issues.

**Capital Project Related Salaries:** For the past several years, the Department has been required to pay capital-related salary costs of in-house staff with bond funds. Use of bond proceeds for this purpose places the agency at risk of exceeding bond covenant and Internal Revenue Service restrictions regarding use of bond funds. This item requests \$2.0 million over the biennium to maximize the use of bond funds on actual major repair and construction projects and to minimize the risk of operating contrary to bond covenant and IRS restrictions.

**Additional Proposition 8 Bond Funds:** This item requests appropriation of \$20.6 million in general obligation bonds in FY 2007 to complete three major development projects designated by the Legislature. The funding would provide \$9.6 million for the Battleship TEXAS, \$2.9 million for the Levi Jordan Plantation and \$8.1 million for the San Jacinto Monument. Debt service associated with this

request totals \$948,000 and will be requested by the Texas Public Finance Authority.

**Restore Local Parks Grant Funding:** This exceptional item requests \$24.7 million over the biennium to restore reductions taken in the local park grant program during the 2004-2005 biennium (a total of \$14.7 million) and necessary in FY 2006-2007 to comply with the 95% GR limitation (a total of \$10 million). This program allows communities to compete for funds to assist in planning, acquiring and developing public recreational facilities. Restoration of this funding would allow TPWD to better meet the outdoor/indoor recreational needs of local governments by making it possible to award an additional 36 local park grants and 32 Community Outdoor Outreach Program grants in each year.

**Restore Article IX, Section 12.04 Reductions:** Article IX, Section 12.04 of the General Appropriations Act required general revenue reductions totaling \$97 million in the 2004-2005 biennium for agencies that own real property purchased with GR or GR-Dedicated funds. The specific reduction amount for TPWD totals \$5.2 million for the current biennium and therefore reduces our allowable GR funding request for FY 2006-2007. The reduction was taken from the local park grant program, and this exceptional item requests restoration of these amounts.

**Funding for Vehicles and Boats:** This item requests an additional \$1.7 million over the biennium for the purchase of additional replacement vehicles, boats and other transportation items. Due to the nature of Department activities, agency vehicles are heavily utilized and wear accordingly. Fifty-eight percent of the vehicles in our fleet exceed the replacement goals for age as established in the State Vehicle Fleet Management Plan. This additional appropriation would allow the Department to replace more of these aging vehicles and better comply with the State Vehicle Fleet Management Plan's replacement goals.

**Rider 27 Appropriation-Concession Revenue:** This item would allow the Department to spend any additional concession revenues brought in over amounts already reflected in the base request (estimated to be \$2.4 million over the biennium). These additional funds would be used to fund general state park operations resulting in benefits such as improved customer services, hours of operation and additional print materials regarding state parks. Related rider language revisions are also requested.

**Rider 2 Appropriation-Escrow Revenues and Unexpended Balances:** TPWD is often party to settlement/mitigation agreements arising from damages to the state's natural resources. These agreements are generally long-term, multi-year contractual obligations involving activities such as restoration of wetlands or monitoring habitats. Prior to last biennium, rider authority provided the Department flexibility to fulfill its contractual obligations by allowing it to expend any new revenues or unexpended balances received through such agreements. For the 2004-2005 biennium, the rider language was revised to establish a "not to exceed" threshold on expenditures, thereby limiting TPWD's ability to carry out existing agreements or enter into new ones. This request seeks to rectify this situation by removing the restriction and allowing the Department to expend all balances and revenues, totaling an estimated \$2.7 million over the biennium. Related rider language revisions are also requested.

**Rider 15 Appropriation-License Plate Receipts:** Chapter 504 of the Transportation Code creates certain specialty license plates, including conservation plates, Texas Lions Camp plates and Marine Mammal Recovery plates, and designates TPWD as the agency responsible for administering the plate receipts. Receipts from the sale of conservation plates may be used to benefit TPWD programs and activities, while receipts from the other two plates must be used for the benefit of specified non-profit entities. This item requests appropriation authority to use the balances and revenues from the sale of these plates, which are

estimated to be \$1.4 million over the biennium. Related rider revisions are also requested.

**Rider Appropriation-License Agent Fees:** TPWD contracts with retail stores across the state to serve as license agents selling hunting, fishing and other licenses on behalf of the Department. In exchange for this service, license agents are authorized to retain up to 5% of the selling price of each license, estimated to be \$3.7 million annually. Currently, these amounts are not reflected as costs for TPWD, but are netted out of the revenues booked by the Department. This exceptional item would permit TPWD to accurately reflect the costs and revenues associated with these commissions without adversely impacting our existing appropriation authority. Related rider language is also requested.

## RIDERS

In addition to the exceptional items, the Department has requested several revisions to riders. The more significant of these include:

**Rider 13 Appropriation-State Owned Housing Authorized:** TPWD is requesting an amendment to Rider 13 to allow the Department to spend more than \$25,000 during the biennium to repair or replace critical state-owned housing damaged as a result of a catastrophic event. The rider request also includes an amendment to provide authority to construct two new residences at Government Canyon.

**New Rider – Replacement of Obsolete Vehicles and Computers:** This request would provide the Department authority to exceed the limit on capital budget expenditures for vehicles and computers when the agency determines that replacing a wrecked or high mileage vehicle is cost beneficial to the state or that replacing an old computer is required to operate agency standard software. Advance notification to the LBB and Governor's Office would be required before using this authority.

**New Rider – Capital Budget Expenditures from Gifts, Grants or Federal Funds:** The Department is requesting an exemption from capital budget restrictions to allow gifts, grants and federal funds to be used for purchase of land, construction, repairs and other capital budget items when the funds are specifically designated for such purposes by the donor or grantee. Advance notification to the LBB and Governor's Office would be required before using this authority.

**New Rider – Gasoline Contingency:** TPWD is heavily dependent on use of vehicles to carry out its mission, logging approximately 23 million miles annually. At this level of mileage, our budget is especially hard hit by unanticipated fluctuations in the price of gasoline. This contingency rider would appropriate additional funding for every ten-cent increase in the average cost of gasoline above \$1.75 per gallon.

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

## **GENERAL REVENUE Fund 001**

**ALLOWABLE USES:** Supplemental funding for any departmental program. Has historically been used to subsidize park operations and support administrative divisions.

**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 151.801, 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. 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 turkey, waterfowl, white-winged dove, freshwater and saltwater sport fishing) 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:** TPW Code 11.033, 43.014, 43.254, 43.305, 43.405, 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.

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

AUTHORITY: 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 for planning, acquisition, or development of local parks and grants for recreation, conservation, or education programs for underserved populations. Once revenues 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.

**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, interest income, entrance fees, other.
- AUTHORITY:** TPW Code 11.052

## **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 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

## **REVENUE BOND ISSUES**

FY 98 Account 7503	FY 00 Account 7508
FY 99 Account 7506	FY 01 Account 7511

**ALLOWABLE USES:** Financing the repair, renovation, improvement, and equipping of parks and wildlife facilities.

**AUTHORITY:** TPW Code 13.0045

## **GENERAL OBLIGATION BONDS**

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

**AUTHORITY:** General Appropriations Act (2001); Texas Constitution, Article III, 50 (f)

## MISCELLANEOUS

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

Receives Sporting Goods Sales tax revenues, revenue bond proceeds and other funds for expenditure only on acquisition, development, maintenance or operation of parks, fisheries or wildlife projects individually approved by the Commission (TPW Code 11.043).

### **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).

### **Varner-Hogg Trust Account 941:**

Earnings from gifts of property and cash dividends used to maintain Varner-Hogg State Park (TPW Code 13.004, 13.008; Op.Tex.Att'yGen. No.WW-122)

### **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).

**Floating Cabin Purchase Account 5087:**

Consists of gifts, grants and interest from private or public sources. Money in account may be used only to purchase a floating cabin for which a permit has been issued (TPW Code 32.058).



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