

LEGISLATIVE BUDGET BOARD

Budget and Performance Assessments *State Agencies and Institutions*

FISCAL YEARS 1997 - 2001



SUBMITTED TO THE 77TH TEXAS LEGISLATURE

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**BUDGET AND
PERFORMANCE
ASSESSMENTS**

STATE AGENCIES AND INSTITUTIONS
FISCAL YEARS 1997–2001

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This Legislative Budget Board (LBB) summary report, *Budget and Performance Assessments of State Agencies and Institutions, 1997–2001*, is designed to address the Legislature’s need for useful and timely Texas government budget and performance information.

This report is organized by government function. Each chapter includes a ***Fiscal Year 2001 Performance Summary***, which details the percentage of each state agency’s fiscal year 2001 performance measures (i.e., Outcome/Results/Impact, Output/Volume and Efficiency) in which 95 percent of the targeted level was attained or exceeded.

Each chapter also contains a two-page budget and performance summary, or “snapshot,” for state agencies and institutions, the appellate courts, and three higher education institutional categories (General Academics, Health-Related, and Public Community/Junior Colleges). Each snapshot contains eight elements:

- ***2001 Expended Funds.*** A pie chart of All Funds expended amounts, by type of fund, for fiscal year 2001. This information is derived from fiscal year 2002 Operating Budget information reported/entered by agencies and institutions into the LBB’s Automated Budget and Evaluation System of Texas (ABEST). In some instances, however, fiscal year 2001 budgeted information from the 2002–03 Legislative Budget Estimates has been used when expended information for fiscal year 2001 is not available for an agency or institution due to program transfers or reporting requirements.
- ***Full-time-equivalent Positions.*** A bar chart and brief description of the number of full-time-equivalent (FTE) positions for the 1997–2001 period. The FTE caps for fiscal years 1998, 1999, 2000, and 2001 are included in the bar chart. Both FTE positions and FTE caps are shown as whole numbers. The FTE caps (included in the 2000–01 General Appropriations Act) reflect any adjustments jointly approved by the LBB and the Governor’s Office. The source for FTE positions is the State Auditor’s Office.
- ***Major Contracts.*** Information on major agency and institution contracts (i.e., contractor, purpose, and cost) that was reported by agencies for fiscal year 2001 initiated, ongoing, or completed. Multi-year contracts are asterisked. Pursuant to the 2000–01 General Appropriations Act (Article IX, Section 9-7.05), all state agencies and institutions of higher education must submit to the LBB information regarding professional services, construction, consulting, or information systems contracts initiated that total \$14,000 or more.
- ***Lawsuits.*** Lawsuit information (number reported and total amount of specified potential state liability). This information is reported by the agency or institution to the LBB pursuant to Chapter 109.0015 of the Civil Practices and Remedy Code and includes reports received through August 2001. The potential liability to the state is not known for many lawsuits; if known, specified liability amounts are shown.
- ***Performance Measures.*** A line graph of actual and targeted performance for up to four key (i.e., included in the 2000–01 General Appropriations Act) measures. In most instances, actual and targeted performance are shown for fiscal years 1997–2001.
- ***Budget Highlights.*** A brief description of fiscal year 2001 expenditure information, including key issues and/or concerns.
- ***Related Reports and Reviews.*** Recent reports by the State Auditor’s Office containing performance-related findings and recommendations relating to each agency and institution are listed and information concerning the most recent measure certification audit by the State Auditor’s Office is provided. In addition, this section identifies agencies which are eligible for an enhanced

INTRODUCTION

compensation program during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002–03 General Appropriations Act.* Eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency or institution performance may be awarded up to 6.8 percent of their base salary.

- ***Performance Highlights.*** A statement of the percentage of each agency’s or institutions’s fiscal year 2001 performance targets (i.e., Outcome/Results/Impact, Output/Volume, and Efficiency) in which 95 percent of the targeted performance level was attained or exceeded is provided, along with a statement noting the number of Outcome/Results/Impact, Output/Volume and Efficiency measures that were attained or exceeded. Additionally, performance measures and/or issues in which there has been a significant variance and/or that is of general interest are noted.

Budget and performance information for the three higher education institutional categories (General Academic, Health-related, and Public Community/Junior Colleges) and the 14 Court of Appeals Districts is consolidated; however, the performance of individual institutions of higher education is detailed for selected key performance measures.

This report may be accessed via the LBB web site at <http://www.lbb.state.tx.us>.

* (d) “To further foster, support, and reward outstanding performance, ongoing productivity improvement and innovative improvement programs, and to retain key high performing employees, qualified state agencies and institutions may expend amounts necessary from funds appropriated in this Act for the purposes of enhancing compensation for employees who directly contributed to such improvements. Only classified employees (including classified employees of institutions of higher education) are eligible for enhanced compensation, and this award shall not exceed 6.8 percent of an employee’s annual base pay. To be eligible for this provision, an agency or institution must:

- (1) Achieve or exceed targets for 80 percent of the established key performance measures:
 - (A) For fiscal year 2002, eligibility shall be determined by the Legislative Budget Board based on performance reported to the Automated Budgeting and Evaluation System of Texas (ABEST) for fiscal year 2001;
 - (B) For fiscal year 2003, eligibility shall be determined by the Legislative Budget Board based on performance reported to ABEST for fiscal year 2002; and
- (2) Have an unqualified certification for at least 70 percent of its performance measures as shown by its most recent certification review by the State Auditor’s Office; and
- (3) File a report with the Comptroller, Legislative Budget Board, Governor’s Office of Budget and Planning, House Appropriations Committee, and Senate Finance Committee describing the success of the innovative program and criteria used to assess the improvements; and
- (4) Sixty days prior to implementation file a report with the Comptroller, Legislative Budget Board, Governor’s Office of Budget and Planning, House Appropriations Committee, and Senate Finance Committee describing in detail how the agency intends to use this flexibility to further the goals of this section.”

GENERAL GOVERNMENT

FISCAL YEAR 2001 PERFORMANCE SUMMARY

AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Aircraft Pooling Board	33%	3
Commission on the Arts	57	7
Office of the Attorney General	83	18
Bond Review Board	75	4
Comptroller of Public Accounts	78	36
Fiscal Programs - Comptroller of Public Accounts ²	50	2
Commission on State Emergency Communications	50	4
Employees Retirement System	43	7
Texas Ethics Commission	29	7
Public Finance Authority	0	2
Fire Fighters' Pension Commissioner	33	6
General Services Commission	52	27
Trusted Programs Within the Office of the Governor	60	10
Historical Commission	70	10
Commission on Human Rights	83	6
Texas Incentive and Productivity Commission	20	5
Department of Information Resources	75	4
Library and Archives Commission	70	10
Pension Review Board	80	5
Preservation Board	100	6
State Office of Risk Management	86	7
Secretary of State	91	11
Office of State-Federal Relations	67	3
Veterans Commission	100	5

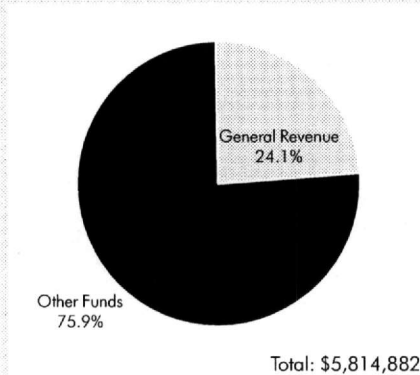
¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

² An individual budget and performance summary was not prepared for this program.

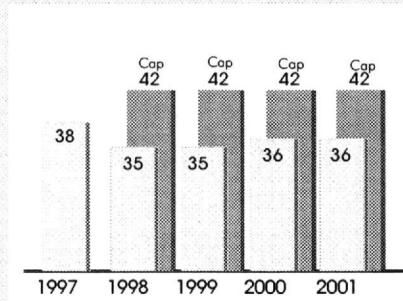
AIRCRAFT POOLING BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Ninety-two percent of Interagency Contracts, 97 percent of Appropriated Receipts, and all of the agency's General Revenue Funds were spent on aircraft maintenance and repair in fiscal year 2001. General Revenue Funds were also expended for replacing a passenger airplane.

Approximately 75 percent of the total agency expenditures were reimbursed by user agencies and universities in the form of Interagency Contracts and Appropriated Receipts.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 86 percent of the FTE positions were assigned to aircraft travel and maintenance.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Audit Report on Performance Measures* issued by the State Auditor's Office certified all three of the measures reviewed.

AIRCRAFT POOLING BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 33 percent of its three established key performance targets.

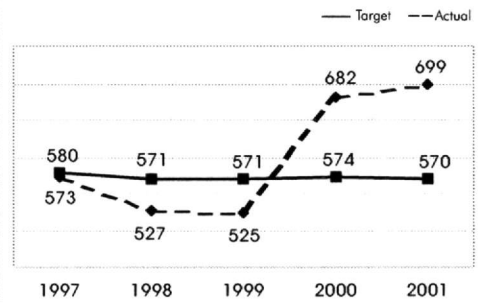
The agency attained or exceeded one of its three output/efficiency targets. The agency did not have any outcome measures during fiscal year 2001.

The agency exceeded its target for *Number of Work Orders Completed* as a result of an increase in the number of avionics work orders requested and efficiency by avionics technicians.

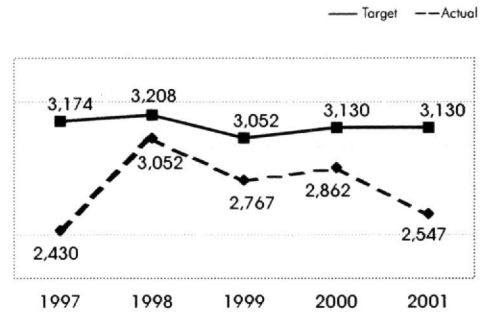
Because of an overall reduction in client agencies' travel budgets and the sale of two passenger aircraft which were taken out of service because of their age, the agency failed to meet targeted performance for two measures: *Number of Flights* and *Number of Hours Aircraft are Flown*.

SELECTED PERFORMANCE MEASURES

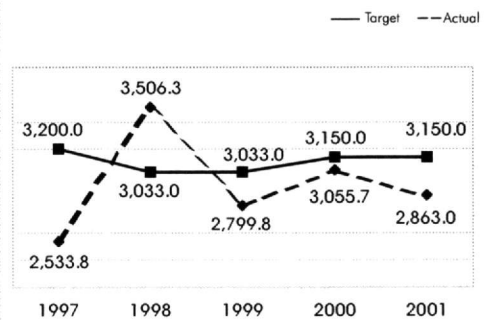
NUMBER OF WORK ORDERS COMPLETED



NUMBER OF FLIGHTS



NUMBER OF HOURS AIRCRAFT ARE FLOWN

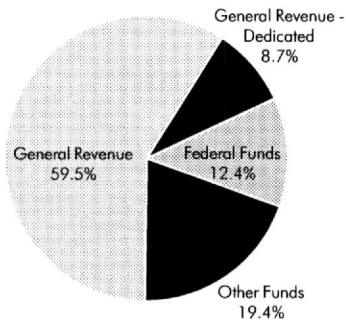


COMMISSION ON THE ARTS

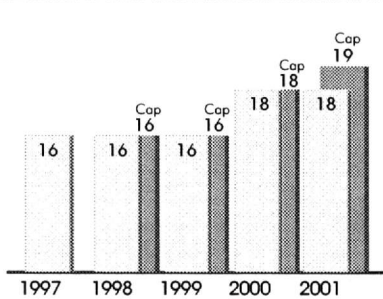
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED

Total: \$5,604,170



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Tate Austin *
Advertising service renewal
\$100,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Forty-eight percent of General Revenue Funds available in fiscal year 2001 were used to distribute direct grants for arts programs. Recipients of these direct grants included Texas citizens, community art centers, and nonprofit arts organizations.

Approximately 16 percent of the agency's total funds expended during fiscal year 2001 funded arts education programs in Texas schools and communities.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency requested and received one FTE in fiscal year 2001 for the border counties initiative enacted by the Seventy-sixth Legislature, 1999; however, the agency was not able to fill the position by the end of the fiscal year.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A February 1996 *Audit Report on Performance Measures* issued by the State Auditor's Office certified with qualifications one of the two measures reviewed. The other measure was found to be inaccurate.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 57 percent of its seven established key performance targets. The agency has shown strong performance in the past two fiscal years in promoting the arts through distributing publications both electronically and through the agency's website, which has increased the public's participation and awareness of arts events throughout Texas.

The agency did not attain or exceed any of its three outcome targets, but did attain or exceed all four of its output/efficiency targets.

The target for *Percentage of Total Assistance Dollars Provided to Minority Organizations* was not met because of the continued reorganization of many nonprofit organizations that apply for these grants. These organizations have been without many key personnel, which has left them without sufficient time and resources to apply for grants.

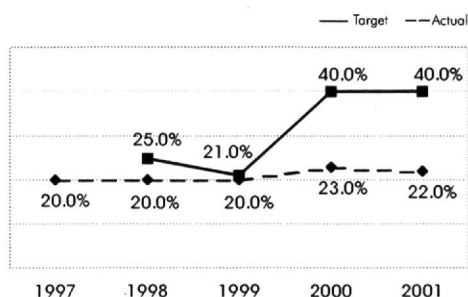
The agency failed to attain its target for *Percentage of Total Assistance Dollars Provided to Organizations from Rural and Geographically Located Communities*. This was due in part to the transition to the new Border Counties Initiative Program enacted by the Seventy-sixth Legislature, 1999, which mandates that the agency enhance community arts development in approximately 25 border counties. Fewer applications from the border region were received during the transition period than originally projected.

Targeted performance for *Number of Marketing Activities, Conferences, and Seminars which Promote Tourism* was exceeded by 242 percent. The agency continues to have strong performance in this area as it works with four state agencies that are involved in the memorandum of understanding partnership to promote tourism statewide: the Texas Historical Commission, the Texas Department of Economic Development, the Texas Department of Parks and Wildlife, and the Texas Department of Transportation. Additionally, marketing materials were distributed for the agency's arts and cultural events calendar (artonart.com) at many venues, including the Texas Travel Industry Association Conference and the Texas Book Festival.

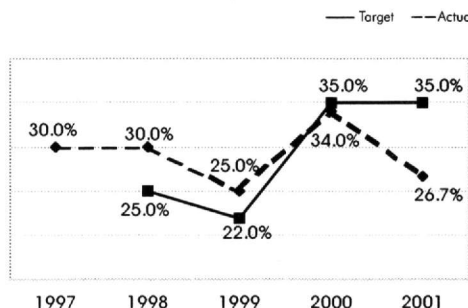
The agency met its targeted performance for *Number of School Districts Participating in Arts Education Programs*. This was due in part to the Fine Arts Summit held in June 2001 in San Antonio, where teachers and fine arts specialists received training. There were 301 participants at the summit, representing 113 school districts.

SELECTED PERFORMANCE MEASURES

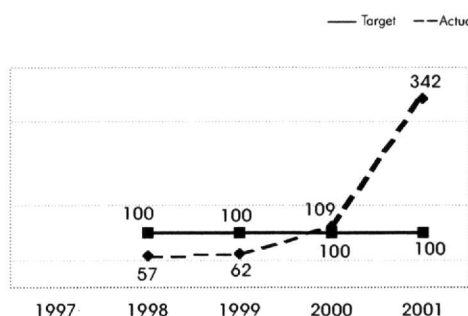
PERCENTAGE OF TOTAL ASSISTANCE DOLLARS PROVIDED TO MINORITY ORGANIZATIONS



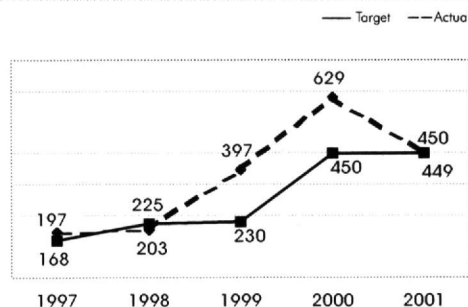
PERCENTAGE OF ASSISTANCE DOLLARS PROVIDED TO RURAL AND GEOGRAPHICALLY LOCATED COMMUNITIES



NUMBER OF MARKETING ACTIVITIES, CONFERENCES AND SEMINARS WHICH PROMOTE TOURISM

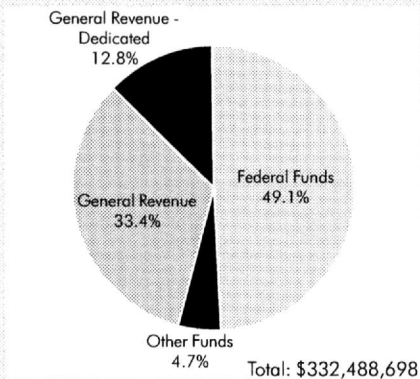


NUMBER OF SCHOOL DISTRICTS PARTICIPATING IN ARTS EDUCATION PROGRAMS

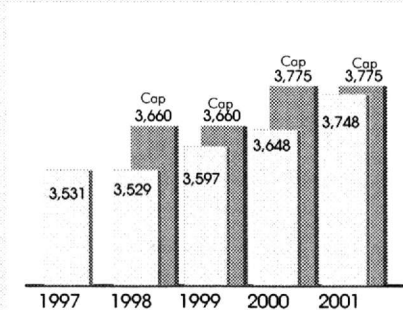


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Texas Electronic Information and Computer Corp. *
Personal computers
\$2,800,000
- Leapnet *
Hardware and software design
\$637,100
- SHI Government Solutions *
Laptop computers
\$380,000
- American Power Conversion Corp. *
Un-interruptible power supply
\$328,373

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Approximately 65 percent of the agency's fiscal year 2001 expenditures were related to child support enforcement functions such as establishing paternity, locating noncustodial parents, obtaining child support orders, and enforcing collections.

Approximately 88 percent of Federal Funds expended by the agency were for child support enforcement. Crime Victims Compensation and Victims Assistance are other agency programs that received significant Federal Funds in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately two-thirds of the agency's FTEs worked in child support enforcement. The higher cap in fiscal years 2000 and 2001 was a result of 114 new FTEs authorized to staff regional call centers to reduce call response time and to make other improvements in child support customer service.

RELATED REPORTS AND REVIEWS

A February 2000 *Audit Report on Selected Initiatives of the Child Support Division of the Office of the Attorney General* issued by the State Auditor's Office (SAO) found that the agency missed the federal deadline for establishing a State Disbursement Unit and risked the loss of Federal Child Support Enforcement Funds. Subsequent to the report, however, the unit was established and no Federal Funds were lost.

A July 1996 *Audit Report on Performance Measures* issued by the SAO certified without qualifications eight out of nine performance measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 83 percent of its 18 established key performance targets. The agency demonstrated strong performance in the child support enforcement area, where six of seven measure targets were exceeded. New enforcement tools required by federal welfare reform legislation and more effective use of agency resources contributed to this level of performance.

The agency attained or exceeded all six outcome targets and nine of its 12 output/efficiency targets.

The agency exceeded the target for *Delinquent Revenue Collected (in Millions)*. The increase is partially due to collecting franchise tax from out-of-state companies doing business in Texas that had not been paying the tax. Revenues were also realized from increased collections in state and local taxes and bankruptcy cases.

The agency exceeded the target for *Amount of Title IV-D Child Support Collected (in Millions)* in fiscal year 2001, with an increase of 20 percent over fiscal year 2000. This increase is attributed to the automated income withholding system implemented in fiscal year 1999. The system matches the child support caseload with the Employee New Hire database and automatically issues wage withholding orders when a match is found. This added efficiency has allowed field staff to focus on establishing new child support orders, which increased by 14.7 percent over fiscal year 2000.

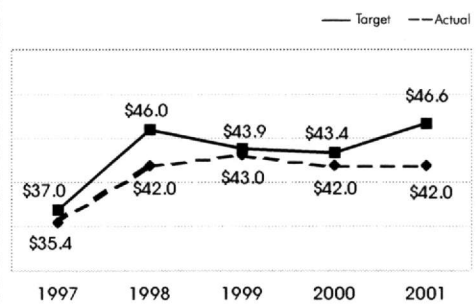
The fiscal year 2001 target for the *Average Number of Days to Analyze a Claim and Make an Award* of compensation to crime victims was not met primarily because of an increase in applications and requests for award payments. The total number of applications received in fiscal year 2001 increased by 11.9 percent over fiscal year 2000.

The target for *Amount of Medicaid Overpayments Identified (in Millions)* was exceeded. A number of cases investigated over the course of several fiscal years concluded in fiscal year 2001. Of the 23 cases consisting of overpayments, seven, or 30 percent, represented \$8.7 million of the \$11.7 million in identified overpayments.

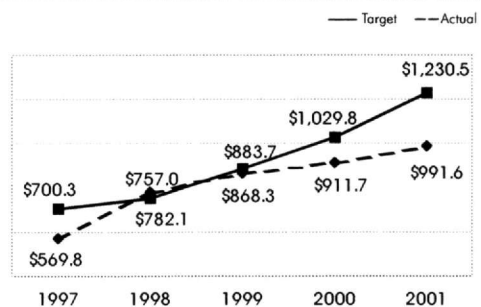
The agency exceeded the target for *Total Number of Children Served by Court-appointed Volunteers* as a result of continued expansion of the program in counties in the state.

SELECTED PERFORMANCE MEASURES

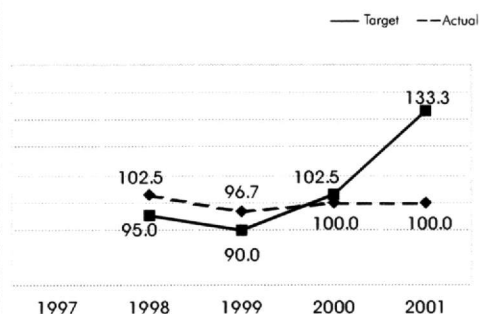
DELINQUENT REVENUE COLLECTED (IN MILLIONS)



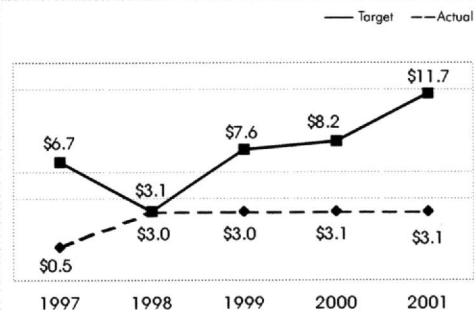
AMOUNT OF TITLE IV-D CHILD SUPPORT COLLECTED (IN MILLIONS)



AVERAGE NUMBER OF DAYS TO ANALYZE A CLAIM AND MAKE AN AWARD



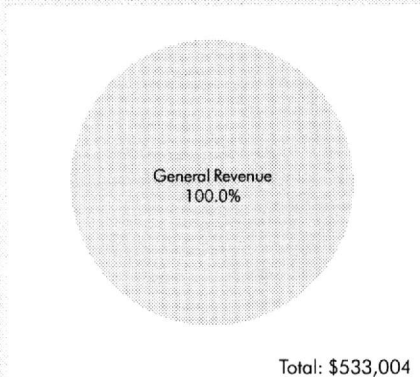
AMOUNT OF MEDICAID OVERPAYMENTS IDENTIFIED (IN MILLIONS)



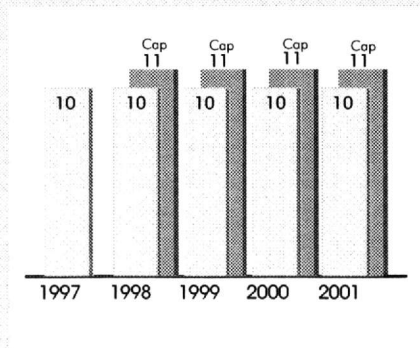
BOND REVIEW BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

During fiscal year 2001, approximately 44 percent of the agency's budget was spent on protecting the state's bond rating by reviewing bond issues proposed by state agencies and analyzing the state's debt burden, creditworthiness, and major capital expenditures. The remaining funds were used to analyze debt of local governments (34 percent) and administer the private activity bond program (22 percent).

The agency generated approximately \$433,000 during fiscal year 2001 from the Private Activity Bond Program through fees paid by applicants and those receiving reservations for the tax exempt bonds.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Although the agency's number of FTEs has remained constant, the majority of the vacancies have occurred in the financial analyst job classification.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Small Agency Management Control Audit* issued by the State Auditor's Office certified with qualifications two of the four measures reviewed. The third was deemed inaccurate and the remaining measure had factors preventing certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its four established key performance targets.

The agency attained or exceeded three of its four output/efficiency targets. The agency had no outcome targets during fiscal year 2001. The agency launched its new local government financings database which allows local government staff to directly input debt-related information. This has given the agency more time to review and improve program-related activities.

Although actual performance exceeded targets for the fourth consecutive fiscal year for *Number of State Bond Issues Reviewed*, the agency's performance for 2001 reflected a slight decline in activity. As in previous years, the agency was able to exceed the target due to favorable market conditions, which resulted in more refinancings than originally projected.

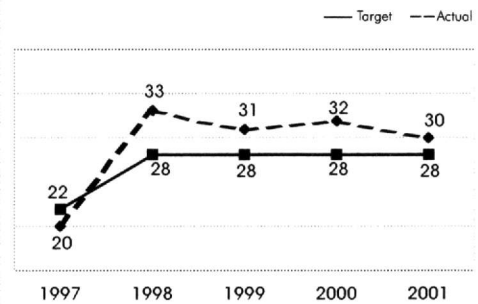
The target for *Number of Recommendations Presented to State Policy Makers and Bond Issuers* was attained and increased significantly over fiscal year 2000. Performance for this measure is cyclical and is higher during fiscal years when the legislature is in session.

The agency exceeded its target for *Number of Local Government Financings Analyzed*. Until fiscal year 2001, the agency experienced problems retaining financial analysts — only two of the four positions were consistently filled in fiscal year 2000 — and staff spent a significant amount of time performing data entry. Once all positions were filled and the database was on-line, analysts were able to eliminate the backlog and analyze current local government financings.

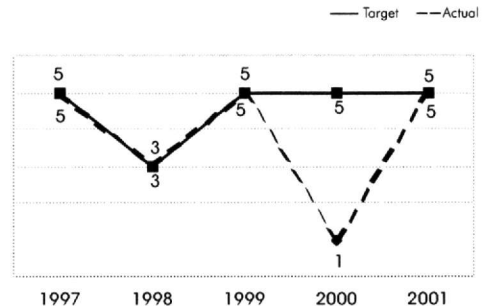
The agency did not attain its target for *Number of Responses to Information Requests* related to the Private Activity Bond (PAB) Program. Program staff received fewer requests due to the availability of more information on the agency's website. This allowed staff to spend more time providing assistance to customers and monitoring the PAB Program.

SELECTED PERFORMANCE MEASURES

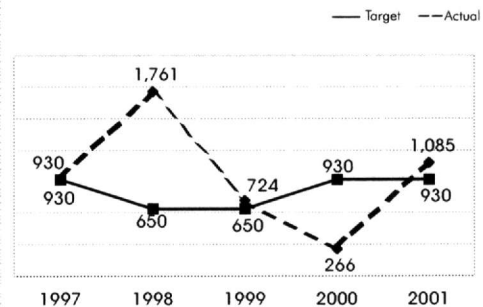
NUMBER OF STATE BOND ISSUES REVIEWED



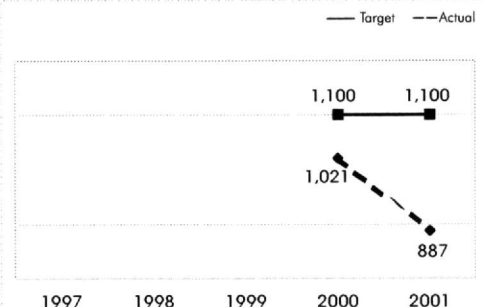
NUMBER OF RECOMMENDATIONS PRESENTED TO STATE POLICY MAKERS AND BOND ISSUERS



NUMBER OF LOCAL GOVERNMENT FINANCINGS ANALYZED



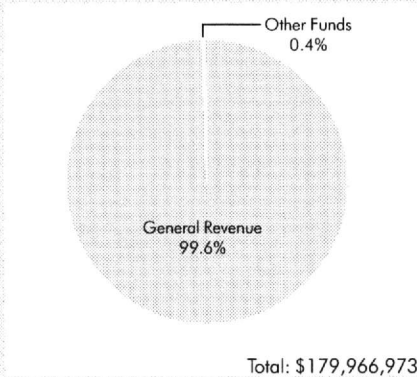
NUMBER OF RESPONSES TO INFORMATION REQUESTS



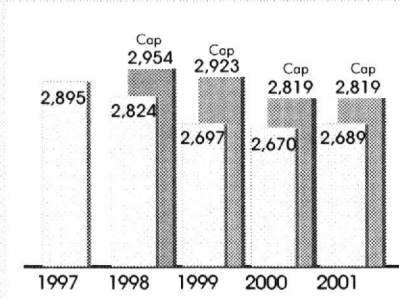
COMPTROLLER OF PUBLIC ACCOUNTS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc. *	Computer programming services	\$6,838,091
Computer Associates International, Inc. *	Computer services	\$5,692,748
Allied Consultants, Inc. *	Computer programming services	\$4,022,656
IBM Corporation *	Computer software rental	\$3,805,068

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

99 lawsuits with a specified potential liability amount totalling **\$119,742,546**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 99.6 percent of the agency's expenditures for fiscal year 2001.

Twenty-eight percent of fiscal year 2001 expenditures were used for audit activities to support improved tax compliance.

Revenue and tax processing accounted for 19 percent of the agency's fiscal year 2001 expenditures. These funds were used to provide and improve tax and voucher data processing, tax revenue collection and allocation, and tax refunds distribution.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 55 percent of the agency's FTE positions focused on ongoing audit activities, tax law compliance, taxpayer information, and tax hearings.

RELATED REPORTS AND REVIEWS

A May 2001 review of the *Salaries to be Proportional by Fund Process* by the State Auditor's Office (SAO) found that procedures were adequate to ensure that disproportionate amounts were identified and repaid.

An October 2001 report by the SAO on the *State Treasury and Its Trust Company, the Texas Tomorrow Fund, and the Texpool* found that there was no evidence of loss or misappropriation; however, the SAO did identify opportunities for improvement in organizational structure, staffing, and internal controls.

A January 1997 *Audit Report on Performance Measures* issued by the SAO certified without qualifications four of six performance measures reviewed. Two were deemed inaccurate because of data-entry errors.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 78 percent of its 36 established key performance targets.

The agency attained or exceeded 11 of its 13 outcome targets and 17 of its 23 output/efficiency targets.

The target for *Percent Accuracy Rate of Reported Amounts on Original Audits* was attained for fiscal year 2001. The agency has maintained a continued presence among the taxpayer population through taxpayer service, assistance, seminars, and enforcement. Over the past four fiscal years, the agency conducted approximately 10,000 audits for taxpayers reporting the top 65 percent of tax dollars, ensuring that those taxpayers undergo regular review and have a strong incentive for accurate reporting. Additionally, 30,000 audits were conducted for the remaining 35 percent of taxpayers.

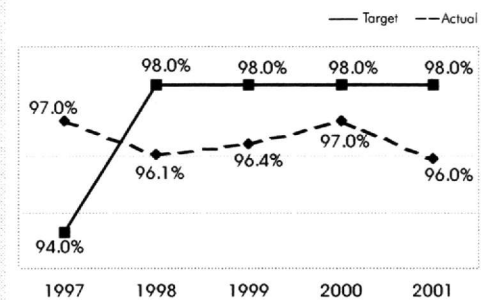
The agency attained the targeted performance for *Average Monthly Delinquent Account Closure Rate per Enforcement Officer* in fiscal year 2001. Improvements in technology for phone collections through regional phone centers in Houston, San Antonio, and Dallas contributed to this measure being attained.

Targeted performance for *Average Time (Work Days) Taken to Issue a Proposed Decision Following Record Closing* was exceeded. Before the Comptroller can render a final decision in a tax case, the law requires a written proposed decision be prepared and issued by an administrative law judge. Recent adjustments to the settings of hearings allowed the judges to hear four cases each week as opposed to six, which was the original requirement. This change had a direct effect on the average time the judges took to issue proposed decisions since they had more time to issue opinions during the week.

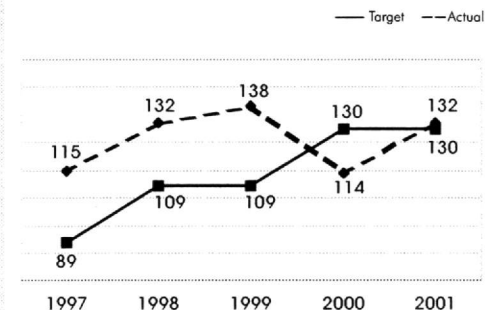
The target for *Increased Interest (in Millions) Earned through Minimization of Float (Banking)* was exceeded. This measure is driven by interest rates, which can be extremely volatile and contributed to the target being exceeded. Additionally, the total amount of deposits and the availability of deposits offered by clearing banks worked in conjunction with financial market changes for this measure.

SELECTED PERFORMANCE MEASURES

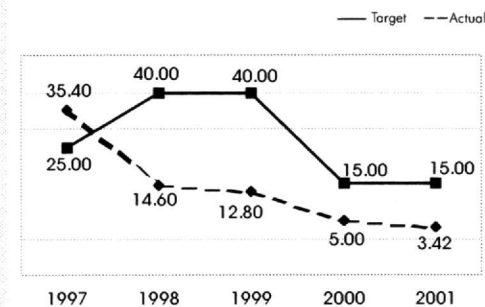
PERCENT ACCURACY RATE OF REPORTED AMOUNTS ON ORIGINAL AUDITS



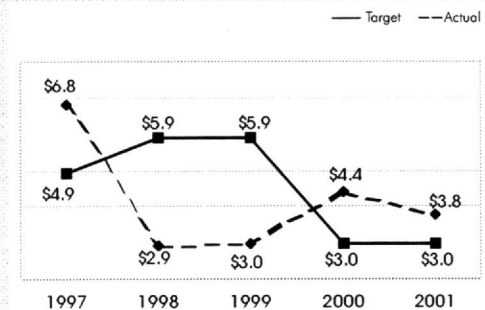
AVERAGE MONTHLY DELINQUENT ACCOUNT CLOSURE RATE PER ENFORCEMENT OFFICER



AVERAGE TIME (WORK DAYS) TAKEN TO ISSUE A PROPOSED DECISION FOLLOWING RECORD CLOSING



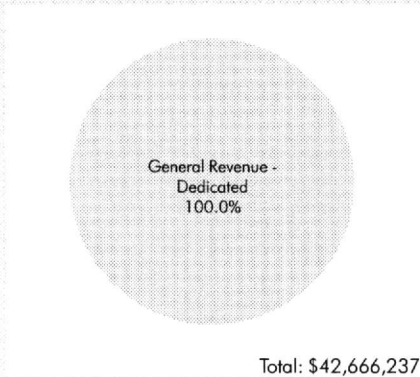
INCREASED INTEREST (IN MILLIONS) EARNED THROUGH MINIMIZATION OF FLOAT (BANKING)



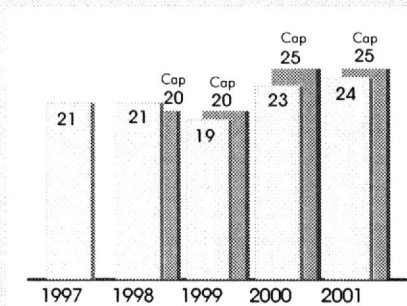
COMMISSION ON STATE EMERGENCY COMMUNICATIONS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Gonzalez Law Firm
Legal services
\$150,000

Garza, Gonzalez & Associates
Auditing services
\$30,000

Interactive Ensemble Inc.
Web page design and hosting
\$23,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Funding for the agency came from four telecommunications fees: an emergency service fee, a wireless service fee, the poison control equalization surcharge, and the 9-1-1 equalization surcharge. According to the Comptroller of Public Accounts, revenue from the equalization surcharge, which is levied on intrastate long-distance calls, decreased because unlimited long distance service is available through wireless service providers.

In addition to state funds, \$8.5 million in local balances, primarily from wireless service fees previously collected by the Councils of Governments (COGs) and funds reserved for replacement of 9-1-1 center equipment, was expended on the state 9-1-1 program in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 88 percent of the agency's FTEs worked on the state 9-1-1 program. Poison control services were provided by grants to six poison control centers. The centers are not state agencies, nor are their staff state employees.

RELATED REPORTS AND REVIEWS

A March 2001 *Financial Profile of the State Commission on Emergency Communications* issued by the State Auditor's Office (SAO) found that the baseline budget request for the 2002-03 biennium did not appear reasonable and that the 9-1-1 spending estimate did not take into consideration local funds available to offset expenditures. Subsequent to the report, the Seventy-seventh Legislature, 2001, reduced the agency appropriation from state funds by the amount of available local funds.

An Audit Report on the Commission on State Emergency Communications' Implementation of Phase I of Wireless 9-1-1 Improvements issued by the SAO in October 2000 concluded that the agency did not meet a statutory deadline for implementation of improved wireless 9-1-1 services for the statewide 9-1-1 program service population. Subsequent to the report, the agency worked with the Public Utility Commission and the Federal Communications Commission to ensure that wireless providers implemented the service improvements. By August 31, 2001, improved wireless 9-1-1 service was available to over 90 percent of the population served by the statewide program.

A July 1996 *Audit Report on Performance Measures at 20 State Agencies and 1 Educational Institution* released by the SAO certified with qualifications only one of the seven measures reviewed. The other measures were found to have incomplete source documents and inaccuracies in data calculations.

COMMISSION ON STATE EMERGENCY COMMUNICATIONS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its four established key performance targets. This was an improvement over 2000, when only one (25 percent) of the four key measures was attained.

The agency attained or exceeded one of its two outcome targets and one of its two output/efficiency targets.

The agency attained its target for the *Number of Counties with Functioning 9-1-1 Systems at Automatic Location Identification (ALI) Level of Service*. This level of service allowed 9-1-1 centers to access physical addresses for responding to emergency calls. Of the remaining 12 counties without ALI capability, most are in the process of transitioning their addressing data to a central database used to dispatch emergency personnel throughout the statewide 9-1-1 system.

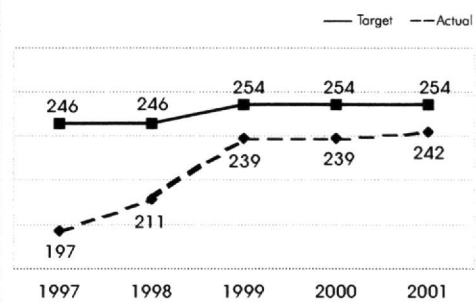
A decline in call volume was the primary reason the target for *Number of Human Poison Exposure Calls Processed per 1,000 Population* was not met. The 8.3 calls per 1,000 population processed by the poison control network does, however, exceed the national standard of 7.0 calls per 1,000 population. The calls processed by the network were down by 6 percent from fiscal year 2000 because of a lack of public awareness of the network and staff turnover at the poison centers. Approximately 20 percent of the 54 poison control call-taking positions at the six centers were unfilled at some point during fiscal year 2001.

The agency exceeded its target for *Number of Public Safety Answering Points (PSAPs) with Wireless Automatic Number Identification (ANI)*. The measure counts the additional number of 9-1-1 centers that are able to redial cell phone users in the event they are disconnected, one of the federal requirements for enhanced wireless 9-1-1 service. The target was exceeded because of agency implementation efforts and wireless service improvements which were paid for out of prior year collections in wireless service fees that the COGs had reserved at the agency's direction.

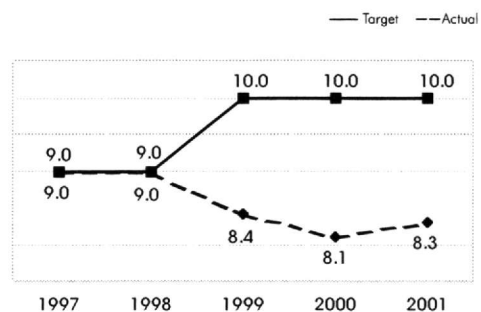
The target for *Percent of Human Poison Exposure Emergency Calls Treated at Home* was not met because of a decline in call volume. The calls processed by the network were down by 6 percent from fiscal year 2000 due to a lack of public awareness of the network and staff turnover. A continued increase in the number of statewide human poison exposures and a continued decline in call volume could result in greater use of more costly alternatives (e.g., hospital emergency room visits) to poison control network services.

SELECTED PERFORMANCE MEASURES

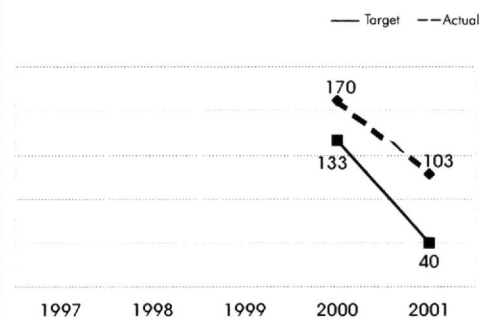
NUMBER OF COUNTIES WITH FUNCTIONING 911 SYSTEMS AT AUTOMATIC LOCATION IDENTIFICATION LEVEL OF SERVICE



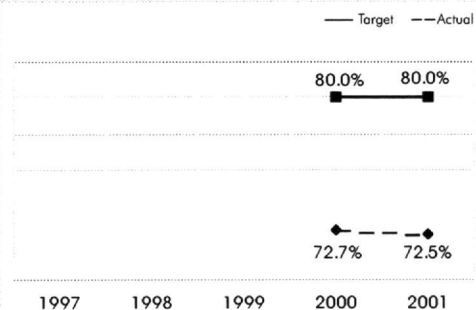
NUMBER OF HUMAN POISON EXPOSURE CALLS PROCESSED PER 1,000 POPULATION



NUMBER OF PSAPs WITH WIRELESS AUTOMATIC NUMBER IDENTIFICATION



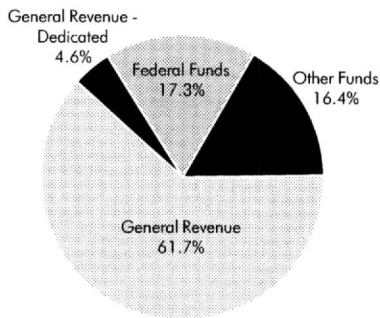
PERCENT OF HUMAN POISON EXPOSURE EMERGENCY CALLS TREATED AT HOME



EMPLOYEES RETIREMENT SYSTEM

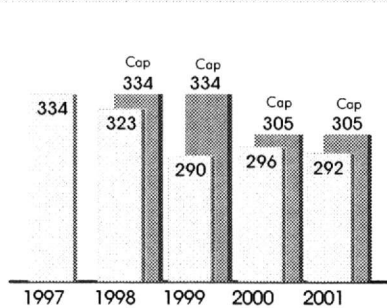
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$951,577,212

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Alliance /Sanford C. Bernstein & Company, Inc.*
Investment advisory services
\$7,526,067
Dresdner RCM Global Investors LLC *
Investment advisory services
\$4,500,000
Montag & Caldwell, Inc. *
Investment advisory services
\$3,922,900
Allied Consultants, Inc. *
Computer programming services
\$3,660,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

20 lawsuits with a specified potential liability amount totalling \$150,000.

BUDGET HIGHLIGHTS

Two-thirds of the agency's expenditures in fiscal year 2001 went toward the cost of providing health care benefits to general state employees, retirees, and their dependents. Rates for the health care plans offered by the state increased by an average of 14 percent from fiscal year 2000 to fiscal year 2001. Appropriations and employee premiums did not fully cover health costs, and \$98 million from the insurance fund's reserve was needed.

Almost all of the expenditures from Other Funds were from State Highway Fund No. 006 on behalf of employees at the Texas Department of Transportation and the Department of Public Safety.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

In a *Follow-Up Report on Two Reviews of Controls Over Investment Practices at State Investing Entities*, the State Auditor's Office (SAO) recommended that the Employees Retirement System (ERS) Board of Trustees be authorized to delegate investment decisions to external managers, that the majority of ERS Board members should have investment expertise, and that periodic external investment reviews of the agency should be required. These recommendations were also made for some of the other state investing entities.

In the SAO *Financial Profile of the agency for the Seventy-seventh Legislature, 2001*, the auditors found that the cost projections for the health insurance program used by ERS in the budget process were reasonable. The auditors also reported that the agency had a lower employee turnover rate in fiscal year 2000 than the state government average.

A July 1996 *Audit Report on Performance Measures* issued by the SAO certified without qualifications none of the eight performance measures reviewed.

EMPLOYEES RETIREMENT SYSTEM

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 43 percent of its seven established key performance targets.

The agency attained or exceeded two of its three outcome targets and one of its four output/efficiency targets.

The target for *Percent of ERS Retirees Expressing Satisfaction with Member Benefit Services* was attained. Performance improved over fiscal year 2000, which the agency attributes to improved customer service provided by the agency's phone center and website, and to stability in the health care plans offered in fiscal year 2001.

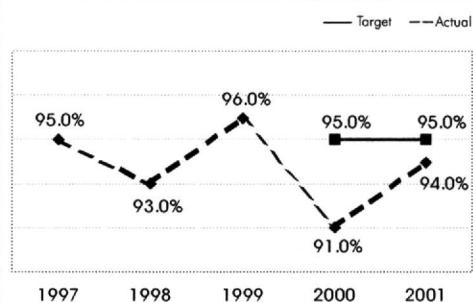
The agency failed to meet the target for *Average Number of Days to Provide ERS Retirement Packets*, taking 12 percent longer than desired to provide information to new retirees. A high volume of retirement applications in the fourth quarter, particularly for reduction-in-force retirees, combined with a delay in determining fiscal year 2002 health insurance rates and the implementation of new benefit administration software, caused the agency to exceed the targeted number of days.

The agency exceeded the target for *Percent of Managed Care Network Participants Rating ERS Insurance Services as Satisfactory or Better*. HealthSelect enrollees were surveyed on various service components, giving the highest ratings to doctor-patient interactions and the lowest ratings to the waits at doctors' offices.

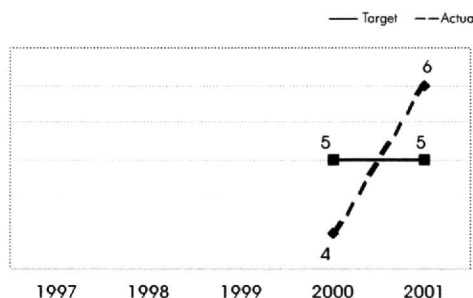
The target for *Average Number of Days to Process Claims* was not attained for the second consecutive year. The health insurance claims-processing system was changed in fiscal year 2000 to strengthen claims review by suspending payment on claims with inadequate documentation. The agency reported that while average claim turnaround was slower, payment accuracy improved.

SELECTED PERFORMANCE MEASURES

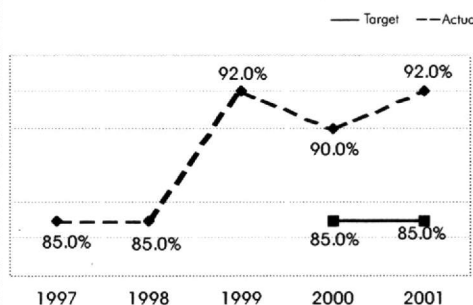
PERCENT OF ERS RETIREES EXPRESSING SATISFACTION WITH MEMBER BENEFIT SERVICES



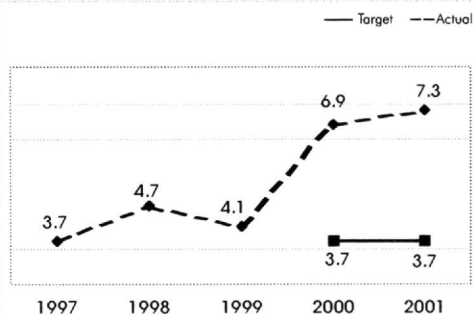
AVERAGE NUMBER OF DAYS TO PROVIDE ERS RETIREMENT PACKETS



PERCENT OF MANAGED CARE NETWORK PARTICIPANTS RATING ERS INSURANCE SERVICES AS SATISFACTORY OR BETTER



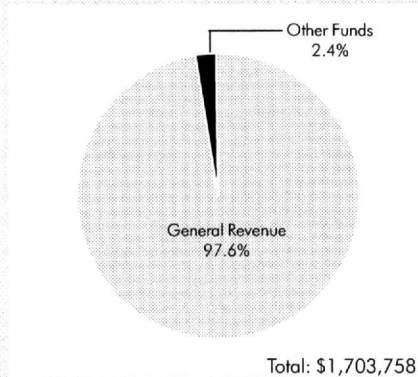
AVERAGE NUMBER OF DAYS TO PROCESS CLAIMS



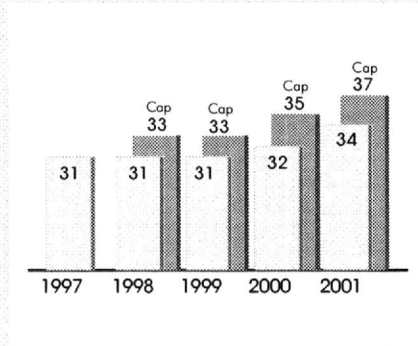
TEXAS ETHICS COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

SDR/NIC Technologies*
Electronic filing project
\$487,543
XEROX Corporation*
Lease of copiers and printers
\$232,200

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Thirty-one percent of the agency's General Revenue Funds during fiscal year 2001 were used to store information and to assist persons accessing information about public officials and persons attempting to influence public officials.

An additional twenty-three percent of General Revenue Funds were used to enforce compliance with laws administered by the agency.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency requested and received approval for an additional two FTEs in fiscal year 2001. The additional personnel assisted the agency in implementing a new electronic filing system. Seventy percent of the FTE positions were assigned to help store information and assist persons in accessing that information.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A February 1996 *Audit Report on Performance Measures* issued by the State Auditor's Office certified with qualifications two out of six performance measures reviewed and found four measures to be inaccurate.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 29 percent of its seven established key performance targets.

The agency attained or exceeded one of its two outcome targets and one of its five output/efficiency targets.

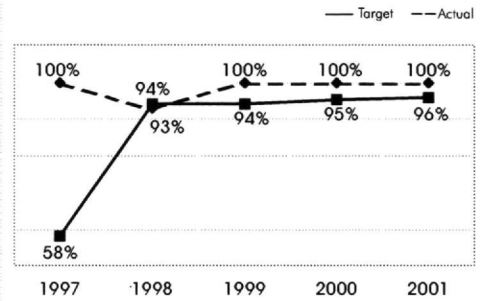
The agency exceeded its fiscal year 2001 targets for two measures: *Percent of Advisory Opinion Requests Answered by the Commission within 60 Working Days of Receipt* and *Average Time (Working Days) to Respond to Legal Advisory Opinion Requests*. Because the laws administered by the agency were unchanged, there was an overall reduction in requests for opinions, resulting in the target being exceeded for both measures.

The target for *Number of Reports Logged within Two Working Days of Receipt* was not attained. A new database was completed in February 2001 that makes campaign finance disclosure more accessible to the public. The system was incomplete much of the reporting period, which contributed to target non-attainment.

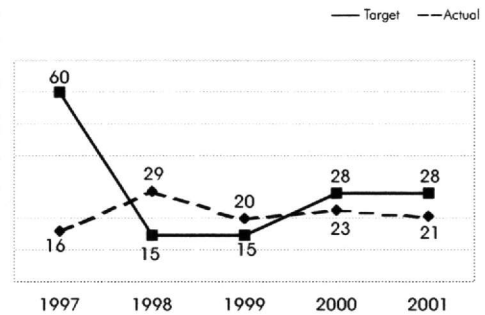
The agency did not meet its target for *Average Time (Working Days) to Respond to Sworn Complaints* because of fluctuations in workload. A disproportionate number of complaints were filed with the agency in the fourth quarter of the fiscal year, which affected the average for the reporting period. Although targeted performance was not attained, all sworn complaints received were processed within the statutory deadline of 14 days.

SELECTED PERFORMANCE MEASURES

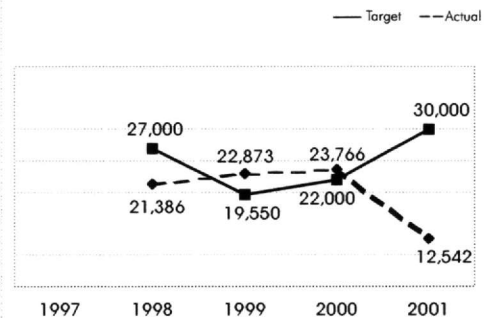
PERCENT OF ADVISORY OPINION REQUESTS ANSWERED BY COMMISSION WITHIN 60 DAYS



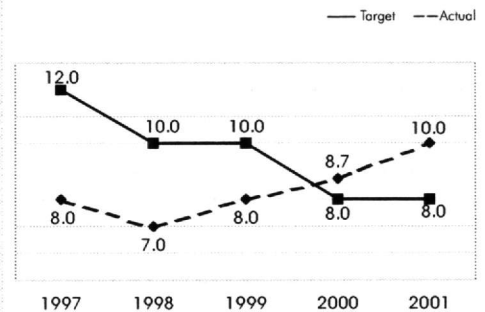
AVERAGE TIME (WORKING DAYS) TO RESPOND TO LEGAL ADVISORY OPINION REQUESTS



NUMBER OF REPORTS LOGGED WITHIN TWO WORKING DAYS OF RECEIPT

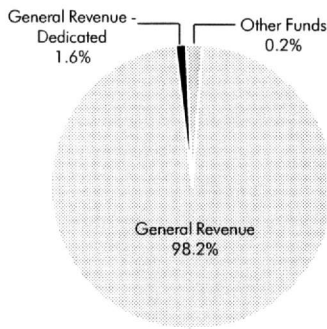


AVERAGE TIME (WORKING DAYS) TO RESPOND TO SWORN COMPLAINTS



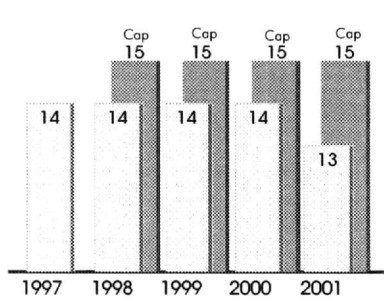
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$252,355,439

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Approximately 99 percent of the agency's fiscal year 2001 expenditures were for debt service payments on outstanding general obligation debt, over 80 percent of which represents bonds issued for prison construction projects.

Less than 1 percent of total expenditures were for agency administrative costs, the largest expense being salary costs. Beginning in fiscal year 2001, agency operating costs, which in prior years were funded by revenue bond proceeds, were funded by General Revenue.

In fiscal year 2001, the agency took advantage of lower interest rates and refunded \$320.9 million in General Obligation (GO) bonds, reducing General Revenue debt service requirements over the life of the bonds by \$11.4 million. In addition, the lower interest rates generated \$16 million in General Revenue savings that the Seventy-seventh Legislature, 2001, reallocated to fund items in the supplemental appropriations bill (House Bill 1333).

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Agency staff coordinate GO and non-GO (revenue) bonds and make debt service payments on behalf of client agencies; monitor bond spending for compliance with federal tax requirements; and, manage two commercial paper programs: the Master Lease Purchase Program (MLPP) that provides financing for state agency and higher education institution equipment and information technology acquisitions of \$10,000 or more and another for GO bonds.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications all three measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency did not attain either of its two established key performance measure targets. Because of the limited number of new debt financings authorized by the Seventy-sixth Legislature, 1999, and the completion of bond projects authorized by prior legislatures, the agency was unable to achieve its two key performance targets. The agency took advantage of the lighter financing schedule to focus on efficiency improvements like greater use of the Internet to distribute information to potential investors and accept bids for bond sales.

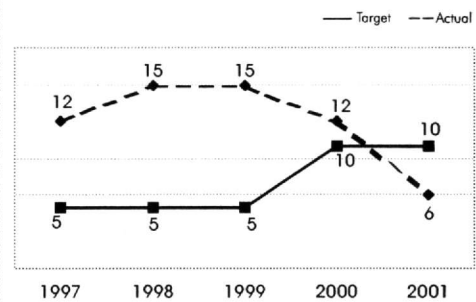
The agency did not attain or exceed either of its two output/efficiency targets. The agency does not have outcome targets.

The target for *Number of Requests for Financing, Defeasances, and Refundings Funded* was not achieved due to the low number of new debt financings approved by the Seventy-sixth Legislature, 1999, a declining level of authorized, but unissued debt; and, the final defeasance of the Superconducting Super Collider bonds. The Seventy-sixth Legislature approved no new bond issues for the 2000-01 biennium and limited the use of MLPP financing for new equipment acquisitions. Of the 12 financings completed in fiscal year 2000, four were for defeasances (“pay-offs”) of the Super Collider bonds. Many of the financings completed in 2001 were for the final phase of projects authorized by prior legislatures. Major projects financed include: repair and rehabilitation projects at state parks authorized by the Seventy-fifth Legislature, 1997; acquisition and development of World Birding Center sites with unused GO bond authority; final construction of the Bob Bullock State History Museum; and, the use of nearly all remaining GO bond authority for prison and youth offender facilities.

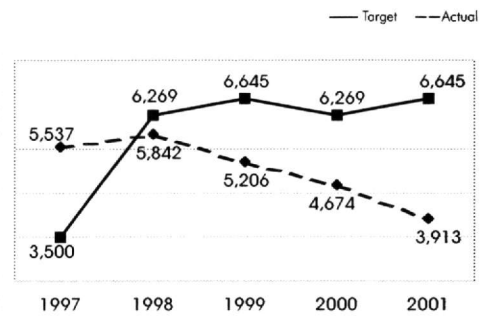
The agency failed to attain the target for the *Number of Financial Transactions Including Debt Service Payments* because of a decrease in the number of bond funds managed by the agency, and a change in the funding source for agency operating costs. As bond projects near completion or enter into final construction phases, there is a corresponding decrease in the number of financial transactions required for construction projects, and Interest and Sinking Funds. The previously mentioned change in funding for agency operating costs from several bond funds to General Revenue Funding reduced the number of financial transactions required to process routine agency expenditures.

SELECTED PERFORMANCE MEASURES

NUMBER OF REQUESTS FOR FINANCING, DEFEASANCES, AND REFUNDINGS FUNDED



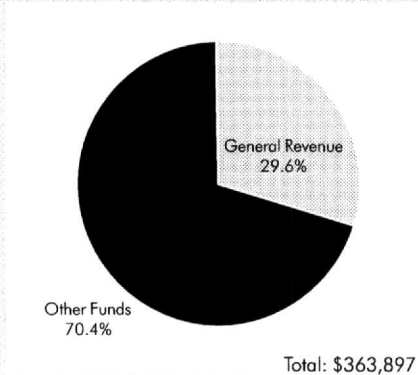
NUMBER OF FINANCIAL TRANSACTIONS INCLUDING DEBT SERVICE PAYMENTS



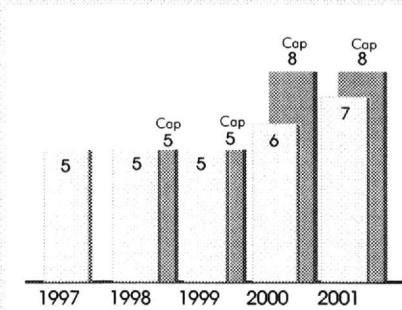
FIRE FIGHTERS' PENSION COMMISSIONER

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Renaissance Worldwide
Computer consulting services
\$131,621

Russell Gregorczyk, CPA *
Accounting services
\$86,400

Actuarial Business Consultants
Actuarial services
\$70,000

SEB Asset Management America Inc. *
Investment advisor services
\$50,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Two-thirds of the agency's fiscal year 2001 expenditures related to the administration of a statewide pension plan for volunteer emergency services personnel. The other one-third was for technical assistance and education provided to local fire fighter retirement funds.

Other Funds in the agency's budget came primarily from the State Emergency Services Personnel Retirement Fund, which is used to pay agency expenses associated with administering the program in addition to making benefit payments to retirees.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions in fiscal year 2001. Five of the agency's authorized FTEs were allocated to the statewide program. The authorization was increased from 2.5 to 5.0 in fiscal year 2000 to provide additional resources for program administration.

RELATED REPORTS AND REVIEWS

A June 2001 *Audit of the Office of the Fire Fighters' Pension Commissioner* issued by the State Auditor's Office (SAO) found that the agency's financial statements fairly and accurately represented its financial position. The report also recommended that the agency should consider adopting a formal policy for rotating actuarial consultants. Additionally, the auditors recommended that the agency continue its efforts to better segregate duties for collecting and disbursing contribution receipts, disbursing pension payments, and administering pension records.

A May 1998 *Audit Report on Performance Measures* issued by the SAO certified without qualifications one out of five measures reviewed. One measure was certified with qualifications and three were deemed inaccurate. The agency has since corrected the reporting problems.

FIRE FIGHTERS' PENSION COMMISSIONER

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 33 percent of its six established key performance targets.

The agency did not attain its outcome target and attained or exceeded two of its five output/efficiency targets.

The target for the *Period (in Years) to Amortize the Unfunded Actuarial Accrued Liability* for the Statewide Emergency Services Personnel Retirement Fund was not attained. Performance was adversely affected by an investment return of -5.22 percent for fiscal year 2001, which reduced the fund's assets.

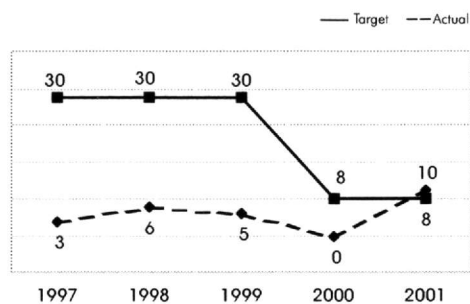
The agency failed to attain the target for *Number of Retirement Payments Distributed*. Although the number of retirees receiving payments has grown consistently, it has not matched agency projections.

The *Number of Benefit Determinations for Local Funds* was 79 percent of the target and declined for the fourth consecutive year. Benefit determinations are made at the request of the local fire fighter retirement boards; a shift in membership demographics has resulted in fewer retirements in recent years, thereby requiring fewer benefit determinations.

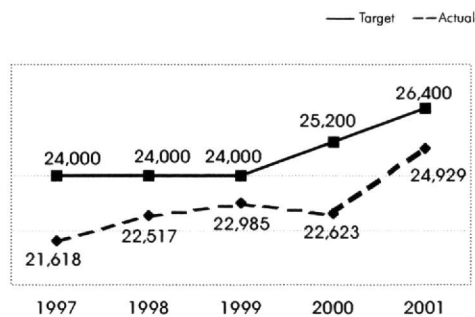
The target for *Average Time (Days) to Respond to Inquiries from Local Board Members* was exceeded, continuing a trend seen in recent years. The target had been set anticipating that an increased workload would exceed agency resources; however, the agency was able to handle the requests received in a timely manner.

SELECTED PERFORMANCE MEASURES

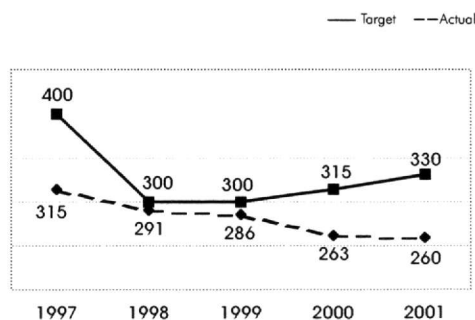
PERIOD (IN YEARS) TO AMORTIZE THE UNFUNDED ACTUARIAL ACCRUED LIABILITY



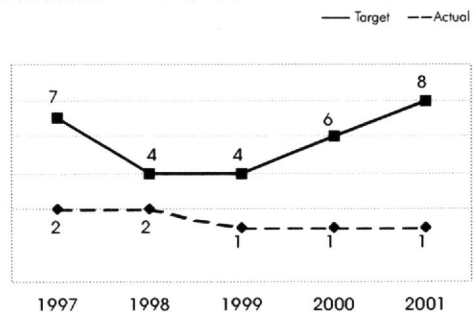
NUMBER OF RETIREMENT PAYMENTS DISTRIBUTED



NUMBER OF BENEFIT DETERMINATIONS FOR LOCAL FUNDS



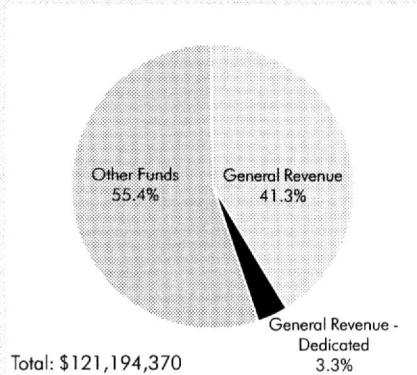
AVERAGE TIME (DAYS) TO RESPOND TO INQUIRIES FROM LOCAL BOARD MEMBERS



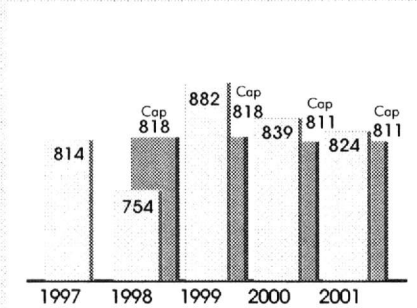
GENERAL SERVICES COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Stewart-Matl, Ltd. *
Reagan Building renovation
\$13,390,000
- B2HK-G/B&A *
Energy study
\$4,402,427
- Graeber, Simmons & Cowan Architects *
Reagan Building renovation
\$1,721,275
- RGM Constructors *
School for the Deaf renovation
\$1,721,846

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Eight lawsuits with a specified potential liability amount totalling **\$153,000**.

BUDGET HIGHLIGHTS

Three major construction and renovation projects (the Texas School for the Deaf, the Texas Department of Health's laboratory and office building, and the John H. Reagan state office building) accounted for a significant portion of expenditures from bond proceeds.

Seventy-three percent of expenditures made from General Revenue-Dedicated Funds were related to securing federal surplus property suitable for donation to the public and eligible nonprofit agencies in Texas.

Fiscal year 2001 was the last year the agency expended appropriations for providing telecommunication services for state government. The agency's Seventy-seventh Legislature, 2001, transferred the function to the Department of Information Resources (Senate Bill 311). In addition, \$4.5 million in General Revenue Fund unexpended balances for construction and technology upgrades were reallocated by the Seventy-seventh Legislature to fund items in House Bill 1333, the supplemental appropriations bill.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency exceeded its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency employed 121 temporary and contract workers, many of whom were assigned to the agency's Custodial Services Division. Approximately 48 percent of the FTE positions were assigned to planning, providing, and managing state facilities. Approximately 13 percent of agency staff was engaged in the agency's telecommunications divisions.

RELATED REPORTS AND REVIEWS

A September 2000 *Audit Report on the State Use Program* issued by the State Auditor's Office (SAO) found significant problems with the ability of the Texas Council on Purchasing from People with Disabilities to oversee the State Use Program because it lacked adequate authority, staff, and resources.

The August 2001 *Performance Measures At 12 State Entities* by the SAO certified two of the seven measures audited for fiscal year 2000 and one of the three measures audited for the first quarter of fiscal year 2001; however, four of the 10 measures were certified with qualification, one measure was inaccurate, and the other two had factors that prevented certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 52 percent of its 27 established key performance targets. The agency showed strong performance with regard to its three TEX-AN Network Services performance measures as a result of the transition from TEX-AN III to the TEX-AN 2000 platform.

The agency attained or exceeded four of its 10 outcome targets and 10 of its 17 output/efficiency targets.

The agency attained the target for *Percent of Goods and Services Purchased from Term Contracts*. Continued increases in the use of term contracts by state agencies resulted in slightly improved performance in fiscal year 2001 over fiscal year 2000. The agency contracts with businesses to provide certain goods and services at best value. By use of term contracts, the bid process is avoided and procurement processes are simplified.

The target for *Percent Attained of the Applicable Performance Standards for Preventative Maintenance* was not met because of program staffing problems. During a period of low unemployment, the agency had difficulties hiring and retaining personnel to complete preventative maintenance tasks.

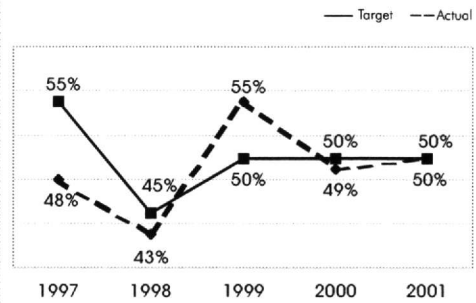
The target for *Average Price per Intrastate Minute on TEX-AN* was exceeded by 69 percent over original projections. Conversion to the upgraded TEX-AN 2000 telephone system resulted in lower per minute costs for calls within the state.

The agency exceeded the target for *Cost per Square Foot of All Building Activities (Except Utilities)* because of efforts designed to reduce maintenance costs by performing scheduled maintenance on equipment. Additionally, replacing equipment that had exceeded its life expectancy reduced maintenance costs.

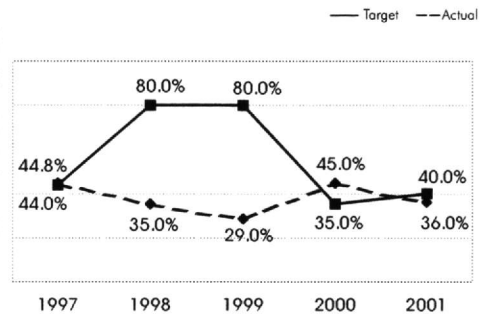
The Central Supply Store offers a variety of office supplies available to state agencies for purchase. The target for *Estimated Savings to State Agencies on Purchases from Central Supply Store* was not met as a result of increased competition in the private sector.

SELECTED PERFORMANCE MEASURES

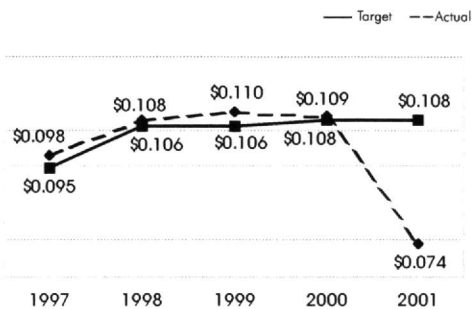
PERCENT OF GOODS AND SERVICES PURCHASED FROM TERM CONTRACTS



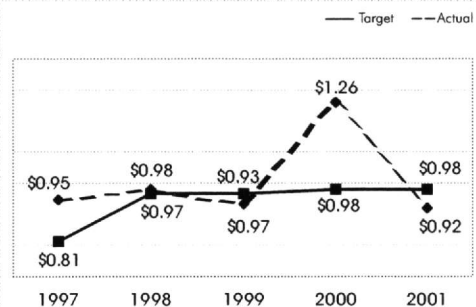
PERCENT ATTAINED OF THE APPLICABLE STANDARDS FOR PREVENTATIVE MAINTENANCE



AVERAGE PRICE PER INTRASTATE MINUTE ON TEX-AN



COST PER SQUARE FOOT OF ALL BUILDING ACTIVITIES (EXCEPT UTILITIES)

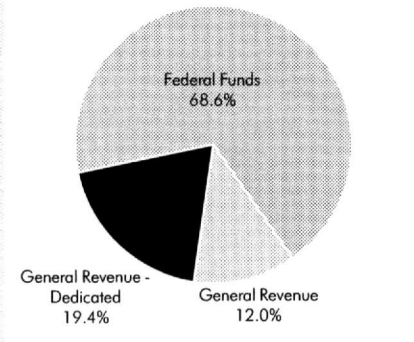


TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

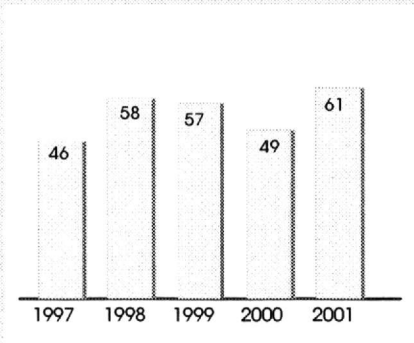
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED

Total: \$140,040,493



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Grants to state and local governmental entities and nonprofit organizations for criminal justice programs, disaster assistance grants to state agencies and localities, and emergency/deficiency grants to state agencies made up 97 percent of the program's fiscal year 2001 expenditures.

Federal Funds represented 67 percent of the agency's overall funding in fiscal year 2001. Almost all of these funds represent grants for juvenile justice, drug control and enforcement, and crime victims assistance programs.

The Seventy-seventh Legislature, 2001, reallocated \$6.3 million in General Revenue Fund unexpended balances for emergency and deficiency grants and \$2.8 million in the General Revenue-Dedicated Criminal Justice Planning Account. The unexpended balances were used to fund items in the supplemental appropriations bill (House Bill 1333).

FULL-TIME-EQUIVALENT EMPLOYEES

The Governor's Office is exempt from any limitation on full-time-equivalent (FTE) positions. In addition, the Governor has the authority to transfer FTEs between the Office of the Governor and Trusted Programs within the Office of the Governor.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A January 1997 *Audit Report on Performance Measures at 13 State Agencies and 7 Educational Institutions* issued by the State Auditor's Office certified without qualifications one of the three performance measures reviewed.

TRUSTEED PROGRAMS WITHIN THE OFFICE OF THE GOVERNOR

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 60 percent of its 10 established key performance targets. The agency was unable to meet performance measures related to Project Spotlight. Project Spotlight is a partnership between law enforcement and juvenile and adult probation officers that provides high crime areas with a new tool to enforce the terms of probation of youths and young adults. Reasons for the delay include data reported after the end of the fiscal year and the time needed by the Criminal Justice Division to review the submitted data to ensure that it is accurate and error free.

The agency attained or exceeded three of its six outcome targets and three of its four output/efficiency targets.

The agency attained the targeted rate for *Percentage of Criminal Justice Division (CJD) Grants Complying with CJD Guidelines* for fiscal year 2001, primarily as a result of the review and subsequent elimination of policies that provided greater flexibility to grant recipients. The CJD also reviewed each funding rule and eliminated all duplicative or unnecessary rules.

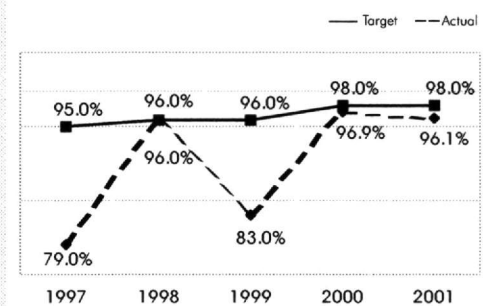
The agency exceeded the performance target for *Estimated Production Budgets of Films and Videos Made in Texas* as a result of several large budget films being produced in Texas that were not anticipated when projections were made.

The performance target for the *Number of Grants Currently Operating* was exceeded. In fiscal year 2001, the agency was able to award more grants than anticipated as a result of the availability of an unexpended balance carry forward of \$23 million in the Criminal Justice Planning Account from fiscal year 2000 and a delay in block grant initiatives.

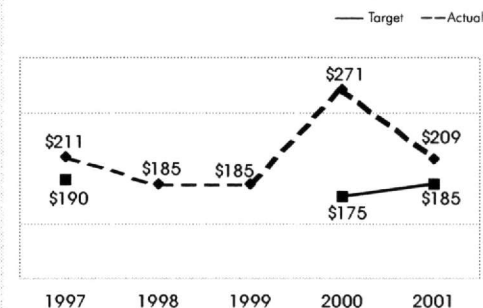
The target for *Number of Women's and Community Outreach Activities Conducted* was not attained. Conference scheduling was placed on hold until new appointments to the Women's Commission were made by the Governor.

SELECTED PERFORMANCE MEASURES

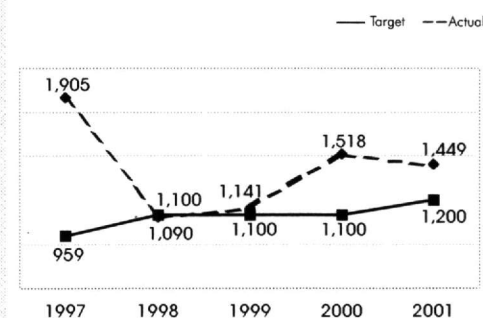
PERCENTAGE OF CJD GRANTS COMPLYING WITH CJD GUIDELINES



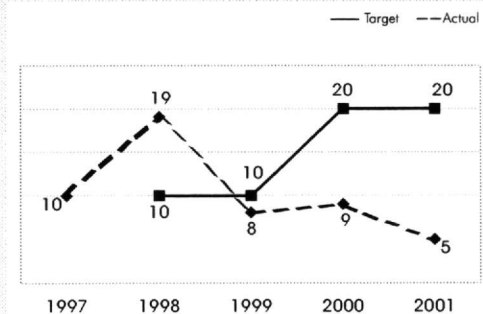
ESTIMATED PRODUCTION BUDGETS (IN MILLIONS) OF FILMS/VIDEOS MADE IN TEXAS



NUMBER OF GRANTS CURRENTLY OPERATING

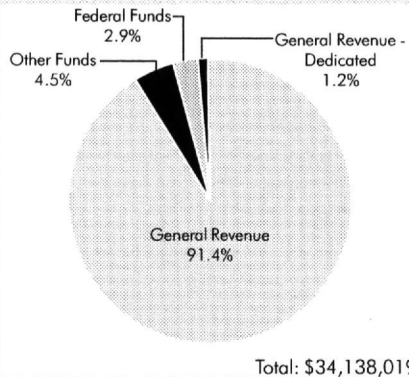


NUMBER OF WOMEN'S AND COMMUNITY OUTREACH ACTIVITIES CONDUCTED

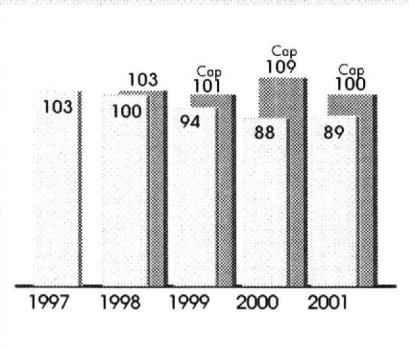


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Historical Art in Bronze *
Commemorative statue
\$60,000
- Thompson Professional Group Inc. *
Architectural services
\$39,500
- Renaissance Construction *
Renovations
\$24,880
- Law Engineering & Environmental Services, Inc. *
Foundation repair survey
\$19,800

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds (\$31,621,272) accounted for 91 percent of the agency's expenditures for fiscal year 2001. Of that amount, the Courthouse Preservation Initiative accounted for 90 percent of General Revenue Funds and 83 percent of all agency funding.

The remaining 17 percent of the agency's expenditures provided state and federally mandated reviews, preservation grants, and public outreach to protect and preserve archeological heritage in Texas.

In addition, an unexpended balance of \$1 million in General Revenue Funds appropriated to the agency for the purchase of artifacts was reallocated to help fund supplemental appropriations in House Bill 1333, Seventy-seventh Legislature, 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency had a vacancy rate of 11 percent during fiscal year 2001 due, in part, to the difficulty of retaining architects during a strong economy.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Audit Report on Performance Measures* issued by the State Auditor's Office certified without qualifications all four measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 70 percent of its 10 established key performance targets. The agency has continued to struggle with performance related to the number of architectural and archeological reviews provided because of the variance in fiscal years between the number of requests received and the amount of time that each review takes to complete.

The agency attained or exceeded two of its three outcome targets and five of its seven output/efficiency targets.

Number of Individuals Provided Training in Historic and Archeological Preservation exceeded targeted levels. This was due, in part, to the continued high interest in Texas Archeology Awareness Month (TAAM) events during October 2000. TAAM events occurred throughout October in various counties across the state, featuring archeology fairs, museum exhibits, storytelling, Native American crafts, and reenactments of Texas historical events.

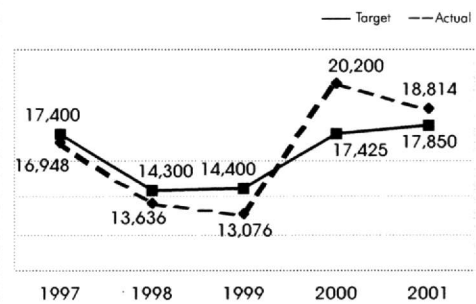
The agency did not meet its target for *Number of Construction Projects Reviewed*. Although the agency expected to see a dramatic increase in the amount of construction reviews beginning in fiscal year 1998 due to greater coordination with the Texas Natural Resource Conservation Commission, that increase did not materialize. Both agencies had worked together to create a standard, easy-to-use form that provides the Historical Commission with correct, useful, and uniform information for completing reviews.

Because of fewer requests submitted by some agencies, the Historical Commission did not meet its target for *Number of Historic Properties Provided Technical Assistance, Monitoring, and Mandated State and/or Federal Architectural Reviews in Order to Encourage Preservation*. This measure includes those reviews conducted for the Courthouse Preservation Initiative, and the program accounts for approximately 10 percent of total reviews completed.

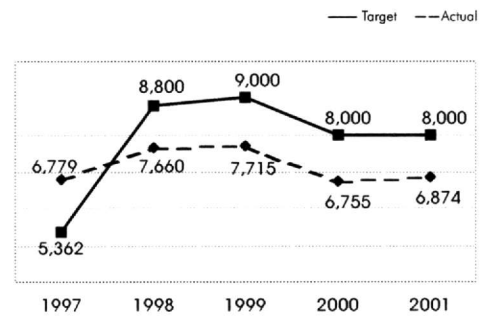
The agency exceeded targeted levels for *Number of Public Presentations and Workshops Given*, partly because of increased interest in the Preservation Conference held annually in April. The agency sponsors the conference to provide training for county historical commissioners on historic preservation. Additionally, the measure includes activities such as awards presentations, marker dedications, and workshops to promote historic conservation.

SELECTED PERFORMANCE MEASURES

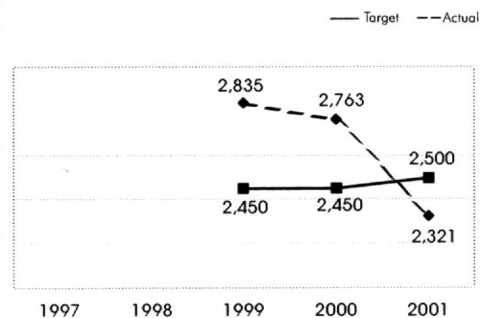
NUMBER OF INDIVIDUALS PROVIDED TRAINING IN HISTORICAL/ARCHEOLOGICAL PRESERVATION



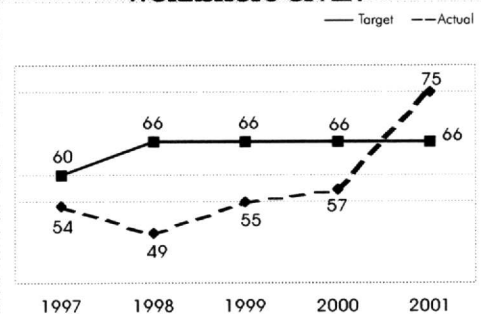
NUMBER OF CONSTRUCTION PROJECTS REVIEWED



NUMBER OF HISTORIC PROPERTIES PROVIDED ASSISTANCE, MONITORING AND REVIEWS



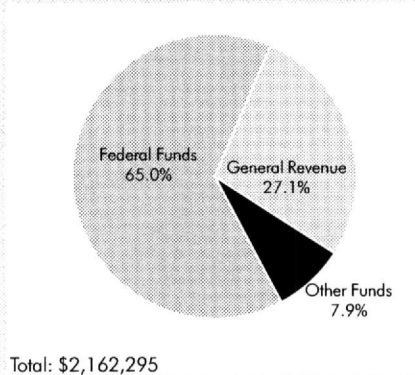
NUMBER OF PUBLIC PRESENTATIONS AND WORKSHOPS GIVEN



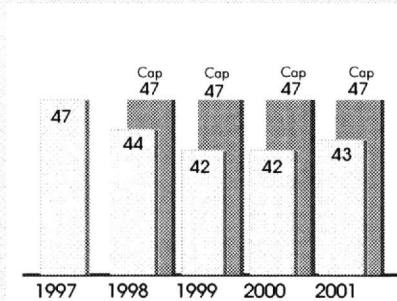
COMMISSION ON HUMAN RIGHTS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Federal Funds accounted for 65 percent of the agency's fiscal year 2001 expenditures. Of this amount, 83 percent was used to conduct investigations of housing and employment discrimination cases.

Nineteen percent of the agency's total expenditures was used to provide technical assistance and comprehensive training to reduce discrimination.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency submitted a request to increase its FTE cap by three for the Fair Housing Initiatives Program; however, it remained below the established cap by four FTEs, partly due to vacancies in investigative staff.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A Fiscal Year 2000 Small Agency Management Control Follow-up Audit, issued in January 2000 by the State Auditor's Office, certified without qualifications three of the six measures reviewed. One measure was certified with qualifications because the agency lacked procedures to ensure reliable documentation. Two measures were found to be inaccurate.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 83 percent of its six established key performance targets. The agency had strong performance overall for fiscal year 2001, but especially in the area of training to prevent discrimination, as a result of a large volume of requests from various agencies and institutions of higher education for this training.

The agency attained or exceeded both of its outcome targets and three of its four output/efficiency targets.

The fiscal year 2001 target for *Number of Voluntary Training Sessions Conducted* was met because a large number of state agencies, institutions of higher education, and private employers requested that the agency provide training on Equal Employment Opportunity Commission policies.

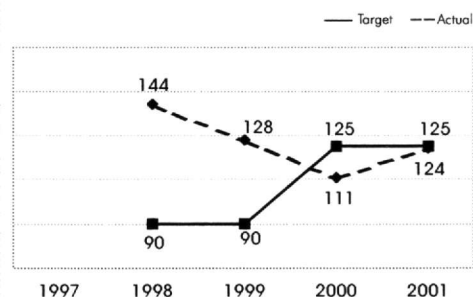
The agency did not attain targeted performance for *Number of Complaints Resolved*. This can be attributed to the large turnover rate of 15 percent for investigative staff who work on employment and housing discrimination cases. On average, it takes the agency three months to train an investigator; a backlog in cases develops during that training period.

The agency met its target for *Percent of Investigations Complying with the Commission's Quality Control Standards and the United States (US) Equal Employment Opportunity Commission's (EEOC) Substantial Weight Review Standards*. This was due, in part, to good individualized training by unit supervisors and the implementation of regular unit staff meetings for information sharing and resolution strategizing.

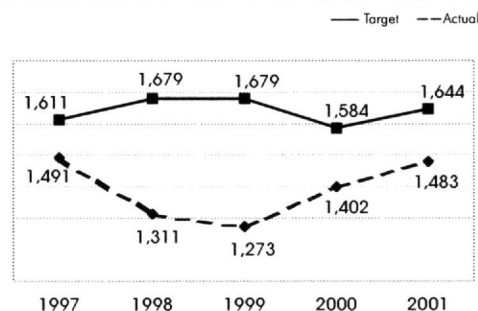
The agency exceeded targeted performance for *Average Number of Days from Date of Request for EEOC Training to Date of Delivery of Training*. The Human Rights Commission sent a letter to those agencies which had received three or more complaints of discrimination, encouraging them to participate in training on employment discrimination. Most agencies and institutions of higher education contacted the agency at the beginning of the fiscal year, which allowed the entities more flexibility for scheduling, and consequently, the training was conducted in a fewer number of days after the request was received.

SELECTED PERFORMANCE MEASURES

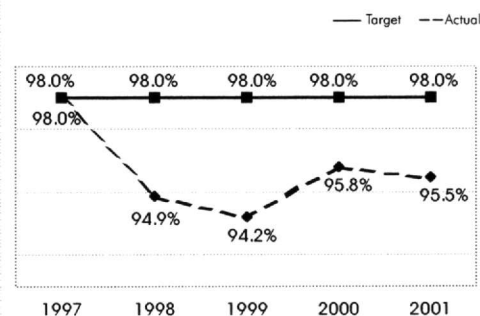
NUMBER OF VOLUNTARY TRAINING SESSIONS CONDUCTED



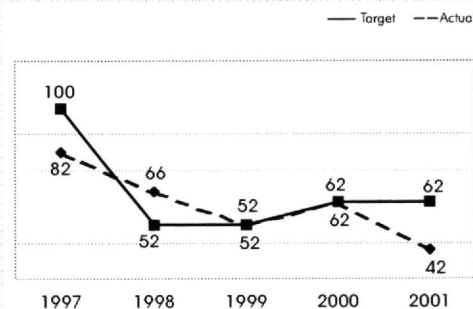
NUMBER OF COMPLAINTS RESOLVED



PERCENT OF INVESTIGATIONS COMPLYING WITH AGENCY QUALITY STANDARDS AND EEOC WEIGHT STANDARDS



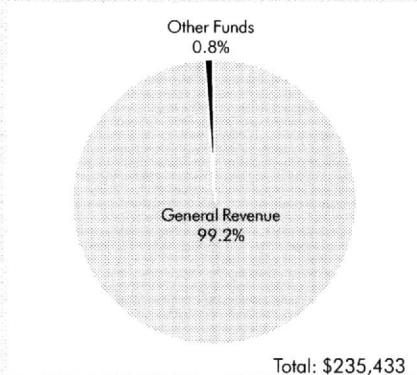
AVERAGE NUMBER OF DAYS FROM DATE OF REQUEST FOR EEOC TRAINING TO DATE OF DELIVERY OF TRAINING



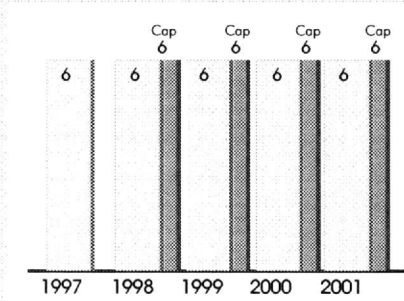
TEXAS INCENTIVE AND PRODUCTIVITY COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Agency expenditures in fiscal year 2001 were split fairly evenly between efforts to promote participation in the State Employee Incentive Program, and the review and approval of submitted suggestions.

Included in fiscal year 2001 expenditures was \$5,000 for \$50 recognition awards to state employees who provided suggestions that improved state agency performance but could not produce quantifiable savings, such as suggestions to enhance workplace safety or improve customer service.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The turnover rate slowed in fiscal year 2001 after the agency experienced high turnover in fiscal year 2000, when four of the agency's six employees left.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit Report on Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified without qualifications all seven performance measures reviewed.

TEXAS INCENTIVE AND PRODUCTIVITY COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 20 percent of its five established key performance targets.

The agency attained or exceeded its one outcome target. The agency did not, however, attain or exceed any of its four output/efficiency targets.

The *Actual Total Savings/Revenues from Approved Suggestions* in fiscal year 2001 was twice the targeted amount and significantly higher than in previous years. Over \$5 million of the savings/revenues came from a single suggestion from the Comptroller of Public Accounts to outsource the collection of delinquent tax amounts below \$500.

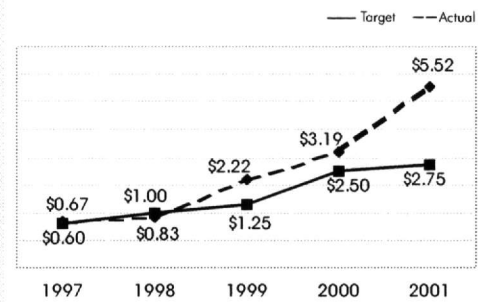
The agency failed to attain the target for *Average Cost to Process Suggestions* as a result of higher than projected personnel costs. Staff salaries were increased during the year in an effort to address the employee turnover experienced in fiscal year 2000, therefore, increasing the average cost to process suggestions.

The *Number of Training and Promotion Hours* was only a third of the targeted amount and dropped sharply from the previous year. A staff vacancy in the trainer position contributed to the low number of hours.

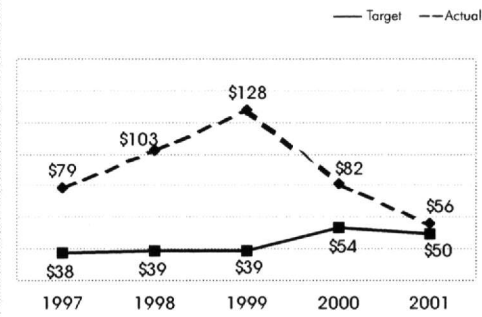
The agency failed to attain the target for *Average Cost per Training Hour* as a result of higher than projected salaries and a sharp drop in the number of training hours conducted.

SELECTED PERFORMANCE MEASURES

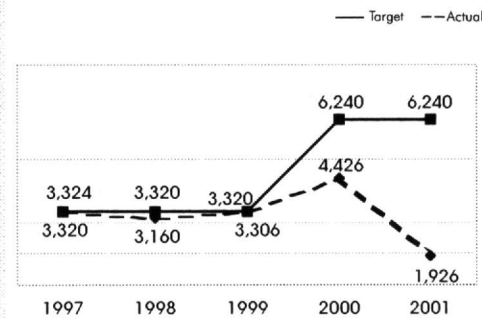
ACTUAL TOTAL SAVINGS/REVENUES (IN MILLIONS) FROM APPROVED SUGGESTIONS



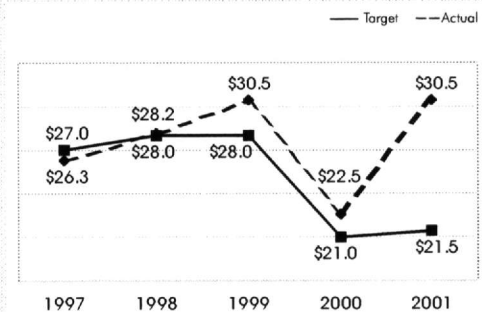
AVERAGE COST TO PROCESS SUGGESTIONS



NUMBER OF TRAINING AND PROMOTION HOURS



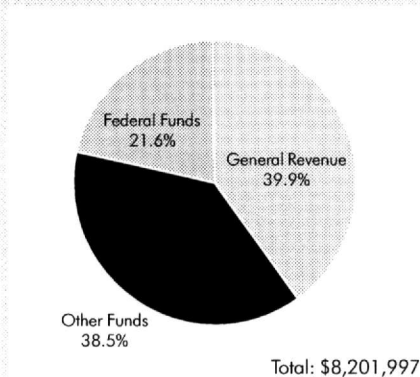
AVERAGE COST PER TRAINING HOUR



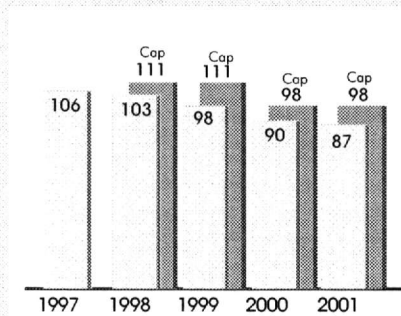
DEPARTMENT OF INFORMATION RESOURCES

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Oracle Corporation *
Computer software
\$24,482,115
- Software & Resource Management Group *
Computer software
\$18,000,000
- Compuware Corporation *
Computer software
\$15,000,000
- Analytical Computer Services *
Computer equipment
\$12,000,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Approximately 44 percent of agency expenditures for fiscal year 2001 from the General Revenue Fund were for review of state agencies' major information resource plans and projects, production of the biennial statewide performance report, and the annual Quality Assurance Team progress report. Since September 1999, the majority of these activities have been performed through an interagency contract with the Legislative Budget Board.

The cost-effective acquisition of information technology for state agencies, higher education institutions, school districts, and local governments participating in the Cooperative Contracts Program accounted for nearly 60 percent of agency expenditures from Other Funds. The agency acquires information technology goods and services at reduced prices through volume purchasing and negotiating discounts with vendors. The contracts listed in the panel on the left are associated with the cooperative purchasing program.

Approximately \$1.6 million, mostly consisting of unexpended balances in General Revenue Funds appropriated for the Year 2000 Project, were reallocated for an Internet security assessment study.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The actual FTEs shown for fiscal years 2000 and 2001 reflect a reduction of 13 FTEs that were transferred to the Legislative Budget Board through an interagency contract. The primary function of the transferred positions is the review and approval of biennial operating plans for information resource technology prepared by state agencies and higher education institutions. In addition, the agency reallocated three FTEs assigned to the Year 2000 Project Office to prepare a statewide Internet security assessment.

RELATED REPORTS AND REVIEWS

An August 2001 *Report on 19 Agencies' Compliance with HUB Requirements* issued by the State Auditor's Office (SAO) found that the agency had not adopted formal administrative rules for Historically Underutilized Business (HUB) goals as required by statute, and inaccurately reported the number of bids submitted by and contracts awarded to HUBs.

An August 1997 *Audit Report on Performance Measures* issued by the SAO certified five of the eight performance measures reviewed. Three measures were inaccurate due to data-entry errors.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its four established key performance targets. Agency performance in cost avoidance and savings continues to benefit from increased competition among information technology vendors, the use of statewide agreements to acquire goods and services that create savings on products, and the rapid adoption of the Internet by state agencies for electronic government.

The agency attained or exceeded one of its two outcome targets and both of its output/efficiency targets.

The agency failed to achieve its fiscal year 2001 target for *Percent of Cooperative Services Discount from Market Price* because increased competition in the marketplace has resulted in vendors significantly reducing their prices on technology. As a result, discounts the agency has been able to negotiate with vendors, which represent a percentage of the manufacturer's suggested retail price, have remained relatively constant.

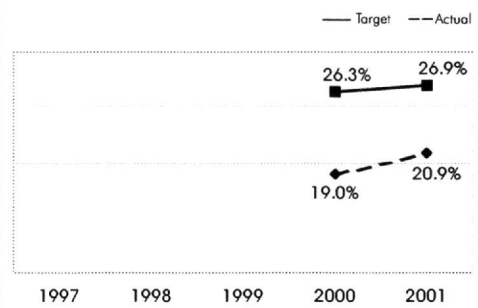
The target for *Total Savings and Cost Avoidance through Utilization of Cooperative Services* was exceeded because of increased participation in the cooperative purchasing program by local governments and school districts caused by the availability of grants from the Telecommunications Infrastructure Board, the Texas Education Agency, and the Texas State Library for Internet access and computers. In addition, lower prices resulting from increased competition have provided cost savings to all consumers, including the State of Texas.

Because of the rapid pace of development in information technology, the standards generated by the federal government for information technology and technology management practices show continued growth. As a result, the agency, which reviews these standards for their impact on statewide guidelines for such things as Internet address assignments and data transport networks for personal computers, exceeded the target for the *Number of Technical and Industry Standards Reviewed*.

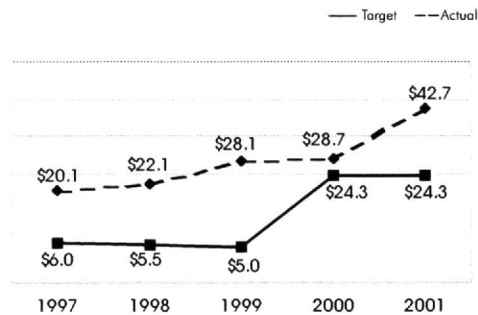
Pre-planning and funding for information system upgrades and transition costs resulted in the millennial change passing without incident. State government experienced no disruptions in information system operations, and the target for *Percent of Agencies Reporting Year 2000 Operable Information Systems* was attained. However, actual performance did not reach 100 percent because not all state agencies filed the last status report required by the agency.

SELECTED PERFORMANCE MEASURES

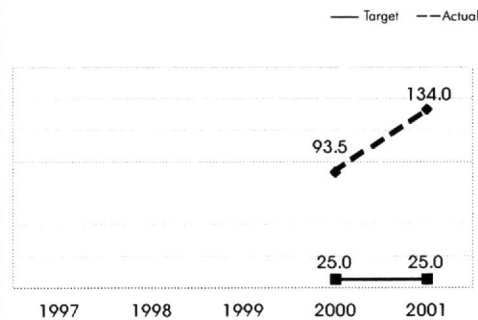
PERCENT OF COOPERATIVE SERVICES DISCOUNT FROM MARKET PRICE



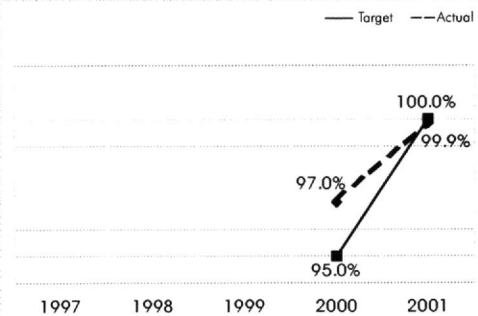
TOTAL SAVINGS AND COST AVOIDANCE THROUGH UTILIZATION OF COOPERATIVE SERVICES (IN MILLIONS)



NUMBER OF TECHNICAL AND INDUSTRY STANDARDS REVIEWED



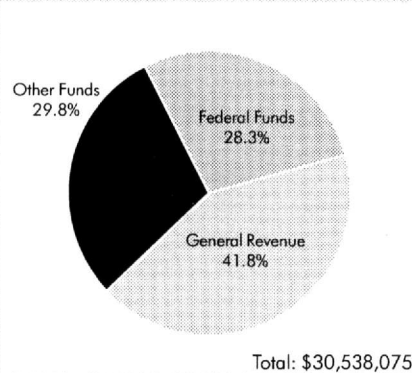
PERCENT OF AGENCIES REPORTING YEAR 2000 OPERABLE INFORMATION SYSTEMS



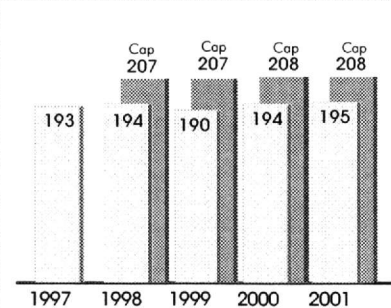
LIBRARY AND ARCHIVES COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

EGS Research & Consulting *
 Survey of Texas schools
 \$51,190

Blue Angel Technologies *
 Software services
 \$49,900

Russell Gregorczyk, CPA
 Auditing services
 \$43,660

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds (\$12,765,003) accounted for 42 percent of the agency's expenditures in fiscal year 2001.

The agency received a grant of \$7.4 million in fiscal year 2001 for the Library of Texas project from the Telecommunications Infrastructure Fund Board. This project funds the purchase of electronic databases for public access through the TexShare Libraries and the creation of a digital archive of electronic state government publications.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Turnover was particularly difficult for the agency in the Talking Book Program where key vacancies affected workflow throughout the department.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A January 1997 *Audit Report on Performance Measures* issued by the State Auditor's Office certified without qualifications two of the three measures reviewed. The third measure was certified with qualifications.

LIBRARY AND ARCHIVES COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 70 percent of its 10 established key performance targets. The agency showed strong performance in the area of providing services to local libraries and the Texas Library System. Through these goals, the agency provides services and grants to aid in the development of local libraries and funding to purchase equipment and materials for regional groups of libraries.

The agency attained or exceeded two of its three outcome targets and five of its seven output/efficiency targets.

The fiscal year 2001 target for *Percent of Population Living Outside of the Service Areas of Public Libraries* was exceeded. Grants awarded to build six new libraries serving over 31,000 people collectively, along with population growth around urban areas with existing libraries, contributed to the agency's success in achieving this target.

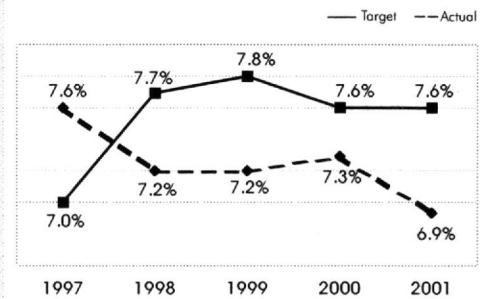
Although the agency met the targeted performance for *Percent of Eligible Population Registered for Talking Book Program*, key positions in the program, including the public awareness coordinator and the division director, were vacant, resulting in less promotional activities and a decline in the registration of new customers.

Targeted performance for *Percent of Reference Questions Satisfactorily Answered* was not met. There continues to be steady growth in the amount of Internet-accessible information on library resources, including on-line catalogs, databases, and archived materials on the agency's website and through other web pages. Consequently, staff were able to refer customers to appropriate websites rather than researching and compiling responses to these research requests.

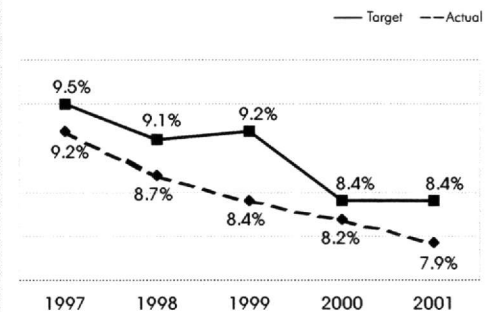
The agency exceeded its target for *Number of Cubic Feet Stored/Maintained* because of a continued backlog of materials awaiting destruction.

SELECTED PERFORMANCE MEASURES

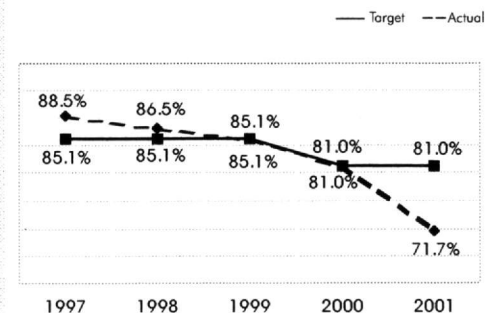
PERCENT OF POPULATION LIVING OUTSIDE OF THE SERVICE AREAS OF PUBLIC LIBRARIES



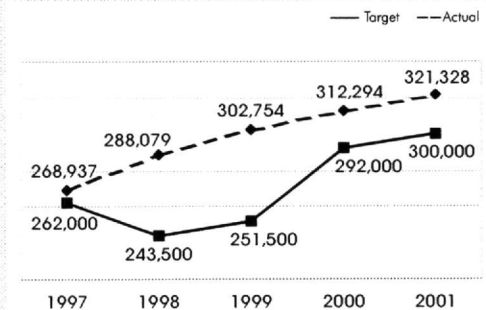
PERCENT OF ELIGIBLE POPULATION REGISTERED FOR TALKING BOOK PROGRAM



PERCENT OF REFERENCE QUESTIONS SATISFACTORILY ANSWERED



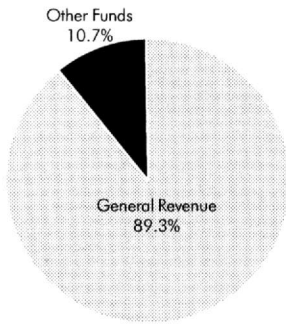
NUMBER OF CUBIC FEET STORED/MAINTAINED



PENSION REVIEW BOARD

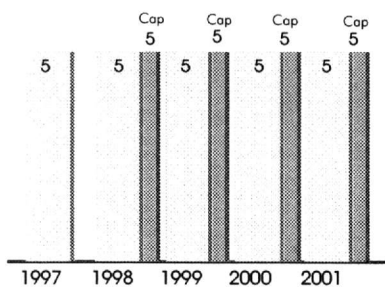
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$298,425

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Milliman & Robertson, Inc.
Actuarial services
\$60,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Almost two-thirds of the agency's fiscal year 2001 expenditures related to providing technical assistance and education. Fiscal year 2001 was a legislative session year, and the agency shifted resources to providing analysis and information to the Legislature and to the state's public pension systems.

Other Funds in the agency's budget came from voluntary contributions made by local public pension systems to the State Pension Review Board Fund.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Small Agency Management Control Audit* issued by the State Auditor's Office (SAO) did not certify the one performance measure reviewed. The SAO also recommended that the agency add independence requirements to the contract with its actuary, as well as develop and implement an ethics policy for employees and board members.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 80 percent of its five established key performance targets.

The agency attained or exceeded both of its outcome targets and two of its three output/efficiency targets.

The target for *Percent of Texas Public Retirement Systems That Are Actuarially Sound* was exceeded in fiscal year 2001. All but four of the 344 public retirement plans in the state, with a combined estimated asset value of \$161 billion, had amortization periods at or below 40 years, which is one of the agency's guidelines for actuarial soundness.

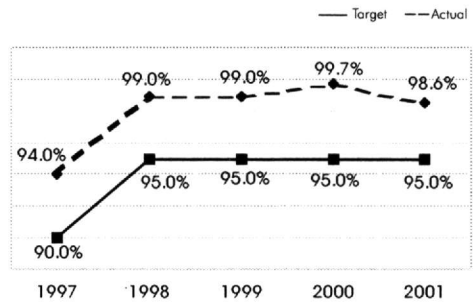
The agency failed to attain the target for *Number of Reviews Completed*. Agency resources were focused on meeting the demands and responsibilities of the 2001 legislative session, which meant fewer reviews could be done.

The number of *Technical Assistance Reports Produced* was significantly above the target as a result of a higher-than-projected volume of requests from legislators, the Governor's office, and retirement systems for information on pension-related legislation.

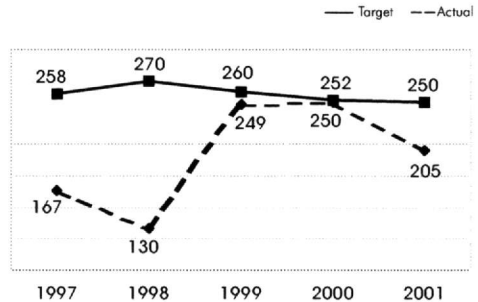
The target for *Percent of Technical Assistance Reports Issued within 14 Days of Request* was exceeded, as the agency responded to almost all requests within the desired timeframe.

SELECTED PERFORMANCE MEASURES

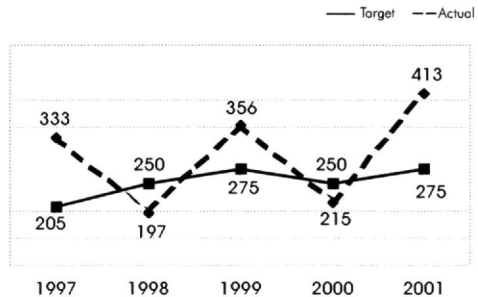
PERCENT OF TEXAS PUBLIC RETIREMENT SYSTEMS THAT ARE ACTUARILY SOUND



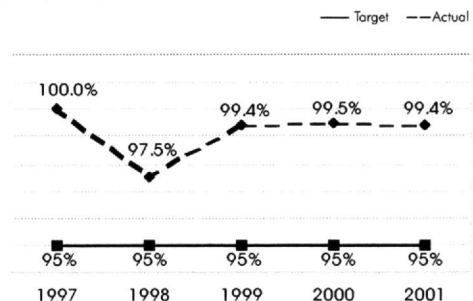
NUMBER OF REVIEWS COMPLETED



TECHNICAL ASSISTANCE REPORTS PRODUCED



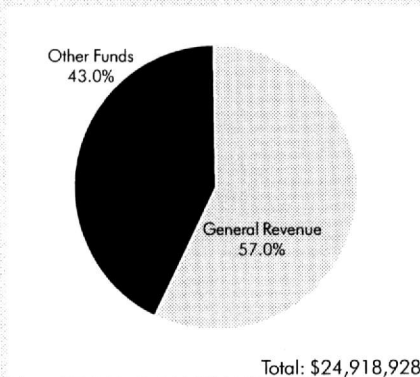
PERCENT OF TECHNICAL ASSISTANCE REPORTS ISSUED WITHIN 14 DAYS OF REQUEST



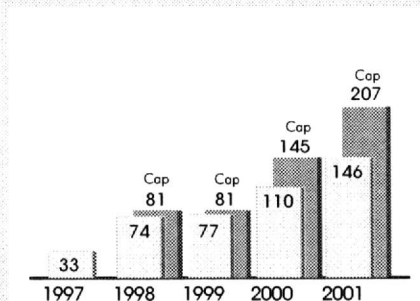
PRESERVATION BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Constructors & Associates, Inc. *
Construction of State History Museum
\$44,381,870
- BRC Imagination Arts *
Exhibit media design at State History Museum
\$5,774,723
- Planning, Research, and Design Group, Ltd. *
Exhibit media design at State History Museum
\$4,845,000
- Design Craftsman *
Design services for State History Museum
\$4,714,403

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Sixty-three percent of the agency's fiscal year 2001 General Revenue Funds were expended on building maintenance, groundskeeping, and planning of the Bob Bullock Texas State History Museum.

All bond proceeds classified as Other Funds were expended on construction of the Bob Bullock Texas State History Museum, which opened in April 2001. Attendance at the museum in its first five months of operation averaged over 82,000 per month, which exceeded the agency's projections by approximately 17 percent.

Because of the higher than expected attendance, the museum increased staffing levels in the ticketing and floor staff, theater hosts, and membership staff. The museum also ended fiscal year 2001 with a positive operating balance as a result of the attendance numbers.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Sixty percent of the agency's 146 FTE positions during fiscal year 2001 were involved in maintaining the Capitol and the 1857 General Land Office building, and in planning and supervising the construction and daily operations of the Bob Bullock Texas State History Museum. During fiscal year 2001, the agency phased in the hiring of museum employees (more than 90 FTEs were hired from February through April 2001).

RELATED REPORTS AND REVIEWS

An August 2001 *Report on 19 Agencies' Compliance With HUB Requirements*, issued by the State Auditor's Office (SAO) found that the agency had no specific mission statement in its strategic plan, no specific Historically Underutilized Business (HUB) programs mentioned in the strategic plan, had not adopted any formal HUB rules, and did not sponsor HUB forums.

A February 1996 *Audit Report on Performance Measures* issued by the SAO certified without qualifications both of the measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its six established key performance targets.

The agency attained or exceeded its single outcome target and all five of its output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Number of Repairs and Restorations of Historical Items Completed* as a result of the Curatorial Division preparing the collection of historical items for use during the legislative session. Targeted performance for this measure is historically exceeded during session years.

The target for *Cost per Building Square Foot of Custodial Care Provided* was attained as a result of competitively bid contracts for evening janitorial and floor care contracts. Costs have steadily increased over the past four years, primarily because of the rise in labor and supply costs and the higher quality of service provided.

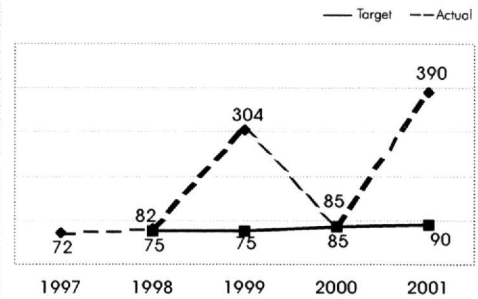
The agency exceeded the target for *Number of School-age Tours Conducted at the Visitors Center* by approximately 96 percent. Opening interactive exhibits at the Capitol Visitors Center and marketing the exhibits to schools across the state contributed to the agency's success in exceeding the target for this performance measure.

The *Number of Sales Transactions Processed by the Gift Shops* exceeded projected performance by approximately 27 percent as a result of an increase in visitors to the Capitol complex and to the Capitol Visitors Center. The 12 percent increase in sales from fiscal year 2000 to fiscal year 2001 was largely a result of the Legislature being in session and an increased number of school-aged visitors.

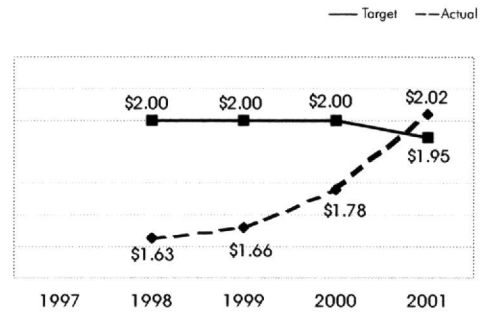
The Legislature being in session and an overall increase in visitors to the Capitol and the Capitol Visitors Center contributed to the agency exceeding by 15 percent its target for *Income Received from (Capitol Complex) Parking Meters*. The agency collected approximately \$600,000 from parking meters during the reporting period.

SELECTED PERFORMANCE MEASURES

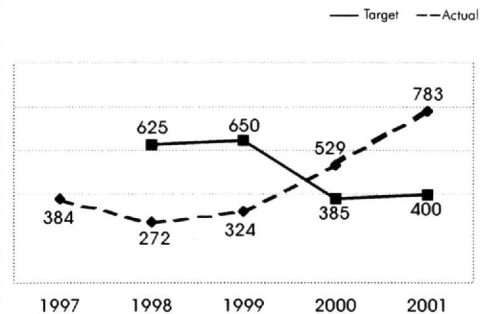
NUMBER OF REPAIRS AND RESTORATIONS OF HISTORICAL ITEMS COMPLETED



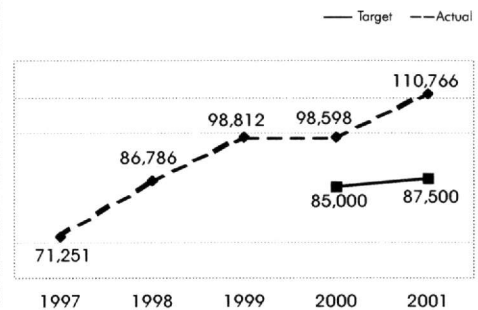
COST PER BUILDING SQUARE FOOT OF CUSTODIAL CARE PROVIDED



NUMBER OF SCHOOL-AGE TOURS CONDUCTED AT THE VISITORS CENTER



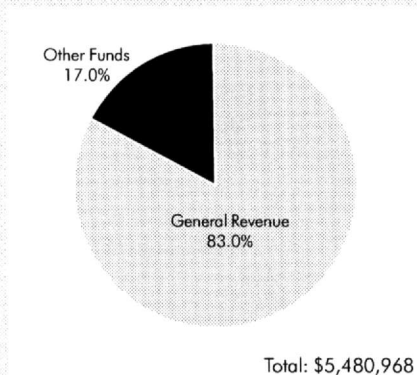
NUMBER OF SALES TRANSACTIONS PROCESSED BY THE GIFT SHOPS



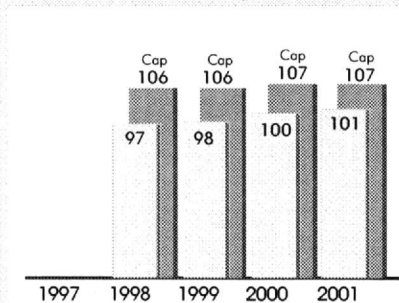
STATE OFFICE OF RISK MANAGEMENT

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Argus *	
Cost containment	\$1,340,000
KPMG, LLP *	
Auditing services	\$40,000
Rudd and Wisdom, Inc. *	
Actuarial services	\$18,500
John Barclay *	
Director and officer insurance	\$14,775

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Eighty-two percent of the agency's expenditures during fiscal year 2001 were related to obtaining and reviewing workers' compensation claims, determining eligibility for medical and indemnity benefits and determining injured employees' weekly wage and indemnity payment rates.

The remaining 18 percent of the agency's expenditures were used to establish statewide risk management guidelines, work with agencies to develop programs that meet the guidelines, and to conduct on-site risk management reviews.

The cost of workers' compensation claims was higher than originally anticipated. The primary factors that contributed to higher costs include the dollar amount of medical expenses, the number of claims with medical services, and indemnity costs. As a result of House Bill 1333, Seventy-seventh Legislature, 2001, (supplemental appropriations), General Revenue Fund appropriations for the Workers' Compensation Payments Program was increased by \$13 million for fiscal year 2001. This program is funded from a separate appropriation than the amount shown here for agency operations.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time equivalent (FTE) positions for fiscal year 2001. Approximately 80 percent of the agency's FTE positions focused on obtaining and reviewing claims for workers' compensation and determining eligibility for medical and indemnity benefits.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *Audit Report on Performance Measures at 11 State Agencies* issued by the State Auditor's Office (SAO) certified with qualifications all five measures reviewed. The SAO determined that the performance measures were accurate, but that controls over data collection and reporting were not adequate to ensure continued accuracy.

STATE OFFICE OF RISK MANAGEMENT

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 86 percent of its seven established key performance targets.

The agency attained or exceeded one of its two outcome targets and all five of its output/efficiency targets.

The agency was unable to attain its fiscal year 2001 performance target for *Cost of Workers' Compensation per Covered State Employee* because of continued increases in medical service and indemnity costs. Medical costs increased by more than 3 percent and indemnity costs increased by more than 7 percent over the previous fiscal year.

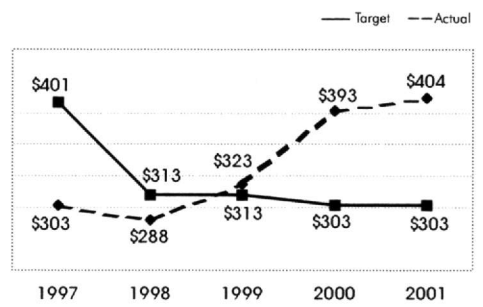
The target for statewide *Incident Rate of Injuries and Illnesses per 100 Covered Full-Time State Employees* was attained as a result of risk management efforts coupled with financial incentives for agencies to maintain low injury rates. With the exception of the Department of Mental Health and Mental Retardation, state agencies were responsible for 25 percent of all claim costs. During fiscal year 2001, state agencies reimbursed approximately \$14.6 million in claims, representing a less than 1 percent decrease over fiscal year 2000.

The target for the *Number of Medical Bills Processed* was exceeded because of higher than expected utilization of medical services. In fiscal year 2000, the agency contracted with a new cost containment vendor who was left with a substantial backlog of unaudited claims for fiscal year 1999 from the previous vendor. The new vendor was required to spend more time doing background research on a case by case basis, which led to duplicate bills that were received because of delays in payment. By fiscal year 2001, the transition problems were no longer an issue and the number of medical bills processed in fiscal year 2001 was approximately 7 percent lower than in fiscal year 2000.

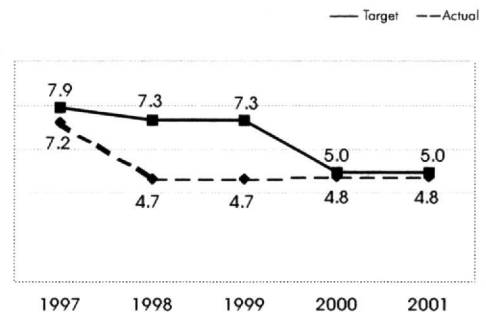
The agency attained the performance target for *Average Cost to Administer Claim*. In fiscal year 2001, the agency recalculated the portion of the Office of Attorney General administrative costs attributable to the State Office of Risk Management (SORM) based upon FTE reports issued by the State Auditor's Office. The proportion of administrative costs attributable to SORM decreased from 6.6 percent to 2.6 percent for fiscal year 2001. Additionally, the agency did not purchase any major capital items in fiscal year 2001 and was, therefore, further able to contain administrative costs.

SELECTED PERFORMANCE MEASURES

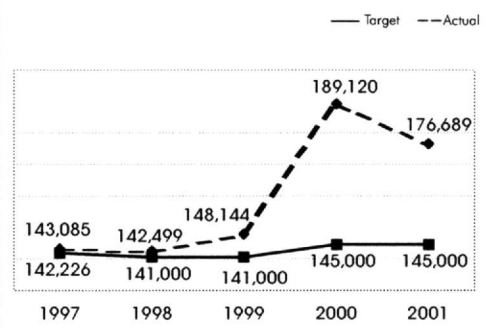
COST OF WORKERS' COMPENSATION PER COVERED STATE EMPLOYEE



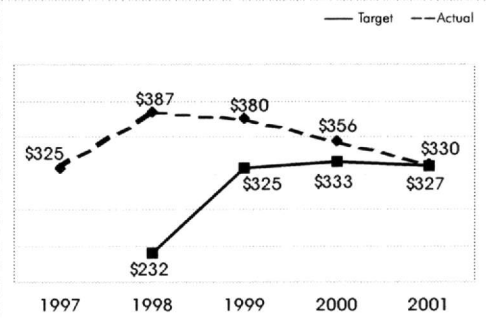
INCIDENT RATE OF INJURIES AND ILLNESSES PER 100 COVERED FULL-TIME STATE EMPLOYEES



NUMBER OF MEDICAL BILLS PROCESSED

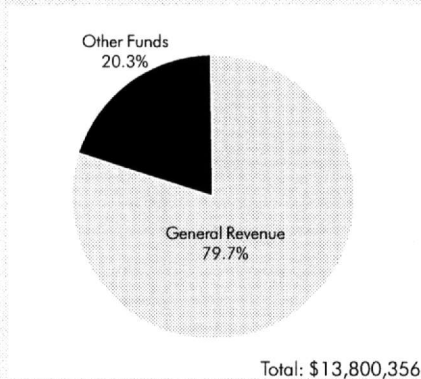


AVERAGE COST TO ADMINISTER CLAIM

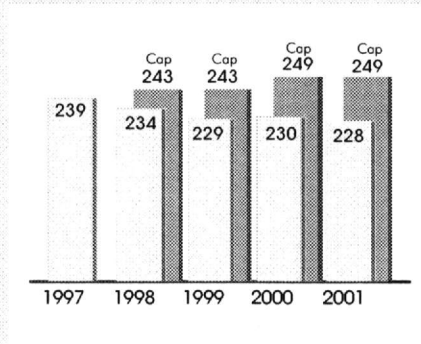


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Almost two-thirds of the agency's fiscal year 2001 expenditures related to its Information Management goal, which included responsibilities related to maintaining commercial filings, commissioning notary publics, and publishing the "Texas Register."

The agency's Other Funds came from the fees charged for the various information filing services provided by the agency. These fees generated significantly more revenue than was ultimately appropriated to the agency.

Agency expenditures in fiscal year 2001 were 40 percent lower than in fiscal year 2000, when agency duties tied to the 2000 election significantly increased expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency's cap was increased by six in fiscal year 2000 for a colonias ombudsman program. Those positions were filled, but staffing levels were limited in other areas to control costs.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Small Agency Management Control Audit* issued by the State Auditor's Office certified four of the five performance measures reviewed. The other measure was inaccurate as a result of miscalculations.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 91 percent of its 11 established key performance targets. Eight of these measures were efficiency measures related to the cost of performing various agency functions. Cost reduction efforts enabled the agency to attain or exceed all cost-effectiveness targets.

The agency attained or exceeded two of its three outcome targets and all eight of its output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Percent of Business Organization Document Filings and Public Information Request Responses Completed within Three Days*, reflecting a long-term trend of improvement in performance. The agency shifted personnel to this function in order to respond to more requests within the desired timeframe.

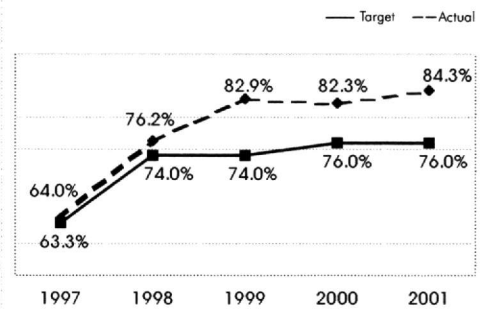
The *Percent of Publication Costs Recovered Through Subscription Fees* for the "Texas Register" was higher than targeted. The target reflected concerns that the number of paid subscriptions would decrease once the "Texas Register" became available on-line; however, subscriptions did not decrease as quickly as expected, and publication costs were lower as a result of staff vacancies, lower printing and postage costs, and lower administrative costs. As a result, the agency was able to recover a greater percentage of the costs.

The above-referenced staff vacancies, lower printing and postage costs, and lower administrative costs also helped the agency exceed the target for the *Average Cost per "Texas Register" Published*, and reduced the average cost from the previous year.

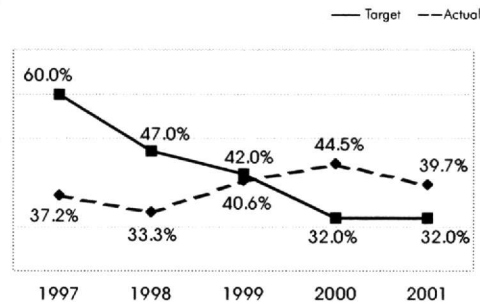
The agency's performance on *Average Cost per Election Authority Assisted or Advised* was better than targeted. The agency's efforts to reduce personnel, travel, printing, and administrative costs, combined with a greater-than-projected number of officials advised resulted in a lower average cost. Although the agency's performance was better than targeted, the average cost was higher than in the 2000 election year, when a greater number of officials were assisted.

SELECTED PERFORMANCE MEASURES

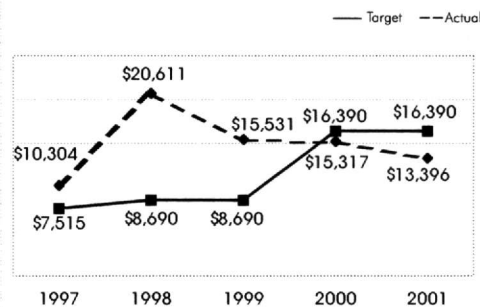
PERCENT OF BUSINESS FILINGS AND INFORMATION RESPONSES COMPLETED IN THREE DAYS



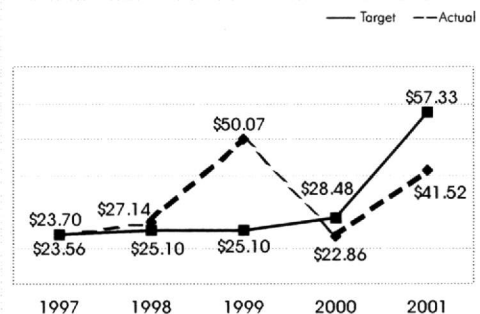
PERCENT OF PUBLICATION COSTS RECOVERED THROUGH SUBSCRIPTION FEES



AVERAGE COST PER "TEXAS REGISTER" PUBLISHED



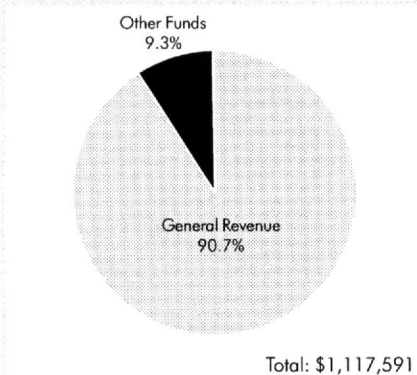
AVERAGE COST PER ELECTION AUTHORITY ASSISTED OR ADVISED



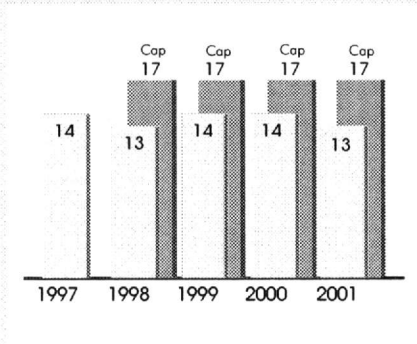
OFFICE OF STATE-FEDERAL RELATIONS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fifty-nine percent of the agency's fiscal year 2001 General Revenue Funds were used to monitor federal funding and regulatory issues and provide reports and briefings to state and federal officials.

All funds received from other state agencies through interagency contracts were used for indirect administration.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Fifty-eight percent of the FTE positions were assigned to monitor federal funding and regulatory issues and provide reports and briefings to state and federal officials. The agency assigned 13 percent of the FTEs to the distribution of timely information and reports. The remaining FTEs were engaged in agency administration.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A November 1996 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications both of the performance measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 67 percent of its three established key performance targets.

The agency attained or exceeded one of its two outcome targets and its single output/efficiency target.

The agency attained its fiscal year 2001 performance target for *Texas' Proportionate Share of Federal Funding*. Federal funding to states is largely formula based and the agency was able to maintain and improve the methodology used to allocate Texas' share of Federal Funds for areas such as education and transportation.

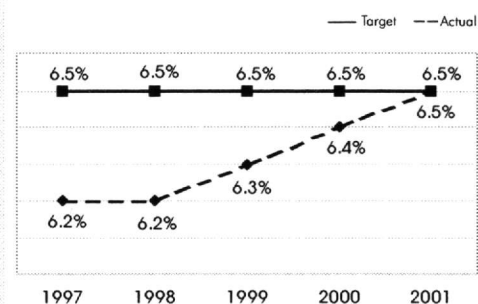
Having experienced the loss of many crucial staff during fiscal year 2001, the agency did not conduct a customer satisfaction survey. The agency was therefore unable to determine if it met the performance target for *Percent of Customers Satisfied with Office of State-Federal Relations (OSFR) Services*. An assumption was made that the staff shortage would have prevented the agency from achieving its target for this measure.

The agency exceeded the target for *Percent of Responses within Two Business Days* as a result of using electronic resources such as the Internet, which has increased staff efficiency in gathering information and sending responses to requestors.

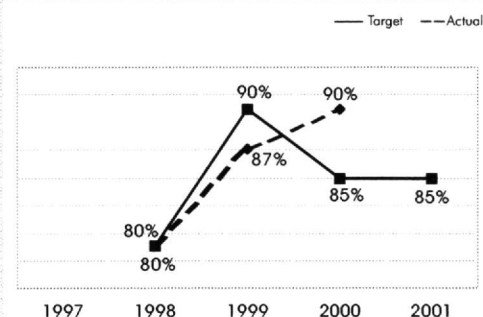
The agency experienced significant staff turnover during fiscal year 2001 as numerous staff left the agency for employment with the federal government.

SELECTED PERFORMANCE MEASURES

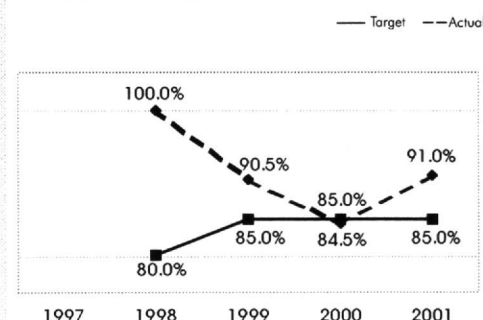
TEXAS' PROPORTIONATE SHARE OF FEDERAL FUNDING



PERCENT OF CUSTOMERS SATISFIED WITH OSFR SERVICES

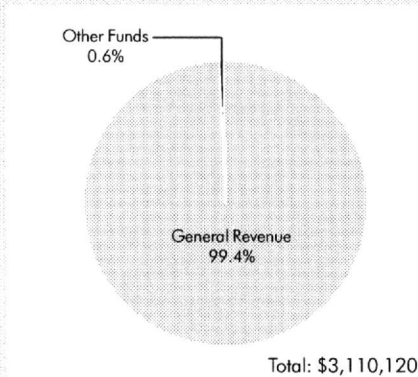


PERCENT OF RESPONSES WITHIN TWO BUSINESS DAYS

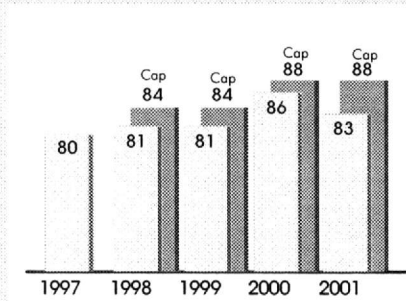


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

Nine lawsuits with a specified potential liability amount totalling **\$4,411**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 99 percent of the agency's total expenditures in fiscal year 2001. These funds were spent on providing advocacy in claims representation and assistance to veterans, their dependents, and their survivors for obtaining benefits.

The remaining 1 percent of the agency's fiscal year 2001 expenditures was composed of Interagency Contract Funds from the Veterans Land Board for providing certifications for the Veterans Housing Assistance Program.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The Seventy-sixth Legislature, 1999, approved the agency's request to increase veterans' claims counselor positions by four beginning in fiscal year 2000. These counselors work directly with veterans in an effort to obtain federal benefits.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications all four of the performance measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its five established key performance targets. The agency demonstrated strong performance as a result of a continued emphasis on staff training and public awareness through enhanced education activities.

The agency attained or exceeded its two outcome targets and all three of its output/efficiency targets.

The agency exceeded by almost 30 percent its fiscal year 2001 target for the *Amount of Department of Veterans Affairs (DVA) Monetary Awards (in Millions of Dollars) Paid Because of Commission Advocacy in Claims Representation of Veterans with Service Disabilities*. The addition of four claims counselor positions as well as public education activities and intensive staff training contributed to the higher payments for service-connected benefit claims.

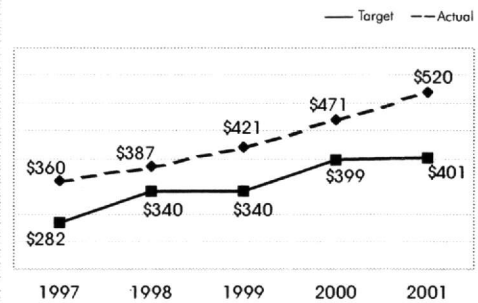
Number of Claims for Veterans Benefits Filed and Developed on Behalf of Veterans with Service-connected Disabilities exceeded the annual projected performance because of the agency's continued emphasis on training of their staff and claims counselors, resulting in a 57 percent increase above fiscal year 2000 claims activity.

The agency attained its targeted performance for the *Number of Active Veterans Benefit Cases for Veterans, Their Widows, or Their Orphans Represented by the Texas Veterans Commission* as a result of increased efforts by staff and greater public education.

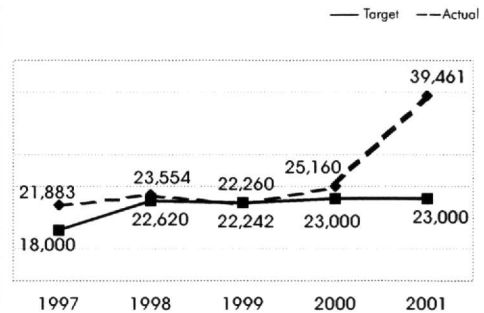
An increase in public information activities and staff training contributed to the agency meeting its target for the *Number of Appeals of Unfavorable Decisions Filed on Behalf of Veterans, Their Widows, or Their Orphans*, although overall appeals were lower than in previous fiscal years. During the first half of fiscal year 2001, the DVA transitioned to a new claims processing software which resulted in fewer decisions being finalized. As a result, there were fewer decisions to appeal. In the second half of the fiscal year, the number of appeals returned to normal levels.

SELECTED PERFORMANCE MEASURES

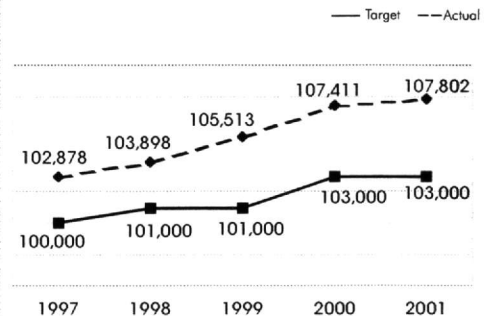
AMOUNT OF MONETARY AWARDS (IN MILLIONS) TO VETERANS WITH SERVICE DISABILITIES



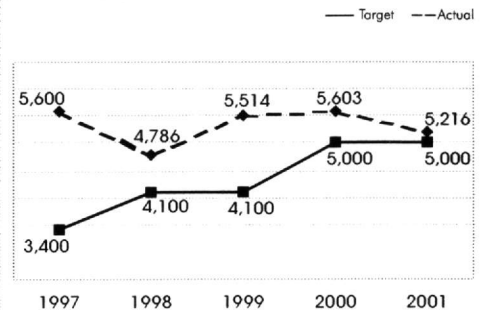
NUMBER OF CLAIMS FILED AND DEVELOPED ON BEHALF OF DISABLED VETERANS



NUMBER OF ACTIVE VETERANS BENEFIT CASES FOR VETERANS REPRESENTED BY THE AGENCY



NUMBER OF APPEALS OF UNFAVORABLE DECISIONS FILED ON BEHALF OF VETERANS



HEALTH AND HUMAN SERVICES

FISCAL YEAR 2001 PERFORMANCE SUMMARY

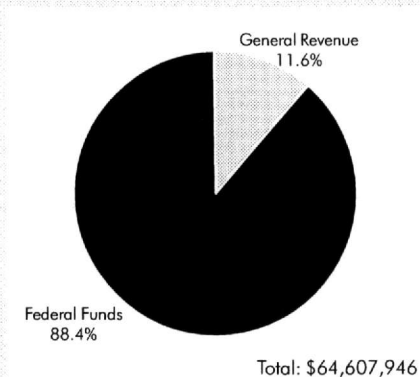
AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Department on Aging	42%	19
Commission on Alcohol and Drug Abuse	85	20
Commission for the Blind	86	14
Cancer Council	75	4
Children's Trust Fund of Texas Council	40	5
Commission for the Deaf and Hard of Hearing	63	8
Interagency Council on Early Childhood Intervention	100	6
Department of Health	51	63
Health and Human Services Commission	72	18
Department of Human Services	73	66
Department of Mental Health and Mental Retardation	66	35
Department of Protective and Regulatory Services	70	43
Rehabilitation Commission	84	19

¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

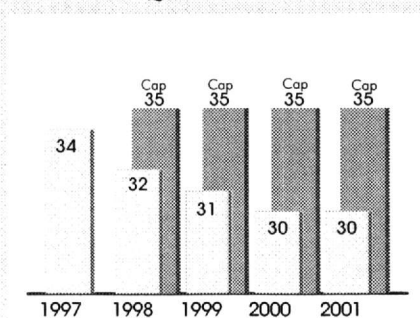
DEPARTMENT ON AGING

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Kay Ferris*
Grant administration
\$49,100
- Jansen & Gregorczyk, CPAs *
Auditing services
\$45,900
- Linda Fulmer *
Project coordinator
\$27,750

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 12 percent of the agency's expenditures in fiscal year 2001. Federal Funds constituted 88 percent of the agency's expenditures. The majority of the agency's federal funding was derived from grants authorized by the Older Americans Act. These grants required a state/local match ranging from 15 to 25 percent. Agency services were provided to persons aged 60 and older.

The Nutrition Services Program was the agency's largest program in fiscal year 2001, with expenditures totaling \$35 million in All Funds, which was approximately 54.1 percent of the agency's total budget.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit on Performance Measures* issued by the State Auditor's Office (SAO) did not certify any of the six performance measures reviewed. Problems related to data verification and data entry errors prevented SAO certification of the outcome, output, and efficiency measures reviewed. In response to the audit findings, the agency is reviving its information services system to streamline and continue automation of data collection. The agency has also provided training to area agencies on aging and other providers.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 42 percent of its 19 established key performance targets.

The agency attained or exceeded one of its four outcome targets and seven of its 15 output/efficiency targets.

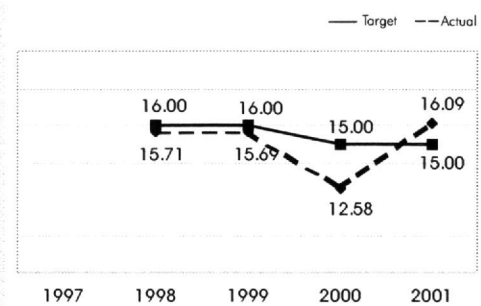
The target for *Number of Meals Reimbursed by United States Department of Agriculture (USDA)* was exceeded in fiscal year 2001. The agency worked closely with the Department of Human Services and the Area Agencies on Aging to ensure all eligible meals were reported to the USDA for reimbursement.

Targets for *Number of Congregate Meals Served* and *Number of Home Delivered Meals Served* were not met in fiscal year 2001. Fifty-one percent (4.1 million) of the meals purchased by the agency were delivered at congregate meal settings and 49 percent (3.9 million) were delivered to clients in their homes. Beginning in fiscal year 2000, the agency implemented a process to purchase meals at a whole-unit cost. The number of meals served decreased as a result of the change in cost methodology; however, as indicated above, the total number of meals reimbursed by the USDA was above the targeted level for fiscal year 2001.

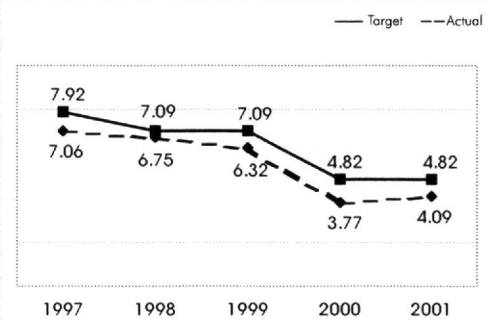
Number of One-way Trips was less than projected in fiscal year 2001, continuing a trend that began in 1997. Beginning in fiscal year 2000, the agency changed to paying for a complete trip from previously paying for a portion of a trip, making comparisons across biennia problematic. The agency provided clients with transportation to and from senior centers, health clinics, grocery stores, and other locations.

SELECTED PERFORMANCE MEASURES

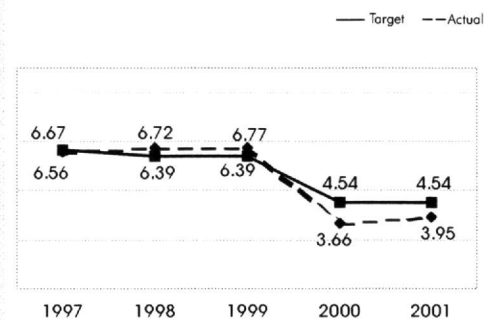
NUMBER OF MEALS REIMBURSED BY USDA (IN MILLIONS)



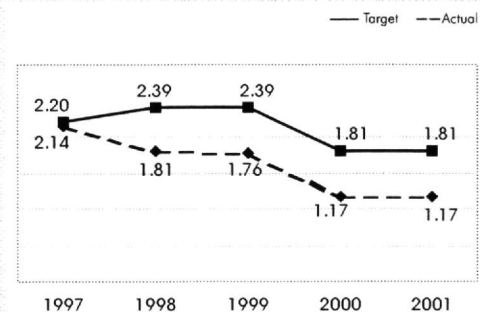
NUMBER OF CONGREGATE MEALS SERVED (IN MILLIONS)



NUMBER OF HOME-DELIVERED MEALS SERVED (IN MILLIONS)



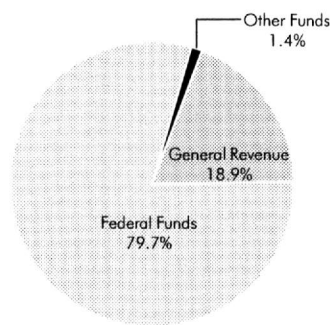
NUMBER OF ONE-WAY TRIPS (IN MILLIONS)



COMMISSION ON ALCOHOL AND DRUG ABUSE

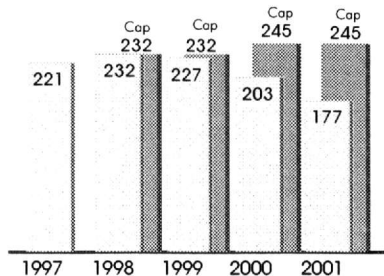
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$144,272,854

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Accor Inc. *
Computer lease
\$377,278
Accor Inc. *
Computer lease
\$342,000
KPMG, LLP
Auditing services
\$88,049

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Two lawsuits with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

In fiscal year 2001, General Revenue Funds accounted for 18.9 percent of the agency's expenditures; Federal Funds represented 79.7 percent; and, 1.4 percent was from Other Funds. The agency expended \$113.6 million in federal funding through a Substance Abuse Prevention and Treatment (SAPT) block grant award. Projected carry forward of SAPT grant funds is estimated to be \$18.5 million.

Approximately \$12 million in Temporary Assistance for Needy Families (TANF) Federal Funds were expended by the agency in fiscal year 2000. As a result of increased budget monitoring by the agency, additional TANF funds were not used in fiscal year 2001.

Three strategies accounted for approximately 93 percent of total agency expenditures for fiscal year 2001. Treatment was the largest of the agency's strategies, utilizing 52.2 percent of the total expenditures, and intervention and prevention totaled 22.5 percent and 18.4 percent, respectively.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001 as a result of management changes and in order to address the budget shortfall.

RELATED REPORTS AND REVIEWS

A March 2001 *Financial Profile-TCADA* by the State Auditor's Office (SAO) provided a limited financial review of the agency's baseline budget requests, fund balances, revenue projections, observations on spending activity and performance results, and a workforce summary.

A December 2000 *Audit Report on Contract Management at the Commission on Alcohol and Drug Abuse* by the SAO found that the agency was correcting the problems that had led to the reduction of \$23 million in budgeted contracts in fiscal year 2000. Although the agency spent 29 percent more than appropriated in fiscal year 1999, it did not meet several key performance targets. Texas Commission on Alcohol and Drug Abuse oversight failed to identify inappropriate spending. A sample of eight providers found almost \$800,000 in questionable costs. The agency also failed to select the best providers, did not implement strong contract provisions, and made unreasonable payments to providers.

An April 2000 *Statewide Single Audit Report* issued by the SAO found that the agency had improved its monitoring of subrecipients of the SAPT block grant. Four issues were still outstanding, for fiscal year 2000. In fiscal year 2001, the agency had responded to the four issues, but still needed additional improvement in each.

COMMISSION ON ALCOHOL AND DRUG ABUSE

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified none of the five measures audited for fiscal year 2000 and none of the four measures audited for the first quarter of fiscal year 2001. Two of the nine were deemed inaccurate and the remaining seven had factors preventing certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 85 percent of its 20 established key performance targets.

The agency attained or exceeded all six of its outcome targets and 11 of its 14 output/efficiency targets.

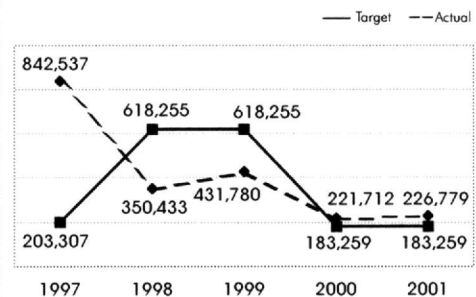
The agency exceeded its target for *Number of Youth Served in Prevention Programs* in fiscal year 2001, primarily because the agency funded additional youth programs. A shift in funding and an increased focus on serving additional youths in fiscal year 1997, plus a change in reporting criteria from the 1998–99 biennium to the 2000–01 biennium to reduce duplication in reporting, make comparisons across biennia problematic. The agency continued to focus on research-based prevention services, emphasizing school-based programs. Collaborative efforts with schools allowed the agency to reach more students.

The agency exceeded its target for *Average Cost per Adult Completing Treatment Programs* in fiscal year 2001. Various agency initiatives contributed to exceeding the target for this measure. The agency implemented tighter budget controls and shifted more providers to a unit rate payment system, resulting in a more efficient service-delivery model. Through its procurement process, the agency reduced duplication of services while serving more clients. Emphasis was also placed on implementing cost-allocation plans to assure that the agency carried an equitable share of costs to provide treatment for individuals served by treatment contractors.

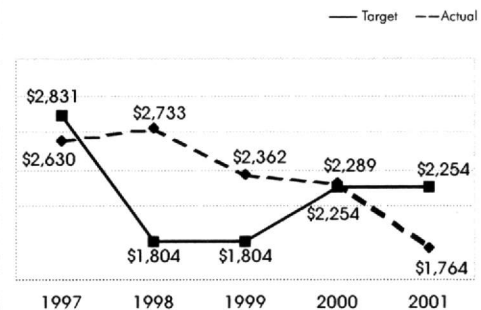
Fiscal year 2001 *Average Cost per Audit* was higher than the targeted amount primarily because staffing increased in the compliance division. In addition, a calculation change was made to more accurately reflect the costs associated with the activity and the length of some audits, and this change impacted performance.

SELECTED PERFORMANCE MEASURES

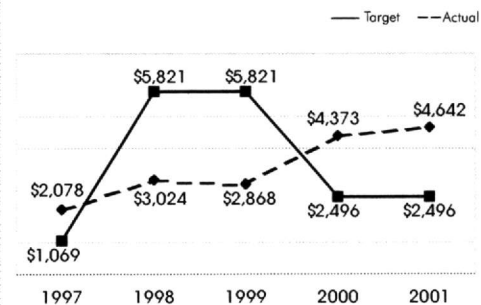
NUMBER OF YOUTH SERVED IN PREVENTION PROGRAMS



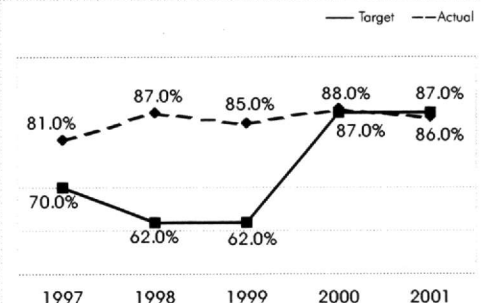
AVERAGE COST PER ADULT COMPLETING TREATMENT PROGRAMS



AVERAGE COST PER AUDIT

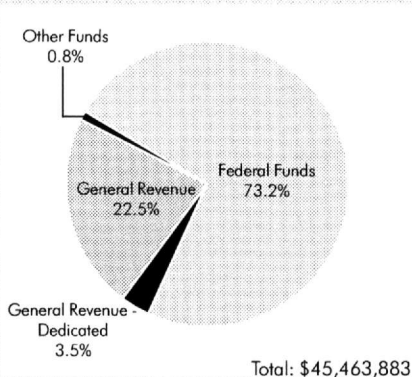


PERCENT OF YOUTH COMPLETING TREATMENT PROGRAMS REPORTING ABSTINENCE FOLLOWING DISCHARGE

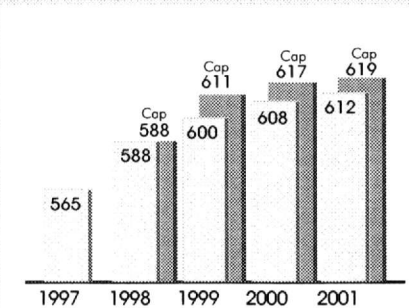


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc. *
 Server/desktop management
 \$1,067,775

C&T Consulting Services, LLP
 Programming services
 \$246,882

C&T Consulting Services, LLP
 Programming services
 \$126,315

McConnell & Jones, LLP *
 Auditing services
 \$123,332

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The Vocational Rehabilitation Program is the agency's largest program, making up 73 percent of the agency's total budget and employing 70 percent of its employees. The federally-funded program helps persons with visual disabilities secure and retain employment. The required state match, or share of total expenditures, is 21.3 percent. The state must also maintain, at a minimum, the same level of expenditures for the current fiscal year as was achieved two years earlier.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A September 2001 *Report on 19 Agencies' Compliance with Historically Underutilized Businesses (HUB) Requirements* found that the agency had no HUB rules and did not sponsor HUB forums.

A July 1995 *Audit on Performance Measures* issued by the State Auditor's Office certified without qualifications four out of five performance measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 86 percent of its 14 established key performance targets.

The agency attained or exceeded both of its outcome targets and 10 of its 12 output/efficiency targets.

The target for *Number of Children Receiving Habilitative Services* was attained (within 5 percent) for fiscal year 2001. The *Number of Permanently and Severely Visually Impaired Children Served* increased from 2,715 in fiscal year 2000 to 2,859 in fiscal year 2001.

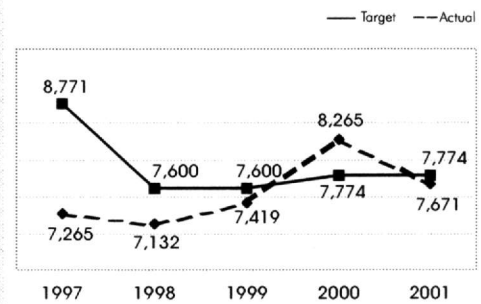
Number of Consumers Served in the Vocational Rehabilitation Program exceeded the established target for fiscal year 2001. The agency served an additional 45 clients, in part, by securing an additional \$66,985 in Federal Funds through the federal reallocation process. According to the agency, General Revenue Funds available within the agency's budget were used as matching funds for the additional federal funding.

Number of Individuals Served by the Blindness Education and Screening Treatment (BEST) Program greatly exceeded targeted performance. It is estimated the program reached over six million people through a brochure distribution and media campaign. The program also provided vision screening for over 17,000 individuals and medical treatment for 211 individuals. This program receives its funding through \$1 donations with driver's license renewals.

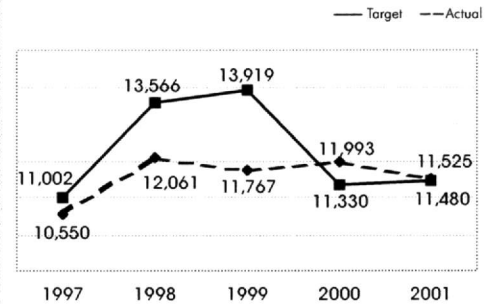
Number of Consumers Employed in the Business Enterprises Program increased by 28 percent from fiscal year 1997 to fiscal year 2001. The program provided employment to 10 additional consumers in fiscal year 2001 compared to the previous year, in part, by expanding the number of participating business locations.

SELECTED PERFORMANCE MEASURES

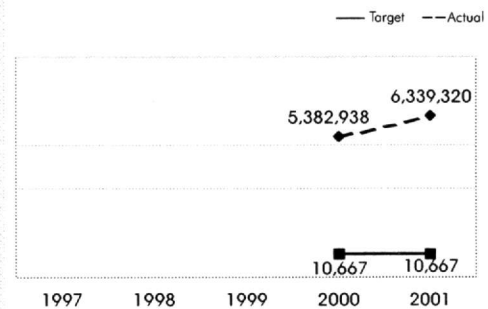
NUMBER OF CHILDREN RECEIVING HABILITATIVE SERVICES



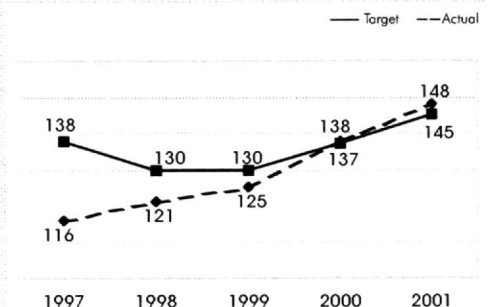
NUMBER OF CONSUMERS SERVED



NUMBER OF INDIVIDUALS SERVED BY THE BEST PROGRAM

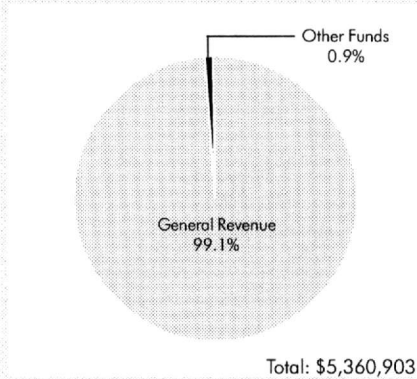


NUMBER OF CONSUMERS EMPLOYED

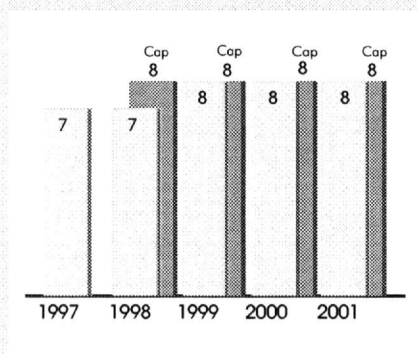


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 99.1 percent of the agency's expenditures in fiscal year 2001. The agency has authority to carry forward unexpended balances from the first year of the biennium to the second. Fiscal year 2001 expenditures are projected to be higher than appropriated as a result of the use of that authority.

The agency provides grants to entities in the public and private sectors for cancer prevention and control efforts.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A January 1997 *Audit Report on Performance Measures at 13 State Agencies and 7 Educational Institutions* issued by the State Auditor's Office certified without qualifications all seven of the measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its four established key performance targets.

The agency attained or exceeded three of its four output/efficiency targets. The agency does not have outcome targets.

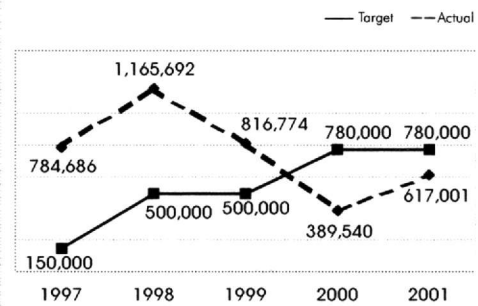
The agency provides services through grants or contracts to various public and private entities. The historical variation in performance for *Number of People Directly Served by Council-funded Cancer Prevention and Control Activities* is associated with the fact that the entities and projects funded by the agency change over time. A project that serves a large number of clients, such as a project that produces materials that assist schools in delivering skin cancer prevention information, may be followed by a more targeted project such as a community-based education program that provides education to African American females about breast cancer.

The *Number of Health Care and/or Educational Professionals Who Receive Training* increased from fiscal year 1997 to 2001. Some of the increase above projections for fiscal year 2001 can be attributed to contracted projects taking advantage of unanticipated opportunities to provide additional training and written materials to health care professionals.

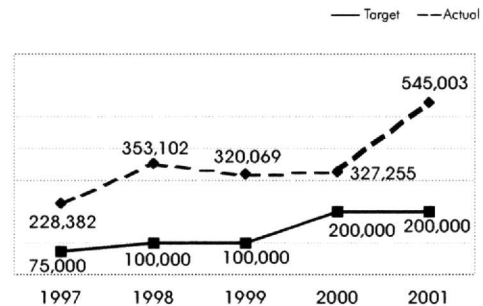
The *Annual Age-adjusted Cancer Mortality Rate* appears to have increased substantially from fiscal year 2000 to 2001; however, a revision in the methodology adopted for the nation by the National Center for Health Statistics, which adjusted the data to a different standard, caused the increase and most likely does not represent a true increase in cancer mortality in the state. The new methodology uses the average age distribution for the nation from the 2000 Census instead of the 1970 Census.

SELECTED PERFORMANCE MEASURES

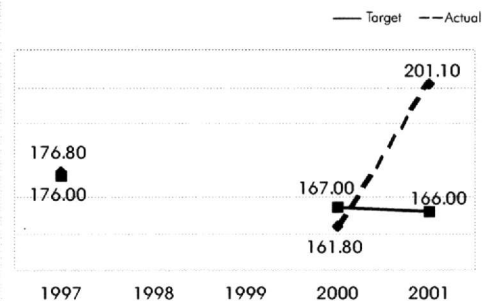
NUMBER OF PEOPLE DIRECTLY SERVED BY COUNCIL-FUNDED CANCER PREVENTION AND CONTROL ACTIVITIES



NUMBER OF HEALTH CARE AND/OR EDUCATIONAL PROFESSIONALS WHO RECEIVE TRAINING



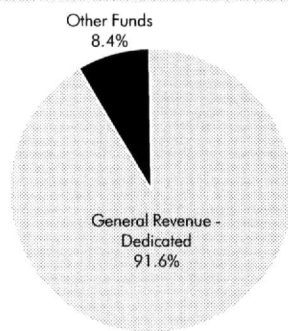
ANNUAL AGE-ADJUSTED CANCER MORTALITY RATE



CHILDREN'S TRUST FUND OF TEXAS COUNCIL

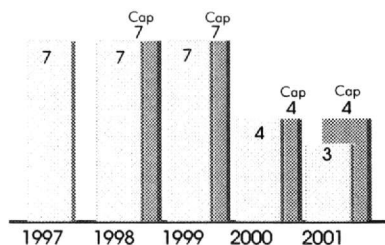
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$1,734,274

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue–Dedicated Funds accounted for 91.6 percent of the agency's expenditures in fiscal year 2001. Marriage license fees are the primary source of funding for the agency, and \$12.50 from each fee is dedicated to the Trust Fund Account in the State Treasury.

All Federal Funds associated with the Community-based Family Resource and Support Grants Program, formerly administered by the agency, were appropriated to the Department of Protective and Regulatory Services for fiscal year 2001.

A rider in the agency's bill pattern limits expenditures for indirect administration to no more than 10 percent of all monies appropriated to and available for expenditure by the agency during the fiscal year. This cap was slightly exceeded in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

In November 2000, the Sunset Advisory Commission issued a *Special Purpose Review of the Children's Trust Fund of Texas Council*, which concluded that the agency had taken several positive steps to improve its operations. The commission suggested that the agency could outsource some of its administrative functions or the Legislature could administratively attach the agency to another state agency. The Seventy-seventh Legislature, 2001, passed Senate Bill 1475 which abolished the Children's Trust Fund of Texas Council and transferred its powers and duties to the Department of Protective and Regulatory Services on September 1, 2001.

A November 1996 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications one of the three measures reviewed. The agency conducted regional training to increase reporting precision and conducted site visits to verify records for the two measures that were not fully certified. Both measures were replaced in fiscal year 2000.

CHILDREN'S TRUST FUND OF TEXAS COUNCIL

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 40 percent of its five established key performance targets.

The agency did not attain or exceed its single outcome target. The agency attained or exceeded two of its four output/efficiency targets.

All of the agency's key performance measures are new measures for the 2000–01 biennium. Most of the agency's measures were revised or replaced to focus more closely on direct prevention activities.

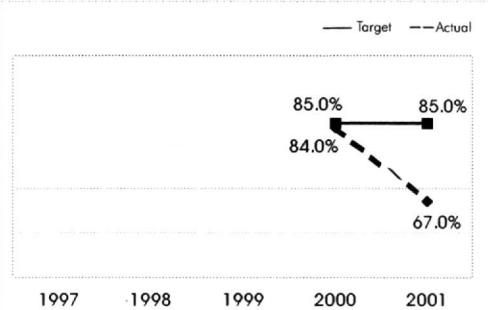
The agency did not attain its targeted performance for *Percent of Agency Funds Expended on Direct Prevention Services* because new programs did not expend all of their grant awards for fiscal year 2001.

The agency did not attain its targeted performance for *Number of Grants Awarded* because a contingency rider appropriated all Federal Funds to the Department of Protective and Regulatory Services, which expended \$1.6 million for grants, prevention information, and administration.

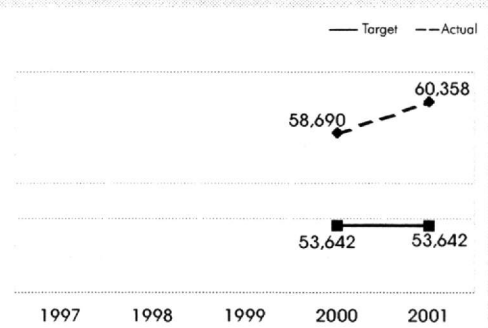
Number of Grants Awarded and *Average Dollar Amount per Grant* were lower than targeted because fewer dollars were available for expenditure due to the loss of Federal Funds.

SELECTED PERFORMANCE MEASURES

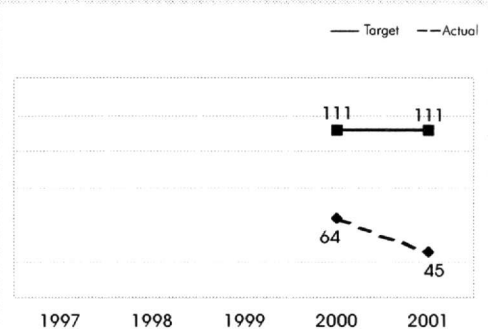
PERCENT OF AGENCY FUNDS EXPENDED ON DIRECT PREVENTION SERVICES



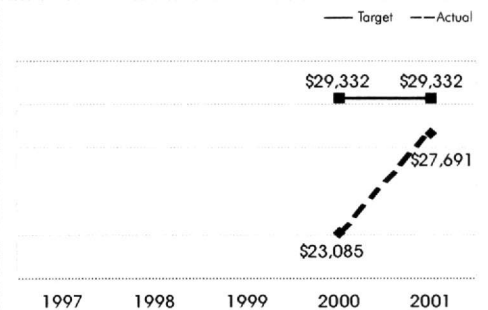
NUMBER OF PARTICIPANTS IN AGENCY-FUNDED DIRECT PREVENTION PROGRAMS



NUMBER OF GRANTS AWARDED



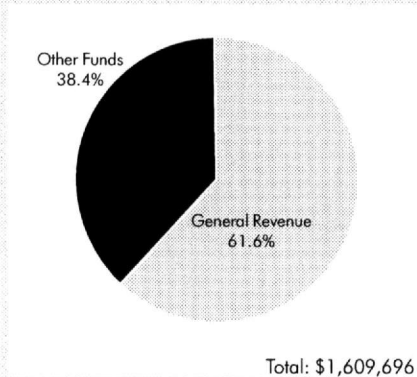
AVERAGE DOLLAR AMOUNT PER GRANT



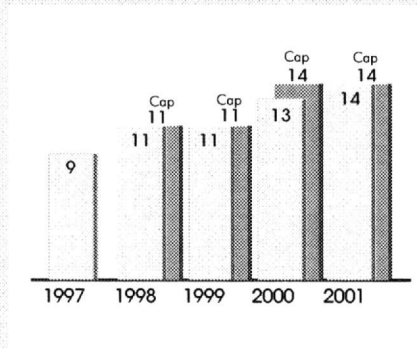
COMMISSION FOR THE DEAF AND HARD OF HEARING

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

University of Arizona *
Interpreting and psychometric services
\$120,400

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 61.6 percent of the agency's expenditures in fiscal year 2001.

Other Funds comprised of interagency contracts and appropriated receipts made up the remainder of the agency's expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. All FTEs are on-site at the agency. The agency contracts with regional councils to provide services in each health and human services region.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications one out of two performance measures reviewed. A simple counting error resulted in the non-certification of a measure. The agency has since taken steps to enhance its review of calculations and measure data.

COMMISSION FOR THE DEAF AND HARD OF HEARING

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its eight established key performance targets.

The agency attained or exceeded five of its seven output/efficiency targets. It did not attain or exceed its single outcome target.

The fiscal year 2001 target for *Number of Contact Hours of Communication Access Services Provided* was not attained because contractors were unable to complete all billings before the end of the fiscal year, which affected the reported measure.

The agency did not achieve the target for *Number of Vouchers Issued for Specialized Telecommunications Equipment or Service*. This program enables persons who are deaf, hard of hearing, or disabled to communicate by telephone by providing vouchers for specialized equipment or services. Eligible applicants receive vouchers which they may use to purchase equipment or services from specialized vendors. The \$35 application fee, which was viewed by the agency as a barrier to applicants, was eliminated by the Seventy-seventh Legislature in 2001. This is expected to have a positive impact on the performance for this measure in fiscal year 2002.

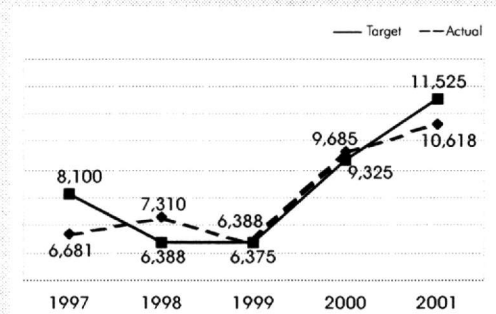
The *Average Cost per Communication Access Contract* increased during the 2000–01 biennium because the agency received funding for the Regional Specialist Program, which provided three contracts at \$45,000 each. These contracts enabled the agency to provide various communication access services to persons who are deaf or hard of hearing.

The *Number of Individuals Trained* (in regard to services for the deaf and hard of hearing) exceeded the target in fiscal year 2001 because the agency provided training for 9-1-1 operators under an agreement with the Commission on State Emergency Communications. The training covered how to handle emergency calls from persons who are deaf or hard of hearing.

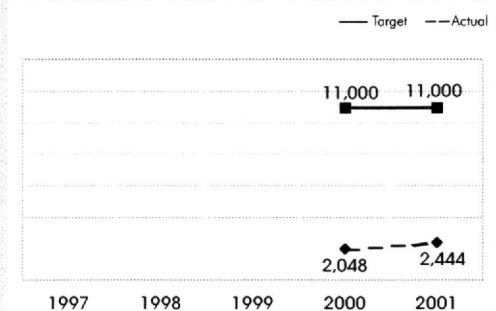
The agency did not attain the target for its single key outcome measure, *Percent Increase in Communication Access to Deaf/Hard of Hearing* because the agency used funds to expand services to rural consumers, rather than to increase the types of services provided.

SELECTED PERFORMANCE MEASURES

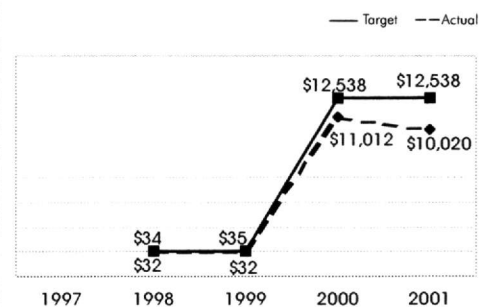
NUMBER OF CONTACT HOURS OF COMMUNICATION ACCESS SERVICES PROVIDED



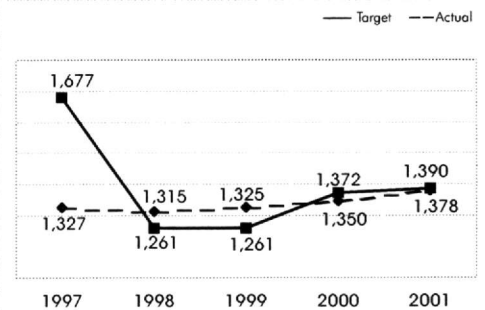
NUMBER OF VOUCHERS ISSUED FOR SPECIALIZED TELECOMMUNICATIONS EQUIPMENT OR SERVICE



AVERAGE COST PER COMMUNICATIONS ACCESS CONTRACT



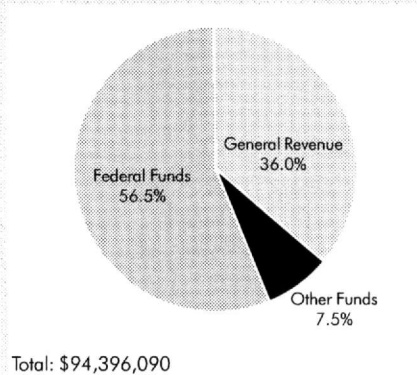
NUMBER OF INTERPRETER'S LICENSES ISSUED



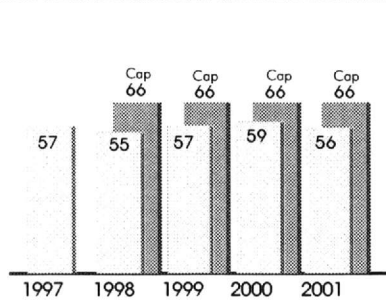
INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Russell Gregorczyk, CPA
Auditing services
\$41,040

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 36 percent of the agency's expenditures in fiscal year 2001. Of the total General Revenue Funds expended, \$0.7 million was in Tobacco Settlement Receipts for respite care in fiscal year 2001.

Federal Funds constituted 56.5 percent of the agency's expenditures in fiscal year 2001.

An additional \$11.2 million in federal Temporary Assistance for Needy Families (TANF) Block Grant Funds, converted to Title XX of the Social Security Act, Block Grants to States for Social Services Funds, was transferred from TANF contingency balances for the agency to expend in fiscal year 2001 for caseload growth.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A March 2001 *Internal Audit of Performance Measures Reporting*, prepared by the agency, found that adequate internal controls and effective processes exist for ensuring that performance measures reported to the executive and legislative budget offices are reliable and accurate; there is adequate supporting documentation for all performance measures reported to the executive and legislative budget offices; and there is an effective process for establishing performance measure targets and adequate supporting documentation for performance targets established in the fiscal year 2002-03 Legislative Appropriations Request.

An August 2001 follow-up review conducted by the agency's internal auditor of a June 2000 internal audit report of the agency's accounting system and accounting internal controls indicated that 16 of the 26 recommendations had been implemented. Key findings from the June 2000 audit report had indicated that the agency had adequate internal controls over purchase voucher processing, but processing procedures were inefficient; reconciliations were not completed in a timely manner and were not effective for ensuring accuracy between the internal accounting system and the external state accounting system; and, accounting procedures were not up-to-date.

A 1994 *Audit Report on Performance Measures* issued by the State Auditor's Office certified without qualifications only one of the six measures reviewed.

INTERAGENCY COUNCIL ON EARLY CHILDHOOD INTERVENTION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its six established key performance targets.

The agency attained or exceeded its single outcome target and all five of its output/efficiency targets.

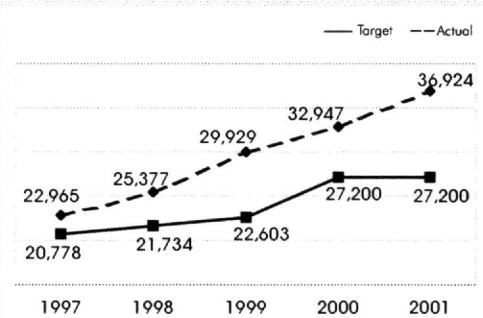
The *Number of Referrals Made to Local Programs* routinely exceeds the targeted level by an average of 13 percent annually. The increase is attributed to better coordination of state and local child find efforts. The primary sources of referrals in fiscal year 2001 were the medical community and families.

The *Number of Children Served in Comprehensive Services* exceeded targeted performance levels in fiscal year 2001 because of increased referrals, primarily from physicians, to local early childhood intervention programs, resulting in a greater number of children served.

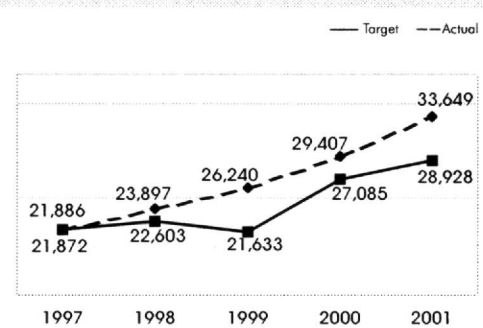
The agency met its target for *Number of Training and Technical Assistance Events Provided* in fiscal year 2001. These events included presentations, consultations, workshops, and conferences that were funded, sponsored, or conducted by the agency and that assist programs in meeting agency requirements.

SELECTED PERFORMANCE MEASURES

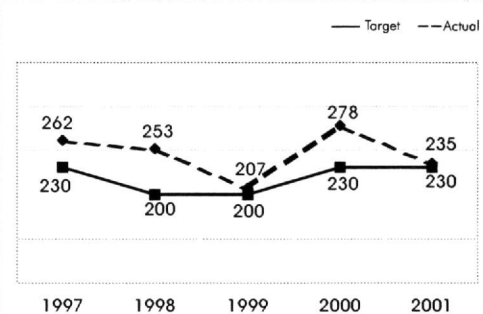
NUMBER OF REFERRALS MADE TO LOCAL PROGRAMS



NUMBER OF CHILDREN SERVED THROUGH COMPREHENSIVE SERVICES

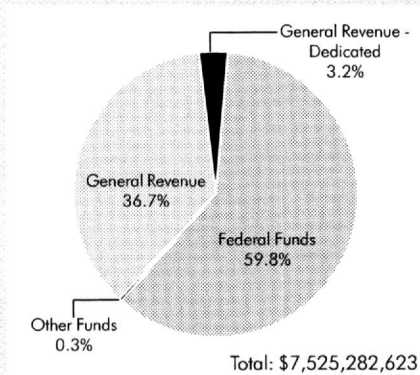


NUMBER OF TRAINING AND TECHNICAL ASSISTANCE EVENTS PROVIDED

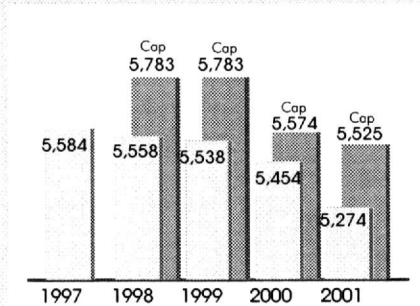


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- National Heritage Insurance Company *
Medicaid claims administration
\$386,096,680
- Birch & Davis Health Management Corp. *
Medicaid PCCM network administrator
\$108,308,686
- Maximus, Inc. *
Medicaid enrollment broker
\$105,905,821
- National Heritage Insurance Company *
Compass 21 MMIS development
\$76,940,405

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

14 lawsuits with a specified potential liability amount totalling **\$100,000**.

BUDGET HIGHLIGHTS

General Revenue and General Revenue-Dedicated Funds accounted for 39.9 percent of the agency's expenditures in fiscal year 2001. Of this amount, 11.9 percent (\$47.9 million) was Tobacco Settlement Receipts.

Federal Funds constituted 59.8 percent of the agency's expenditures.

During the Seventy-seventh Legislative Session, 2001, the agency received \$489.9 million in General Revenue supplemental appropriations to address higher than anticipated client and cost levels in the Medicaid program. Additional funding for the Medicaid program was made available through approved transfers from other health and human services agencies and the Juvenile Probation Commission.

Fiscal year 2001 was the final year that the agency had primary responsibility for operating the state's acute care Medicaid program. Pursuant to action by the Seventy-seventh Legislature, 2001, all Medicaid programs other than Medical Transportation and Texas Health Steps (EPSDT) Medical and Dental will be administered by the Health and Human Services Commission beginning in fiscal year 2002.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

An April 2001 State Auditor's Office (SAO) report, *The 2000 Statewide Single Audit Report*, found that the agency needed to strengthen controls over financial compliance monitoring of subrecipients in regard to Childhood Immunization grants, HIV Care Formula grants, and HIV Prevention Activities awards. The report also found a need for improved tracking of program monitoring activity to ensure federal awards are used for authorized purposes.

A March 2001 SAO report, *Financial Management at the Department of Health*, found that the agency had not fully met state and federal requirements regarding transfers and program revenues that are required to cover program costs, the Federal Cash Management Act, and regarding use of an effective process to ensure compliance with requirements. In addition, the SAO found inconsistent assignment of expenditure codes in the agency accounting system and in the Uniform Statewide Accounting System. The audit revealed recurrent accounting adjustments that reduced reliability and consistency of data. Lastly, the audit found the agency's aging financial information systems inflexible, cumbersome, and at risk of misuse.

A February 2001 *Financial Profile: TDH* report by the SAO found the agency's accounting system unable to consistently meet its information needs. Ending fund balances were understated by over \$2 million due to an overestimation of fiscal year 2000 encumbrances. Earned Federal Funds were under-reported for fiscal year 2000 and Appropriated Receipts were underestimated for fiscal years 2000–03. The SAO also found that accounting policies and procedures were not standardized across programs, increasing the risk for improperly categorized transactions.

Pursuant to a 2002–03 biennial requirement to develop a business improvement plan, the agency contracted with Elton Bomer for a business evaluation, which was completed August 2001. The four primary recommendations were that the agency should restore trust and credibility with the Legislature; attract and retain competent staff; standardize basic agency functions; and, change the agency organizational structure to increase efficiency and accountability.

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified none of the eight measures audited for fiscal year 2000 and none of the seven measures audited for the first quarter of fiscal year 2001; however, 11 measures were certified with qualification and the remaining four had factors that prevented certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 51 percent of its 63 established key performance targets.

The agency attained or exceeded 10 of its 19 outcome targets and 22 of its 44 output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Number of Women Provided Services in Maternal and Child Health (MCH)* because fiscal year 2000 Federal Funds were carried forward and redistributed to enable consumers to obtain services in areas where a major MCH contractor had terminated its contract with this program.

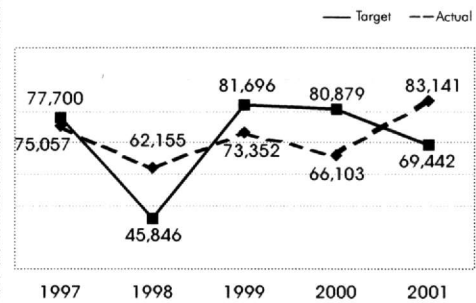
The target for *Annual Medicaid Prescriptions Incurred* was exceeded in fiscal year 2001 because of higher numbers of clients, primarily children, seeking Medicaid services.

Performance was below target for *Number of Vaccine Doses Administered*. This was due to reductions in the administration of rotavirus and hepatitis B vaccines, as well as reduced availability of influenza vaccine. Vaccinations were 92 percent federally funded.

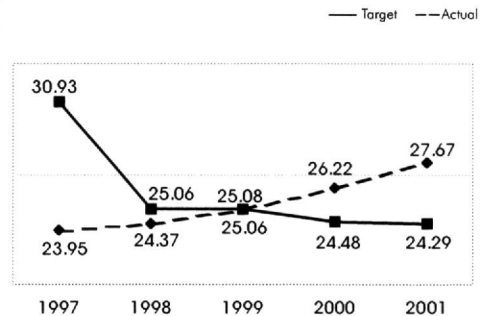
Average Annual Cost per Family Planning Client was higher than the target. Reimbursement rates for family planning services such as birth control were increased in fiscal year 2001; for example, the Depo-Provera injection cost went from \$25 to \$48.

SELECTED PERFORMANCE MEASURES

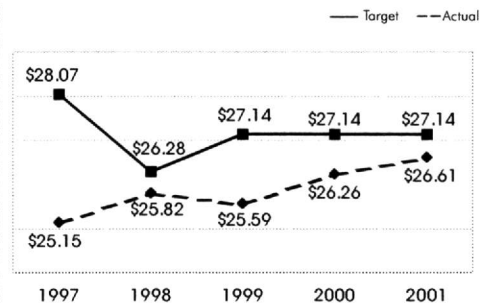
NUMBER OF WOMEN PROVIDED SERVICES (MCH)



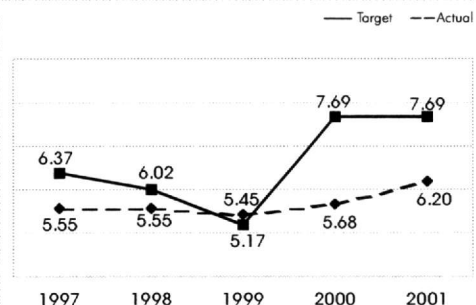
ANNUAL MEDICAID PRESCRIPTIONS INCURRED (IN MILLIONS)



AVERAGE FOOD COSTS PER PERSON RECEIVING SERVICES (WIC)



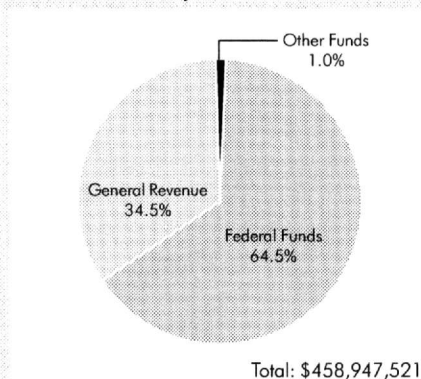
NUMBER OF VACCINE DOSES ADMINISTERED (IN MILLIONS)



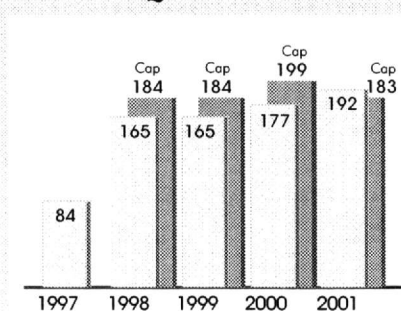
HEALTH AND HUMAN SERVICES COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Clarendon National Insurance Company *
Health care services
\$80,841,784
- United Concordia Insurance Company *
Health care services
\$39,177,765
- Birch & Davis Health Management Corp. *
CHIP program administrator
\$36,839,577
- Texas Children's Health Plan, Inc. *
Health Care Services
\$32,318,182

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

12 lawsuits with a specified potential liability amount totalling **\$60,000**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 34.5 percent of the agency's fiscal year 2001 budget. Of the General Revenue Funds, 95.3 percent are Tobacco Settlement Receipts. Federal Funds accounted for 64.5 percent of the budget.

Tobacco Settlement Receipts in the amount of \$33.5 million appropriated for the Children's Health Insurance Program (CHIP) would have lapsed, but were transferred to the Department of Health to address increased caseloads and costs in the Medicaid program.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency exceeded its cap for full-time-equivalent (FTE) positions for fiscal year 2001. An FTE increase of 14 was authorized in fiscal year 2000, but not for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A March 2001 *Legislative Summary Document* by the State Auditor's Office (SAO) reported prior audit findings and the agency's actions in response to those findings. The document cited a potential overpayment error rate of 7.2 percent for the Medicaid acute care fee-for-service program, which could result in a loss of as much as \$217 million annually. It also reported the agency, in conjunction with the Department of Health, did not take appropriate action to resolve questioned costs reported by the SAO in the *1998 Financial Compliance Audit*.

The 2000 Statewide Single Audit Report issued by the SAO in April 2001 found that the agency, in conjunction with the Department of Health, had not taken appropriate action to resolve questioned Medicaid costs from 1999.

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified without qualifications one of the three measures audited for fiscal year 2000 and one of the four measures audited for the first quarter of fiscal year 2001. Three of the measures were inaccurate and the remaining two measures had factors that prevented certification. In their management response to the SAO audit, the agency stated they planned to charge an internal work group to develop policies and procedures for each measure and assist in the clarification of measure definitions

HEALTH AND HUMAN SERVICES COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 72 percent of its 18 established key performance targets.

The agency attained or exceeded all three of its outcome targets and 10 of its 15 output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Total (Medicaid) Dollars Recovered as a Percent of Office of Investigations and Enforcement Budget* because of implementation of client eligibility modifications and two new queries in the Medicaid Fraud and Abuse Detection System (MFADS) that were developed and deployed to detect additional abuses. MFADS, designed to assist the state in detecting fraud and abuse in the Medicaid system, has increased dollar recoveries; the amount recovered in fiscal year 2001 was approximately \$47 million.

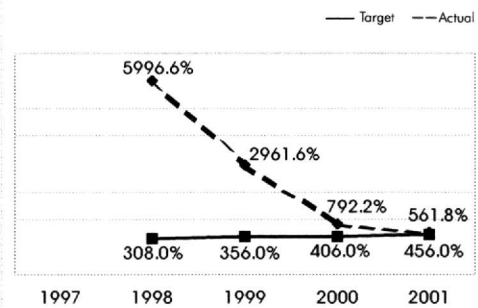
The agency exceeded its target for *Number of Interagency Medicaid Projects* for fiscal year 2001. The agency submitted a higher number of Medicaid waiver requests to the federal government than anticipated. Several Home and Community-based Waivers were submitted and approved, and a New Generation Medications Waiver was submitted, but is pending.

Average Monthly Number of CHIP II Children was less than targeted for fiscal year 2001 (though they achieved an enrollment goal of 428,000 by September 1, 2001), while the average monthly cost for CHIP II children was higher than targeted (\$72.39) at \$93.64. Rates negotiated by the agency with dental providers were higher than anticipated. Further, immunization costs were not originally included in cost estimates; however, the agency arranged a provision for vaccines, resulting in additional payments to the Department of Health for vaccinations.

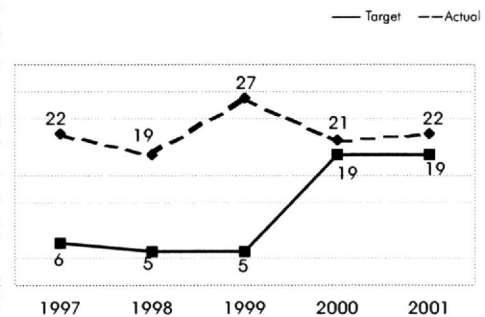
The agency exceeded its target for *Average Monthly Number of Legal Immigrant Children* for fiscal year 2001. This program serves children that would otherwise qualify for CHIP, except for their immigrant status. Funding for this program comes exclusively from Tobacco Settlement Receipts.

SELECTED PERFORMANCE MEASURES

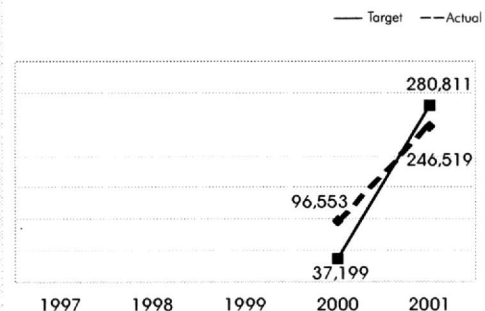
TOTAL (MEDICAID) DOLLARS RECOVERED AS A PERCENT OF OFFICE OF INVESTIGATIONS AND ENFORCEMENT BUDGET



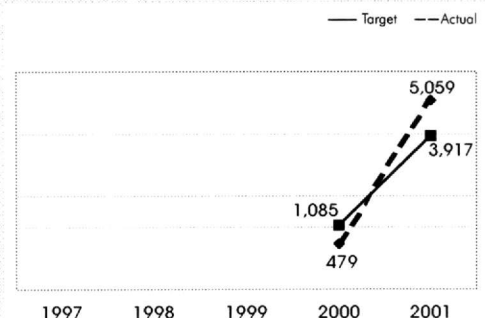
NUMBER OF INTERAGENCY MEDICAID PROJECTS



AVERAGE MONTHLY NUMBER OF CHIP II CHILDREN



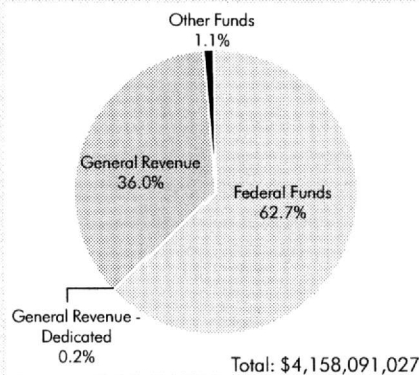
AVERAGE MONTHLY NUMBER OF LEGAL IMMIGRANT CHILDREN



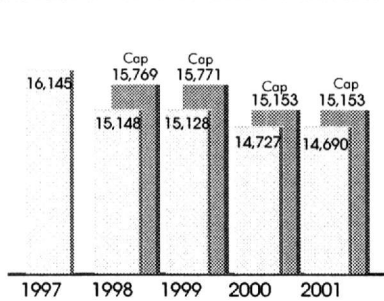
DEPARTMENT OF HUMAN SERVICES

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Deloitte Consulting, LLC *
Software development
\$86,922,482
COMSYS Info Tech Services *
Computer services
\$28,000,000
SAGEM Morpho, Inc. *
LSIS finger imaging
\$21,687,419
Unisys Corporation *
Hardware/software purchase
\$20,346,320

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

49 lawsuits with a specified potential liability amount totalling **\$2,133,395**.

BUDGET HIGHLIGHTS

The agency's estimated fiscal year 2001 expenditures totaled \$4.2 billion in All Funds. General Revenue Funds included \$3.4 billion in Tobacco Settlement Receipts. Long-term care services and regulation accounted for approximately 72 percent of all expenditures; Temporary Assistance for Needy Families (TANF), Food Stamps, Medicaid eligibility determination, and administrative activities accounted for the remaining 28 percent.

Several programs with related funding were transferred to the agency as a result of the Sunset review process: the Deaf-Blind with Multiple Disabilities Waiver and Personal Attendant Services programs (\$6.3 million) from the Texas Rehabilitation Commission and the Home and Community Support Services Regulatory Program and the Medically Dependent Children's Waiver Program (\$18 million) from the Texas Department of Health.

The agency received \$27.3 million in enhanced federal funding in fiscal year 2001 for outstanding payment accuracy performance in the Food Stamp Program in fiscal year 2000.

Approximately \$188.8 million was expended for more than 48,000 individual and family grants for flood relief from Tropical Storm Allison.

The Texas Integrated Eligibility and Redesign Systems (TIERS) Project continued in fiscal year 2001, with an estimated expenditure of \$45.5 million. Full implementation of the project is expected by October 2004.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. There is a continued FTE decline over the most recent five-year period, reflecting reductions in the number of eligibility determination workers related to generally decreased caseloads for Medicaid, TANF, and Food Stamps.

RELATED REPORTS AND REVIEWS

An audit report on *Medicaid Long-Term Care Claims Data at the Department of Human Services* by the State Auditor's Office (SAO) released in January 2002 found exceptions in the automated Claims Management System that processes payments. For the month of January 2001, the SAO identified 6,681 payments totaling \$5 million for which the claims submission date was more than 365 days after the date of service, a violation of federal regulations. Also identified were 240 occurrences of overlapping claims for the same client on the same dates of service by two different programs, with questionable payments ranging between \$30,929 and \$348,184.

The 2000 *Statewide Single Audit Report* published in April 2001 by the SAO recommended that the agency strengthen the process used to convert expenditures from the strategy structure used for preparing the Legislative Appropriations Request to the appropriations structure used to prepare the Annual Financial Report; establish a program for conducting periodic risk analyses and security reviews of automated data processing systems; enhance controls over quality assurance of client eligibility files; and, request sufficient Federal Funds to minimize the use of state monies.

A July 1996 *Audit Report on Performance Measures* issued by the SAO certified without qualifications two out of eight measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 73 percent of its 66 established key performance targets.

The agency attained or exceeded eight of its nine outcome targets and 40 of its 57 output/efficiency targets.

Percent of Long-term Care Clients Served in Community Settings continued a fifth year of increase during fiscal year 2001, with the agency consistently exceeding targeted levels by 2 percent or more except in fiscal year 1998.

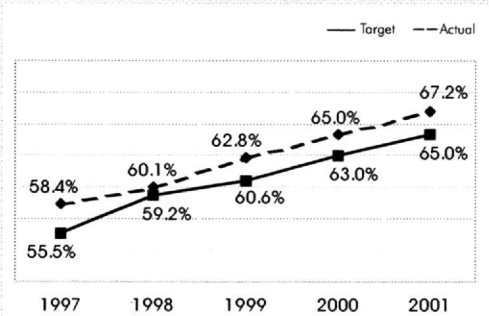
The Medicaid Community-based Alternatives (CBA) Waiver Program provides a variety of community-based services to aged and disabled adults as an alternative to placement in a nursing facility. The *Average Monthly Cost per Client: Medicaid CBA Waiver* increased by 7 percent in fiscal year 2001, exceeding targeted levels by \$62 per month. This trend was attributed to a greater than anticipated shift in the client population toward clients in need of more intensive services, sometimes described as an increase in "client acuity."

Number of Persons Eligible per Month: Nursing Facilities has been in decline for the past five years and always below targeted levels, but averaged an annual decrease of about 0.03 percent until fiscal year 2001, when the measure dropped a full percentage point. The declining caseload may be related to increased public awareness of community-based alternatives to residential care.

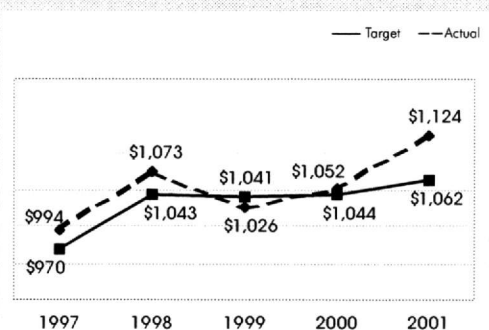
Because of a slowing economy, the actual *Number of TANF-basic Recipients per Month* increased in fiscal year 2001 for the first time since its peak of 750,936 in fiscal year 1994. Increased outreach for the Children's Health Insurance Program has resulted in increased applicants for the TANF program.

SELECTED PERFORMANCE MEASURES

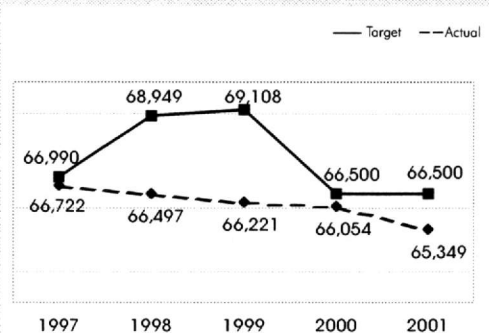
PERCENT OF LONG-TERM CARE CLIENTS SERVED IN COMMUNITY SETTINGS



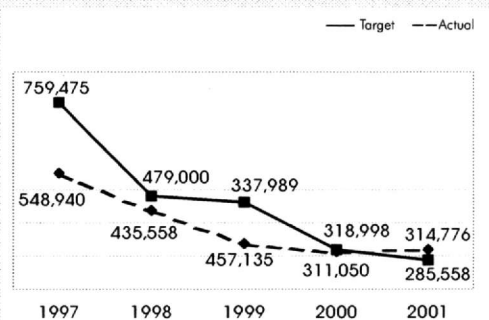
AVERAGE MONTHLY COST PER CLIENT: MEDICAID COMMUNITY-BASED ALTERNATIVES WAIVER



NUMBER OF PERSONS ELIGIBLE PER MONTH: NURSING FACILITIES

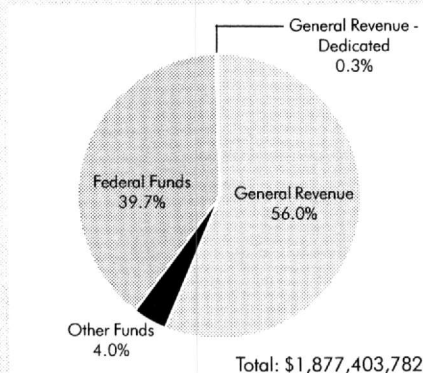


NUMBER OF TANF-BASIC RECIPIENTS PER MONTH

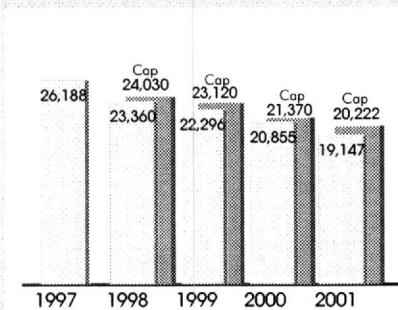


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Creative SocioMedics *
Client record system
\$6,250,000
- Innovative Tech Systems, Inc. *
Computerized maintenance management system
\$4,048,635
- Peregrine Systems *
Computerized maintenance management system
\$4,048,635
- Bass Construction Company, Inc. *
Construction of residences
\$2,584,095

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

60 lawsuits with a specified potential liability amount totalling **\$235,858,365**.

BUDGET HIGHLIGHTS

General Revenue and General Revenue–Dedicated Funds accounted for 56.3 percent of the agency's expenditures in fiscal year 2001. Of this amount, 3.3 percent (\$34.9 million) was from Tobacco Settlement Receipts.

Federal Funds comprised 39.7 percent of the agency's expenditures.

Lapsing General Revenue Funds were made available through approved transfers to the Texas Department of Health for the Medicaid program and the Department of Protective and Regulatory Services for foster care and adoption subsidy caseload increases.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

The 2000 Statewide Single Audit Report, issued by the State Auditor's Office (SAO) in April 2001, found several issues with the agency's process for drawing federal funds. Areas of concern included lack of formalized cash management policies and procedures; inaccurate deposit and disbursement dates; and failure to reflect all funding techniques in the Cash Management Improvement Act (CMIA) Treasury–State Agreement. The agency reports that new cash management procedures implemented on April 1, 2000 have improved calculations; cash management data is being reviewed to ensure prompt detection and correction of errors; written cash management procedures are being developed; and, funding techniques will be clarified.

An Audit Report on Property Reported As Lost or Stolen, issued by the SAO in June 2001, found that agency property with a total book value of \$3 million may be missing. While the percentage of missing items meets limited available standards for acceptable property loss, improvements in property management procedures could reduce the risk of loss or theft of state assets. Most of the missing sample items were associated with two of the agency's regional facilities.

An August 2001 internal *Performance Audit of Enrollment/Sanctions* found that use of waiver program vacancies by individuals on the waiting list was potentially delayed because discharges were not processed in a timely manner and enrollment of individuals on the waiting list was delayed because discharges were not distributed to local authorities in a timely manner. The agency responded that formal written procedures to ensure timely and appropriate processing of discharges would be issued by January 2002 and an automated tracking system would be implemented by July 2002.

DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified none of the 10 measures audited for fiscal year 2000 and none of the six measures audited for the first quarter of fiscal year 2001. Four of the 16 measures were certified with qualification, 10 were inaccurate, and the remaining two had factors that prevented certification. In its management response to the SAO report, the agency stated that a number of steps had been or will be taken to improve the performance measurement system. These include establishing a new full-time position for performance measurement; developing policies and procedures for the performance measurement process by March 2002; conducting a full performance audit of the performance measurement process during fiscal year 2002; and requiring local authorities to conduct quarterly self-audits that are reviewed by the agency.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 66 percent of its 35 established key performance targets.

The agency attained or exceeded four of its six outcome targets and 19 of its 29 output/efficiency targets.

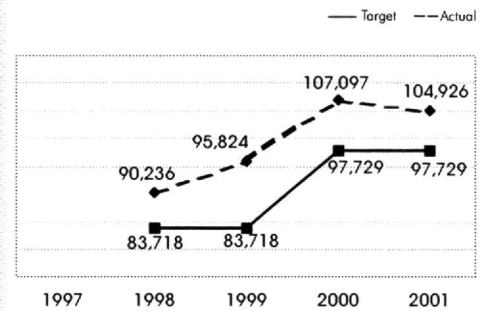
The agency exceeded its fiscal year 2001 target for *Average Monthly Number of Mental Health Customers Served in the Community* because the NorthSTAR Behavioral Health Services waiver program and community mental health centers served more customers than projected. This was due in part to local authorities' efforts to provide mental health services for children and adolescents in the priority population.

The agency attained its fiscal year 2001 targets for *Percent of Customers Receiving Mental Health Campus Services Whose Functional Level Stabilized or Increased* and *Average Monthly Number of Customers Served in the Home and Community Based Services Waiver Program*.

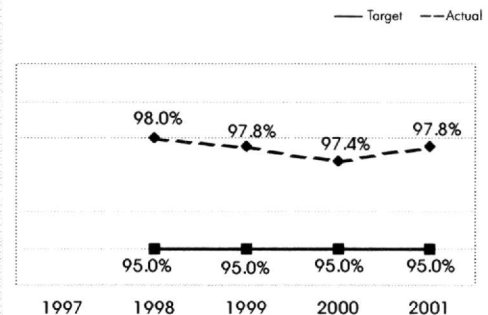
The agency exceeded its fiscal year 2001 target for *Average Monthly Cost per Customer Served in Home and Community Based Services* because efforts were made to reduce the cost of the waiver program in compliance with a rider in the General Appropriations Act for 2000-01. The efforts include allowing an additional person to reside in group homes funded by the waiver program. The average monthly cost fell more than 15 percent from a high of \$4,098 in fiscal year 1999 to just \$3,474 in fiscal year 2001.

SELECTED PERFORMANCE MEASURES

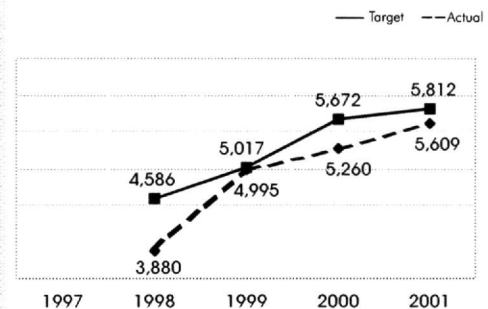
AVERAGE MONTHLY NUMBER OF MH CUSTOMERS SERVED IN THE COMMUNITY



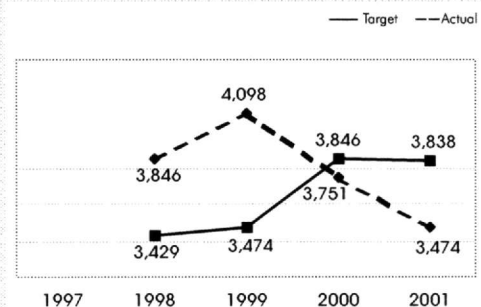
PERCENT OF CUSTOMERS RECEIVING MH CAMPUS SERVICES WHOSE FUNCTIONAL LEVEL STABILIZED OR INCREASED



AVERAGE MONTHLY NUMBER OF CUSTOMERS SERVED IN THE HOME AND COMMUNITY BASED SERVICES WAIVER PROGRAM



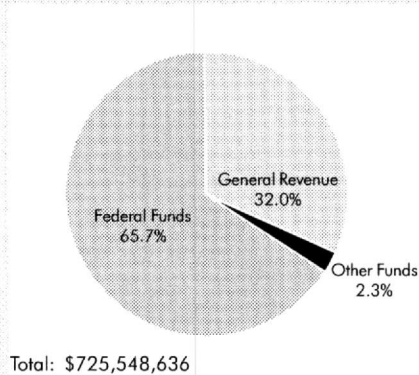
AVERAGE MONTHLY COST PER CUSTOMER SERVED IN HOME AND COMMUNITY BASED SERVICES



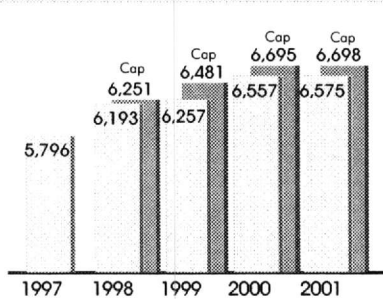
DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc. *
Computer services
\$84,446,450
Accenture *
CLASS project
\$8,886,421
Accenture *
CAPS upgrade
\$7,321,701
IBM Corporation *
Phase I child care licensing application
\$1,185,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

58 lawsuits with a specified potential liability amount totalling **\$492,193,213**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 32 percent of the agency's expenditures in fiscal year 2001 and Federal Funds accounted for 66 percent.

The agency spent \$36.3 million more than appropriated for the *Foster Care and Adoption Subsidy Payments* strategy in fiscal year 2001. This was primarily due to providing higher levels of care for foster children, subsidizing more adoptions, and paying more for adoption subsidies.

During the Seventy-seventh Legislative Session in 2001, the agency received \$1 million in General Revenue supplemental appropriations to address caseload demands for fiscal year 2001. Additional funding for caseload demands was made available through approved transfers from other health and human services agencies.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The Seventy-sixth Legislature, 1999, authorized 202 new FTE positions for the 2000-01 biennium. These included 160 for child protective services, 29 for adult guardianship services, 11 for the child care licensing program, and two for at-risk youth programs.

RELATED REPORTS AND REVIEWS

The 2000 Statewide Single Audit Report, issued by the SAO in April 2001, found weaknesses in financial review processes. Areas of concern include an error in the Payment Management System 272 Federal Cash Transactions Report that resulted in an overstatement of disbursements; not performing a full reconciliation of income received on behalf of foster children; and, not reporting vendor overpayments accurately in the general ledger. The auditor recommended strengthening controls over the payment management report, completing reconciliations of foster children's income, and strengthening controls over accounting for overpayments.

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified four of the 10 measures audited for fiscal year 2000 and three of the eight measures audited for the first quarter of fiscal year 2001. Six of the 18 measures were certified with qualification, two were inaccurate, and the remaining three had factors that prevented certification. In its management response to the SAO report, the agency stated much of the data is received from other agencies and they will continue to work with these agencies to ensure that the integrity of the data is maintained. Internally, the agency will be more specific in policies and procedures addressing data for all measures.

DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 70 percent of its 43 established key performance targets.

The agency attained or exceeded 10 of its 12 outcome targets and 20 of its 31 output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Number of Completed Child Protective Services Investigations* as a result of efforts to reduce the number of investigations that were open for more than 60 days at any given time. The number of investigations completed in fiscal year 2001 includes 1,913 investigations that were open for more than 60 days at the end of fiscal year 2000.

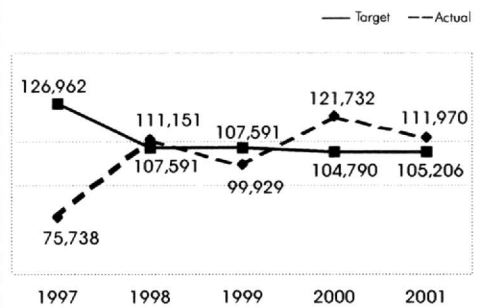
The agency did not attain its fiscal year 2001 targeted performance for *Average Number of Children Living at Home Receiving Purchased Services per Month*. According to the agency, this may be because of better utilization of risk assessment tools, which has resulted in earlier removal of children from their homes.

The agency exceeded its fiscal year 2001 target for *Average Number of Children Provided Adoption Subsidy per Month* by 12 percent due to a concerted effort to provide adoptive homes for children living in foster care. The target for *Average Monthly Payment per Adoption Subsidy* was exceeded by nearly 10 percent because of a foster care rate increase and policies encouraging foster parents to become adoptive parents.

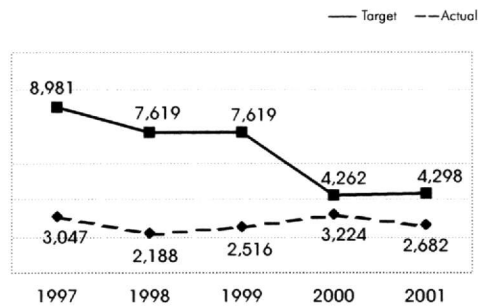
The agency attained its fiscal year 2001 target for *Number of Inspections of Child Care Facilities* by performing 39,850 inspections.

SELECTED PERFORMANCE MEASURES

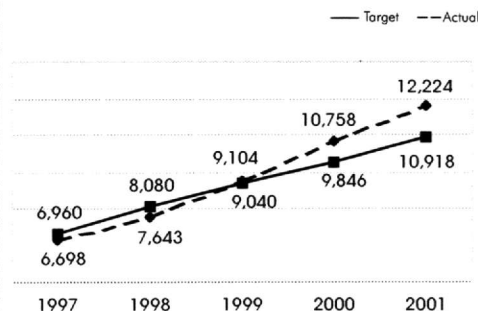
NUMBER OF COMPLETED CHILD PROTECTIVE SERVICES INVESTIGATIONS



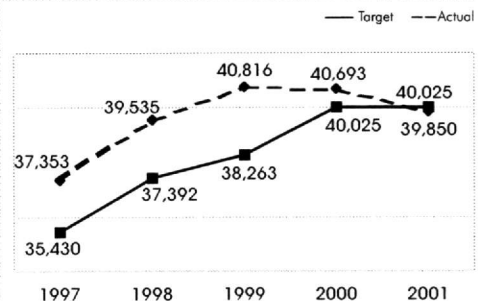
AVERAGE NUMBER OF CHILDREN LIVING AT HOME RECEIVING PURCHASED SERVICES PER MONTH



AVERAGE NUMBER OF CHILDREN PROVIDED ADOPTION SUBSIDY PER MONTH



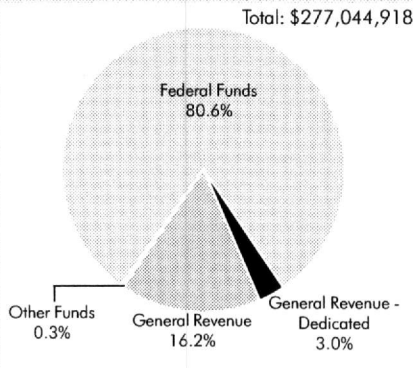
NUMBER OF INSPECTIONS OF CHILD CARE FACILITIES



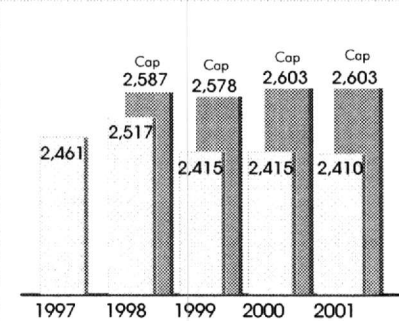
REHABILITATION COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

KPMG Peat Marwick LLP *
Software upgrade
\$278,200
Gary Pharr, CPA *
Audit review services
\$14,500

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

11 lawsuits with a specified potential liability amount totalling **\$100,000**.

BUDGET HIGHLIGHTS

The federally-funded Vocational Rehabilitation Program is the agency's largest program, making up 61 percent of the agency's total budget, and is staffed by over half of its employees. The program helps persons with disabilities secure and retain employment. The required state match or share of total expenditures is 21.3 percent. The state must also maintain, at a minimum, the same level of expenditures for the current fiscal year as was achieved two years earlier.

The agency transferred \$6.3 million in fiscal year 2001 funding to the Department of Human Services (\$1.5 million in All Funds for the Personal Attendant Program and \$4.8 million in All Funds for the Deaf-Blind with Multiple Disabilities Waiver (Medicaid) Program). These transfers were made in response to Sunset legislation enacted by the Seventy-sixth Legislature, 1999.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A March 2001 report by the State Auditor's Office (SAO), *Financial Profile-Rehabilitation Commission*, found that the agency made reasonable budget requests, but underestimated revenue collection for the General Revenue Dedicated-Comprehensive Rehabilitation Account 107. The General Appropriations Act, enacted by the Seventy-seventh Legislature, 2001, revised revenue estimates for this funding source and appropriated unexpended balances from fiscal year 2001 and all collections made during the 2002-03 biennium.

A September 2001 SAO *Report on 19 Agencies' Compliance with Historically Underutilized Businesses (HUB) Requirements* found that the agency did not refer to specific HUB programs in its strategic plan and over-reported the number of bids submitted and contracts awarded.

An August 1997 *Audit Report on Performance Measures* issued by the SAO certified without qualifications 11 of the 14 measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary. The agency also qualified for the program in fiscal year 2001 based on fiscal year 2000 performance.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 84 percent of its 19 established key performance targets.

The agency attained or exceeded all three of its outcome targets and 13 of its 16 output/efficiency targets.

Percent of Employed Rehabilitants Earning at Least Minimum Wage exceeded the established target for fiscal year 2001. Agency emphasis on vocational training and competitive employment contributed to this result.

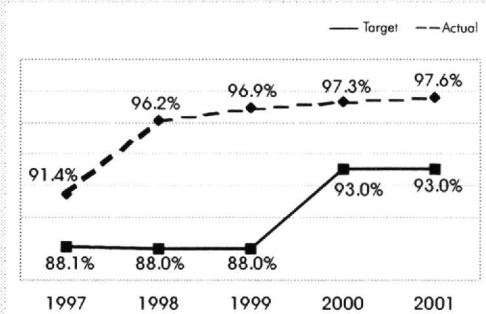
Number of Eligible Clients Provided Rehabilitation Services exceeded the established target by 6 percent in fiscal year 2001. The agency served an additional 6,740 clients by utilizing Federal Funds from the prior year and by securing an additional \$630,000 in Federal Funds through the reallocation process. According to the agency, General Revenue Funds available within the agency's budget was used as matching funds for the additional federal funding.

Cost per Client Rehabilitated was higher than targeted as actual costs grew by 5 percent; however, the established performance target for *Number of Eligible Clients Served and Employed* was attained.

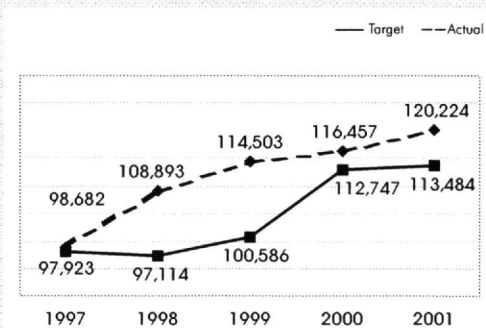
The target was not attained for *Number of People Receiving Comprehensive Rehabilitation Services*. The number of people served in fiscal year 2001 was less than in previous years due, in part, to a higher than anticipated average cost per client. Funding for this program is generated from court fees.

SELECTED PERFORMANCE MEASURES

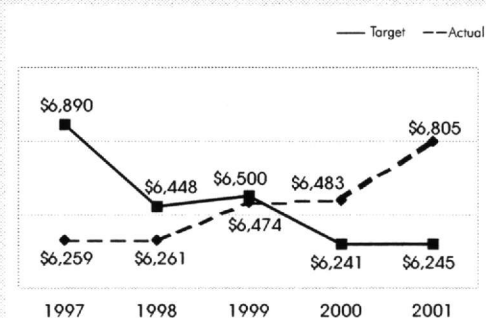
PERCENT OF EMPLOYED REHABILITANTS EARNING AT LEAST MINIMUM WAGE



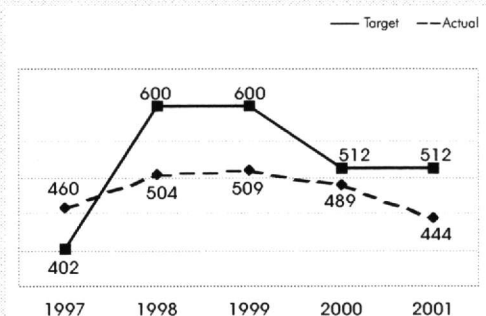
NUMBER OF ELIGIBLE CLIENTS PROVIDED VOCATIONAL REHABILITATION SERVICES



COST PER CLIENT REHABILITATED



NUMBER OF PEOPLE RECEIVING COMPREHENSIVE REHABILITATION SERVICES



EDUCATION

FISCAL YEAR 2001 PERFORMANCE SUMMARY

AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Public Education:		
Texas Education Agency	78%	82
State Board for Educator Certification	40	15
School for the Blind and Visually Impaired	66	12
School for the Deaf	63	11
Telecommunications Infrastructure Fund Board	89	9
Teacher Retirement System	100	6
Public Higher Education:		
Higher Education Coordinating Board	68	38
General Academic Institutions	57	255
Health-Related Institutions	73	104
Public Community/Junior Colleges	64	509 ²
Texas State Technical College	39	18
Texas Agricultural Experiment Station	70	30
Texas Cooperative Extension	83	12
Texas Engineering Experiment Station	89	9
Texas Transportation Institute	57	7
Texas Engineering Extension Service	50	10
Texas Forest Service	64	11
Texas Wildlife Damage Management Service	83	6
Texas Veterinary Medical Diagnostic Laboratory	50	4
Texas Food and Fibers Commission	75	4

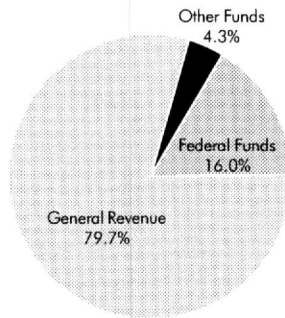
¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

² Total number of performance measures. Public Community/Junior Colleges do not have key measures appearing in the General Appropriations Act.

TEXAS EDUCATION AGENCY

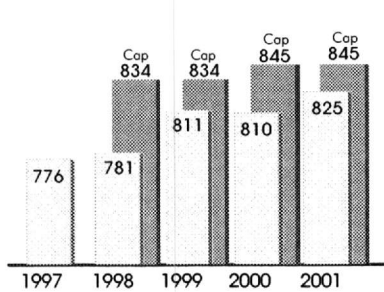
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$14,542,122,814

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

National Computer Systems, Inc. * #
 Student Assessments
 \$233,600,238

IBM Corporation *
 Mainframe outsourcing
 \$21,360,232

Capital Guardian Trust Company * #
 Asset investment
 \$14,849,696

National Computer Systems, Inc. *
 Reading proficiency tests
 \$14,834,165

* Known multi-year contract

Reported late; not included in FY2001 Contracts Report

LAWSUITS REPORTED, 2000-01

Four lawsuits with a specified potential liability amount totalling **\$2,600,300,000**.

BUDGET HIGHLIGHTS

House Bill 1333, Seventy-seventh Legislature, 2001, diverted \$166.8 million in unexpended General Revenue appropriations from the Texas Education Agency to other state agencies in order to cover budget shortfalls in Medicaid and criminal justice programs for fiscal year 2001.

A total of 90.3 percent of General Revenue Funds were allocated to school districts through the Foundation School Program.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

An August 2001 *Audit Report on 19 Agencies' Compliance with Historically Underutilized Businesses (HUB) Requirements* issued by the State Auditor's Office (SAO) found that the agency did not make a good-faith effort to comply with the state's HUB requirements.

An April 2001 *Report on Certification of the Permanent School Fund's Bond Guarantee Program* by the SAO found that the program is operating within the limits prescribed by the Texas Education Code.

A January 2001 *Follow-Up Report on Two Reviews of Controls Over Investment Practices at State Investing Entities* by the SAO found a concern that a decline in the State Board of Education's (SBOE) controls over its oversight of the \$22 billion Permanent School Fund has impaired its decision-making process. The auditor noted that the SBOE did not have access to a functioning investment advisory committee, and the reliance of some board members on an informal advisor with undisclosed financial relationships created a conflict of interest.

A December 2000 *Internal Audit Report of the Office of Statewide Initiatives* found that \$18 million, which represented 20 percent of the office's two largest funding sources, was not obligated at the end of fiscal year 2000, and plans for those funds were not clearly outlined. The audit found weaknesses in fund tracking as well.

A May 1998 *Audit Report on Performance Measures* issued by the SAO certified without qualifications all five measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 78 percent of its 82 established key performance targets.

The agency attained or exceeded 24 of its 33 outcome targets and 40 of its 49 output/efficiency targets.

The agency attained its fiscal year 2001 target (within 5 percent) for *Percent of Students Passing All Tests Taken*. Economically disadvantaged, Anglo American, Hispanic, and Asian American students all met their Texas Assessment of Academic Skills performance outcome targets, while African American and Native American students did not; however, in fiscal year 2001, a higher percentage of students in all ethnic and income groups passed all tests than did in fiscal year 2000.

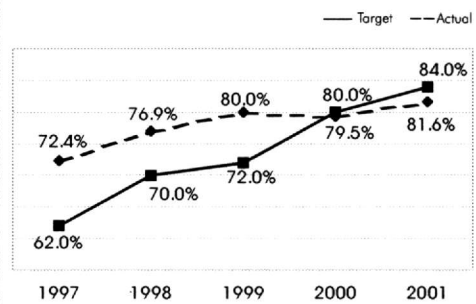
The target for *Annual Statewide Dropout Rate for All Students* was exceeded as a result of the largest decline in the number of reported dropouts since the 1994–95 school year. The dropout rate decline was driven by fewer dropouts among Hispanic and African American students, whose dropout declines were 1.5 to two times that of Anglo American students. Overall, the percentage of seniors graduating increased from 79.5 percent in fiscal year 2000 to 80.7 percent in fiscal year 2001, and the percentage receiving a General Education Development diploma rose from 3.8 to 4.8 percent during the same time period.

In fiscal year 2001, the agency did not attain its target for *Percent of Students Retained in Grade*. This was due partly to the increase in retention rates at the elementary grade levels over the past five years. State standards for promotion will become effective in fiscal year 2003.

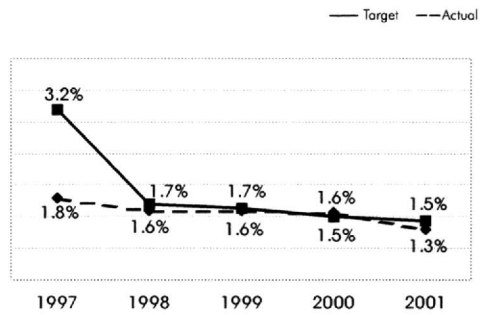
The target for *Percent of Equalized Revenue in the Foundation School Program* was attained in fiscal year 2001; however, 94.4 percent is substantially lower than this measure's performance in fiscal year 2000, primarily because of strong growth in local property values. Increases to the Tier II Guaranteed Yield in fiscal years 2002 and 2003 are expected to improve performance on this measure.

SELECTED PERFORMANCE MEASURES

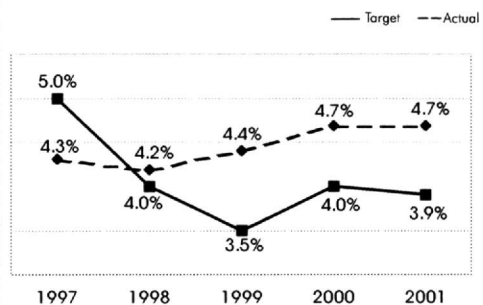
PERCENT OF STUDENTS PASSING ALL TESTS TAKEN



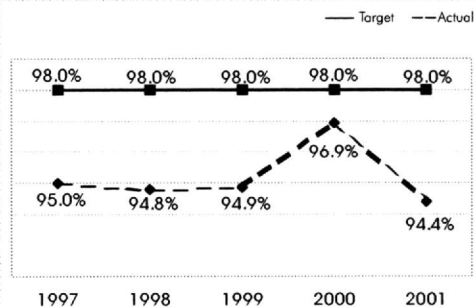
ANNUAL STATEWIDE DROPOUT RATE FOR ALL STUDENTS



PERCENT OF STUDENTS RETAINED IN GRADE



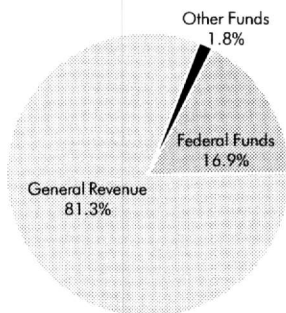
PERCENT OF EQUALIZED REVENUE IN THE FOUNDATION SCHOOL PROGRAM



STATE BOARD FOR EDUCATOR CERTIFICATION

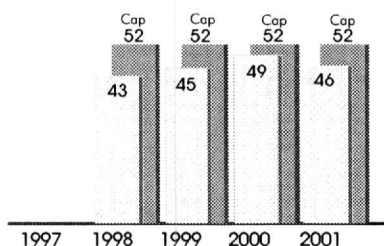
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$17,161,785

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- National Evaluation Systems, Inc. *
Educator certification assessments
\$38,907,600
- Northrup Grumman Technical Services, Inc. *
Disaster recovery
\$255,459
- Education Service Center Region 4
Teacher certification permits
\$160,000
- CN Technologies
Operational support
\$158,400

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Certification and assessment fees accounted for 78 percent of the agency's General Revenue Fund expenditures for fiscal year 2001.

The agency received about \$1.5 million in Foundation School Fund money to fund certification test development efforts in fiscal year 2001.

Federal Funds provided \$2.9 million for the Texas Beginning Educator Support System, a teacher induction program that served 2,057 beginning teachers in fiscal year 2001. The federal grant for this program expires at the end of fiscal year 2002.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A December 2001 *Small Agency Internal Control and Financial Processes* audit issued by the State Auditor's Office (SAO) found that the agency could reduce the time for processing educator certifications by at least 11 days, from the current 54 day turnaround time, and could decrease operating costs by \$321,000, if the agency eliminated unnecessary activities related to certification processing. The report indicates that implementation of the recommendations related to certificate processing would move the agency closer to attaining the 30-day target for fiscal year 2002 under the key performance measure *Average Time for Certificate Issuance*.

An August 2001 internal audit report, *Accounting Systems and Internal Controls*, found problems with the agency's accounting and control process. For example, accounting policies and procedures were not adequately documented, there were no desk reviews or audits of expenditures reported by grantees receiving federal grants, and there was no review of revenue collected by National Evaluation Systems, Inc. (NES) for certification exams or related invoices provided by NES for payment.

A May 2000 *Audit Report on Performance Measures* issued by the SAO certified with qualifications one of the five measures reviewed. Two measures were inaccurate and two measures had factors that prevented certification. The report indicated that certain agency practices or procedures prevented the certification of the measures *Percent of Teachers Who Are Employed/Assigned to the Teaching Positions for which They Are Certified* and *Individuals Certified through Alternative Certification Programs*.

STATE BOARD FOR EDUCATOR CERTIFICATION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 40 percent of its 15 established key performance targets.

The agency attained or exceeded three of its six outcome targets and three of its nine output/efficiency targets.

The agency again came within 5 percent of its fiscal year 2001 target for *Percent of Teachers Who Are Certified*; however, the outcome measure that reflects the percent of teachers who are appropriately certified for all of their assignments did not meet its target. New alternative certification programs may address this problem to some extent by providing uncertified educators a way to continue teaching while obtaining certification.

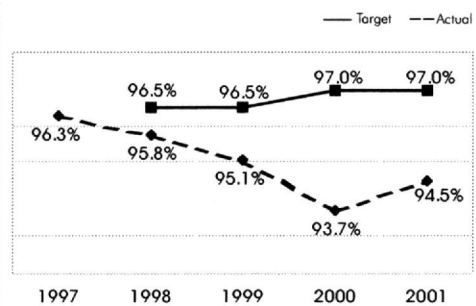
The agency administers an educator preparation program accreditation system that went into effect in fiscal year 1999. Educator preparation programs, most of which are under institutions of higher education, are rated based on the percentage of their students who pass the Examination for the Certification of Educators in Texas. If a program receives the "accredited-under review" rating, an oversight team works with the program to help it align its curriculum with educator examination standards. This assistance contributed to more educator preparation programs receiving the fully accredited rating and to the agency exceeding its target for *Percent of Educator Preparation Programs Rated "Accredited."*

The agency did not attain its target for *Percent of Individuals Certified through the Centers for Professional Development of Teachers* in fiscal year 2001. The centers are partnerships between local school districts and institutions of higher education that provide student educators with field-based training. As more choices emerge for obtaining teacher training, including alternative certification programs at community colleges and education service centers, the percentage of educators schooled by the centers will decrease.

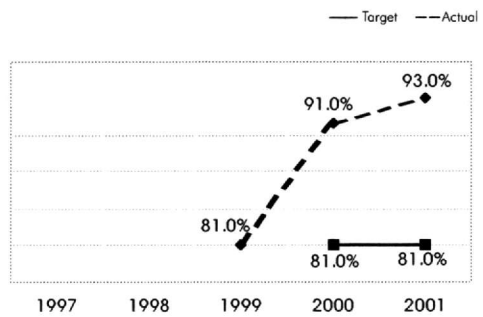
Professional discipline staff reduced the agency's complaint case backlog by focusing on older cases and adding investigation staff, which resulted in the agency exceeding its target for *Percent of Documented Complaints Resolved within Six Months*. The average number of days for resolving complaints fell from 268 days in fiscal year 2000, to 144 days in fiscal year 2001. The number of cases pending at the end of fiscal year 2000 was 785, compared to 469 cases pending at year end 2001.

SELECTED PERFORMANCE MEASURES

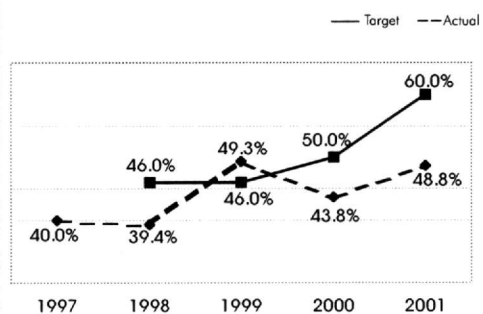
PERCENT OF TEACHERS WHO ARE CERTIFIED



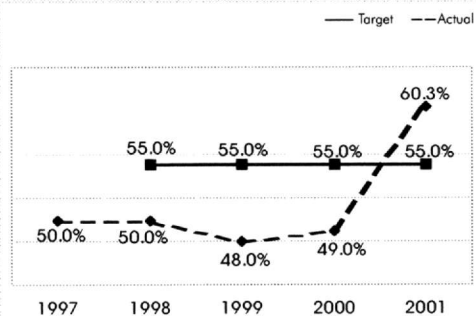
PERCENT OF EDUCATOR PREPARATION PROGRAMS RATED "ACCREDITED"



PERCENT OF INDIVIDUALS CERTIFIED THROUGH THE CENTERS FOR PROFESSIONAL DEVELOPMENT OF TEACHERS



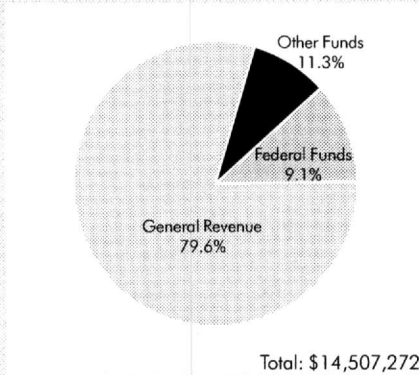
PERCENT OF DOCUMENTED COMPLAINTS RESOLVED WITHIN SIX MONTHS



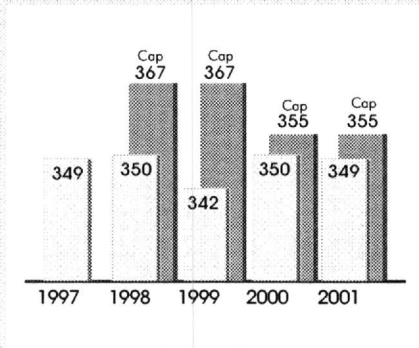
SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Paul Colbert
Consulting services
\$15,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 79.6 percent of the agency's \$14.5 million expenditures in fiscal year 2001.

The agency was appropriated proceeds from the sale of Texas Commission for the Blind apartments for the construction of residential facilities for use by both agencies. The proceeds totaled \$310,000 and construction has begun on the school's property.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Small Agency Management Control Audit* issued by the State Auditor's Office certified with qualifications both measures reviewed.

SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 66 percent of its 12 established key performance targets.

The agency attained or exceeded three of its four outcome targets and five of its eight output/efficiency targets.

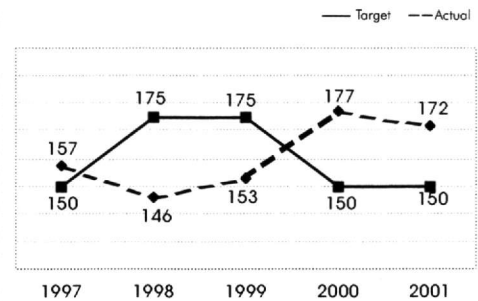
The school exceeded its fiscal year 2001 target for the *Number of Students Enrolled in Day Programming during the Regular School Year* due to the implementation of short-term programs during the regular school year. These new programs enabled the school to serve an additional 36 students.

The school did not meet its target for *Number of On-Site Visits* because Outreach Services concentrated on providing assistance to districts by use of distance education products. Outreach Services now provides technical assistance through the use of teleconferencing, e-mail/website information and referral, product development, and interagency collaborations to provide more cost-effective training.

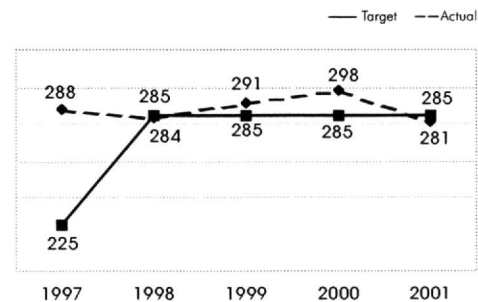
The school attained or exceeded targets for all measures that reflected the number of students enrolled in programs. *Average Cost of Instructional Program per Student per Day*, however, was below target, in part because of increased enrollment.

SELECTED PERFORMANCE MEASURES

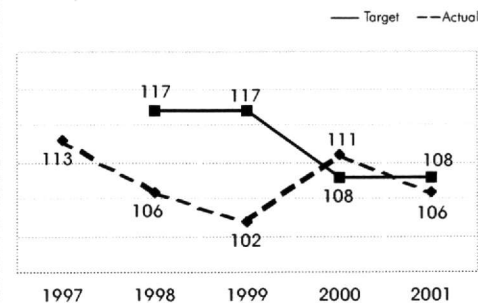
NUMBER OF STUDENTS ENROLLED IN DAY PROGRAMMING DURING THE SCHOOL YEAR



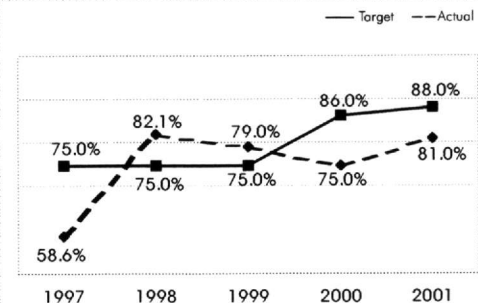
NUMBER OF STUDENTS ENROLLED DURING SUMMER SCHOOL



NUMBER OF MULTIHANDICAPPED STUDENTS ENROLLED

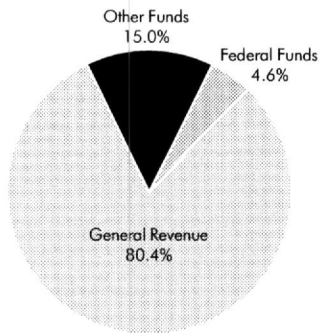


PERCENT OF STUDENTS MEETING 70% OR MORE OF EDUCATION PLAN OBJECTIVES



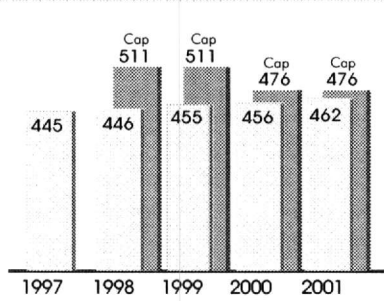
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$18,910,167

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Garza, Gonzalez & Associates
Auditing services
\$22,600

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 80.4 percent of the agency's \$18.9 million expenditures in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Control Audit* issued by the State Auditor's Office (SAO) certified without qualifications three of the seven measures reviewed. Two measures were certified with qualifications and two were deemed inaccurate. Measures and definitions questioned by the SAO were reviewed and revised during the strategic planning process in Spring 2000.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its 11 established key performance targets.

The agency did not attain either of its two outcome targets. The agency attained or exceeded seven of its nine output/efficiency targets.

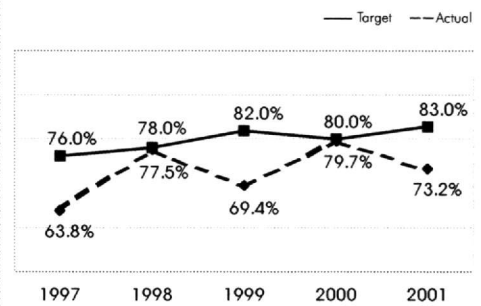
The agency did not attain the target for *Percent of Students Meeting at Least 70 Percent of Educational Plan Objectives*. The measure, as defined in fiscal year 2001, did not reflect the agency's system for student assessment. The agency has developed and received approval of a new definition that will be implemented in fiscal year 2002. Under the new definition, fiscal year 2001 performance would have exceeded the target.

The agency exceeded its target for *Number of Students Enrolled in Summer Programs*. The number was higher than projected, with 151 students enrolled.

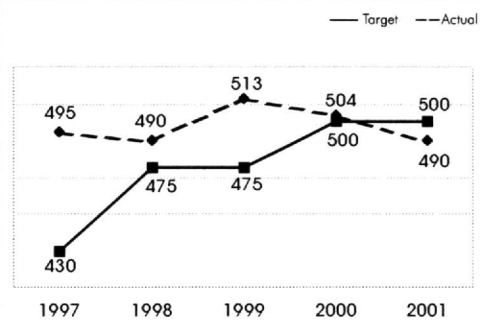
The school exceeded the target for *Number of Multihandicapped Deaf Students Enrolled* because of an increase in the number of students referred to the school for its skills and resources to work with a wide variety of special needs students

SELECTED PERFORMANCE MEASURES

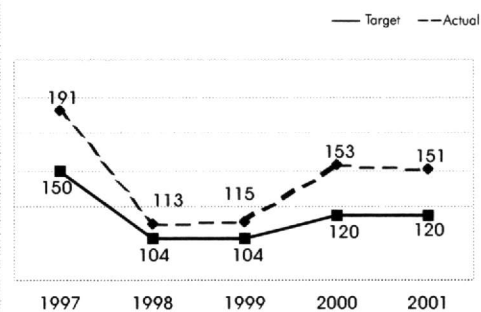
PERCENT OF STUDENTS MEETING AT LEAST 70 PERCENT OF EDUCATIONAL PLAN OBJECTIVES



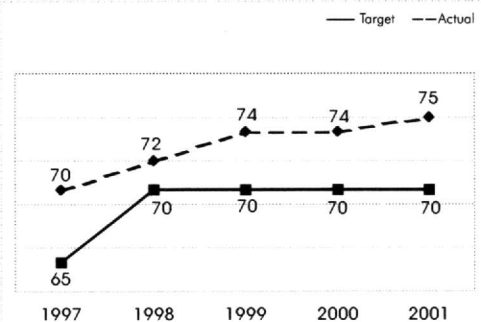
NUMBER OF STUDENTS ENROLLED AT TSD



NUMBER OF STUDENTS ENROLLED IN SUMMER PROGRAMS



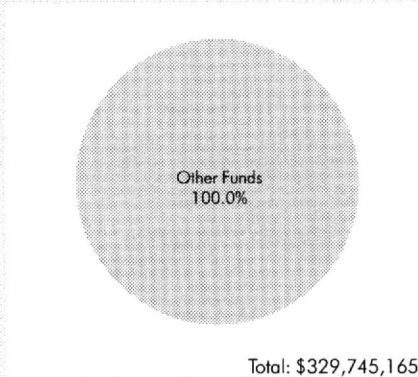
NUMBER OF MULTIHANDICAPPED DEAF STUDENTS ENROLLED



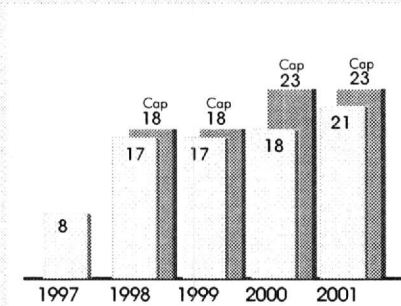
TELECOMMUNICATIONS INFRASTRUCTURE FUND BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

KPMG, LLP	Quality assurance	\$2,100,000
Copper Key Technologies *	Data warehouse development	\$1,300,000
KPMG, LLP *	Quality control engineer	\$91,133
Jansen & Gregorczyk, CPAs	Auditing services	\$44,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency obligated \$178.1 million in grants to public schools and \$146 million in grants to public libraries, institutions of higher education, not-for-profit health providers and other eligible entities in fiscal year 2001.

Grants made by the agency in fiscal year 2001 were nearly 58 percent higher than the amount of funds obligated in the previous year.

At the end of fiscal year 2001, approximately \$914 million in revenue from assessments had been deposited into the Telecommunications Infrastructure Fund. This represents 60.9 percent of the \$1.5 billion limit set by law.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A July 2001 agency internal audit, *Quality Assurance Program*, found weaknesses in the work, processes and communication of the quality assurance program. The audit found that quality assurance functions could be performed more cost effectively by agency staff than by an outside contractor, a move the Seventy-seventh Legislature, 2001, authorized in the 2002-03 General Appropriations Act.

A July 2001 agency internal audit, *Grants Management System*, found that effective and efficient processes had been established for preparing requests for proposals and evaluating applications for grants; however, the audit found weaknesses in the processes for awarding and tracking grant awards and for closing out completed grants.

An October 2000 agency internal audit, *Legislative Appropriations Request (LAR) and Strategic Planning Process*, found that neither the LAR nor Strategic Plan were based on constituency input gained through a formal needs assessment, key management staff were not involved in preparing the LAR, and performance measures were not well-documented.

A May 2000 State Auditor's Office report, *Performance Measures at 11 State Agencies*, certified with qualifications only one of the five measures reviewed. One measure was found to be inaccurate and three had factors which prevented certification.

TELECOMMUNICATIONS INFRASTRUCTURE FUND BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 89 percent of its nine established key performance targets.

The agency attained or exceeded its single outcome target and seven of its eight output/efficiency targets.

The fiscal year 2001 target for *Percent Increase in the Number of Campuses with Distance Learning* was attained as a result of a significant increase in the grant dollars awarded to public schools. According to the Texas Education Agency, the number of students receiving course credit through distance learning increased dramatically from 2,148 in fiscal year 2000 to 13,500 students in fiscal year 2001.

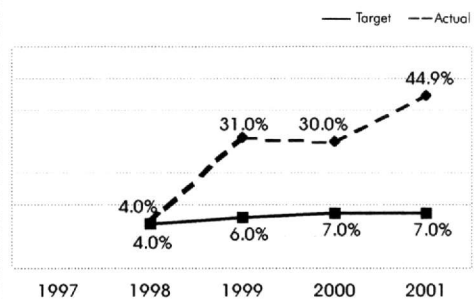
The target for *Number of Grants and Loans Provided, K-12* was attained in fiscal year 2001. Late in the fiscal year, the agency awarded grants to all school campuses that had yet to receive a Telecommunications Infrastructure Fund Board (TIFB) grant.

The agency attained its target for *Number of Grants and Loans Provided to Rural Schools*. The number of rural schools in Texas, as a percentage of total schools, is 19.5 percent. Over the past two fiscal years, the number of TIFB grants to rural schools, as a percentage of total public school grants, was 22.3 percent.

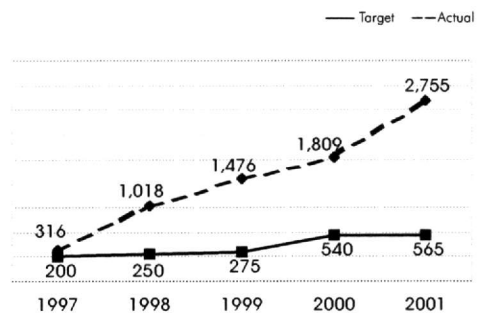
The agency attained its target for *Number of Grants and Loans Provided, Other Entities*, although the 2001 result of 487 is down significantly from the number provided in fiscal year 2000. In fiscal year 2001, the agency awarded two cycles of grants to not-for-profit health providers and public libraries, and also issued grants to institutions of higher education and community networking consortia.

SELECTED PERFORMANCE MEASURES

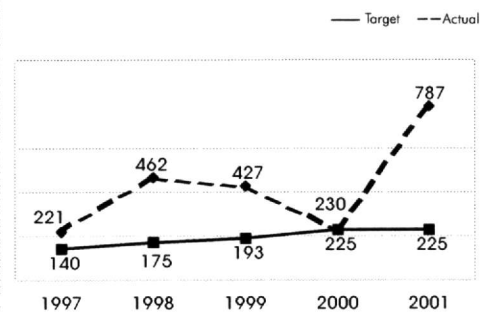
PERCENT INCREASE IN THE NUMBER OF CAMPUSES WITH DISTANCE LEARNING



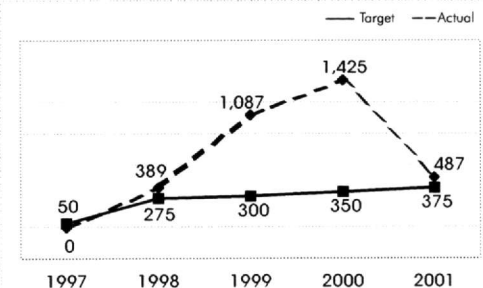
NUMBER OF GRANTS AND LOANS PROVIDED, K-12



NUMBER OF GRANTS AND LOANS PROVIDED TO RURAL SCHOOLS



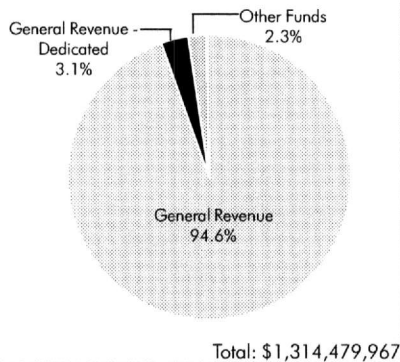
NUMBER OF GRANTS AND LOANS PROVIDED, OTHER ENTITIES



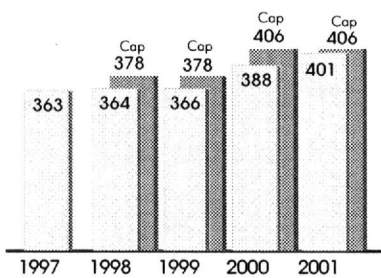
TEACHER RETIREMENT SYSTEM

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Lason Systems, Inc. *	
Microfiche conversion	\$4,880,230
Wellington Management Company, LLP *	
Investment counselors	\$1,200,000
Watson Wyatt Investment Consulting Inc. *	
Actuarial consultant	\$1,051,140
Watson Wyatt Investment Consulting Inc. *	
Actuarial services	\$697,500

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The state's contribution to the pension plan for public and higher education employees accounted for 85 percent of fiscal year 2001 expenditures.

Expenditures for retirement contributions in fiscal year 2001 were \$43 million more than the original appropriation, reflecting higher-than-projected growth in payroll for education employees.

While appropriations for the TRS-Care health insurance program for public education retirees were sufficient to cover claims received in fiscal year 2001, the Insurance Fund still had \$36 million in incurred claims that could not be covered with fiscal year 2001 appropriations. These outstanding claims will instead be paid from fiscal year 2002 appropriations.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The increases in actual FTEs for fiscal years 2000 and 2001 reflected the hiring of additional staff authorized by the Seventy-sixth Legislature, 1999, for the benefits, investments, and information systems areas.

RELATED REPORTS AND REVIEWS

In a *Follow-Up Report on Two Reviews of Controls Over Investment Practices at State Investing Entities* issued in January 2001, the State Auditor's Office (SAO) recommended that the Teacher Retirement System (TRS) Board of Trustees be authorized to delegate investment decisions to external managers, and that periodic external investment reviews of TRS should be required. These recommendations were also made for some of the other state investing entities.

A January 2001 SAO *Audit Report on the Financial Statements of the Teacher Retirement System of Texas for the Fiscal Year Ended August 31, 2000*, concluded that the financial statements were accurately stated in accordance with generally accepted accounting principles. In addition, for the third consecutive year, the SAO reported no instances of significant noncompliance or weaknesses in internal control.

A February 1996 *Audit Report on Performance Measures* issued by the SAO certified without qualifications two out of five performance measures reviewed. Two measures were certified with qualifications because of SAO concerns about controls over the data reported. One measure was found to be inaccurate.

The agency received a Texas Star Award from the Governor in November 2001 for organizational achievement.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its six established key performance targets.

The agency attained or exceeded both of its outcome targets and all of its four output/efficiency targets.

Agency performance for fiscal year 2001 for the *TRS Annual Operating Expense per Active and Retired Member* was better (i.e., lower) than targeted. One major information resource project budgeted for fiscal year 2001 was not done, while another project cost significantly less than projected. Additionally, the target did not fully anticipate savings resulting from depreciation of capital assets.

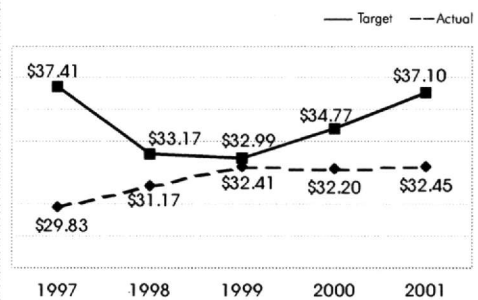
The agency attained the target for *Number of TRS Benefit Applications Processed* in fiscal year 2001, although the number decreased after four years of growth. Increases in applications for normal retirement were offset by a large decrease in the number of TRS members applying for the Deferred Retirement Option Program (DROP). The introduction of a partial lump sum option has reduced the level of interest in the DROP.

The agency exceeded the target for *Dollar Amount of Participating Network Savings* as a result of aggressively negotiating discounts with hospitals and physicians. The agency was able to achieve additional savings through deeper prescription drug program discounts at retail pharmacies. The increase in network savings over the past five years has outpaced the overall increase in program expenditures.

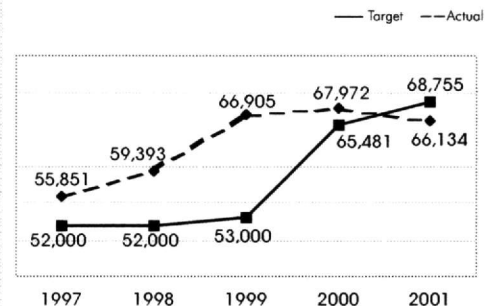
While the agency attained the target for *Percent of Claims Adjudicated within 14 Days of Receipt* for TRS-Care claims, performance was lower than in previous years. At the end of the second quarter, the plan's administrator implemented a new computer system, which led to the temporary need to manually process some claims. By the end of the year, the problem was resolved and the adjudication time returned to desired levels.

SELECTED PERFORMANCE MEASURES

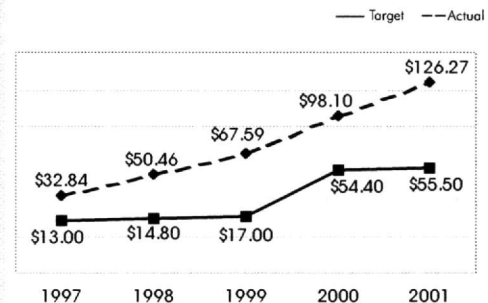
TRS ANNUAL OPERATING EXPENSE PER ACTIVE AND RETIRED MEMBER



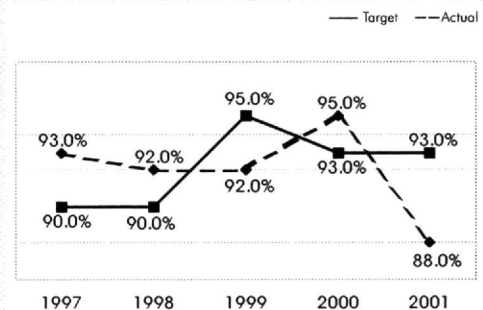
NUMBER OF TRS BENEFIT APPLICATIONS PROCESSED



DOLLAR AMOUNT OF PARTICIPATING NETWORK SAVINGS (IN MILLIONS)



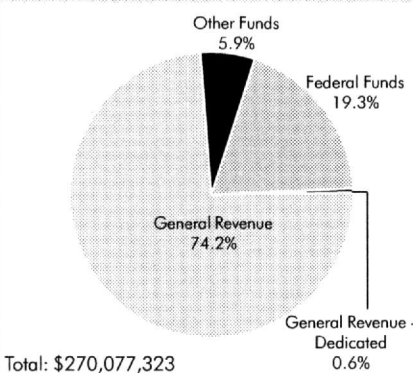
PERCENT OF CLAIMS ADJUDICATED WITHIN 14 DAYS OF RECEIPT



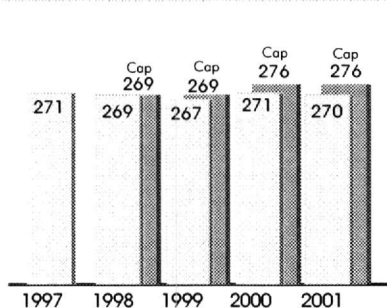
HIGHER EDUCATION COORDINATING BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

DPS Maintenance Management Group *
 Computer services
 \$238,960
 Akin, Gump, Strauss & Feld
 Legal services
 \$17,500
 Laura Westcott
 Consulting services
 \$14,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 74.2 percent of the agency's expenditures in fiscal year 2001. Federal Funds constituted a larger portion of the agency's expenditures for the fiscal year, at 19.3 percent as compared to 16.1 percent in fiscal year 2000.

The agency also expended \$4.1 million in Other Funds in interest earnings from Tobacco Settlement Receipts (\$0.9 million on behalf of Baylor College of Medicine, \$1.1 million for Minority Health Research and Education, and \$2.1 million for Allied Health Nursing).

In addition, an unexpended balance of \$39 million in funds appropriated to the Coordinating Board for Texas Grants I was used to help fund supplemental appropriations contained in House Bill 1333, Seventy-seventh Legislature, 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

The Special Investigations Unit of the State Auditor's Office (SAO) conducted two investigations into four separate allegations in which the Coordinating Board was defrauded on student loans that resulted in a loss of more than \$18,600. The investigations led to indictments of the loan recipients.

An August 1997 *Audit Report on Performance Measures* issued by the SAO certified without qualifications four of the five performance measures reviewed. One measure was found to be inaccurate because the measure definition was not followed.

HIGHER EDUCATION COORDINATING BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 68 percent of its 38 established key performance targets.

The agency attained or exceeded all nine of its outcome targets and 18 of its 29 output/efficiency targets.

The graduation rate reported by the agency for fiscal year 2001 represents a statewide rate for all individual students. The composite graduation rate reported for general academic institutions represents the average of the institutions' graduation rates. Graduation rates for individual institutions are shown in the General Academic Institutions assessment beginning on page 92.

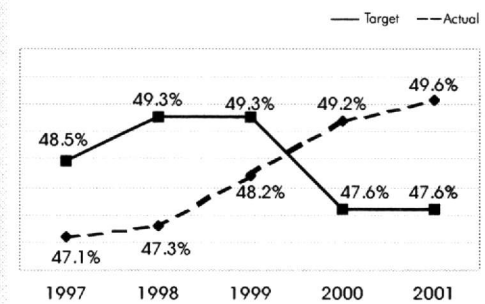
The *Percentage of Black and Hispanic Students Graduating within Six Years* continued to increase, exceeding targeted performance for the second year in a row. This is largely the result of increased efforts by institutions to focus on retention issues.

The *Amount of Grant and Scholarship Funds Distributed* increased significantly, but did not attain targeted performance. Several scholarship programs previously included in this measure are being phased out and replaced by Texas Grants I funding, which is not included in the calculation of this measure for fiscal year 2001.

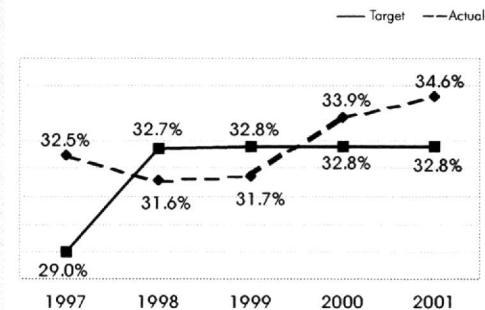
The *Percentage of Students Enrolled in College Who are Black or Hispanic* continued to increase steadily as a result of institutions' increased recruiting efforts.

SELECTED PERFORMANCE MEASURES

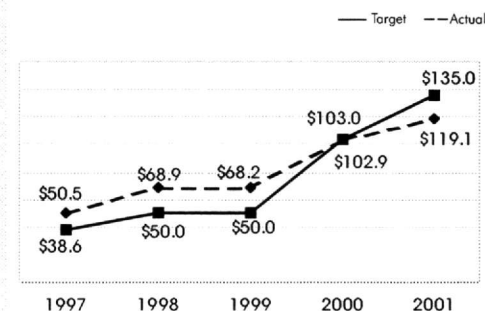
PERCENTAGE OF UNIVERSITY STUDENTS GRADUATING WITHIN SIX YEARS



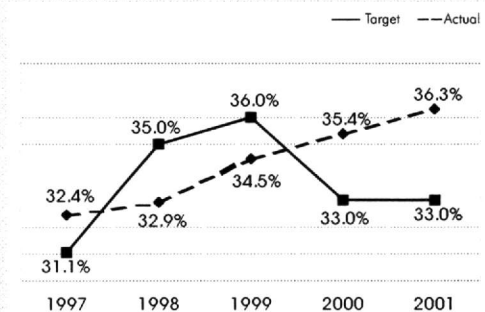
PERCENTAGE OF BLACK AND HISPANIC STUDENTS GRADUATING WITHIN SIX YEARS



AMOUNT OF GRANT AND SCHOLARSHIP FUNDS DISTRIBUTED (IN MILLIONS)



PERCENTAGE OF STUDENTS ENROLLED IN COLLEGES WHO ARE BLACK OR HISPANIC

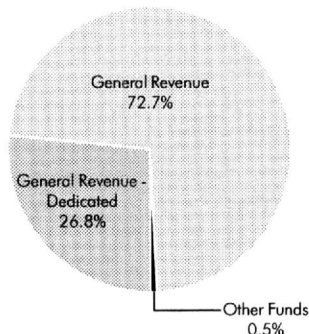


GENERAL ACADEMIC INSTITUTIONS

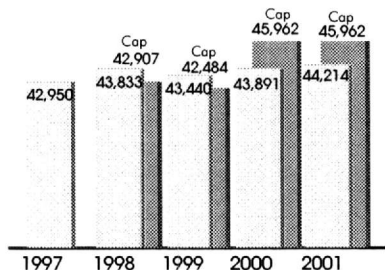
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED

Total: \$2,336,128,230



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Texas A&M University:
Acklam Construction Company, Inc. *
Evan Library renovations
\$92,489,017
 - Texas A&M University:
KSA Engineers, Inc. *
Easterwood Airport improvements
\$70,182,375
 - University of Texas at Austin:
Hensel Phelps Construction *
San Jacinto Hall dormitory construction
\$43,714,208
 - University of Houston:
Pepper-Lawson Construction, L.P. *
Campus Rec Center
\$41,781,440
- * Known multi-year contract

LAWSUITS REPORTED, 2000-01

282 lawsuits with an specified potential liability amount totalling **\$75,093,869**.

BUDGET HIGHLIGHTS

The amount of General Revenue Funds expended in fiscal year 2001 reflects a slightly increased General Revenue Funds allocation appropriated for fiscal year 2001 over fiscal year 2000. Other Educational and General Income consists of tuition and fees, including teaching and lab fees, interest on local funds, and student teaching fees.

FULL-TIME-EQUIVALENT EMPLOYEES

General academic institutions did not exceed their aggregate cap for full-time-equivalent (FTE) positions for fiscal year 2001. Individual institutions, however, exceeded the cap, including the University of Texas at Brownsville, which exceeded the cap by 359, and Southwest Texas State University, which exceeded the cap by 130.

RELATED REPORTS AND REVIEWS

A February 2001 *Follow-up Report on Texas Southern University Accountability Systems* issued by the State Auditor's Office (SAO) noted significant improvements in operations and services to students, but recommended improvements in Finance and Accounting and in Human Resources. The report found "significant errors" and a lack of support for several of the amounts included in the *2000 Annual Financial Report*. Management response indicates the institution has developed control procedures to address the financial reporting errors.

The *2000 Statewide Single Audit Report* issued by the SAO found that Lamar University, Sul Ross State University, Texas A&M International University, Texas A&M University-Corpus Christi, and Texas A&M University-Kingsville did not report enrollment changes for the Federal Family Education Loans Program in a timely manner. Corrective action has been taken at Lamar University and Sul Ross State University. The A&M institutions have taken steps to report changes within the required time frame, but the SAO was unable to verify the corrective action due to the timing of the implementation date.

Only one higher education institution was included in the August 2001 *Performance Measures At 12 State Entities* audit issued by the SAO—Texas A&M University at Galveston. The institution had four measures audited, with three found to be inaccurate. The SAO's findings showed the institution included in their graduation and retention rates students who had transferred to Texas A&M University. The institution has corrected the problem and adjusted reported performance to reflect only those students who are retained or who graduate from Texas A&M University at Galveston.

The University of Houston and Lamar University-Beaumont are eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the institutions attained (within 5 percent) or exceeded 57 percent of their 255 established key performance targets.

Overall, performance measure reporting by general academics has improved. All institutions reported performance measures on time and provided sufficient explanation of performance variances.

The fiscal year 2001 budget figures represent an aggregate of all general academic institutions, while performance information represents a composite average of the institutions.

The *Percent of First-time, Full-time, Degree-seeking Freshmen Who Earn a Degree in Six Years* decreased by 1 percentage point overall from fiscal year 2000 to fiscal year 2001. Twenty of the 29 four-year institutions attained or exceeded their established performance target for this measure. At two-year, upper-level institutions, five of the six institutions attained or exceeded established targets for transfer student graduation rates.

Freshmen retention rates decreased slightly (1 percent) from fiscal year 2000 to 2001. Twenty of the 29 four-year institutions attained or exceeded their established target performance for *Retention Rate of First-time, Full-time Freshmen After One Year*.

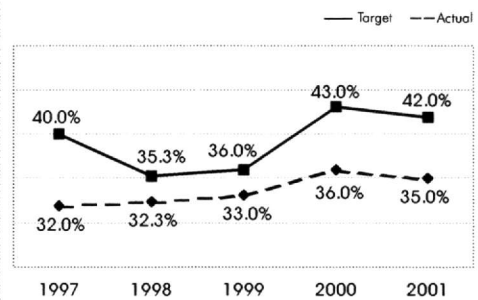
The *Percent of Lower-Division Courses Taught by Tenured or Tenure Track Faculty* has fallen to a nine-year low, at 42 percent. Only eight of the 29 four-year institutions attained or exceeded the established target performance for this measure. The continued decrease in rate for this measure is partly because formula funding provides a financial incentive to use tenured/tenure track faculty in upper division courses.

The overall average pass rate on engineering, nursing, and veterinary medicine exams increased, and the pass rate of pharmacy exams remained unchanged. The average pass rate on law exams decreased by eight percentage points, with only two of the four institutions with law schools attaining or exceeding targeted performance.

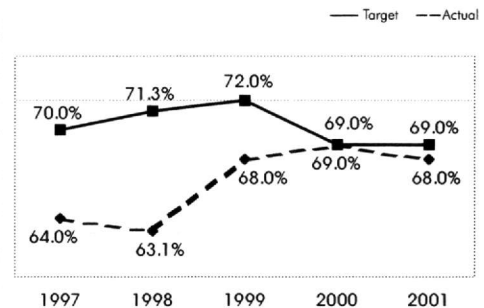
The *Dollar Amount of External Research Funds* increased significantly for the second fiscal year in a row. The external research funds generated by the 23 institutions reporting this measure in fiscal year 2001 increased 7 percent over fiscal year 2000, for a total of \$470 million.

SELECTED PERFORMANCE MEASURES

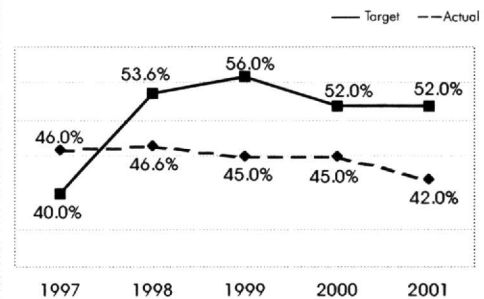
PERCENT OF FIRST-TIME, FULL-TIME FRESHMEN WHO EARN A DEGREE IN SIX YEARS



RETENTION RATE OF FIRST-TIME, FULL-TIME FRESHMEN AFTER ONE YEAR



PERCENT OF LOWER-DIVISION COURSES TAUGHT BY TENURED OR TENURE-TRACK FACULTY



GENERAL ACADEMIC INSTITUTIONS

PERCENTAGE OF LOWER DIVISION COURSES TAUGHT BY TENURED FACULTY

Institution	1997	1998	1999	2000	2001
University of Texas at Arlington	36%	37%	36%	34%	32%
University of Texas at Austin	39	40	37	36	35
University of Texas at Dallas	42	61	31	34	29
University of Texas at El Paso	51	50	47	51	40
University of Texas - Pan American	44	43	46	44	41
University of Texas of the Permian Basin	35	48	50	54	48
University of Texas at San Antonio	26	26	24	39	29
Texas A&M University	27	28	28	26	25
Texas A&M University at Galveston	29	37	38	33	21
Prairie View A&M University	47	46	57	50	53
Tarleton State University	41	36	36	35	45
Texas A&M University - Corpus Christi	49	49	47	46	41
Texas A&M University - Kingsville	58	63	56	51	53
Texas A&M International University	94	88	65	60	50
West Texas A&M University	46	46	43	45	44
Texas A&M University - Commerce	57	47	41	35	37
University of Houston	43	41	42	46	43
University of Houston - Downtown	32	38	38	42	39
Midwestern State University	64	53	49	55	54
University of North Texas	37	37	39	39	30
Stephen F. Austin State University	55	60	58	57	55
Texas Southern University	42	60	68	48	45
Texas Tech University	34	34	32	33	30
Texas Woman's University	45	43	38	40	44
Angelo State University	57	57	57	55	51
Lamar University - Beaumont	59	57	61	64	60
Sam Houston State University	60	58	61	60	60
Southwest Texas State University	44	45	46	44	46
Sul Ross State University	51	44	46	51	45

GENERAL ACADEMIC INSTITUTIONS

PERCENTAGE OF FIRST-TIME, FULL-TIME, DEGREE-SEEKING FRESHMEN WHO EARN A BACCALAUREATE DEGREE WITHIN SIX ACADEMIC YEARS

Institution	1997	1998	1999	2000	2001
University of Texas at Arlington	28%	27%	28%	31%	31%
University of Texas at Austin	65	67	66	69	70
University of Texas at Dallas	42	47	51	49	55
University of Texas at El Paso	25	21	25	23	26
University of Texas - Pan American	20	21	22	24	23
University of Texas of the Permian Basin	21	21	23	31	22
University of Texas at San Antonio	25	26	24	23	25
Texas A&M University	69	71	71	69	74
Texas A&M University at Galveston	33	37	44	49	35
Prairie View A&M University	28	27	32	29	32
Tarleton State University	34	29	34	38	37
Texas A&M University - Corpus Christi			38	37	37
Texas A&M University - Kingsville	21	25	21	20	25
Texas A&M International University	*	*	*	74	27
West Texas A&M University	37	31	28	28	34
Texas A&M University - Commerce	37	34	34	36	35
University of Houston	36	37	35	35	36
University of Houston - Downtown	9	9	14	11	14
Midwestern State University	22	29	29	28	38
University of North Texas	35	36	39	36	37
Stephen F. Austin University	38	37	35	36	37
Texas Southern University	12	9	12	12	10
Texas Tech University	44	48	46	48	51
Texas Woman's University	32	34	36	39	44
Angelo State University	37	32	37	34	32
Lamar University - Beaumont	22	24	23	23	26
Sam Houston State University	38	41	35	34	37
Southwest Texas University	32	37	39	42	41
Sul Ross State University	18	21	22	18	18

*Data not reported.

GENERAL ACADEMIC INSTITUTIONS

RETENTION RATE OF FIRST-TIME, FULL-TIME, DEGREE-SEEKING FRESHMEN AFTER ONE ACADEMIC YEAR

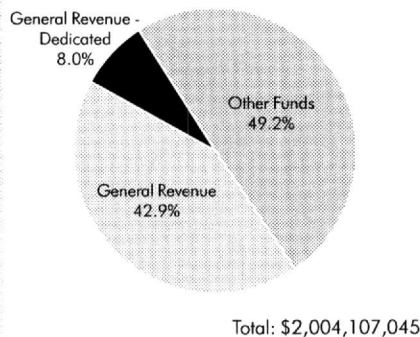
Institution	1997	1998	1999	2000	2001
University of Texas at Arlington	62%	67%	66%	67%	69%
University of Texas at Austin	88	88	89	90	92
University of Texas at Dallas	72	73	75	76	78
University of Texas at El Paso	63	65	70	70	68
University of Texas - Pan American	56	55	58	57	61
University of Texas of the Permian Basin	55	59	63	65	56
University of Texas at San Antonio	56	61	60	59	64
Texas A&M University	88	88	88	89	88
Texas A&M University - Galveston	63	71	68	76	50
Prairie View A&M University	64	64	69	70	69
Tarleton State University	60	61	59	64	67
Texas A&M University - Corpus Christi	58	63	72	65	71
Texas A&M University - Kingsville	54	57	60	61	61
Texas A&M International University	58	57	63	66	66
West Texas A&M University	65	63	67	66	66
Texas A&M University - Commerce	65	60	63	58	65
University of Houston	75	75	76	76	73
University of Houston - Downtown	63	55	61	58	61
Midwestern State University	66	58	59	58	63
University of North Texas	71	70	68	69	69
Stephen F. Austin University	61	62	59	58	60
Texas Southern University	47	60	48	61	60
Texas Tech University	78	78	78	79	81
Texas Woman's University	77	69	74	69	67
Angelo State University	60	54	65	63	58
Lamar University - Beaumont	62	64	66	69	69
Sam Houston State University	59	58	63	62	67
Southwest Texas University	66	71	70	75	74
Sul Ross State University	49	50	49	58	47

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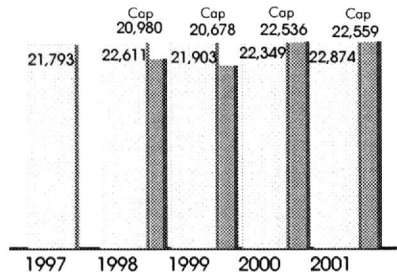
HEALTH-RELATED INSTITUTIONS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- University of Texas Medical Branch at Galveston:
PeopleSoft USA, Inc. *
PeopleSoft financial system software
\$11,204,836
 - University of North Texas HSC at Fort Worth:
Thos. S. Byrne, Inc. *
Parking garage
\$9,810,018
 - University of Texas Medical Branch at Galveston:
Academic Capital Services Inc. *
PeopleSoft financial system software
\$6,228,000
 - University of Texas Health Science Center at Houston:
Protech Inrecon *
Disaster recovery emergency services
\$5,000,000
- * Known multi-year contract

LAWSUITS REPORTED, 2000-01

105 lawsuits with a specified potential liability amount totalling **\$8,539,000**.

BUDGET HIGHLIGHTS

Forty-eight percent of General Revenue Funds expended by the health-related institutions in fiscal year 2001 were for educational programs. These programs included (1) medical education in the prevention, diagnosis, and treatment of diseases; (2) training in biomedical sciences for careers in basic and applied research and clinical practice; (3) nursing and dental education; (4) physicians assistant program; (5) educating allied health professionals in fields such as psychology, physical therapy, respiratory care and gerontology; and (6) training in public health to prepare public health professionals for positions with governmental, private, and educational organizations in the areas of disease prevention and health promotion.

Approximately three-fourths of the institutions' expenditures from Other Funds were spent for patient care, which included operational support activities and delivery of care in the hospitals and clinics. Patient care activities were funded by income earned by institutions that operate a hospital or dental clinic.

The institutions also had expenditures from tobacco-related funds totaling \$68.2 million in fiscal year 2001. These funds were expended for programs that benefit medical research, health education, and treatment programs.

FULL-TIME-EQUIVALENT EMPLOYEES

The institutions exceeded their cap for full-time-equivalent (FTE) positions for fiscal year 2001. The institutions employ FTEs through other funding sources in addition to those funded through appropriations, but still exceeded the cap for those that were appropriated. Total appropriated and non-appropriated FTE positions for the health-related institutions was 47,877 for fiscal year 2001.

RELATED REPORTS AND REVIEWS

A June 2001 State Auditor's Office (SAO) report on *Property Reported Lost or Stolen* found The University of Texas Medical Branch at Galveston's property accounting system may not accurately reflect some assets. While the percentage of missing items met available standards for acceptable property loss, the SAO found improvements in property management procedures could reduce the risk of loss or theft of state assets.

A May 1998 *Audit Report on Performance Measures* issued by the SAO certified without qualifications 29 out of 47 performance measures reviewed.

The University of North Texas Health Science Center at Fort Worth is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the nine health-related institutions attained (within 5 percent) or exceeded 73 percent of their 104 established key performance targets.

The institutions attained or exceeded 66 of their 92 outcome targets and 10 of 12 output/efficiency targets.

The institutions exceeded the target for *Total Expenditures for Conduct of Research and Development* in fiscal year 2001, with an increase of 10 percent over fiscal year 2000. This success was attributed to more aggressive efforts by institutions to acquire enhanced grant support from the federal government and private sources.

For the measure *Total Gross Charges for Un-sponsored Charity Care Provided in State-Owned Facilities*, charges were less than projected for the institutions because of a decreased number of un-sponsored patients. There were fewer un-sponsored patients as a result of the successful implementation of the Demand Access Management Program, a program that encourages primary care delivery within the health systems of the local community. Improved Medicaid eligibility screening and modifications to institutions' fee structures have also resulted in reductions to charity care. Three of the four institutions that have this measure exceeded the target.

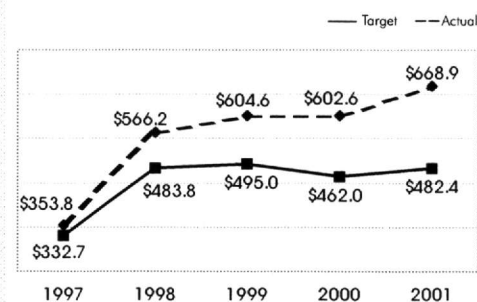
The target for *Percent of Medical School Graduates Practicing Primary Care in Texas* was exceeded because the positive economic climate in Texas included a growing health care industry that provided available positions in Health Maintenance Organizations (HMOs) for graduating physicians. In addition, the development of new curricula, programs, and benefits encouraged new students to choose primary care as their specialty.

The institutions attained the target for *Percent of Bachelor of Science in Nursing Graduates Who Are Licensed in Texas*. The institutions reported the positive performance was due to an increase in career fairs and the number of entities represented at the fairs, increasing personal contacts with graduates. Sign-on bonuses and loan forgiveness programs have also helped the institutions meet the target.

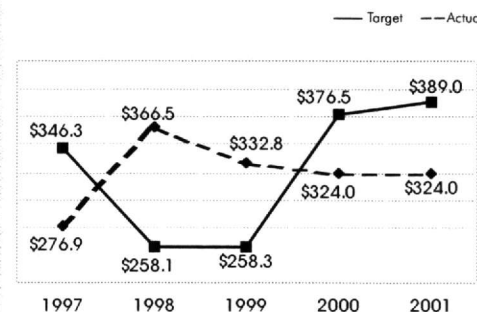
The institutions exceeded the target for *Minority Admissions as a Percent of Total First-year Admissions (All Schools)* by approximately 25 percent. This success was attributed to the institutions' outreach programs and new educational programs dedicated to developing K-16 programs that target under-represented and disadvantaged students.

SELECTED PERFORMANCE MEASURES

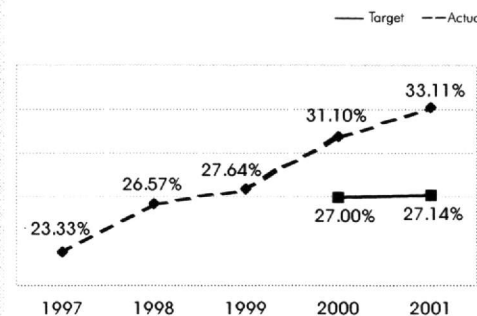
TOTAL EXPENDITURES FOR CONDUCT OF RESEARCH AND DEVELOPMENT (IN MILLIONS)



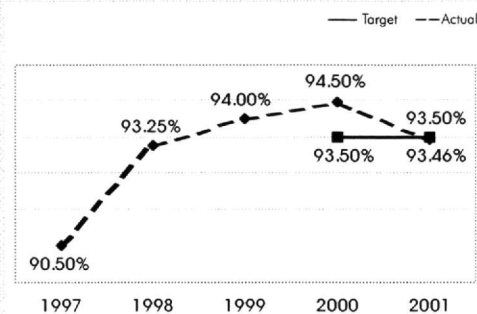
TOTAL GROSS CHARGES FOR UN-SPONSORED CHARITY CARE PROVIDED IN STATE-OWNED FACILITIES (IN MILLIONS)



PERCENT OF MEDICAL SCHOOL GRADUATES PRACTICING PRIMARY CARE IN TEXAS



PERCENT OF BACHELOR OF SCIENCE IN NURSING GRADUATES WHO ARE LICENSED IN TEXAS



HEALTH-RELATED INSTITUTIONS

MINORITY ADMISSIONS AS A PERCENTAGE OF TOTAL FIRST-YEAR ADMISSIONS

Institution	1997	1998	1999	2000	2001
University of Texas Southwestern Medical Center at Dallas	12.0%	12.0%	14.2%	14.1%	15.7%
University of Texas Medical Branch at Galveston	25.0	25.0	27.0	36.0	24.4
University of Texas Health Science Center at Houston	14.0	14.0	19.7	16.0	18.0
University of Texas Health Science Center at San Antonio	23.5	22.0	27.6	20.0	34.4
University of Texas M. D. Anderson Cancer Center *					
University of Texas Health Center at Tyler *					
Texas A&M University System Health Science Center	n/a	16.0	7.0	9.0	13.0
University of North Texas Health Science Center at Fort Worth	14.0	18.0	12.0	17.8	19.4
Texas Tech University Health Sciences Center	12.2	9.6	11.3	12.2	15.5
Total Average	16.8%	16.7%	17.0%	17.9%	20.1%

* The University of Texas M.D. Anderson Cancer Center and the University of Texas Health Center at Tyler are hospital components and do not have student admissions.

HEALTH-RELATED INSTITUTIONS

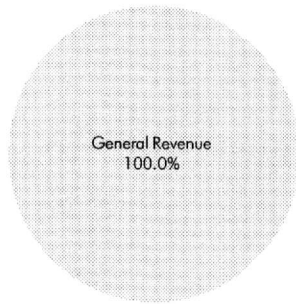
TOTAL EXTERNAL RESEARCH EXPENDITURES (IN THOUSANDS)

Institution	1997	1998	1999	2000	2001
University of Texas Southwestern Medical Center at Dallas	\$106,093	\$153,711	\$163,519	\$171,622	\$206,918
University of Texas Medical Branch at Galveston	45,997	63,460	69,567	79,451	76,783
University of Texas Health Science Center at Houston	71,671	102,443	106,713	108,789	113,677
University of Texas Health Science Center at San Antonio	54,311	76,476	75,423	81,054	91,000
University of Texas M. D. Anderson Cancer Center	60,420	139,651	155,126	122,086	138,921
University of Texas Health Center at Tyler	1,640	7,613	8,232	8,402	4,106
Texas A&M University System Health Science Center	3,674	5,960	7,343	16,669	20,851
University of North Texas Health Science Center at Fort Worth	6,027	8,725	9,689	7,974	8,474
Texas Tech University Health Sciences Center	3,937	8,126	8,953	6,601	8,146
Total	\$353,770	\$566,164	\$604,565	\$602,647	\$668,876

PUBLIC COMMUNITY/JUNIOR COLLEGES

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



Total: \$737,847,369

FULL-TIME-EQUIVALENT POSITIONS

Public community/junior colleges do not report full-time-equivalent positions to the Legislative Budget Board.

MAJOR CONTRACTS REPORTED, 2001

Public community/junior colleges do not report contract information to the Legislative Budget Board.

LAWSUITS REPORTED, 2000-01

Five lawsuits with a specified potential liability amount totalling **\$5,000,000**.

BUDGET HIGHLIGHTS

Public community/junior colleges received only General Revenue Funds in fiscal year 2001. In addition to directly appropriated General Revenue Funds, the institutions have access to General Revenue Funds trusted to the Higher Education Coordinating Board for dramatic enrollment growth and developmental education. Revenue from tuition, fees, and local ad valorem taxes are not appropriated.

The budget figures represent an aggregate of all 51 public community/junior colleges, including the Southwest Collegiate Institute for the Deaf.

FULL-TIME-EQUIVALENT EMPLOYEES

Public community/junior colleges do not report full-time-equivalent (FTE) positions to the Legislative Budget Board.

RELATED REPORTS AND REVIEWS

An Audit on Community and Technical Colleges' Enrollment Reporting by the State Auditor's Office found no errors in excess of the allowable error rate. Overestimated Spring contact hours exceeded underestimated hours, resulting in a return of General Revenue Funds in the amount of \$599,822.

PUBLIC COMMUNITY/JUNIOR COLLEGES

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the public community/junior colleges attained (within 5 percent) or exceeded 64 percent of their 509 projected performance estimates.

Public community/junior colleges do not have key performance measures with established targets. Each institution provides projections of performance for the upcoming year as part of its annual performance report. Fiscal year 2001 is the fifth year community/junior colleges have reported on performance levels.

The performance information represents a composite average of 50 reporting institutions. One community college (Ranger College) did not submit a fiscal year 2001 annual performance report.

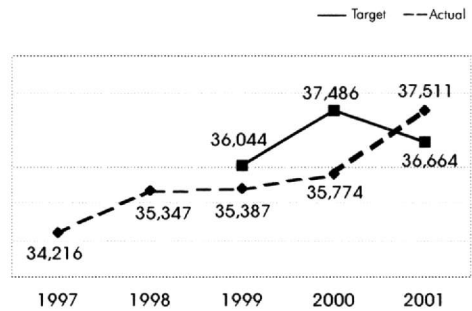
The *Number of Degrees or Certificates Awarded* showed the largest increase in five years at 4.9 percent while the *Number of Students Who Transfer to a University* decreased for the first time in the same period by 3.4 percent. The increase in degrees and certificates awarded is attributed to increases in the availability of certificate programs, enhanced retention programs, and increased enrollment. Enrollment at community colleges increased by 9.3 percent during the period from fiscal year 1997 to fiscal year 2001.

The *Percentage of Developmental Education Students Who Pass TASP* (Texas Academic Skills Program) continued a five-year decline, with the average in fiscal year 2001 at 15.1 percent, down from 21.6 percent in fiscal year 1997. This measure is an indicator of the rate at which students complete developmental education, but does not indicate the proportion of a cohort of under-prepared students who are successfully remediated. The declining rate indicates it is taking students longer to complete developmental education. In part, the longer remediation period may be due to factors such as expanded exemptions from TASP, resulting in a developmental education population of only those students with the greatest need for remediation.

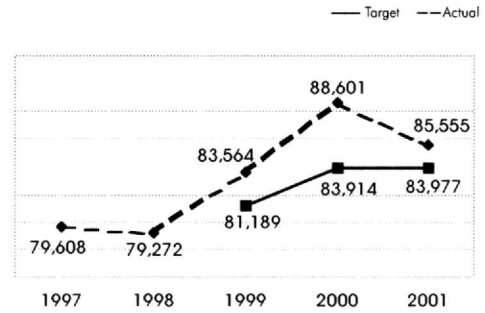
The *Percentage of Students Taught by Full-time Faculty* has remained unchanged at about 70 percent over the five reported years.

SELECTED PERFORMANCE MEASURES

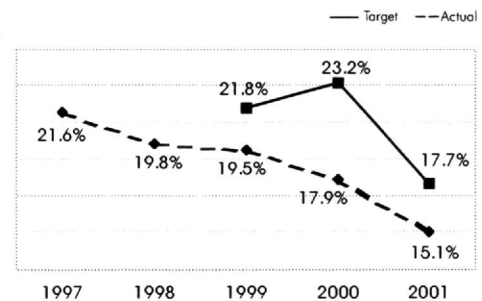
NUMBER OF DEGREES OR CERTIFICATES AWARDED



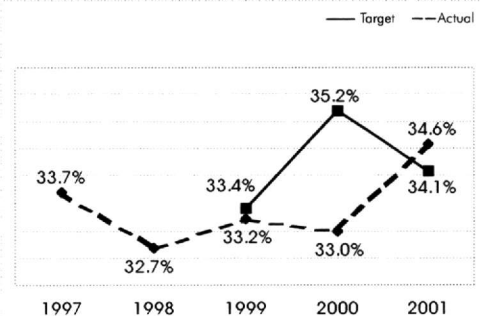
NUMBER OF STUDENTS WHO TRANSFER TO A UNIVERSITY



PERCENTAGE OF DEVELOPMENTAL EDUCATION STUDENTS WHO PASS TASP



PERCENTAGE OF ENROLLED STUDENTS WHO ARE MINORITIES



PUBLIC COMMUNITY/JUNIOR COLLEGES

PERCENTAGE OF DEVELOPMENTAL EDUCATION STUDENTS WHO PASS TASP *

Institution	1997	1998	1999	2000	2001
Alamo Community College	12.0%	12.0%	6.7%	7.5%	11.4%
Alvin Community College	19.5	19.5	21.9	22.9	21.9
Amarillo College	78.4	17.1	18.6	26.9	8.8
Angelina College	21.1	21.1	18.2	15.6	12.8
Austin Community College	3.4	8.8	10.8	21.3	13.0
Blinn College	20.9	20.9	20.7	21.6	12.5
Brazosport College	24.8	50.8	30.1	8.4	17.5
Central Texas College	20.9	10.0	11.4	3.6	5.5
Cisco Junior College	15.1	15.0	19.6	19.0	12.2
Clarendon College	7.3	7.3	12.1	26.2	25.0
Coastal Bend College	13.5	13.5	16.6	14.7	14.3
College of the Mainland	17.0	16.9	12.6	12.7	6.1
Collin County Community College	18.8	19.0	19.1	38.9	14.8
Dallas County Community College	14.0	13.5	14.8	5.0	4.9
Del Mar College	13.4	14.9	9.5	18.4	14.6
El Paso Community College	20.5	20.5	15.0	10.4	7.2
Frank Phillips College	14.0	14.0	14.4	21.1	36.1
Galveston College	11.0	30.6	7.0	18.1	14.2
Grayson County College	31.3	23.4	26.3	23.5	26.7
Hill College	49.7	27.8	27.5	14.4	10.2
Houston Community College	12.0	12.8	11.1	6.5	5.4
Howard College	25.2	25.1	18.8	18.3	16.0
Kilgore College	14.3	14.3	10.4	8.3	10.6
Laredo Community College	32.0	12.3	8.3	4.4	3.4
Lee College	21.8	21.8	19.8	10.0	11.0
McLennan Community College	20.3	20.3	22.7	8.0	11.1
Midland College	23.0	23.0	25.0	22.0	21.0
Navarro College	19.5	19.4	11.0	9.6	7.7

*Texas Academic Skills Program

PUBLIC COMMUNITY/JUNIOR COLLEGES

PERCENTAGE OF DEVELOPMENTAL EDUCATION STUDENTS WHO PASS TASP (CONTINUED)

Institution	1997	1998	1999	2000	2001
North Central Texas College	26.7	26.7	24.0	32.1	31.2
North Harris Montgomery Community College	28.0	19.5	49.0	13.3	18.3
Northeast Texas Community College	12.6	12.6	21.9	12.5	18.0
Odessa College	11.2	11.1	6.0	16.7	15.0
Panola College	21.9	25.0	26.9	13.1	10.7
Paris Junior College	17.2	17.2	17.7	15.2	17.7
Ranger College	17.5	17.5	23.9	11.1	*
San Jacinto College	19.6	21.0	11.7	28.5	6.5
South Plains College	26.0	26.0	21.3	28.0	8.8
South Texas Community College	12.1	12.1	8.3	16.8	13.0
Southwest Texas Junior College	11.8	11.8	9.5	15.5	15.0
Southwest Collegiate Institute for the Deaf †					
Tarrant County College	14.3	12.0	14.5	15.0	10.4
Temple College	50.0	41.0	40.2	48.1	46.8
Texarkana College	20.4	20.4	29.8	23.3	20.2
Texas Southmost College	14.7	14.7	16.0	12.5	14.9
Trinity Valley Community College	26.8	26.8	28.7	10.4	16.0
Tyler Junior College	15.0	15.3	21.4	7.1	19.4
Vernon Regional Junior College	21.0	21.0	26.5	15.4	10.1
Victoria College	27.0	27.0	20.0	27.0	13.7
Weatherford College	36.6	30.9	28.7	27.0	16.4
Western Texas College	22.8	22.8	42.0	27.2	27.0
Wharton County Junior College	25.0	25.0	24.7	26.3	16.8

*Data not reported.

†The Southwest Collegiate Institute for the Deaf (SWCID) does not report this measure. Students with hearing impairment are required to take the Stanford Achievement Test with Deaf Norms instead of TASP. In addition, most SWCID students are certificate-seeking, exempting them from either the Stanford or TASP.

PUBLIC COMMUNITY/JUNIOR COLLEGES

PERCENTAGE OF CONTACT HOURS TAUGHT BY FULL-TIME FACULTY

Institution	1997	1998	1999	2000	2001
Alamo Community College	57.6%	58.0%	64.9%	63.6%	62.9%
Alvin Community College	75.0	63.3	63.6	61.9	61.2
Amarillo College	78.0	77.6	74.3	74.9	72.8
Angelina College	67.0	67.0	66.0	67.0	67.0
Austin Community College	41.0	37.0	40.2	39.4	41.1
Blinn College	53.2	57.5	60.1	57.0	64.8
Brazosport College	99.8	71.3	72.1	72.7	76.8
Central Texas College	59.4	57.5	62.1	58.9	62.4
Cisco Junior College	68.0	73.0	76.8	79.0	78.9
Clarendon College	63.0	72.0	62.0	69.6	71.7
Coastal Bend College	61.6	61.5	78.2	71.8	68.5
College of the Mainland	55.9	54.8	53.1	62.8	57.9
Collin County Community College	50.0	54.0	52.9	53.8	50.9
Dallas County Community College	49.0	49.0	48.7	45.0	45.5
Del Mar College	77.0	72.0	74.1	73.5	72.0
El Paso Community College	46.0	46.0	44.0	47.0	46.5
Frank Phillips College	62.0	62.0	55.0	63.0	62.1
Galveston College	72.0	69.6	49.0	61.0	58.8
Grayson County College	83.9	84.8	79.8	79.0	81.9
Hill College	73.0	73.0	77.0	72.0	73.0
Houston Community College	46.6	46.8	43.9	51.6	54.4
Howard College	70.4	70.4	72.0	71.5	78.5
Kilgore College	90.6	87.0	88.0	85.1	80.4
Laredo Community College	81.9	79.8	83.1	79.1	82.6
Lee College	69.6	69.6	69.6	66.0	60.8
McLennan Community College	82.5	78.9	76.0	76.2	71.8
Midland College	52.0	54.0	62.0	62.0	52.0
Navarro College	67.2	65.9	66.2	62.2	62.3

PUBLIC COMMUNITY/JUNIOR COLLEGES

PERCENTAGE OF CONTACT HOURS TAUGHT BY FULL-TIME FACULTY (CONTINUED)

Institution	1997	1998	1999	2000	2001
North Central Texas College	66.1%	67.0%	60.0%	61.4%	56.5%
North Harris Montgomery Community College	63.5	49.7	53.8	52.1	51.7
Northeast Texas Community College	68.0	68.0	79.0	75.0	72.0
Odessa College	81.7	80.2	81.1	81.3	79.8
Panola College	55.8	56.0	84.0	89.0	86.0
Paris Junior College	52.6	52.6	66.1	77.3	76.2
Ranger College	83.0	83.0	77.8	80.7	*
San Jacinto College	72.0	76.6	72.1	62.0	58.9
South Plains College	95.4	86.6	87.6	92.0	91.8
South Texas Community College	62.9	62.9	70.7	71.8	79.1
Southwest Texas Junior College	71.6	71.6	75.7	80.0	74.3
Southwest Collegiate Institute for the Deaf	84.1	84.1	93.0	88.6	99.5
Tarrant County College	72.1	69.5	66.4	64.8	64.0
Temple College	75.3	75.0	74.5	69.3	70.0
Texarkana College	79.7	82.0	81.0	79.1	81.3
Texas Southmost College	70.6	69.1	69.7	68.8	69.1
Trinity Valley Community College	84.5	84.6	85.0	86.0	85.6
Tyler Junior College	70.0	72.5	75.2	77.3	76.8
Vernon Regional Junior College	75.5	81.8	79.2	77.7	74.7
Victoria College	86.0	86.0	86.0	85.0	83.2
Weatherford College	71.5	72.6	73.0	76.0	79.0
Western Texas College	99.0	99.0	81.0	86.8	81.0
Wharton County Junior College	65.0	65.8	65.0	70.0	73.0

*Data not reported.

PUBLIC COMMUNITY/JUNIOR COLLEGES

PERCENTAGE OF STUDENTS WHO PASS A LICENSURE EXAM

Institution	1997	1998	1999	2000	2001
Alamo Community College	83.0%	84.0%	76.4%	77.2%	76.1%
Alvin Community College	78.3	76.7	74.5	78.8	78.8
Amarillo College	90.0	90.0	95.0	92.0	90.0
Angelina College	91.8	88.6	90.0	83.0	79.0
Austin Community College	94.3	94.7	94.4	92.9	92.9
Blinn College	99.1	98.6	89.8	93.3	95.9
Brazosport College	99.2	86.7	78.0	80.6	85.5
Central Texas College	92.7	95.9	92.8	86.4	82.5
Cisco Junior College	89.5	87.0	89.0	91.0	92.0
Clarendon College	63.0	73.0	83.0	58.0	100.0
Coastal Bend College	94.9	86.6	83.1	80.5	78.2
College of the Mainland	81.6	81.5	88.2	80.2	80.1
Collin County Community College	98.0	94.0	95.8	92.0	93.7
Dallas County Community College	94.0	91.0	88.0	79.5	81.4
Del Mar College	94.2	94.2	90.5	87.2	89.5
El Paso Community College	86.0	86.0	83.0	79.0	78.9
Frank Phillips College	94.0	94.0	83.6	88.3	88.0
Galveston College	91.0	*	89.0	89.0	90.0
Grayson County College	92.0	87.0	84.2	85.6	87.8
Hill College	86.0	86.0	91.7	87.0	94.0
Houston Community College	76.9	78.0	83.0	72.0	72.4
Howard College	89.4	89.3	82.2	90.6	89.0
Kilgore College	87.2	87.2	86.0	78.8	80.9
Laredo Community College	87.0	90.3	84.8	76.9	83.9
Lee College	93.0	93.0	91.6	92.0	*
McLennan Community College	93.9	80.8	90.9	86.7	86.0
Midland College	90.0	90.0	89.4	86.0	88.0
Navarro College	84.6	84.6	76.0	81.0	80.6

*Data not reported.

PUBLIC COMMUNITY/JUNIOR COLLEGES

PERCENTAGE OF STUDENTS WHO PASS A LICENSURE EXAM (CONTINUED)

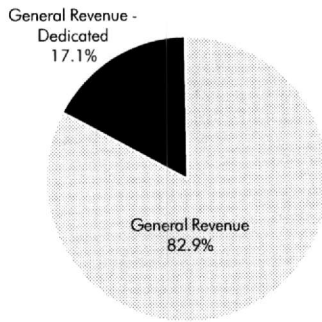
Institution	1997	1998	1999	2000	2001
North Central Texas College	92.0%	92.0%	92.6%	93.0%	87.5%
North Harris Montgomery Community College	86.0	90.0	90.0	82.8	78.4
Northeast Texas Community College	92.0	92.0	91.0	79.0	82.0
Odessa College	86.4	86.4	78.1	73.9	77.8
Panola College	90.0	92.0	88.0	89.7	88.0
Paris Junior College	94.5	95.0	69.7	85.3	86.2
Ranger College	89.2	89.2	82.0	90.0	*
San Jacinto College	91.1	91.2	87.5	88.0	85.6
South Plains College	97.8	86.8	88.7	91.0	84.0
South Texas Community College	94.7	93.0	89.9	90.1	89.7
Southwest Texas Junior College	93.5	93.5	90.6	77.0	88.2
Southwest Collegiate Institute for the Deaf	†	†	†	100.0	33.0
Tarrant County College	88.3	91.8	86.9	92.1	91.0
Temple College	91.9	91.0	84.4	88.9	83.0
Texarkana College	90.0	90.0	93.5	86.4	81.5
Texas Southmost College	86.8	83.3	85.1	84.7	89.0
Trinity Valley Community College	89.0	89.0	91.6	89.7	80.9
Tyler Junior College	93.0	91.3	91.8	88.1	91.6
Vernon Regional Junior College	96.0	96.0	89.3	88.7	83.2
Victoria College	95.0	93.0	93.0	91.0	94.2
Weatherford College	89.3	92.0	76.6	84.0	84.0
Western Texas College	100.0	91.0	89.0	84.0	80.0
Wharton County Junior College	97.0	97.0	93.4	89.9	91.2

*Data not reported.

†Not applicable. No SWCID students took any licensure exams during these fiscal years.

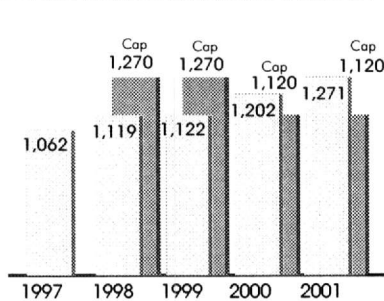
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



Total: \$66,721,914

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Waco Campus:
Freese and Nichols, Inc. *
Facilities master plan
\$250,000
 - West Texas Campus:
Freese and Nichols, Inc.
Facilities master plan
\$66,500
 - Waco Campus:
Meers Engineering, Inc.
Design on three buildings
\$65,516
 - System Administration:
Profiles International
Internet packets for 360 degree evaluation
\$60,000
- * Known multi-year contract

LAWSUITS REPORTED, 2000-01

Three lawsuits with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 82.9 percent of the institution's budgeted expenditures in fiscal year 2001.

Financial reports indicated Other Educational and General Revenues generated in fiscal year 2001 exceeded preliminary estimates by 10.1 percent. The increase in these revenues was mainly the result of enrollment growth, but was also impacted by the reclassification of certain fees from designated fees to general tuition/fees.

The budget data presented in this report are composite totals for all Texas State Technical College (TSTC) components.

FULL-TIME-EQUIVALENT EMPLOYEES

The institution exceeded their cap for full-time-equivalent (FTE) positions for fiscal year 2001. Additional FTEs were needed to accommodate increased enrollment in new programs.

RELATED REPORTS AND REVIEWS

An Audit on Community and Technical Colleges' Enrollment Reporting issued by the State Auditor's Office (SAO) found no errors in excess of the allowable error rate. Overestimated Spring contact hours exceeded underestimated hours, resulting in a return of General Revenue Funds in the amount of \$599,822.

A November 2000 *Audit Report on Performance Measures* issued by the SAO certified without qualifications 12 of the 15 measures reviewed. The remaining three were certified with qualifications.

The Texas State Technical College–West Texas is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002–03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the institution attained (within 5 percent) or exceeded 39 percent of its 18 established key performance targets. The Marshall campus reported performance but did not have established performance targets.

The performance data presented in this report are composite totals for all TSTC components.

Two components exceeded the established target for *Percent of First-time, Full-time, Degree-seeking Students Who Graduate in Three Years*. The system as a whole exceeded the established target for this measure for the first time since fiscal year 1997.

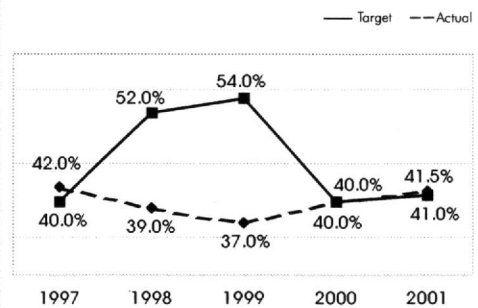
The *Number of Hours Taught in Academic Programs* decreased slightly for the second year in a row, but remained above projections due to increased enrollment and increased demand for developmental education courses.

The *Number of Hours Taught in Vocational/Technical Programs* remained at a constant level despite increases in enrollment. This indicates students are taking more academic and/or developmental courses.

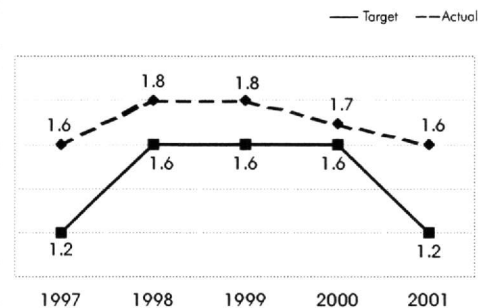
The *Number of Degrees and Certificates Awarded* in fiscal year 2001 decreased by 10 percent over fiscal year 2000. This was primarily because the college changed from a quarter system to a semester course system, which encouraged students to graduate in the last quarter of fiscal year 2000. These students would have been expected to graduate in fiscal year 2001 before the change.

SELECTED PERFORMANCE MEASURES

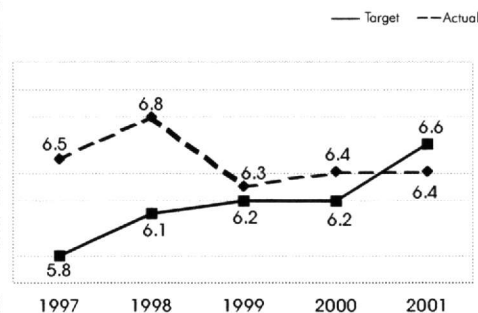
PERCENT OF FIRST-TIME, FULL-TIME STUDENTS WHO GRADUATE IN THREE YEARS



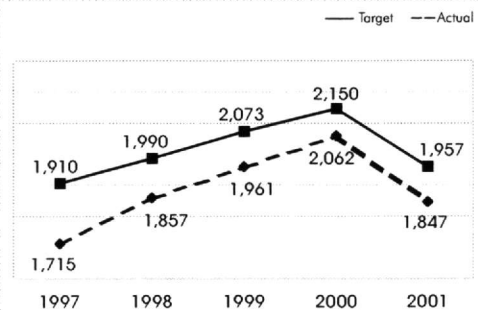
NUMBER OF HOURS (IN MILLIONS) TAUGHT IN ACADEMIC PROGRAMS (ALL CAMPUSES)



NUMBER OF HOURS (IN MILLIONS) TAUGHT IN VOCATIONAL/TECHNICAL PROGRAMS (ALL CAMPUSES)



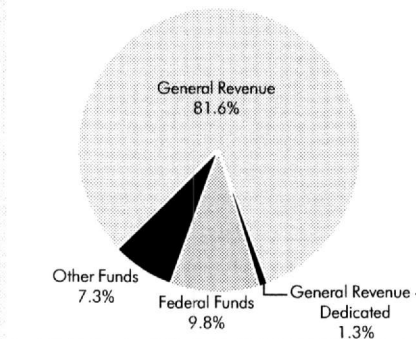
NUMBER OF DEGREES AND CERTIFICATES AWARDED



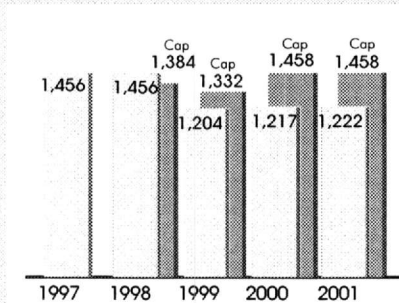
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED

Total: \$65,942,243



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Brazos Urethane, Inc.
Foam roofing
\$150,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 81.6 percent of the agency's budgeted expenditures in fiscal year 2001.

Approximately 22 percent of the agency's fiscal year 2001 budgeted expenditures supported agricultural research efforts to enhance the management and protection of the state's natural environmental resources.

The agency acts in a limited regulatory capacity. Approximately 6 percent of General Revenue Funds budgeted by the agency in fiscal year 2001 were for the provision of apiary and feed and fertilizer regulatory services for the state.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions in fiscal year 2001. Approximately 20 percent of the agency's FTE positions conducted livestock and plant and crop research.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 audit on *Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified none of the six performance measures reviewed. Two measures were inaccurate due to math errors and four measures could not be certified due to inadequate source documentation.

TEXAS AGRICULTURAL EXPERIMENT STATION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 70 percent of its 30 established key performance targets.

The agency attained or exceeded seven of its 10 outcome targets and 14 of its 20 output/efficiency targets.

In general, the agency's ability to produce research is subject to many factors, which accounts for significant yearly variation in the absolute volume of research-related outcomes. For example, over time, the attained amounts for *Percent Change in Number of Patents, Disclosures, Licenses, and Publications* show significant variation, reflecting the complexity of the research enterprise.

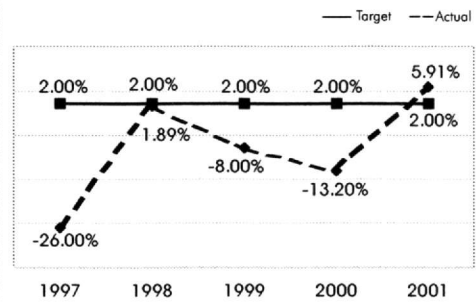
The agency exceeded its target for *Number of Refereed Publications—Plant and Crop Research* in fiscal year 2001 for the fourth consecutive year, demonstrating a significant and sustained research focus in this area on the part of agency researchers.

The agency has consistently exceeded its target for *Number of Apiaries Inspected (Regulatory Services)*. Because of the significant number of bee colonies being moved out of Texas as a result of pollination contracts, beekeepers requested more inspections of apiaries prior to moving the bee colonies.

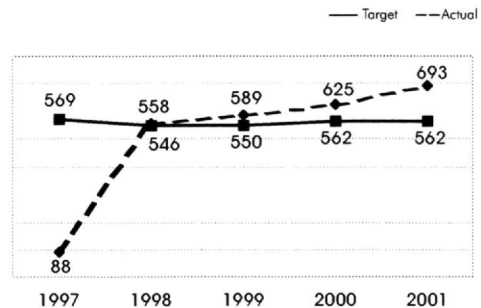
The target for *Amount of External Sponsor Support—Environmental Quality Research* was attained. The agency successfully exceeded all eight of its *Amount of External Sponsor Support* targets for the previous five years, highlighting general agency success in securing sponsorship for research.

SELECTED PERFORMANCE MEASURES

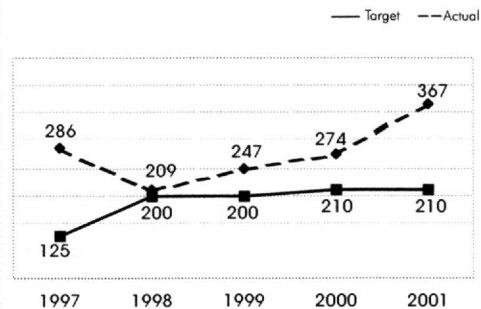
PERCENT CHANGE IN NUMBER OF PATENTS, DISCLOSURES, LICENSES, AND PUBLICATIONS



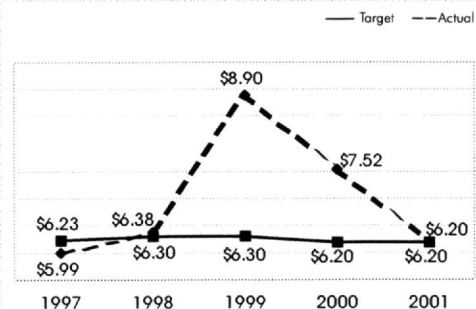
NUMBER OF REFEREED PUBLICATIONS—PLANT AND CROP RESEARCH



NUMBER OF APIARIES INSPECTED (REGULATORY SERVICES)

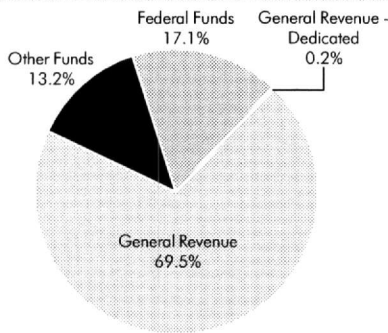


AMOUNT OF EXTERNAL SPONSOR SUPPORT—ENVIRONMENTAL QUALITY RESEARCH (IN MILLIONS)



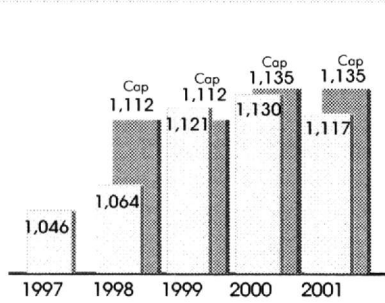
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



Total: \$58,509,095

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

Two lawsuits with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

In fiscal year 2001, the Texas Agricultural Extension Service was renamed the Texas Cooperative Extension.

General Revenue Funds accounted for 69.5 percent of the agency's budgeted expenditures in fiscal year 2001.

Approximately 40 percent of the agency's fiscal year 2001 budgeted expenditures funded education programs designed to improve the economic viability of Texas' agricultural producers, rural communities, and families.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. A large number of the agency's FTE positions were engaged in educational programming designed to improve the economic competitiveness of Texans.

RELATED REPORTS AND REVIEWS

The May 2000 *Statewide Single Audit Report* issued by the State Auditor's Office (SAO) found the agency's controls over equipment did not ensure equipment was being used as intended for federal programs. The audit found the agency had inadequate or nonexistent written policies and procedures for cash management and federal financial reporting. The audit also found the agency had inadequate separation of the personnel and payroll disbursement functions.

A November 2000 *Audit Report on Performance Measures* issued by the SAO certified without qualifications all six of the performance measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 83 percent of its 12 established key performance targets.

The agency attained or exceeded all four of its outcome targets and three of its eight output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Percent Increase of Targeted Texans Reached*. The increase was due partially to programmatic input from the Texas Community Futures Forum's clientele and from an increased use of master volunteers in the agency's education-related programming efforts.

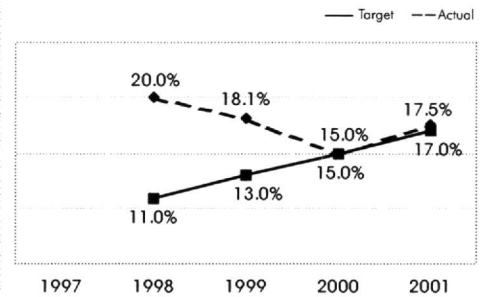
The target for *Direct Teaching Exposures (Environmental Education)* was exceeded as a result of the agency's increased efforts at educational outreach and a heightened interest by clientele in the agency's environmental stewardship educational programs.

The target for *Direct Teaching Exposures (Health and Safety Education)* was exceeded. The increase was due primarily to an increase in volunteer educational exposures.

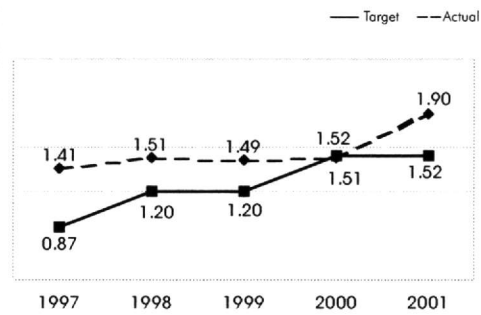
The agency did not attain its targets for *Average Cost per Educational Contact* in the area of leadership development. The increased cost of program delivery over the past two years is directly related to the development, training, and implementation of the new state-wide Character Education curriculum as well as additional public school curriculum enhancement programming. Once fully implemented, these new initiatives will replace long-standing curricula.

SELECTED PERFORMANCE MEASURES

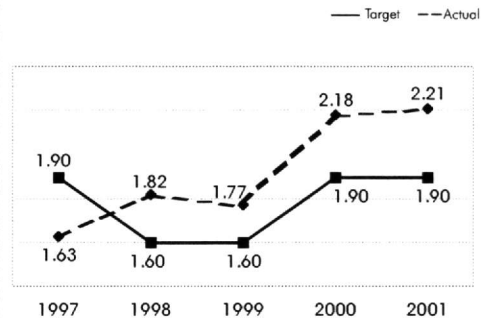
PERCENT INCREASE OF TARGETED TEXANS REACHED - ECONOMIC COMPETITIVENESS



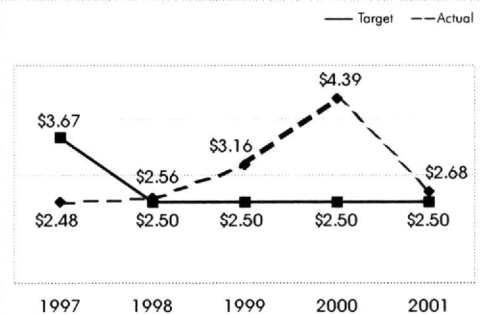
DIRECT TEACHING EXPOSURES - ENVIRONMENTAL EDUCATION (IN MILLIONS)



DIRECT TEACHING EXPOSURES - HEALTH AND SAFETY EDUCATION (IN MILLIONS)

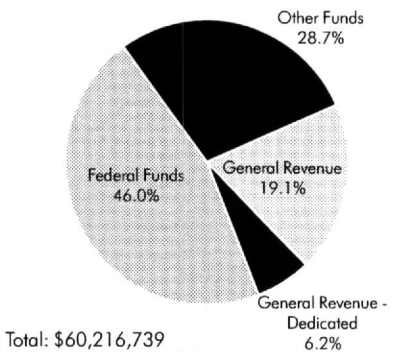


AVERAGE COST PER EDUCATIONAL CONTACT - LEADERSHIP DEVELOPMENT

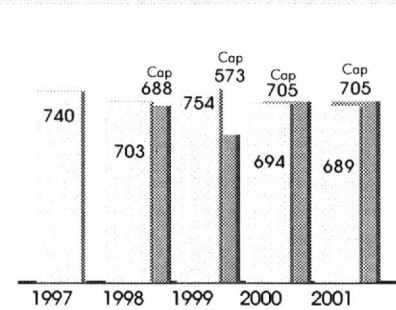


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 19.1 percent of the agency's budgeted expenditures in fiscal year 2001.

Federal Funds constituted 46 percent of the agency's budgeted expenditures and Other Funds made up 28.7 percent of the agency's total expenditures. The majority of the agency's Federal Funds and Other Funds were from contracts and grants earmarked for specific interdisciplinary engineering research projects, which ranged from offshore drilling technology to quantum device fabrication.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. While the agency primarily focused on supporting and conducting engineering research, approximately 2 percent of the agency's fiscal year 2001 FTE positions were engaged in providing educational programs to students.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A November 2000 audit report on *Performance Measures at 25 State Agencies and Educational Institutions* issued by the State Auditor's Office certified without qualifications three of the five performance measures reviewed. One measure was found to be inaccurate because the agency lacked sufficient procedures for collecting performance measure data. One measure could not be certified because the agency lacked a reliable method to collect data.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 89 percent of its nine established key performance targets.

The agency attained or exceeded two of its three outcome targets and all six of its output/efficiency targets.

The target for *Leverage Ratio of General Revenue Appropriations to Total Funds (Excluding Infrastructure Funds)* was exceeded in fiscal years 2000 and 2001, reflecting agency success in using General Revenue Funds as seed money to attract new external funding sources to enhance existing programs.

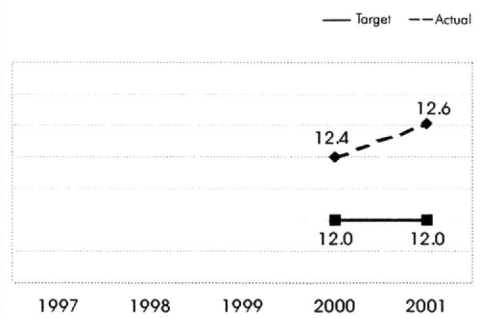
The agency has met or exceeded its target for *Dollar Volume of Research (Research Divisions)* for the past five consecutive years. The consistent attainment of targeted amounts highlights the agency's success in obtaining research funding.

The target for *Number of Collaborative Initiatives (Multi-institutional Outreach)* has been exceeded for the past five fiscal years. This increase reflects the agency's decision to place a greater focus on research partnerships. Increases in the number of federal initiatives involving multiple Texas institutions of higher education also resulted in an increase in this measure.

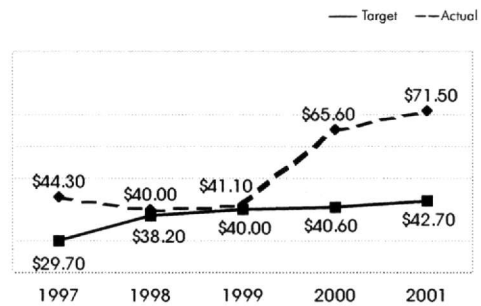
The agency exceeded the target for *Number of Minority Students Participating in Agency Activities* for the past five consecutive years. The agency has continued to increase the number of minority students participating in the agency's activities. The marked increase in fiscal year 2001 resulted from the agency's ongoing efforts to be involved in a greater number of minority participation programs, as well as basic improvements in tracking minority students within the educational programs.

SELECTED PERFORMANCE MEASURES

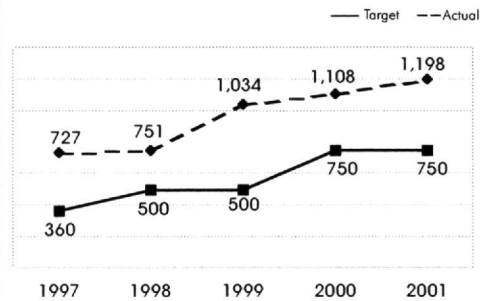
LEVERAGE RATIO OF GENERAL REVENUE APPROPRIATIONS TO TOTAL FUNDS (EXCLUDING INFRASTRUCTURE FUNDS)



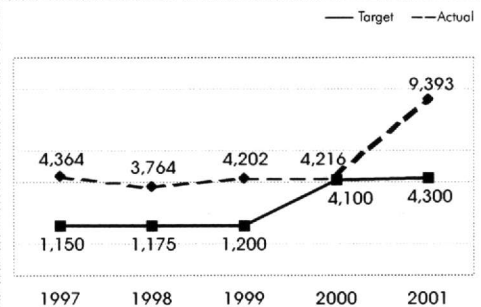
DOLLAR VOLUME OF RESEARCH – RESEARCH DIVISIONS (IN MILLIONS)



NUMBER OF COLLABORATIVE INITIATIVES – MULTI-INSTITUTIONAL OUTREACH

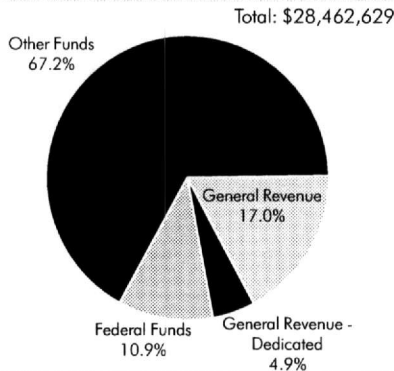


NUMBER OF MINORITY STUDENTS PARTICIPATING IN AGENCY ACTIVITIES – EDUCATIONAL PROGRAMS

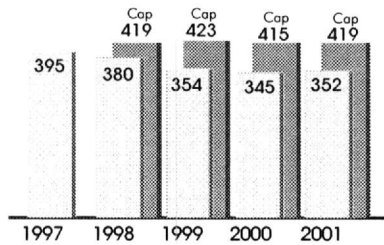


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

W.M. Klunkert, Inc. *
 Safety research facility
 \$604,761
 PaveTex Engineering
 Training program
 \$15,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 17 percent of the agency's total budgeted expenditures in fiscal year 2001.

Federal Funds constituted 10.9 percent of the agency's expenditures and Other Funds made up 67.2 percent of the agency's total budgeted expenditures.

Approximately 59 percent of the agency's Other Funds budgeted for fiscal year 2001 were from interagency research contracts with the Texas Department of Transportation.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *Audit Report on Performance Measures* issued by the State Auditor's Office certified all four measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 57 percent of its seven established key performance targets.

The agency attained or exceeded both of its outcome targets and two of its five output/efficiency targets.

The agency exceeded the fiscal year 2001 target for *Dollar Volume of Research Studies Performed*, reflecting the agency's success in securing external funding sources.

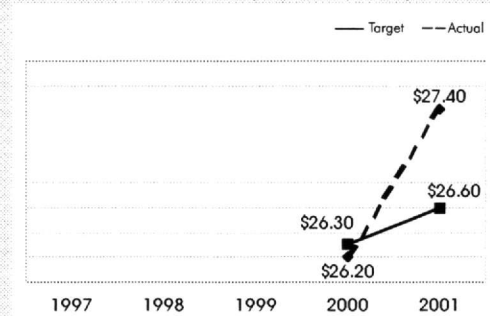
The target for *Leverage Ratio of General Revenue Appropriations to Total Funds (Excluding Infrastructure Funds)* was exceeded. Growth in the agency's research program allowed the agency to leverage General Revenue Funds to a degree greater than anticipated. The agency has a long history of successfully leveraging General Revenue Funds.

The agency exceeded both its fiscal year 2000 and 2001 targets for *Number of Texas Transportation Institute (TTI) Patented Safety Devices Installed* because of an increased demand for the devices. An example of such a device is the shock-absorbing crash cushion commonly seen on Texas highways. A crash cushion functions by dissipating energy from a colliding vehicle and decelerating the colliding vehicle to a safe stop.

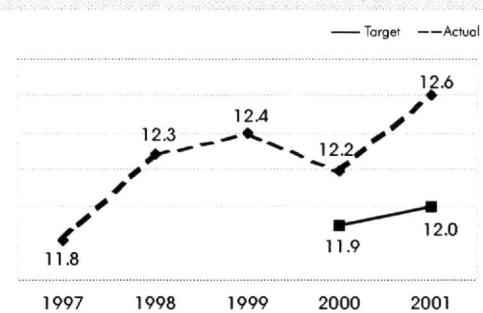
The fiscal year 2001 target was not met for the *Number of Students Involved in TTI Education and Research Activities* for education and research conducted within the agency's National Centers due to a reduction of external funds brought to the National Centers; however, when considering the agency as a whole, the agency significantly exceeded the total targeted amounts for the number of students involved in education and research.

SELECTED PERFORMANCE MEASURES

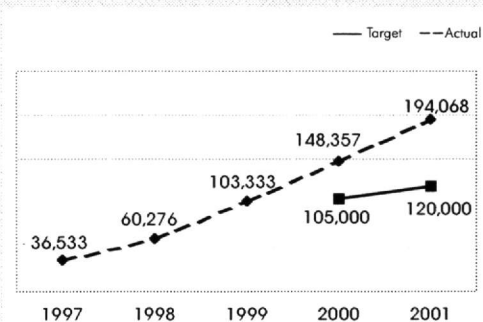
DOLLAR VOLUME OF RESEARCH STUDIES PERFORMED (IN MILLIONS)



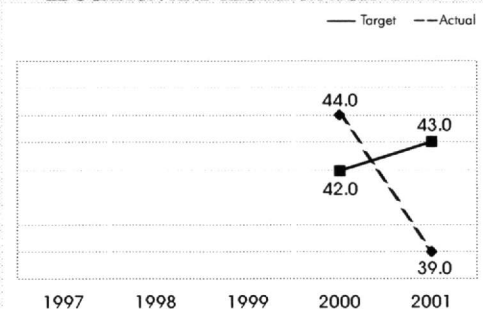
LEVERAGE RATIO OF GENERAL REVENUE APPROPRIATIONS TO TOTAL FUNDS (EXCLUDING INFRASTRUCTURE FUNDS)



NUMBER OF TTI PATENTED SAFETY DEVICES INSTALLED



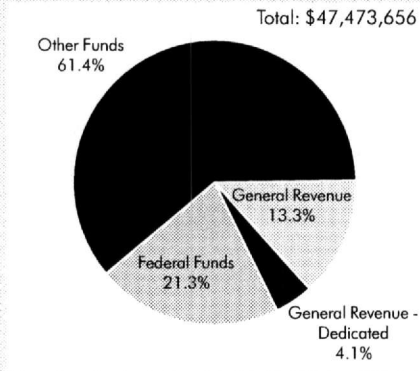
NUMBER OF STUDENTS INVOLVED IN TTI EDUCATION AND RESEARCH ACTIVITIES



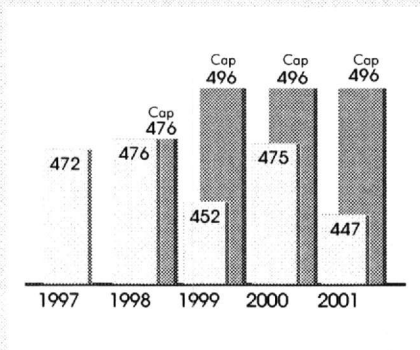
TEXAS ENGINEERING EXTENSION SERVICE

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- C.F. Jordan, LP *
Urban Search and Rescue Training Center
\$1,027,998
- C.F. Jordan, LP *
Construction
\$793,650
- H&H Resources *
Instruction/training
\$150,000
- PBS&J, Inc. *
Instruction/training
\$125,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 13.3 percent of the agency's budgeted expenditures in fiscal year 2001.

Federal Funds constituted 21.3 percent of the agency's budgeted expenditures and Other Funds made up 61.4 percent of the agency's budgeted total expenditures.

Other Funds came from fees paid for specific agency training services and various interagency contracts. These funds were used to support the agency's extension-related operations.

Approximately 47 percent of the agency's fiscal year 2001 budgeted expenditures supported public and private sector training efforts.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions in fiscal year 2001. Over half of the agency's FTE positions conducted public and private sector training.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A November 2000 audit report on *Performance Measures at 25 State Agencies and Educational Institutions* issued by the State Auditor's Office certified with qualification one of the five measures reviewed. The other four measures were inaccurate.

TEXAS ENGINEERING EXTENSION SERVICE

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its 10 established key performance targets.

The agency did not attain either of its two outcome targets. The agency attained or exceeded five of its eight output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Number of Individuals Trained (Public Sector Training)*, reflecting a shift in funding sources to more state and federal contracts.

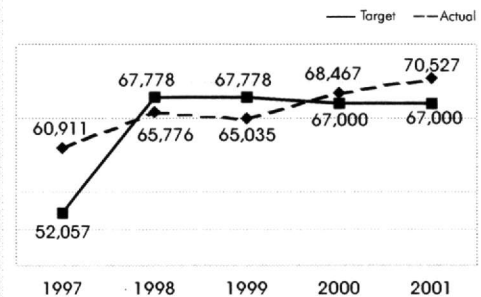
Worker shortages in the construction industry, a continuing decline in employees in the environmental industry and the closing of an electric power program resulted in a decrease in *Number of Individuals Trained (Industrial Sector Training)*.

The agency exceeded its target for *Average Number of Student Contact Hours per Full-time Industrial Instructor*. The agency's contact-hour measures generally show considerable variation because they are influenced by several factors, including student load per class, class length, subject matter, and the number of instructors assigned to the program.

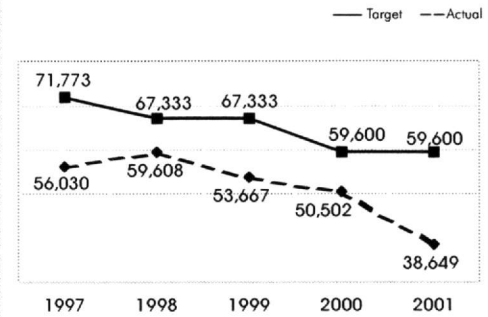
The agency exceeded the target for *Number of Technology Transfer Initiatives with Communities and Businesses*, reflecting the agency's ability to leverage federal grants. Leveraging federal grant funding enables the agency to reach more communities and businesses.

SELECTED PERFORMANCE MEASURES

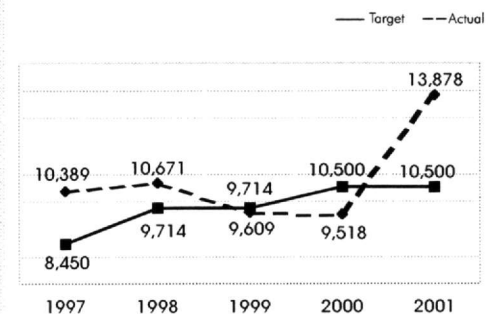
NUMBER OF INDIVIDUALS TRAINED (PUBLIC SECTOR TRAINING)



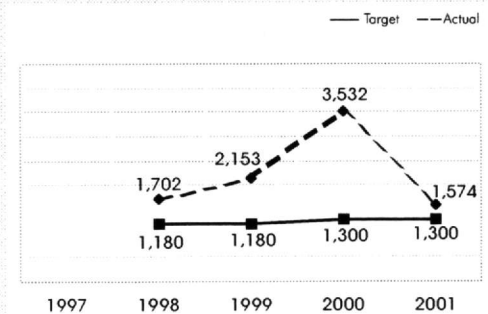
NUMBER OF INDIVIDUALS TRAINED (INDUSTRIAL SECTOR TRAINING)



AVERAGE NUMBER OF STUDENT CONTACT HOURS PER FULL-TIME INDUSTRIAL INSTRUCTOR

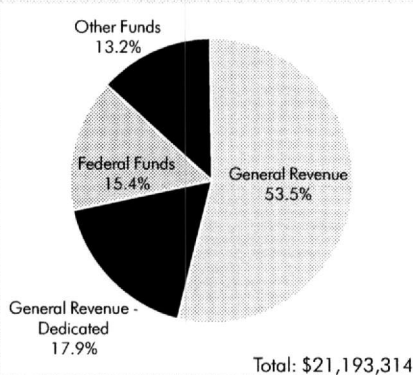


NUMBER OF TECHNOLOGY TRANSFER INITIATIVES WITH COMMUNITIES AND BUSINESSES

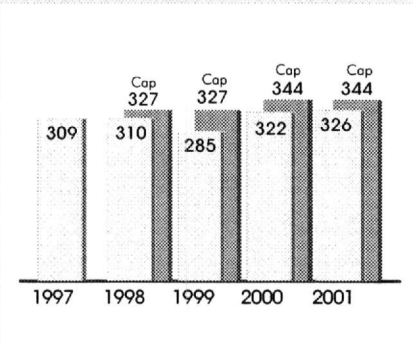


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

ARF Architects & Engineers, Inc. *
Engineering services
\$76,752

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with a specified potential liability amount totalling **\$6,978**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 53.5 percent of the agency's budgeted expenditures in fiscal year 2001.

Approximately 49 percent of the agency's total budgeted expenditures for fiscal year 2001 funded wildfire prevention and suppression operations.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. A majority of the agency's FTE positions were engaged in the prevention, detection, and suppression of wildfires in fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A January 1997 audit report on *Performance Measures at 13 State Agencies and 7 Educational Institutions* issued by the State Auditor's Office certified without qualifications one of the eight measures reviewed. The other seven were certified with qualifications.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 64 percent of its 11 established key performance targets.

The agency attained or exceeded two of its three outcome targets and five of its eight output/efficiency targets.

The agency exceeded the target for *Saved-to-Lost Ratio of Resources and Property Values from Wildfires* due to a significant emphasis on wildfire fighting operations, despite the lessened severity of wildfires in fiscal year 2001.

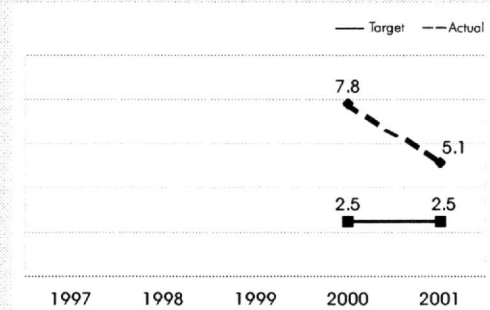
Due to the lack of contractors and treatment centers, as well as the diversion of agency resources to other programs, the agency has not attained in the past five fiscal years the target for *Number of Trees Saved from the Spread of Oak Wilt Disease*.

The agency exceeded the target for fiscal years 2000 and 2001 for *Number of Contact Hours of Firefighter Training–Wildlife and Emergency Program*. The agency has made concerted efforts to prevent and contain wildfires through an increased emphasis on training local firefighters in wildfire fighting suppression techniques.

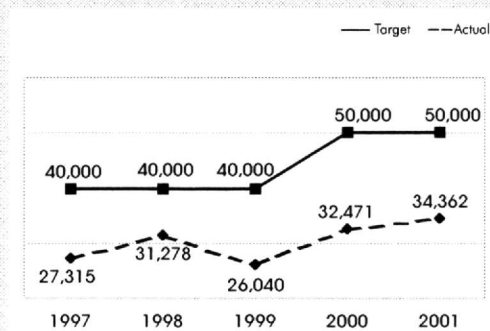
The agency attained or exceeded the target for *Number of Windbreak Seedlings Planted–Environmental Enhancement* in fiscal years 2000 and 2001.

SELECTED PERFORMANCE MEASURES

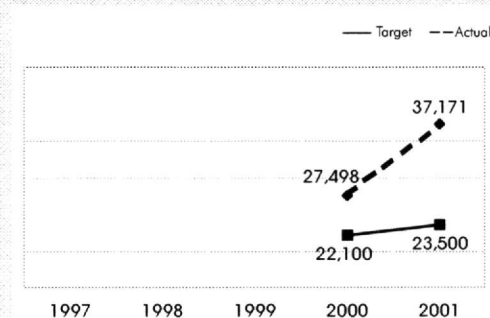
SAVED-TO-LOSS RATIO OF RESOURCE AND PROPERTY VALUES FROM WILDFIRES



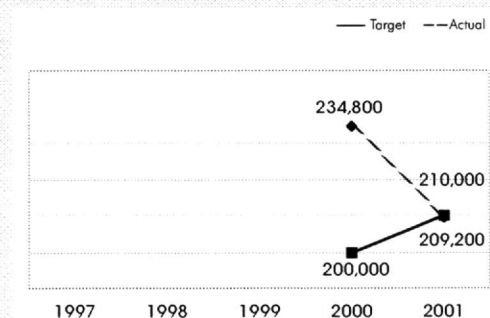
NUMBER OF TREES SAVED FROM THE SPREAD OF OAK WILT DISEASE



NUMBER OF CONTACT HOURS OF FIREFIGHTER TRAINING – WILDLIFE AND EMERGENCY PROGRAM



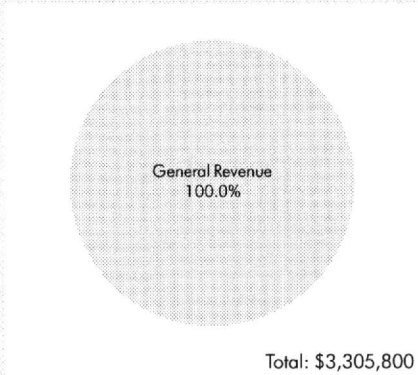
NUMBER OF WINDBREAK SEEDLINGS PLANTED – ENVIRONMENTAL ENHANCEMENT



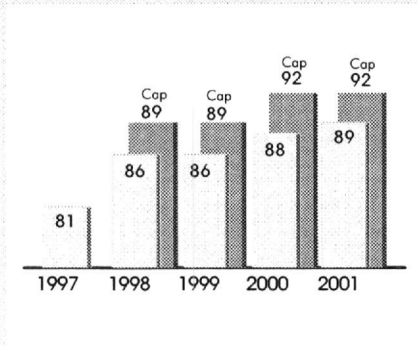
TEXAS WILDLIFE DAMAGE MANAGEMENT SERVICE

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 100 percent of the agency's budgeted expenditures in fiscal year 2001.

Approximately 10 percent of the agency's fiscal year 2001 budgeted expenditures funded educational services to provide information regarding the proper handling of specific wildlife damage problems.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The great majority of the agency's FTE positions were engaged in direct wildlife damage control assistance activities.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

TEXAS WILDLIFE DAMAGE MANAGEMENT SERVICE

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 83 percent of its six established key performance targets.

The agency attained or exceeded all three of its outcome targets and two of its three output/efficiency targets.

The agency has consistently attained or exceeded its target for *Percent of Texas Counties Receiving Direct Wildlife Damage Management Assistance* due to the agency's continuing efforts to maintain a broad scope of operations.

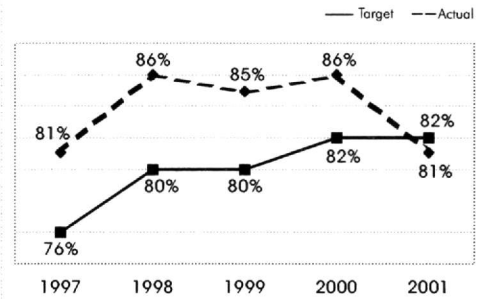
The fiscal year 2001 target for *Number of Specimen Samples Taken for Zoonosis Monitoring* was significantly exceeded because the Texas Department of Health requested the agency expand its Zoonosis monitoring and double the number of biological samples taken.

The decrease in *Number of Properties Provided Wildlife Damage Management Assistance* in fiscal year 2001 resulted from a combination of drought factors and internal personnel changes.

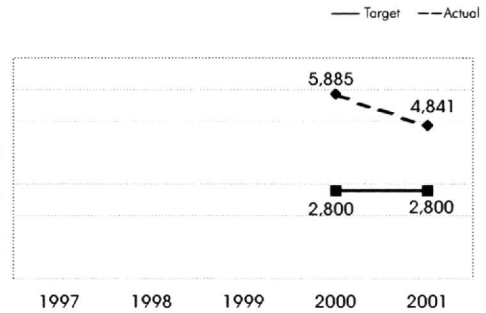
The *Number of Technical Assistance Projects Conducted* in fiscal year 2001 declined markedly from fiscal year 2000 levels due to internal personnel changes.

SELECTED PERFORMANCE MEASURES

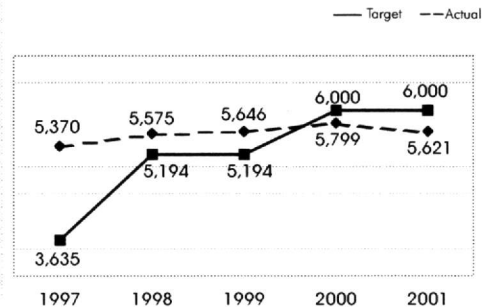
PERCENT OF TEXAS COUNTIES RECEIVING DIRECT WILDLIFE DAMAGE MANAGEMENT ASSISTANCE



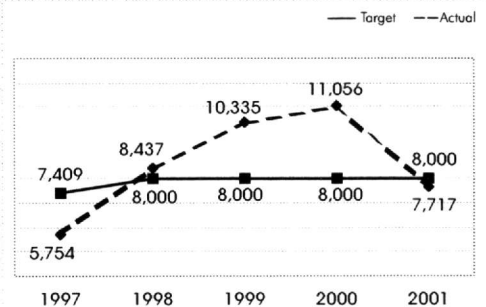
NUMBER OF SPECIMEN SAMPLES TAKEN FOR ZOONOSIS MONITORING



NUMBER OF PROPERTIES PROVIDED WILDLIFE DAMAGE MANAGEMENT ASSISTANCE



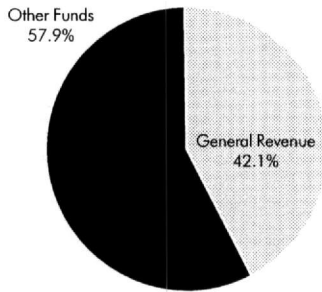
NUMBER OF TECHNICAL ASSISTANCE PROJECTS CONDUCTED



TEXAS VETERINARY MEDICAL DIAGNOSTIC LABORATORY

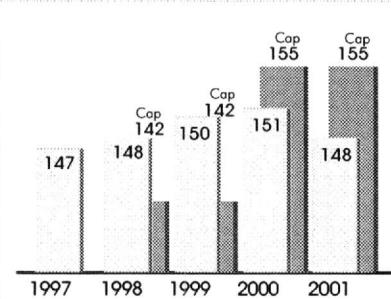
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



Total: \$9,030,165

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 42.1 percent and Other Funds constituted 57.9 percent of the agency's expenditures in fiscal year 2001. Other Funds came from drug testing and diagnostic services fee income, and were used to support agency operations.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 13 percent of the agency's FTE positions were engaged in providing drug testing services for the pari-mutuel animal racing industries in fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A November 2000 audit report on *Performance Measures at 25 State Agencies and Educational Institutions* issued by the State Auditor's Office certified with qualification two of the four measures reviewed. Factors prevented the certification of the other two measures.

TEXAS VETERINARY MEDICAL DIAGNOSTIC LABORATORY

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its four established key performance targets.

The agency attained or exceeded one of its two outcome targets and one of its two output/efficiency targets.

In fiscal years 2000 and 2001 the agency did not attain the target for *Number of Diagnostic Services Rendered* because of lower demand for the agency's diagnostic services.

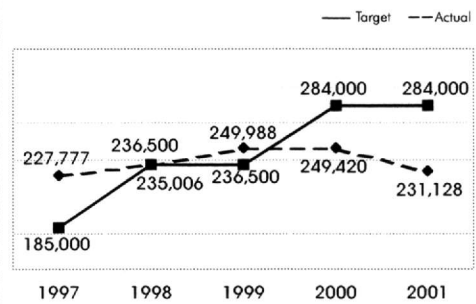
The agency has consistently attained the target for *Percent of Animals Testing Drug-free* in each of the past five fiscal years.

The agency did not attain the fiscal year 2001 target for *Number of Cases Submitted and Examined*. Slackened demand for the agency's services brought about a decrease in the number of cases submitted and examined.

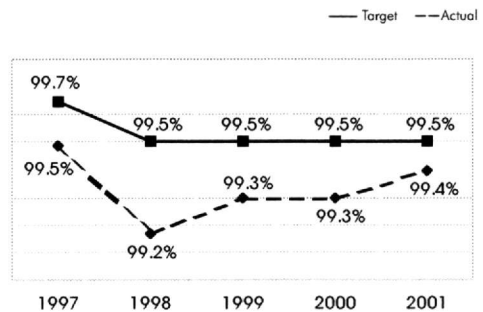
The agency attained the target for *Number of Animals Tested* in fiscal years 2000 and 2001. This measure is affected by several factors, including the number of racetracks in operation, the number of races held, and the number of days the racetracks operate.

SELECTED PERFORMANCE MEASURES

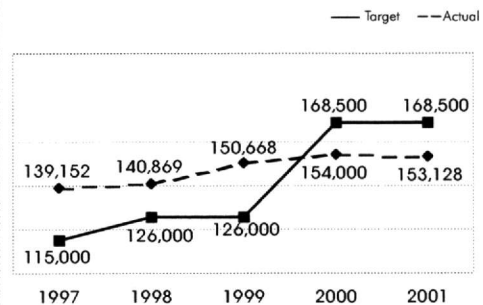
NUMBER OF DIAGNOSTIC SERVICES RENDERED



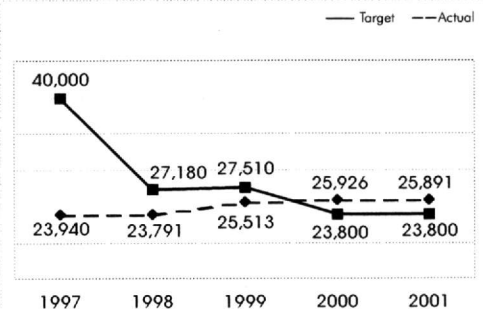
PERCENT OF ANIMALS TESTING DRUG-FREE



NUMBER OF CASES SUBMITTED AND EXAMINED



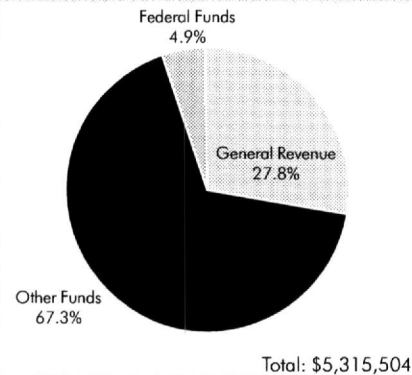
NUMBER OF ANIMALS TESTED



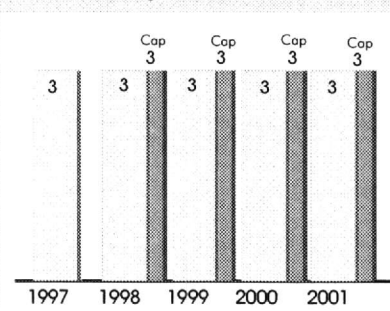
TEXAS FOOD AND FIBERS COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 27.8 percent of the agency's budgeted expenditures in fiscal year 2001.

Federal Funds constituted 4.9 percent of the agency's budgeted expenditures and Other Funds made up 67.3 percent of the agency's total budgeted expenditures. Approximately 60 percent of Other Funds was obtained from private, non-governmental sources.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A November 1996 *Small Agency Management Control Audit* issued by the State Auditor's Office reviewed four measures. All four measures had factors that prevented certification.

TEXAS FOOD AND FIBERS COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its four established key performance targets.

The agency attained or exceeded its single outcome target and two of its three output/efficiency targets.

The *Percent Change in the Dollar Volume of Projects Conducted* reflects the change in the dollar volume of projects from the previous biennium to the current biennium. These changes are calculated during the first year of each biennium. As anticipated, no additional increase occurred during fiscal year 2001.

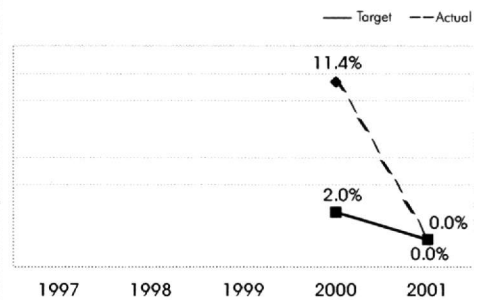
The fiscal year 2001 target for the *Number of Research and Development Projects* was not met due to the Industry Advisory Committee's recommendation that research dollars be allocated among the 44 most viable projects.

The *Number of Formal Published Research Reports* declined significantly in the last two fiscal years because of more stringent evaluative standards in determining whether a submission qualifies as a formal published report.

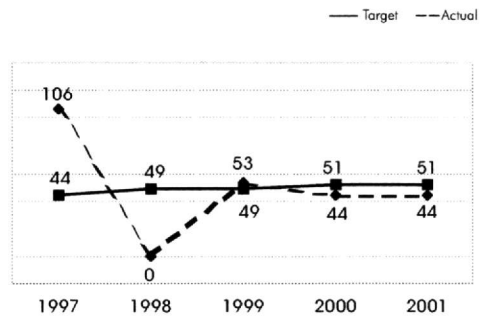
The agency exceeded the target for *Leverage Ratio of General Revenue to Other Research Funds* in four out of the last five fiscal years because participating universities were able to leverage more outside funds than anticipated.

SELECTED PERFORMANCE MEASURES

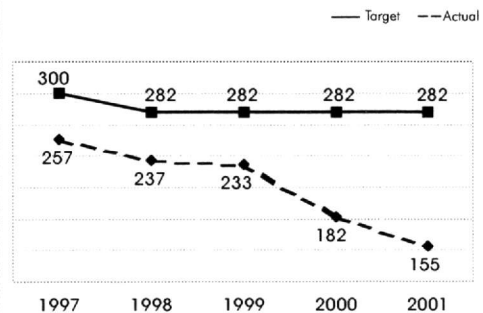
PERCENT CHANGE IN THE DOLLAR VOLUME OF PROJECTS CONDUCTED



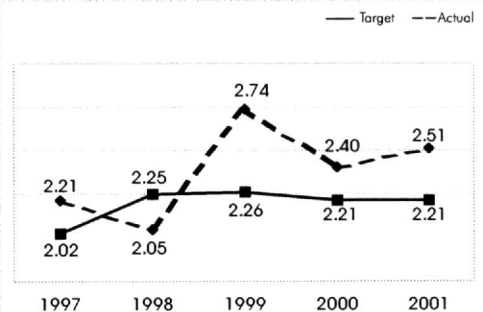
NUMBER OF RESEARCH AND DEVELOPMENT PROJECTS



NUMBER OF FORMAL PUBLISHED REPORTS



LEVERAGE RATIO OF GENERAL REVENUE TO OTHER RESEARCH FUNDS



THE JUDICIARY

FISCAL YEAR 2001 PERFORMANCE SUMMARY

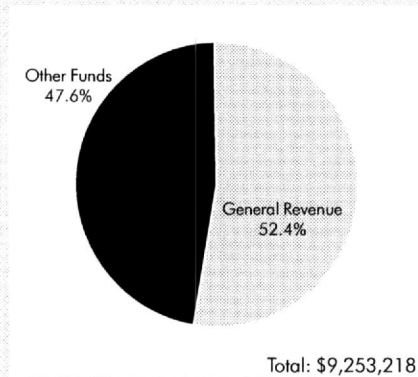
AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Supreme Court of Texas	50%	2
Court of Criminal Appeals	25	4
Court of Appeals Districts:		
First Court of Appeals District, Houston ²	100	3
Second Court of Appeals District, Fort Worth ²	100	3
Third Court of Appeals District, Austin ²	100	3
Fourth Court of Appeals District, San Antonio ²	100	3
Fifth Court of Appeals District, Dallas ²	100	3
Sixth Court of Appeals District, Texarkana ²	100	3
Seventh Court of Appeals District, Amarillo ²	100	3
Eighth Court of Appeals District, El Paso ²	66	3
Ninth Court of Appeals District, Beaumont ²	100	3
Tenth Court of Appeals District, Waco ²	66	3
Eleventh Court of Appeals District, Eastland ²	100	3
Twelfth Court of Appeals District, Tyler ²	100	3
Thirteenth Court of Appeals District, Corpus Christi ²	66	3
Fourteenth Court of Appeals District, Houston ²	100	3
Office of Court Administration, Texas Judicial Council	100	4
Office of the State Prosecuting Attorney	0	1
State Law Library	100	1
Court Reporters Certification Board	33	6
State Commission on Judicial Conduct	0	1

¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

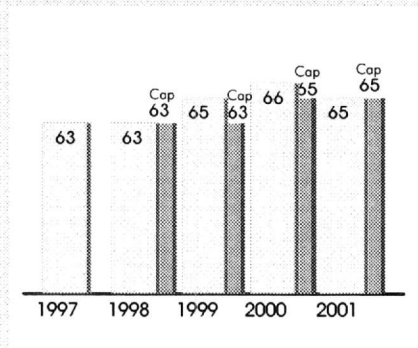
² A consolidated budget and performance summary was prepared for these courts beginning on page 136.

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

During fiscal year 2001, the court was responsible for managing two programs in addition to appellate court operations: Basic Civil Legal Services and the Metropolitan Court Backlog Reduction programs.

The court expended \$4 million in General Revenue Funds for staff salaries and operational expenses related to its primary mission of hearing final state appeals in civil and juvenile matters. This program accounted for 43.4 percent of total court expenditures.

Other Funds accounted for expenditures of \$4.4 million in the form of grants that were made to provide legal assistance to indigent individuals in civil matters. This program, which accounted for 47.1 percent of the court's fiscal year 2001 expenditures, was financed through a filing fee assessed on civil proceedings in Texas. Twenty-three nonprofit corporations were awarded grants in fiscal year 2001 to assist in civil matters involving indigents.

FULL-TIME-EQUIVALENT EMPLOYEES

Appellate courts are exempt from the cap for full-time-equivalent positions.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the Supreme Court of Texas were identified for fiscal year 2001.

A July 1996 *Audit Report on Performance Measures at 20 State Agencies and 1 Educational Institution* issued by the State Auditor's Office certified two measures reviewed without qualifications.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the court attained (within 5 percent) or exceeded 50 percent of its two established key performance targets.

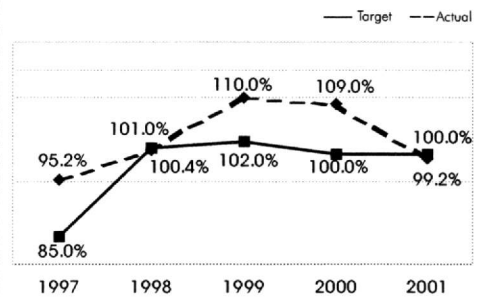
The court attained or exceeded its one outcome target, but did not attain its one efficiency target.

During fiscal year 2001, the court's *Disposition Rate* fell slightly below the targeted level. The performance of this measure over the past four years is indicative of clearing out older cases and reflects the court staying current with new filings.

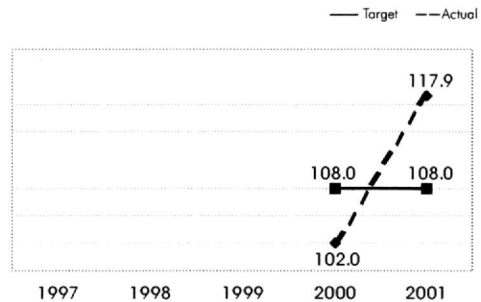
The increase in *Average Number of Days Since Filing of All Matters Pending* was negatively impacted by a nine-month vacancy of a justice position during fiscal year 2001.

SELECTED PERFORMANCE MEASURES

DISPOSITION RATE



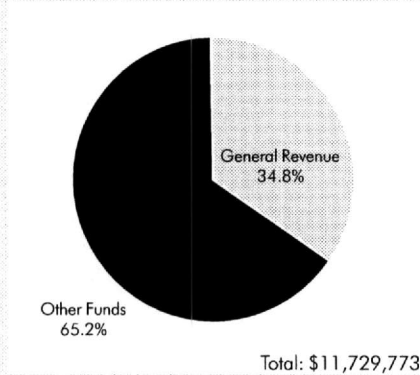
AVERAGE NUMBER OF DAYS SINCE FILING OF ALL MATTERS PENDING



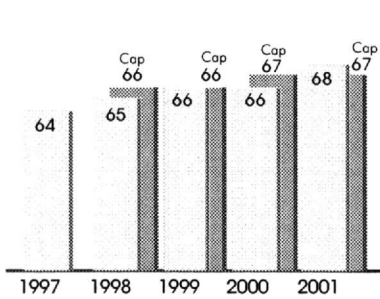
COURT OF CRIMINAL APPEALS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The court expended \$4.1 million in General Revenue Funds for staff salaries and operational expenses related to its primary mission of hearing final state appeals in criminal matters. General Revenue Fund expenditures accounted for 34.8 percent of the court's fiscal year 2001 budget.

Other Funds accounted for expenditures of \$7.6 million for the remaining 65.2 percent of the court's budget and was used to provide judicial education courses to just over 3,000 judges, nearly 1,700 prosecutor office personnel, and 536 defense attorneys.

Appropriations to the Court's Judicial and Court Personnel Training Program grew from \$4 million in fiscal year 1999 to \$7.9 million in fiscal year 2001 to provide increased educational opportunities to the state's judicial, prosecutorial, and constabulary staff.

FULL-TIME-EQUIVALENT EMPLOYEES

Appellate courts are exempt from the cap for full-time-equivalent positions.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A July 1996 *Audit Report on Performance Measures at 20 State Agencies and 1 Educational Institution* issued by the State Auditor's Office certified with qualifications all of the measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the court attained (within 5 percent) or exceeded 25 percent of its four established key performance targets.

The court did not attain or exceed either of its two outcome targets. The court attained or exceeded one of its two output/efficiency targets.

For the three measures in which the targets were not met for fiscal year 2001, judicial turnover and elections were major contributing factors. During fiscal year 2001, two new judges were added to the bench; two judges retired, including the presiding judge; and two incumbent judges were campaigning for the seat of presiding judge.

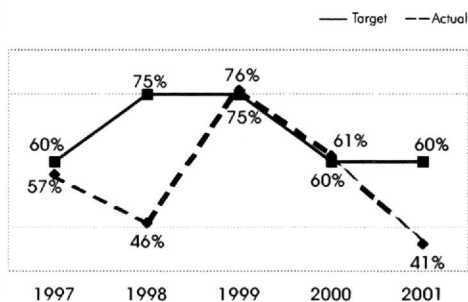
Performance as it relates to the *Disposition Rate for Petitions for Discretionary Review which Are Granted* was affected by the court's process in which many of the petitions for discretionary review are granted towards the end of the fiscal year, thereby leaving them pending for final disposition after the court returns from summer recess.

Performance as it relates to the *Disposition Rate for Death Penalty Cases* was impacted by the complexity of this class of case, as these cases are automatically appealed to the court from the trial court level rather than passing through an intermediate court of appeals.

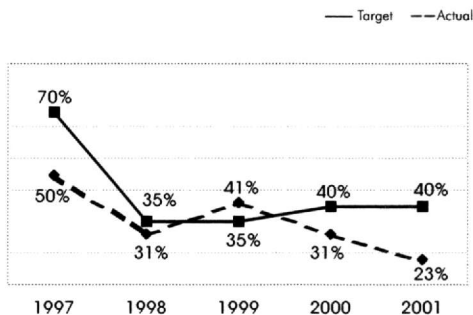
The court met its target for *Average Time (In Days) from the Time Filed Until Disposition for Petitions for Discretionary Review* primarily as a result of efforts by the two departing judges to clear up all cases to which they were assigned in order to leave a blank docket for the two new judges.

SELECTED PERFORMANCE MEASURES

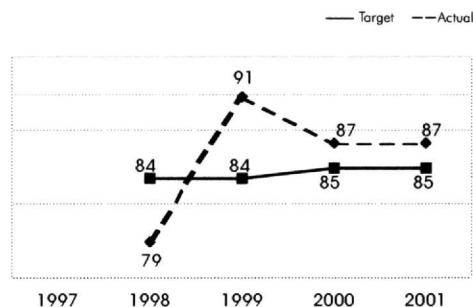
DISPOSITION RATE FOR PETITIONS FOR DISCRETIONARY REVIEW WHICH ARE GRANTED



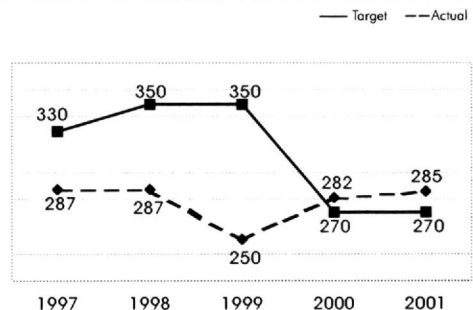
DISPOSITION RATE FOR DEATH PENALTY CASES



AVERAGE TIME (IN DAYS) FROM THE TIME FILED UNTIL DISPOSITION FOR PETITIONS FOR DISCRETIONARY REVIEW



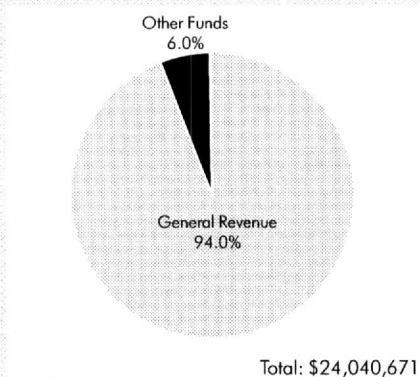
AVERAGE TIME (IN DAYS) FROM THE TIME PETITIONS FOR DISCRETIONARY REVIEW ARE GRANTED UNTIL DISPOSITION



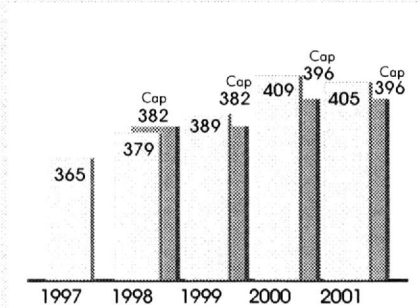
COURT OF APPEALS DISTRICTS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Fifth Court of Appeals District, Dallas:
 Charles Matz
 Computer consulting
 \$25,000

Tenth Court of Appeals District, Waco:
 Gordon W. Wilson AIA, Architect Planners, Inc. *
 Architectural services for renovation
 \$20,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

All 14 courts of appeals, with the exception of the Third District in Austin, are supported with a combination of state and local funding sources. The Third District Court of Appeals is entirely funded by the state.

The sources of state funding for the appellate courts include General Revenue Funds, Appropriated Receipts, and interagency contracts. State funding for the courts provide for staff salaries, other personnel costs, and operating costs.

Local governments typically provide the office space in which the court resides, salary supplements for the justices, and in some cases, facility upkeep and renovation. Some local governments choose to provide other services such as court security and records storage.

FULL-TIME-EQUIVALENT EMPLOYEES

Appellate courts are exempt from the cap on full-time-equivalent positions.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the courts of appeals were identified for fiscal year 2001.

A March 1997 audit report on *Financial Controls & Performance Measures at the Courts of Appeals & Other Judicial Branch Agencies* issued by the State Auditor's Office certified without qualifications 24 of the 28 measures reviewed for the 14 District Courts. Performance reporting was not consistent across the courts due to vague performance measure definitions and different interpretations of those definitions. Since this audit, the courts, with the assistance of the Legislative Budget Board, have standardized the definitions and interpretations of the performance measures across all 14 courts.

PERFORMANCE HIGHLIGHTS

The appellate courts are exempted from state strategic planning requirements; however, all 14 appellate courts have three outcome measures used as indicators of timeliness in clearing cases on the court's docket.

The Selected Performance Measures graphs on the right show the average performance and average target of all 14 appellate courts and are not an indicator of the performance of any individual court.

During the 2000–01 biennium, performance targets were slightly adjusted for the three largest metropolitan appellate courts that were working on an extensive backlog of cases. Analysis of the performance measures reveals the impact that the Metropolitan Backlog Reduction Program had on the measures: *Clearance Rate* increased drastically in fiscal year 2001, while *Average Percent of Cases Filed but not yet Disposed for more than 24 Months* showed marked improvement over the performance of the previous biennium.

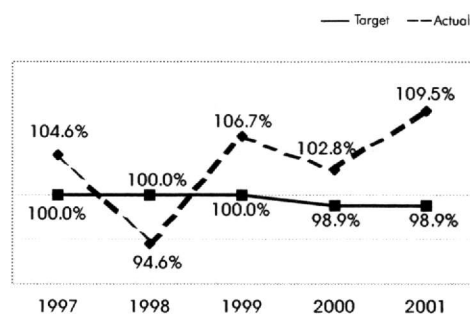
The *Average Percent of Cases under Submission for More than 12 Months* increased from the 1998–99 biennial level mainly because the three largest courts focused resources on clearing out the oldest cases first in conformance with the standards of the Metropolitan Backlog Reduction Program.

During fiscal year 2001, the courts disposed of 13,127 cases. Of those cases, 5,516 were civil cases and the remaining 7,611 were criminal cases.

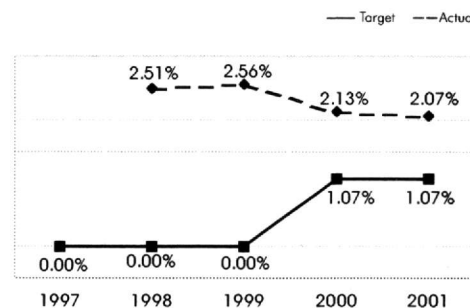
In general there are several factors that often cause an individual court not to achieve or exceed the targeted level. These factors are often related to vacancies, election contests, and case complexity. Furthermore, the transfer of cases between courts tends to impact the receiving court negatively and the transferring court positively on performance as it relates to the clearance rate.

SELECTED PERFORMANCE MEASURES

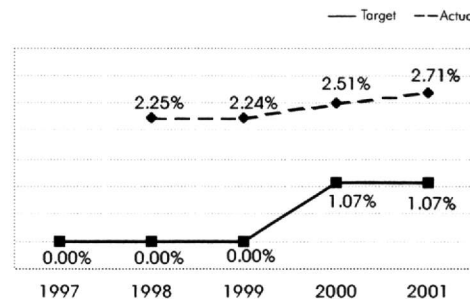
CLEARANCE RATE



AVERAGE PERCENT OF CASES FILED BUT NOT YET DISPOSED FOR MORE THAN 24 MONTHS

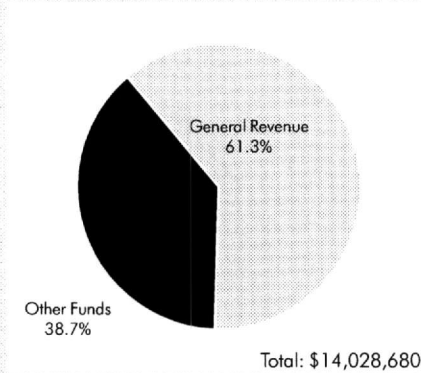


AVERAGE PERCENT OF CASES UNDER SUBMISSION FOR MORE THAN 12 MONTHS

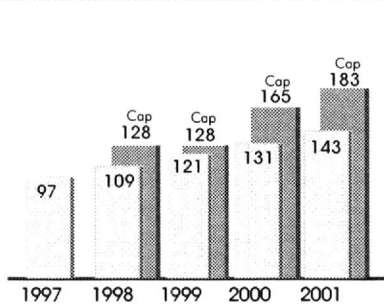


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Compaq Computer Corporation *
 Equipment lease
 \$1,060,359
 KPMG Consulting, LLC
 Database services
 \$350,000
 Leapnet, Inc. *
 Project coordinator
 \$250,500
 BTG
 Contingency business operations plan
 \$27,850

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency expended 33.3 percent of its funds for the Title IV-D Masters and Assistants Program in fiscal year 2001. The purpose of the Title IV-D program is to administer child support cases. This program is operated through an interagency contract between the agency and the Office of the Attorney General.

Seventeen percent of the agency's expenditures were spent on the *Court Administration* strategy, which provides for general research and services, long-range planning, legal counsel, and trend analysis for the Texas Judiciary. Another 41.9 percent of expenditures was spent on the *Judicial Committee on Information Technology* strategy, with the primary goal of providing information technology services to Texas courts of every level.

During fiscal year 2001, the agency expended \$0.8 million in General Revenue Funds to implement the provisions of Senate Bill 1735, Seventy-sixth Legislature, 1999, by creating or funding eight foster care courts. These courts are located in Uvalde, Conroe, Edinburg, New Braunfels, Laredo, Quitman, Lubbock and Orange.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency was authorized to hire 36 court monitors in fiscal years 2000 and 2001; however, the agency implemented the court monitor program on a pilot project basis, resulting in only two monitors being hired.

RELATED REPORTS AND REVIEWS

An August 2001 audit report entitled *Report on 19 Agencies' Compliance with HUB Requirements* issued by the State Auditor's Office (SAO) revealed that the agency was unable to identify Historically Underutilized Business (HUB) coordinator job responsibilities, did not sponsor HUB forums, and had no process to determine if contractors were making a "good faith effort." The agency reported that two of these issues were resolved by September 2001, and they are planning to sponsor HUB forums beginning in 2002 to resolve the final issue.

A May 2000 report on *Performance Measures at 11 State Agencies* issued by the SAO certified one measure with qualifications and found another measure to be inaccurate. The audit found that the agency should document its reviews of performance measure data.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its four established key performance targets.

The agency attained or exceeded both of its outcome targets and both of its output/efficiency targets.

Collections Programs Implemented/Expanded encompasses four collection programs that have been implemented in Bowie, Comal, Jack, and Hidalgo counties. Additionally, the program expanded into Randall County and the City of Rockport, enabling the agency to achieve its targeted performance. The collections programs, which were first implemented in September 1996 in Brazoria County, are designed to increase the receipt of court costs, fines, and fees that would otherwise become delinquent and go uncollected.

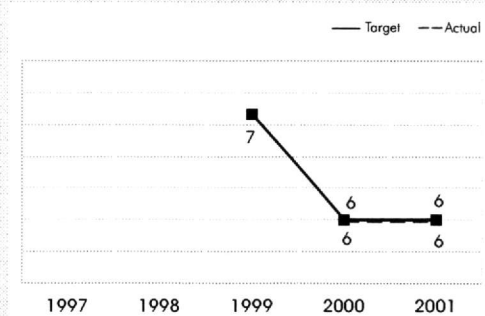
The agency met the target for *Number of Technology Pilot Projects Initiated* in fiscal year 2001 after failing to achieve the target during fiscal year 2000. After initiating one technology project in fiscal year 2000, the agency put all new projects on hold pending comprehensive reviews by a project coordinator consultant and the State Auditor's Office. These reviews, having been completed by the end of fiscal year 2000, allowed the agency to achieve targeted performance during fiscal year 2001.

The agency has consistently exceeded the targeted performance for *Number of Hours of Legal Research for Customers*. The agency explains the upward trend of performance as a result of the increase in legal reviews done to determine the impact of newly enacted legislation on the agency, the Judicial Committee on Information Technology, and the Judiciary in general.

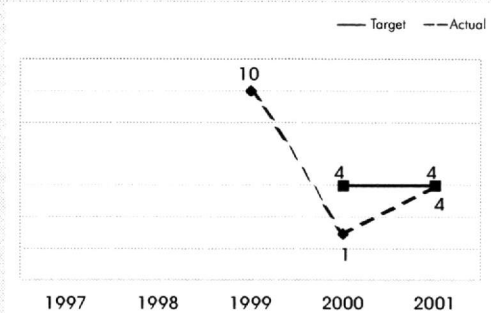
The agency manages appropriations related to the transfer of cases between the 14 intermediate appellate courts to achieve equalization. During fiscal year 2001, the agency expended almost \$34,000 to facilitate the transfer of 981 cases. The transfer of these cases supported the Texas Supreme Court's efforts to comply with its appropriations rider directing equalization of the appellate courts within 10 percent with a performance of 94.4 percent.

SELECTED PERFORMANCE MEASURES

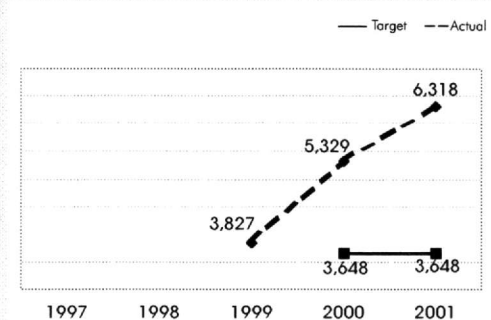
COLLECTIONS PROGRAMS IMPLEMENTED/EXPANDED



NUMBER OF TECHNOLOGY PILOT PROJECTS INITIATED



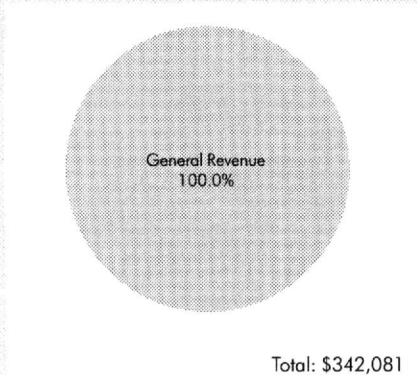
NUMBER OF HOURS OF LEGAL RESEARCH FOR CUSTOMERS



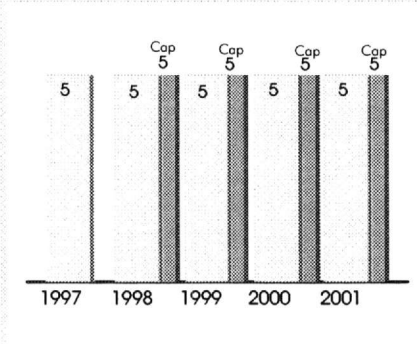
OFFICE OF THE STATE PROSECUTING ATTORNEY

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency is funded entirely through General Revenue Funds, and its appropriations have remained relatively constant over the last several biennia. Approximately 89.8 percent of the agency's annual budget was for salaries and other personnel-related costs in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 State Auditor's Office *Report on Performance Measures at 11 State Agencies* certified two fiscal year 1999 measures with qualifications. The report noted concerns about written procedures for the collection, review, and approval of performance measure data. The agency immediately developed and implemented written procedures that addressed the collection, review, and approval of performance measure data. A procedure was also established that requires written approval of performance measure data before entries are closed in the Automated Budget and Evaluation System of Texas.

PERFORMANCE HIGHLIGHTS

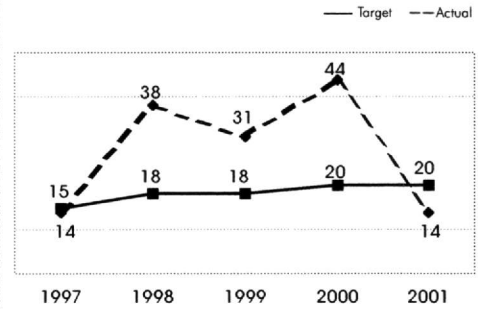
During fiscal year 2001, the agency did not attain (within 5 percent) or exceed its single established key performance target.

The agency did not attain its single outcome target and did not have output/efficiency targets for fiscal year 2001.

The target for *Petitions for Discretionary Review Granted by the Court of Criminal Appeals* was not met because of a decrease in the number of petitions from all sources that were disposed by the court in fiscal year 2001. Of the total petitions disposed, 35 percent fewer were granted by the court as compared to fiscal year 2000. Thirty-five of the 55 petitions that were filed in fiscal year 2001 remained pending in the Court of Criminal Appeals at the end of the fiscal year.

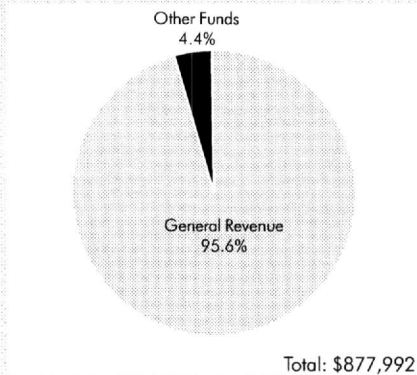
SELECTED PERFORMANCE MEASURES

PETITIONS FOR DISCRETIONARY REVIEW GRANTED BY THE COURT OF CRIMINAL APPEALS

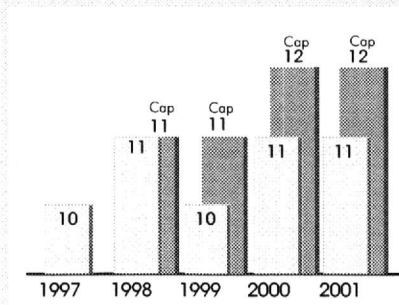


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 95.6 percent of the agency's budget in fiscal year 2001.

Other Fund expenditures (4.4 percent) represent monies the agency collects through fee-based services such as photocopying, faxing, computer searches, and circulation charges.

As part of a consortium with the Texas State Library and Archives, the agency implemented a new integrated library computer system. The system handles cataloging, circulation, and tracking of library materials.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap of 11.5 full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 State Auditor's Office *Audit Report on Performance Measures: Phase 12* found factors preventing certification for both measures audited. Summary documents were not sufficiently complete to allow for recalculation and sampling. The agency is currently working toward having the documentation done automatically as a report feature from the integrated library system. In the interim, the agency either prints the screen information for titles added or makes detailed lists of titles added with the classification numbers.

PERFORMANCE HIGHLIGHTS

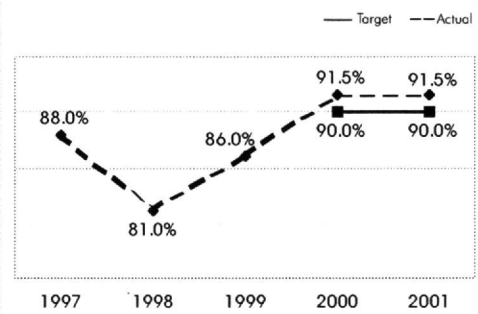
During fiscal year 2001, the agency attained (within 5 percent) or exceeded its single established key performance target.

The agency did not have any output/efficiency targets in fiscal year 2001.

The agency slightly exceeded its target for *Percent of Positive Evaluations of Library Service by Library Users* in fiscal year 2001. The actual performance of 91.5 percent in both years of the 2000–01 biennium was the highest level over the past five years, and the agency attributed this to having a knowledgeable staff and providing extended hours to its customers beyond regular 8:00 AM to 5:00 PM business hours. Beginning in September 1999, the agency’s operating hours became 8:00 AM to 7:00 PM, Monday through Thursday, and 8:00 AM to 6:00 PM on Friday.

SELECTED PERFORMANCE MEASURES

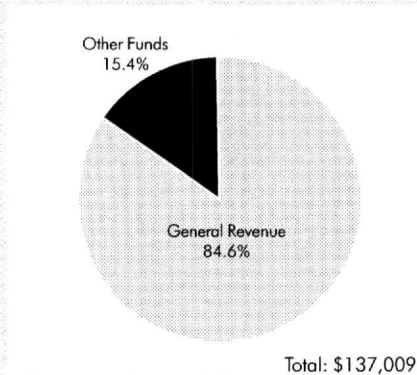
PERCENT OF POSITIVE EVALUATIONS OF LIBRARY SERVICE BY LIBRARY USERS



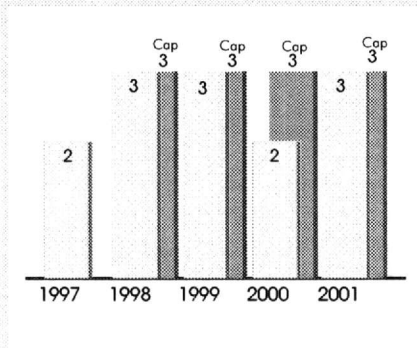
COURT REPORTERS CERTIFICATION BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 84.6 percent of the agency's expenditures in fiscal year 2001. A Governor's Deficiency Grant for operating expenses accounted for most of the agency's remaining expenditures.

The agency supports its appropriations, as well as direct and indirect costs, through the collection of fines, fees and other miscellaneous revenue.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1997 report on *Financial Controls & Performance Measures at Courts of Appeals and Other Judicial Branch Agencies* issued by the State Auditor's Office certified two of three measures audited. The other measure was inaccurate.

COURT REPORTERS CERTIFICATION BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 33 percent of its six established key performance targets.

The agency attained or exceeded one of its two outcome targets and one of its four output/efficiency targets.

Over the past five fiscal years, the agency has consistently met its target for *Percent of Licensees with No Recent Violations*.

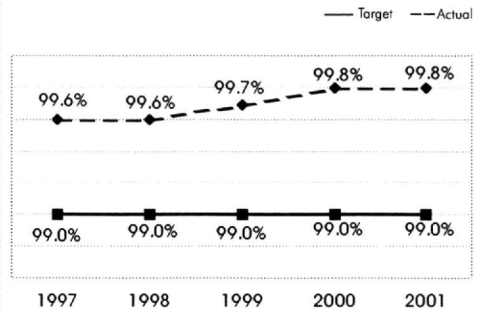
The fiscal year 2001 target for *Number of New Licenses Issued to Individuals* was not attained because there were fewer applicants for examination than anticipated, therefore, fewer oral and written examinations were administered. The examination was offered the same number of times in fiscal years 2000 and 2001. One of the contributing factors to the decline was the number of other occupations that have evolved over the decade at equal or higher salary levels, such as technology jobs. The agency eliminated the "Sit-Out Rule" effective fiscal year 2002, whereby an applicant who fails the oral examination three times in a row has to sit out every other test until the exam is passed.

Over the past five years, the agency has consistently exceeded its target for *Number of Complaints Resolved*. A heightened awareness by the public of the complaint function resulted in a 44 percent increase in complaints filed against court reporters. There were no backlogs and only two complaints were left pending for fiscal year 2001.

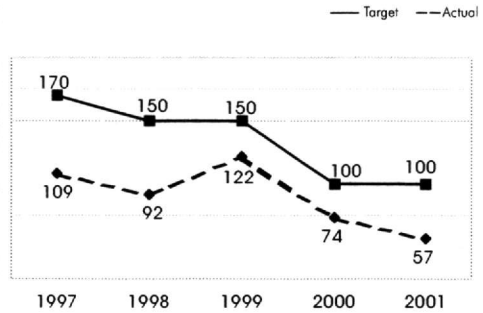
The target for *Percent of Complaints Resulting in Disciplinary Action* was not attained because a larger than usual number of complaints was filed that were not considered a violation of the agency's governing statute and, therefore, did not require disciplinary action by the agency.

SELECTED PERFORMANCE MEASURES

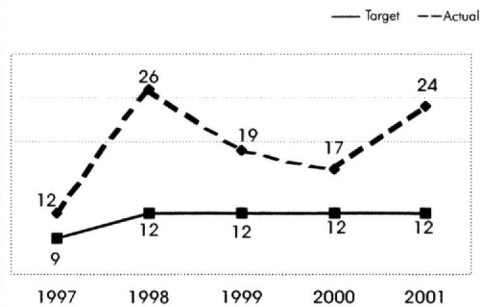
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



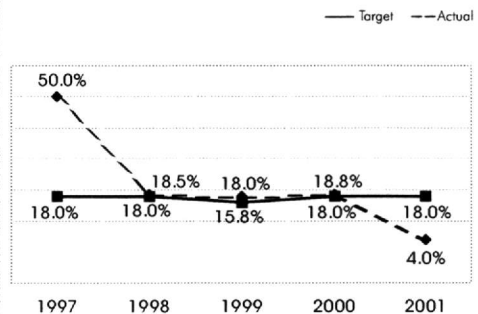
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



NUMBER OF COMPLAINTS RESOLVED



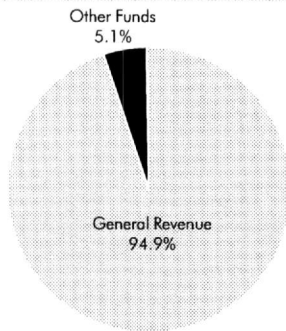
PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION



STATE COMMISSION ON JUDICIAL CONDUCT

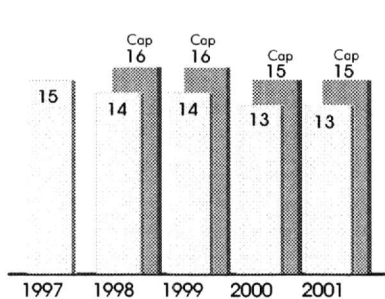
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$702,577

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Austin Ribbon & Computer Supplies, Inc. *
Computer workstations
\$23,338

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Other Funds expenditures (\$36,086) represent a grant from the Court of Criminal Appeals to initiate a Judicial Diversion (Amicus Curiae) Program, designed to aid judges needing services for problems with alcohol, chemical dependency, mental illness, or other areas.

The agency lapsed \$104,288 in fiscal year 2001 because of turnover in full-time-equivalent (FTE) positions and position vacancies.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for FTE positions for fiscal year 2001. The agency experienced a 70 percent turnover rate in positions in fiscal year 2001, and operated with two FTEs fewer than the approved cap in both fiscal years 2000 and 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A July 1996 *Audit Report on Performance Measures* issued by the State Auditor's Office certified with qualifications all three of the measures reviewed.

STATE COMMISSION ON JUDICIAL CONDUCT

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency did not attain (within 5 percent) or exceed its single established key performance target.

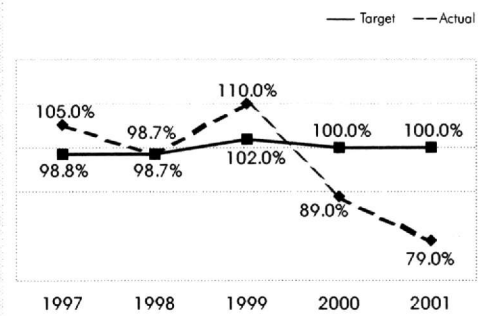
The agency did not attain its single outcome target. The agency did not have an output/efficiency target during fiscal year 2001.

The target for *Percentage of Complaints Disposed* was not attained because of an increase in the number of cases filed. Actual case dispositions were within the normal range of dispositions for the agency.

There were 1,123 cases filed in fiscal year 2001, a 22 percent increase over the average of 920 cases filed in the previous four fiscal years. The number of case dispositions in fiscal year 2001, which was 885, was a small decrease from the average of 912 cases disposed in the previous four fiscal years. The high FTE turnover rate may have had an impact on the agency's level of attainment for the outcome measure.

SELECTED PERFORMANCE MEASURES

PERCENTAGE OF COMPLAINTS DISPOSED



PUBLIC SAFETY AND CRIMINAL JUSTICE

FISCAL YEAR 2001 PERFORMANCE SUMMARY

AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Adjutant General's Department	43%	7
Alcoholic Beverage Commission	75	8
Department of Criminal Justice	87	23
Criminal Justice Policy Council	100	3
Commission on Fire Protection	50	4
Commission on Jail Standards	100	6
Juvenile Probation Commission	70	10
Commission on Law Enforcement Officer Standards and Education	100	7
Texas Military Facilities Commission	100	1
Polygraph Examiners Board ²	57	7
Texas Commission on Private Security	63	8
Department of Public Safety	61	18
Youth Commission	47	17

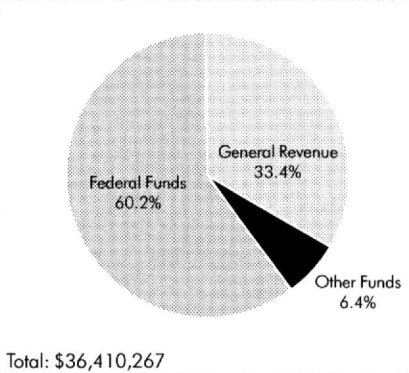
¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

² An individual budget and performance summary was not prepared for this agency.

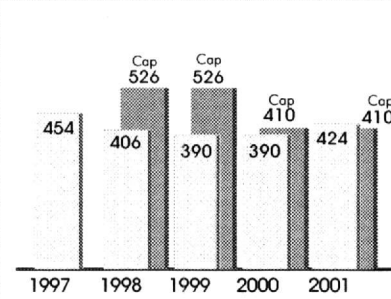
ADJUTANT GENERAL'S DEPARTMENT

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- G. Creek Inc. *
Construction of a new work bay
\$564,823
- PrimeStore, Inc. *
Renovation of Building 41, Camp Mabry
\$291,112
- W. S. Walker Co. *
Remodeling at Camp Mabry
\$280,000
- Barecky Construction Co. *
Roof replacement at Camp Mabry
\$162,063

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 33.4 percent of the agency's expenditures in fiscal year 2001.

Federal Funds constituted 60.2 percent of the agency's state expenditures in fiscal year 2001. The agency also manages other federal funds (Federal Direct Funds) that are paid directly by the federal government to Texas National Guard personnel and others. In fiscal year 2001, these Federal Direct Funds totaled \$336.6 million and supported approximately 3,100 full-time-equivalent (FTE) federal positions and 19,800 Texas guard members.

The agency's main expenditure in fiscal year 2001 provided for a professional, responsive military force. The agency expended approximately 29 percent of its fiscal year 2001 state budget to provide facilities, training, and maintenance and to pursue facilities and equipment modernization.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency exceeded its cap for FTE positions for fiscal year 2001. The 14 positions above the cap were authorized by rider in the agency's appropriations bill pattern, which allows the agency additional FTEs for projects that are 100 percent federally funded.

RELATED REPORTS AND REVIEWS

A State Auditor's Office (SAO) August 2001 *Report on 19 Agencies' Compliance with HUB Requirements* surveyed the agency's implementation of Historically Underutilized Business (HUB) procedures. The agency's response to the survey indicated that the agency did not comply with the revised HUB requirements, was unable to identify HUB coordinator job responsibilities, did not sponsor HUB forums, and had no monthly internal reports. The agency did make a good faith effort to comply with HUB requirements.

An April 1999 *Audit of Management Controls* issued by the State Auditor's Office certified with qualifications three of the four measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 43 percent of its seven established key performance targets.

The agency attained or exceeded one of its two outcome targets and two of its five output/efficiency targets.

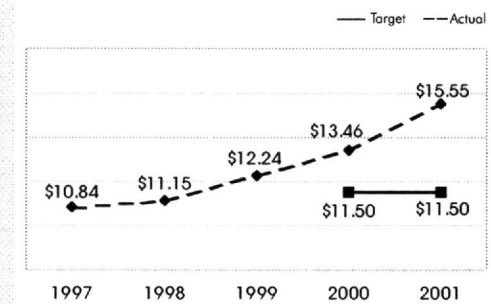
In fiscal year 2001, the targets for *Average Cost of State Support per Guardsperson Completing Training* and *Average State Cost for Maintaining Equipment per Guardsperson* were not met. The cost of maintaining equipment per guardsperson was 41 percent higher than the 2001 projection, and the average cost of state support per guardsperson completing training was 35 percent above the 2001 target. The targets were not met, primarily, because of an increase in expenditures related to the federally funded program for maintaining and updating electronic security systems at Texas National Guard facilities.

The agency met the target for *Total Maintenance Cost per Square Foot for Buildings Not on Commission Property*. Approximately 4.3 million square feet of facilities are maintained. The facilities include federal armories, maintenance and storage areas, troop billets, administration buildings, and other structures. Generally, the repairs were 75 percent federally reimbursed and 25 percent General Revenue funded.

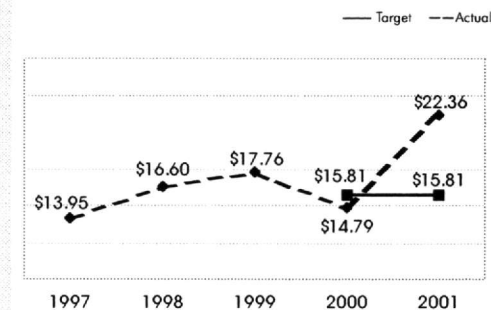
The agency failed to meet the target for *Utilities Cost per Square Foot, All Buildings* in fiscal year 2001. The cost was 16 percent higher than the annual projection of \$0.73 because of an increase in the cost of gas. The agency indicated the cost of gas, compared to fiscal year 2000, increased by 150 percent. Additionally, the agency has facilities across the state and a colder winter in some areas resulted in increased gas usage. The agency was appropriated an additional \$600,000, to be transferred from the General Services Commission's unexpended balances, for the remainder of fiscal year 2001 for the purpose of paying utility costs.

SELECTED PERFORMANCE MEASURES

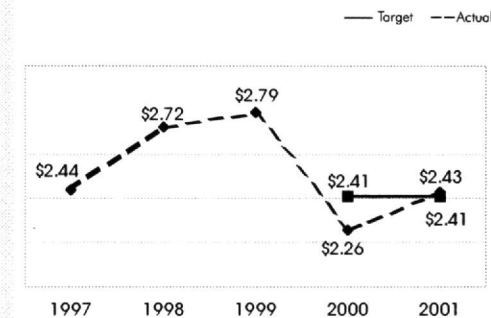
AVERAGE COST OF STATE SUPPORT PER GUARDSPERSON COMPLETING TRAINING



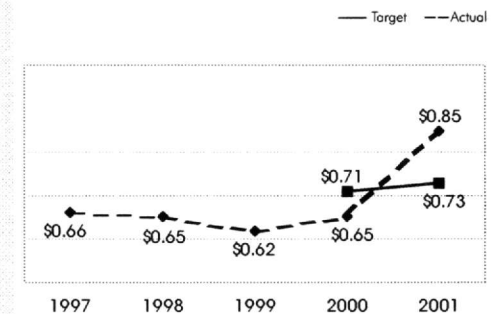
AVERAGE STATE COST FOR MAINTAINING EQUIPMENT PER GUARDSPERSON



TOTAL MAINTENANCE COST PER SQUARE FOOT FOR BUILDINGS NOT ON COMMISSION PROPERTY



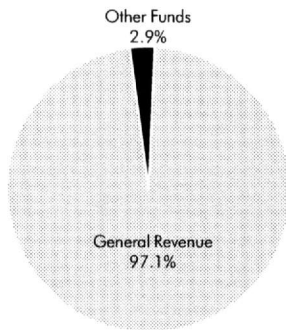
UTILITIES COST PER SQUARE FOOT, ALL BUILDINGS



ALCOHOLIC BEVERAGE COMMISSION

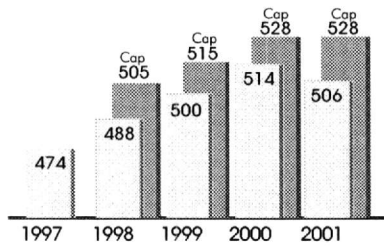
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$25,028,982

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Russell Gregorzyck, CPA
Internal auditing services
\$50,000
Lehman McLeskey
Executive search firm
\$25,000

LAWSUITS REPORTED, 2000-01

Nine lawsuits with a specified potential liability amount totalling **\$750,000**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 97.1 percent of the agency's expenditures in fiscal year 2001.

The detection and deterrence of violations of the Alcoholic Beverage Code made up 62.4 percent of the agency's expenditures.

The agency supports its appropriations, as well as direct and indirect costs, through the collection of fines, fees, and other revenue.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A February 1996 report on *Performance Measures at 21 State Agencies and 1 Educational Institution* certified all three measures audited.

ALCOHOLIC BEVERAGE COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its eight established key performance targets.

The agency attained or exceeded all three of its outcome targets and three of its five output/efficiency targets.

The fiscal year 2001 target for *Number of Inspections Made* was not attained because more time was devoted to educational projects than originally projected and the number of inspection agents was lower than expected as a result of delays in hiring. Inspections include routine compliance checks, surveillance, undercover operations, and visits made in conjunction with ongoing complaint investigations.

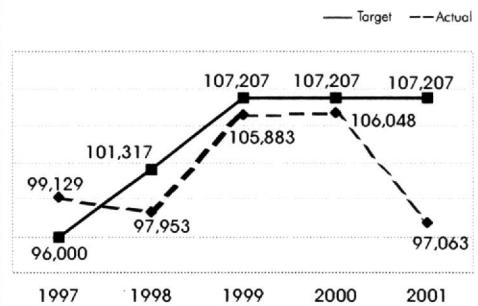
The *Average Cost per Inspection* was higher than targeted because of the lower number of inspections made and increased costs associated with pay raises for commissioned peace officers. *Average Cost per Inspection* has increased steadily over the past five fiscal years.

The *Percent of Original License/Permit Applications Processed within 14 Days* has exceeded 95 percent for the past five fiscal years and exceeded 99 percent in fiscal year 2001. The agency prioritizes the processing of original licenses and permits to allow new businesses to open. The amount of time required for processing is calculated from the date the application is received until the license/permit is issued or deficiencies are communicated to the applicant.

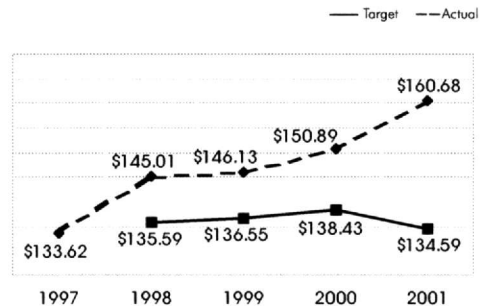
The *Percent of Agency Contacts Expressing Satisfaction with Compliance Functions* has exceeded 97 percent for the past five fiscal years. The agency uses a survey to gather data on its compliance operations. The survey is given to all permittees/licenseses at the close of an analysis or compliance audit. Management uses the data to determine areas that need improvement and how to implement improved processes and procedures. In fiscal year 1997, this was not a key measure and a target performance level was not assigned.

SELECTED PERFORMANCE MEASURES

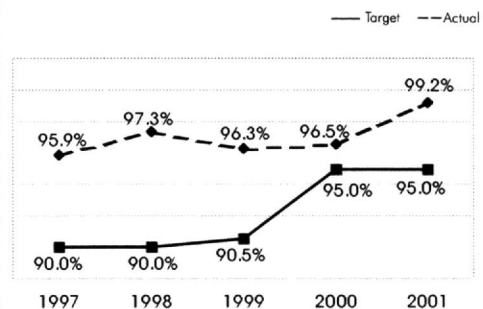
NUMBER OF INSPECTIONS MADE



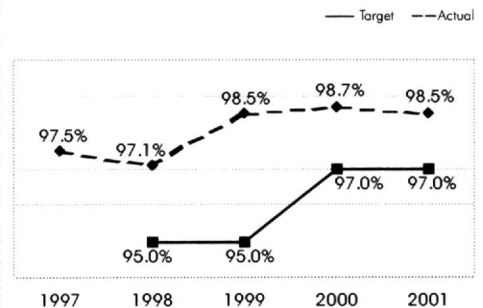
AVERAGE COST PER INSPECTION



PERCENT OF ORIGINAL LICENSE/PERMIT APPLICATIONS PROCESSED WITHIN 14 DAYS



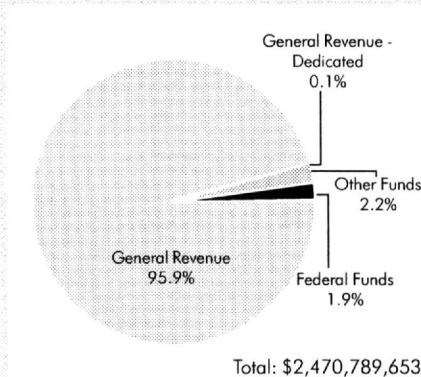
PERCENT OF AGENCY CONTACTS EXPRESSING SATISFACTION WITH COMPLIANCE FUNCTIONS



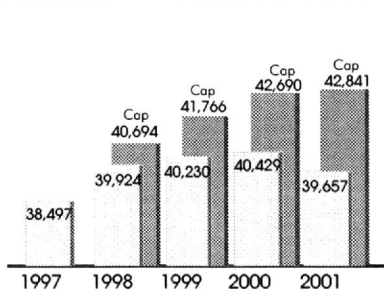
DEPARTMENT OF CRIMINAL JUSTICE

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Sapient Corporation *
Reengineering project
\$26,696,909
- Brown & Root, Inc. *
Construction services
\$25,000,000
- PI Construction Co. *
Construction services
\$25,000,000
- Lee Lewis Construction, Inc. *
Construction services
\$24,729,830

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

72 lawsuits with a specified potential liability amount totalling **\$48,481,201**.

BUDGET HIGHLIGHTS

General Revenue and General Revenue–Dedicated Funds accounted for 96 percent of the agency’s \$2.5 billion in expenditures in fiscal year 2001. The expenditures were primarily for the custody, care, and/or supervision of offenders under parole supervision, individuals under community supervision (adult probation), and offenders incarcerated within the agency’s correctional institutions and contract facilities.

The agency’s expenses related to incarcerating offenders accounted for more than 81.6 percent (\$2 billion) of the agency’s total 2001 expenditures. Three operational areas constituted the majority of expenditures related to the care and custody of incarcerated offenders: providing security and a classification system (\$866.7 million), providing necessary institutional goods and services (\$438.9 million), and maintaining a managed health care program for inmates (\$284.5 million).

As a result of House Bill 1333, Seventy-seventh Legislature, 2001, the agency received \$109.3 million in supplemental General Revenue/General Revenue–Dedicated appropriations for 2001 to address expenditures related to operating additional prison capacity, contracting with counties for temporary prison capacity, and adjusting a correctional personnel career ladder.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

The Accuracy of Criminal Justice Information System (CJIS) Data at the Department of Public Safety and the Department of Criminal Justice issued in December 2001 by the State Auditor’s Office (SAO) found that, overall, controls to ensure the completeness and accuracy of CJIS data were stronger than they were five years before, and the agency should continue efforts to address all statutory requirements of the system and to further strengthen information technology controls.

A February 2001 *Correctional Officer Staffing* report issued by the SAO found that the shortage of correctional officers (CO) is increasing, most newly promoted sergeants do not receive sufficient management training, and one in four COs does not receive the required 40 hours of in-service training. The report recommends that the agency explore new options to increase retention of experienced correctional officers.

The August 2001 *Performance Measures At 12 State Entities* by the SAO certified none of the seven measures audited for fiscal year 2000 and none of the four measures audited for the first quarter of fiscal year 2001; however, eight of the 11 were certified with qualification and the remaining three had factors that prevented certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 87 percent of its 23 established key performance targets.

The agency attained or exceeded all four of its outcome targets and 16 of its 19 output/efficiency targets.

The *Felony Community Supervision Annual Revocation Rate* increased from fiscal year 1997 through fiscal year 2000; however, the rate decreased in fiscal year 2001 and was lower than the projected target. Offenders are placed on felony community supervision by local district judges and are supervised by local community supervision and corrections departments (121 departments statewide) whose operations are partially state-funded through the agency.

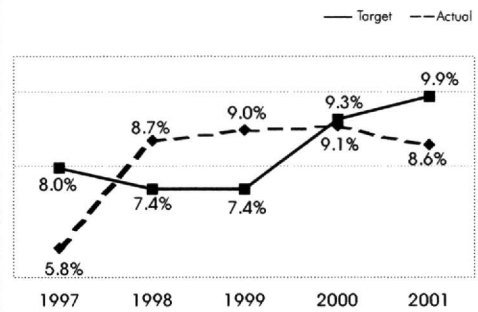
The agency's *Three-year Recidivism Rate* was less than what was projected for fiscal year 2001. This recidivism rate is the percentage of offenders released from the agency's Institutional Division to parole or mandatory supervision that are revoked and/or returned to the agency's Institutional Division within 36 months of release. The decreases since fiscal year 1997 are attributed to an increased use of alternatives to incarceration and a decrease in revocations for technical parole violations.

The *Medical Care Cost per Inmate per Day* has risen annually since fiscal year 1997, with fiscal year 2001 costs being within the targeted level. Inmates incarcerated within the agency's penal institutions are provided health care through a contractual arrangement with University of Texas Medical Branch at Galveston and Texas Tech Health Sciences Center. The Correctional Managed Health Care Committee, by statute, provides oversight for the contractual health care services.

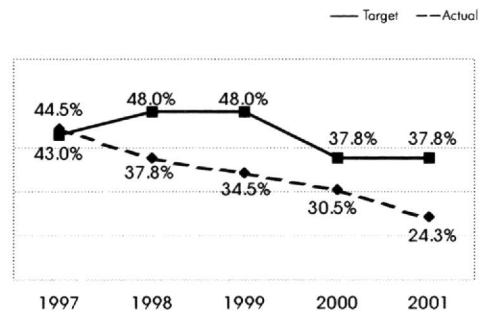
During fiscal year 1998, the number of offenders sentenced to the agency's penal institutions surpassed the agency's incarceration capacity, resulting in the agency contracting with counties for correctional beds to confine felony offenders. Projections for the 2000–01 biennium indicated the need for contractual correctional bed capacity could be phased out in fiscal year 2000. In reality, the demand for prison admissions grew beyond projections, thereby increasing the *Average Number of Inmates in Contractual Correctional Bed Capacity* higher than targeted levels for fiscal years 2000 and 2001.

SELECTED PERFORMANCE MEASURES

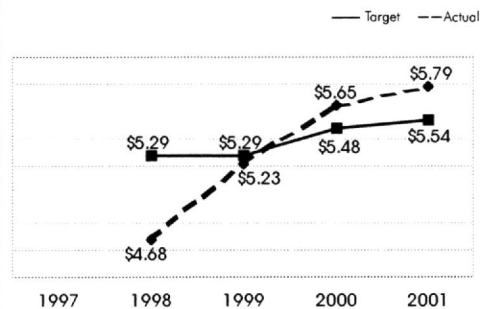
FELONY COMMUNITY SUPERVISION ANNUAL REVOCATION RATE



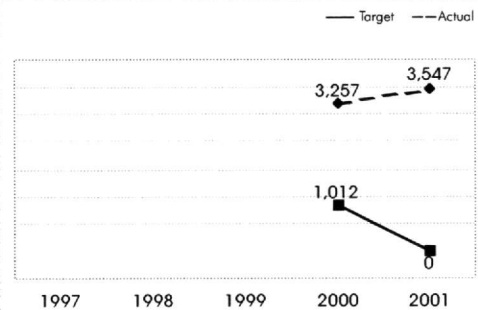
THREE-YEAR RECIDIVISM RATE



MEDICAL CARE COST PER INMATE PER DAY



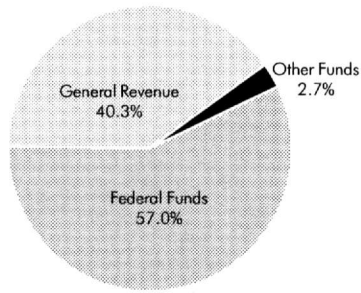
AVERAGE NUMBER OF INMATES IN CONTRACTUAL CORRECTIONAL BED CAPACITY



CRIMINAL JUSTICE POLICY COUNCIL

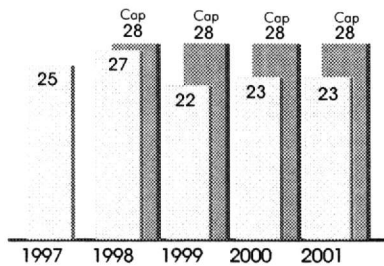
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$2,991,713

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 40.3 percent of the agency's expenditures in fiscal year 2001.

Federal Funds accounted for 57 percent of the agency's expenditures. The majority of these funds were for the National Criminal History Improvement Program. This is a competitive discretionary grant to improve reporting and processing of computerized criminal history information at the Texas Department of Public Safety (DPS). The majority of these funds are passed through to DPS and local jurisdictions.

The agency's activities associated with evaluating criminal justice programs made up 72.1 percent of agency expenditures in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 report on *Performance Measures at 26 State Agencies* issued by the State Auditor's Office (SAO) certified with qualifications two measures that were reviewed. The remaining four measures were found to be inaccurate. According to the SAO report, two of the inaccurate measures were under-reported by the agency. Performance targets for the two measures were met, even though they were understated. Since the time of the audit, the agency has revised procedures to improve the documentation of its performance.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its three established key performance targets.

The agency attained or exceeded both of its outcome targets and its single output/efficiency target.

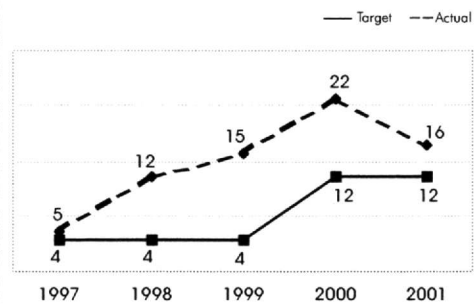
The number of *Programs Evaluated* has exceeded targeted levels for the past five fiscal years. Examples during fiscal year 2001 include evaluations of the impact of policies on projected adult and juvenile correctional populations; strategies to close the services gap for adult and juvenile mentally ill offenders; operational cost-per-day of adult and juvenile correctional services; outcomes of the tier of rehabilitation programs managed by the Texas Department of Criminal Justice (TDCJ); outcomes of State Jail policy; compliance and outcomes related to the juvenile progressive sanction policy; and, effectiveness of the performance measuring system of Texas Department of Protective and Regulatory Services early intervention and prevention programs.

The number of *Assessment Instruments Developed* exceeded targeted levels. An assessment instrument is defined as a specific form designed for manual or automated data entry to serve as a data collection and/or analytical tool in a program evaluation. Examples during fiscal year 2001 include assessment instruments developed for the evaluation of recidivism rates for TDCJ tier of rehabilitation program participants, juvenile disposition records to monitor the implementation of progressive sanction guidelines, and the recidivism of State Jail inmates. This was not a key measure prior to fiscal year 2000; therefore, there were no targeted amounts for previous years.

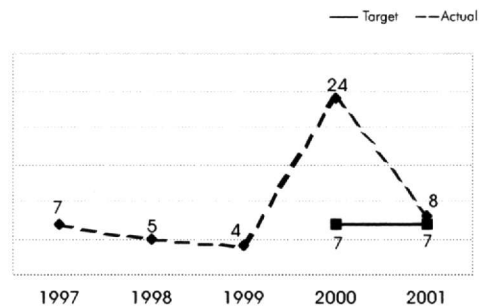
The agency met or exceeded targeted levels for *Programs Designed* each of the past five fiscal years, but the number has fluctuated considerably. The measure is defined as a compilation of process and outcome evaluations which will be used as needed to improve the original program design.

SELECTED PERFORMANCE MEASURES

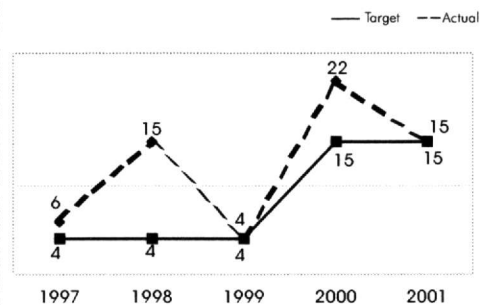
PROGRAMS EVALUATED



ASSESSMENT INSTRUMENTS DEVELOPED



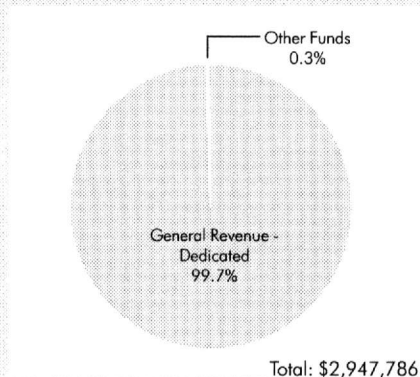
PROGRAMS DESIGNED



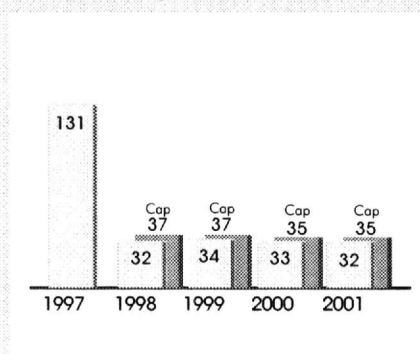
COMMISSION ON FIRE PROTECTION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue–Dedicated Funds (Texas Department of Insurance Operating Fund) accounted for 99.7 percent of the agency’s expenditures in fiscal year 2001. Beginning in fiscal year 2002, the agency’s appropriations will come from General Revenue–Insurance Companies Maintenance Tax and Insurance Department fees instead of General Revenue–Dedicated Funds.

Approximately 34 percent of the agency's budget was expended on certifying and regulating fire departments and fire service personnel in fiscal year 2001.

Forty percent of the agency's fiscal year 2001 expenditures were for grant and loan programs distributed to local fire departments.

The agency's Other Funds (0.3 percent of the agency's expenditures) were miscellaneous fees that the agency collected from the sale of items such as fire department lists/labels, fire department manuals/CDs, seals, patches, and decals. These funds were used primarily for costs associated with producing the materials.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Small Agency Management Control Audit* issued by the State Auditor’s Office certified with qualifications both of the performance measures reviewed.

COMMISSION ON FIRE PROTECTION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its four established key performance targets.

The agency did not attain or exceed its one outcome target. The agency attained or exceeded two of its three output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Amount of Loans/Grants Awarded to Fire Departments*. The increase was because unexpended fiscal year 2000 funds (\$61,598) were transferred to fiscal year 2001 for this program and additional loan balances were also paid to the program, which allowed the agency to award more funds than originally estimated.

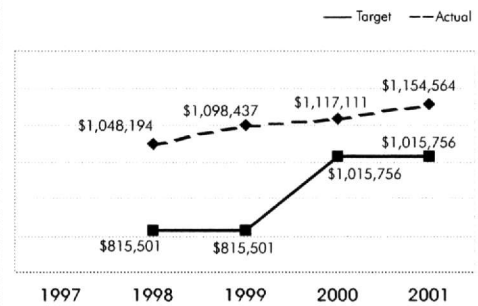
The agency did not meet the target for *Number of Fire Service Training Facilities Certified*. The number of new facilities was overestimated when determining the target and a few volunteer fire departments elected not to participate in the training programs and mandated tests required for certification.

The agency attained the target for *Number of Fire Service Personnel Certified by the Commission*. All paid fire protection personnel are required to participate in the certification process. Volunteer fire protection personnel have the option to choose to participate in the certification process if they want. The agency expects the number of fire service personnel certified by the agency to continue to increase by about 7 percent per year. The expected increase includes paid personnel and volunteers who may not be working but wish to keep their certification.

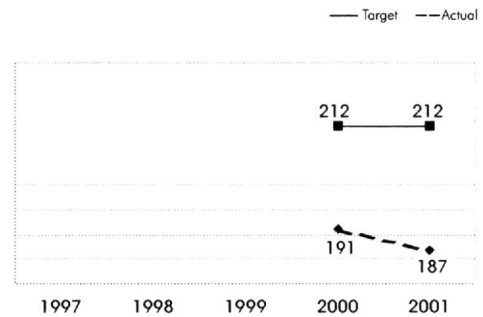
The agency did not meet the target for *Percent Increase in the Number of Research Requests for the Fire Protection Information Resource Center*. The number of research requests from public educators decreased from 24 to 17. Public educators used the Texas Department of Insurance's Public Education Program, which had been expanded in the previous year. The agency's lending library provided research information to non-public educators and provided audiovisual materials to public educators.

SELECTED PERFORMANCE MEASURES

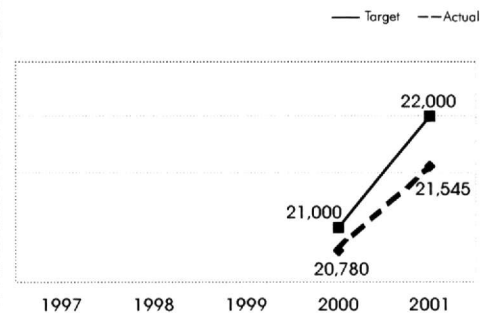
AMOUNT OF LOAN/GRANTS AWARDED TO FIRE DEPARTMENTS



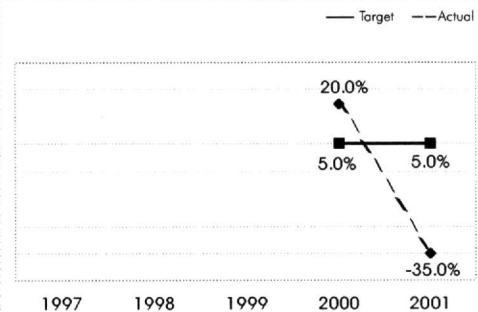
NUMBER OF FIRE SERVICE TRAINING FACILITIES CERTIFIED



NUMBER OF FIRE SERVICE PERSONNEL CERTIFIED BY THE COMMISSION



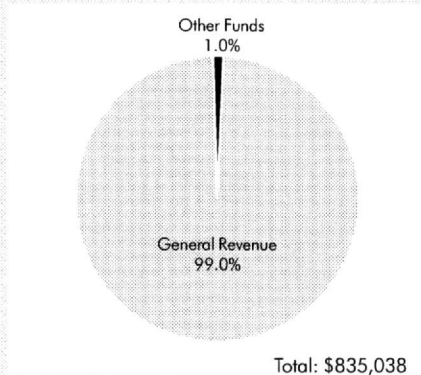
PERCENT INCREASE IN THE NUMBER OF RESEARCH REQUESTS FOR THE FIRE PROTECTION INFORMATION RESOURCE CENTER



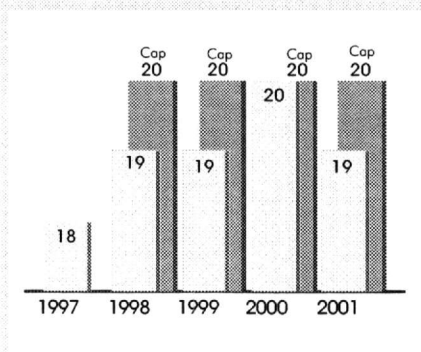
COMMISSION ON JAIL STANDARDS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

June Scogin
Survey of juvenile detainees
\$40,000

LAWSUITS REPORTED, 2000-01

One lawsuit with a specified potential liability amount totalling **\$750,000**.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 99 percent of the agency's expenditures in fiscal year 2001.

Agency activities associated with monitoring and enforcement of jail standards made up 41.2 percent of expenditures. Other agency activities include the auditing of jail populations and operational costs, facility needs analysis and construction plan review, jail management training and consultation, and an annual survey of local jails to determine compliance with the Juvenile Justice and Delinquency Prevention Act.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit Report on Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified without qualifications five out of eight performance measures reviewed. One measure was inaccurate, one was certified with qualifications, and one had factors that prevented certification. Since the time of the audit, the agency has revised procedures to improve the documentation of its performance.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its six established key performance targets.

The agency attained or exceeded both of its outcome targets and all four of its output/efficiency targets.

The *Number of Jails Achieving Compliance* increased in fiscal year 2001 after remaining relatively stable for the previous three fiscal years. Agency activities contributing to this improvement include increased regional trainings and monthly risk assessment meetings to identify facilities requiring additional technical assistance. The measure is defined as the number of jails found to be in compliance with minimum jail standards at the time of the most recent inspection. Jail standards are established by this agency.

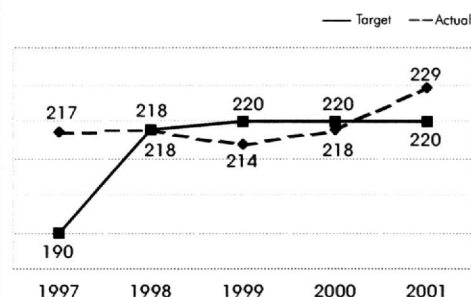
The agency met its target for *Number of Annual Inspections Conducted*, and the number conducted has remained relatively stable for the past three fiscal years. There was a higher than average number of inspections in fiscal year 1998 because of an increase in the number of privately operated facilities that opened. By standard, a jail must be inspected on-site each fiscal year. All of the state's jails are inspected annually.

The *Number of On-site Planning and Construction Consultations with Jail Representatives* decreased slightly in fiscal year 2001, but the target was still achieved. The number of consultations is dependent on the number of new jails in planning or under construction and the number of requests for assistance that are received. Factors contributing to a decrease in on-site consultations include a decrease in demand for new jail beds and the increased use of in-office, rather than on-site, consultations. In addition to a review and discussion of facility planning and construction, on-site consultations may include a review of construction documents and facility needs.

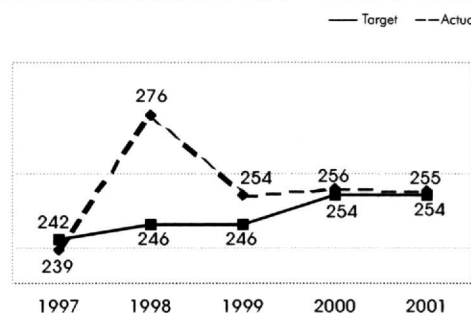
The *Number of On-site Operation and Management Consultations with Jail Representatives* decreased in fiscal year 2001, but remained within 5 percent of the targeted level. Several factors can affect the amount of operational and management assistance provided, including changes in jail standards, changes in state and federal law, implementation of new programs, and staff turnover. The use of regional training classes for new sheriffs has decreased the need for on-site consultations with each new administration. Consultations include a review and discussion of requirements for compliance with minimum standards and provide assistance on achieving compliance in an effective and efficient manner.

SELECTED PERFORMANCE MEASURES

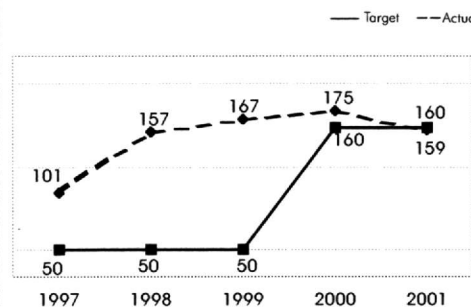
NUMBER OF JAILS ACHIEVING COMPLIANCE



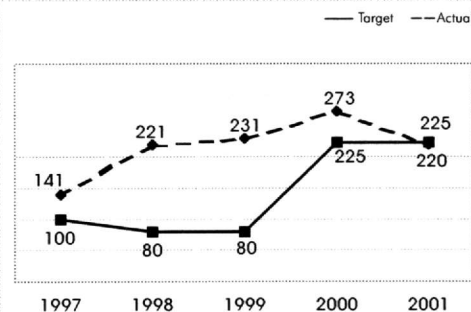
NUMBER OF ANNUAL INSPECTIONS CONDUCTED



NUMBER OF ON-SITE PLANNING AND CONSTRUCTION CONSULTATIONS WITH JAIL REPRESENTATIVES



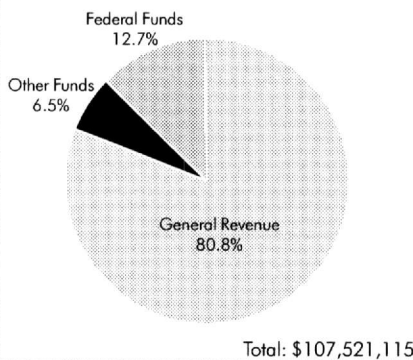
NUMBER OF ON-SITE OPERATION AND MANAGEMENT CONSULTATIONS WITH JAIL REPRESENTATIVES



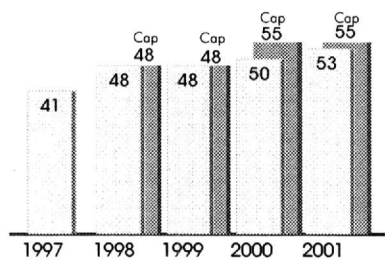
JUVENILE PROBATION COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Garza, Gonzalez & Associates
Auditing services
\$34,200

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Funding for local juvenile probation department programs for intensive probation services and residential placements accounted for 47 percent of the agency's fiscal year 2001 expenditures.

The bulk of Federal Fund expenditures (\$10.4 million) contributed to training and technical assistance provided to local juvenile probation departments, including services for case management, delinquency prevention, and program audits.

Other Fund expenditures included a transfer of \$6.9 million from the Foundation School Fund to provide funding for the Juvenile Justice Alternative Education Program, which provides off-campus education programs for students removed from local classrooms for disciplinary reasons.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

In a *Legislative Summary Document* issued in March 2001, the State Auditor's Office (SAO) observed that the agency had responded to a 1998 SAO audit of management controls by monitoring subcontractors and better ensuring that high risk departments received timely on-site monitoring. The SAO reported, however, that the agency's internal auditor found that monitoring documentation should be improved.

An August 1994 report on *Performance Measures at 25 State Agencies* issued by the SAO certified without qualifications one of the nine measures reviewed. Six measures were certified with qualifications and two had factors that prevented certification. The agency reports that it has since revised its procedures to improve documentation of its performance.

JUVENILE PROBATION COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 70 percent of its 10 established key performance targets. Information for four key measures is incomplete because Harris and Bexar county juvenile probation departments did not submit data to the agency for the measures.

Of measures that included Harris and Bexar counties' data, the agency attained or exceeded both of its two outcome targets and four of its eight output/efficiency targets.

The agency's target for *Rate of Successful Completion of Court-ordered Probation* was attained for fiscal year 2001. This was not a key measure prior to fiscal year 2000; therefore, no targeted amounts were identified for previous years. A total of 22,217 juvenile offenders successfully completed their court-ordered probation in fiscal year 2001.

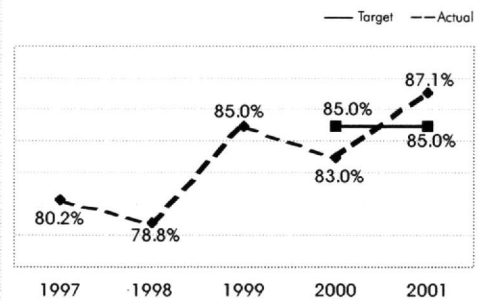
There were more *Youth Supervised Under Court-ordered Probation* in fiscal year 2001 than targeted because of higher accountability imposed by jurisdictions, sanction guidelines that recommended longer periods of supervision, an increase in the number of youth formally adjudicated, and earlier formal placement into supervision.

The Harris County Juvenile Probation Department did not submit intensive services probation data for fiscal year 2001, which accounts for the drop in *Average Daily Population of Intensive Services Probation*. Harris County reported an average daily population of 973 in its intensive services probation programs in fiscal year 2000.

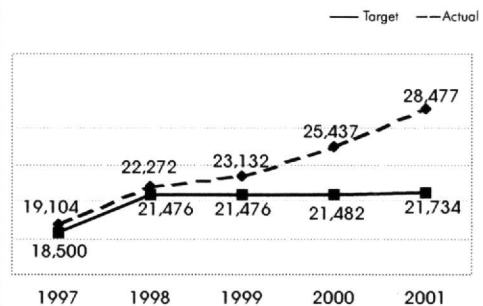
The target for *Cost per Day per Youth for Intensive Service Probation* was attained in fiscal year 2001, although the Harris and Bexar county juvenile probation departments did not submit data for the reporting period. The fiscal year 1999 actual cost of \$21.94 was determined by local county juvenile probation departments. Beginning in fiscal year 2000, the agency reevaluated performance measure reporting accuracy and adopted an activity-based cost methodology. The agency expects activity-based cost accounting to allocate more accurately the indirect costs of providing a service.

SELECTED PERFORMANCE MEASURES

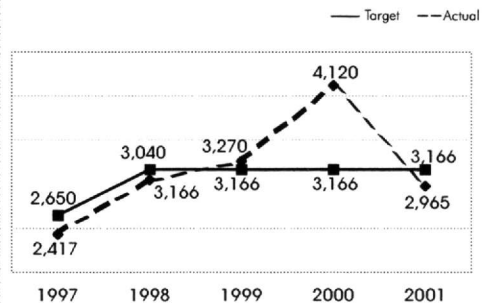
RATE OF SUCCESSFUL COMPLETION OF COURT-ORDERED PROBATION



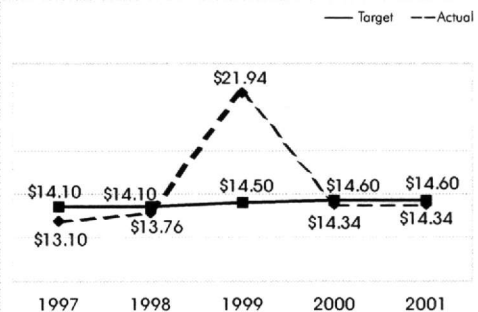
YOUTH SUPERVISED UNDER COURT-ORDERED PROBATION



AVERAGE DAILY POPULATION OF INTENSIVE SERVICES PROBATION

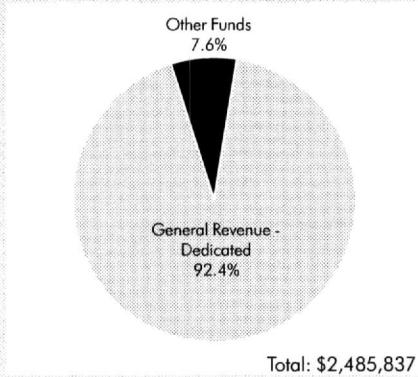


COST PER DAY PER YOUTH FOR INTENSIVE SERVICES PROBATION

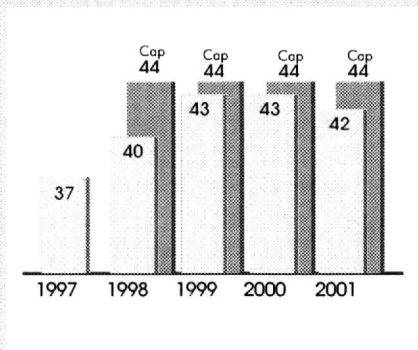


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue—Dedicated Funds accounted for 92.4 percent of the agency’s expenditures in fiscal year 2001. These funds were primarily from the Law Enforcement Officer Standards and Education Account. This fund receives a portion of court costs paid by convicted felons and misdemeanants.

Course development and the licensing and certification of peace officers made up 63.5 percent of agency expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A January 1997 audit report on *Performance Measures at 13 State Agencies and 7 Educational Institutions* issued by the State Auditor’s Office certified without qualifications two out of six performance measures reviewed. One measure was certified with qualifications and three were inaccurate. According to the agency, it has since revised its procedures to address the issues identified in the audit.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its seven established key performance targets.

The agency attained or exceeded both of its outcome targets and all five of its output/efficiency targets for fiscal year 2001.

The *Number of New Licenses Issued to Individuals* was significantly higher than the targeted level of performance for fiscal year 2001 because of an increase in the number of applications received.

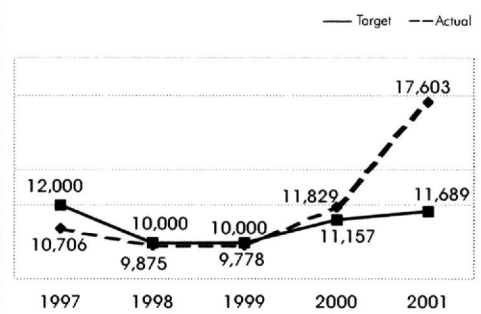
The agency met the target for *Average Licensing Cost per Individual License Issued*. The average cost decreased because of the increased number of new licenses issued without a corresponding increase in operational costs.

Although less than in the previous two fiscal years, the number of *Complaints Resolved* was higher than targeted in fiscal year 2001. Improved reporting by agencies and the public, and increased monitoring by and efficiency of agency staff contributed to this performance level. A complaint is defined as information received or developed regarding a licensee which indicates a violation of statute or agency rules, or misconduct directly related to the duties and responsibilities of the license held. Complaints may result from external sources, including written and verbal complaints from the public, reports of criminal arrests, charges or convictions of a licensee, and identification of training deficiencies or rule violations through an audit.

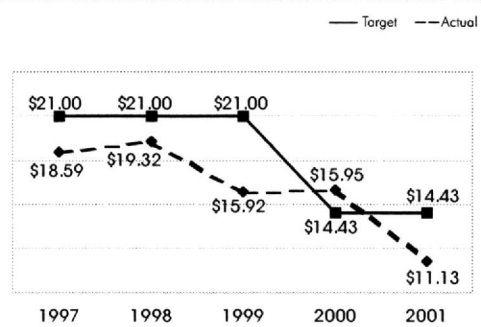
The *Average Cost per Complaint Resolved* has been lower than targeted for the past four fiscal years, but increased in the 2000–01 biennium above the 1999 performance. For 2001, the lower than targeted performance was a result of the higher than targeted number of complaints resolved with little or no change in operational costs related to resolving complaints. Also, many complaints were resolved without out-of-office travel and associated investigative expenses.

SELECTED PERFORMANCE MEASURES

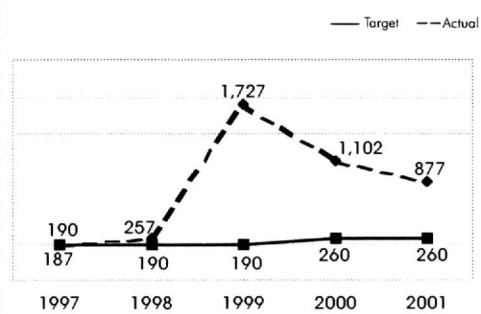
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



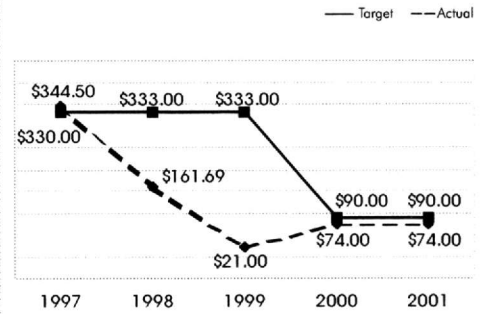
AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED



COMPLAINTS RESOLVED



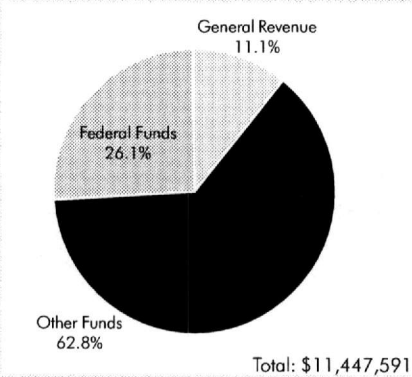
AVERAGE COST PER COMPLAINT RESOLVED



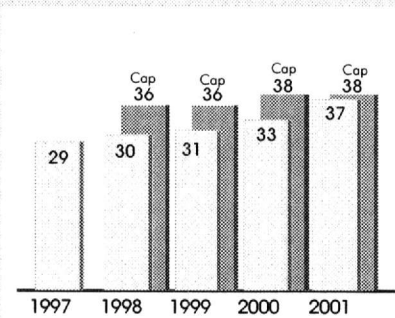
TEXAS MILITARY FACILITIES COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Acklam Construction Company, Inc.
Renovation on armory
\$2,096,881

Empire Roofing, Inc.
Roof replacement, structural repairs
\$772,838

Southwestern Roofing, Inc.
Roof repairs, HVAC modifications
\$241,196

Steel-Lite Roofing, Inc.
Roof replacement
\$168,713

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 11.1 percent of the agency's expenditures in fiscal year 2001.

Federal Funds constituted 26.1 percent of the agency's fiscal year 2001 expenditures.

Interagency contracts funding (Other Funds) from the Adjutant General's Department (AGD) accounted for 40 percent of the agency's expenditures in fiscal year 2001. AGD funds were used to pay debt service on revenue bonds issued by the agency to construct and repair various military facilities for the Texas National Guard. The revenue sources for the remaining 22.8 percent of Other Funds was revenue bond proceeds, land lease payment receipts, and proceeds from the sale of property.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An April 1999 *Management Control Audit* issued by the State Auditor's Office certified two measures with qualifications.

TEXAS MILITARY FACILITIES COMMISSION

PERFORMANCE HIGHLIGHTS

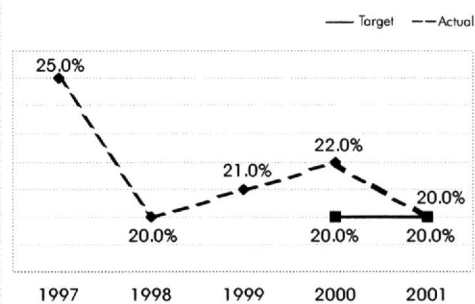
During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its single established key performance target.

The agency had one outcome target and no output/efficiency targets for fiscal year 2001.

The target for *Percent of Needed Routine or Preventive Maintenance Completed* was attained in fiscal year 2001. The percent of routine or preventive maintenance the agency has performed since fiscal year 1997 has ranged between 20 and 25 percent annually. The agency is responsible for maintaining 337 facilities and nearly 3.4 million square feet of space.

SELECTED PERFORMANCE MEASURES

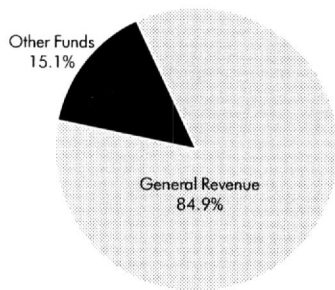
PERCENT OF NEEDED ROUTINE OR PREVENTIVE MAINTENANCE COMPLETED



TEXAS COMMISSION ON PRIVATE SECURITY

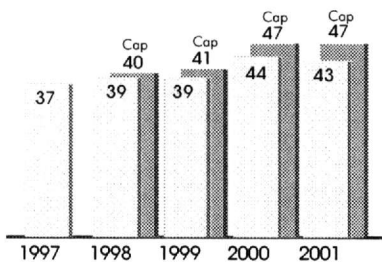
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$2,926,210

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Investigating complaints against licensed and unlicensed private security workers and companies was the agency's primary activity in fiscal year 2001, accounting for 35.6 percent, or \$1 million, in General Revenue Fund expenditures.

The licensing and registration of individuals and security companies resulted in \$0.9 million in General Revenue Fund expenditures and involved 19 of the agency's 43 full-time-equivalent positions.

The agency supports its appropriations, as well as direct and indirect costs, through the collection of license and registration fees.

Appropriations in fiscal year 2001 allowed for the staffing, maintenance, and operation of four regional investigative field offices in Houston, Arlington, San Antonio and El Paso.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Control Audit* issued by the State Auditor's Office (SAO) certified without qualifications five of the six performance measures reviewed. The remaining measure had factors that prevented certification.

TEXAS COMMISSION ON PRIVATE SECURITY

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its eight established key performance targets.

The agency attained or exceeded its only outcome target and four of its seven output/efficiency targets.

The agency attained its fiscal year 2001 target for *Percent of Licensees with No Recent Violations*. Ninety-nine percent of the agency's licensees had no recent violations. This rate has been constant for the four years that this has been a key measure. The agency licenses over 134,000 private investigators, private security personnel, and the companies for which they work.

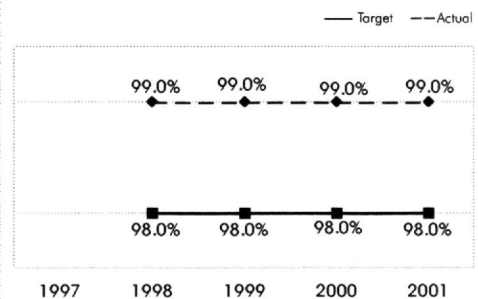
Licensing by the agency requires the submission of fingerprint cards that are processed to obtain a criminal history background. During fiscal year 2001, agency resources were devoted to clearing a backlog of fingerprint cards needing processing. As these cards were processed and revealed criminal histories, the number of investigations required to issue summary suspensions and license denials increased, contributing to the agency's increase in *Number of Investigations Conducted* during fiscal year 2001 over that of fiscal year 2000.

The agency failed to meet the target for the *Average Cost per Individual License Issued*, primarily because of an increase in salaries and the cost of postage and supplies. Salaries increased based on statewide employee and merit raises. During fiscal year 2001, regulated individuals and companies were alerted through a mass mailing about fee changes that were enacted by the Seventy-seventh Legislature, 2001; the cost of the mailout also added to the average licensing cost.

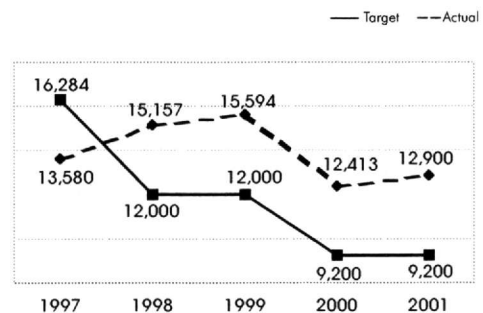
The *Average Cost per Disciplinary Action* has shown great variation over the past five fiscal years. Figures from fiscal years 1997 and 1998 are considered unreliable and were not certified by the State Auditor's Office in a 1997 audit. The agency's fiscal year 2001 performance, while improved beyond the targeted level, revealed an increase in average cost over the prior two fiscal years. Fixed costs associated with processing disciplinary actions, combined with fewer disciplinary actions occurring, resulted in the increase.

SELECTED PERFORMANCE MEASURES

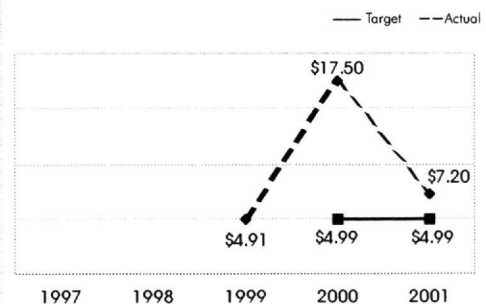
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



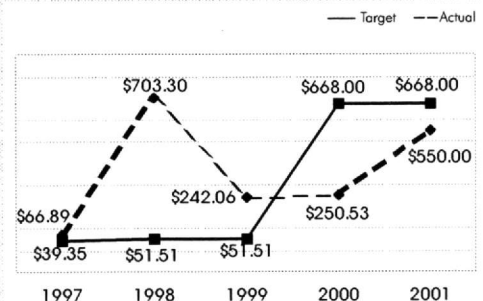
NUMBER OF INVESTIGATIONS CONDUCTED



AVERAGE COST PER INDIVIDUAL LICENSE ISSUED



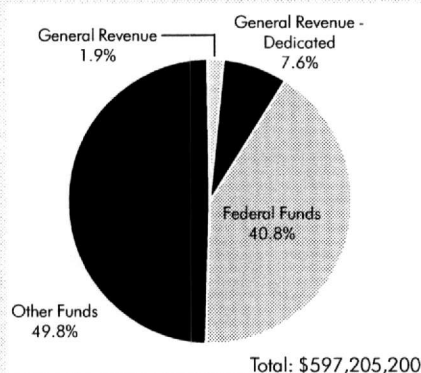
AVERAGE COST PER DISCIPLINARY ACTION



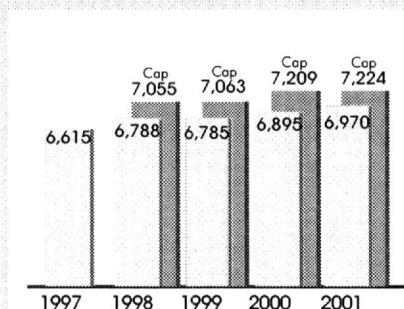
DEPARTMENT OF PUBLIC SAFETY

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

AAMVANET, Inc. *	Telecommunications subscription agreement	\$3,600,000
Leapnet, Inc. *	Programs administration	\$2,517,000
Motorola *	Base station/RPT	\$1,481,020
IBM Corporation	Computer maintenance agreement	\$1,350,552

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

74 lawsuits with a specified potential liability amount totalling **\$360,228,268**.

BUDGET HIGHLIGHTS

The agency's largest method of finance in fiscal year 2001 was Other Funds, of which State Highway Funds accounted for 46.3 percent of the agency's expenditures. The State Highway Fund is derived from motor vehicle registration fees and taxes on motor fuels and lubricants. The fund is used for public road construction, maintenance, and policing of state highways.

Federal Funds accounted for 40.8 percent of agency expenditures in fiscal year 2001. The majority of these funds were for local disaster recovery and mitigation assistance through the agency's Division of Emergency Management.

Agency activities related to law enforcement on highways and the promotion of traffic safety made up 33.7 percent of the agency's expenditures. Prevention and detection of crime accounted for 17.5 percent, disaster response accounted for 38.8 percent, and indirect administration accounted for 9.9 percent of expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) employees for fiscal year 2001.

RELATED REPORTS AND REVIEWS

The *2000 Statewide Single Audit Report* issued in April 2001 by the State Auditor's Office (SAO) found that the agency was not in compliance with quarterly reporting and related monitoring for the Federal Emergency Management Agency; the agency had not performed timely reviews of audit reports submitted by subrecipients; agency controls over tracking of expenditures for planning and administration did not ensure compliance with federal requirements; and, the agency did not require certification from contractors and subrecipients to ensure compliance with federal suspension and debarment requirements.

A November 2000 *Review of Sunset Management Action Recommendations* issued by the SAO found that all Sunset recommendations to the Seventy-sixth Legislature, 1999, had been implemented.

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified one of the five measures audited for fiscal year 2000 and one of the five measures audited for the first quarter of fiscal year 2001. Three of the 10 measures were certified with qualification, three were inaccurate, and the remaining two had factors that prevented certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 61 percent of its 18 established key performance targets.

The agency attained or exceeded one of its three outcome targets and 10 of its 15 output/efficiency targets.

The number of *Traffic Law Violator Contacts* decreased sharply in fiscal year 2001, resulting in the target not being attained. This was the first decrease in the past five fiscal years. Violator contacts include highway patrol citations and warnings. The increase in the maximum speed limit for commercial vehicles to 70 miles per hour resulted in fewer speeding violations for commercial vehicles. Also, agency projections indicate that economic conditions and increases in gasoline prices may have reduced the total vehicle miles traveled on the state's highways. Fewer miles traveled would have a corresponding negative impact on the number of traffic law violations.

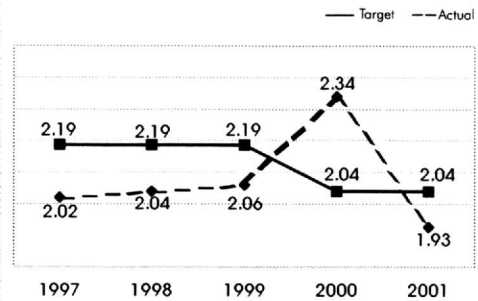
Although the number of reports processed increased significantly relative to fiscal year 2000, the target for the *Number of Accident Reports Processed* was not attained in fiscal year 2001. Law enforcement agencies from across the state report investigations to the agency for traffic accidents resulting in a fatality, bodily injury, or property damage in excess of \$500. A manual system for collecting and processing this large volume of data limits the number of accident reports that can be processed. The agency estimates that there is a six-month backlog of accident reports to be processed. The agency, along with the Texas Department of Transportation and the Texas Department of Insurance, are implementing the Crash Records Information System to automate accident reports processing.

The *Annual Texas Crime Index Rate* has decreased consistently over the past five fiscal years. The Crime Index Rate is based on the number of violent and property crimes reported to the Uniform Crime Reporting Program by law enforcement agencies across the state.

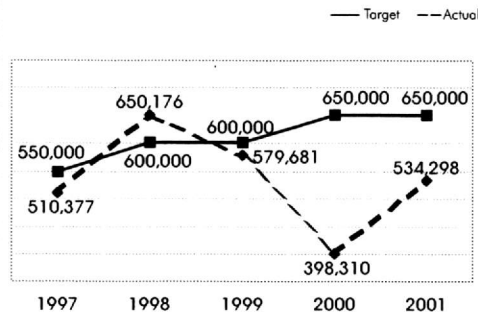
The *Number of Emergency Incidents Coordinated* remains higher than targeted levels. An incident is counted for each city and county that requests assistance in response to an emergency or disaster event. Examples of events in fiscal year 2001 include hazardous material spills, aircraft and highway accidents, fires, flooding, tornados, an ice storm, and Tropical Storm Allison.

SELECTED PERFORMANCE MEASURES

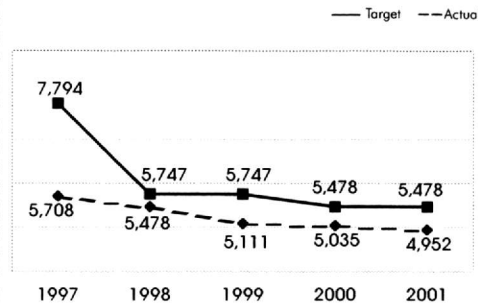
TRAFFIC LAW VIOLATOR CONTACTS (IN MILLIONS)



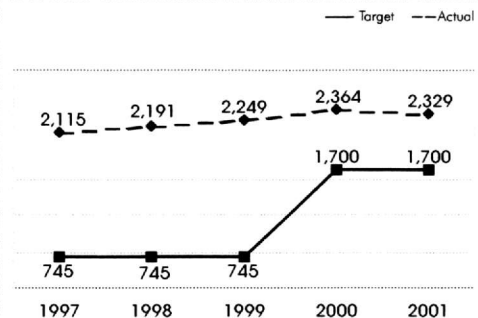
NUMBER OF ACCIDENT REPORTS PROCESSED



ANNUAL TEXAS CRIME INDEX RATE

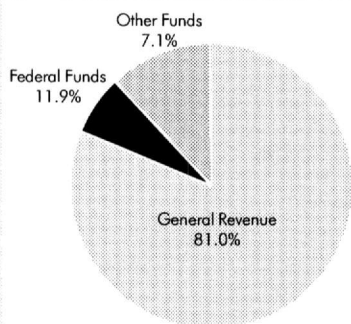


NUMBER OF EMERGENCY INCIDENTS COORDINATED



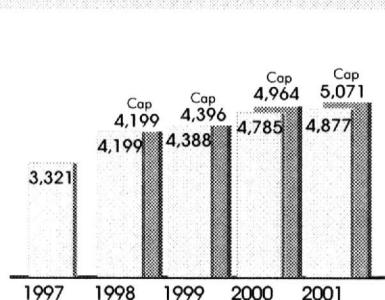
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$270,274,335

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

HKS, Inc. *
Expansion of juvenile correctional facility
\$1,388,990

Graeber, Simmons & Cowan Architects *
Engineering services
\$565,543

Barsh Company
Construction services
\$515,345

Criner-Daniels & Associates, Inc. *
Computers
\$341,700

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Ten lawsuits with a specified potential liability amount totalling **\$2,320,955**.

BUDGET HIGHLIGHTS

Institutional or community-based correctional programs accounted for 61 percent of the agency's fiscal year 2001 expenditures.

Education, workforce, and rehabilitative treatment programs accounted for 21 percent of fiscal year 2001 expenditures.

The agency expended/encumbered \$32 million for expanding juvenile corrections capacity by providing for construction of additional beds. Of this amount, \$24 million was financed from Federal Funds; \$7 million was financed from General Obligation Bonds; and, \$1 million was financed from General Revenue Funds.

The agency used its unexpended balance authority to move \$15 million in General Obligation Bond funds that had been appropriated by the Seventy-sixth Legislature, 1999, for construction from fiscal year 2001 to fiscal year 2002. Construction delays were attributed to the need to develop an environmental impact statement, which was required as a condition for receiving Federal Funds.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency was below its authorized FTE cap in fiscal years 2000 and 2001 primarily because of delays in construction of new correctional facilities.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A July 1996 *Audit Report on Performance Measures at 20 State Agencies and 1 Educational Institution* issued by the State Auditor's Office certified without qualifications all nine of the measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 47 percent of its 17 established key performance targets.

The agency attained or exceeded three of its six outcome targets and five of its 11 output/efficiency targets.

The fiscal year 2001 target for *Average Daily Population: Correctional Programs* was not attained because fewer youth than were projected were committed to the agency's 15 institutional facilities. Commitments are made by local judges within their discretion. The annual number of commitments has increased over the past five years.

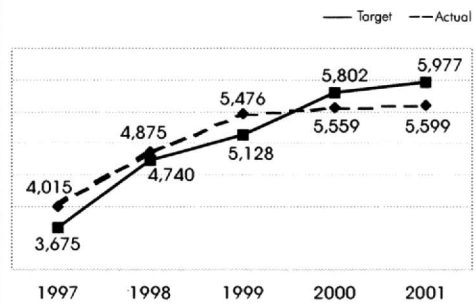
Likewise, the target for *Average Daily Population: Assessment and Orientation* was not attained because fewer youth than were projected were committed and evaluated at the Marlin Orientation and Assessment Unit. All court-ordered placements are processed through the Marlin Unit within an average of 45 days of commitment to the agency.

The agency met its target for *Average Daily Attendance in Agency Operated Schools* as a result of continued emphasis on academic progress for youth. The agency evaluates the educational needs of its youth at the Marlin Unit upon commitment and develops individualized academic plans for each student that are reassessed, as needed, with standardized testing. Improvement in educational skills is considered an integral component of the youth's rehabilitation and successful re-entry into community life.

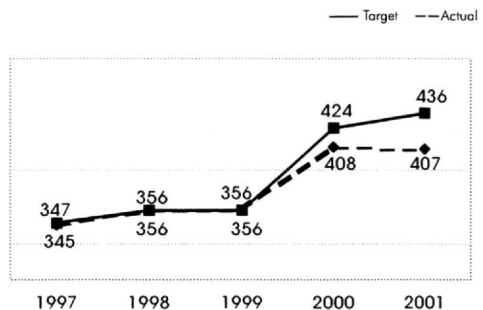
The agency exceeded its target for *Diploma or GED Rate* because of an increased emphasis on General Equivalency Diploma (GED) preparation and GED testing by the agency. The number of youth that received a diploma or GED in fiscal year 2001 was 1,185.

SELECTED PERFORMANCE MEASURES

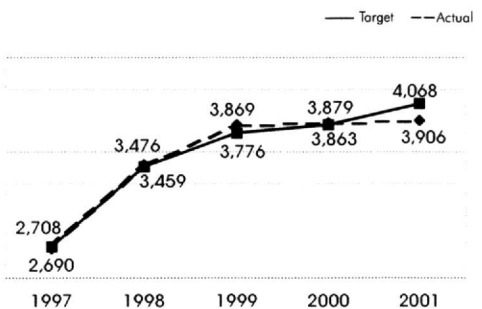
AVERAGE DAILY POPULATION: CORRECTIONAL PROGRAMS



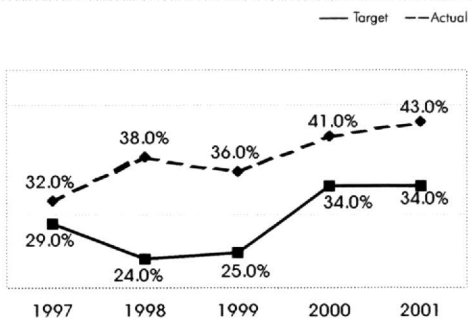
AVERAGE DAILY POPULATION: ASSESSMENT AND ORIENTATION



AVERAGE DAILY ATTENDANCE IN AGENCY OPERATED SCHOOLS



DIPLOMA OR GED RATE



NATURAL RESOURCES

FISCAL YEAR 2001 PERFORMANCE SUMMARY

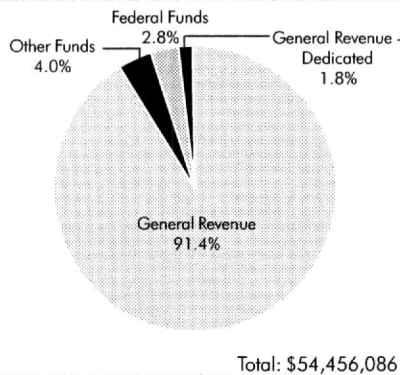
AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Department of Agriculture	75%	20
Animal Health Commission	75	4
General Land Office and Veterans' Land Board	50	18
Trusted Program Within the General Land Office ²	100	1
Natural Resource Conservation Commission	65	49
Parks and Wildlife Department	50	18
Railroad Commission	65	20
Texas River Compact Commissions	80	5
Soil and Water Conservation Board	63	8
Water Development Board	71	14

¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

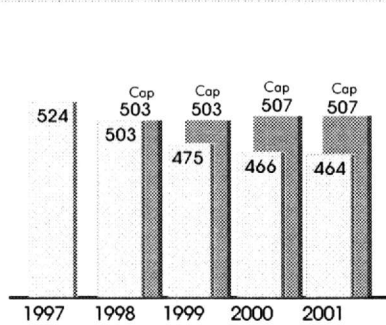
² An individual budget and performance summary was not prepared for this program.

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

One lawsuit with a specified potential liability amount totalling **\$50,000**.

BUDGET HIGHLIGHTS

In fiscal year 2001, approximately 49 percent of the agency's General Revenue Funds expended were used for the Boll Weevil Eradication Program. During fiscal year 2001, one of the 13 zones in the eradication program was declared functionally eradicated (no reproducing weevils). The zone declared functionally eradicated was the Southern Rolling Plains zone in the Panhandle.

An additional 18 percent of General Revenue Funds expended were used for generating marketing opportunities for Texas farmers, ranchers, and agribusinesses through a number of programs such as the Go Texan Program, oyster promotion, food marketing, and fiber marketing.

Of Federal Funds expended, approximately 88 percent were used for pesticide regulation, which includes certifying pesticide applicators, investigating pesticide misuse complaints, and conducting laboratory analysis of pesticide residue samples.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 59 percent of the agency's FTE employees assisted Texas farmers, ranchers, and agribusinesses in generating marketing opportunities; regulated pesticide use through registration, certification, education, and enforcement; and, assisted with integrated pest management practices to reduce pesticide use.

RELATED REPORTS AND REVIEWS

A March 2001 *Marketing Assessment for Rural Development Finance Program* issued by the State Auditor's Office (SAO) found the need for the agency to formalize marketing efforts for the financial assistance programs; revise program materials to simplify language, increase consistency, and improve program information available on the Internet; and, partner with related entities and programs to reach the most viable markets and clients.

A January 1997 *Audit Report on Performance Measures* issued by the SAO certified one of the four measures reviewed. Two measures were certified with qualifications and one other was found to be inaccurate.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its 20 established key performance targets. The agency demonstrated strong performance in the marketing area, where four of five measure targets were exceeded. An increase in the number of rural development activities and events contributed to the performance.

The agency attained or exceeded its five outcome targets and 10 of its 15 output/efficiency targets.

The agency exceeded its target for *Percent Increase from the 1996 Level in the Number of Marketing Opportunities for Texas Farmers, Ranchers, and Agribusinesses* due to increased membership in the Go Texan marketing program. Performance exceeded the target by 180 percent, which equates to approximately 3,000 more marketing opportunities during the reporting period than originally projected. Go Texan was designed to increase awareness of and expand markets for Texas agricultural products.

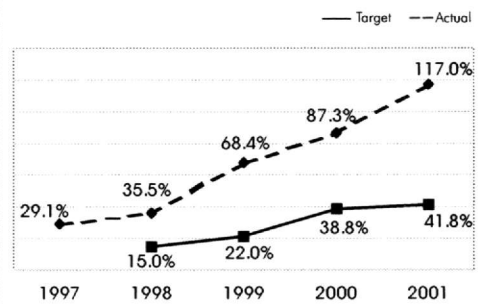
Targeted performance for the *Number of Pounds of Fruits, Vegetables, Peanuts and Nuts Inspected (in Billions)* was exceeded during the reporting period. Favorable weather and market conditions created larger fruit and vegetable harvests, which resulted in an increase in the number of pounds inspected in fiscal year 2001.

The target was attained for *Percent of Total Weights and Measures Inspections Conducted Resulting in Finding of Full Compliance with State and Federal Standards*. Priority was placed on weights and measures inspections in order to ensure that consumers were receiving the correct weight measure of the product they were purchasing.

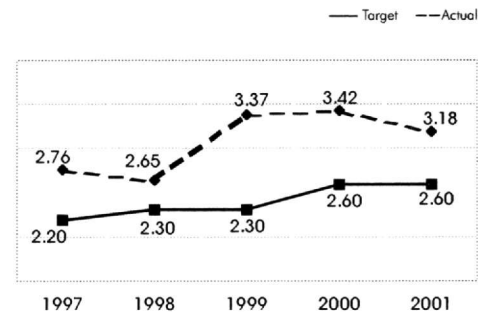
The *Number of Pesticide Complaint Investigations Conducted* was below targeted amounts due to increased efforts to educate and train pesticide users, which reduced the number of complaints. Each year, licensed pesticide applicators are required to obtain continuing education units before renewing their licenses. The continuing education includes training on pesticide laws and regulations, drift minimization, and integrated pest management.

SELECTED PERFORMANCE MEASURES

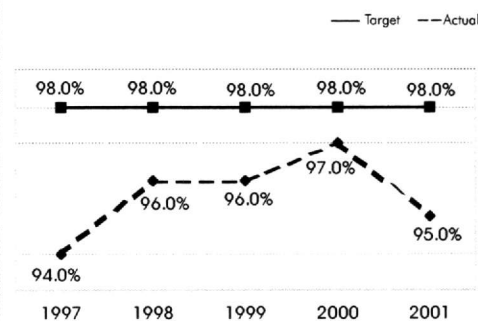
PERCENT INCREASE FROM 1996 LEVEL IN MARKETING OPPORTUNITIES FOR FARMERS, RANCHERS, AND AGRIBUSINESSES



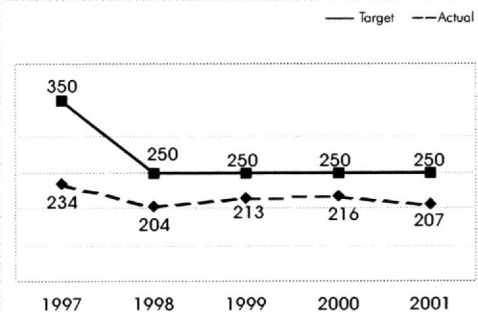
NUMBER OF POUNDS OF FRUITS, VEGETABLES, PEANUTS AND NUTS INSPECTED (IN BILLIONS)



PERCENT OF TOTAL WEIGHTS AND MEASURES INSPECTIONS CONDUCTED RESULTING IN COMPLIANCE WITH STANDARDS



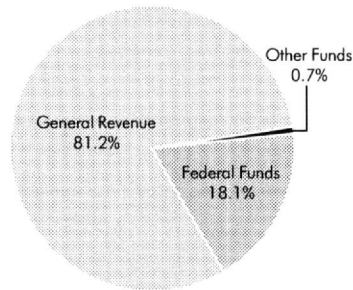
NUMBER OF PESTICIDE COMPLAINT INVESTIGATIONS CONDUCTED



ANIMAL HEALTH COMMISSION

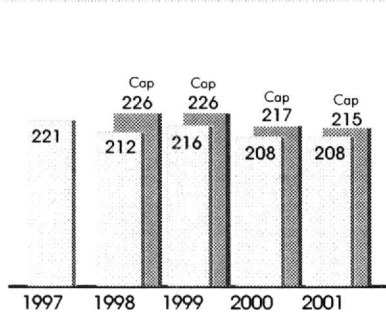
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$11,755,192

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Law Engineering & Environmental Services, Inc. *
Soil remediation project
\$141,335
Monday N. Rufus, P.C.
Auditing services
\$25,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Approximately 67 percent of the agency's General Revenue Funds was spent on monitoring, controlling, and/or eradicating diseases and infestations through statewide field based animal health management and assurance programs.

Eighty-four percent of Federal Funds received from the US Department of Agriculture was spent on field operations, which included surveillance and inspections of livestock and poultry.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 66 percent of the employees monitored and inspected livestock and poultry in an effort to eradicate/control diseases and infestations. The majority of the remaining personnel were assigned to limiting disease exposure and restoring infected or infested herds and flocks to nondisease status. Although brucellosis in cattle has steadily declined over the past five years, new diseases such as foot and mouth, scrapie, chronic wasting disease, and West Nile virus have emerged, which require similar surveillance methods (e.g., blood testing at slaughter markets and sale barns).

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

The August 2001 *Performance Measures At 12 State Entities* audit issued by the State Auditor's Office certified without qualifications none of the four measures audited for fiscal year 2000 and none of the three measures audited for the first quarter of fiscal year 2001.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its four established key performance targets.

The agency attained or exceeded its single outcome target and two of its three output/efficiency targets.

The fiscal year 2001 target for *Percent Change in Known Prevalence of Bovine Brucellosis from 1994 Levels* was attained. Although no herds were found to be infected in fiscal year 2001, the agency reported a possibility of undetected infected herds remaining in the state. The agency conducts brucellosis tests on cattle herds once they are brought to market or slaughter.

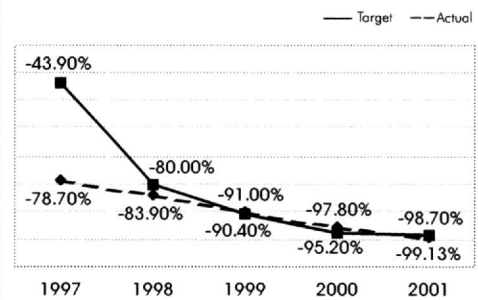
The agency exceeded the target for *Number of Livestock Shipments Inspected* by approximately 76 percent. Increased efforts at preventing disease from entering the state, as well as a change in methodology that included livestock shipments from Mexico, contributed to the performance. As a result of the changed methodology for the measure, prior years' data is not available.

Targeted performance for *Number of Surveillance Laboratory Tests Conducted* was not attained. Favorable weather enabled livestock producers to retain animals longer in order to replenish stock sold during recent drought conditions. As a result, fewer animals were brought to market or slaughter, which reduced the number of surveillance tests the agency conducted.

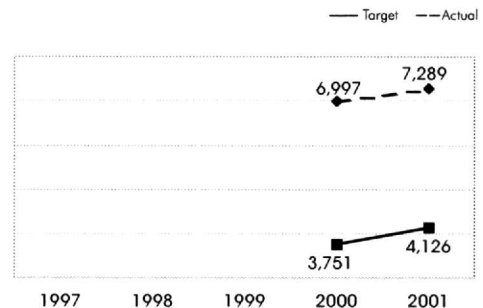
Texas had an overall decrease in livestock infection during the reporting period because of animal health management practices such as inspections. As a result of fewer infections, there was a decreased need for the herd owner and the agency to develop herd management plans for testing animals. Developing fewer documents than targeted, the agency exceeded the target for *Number of Herd Management Documents Developed* by approximately 26 percent.

SELECTED PERFORMANCE MEASURES

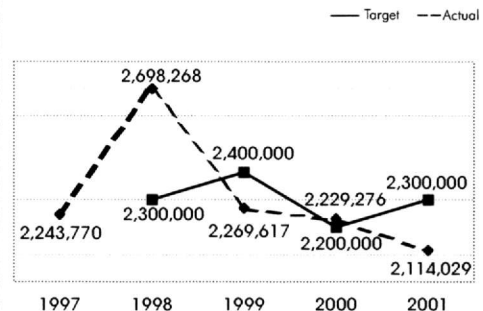
PERCENT CHANGE IN KNOWN PREVALENCE OF BOVINE BRUCELLOSIS FROM 1994 LEVELS



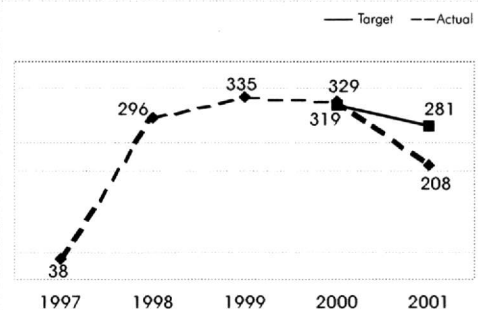
NUMBER OF LIVESTOCK SHIPMENTS INSPECTED



NUMBER OF SURVEILLANCE LABORATORY TESTS CONDUCTED



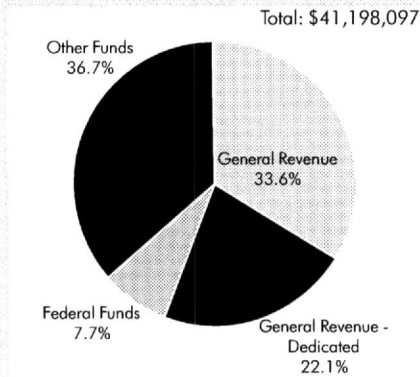
NUMBER OF HERD MANAGEMENT DOCUMENTS DEVELOPED



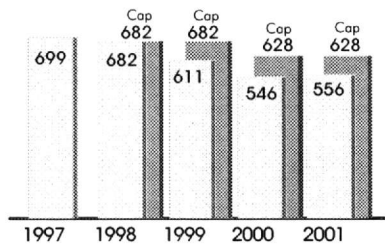
GENERAL LAND OFFICE AND VETERANS' LAND BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Apache Landscape Service *
Coastal erosion planning and response
\$1,000,000
- Dames & Moore, Inc. *
Coastal erosion planning and response
\$1,000,000
- Pacific International Engineering *
Coastal erosion planning and response
\$1,000,000
- SWCA Environmental Consultants Inc. *
Coastal erosion planning and response
\$1,000,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

71 lawsuits with a specified potential liability amount totalling **\$1,298,842**.

BUDGET HIGHLIGHTS

Ninety-eight percent of General Revenue–Dedicated Fund expenditures were related to administering the Comprehensive Oil Spill Prevention and Response Program.

Expenditures made from Other Funds (Veterans Land Administration Fund) were related to providing Texas veterans benefit programs that offer low interest loans for land, homes, and home improvements.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions in fiscal year 2001. Approximately 65 percent of the agency's FTE positions were assigned to enhancing the value of state assets and protecting the environment. The remaining 35 percent of the agency's FTEs were assigned to providing Texas veterans with self-supporting benefit programs that offer low interest loans for land, homes, and home improvements, and provide opportunities for long term care.

RELATED REPORTS AND REVIEWS

A January 2001 State Auditor's Office (SAO) report, *An Audit of the General Land Office Asset Management Division*, determined that the Appraisal and Asset Management divisions had taken positive steps to address three previous findings. In fiscal year 1999, all 27 agencies reporting to the divisions submitted timely, certified inventories; appraisals included separate values for buildings, improvements, and land; and, affected agencies were consulted during the preparation of annual reports that recommend disposition of unused or under-used land.

A December 2001 *Joint Study on Commercial Fishery Programs and Leases of State-Owned Lands* issued by the SAO and the Comptroller of Public Accounts determined that the agency did not recover the costs of administering four of seven surface lease types for fiscal years 1998 and 1999, with one lease not recovering approximately \$1 million of its costs. Collectively, however, the seven leases brought in more revenue than the costs to administer them.

A May 1998 *Audit Report on Performance Measures* issued by the SAO certified without qualifications four of the five measures reviewed. One measure was certified with qualifications.

GENERAL LAND OFFICE AND VETERANS' LAND BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its 18 established key performance targets.

The agency attained or exceeded its three outcome targets and six of its 15 output/efficiency targets.

The fiscal year 2001 target for *Amount of Revenue Detected from Reconciliations* was exceeded by the agency due to the detection of large amounts of reporting and payment discrepancies by royalty reporters and payers in the first two quarters of fiscal year 2001. Revenue detected from reconciliations fluctuates depending on the number of leases reconciled and the number of discrepancies discovered.

The agency exceeded the target for *Annual Revenue from the Sale of State Lands*. Stronger economic conditions than were originally forecast created greater demand for state properties at higher than anticipated prices. Examples include the Texas Workforce Commission properties in Mesquite and El Paso.

The implementation of a marketing outreach program and networking with the Department of Veterans Affairs contributed to the agency exceeding the target for *Percentage of Texas Veterans Reached Annually through Public Information Efforts*.

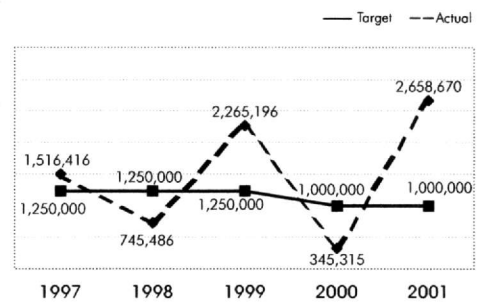
Number of Oil Spill Responses was higher than originally projected. The agency administers programs for the prevention of and response to oil spills. The number of reported spills exceeded the projected target due to increased activity in coastal waters, greater public awareness, and the legal requirement for notification of all spills.

The agency was unable to attain performance targets for *Average Monthly Volume of In-kind Gas and In-kind Oil Sold* because of various proposed contract changes requested by State Power Program providers. The proposed changes required the agency to reassess the proposals, which caused delays in contract execution.

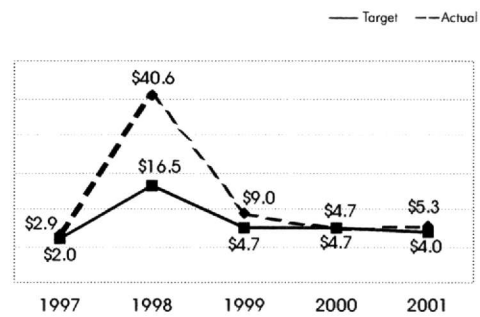
The agency exceeded the target for *Number of Beds in Veterans Homes*. The number of beds per home was increased from 150 to 155 beds prior to construction, but after the target was established.

SELECTED PERFORMANCE MEASURES

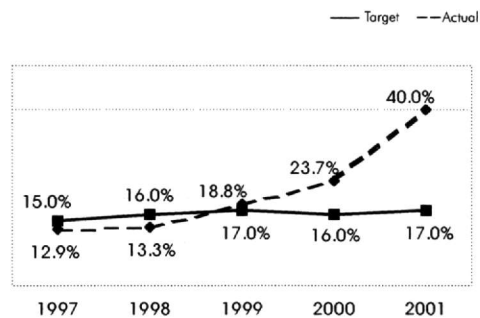
AMOUNT OF REVENUE DETECTED FROM RECONCILIATIONS



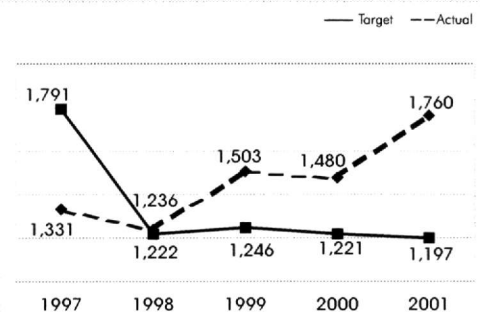
ANNUAL REVENUE (IN MILLIONS) FROM SALE OF STATE LAND



PERCENTAGE OF TEXAS VETERANS REACHED ANNUALLY THROUGH PUBLIC INFORMATION EFFORTS



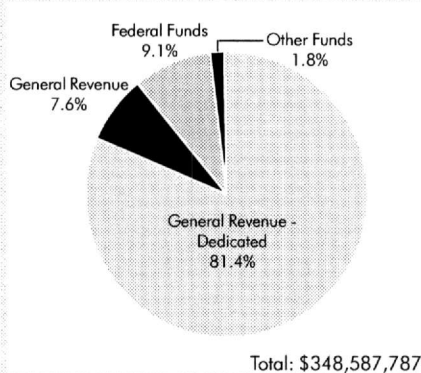
NUMBER OF OIL SPILL RESPONSES



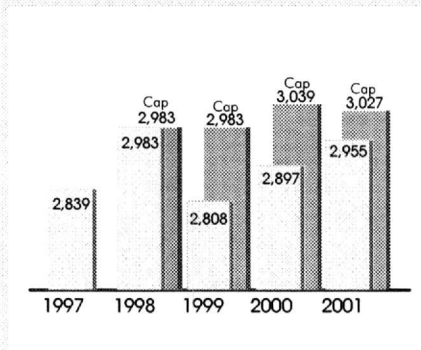
NATURAL RESOURCE CONSERVATION COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Waste Abatement Technologies LP *
Remediation services
\$4,578,136
- Terra-Mar Consulting Engineers *
Assessment and cleanup activities
\$4,000,000
- Foster Wheeler Environmental *
Engineering services at multiple Superfund sites
\$3,900,000
- Roy F. Weston, Inc. *
Probandt Street Superfund site
\$3,500,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Four lawsuits with a specified potential liability amount totalling **\$4,200,000**.

BUDGET HIGHLIGHTS

Approximately 81.4 percent of the agency's fiscal year 2001 funding was provided by dedicated fees, most of which are based on air emissions or waste generation. Most of the \$26.5 million in General Revenue Funds received by the agency was spent on implementing water quality management programs such as Water Availability Modeling and Total Maximum Daily Load.

Nearly 50 percent of agency expenditures were pass-through funds, consisting primarily of grants and contracts for the Petroleum Storage Tank and Superfund cleanup, and municipal solid waste programs.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 23 percent of the agency's FTE positions worked in the areas of compliance and enforcement, inspecting facilities, investigating citizen complaints, and identifying noncompliant facilities. Most of these positions are located in the agency's 16 field offices across the state. In order to more effectively manage compliance with state and federal environmental rules and laws, the agency moved approximately 200 Austin-based positions to field offices. The initial moves involved contact and outreach positions for small businesses, local governments, and pollution prevention; however, administrative and information systems support positions were also moved to the field offices.

RELATED REPORTS AND REVIEWS

A February 2001 report entitled *An Audit Report on the Petroleum Storage Tank Program at the Texas Natural Resource Conservation Commission* issued by the State Auditor's Office (SAO) found that the dedicated account established to reimburse cleanup costs was \$189 million short of the amount needed to clean up the remaining tanks eligible for reimbursement. To ensure sufficient funds are available, the Seventy-seventh Legislature, 2001, extended the reimbursement program and the fee that funds the program, and removed the statutory cap on the balance in the dedicated account.

In a March 2001 *Financial Profile of the Texas Natural Resource Conservation Commission*, the SAO concluded that the agency's baseline budget request appeared reasonable, but that the agency has consistently overstated prior year expenditures in their legislative appropriations request.

A May 1998 *Audit Report on Performance Measures* issued by the SAO certified without qualifications all three performance measures reviewed.

The agency received a Texas Star Award from the Governor in November 2001 for organizational achievement.

NATURAL RESOURCE CONSERVATION COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 65 percent of its 49 established key performance targets. Agency performance in Clean Air program activities was particularly strong, with eight of nine measure targets attained or exceeded. Pollution reductions in response to State Implementation Plan (SIP) requirements for the Houston-Galveston area and changes in the air quality plans for the Dallas-Fort Worth and Beaumont-Port Arthur areas to meet federal standards for ground-level ozone, new pollution control rules for emissions outside the nonattainment areas, and additional monitoring of ambient air quality contributed to this enhanced level of performance.

The agency attained or exceeded six of its 13 outcome targets and 26 of its 36 output/efficiency targets.

The fiscal year 2001 target for *Percent of Texas Surface Water Meeting or Exceeding Water Quality Standards* was not met because several large reservoirs were added to the federal Clean Water Act impaired waters list. More extensive monitoring of surface waters by the agency accounts for the increase in reservoirs recommended for the impaired waters list.

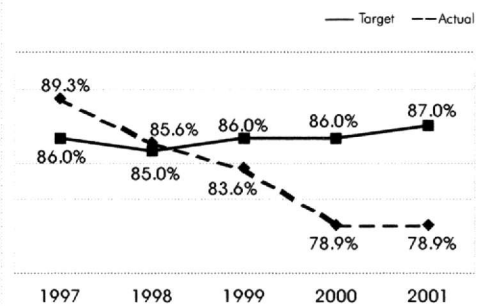
The agency exceeded the target for the *Number of Petroleum Storage Tank Reimbursement Applications Processed* because of streamlined procedures for processing applications, including a redesigned application and pre-approval of claims, and a statutory requirement that reimbursement applications be processed within 90 days of receipt.

The agency exceeded the target for *Annual Percent of Stationary and Mobile Source Pollution Reductions in Non-Attainment Areas*, primarily because of pollution reductions to meet SIP requirements in the Houston-Galveston area, and additional requirements for emission reductions in the Dallas-Fort Worth and Beaumont-Port Arthur areas to meet the federal standard for ground-level ozone.

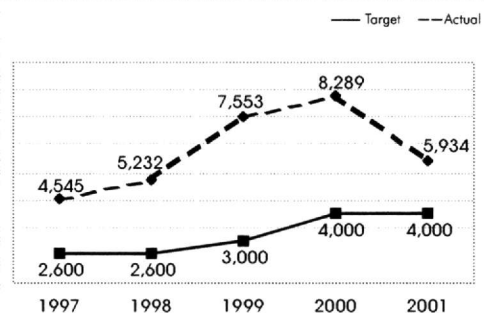
The *Number of Point Source Air Quality Assessments* was attained as a result of agency development of SIPs for the state's four nonattainment areas (Houston-Galveston, Dallas-Fort Worth, Beaumont-Port Arthur, and El Paso), and increased efforts to monitor air quality in areas of the state unlikely to meet the new, more stringent federal ozone standard. The new ozone standard is based on readings taken over an eight-hour period, instead of the previously required one-hour period.

SELECTED PERFORMANCE MEASURES

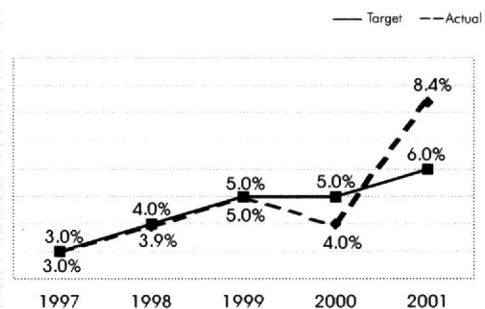
PERCENT OF TEXAS SURFACE WATER MEETING OR EXCEEDING WATER QUALITY STANDARDS



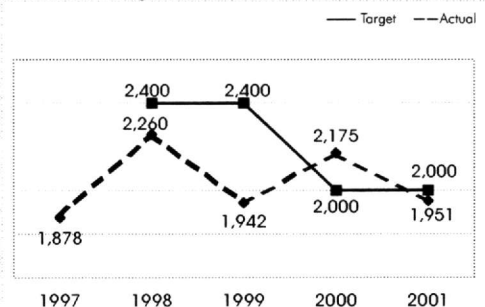
NUMBER OF PETROLEUM STORAGE TANK REIMBURSEMENT APPLICATIONS PROCESSED



ANNUAL PERCENT OF STATIONARY AND MOBILE SOURCE POLLUTION REDUCTIONS IN NON-ATTAINMENT AREAS



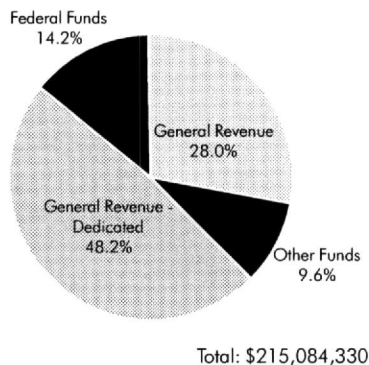
NUMBER OF POINT SOURCE AIR QUALITY ASSESSMENTS



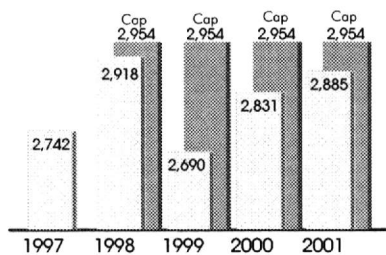
PARKS AND WILDLIFE DEPARTMENT

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Transactive *
Point-of-sale license system
\$12,733,220
- R.S. Black Civil Engineers and Contractors *
Repairs at Choke Canyon State Park
\$285,000
- RCC Consultants, Inc. *
Statewide radio system study
\$237,290
- Fairbairn Electric *
Repairs of Goose Island State Park
\$199,145

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Approximately 63 percent of the agency's fiscal year 2001 expenditures was funded by user fees and the \$32 million allocation from the sales tax on sporting goods.

The agency's largest expenditures in fiscal year 2001 were for operating 117 state parks and 50 wildlife management areas (\$43.2 million), capital programs (\$36.5 million), and law enforcement (\$32.1 million). Most of the capital program spending represented Revenue Bond expenditures for infrastructure repairs and maintenance at state parks. In addition, \$1.6 million of the amount expended on capital programs was General Obligation (GO) bond expenditures for World Birding Center site acquisitions. The Seventy-sixth Legislature, 1999, allowed the agency to use available GO bond authority to develop World Birding Centers and other conservation education projects.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. About 17 percent of the agency's FTE positions are game wardens, investigating pollution incidents and illegal dumping on state park lands and enforcing hunting, fishing, and boating safety laws and other provisions of the Parks and Wildlife and state penal codes.

RELATED REPORTS AND REVIEWS

An October 2001 *Audit Report on Revenue Management at the Parks and Wildlife Department* by the State Auditor's Office (SAO) found that the agency had a history of financial mismanagement. Noncompliance with certain statutes and poor basic controls and oversight could prevent the agency from collecting revenue that it relies on to fund agency programs. As a result of this audit, the agency contracted for an outside management audit to determine if the fee increases recently proposed to fund agency operating costs are truly needed.

In its February 2001 *Financial Profile of the Parks and Wildlife Department*, the SAO found that actual collections to Game, Fish and Water Safety Account No. 9 and State Parks Account No. 64 have historically exceeded agency revenue estimates.

The August 2001 *Performance Measures At 12 State Entities* audit by the SAO certified without qualifications two of the six measures audited; the four remaining measures had factors that prevented certification. Performance data for these measures could not be verified because of a lack of supporting documentation. Also, data reported for parks maintenance measures conflicted with measure definitions.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its 18 established key performance targets. Agency performance in infrastructure maintenance, where two of four measure targets were attained, was typical of agency-wide performance. A shortage in inmate crews from the Texas Department of Criminal Justice for maintenance projects at state parks, the lack of a facility management system, and changes in reporting resulting from a measures certification audit by the State Auditor's Office (SAO) impacted agency performance. Although a facility management system that identifies routine and major maintenance needs for all agency sites and facilities is in development, it is not yet operational.

The agency attained or exceeded two of its seven outcome targets and seven of its 11 output/efficiency targets.

The fiscal year 2001 target for *Percent of Major Repair Needs Met* was not attained, primarily because of inaccuracies in agency reporting of repair projects. The data used to calculate this measure was not limited to repair projects, as required by the measure definition, but also included maintenance, construction, and acquisition projects. Also, the agency compared actual completed projects to funded projects rather than identified needs, as required by the definition.

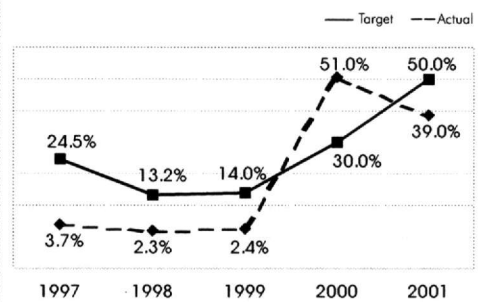
Not only did the agency not achieve its target for *Percent Change in Opportunities for Target Groups*, but the number of outreach events declined by 19 percent in fiscal year 2001. There was a high number of public school presentations in fiscal year 2000 due to a traveling wildlife program. Also, new positions initially assigned to outreach activities were reassigned to land owner assistance programs. The agency's recent Sunset bill (Senate Bill 305, Seventy-seventh Legislature, 2001) limits spending on outreach programs until an evaluation is done. This evaluation could result in new, more meaningful measures for agency outreach programs.

The agency attained the target for *Number of Grant Assisted Projects Completed*, primarily because of the five-year limit on appropriations for local park construction projects. Construction delays caused by weather conditions impacted the timely completion of projects by local governments.

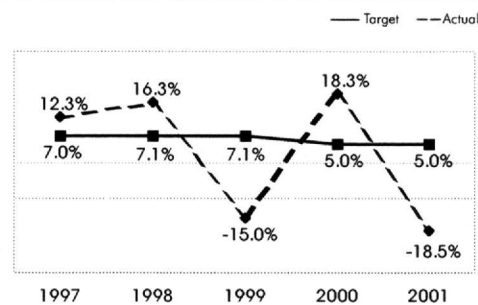
Because of delays in production of fingerlings caused by high water salinity levels, a red tide outbreak, and the strategy of growing larger fingerlings that have a better survival rate, the target for the *Number of Fingerlings Stocked* was not attained.

SELECTED PERFORMANCE MEASURES

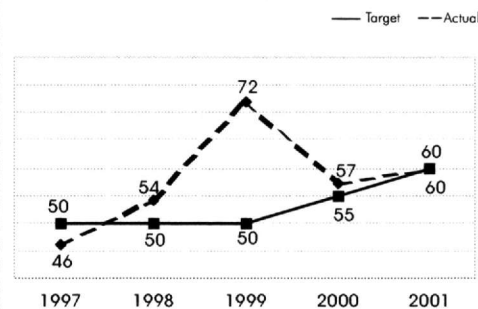
PERCENT OF MAJOR REPAIR NEEDS MET



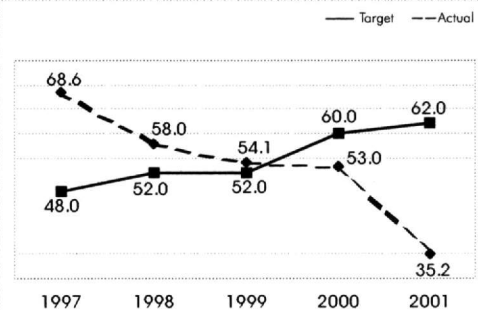
PERCENT CHANGE IN OPPORTUNITIES FOR TARGET GROUPS



NUMBER OF GRANT ASSISTED PROJECTS COMPLETED

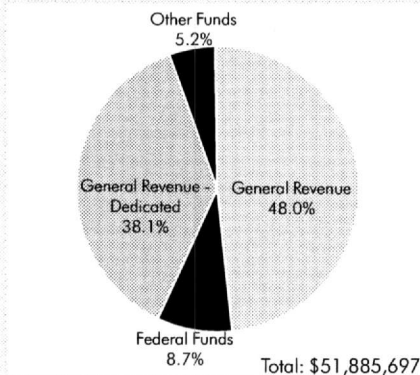


NUMBER OF FINGERLINGS STOCKED (IN MILLIONS)

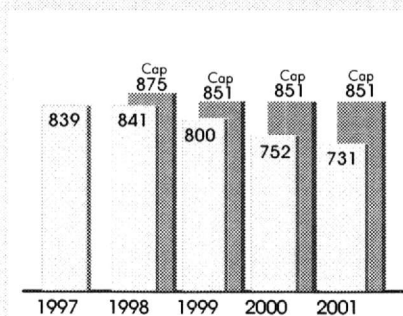


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Lanco Turf & Seed *
Revegetation and erosion protection
\$641,222
- Business Control Systems LP
Computer programming services
\$547,624
- Duke Engineering Systems *
Environmental engineering services
\$500,000
- Ecology & Environment, Inc. *
Environmental engineering services
\$500,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Six lawsuits with a specified potential liability amount totalling **\$120,714**.

BUDGET HIGHLIGHTS

Oil field cleanup efforts accounted for 91 percent of the agency's expenditures from General Revenue—Dedicated Funds.

Thirty-five percent of the agency's expenditures from General Revenue Funds were related to monitoring and inspecting oil and gas facilities, processing applications, and enforcement actions. Another 25 percent of the agency's expenditures from General Revenue Funds were used to increase public access to agency information, which included expenditures related to the agency's Electronic Compliance and Approval Project for the electronic filing and approval of permit applications.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Approximately 34 percent of the agency's positions were involved with the statewide field inspection program, while an additional 15 percent of the FTEs were involved in activity related to the agency's electronic government strategy. The agency was about 14 percent below its FTE cap, partly because of high turnover, especially among information technology and engineering positions.

RELATED REPORTS AND REVIEWS

An August 2001 *Report on 19 Agencies' Compliance with HUB Requirements* issued by the State Auditor's Office (SAO) found that the agency had no Historically Underutilized Businesses (HUB) rules and did not sponsor HUB forums.

A January 1997 *Audit Report on Performance Measures* issued by the SAO certified without qualifications one of the four measures reviewed. Two measures were certified with qualifications because controls over data collection were inadequate for ensuring accuracy. One measure was found to be inaccurate because of data errors.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 65 percent of its 20 established targets. The agency demonstrated strong performance with respect to oil field pollution cleanup activities, attaining all four related measures.

The agency attained or exceeded six of its eight outcome targets and seven of its 12 output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Number of Pollution-related Violations Where Operations Are Brought into Compliance by Enforcement Action of the Commission* as a result of having focused on responding to violations more quickly; more operators, therefore, became compliant and settled cases with agreed orders. In addition, the agency's enforcement personnel have gained experience in conducting effective settlement discussions.

The agency exceeded the target for *Number of Known Abandoned Wells Plugged with the Use of State Funds* because the agency achieved the plugging of multiple leases or wells under a single contract, rather than requiring a separate contract for each well or lease. In addition, in January 2000, the agency delegated well-project approval authority to the division level, reducing the amount of time required for each approval.

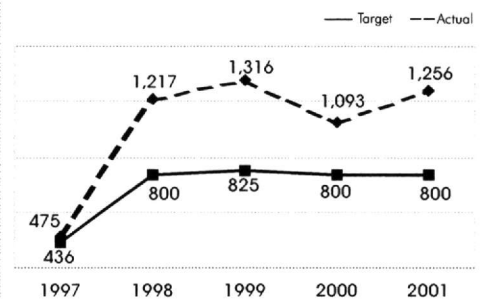
The agency did not meet its target for *Number of LPG/CNG/LNG Safety Inspections* because of a reduction in agency staffing levels which resulted from a limitation on revenue collections available to fund such activities. The agency reached the statutory limit on the fee it could charge for inspections; therefore, the agency could not generate sufficient revenue to conduct planned program activities.

The agency exceeded its target for *Percent Change in Gas Production Annually* as a result of increased drilling and exploration activity in response to a two-year period of higher gas prices and increased demand for natural gas to generate electricity. Instead of a decline in natural gas production in fiscal year 2001, Texas experienced an increase in production for the first time since 1997.

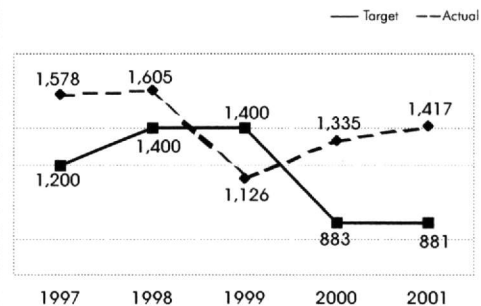
The agency exceeded its target for *Percent Change in Oil Production Annually*, with oil production only dropping by 3.9 percent, as opposed to an anticipated decrease of 5.5 percent.

SELECTED PERFORMANCE MEASURES

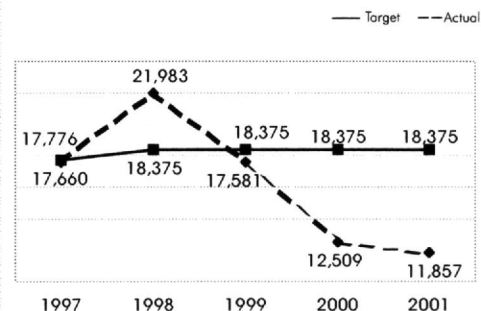
NUMBER OF POLLUTION-RELATED VIOLATIONS WITH OPERATIONS BROUGHT INTO COMPLIANCE



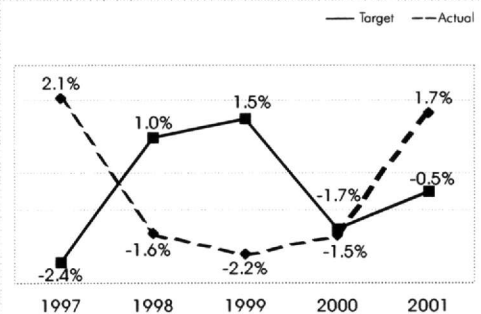
NUMBER OF KNOWN ABANDONED WELLS PLUGGED WITH THE USE OF STATE FUNDS



NUMBER OF LPG/CNG/LNG SAFETY INSPECTIONS



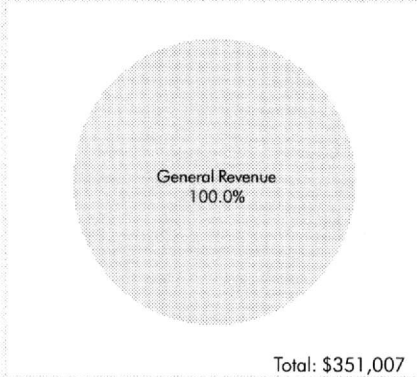
PERCENT CHANGE IN GAS PRODUCTION ANNUALLY



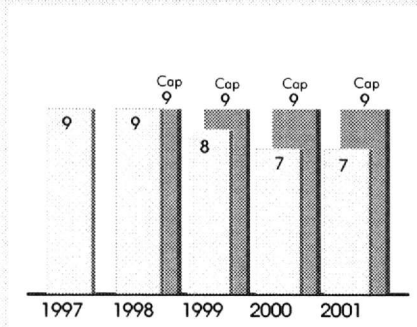
TEXAS RIVER COMPACT COMMISSIONS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Together, the Rio Grande Compact and the Pecos River Compact accounted for 72 percent of the five commissions' fiscal year 2001 expenditures. The majority of funding was spent on these two commissions because they are actively engaged in water rights disputes with New Mexico, and these two commissions must pay the cost of maintaining stream flow gauges.

The Office of the Attorney General (OAG) also sets aside a certain amount of General Revenue Funds each biennium to promote compliance of the compacts and defend the state in legal proceedings against the compacts. In fiscal year 2001, the OAG spent \$54,668 on expenditures related to river compacts.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The commissions had a combined total of seven FTE positions. The Rio Grande Compact Commission and the Sabine River Compact Commission each had two FTEs; the Canadian River Compact Commission, the Red River Compact Commission, and the Pecos River Compact Commission each had one FTE.

RELATED REPORTS AND REVIEWS

A November 2000 State Auditor's Office (SAO) *Quarterly FTE Report* stated that the Red River Compact Commission exceeded its FTE cap by 6 percent during fiscal year 2000.

A January 1997 SAO report, *Performance Measures at 13 State Agencies and 7 Educational Institutions*, did not certify any of the commissions' five measures reviewed. The SAO did not certify the measures because the commissions had not reviewed the calculations before reporting the numbers.

TEXAS RIVER COMPACT COMMISSIONS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the commission attained (within 5 percent) or exceeded 80 percent of their five established key performance targets.

The commissions attained or exceeded four of their five outcome targets. The commissions do not have output/efficiency measures.

The Canadian River Compact Commission did not report a figure for *Percentage Received of Texas' Equitable Share of Quality Water* because the compact commissioners did not meet during fiscal year 2001 since the federal compact chair was absent. Since no meeting was held, the Canadian River Compact Commission was not able to adopt water storage figures for the river basin, and no performance data is available.

Although the Pecos River Compact Commission met its target for *Percentage Received of Texas' Equitable Share of Quality Water* in fiscal year 2001, the number of acre-feet of quality water received was slightly less than normal due to below average precipitation in the Pecos River watershed and because New Mexico used water credits from previous years for fiscal year 2001.

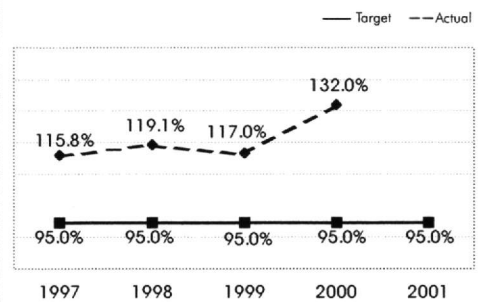
The target for *Percentage Received of Texas' Equitable Share of Quality Water as Apportioned by the Rio Grande Compact Commission* was exceeded. Texas received almost 60 percent more than its share of quality water from the Rio Grande because New Mexico was required to release greater amounts of water to meet the environmental needs of the Rio Grande silvery minnow, an endangered species.

Although the target for *Percentage Received of Texas' Equitable Share of Quality Water as Apportioned by the Sabine River Compact Commission* was met, drought conditions in the Sabine river basin resulted in a decrease in Texas' share as compared to previous years.

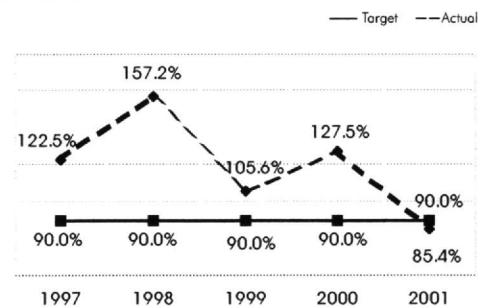
Texas received its share of quality water from the Red River and has consistently received its share of water over the past five years, meeting the target for *Percentage Received of Texas' Equitable Share of Quality Water as Apportioned by the Red River Compact Commission*.

SELECTED PERFORMANCE MEASURES

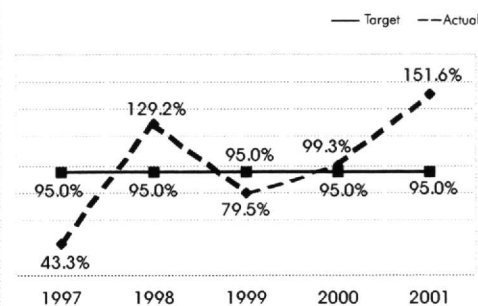
PERCENTAGE RECEIVED OF TEXAS' EQUITABLE SHARE OF QUALITY WATER ANNUALLY AS APPORTIONED BY THE CANADIAN RIVER COMPACT COMMISSION



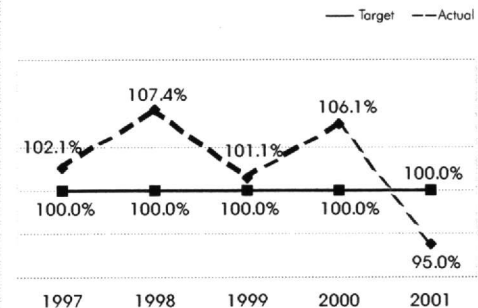
PERCENTAGE RECEIVED OF TEXAS' EQUITABLE SHARE OF QUALITY WATER ANNUALLY AS APPORTIONED BY THE PECOS RIVER COMPACT COMMISSION



PERCENTAGE RECEIVED OF TEXAS' EQUITABLE SHARE OF QUALITY WATER ANNUALLY AS APPORTIONED BY THE RIO GRANDE RIVER COMPACT COMMISSION



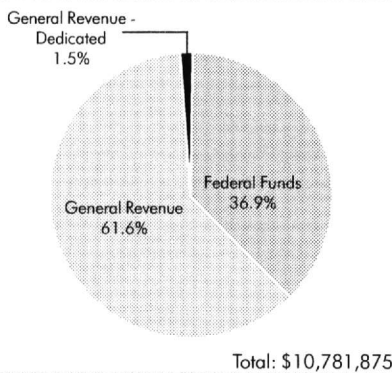
PERCENTAGE RECEIVED OF TEXAS' EQUITABLE SHARE OF QUALITY WATER ANNUALLY AS APPORTIONED BY THE SABINE RIVER COMPACT COMMISSION



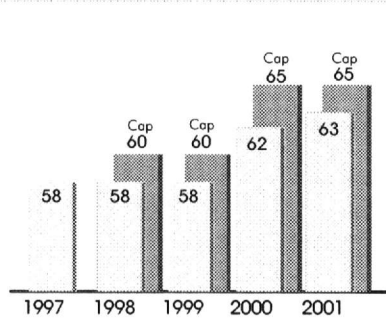
SOIL AND WATER CONSERVATION BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Jansen & Gregorczyk, CPAs *
Auditing services
\$39,600

Jansen & Gregorczyk, CPAs
Auditing services
\$30,658

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 61.6 percent of the agency's expenditures in fiscal year 2001. Federal Funds made up the vast majority of the agency's remaining expenditures.

A total of \$4.3 million of the agency's expenditures were made to implement a statewide management plan for the control of agricultural and silvicultural nonpoint source water pollution. A total of \$3.3 million was spent providing financial and technical assistance.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. More than one-half of the agency's FTE employees assisted local soil and water conservation districts in the development and certification of nonpoint source pollution abatement plans.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

The August 2001 *Performance Measures At 12 State Entities* audit by the State Auditor's Office certified without qualifications none of the four measures audited for fiscal year 2000 and neither of the two measures audited for the first quarter of fiscal year 2001. Three measures were certified with qualification, two were inaccurate, and one had factors that prevented certification.

SOIL AND WATER CONSERVATION BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its eight established key performance targets. The agency demonstrated strong performance in programs relating to the abatement of agricultural nonpoint source pollution, meeting or exceeding three of four related measures.

The agency attained or exceeded two of its four outcome targets and three of its four output/efficiency targets.

The agency did not attain its fiscal year 2001 target for *Percent of District Financial Needs Met by Soil and Water Conservation Board Grants*. The amount of funds available for grants to districts remained the same as past levels, but district demand for agency services increased as a result of a decrease in average farm size, an increase in number of eligible participants in conservation district programs, and an increase in business costs to the agricultural community.

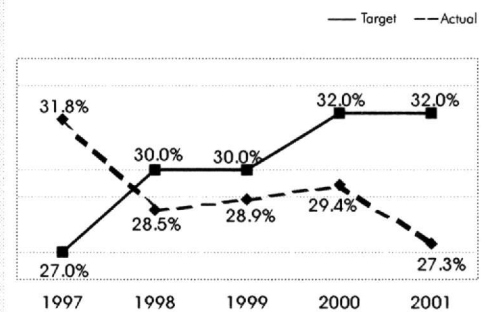
The agency did not meet the target for *Number of Statewide Workshops, Training Sessions, and Seminars Conducted* because of staff turnover in the fourth quarter of fiscal year 2001, resulting in reduced resources available to conduct such activities.

The agency exceeded the target for *Percent of Soil and Water Resource Needs with Conservation Plans or Specific Programs Developed to Address Those Needs* due to increased federal funding available to districts and a focus by districts on assisting current producers with conservation planning, water quality management plans, wildlife resource management, and erosion control. At the same time, there was less focus on youth education programs.

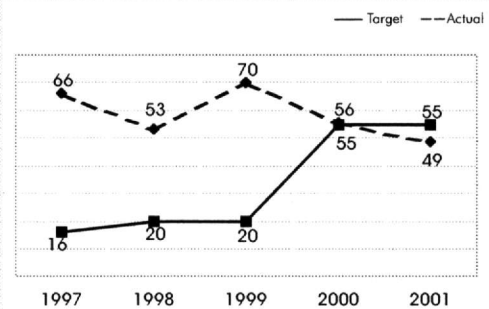
The agency exceeded its target for the *Number of Pollution Abatement Plans Certified* because of an increase in the number of landowners participating in pollution abatement plan implementation. This was due to an increase in pressure on the agricultural community to reduce pollution caused by agricultural runoff.

SELECTED PERFORMANCE MEASURES

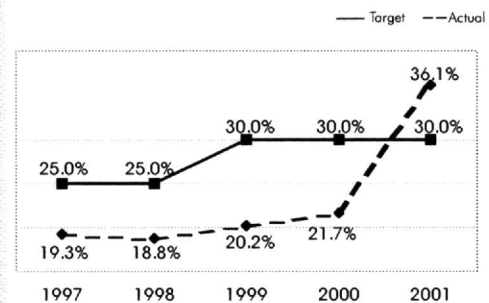
PERCENT OF DISTRICT FINANCIAL NEEDS MET BY SOIL/WATER CONSERVATION BOARD GRANTS



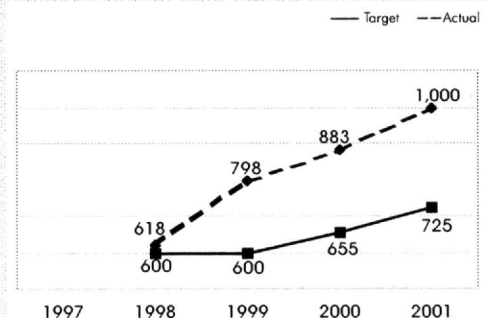
NUMBER OF STATEWIDE WORKSHOPS, TRAINING SESSIONS, AND SEMINARS CONDUCTED



PERCENT OF SOIL/WATER RESOURCE NEEDS WITH CONSERVATION PLANS/SPECIFIC PROGRAMS

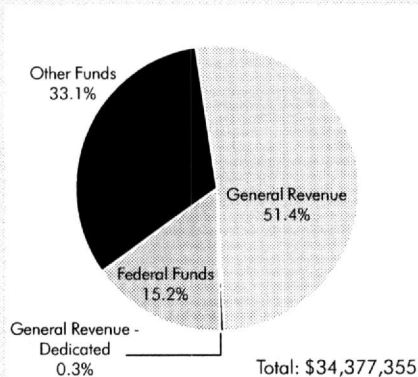


NUMBER OF POLLUTION ABATEMENT PLANS CERTIFIED

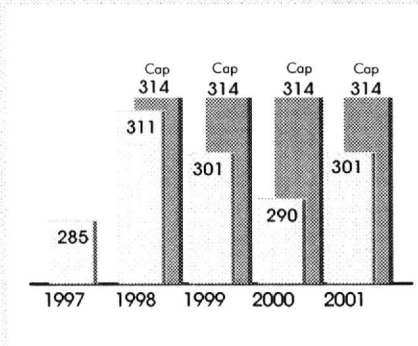


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Duke Engineering & Services, Inc. *
Groundwater availability model
\$699,806
- Harris County Flood Control District *
Flood analysis
\$600,000
- Duke Engineering & Services, Inc. *
Groundwater availability model
\$550,000
- Daniel B. Stephens & Associates, Inc. *
Groundwater availability model
\$549,927

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

A total of 28.3 percent of the agency's General Revenue Fund expenditures was used to provide financial assistance to Texas communities. An additional 17.2 percent of the agency's General Revenue Funds was used to operate the Texas Natural Resource Information System and 12.4 percent was used to conduct long-range water supply planning activities.

Nearly 60 percent of the agency's expenditures from Other Funds was from Appropriated Receipts. Approximately one-half of these Appropriated Receipts was from fees assessed to local governments to cover administrative expenses of the State Revolving Fund loan program. An additional 38.1 percent of the agency's Other Funds expenditures was from the Water Assistance Fund.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Almost one-third of the agency's FTEs worked providing financial assistance to local communities. An additional 17 percent of the agency's FTEs worked to facilitate state agency and public access to natural resource and census data, which was used for planning and conservation purposes.

RELATED REPORTS AND REVIEWS

The *2000 Statewide Single Audit Report* issued by the State Auditor's Office (SAO) recommended that the agency strengthen the tracking of federally earmarked funds, revise contracts to ensure the timely initiation of construction projects, ensure the timely and accurate submission of federal reports, and improve the accuracy of bond schedules and assure they are in accordance with state reporting requirements.

A May 1998 *Audit Report on Performance Measures* issued by the SAO certified without qualifications six out of seven performance measures reviewed. One measure was found to be inaccurate because the measure was not calculated according to the measure definition.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 71 percent of its 14 established key performance targets. The agency demonstrated strong performance on measures under its *Water Resource Planning* goal, attaining or exceeding all 10 related measures; however, the agency failed to meet any of its four measures under the *Water Project Financing* goal, primarily because of increased project costs, which reduced the total number of communities served, and because of delays in distributing grant funds.

The agency attained or exceeded three of its five outcome targets and seven of its nine output/efficiency targets.

The agency's fiscal year 2001 target for *Number of Financial Assistance/Loan Commitments Provided to Small Communities* was not met. The amount of funding the agency provided to small communities (\$107.5 million) was close to what was expected in fiscal year 2001, but higher than expected costs per project reduced the total number of communities the agency was able to assist.

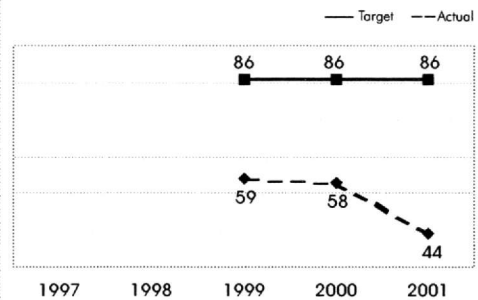
The agency exceeded its target for *Percent of Texas Communities and Other Entities Receiving Technical Assistance and Financial Assistance for Water Planning and Conservation* as a result of an enhanced outreach program implemented by the Water Development Board. In fiscal year 2001, the agency began contacting entities with older active loans to check on the status of projects and the potential demand for agency services. This resulted in an increase in requests for agency assistance.

The agency exceeded its target for *Number of Water Conservation Technical Assistance and Education Activities Conducted by TWDB Staff* because the agency held workshops around the state, in response to high demand for agency assistance. The increased availability of conservation data on the agency's website also contributed to greater numbers of requests for technical assistance.

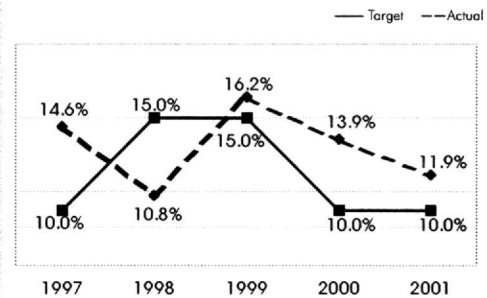
The agency did not meet its target for *Percent of Estimated Total Colonia Population Provided a Construction Funding Commitment for Water or Wastewater Services* because fewer projects received funding commitments than anticipated due to delays in projects at the local level. There were an estimated 295,611 colonia residents remaining to be served, and projects currently in the design or construction phases will serve at least 98,260 of those residents.

SELECTED PERFORMANCE MEASURES

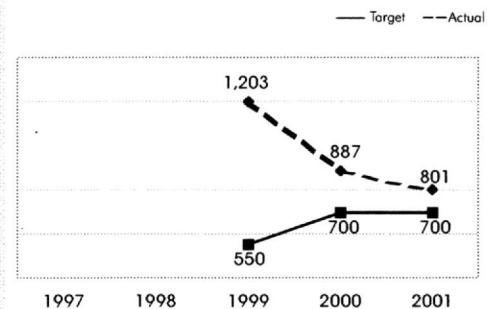
NUMBER OF FINANCIAL ASSISTANCE/LOAN COMMITMENTS PROVIDED TO SMALL COMMUNITIES



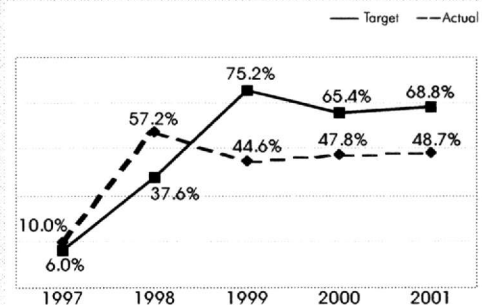
PERCENT OF COMMUNITIES AND OTHERS RECEIVING TECHNICAL AND FINANCIAL ASSISTANCE FOR WATER PLANNING AND CONSERVATION



NUMBER OF WATER CONSERVATION TECHNICAL ASSISTANCE AND EDUCATION ACTIVITIES CONDUCTED



PERCENT OF ESTIMATED TOTAL COLONIA POPULATION PROVIDED A CONSTRUCTION FUNDING COMMITMENT FOR WATER OR WASTEWATER SERVICES



BUSINESS AND ECONOMIC DEVELOPMENT

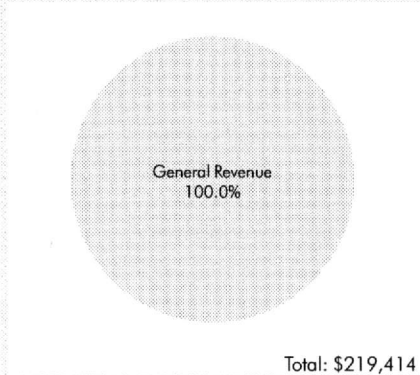
FISCAL YEAR 2001 PERFORMANCE SUMMARY

AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Texas Aerospace Commission	43%	7
Texas Department of Economic Development	63	16
Department of Housing and Community Affairs	82	38
Texas Lottery Commission	73	15
Department of Transportation	75	28
Texas Workforce Commission	79	48

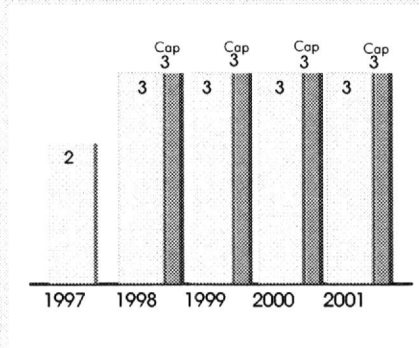
¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Miller Consulting Co.
Consulting services
\$15,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 100 percent of the agency's appropriations. The agency also receives a small portion of fee-generated General Revenue Funds from the sale of aerospace license plates.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *State Auditor's Office Audit Report on Performance Measures at 11 State Agencies* certified one of five measures without qualification. Four measures had factors preventing certification. The agency was found to have lacked documentation to demonstrate performance and needed to document procedures for collecting and reviewing data before final submission. According to the agency, the process has since been improved for documenting supporting information for performance measures.

TEXAS AEROSPACE COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 43 percent of its seven established key performance targets.

The agency did not attain or exceed either of its two outcome targets. The agency attained or exceeded three of its five output/efficiency targets.

There were no new jobs in the aerospace industry in Texas during fiscal year 2001 that were attributable to the agency; therefore, the target was not met for *Number of New Jobs Announced in the Aerospace Industry in Texas Attributed to the Activities of the Texas Aerospace Commission*. Some of the projects begun are expected to result in additional jobs in fiscal year 2002.

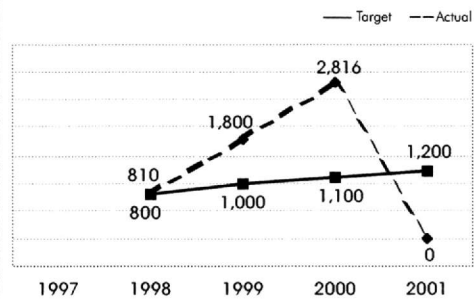
The target was exceeded for *Number of Information Projects Completed*. The agency provided assistance to communities by discussing avenues for economic development at airports and the aerospace industry. Ten information presentations were made, including ones given at a public meeting of the South Texas Spaceport Consortium; the Texas Defense, Aviation, and Aerospace Alliance; and, the Houston town hall meeting on Texas NASA funding.

The agency attained the target for *Number of Joint Projects with Other Entities*. Most of the joint projects involved working with the Texas Department of Transportation–Aviation Division. Some of the projects included moving the Explorer Aircraft Project into Jasper, Texas; the Boeing headquarters' potential move to Texas; and expansion of the airport in Big Spring, Texas.

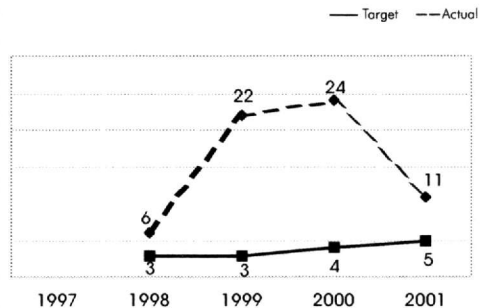
The agency did not meet the target for *Average Cost per New Job Announced in the Aerospace Industry Attributed to the Activities of the Texas Aerospace Commission* because there were no new jobs in the aerospace industry in Texas during fiscal year 2001 for which to calculate an average cost.

SELECTED PERFORMANCE MEASURES

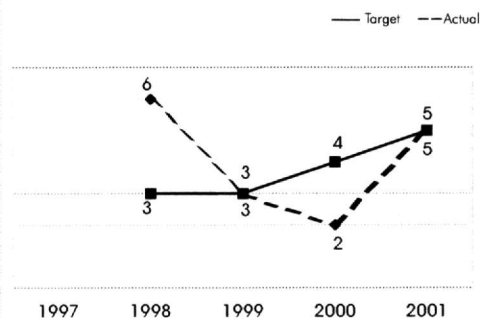
NUMBER OF NEW JOBS ANNOUNCED IN THE AEROSPACE INDUSTRY IN TEXAS ATTRIBUTED TO THE COMMISSION



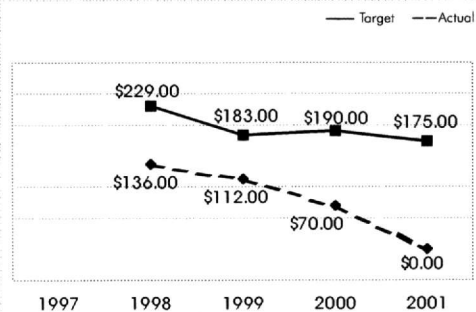
NUMBER OF INFORMATION PROJECTS COMPLETED



NUMBER OF JOINT PROJECTS WITH OTHER ENTITIES

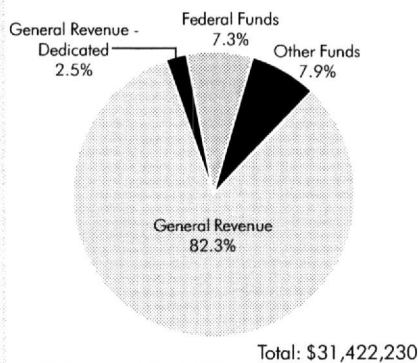


AVERAGE COST PER NEW JOB ANNOUNCED IN THE AEROSPACE INDUSTRY ATTRIBUTED TO THE COMMISSION

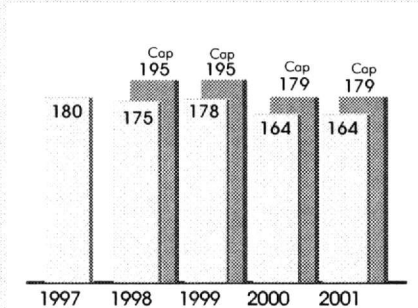


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Despacho Travel SC *
Accounting services, Mexico City office
\$527,550
- Garza, Gonzalez & Associates *
Auditing services
\$40,000
- Read-Poland, Inc. *
Mission strategy development
\$14,500

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for over 82 percent of the agency's expenditures in fiscal year 2001, which included \$1 million in unexpended balance authority for Defense Dependant Communities from fiscal year 2000.

Approximately \$20.3 million in General Revenue Funds (Hotel Occupancy Tax) was expended in fiscal year 2001. That amount represents one-twelfth of the state's 6 percent hotel occupancy tax revenue which is dedicated for funding a statewide tourism marketing effort.

The agency expended approximately \$0.8 million in Capital Access Funds in fiscal year 2001. These funds were used to induce lending institutions to make small loans to businesses. The state was able to use a small sum of money from these funds to facilitate larger loan amounts.

As the administrator of the Federal Empowerment Zones/ Enterprise Communities, the agency distributed over \$2.3 million in Federal Funds to local communities in Texas, which provided incentives for businesses to create and retain jobs.

Because the Smart Jobs Program was frozen from entering into new contracts, approximately \$48.8 million in Other Funds was not expended in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001 as a result of a turnover rate of 28.6 percent and leaving some positions vacant.

RELATED REPORTS AND REVIEWS

In the *Texas Department of Economic Development Financial Profile* issued in February 2001, the State Auditor's Office (SAO) reported that the agency did not spend or obligate approximately \$58 million of its fiscal year 2000 budget. It overestimated expenditures by approximately \$4 million for two strategies. In addition, during fiscal year 2000, the agency transferred approximately \$93 million from the Smart Jobs Fund to the Unemployment Compensation Fund to comply with Government Code, Section 481.154(i).

In *A Review of Projections for the Smart Jobs, the Unemployment Compensation Trust Fund, and the Smart Jobs Holding Fund*, the SAO estimated that the ending balance in the Smart Jobs Fund would be \$101.6 million when the Smart Jobs program would conclude on December 31, 2001. This amount is significantly higher than the agency's estimated fund balance of \$71.6 million. After an October 2001 transfer of \$83.4 million to the Unemployment Insurance Fund and a \$10.2 million appropriation to the Higher Education Coordinating Board in 2002-03, the agency reports that the Smart Jobs Fund will have a remaining balance just large enough to cover outstanding obligations.

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT

An August 1997 SAO *Audit Report on Performance Measures at 26 Agencies* certified without qualification all three of the 1996 performance measures reviewed when the agency was known as the Department of Commerce.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its 16 established key performance targets.

The agency attained or exceeded three of its seven outcome targets and seven of its nine output/efficiency targets.

The fiscal year 2001 target for *Number of Job Opportunities Announced by Businesses Receiving Assistance* was not met, which indicated a decline in economic growth and, therefore, slowed new job announcements in the second half of fiscal year 2001. Companies actively seeking information on Texas were reluctant to make business location decisions because of a softening in the national economy.

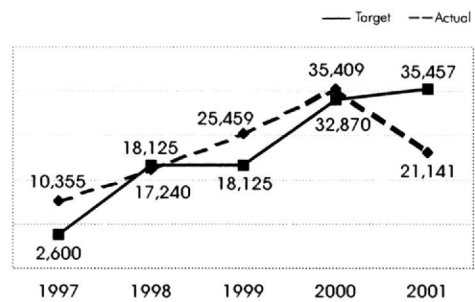
The *Number of Smart Jobs Participants Trained for New Jobs* dropped to 10.1 percent of the target. Because of loss of statutory authority effective December 31, 2001, Smart Jobs program activity was limited to contract administration, closeout, and reporting. A larger than anticipated number of businesses did not meet contractual terms under stricter enforcement, which resulted in fewer than anticipated trainees completing training.

The agency exceeded its target for *Number of Businesses Developed as Expansion/Recruitment Prospects* as companies continued to show a high degree of interest in seeking assistance in their expansion efforts. Specific information was provided regarding tax issues, permitting, sites, and financing.

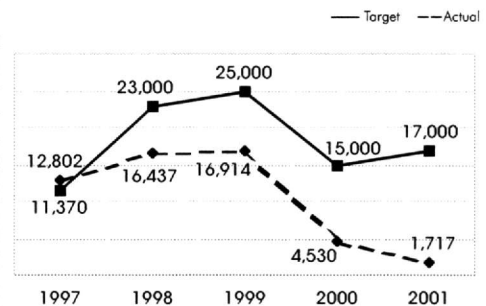
In fiscal year 2001, the agency exceeded its target for *Number of Consumer Inquiries in Response to Advertising for Tourism*. The 1.8 million consumer inquiries received also exceeded the previous peak year of 1999. The tourism advertising campaign, which included a sweepstakes promotion with travelocity.com and Internet and website programs, was successful in generating inquiries for Texas travel information.

SELECTED PERFORMANCE MEASURES

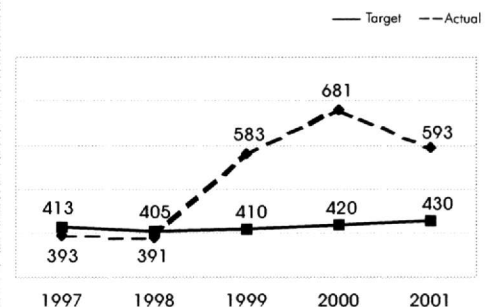
NUMBER OF JOB OPPORTUNITIES ANNOUNCED BY BUSINESSES RECEIVING ASSISTANCE



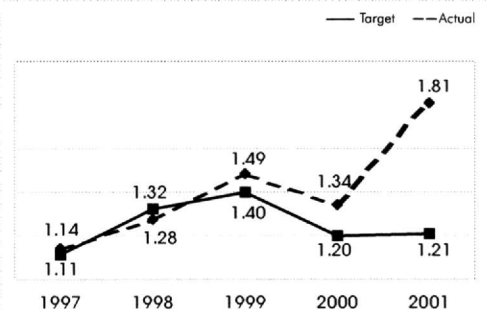
NUMBER OF SMART JOBS PARTICIPANTS TRAINED FOR NEW JOBS



NUMBER OF BUSINESSES DEVELOPED AS EXPANSION/RECRUITMENT PROSPECTS



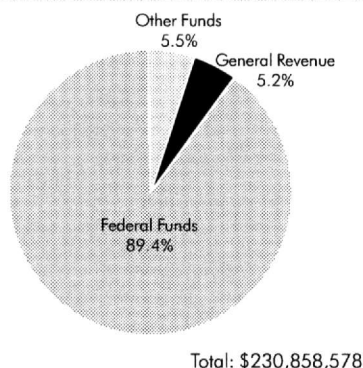
NUMBER OF CONSUMER INQUIRIES IN RESPONSE TO ADVERTISING FOR TOURISM (IN MILLIONS)



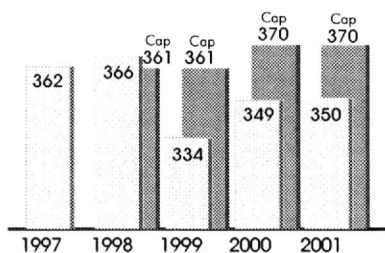
DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Agency Information Management Systems, Inc.	Software system design and implementation	\$386,700
Rensselaerville Institute *	Technical support	\$338,900
KPMG Peat Marwick/Martinez Mendoza & Co.	Auditing services	\$210,000
DAB Engineering and Testing *	Structural inspection	\$127,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Three lawsuits with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Federal Funds are the agency's primary funding source and the fiscal year 2001 funding amount remained close to fiscal year 2000 funding totaling \$211 million. Federal Funds are used to provide housing and housing-related assistance to low and very low income families in Texas, as well as to develop viable communities by providing decent housing and suitable living environments. The agency expended approximately \$206.4 million in Federal Funds in fiscal year 2001, which included receipt of an additional \$30.8 million over the amounts estimated in the 2000-01 General Appropriations Act.

Approximately \$82.8 million in Federal Funds was distributed in Community Development Block Grants for community and economic development projects. The agency also expended approximately \$40 million in Federal Funds for the Low-Income Home Energy Assistance Program, an estimated \$40.5 million to provide housing through the HOME Investment Program, and \$9.1 million for the Section 8 Housing Assistance Program.

Approximately \$9.7 million in General Revenue Funds was expended by the agency in fiscal year 2001. Of this amount, an estimated \$5.3 million was for the Housing Trust Fund, which is the primary vehicle to provide state housing loans and grants. An estimated \$2.5 million in fee-generated General Revenue was used for regulation of the Manufactured Housing Division.

Appropriated Receipts accounted for an estimated \$11.4 million in Other Funds. A majority of the Appropriated Receipts was used for the Energy Assistance Program, the Single Family Mortgage Revenue Bond Program, and the review of housing property affordability documents.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency experienced high employee turnover during the fiscal year.

RELATED REPORTS AND REVIEWS

The *2000 Statewide Single Audit Report* by the State Auditor's Office (SAO), released in April 2001, found that the agency did not have a system to ensure that the significant provisions in applicable laws, regulations, contracts, and grants were followed. This increased the risk that noncompliance could occur and not be detected in a timely manner.

An SAO February 1996 *Audit Report on Performance Measures at 21 State Agencies and 1 Educational Institution* certified without qualifications seven, and with qualifications one, of 11 performance measures reviewed. The agency has since implemented changes to the uncertified measures. The measures have not been re-audited.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 82 percent of its 38 established key performance targets.

The agency attained or exceeded 10 of its 12 outcome targets and 21 of its 26 output/efficiency targets.

The agency exceeded its fiscal year 2001 target for *Percent of Households of Very Low/Low and Moderate Income Receiving Assistance* because of strong performance within several programs. The Housing Trust Fund created more units than expected after obtaining additional funding for the Affordable Housing/At Risk Program. The Low Income Housing Tax Credit Program generated additional housing units as a result of success with the Tax Credit Lottery System. The Single Family Bond Program was also more successful than expected, with an increased number of loans provided because they could be offered at market rates. The Multifamily Bond Program received private-activity bonding authority for nine transactions through the lottery allocation process.

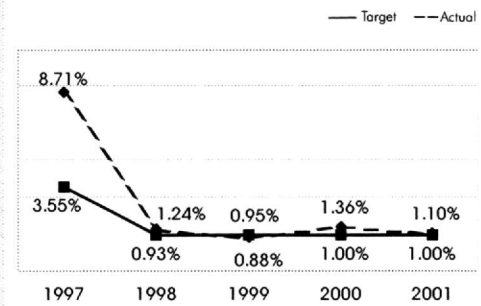
The target for *Projected Number of Low/Very Low-income Households Benefiting from HOME* was not met because the agency did not approve applications received for fiscal year 2001 until the first quarter of fiscal year 2002. Appeals by the public of new selection criteria, along with a lengthier application review time intended to promote an equitable treatment of applicants, caused this lag in the approval process.

The agency exceeded the target for *Percent of Small Communities' Population Benefiting from Development Assistance*. The number of area-wide or city-wide activities funded was higher, benefiting more people.

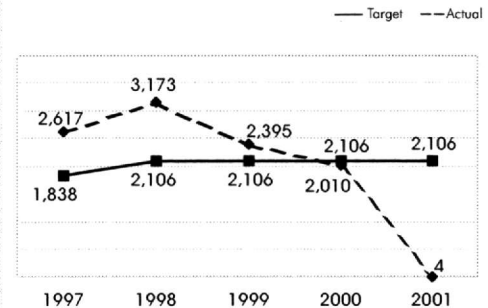
The agency exceeded the target for *Percent Persons in Poverty Receiving Homeless or Poverty-Related Assistance*. Increased federal funding in the Emergency Shelter Grants Program allowed the program to assist more people than expected. The agency has also helped contractors improve their level of reporting and performance.

SELECTED PERFORMANCE MEASURES

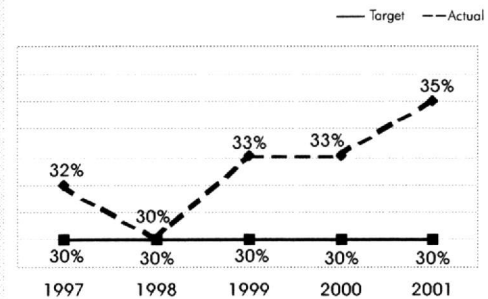
PERCENT OF HOUSEHOLDS OF VERY LOW/LOW AND MODERATE INCOME RECEIVING ASSISTANCE



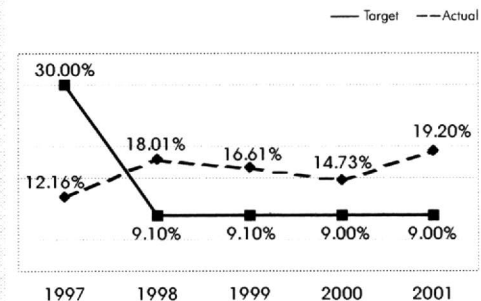
PROJECTED NUMBER OF LOW/VERY LOW-INCOME HOUSEHOLDS BENEFITTING FROM HOME



PERCENT OF SMALL COMMUNITIES' POPULATION BENEFITTING FROM DEVELOPMENT ASSISTANCE

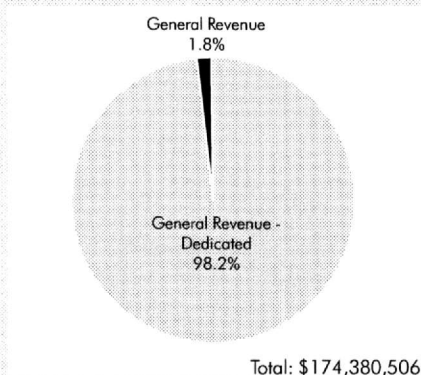


PERCENT PERSONS IN POVERTY RECEIVING HOMELESS OR POVERTY-RELATED ASSISTANCE

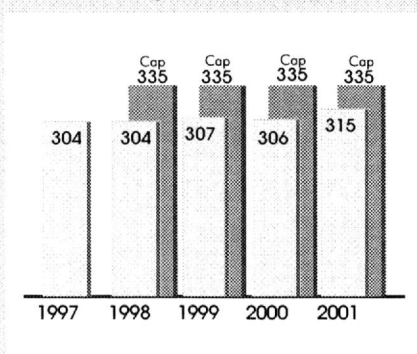


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

GTECH *
 Lottery operator
 \$93,017,520
 Scientific Games *
 Instant tickets and services
 \$50,215,416
 Pollard *
 Instant tickets and services
 \$8,990,593
 ISPOS Reid *
 Market research services
 \$2,236,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue–Dedicated Funds (Lottery Account No. 5025) accounted for 98.2 percent of the agency’s expenditures in fiscal year 2001. This method of finance was used by the agency to administer the operation of the state lottery and cannot exceed 7 percent of the gross revenue from the sale of lottery tickets. The General Revenue Funds portion of the agency’s budget was devoted to the regulation of bingo and must be supported by revenues generated by the fees charged to regulate bingo games.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001, and continues to have difficulty filling all of its positions.

RELATED REPORTS AND REVIEWS

A January 2002 Council on Competitive Government report, *Texas Lottery Commission, Public Information, Media and Lottery Advertising*, presented six recommendations to improve the agency’s policies, practices, and procedures regarding public information, media, and lottery advertising.

A November 2000 State Auditor’s Office (SAO) report on *Performance Measures at 26 State Agencies and Educational Institutions* certified one measure without qualification and four measures with qualifications of the eight measures audited. One measure was inaccurate, and factors prevented certification of two. The agency has since taken steps to address the issues in the SAO’s report.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 73 percent of its 15 established key performance targets.

The agency attained or exceeded all three of its outcome targets and eight of its 12 output/efficiency targets.

Although the agency's goal was to increase the *Number of Retailer Business Locations Licensed*, the number has remained relatively steady since fiscal year 1998. In fiscal year 2001, the overall number of applications received was lower than expected and the number of applicants required to submit additional financial securities in order to obtain a license was greater than expected. Many of the applicants could not meet these requirements and withdrew their application.

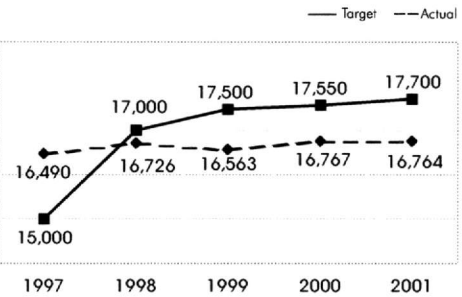
Additional licensing requirements, mainly the requirement that all applicants be free of all types of debt to the state, have increased the time and resources needed to issue a license. Because of these requirements, the *Average Cost per Retailer Location License Issued* was higher than targeted.

The agency continues to meet the target for *Number of Lottery Complaints Resolved* as a result of the agency's emphasis on monitoring cases, enhancing the investigation planning process, and bettering execution of the resolution process.

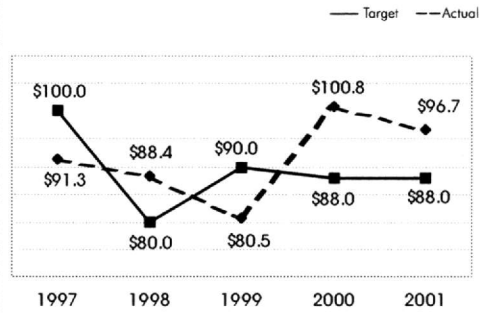
The *Number of Licenses Renewed to Individuals and Organizations (Bingo)* has slowly decreased since fiscal year 1997 and the target for fiscal year 2001 was not attained. The number of licenses renewed was lower than anticipated.

SELECTED PERFORMANCE MEASURES

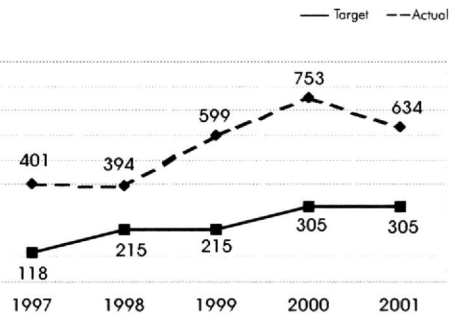
NUMBER OF RETAILER BUSINESS LOCATIONS LICENSED



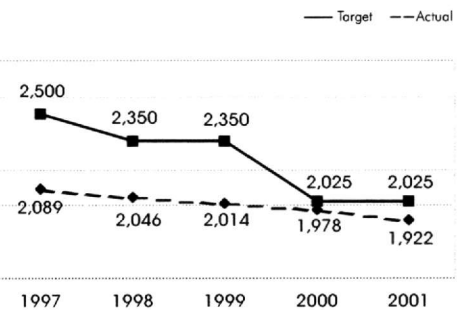
AVERAGE COST PER RETAILER LOCATION LICENSE ISSUED



NUMBER OF LOTTERY COMPLAINTS RESOLVED



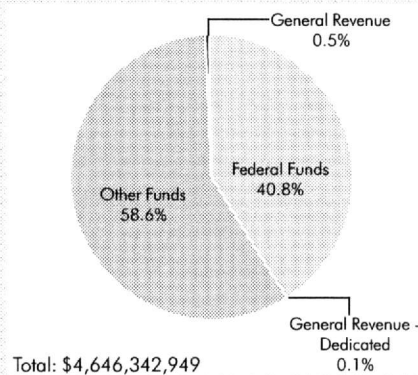
NUMBER OF LICENSES RENEWED TO INDIVIDUALS AND ORGANIZATIONS (BINGO)



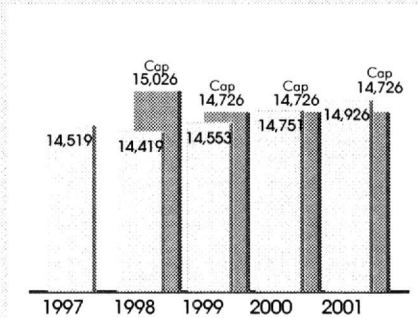
DEPARTMENT OF TRANSPORTATION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Granite Construction Company *
Freeway construction
\$87,883,871
- Zachry Construction Company *
Freeway construction
\$50,991,495
- Parsons Brinckerhoff Quade & Douglas, Inc. *
Engineering services
\$49,400,081
- Granite Construction Company *
Freeway construction
\$49,397,587

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

182 lawsuits with a specified potential liability amount totalling **\$17,165,477**.

BUDGET HIGHLIGHTS

State Highway and Federal Funds accounted for 99.1 percent of all expenditures for the Texas Department of Transportation in fiscal year 2001; State Highway Fund 6 accounted for 58.3 percent and Federal Funds accounted for 40.8 percent. All other funding sources, including Appropriated Receipts, General Revenue Funds, General Revenue-Dedicated Funds, and Oil Overcharge Funds, accounted for less than 1 percent of the agency's expenditures.

During fiscal year 2001, construction and maintenance expenditures, including administrative costs and contracted routine and preventative maintenance, totaled approximately \$4.3 billion.

Direct expenditures reported for planning, designing, and managing highway projects totaled \$498.4 million.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency exceeded the cap for full-time-equivalent (FTE) positions by 200 FTEs for fiscal year 2001. The agency is allowed additional FTEs for summertime hires that are exempt from the FTE cap.

RELATED REPORTS AND REVIEWS

A March 2001 report on *Financial Profile-TXDOT* issued by the State Auditor's Office (SAO) found overall that the baseline budget requests appeared reasonable and that the cash balance in Fund 006 did not appear to be excessive. In addition, the process for estimating revenues for projects appeared reasonable.

An October 2000 *Comptroller of Public Account's Claims Report 4th Quarter Fiscal Year 2000* issued by the Comptroller's Office found the overall error rate of sampled purchase, travel, and payroll transactions was less than 1 percent. The Comptroller's Office found overall deficiencies in multiple instances, suggesting a lack of control over the enforcement of procurement card procedures, but the agency had good controls in place to ensure that travel vouchers were processed correctly. The agency indicates that it will consider each recommendation carefully to determine what actions need to be taken.

An August 1997 report on *Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified 10 of the agency's 11 measures without qualifications. There was inadequate supporting documentation to be able to certify the remaining measure.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its 28 established key performance targets.

The agency attained or exceeded all six of its outcome targets and 15 of its 21 output/efficiency targets.

The agency did not attain its fiscal year 2001 target for *Number of Lane Miles Contracted to Increase Capacity* because the agency reduced the development of projects to increase traffic volume capacity and focused on maintaining the current road infrastructure to accommodate traffic growth resulting from the North American Free Trade Agreement.

The agency exceeded the target for *Number of Lane Miles Contracted for Rehabilitation* as a result of an increase in letting volume for rehabilitation of the current road system and a shift away from construction of new lane miles.

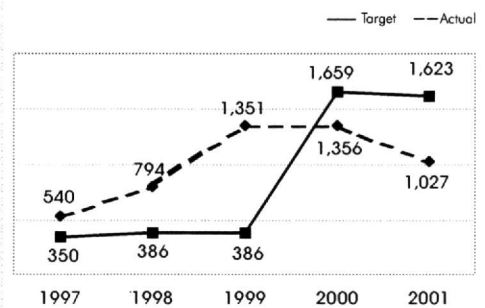
The target for *Number of General Aviation Airports Selected for Financial Assistance* was exceeded as a result of the agency receiving an additional \$11.2 million in Federal Funds from the Federal Aviation and Investment Reform Act for the 21st Century.

The target for *Number of Highway Construction Projects Contracted* was not met because the agency awarded larger amounts of funds than initially anticipated for individual highway construction projects.

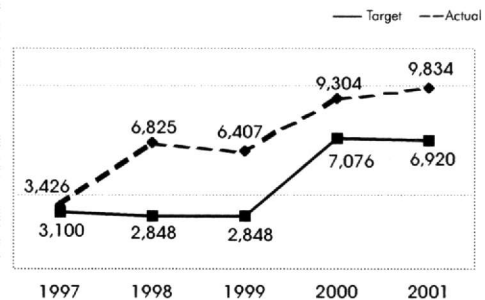
The agency received an increase in federal funding in fiscal year 2001, which led the agency to exceed the target for *Dollar Volume of Construction Contracts Awarded in Fiscal Year (in Millions)*. The agency expended over \$2.9 billion in funds for contracts to construct, maintain, and rehabilitate the highways and bridges in Texas.

SELECTED PERFORMANCE MEASURES

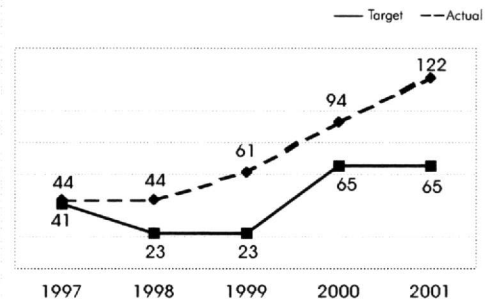
NUMBER OF LANE MILES CONTRACTED TO INCREASE CAPACITY



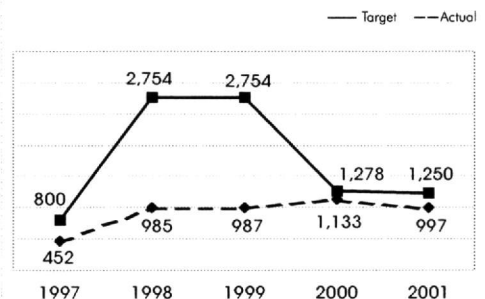
NUMBER OF LANE MILES CONTRACTED FOR REHABILITATION



NUMBER OF GENERAL AVIATION AIRPORTS SELECTED FOR FINANCIAL ASSISTANCE

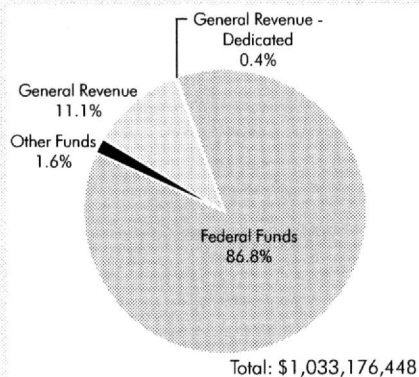


NUMBER OF HIGHWAY CONSTRUCTION PROJECTS CONTRACTED

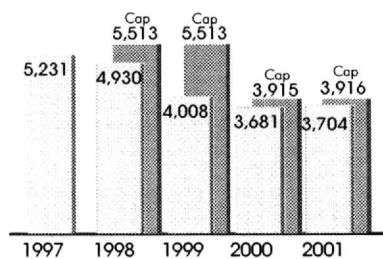


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Unisys Corporation
 Desktop and helpdesk services
 \$13,653,371

IBM Corporation
 Computer hardware and software
 \$7,871,369

Deloitte Consulting, LLC *
 Automated labor exchange program
 \$3,082,870

PeopleSoft, USA, Inc.
 Maintenance on PeopleSoft software
 \$1,810,323

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

14 lawsuits with a specified potential liability amount totalling **\$300,000**.

BUDGET HIGHLIGHTS

General Revenue and General Revenue–Dedicated Funds accounted for 11.5 percent of the agency’s expenditures in fiscal year 2001. The agency expended 74 percent of its General Revenue Funds to match Federal Funds for various federal programs.

Federal Funds constituted 86.8 percent of the agency’s expenditures. The two largest federally funded programs for the agency were the Workforce Investment Act and child care, comprising 60 percent of all Federal Funds received by the agency.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency continued to remain under its FTE cap because of turnover, predominantly in the TeleCenters, which provide unemployment services by phone. Due to a strong economy in the beginning of fiscal year 2001, telemarketing jobs in the private sector drew many employees away from the agency’s TeleCenters.

The agency had a reduction of 1,500 FTEs from fiscal years 1999 to 2000, when services were transferred to the local workforce development boards.

RELATED REPORTS AND REVIEWS

A March 2001 State Auditor’s Office (SAO) report on *The Local Workforce Boards*, indicated that improvements were still necessary at most of the six local boards audited; data errors compromised the information in The Workforce Information System of Texas (TWIST); and half of the 28 boards failed to meet federal requirements, resulting in the redistribution of \$10.1 million in childcare funding to other local workforce boards.

A February 2001 SAO report, *Financial Profile*, indicated the agency had not reconciled its internal accounting and Uniform Statewide Accounting System (USAS) balances in 16 months, which could result in undetected errors that could affect historical information presented in the Legislative Appropriations Request. The agency has since reconciled the USAS balances.

A January 2001 *Integrated Statewide Administrative System (ISAS) at Selected Agencies* report by the SAO showed that the agency was behind schedule and over budget on installation of the ISAS PeopleSoft software. Although the installation of ISAS software was incomplete, the portions of the software that had been installed were functioning correctly.

The August 1997 SAO *Report on Performance Measures at 26 State Agencies* certified four of the agency’s measures and found three measures to have insufficient documentation for certification.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 79 percent of its 48 established key performance targets.

The agency attained or exceeded 18 of its 23 outcome targets and 20 of its 25 output/efficiency targets.

The agency did not attain its fiscal year 2001 target for *Number of Initial Unemployment Insurance Claims Filed*. The agency had a higher number of unemployment claims filed because of a downturn in the economy in the latter part of fiscal year 2001. There was a 19 percent increase in initial unemployment claims filed in fiscal year 2001, with the majority of the increase occurring in the last two quarters.

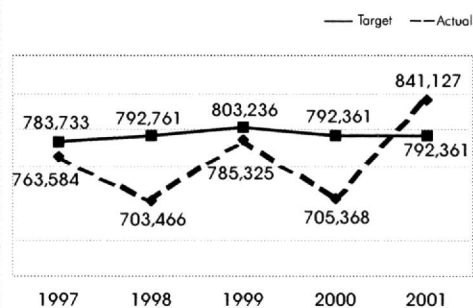
There was a slight increase in fiscal year 2001 over fiscal year 2000 for *Choices Participation Rate for All Families*, but the rate continued to remain below the targeted amount. Effective in fiscal year 2000, the agency changed the methodology for calculating the participation rate to include clients who are certified for Choices late in the month. These clients are subject to meeting the same work requirements as clients approved at the beginning of the month; however, because they entered the program late in the month, time constraints usually prevented them from achieving the work requirements.

The agency continued to exceed the target for *Percent of Choices Participants Who Enter Employment*. A strong economy during most of fiscal year 2001 was a contributing factor for the increase. Another contributing factor was the "work first" approach of finding employment for clients based on their current qualifications. In addition, an unexpectedly large number of clients took advantage of the earned income disregard which, for an extended period, allowed clients to earn a certain amount of income while still receiving full temporary benefits.

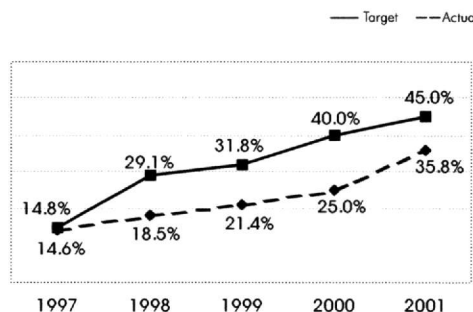
The *Average Number of Children Served per Day (Child Care)*, excluding Choices and Food Stamp Employment and Training, continued to exceed the agency's target. As the number of parents receiving Temporary Assistance for Needy Families lose their exemptions from Choices participation, the number of children served in child care for low-income families will continue to rise.

SELECTED PERFORMANCE MEASURES

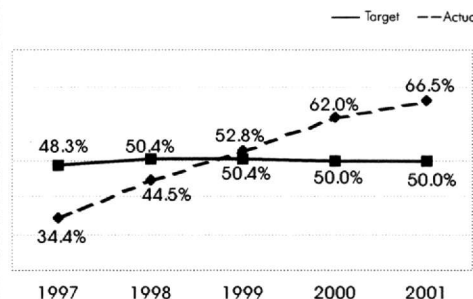
NUMBER OF INITIAL UNEMPLOYMENT INSURANCE CLAIMS FILED



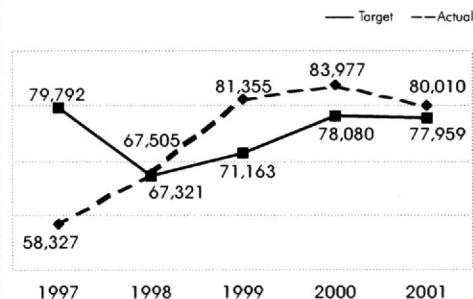
CHOICES PARTICIPATION RATE FOR ALL FAMILIES



PERCENT OF CHOICES PARTICIPANTS WHO ENTER EMPLOYMENT



AVERAGE NUMBER OF CHILDREN SERVED PER DAY (CHILD CARE)



REGULATORY

FISCAL YEAR 2001 PERFORMANCE SUMMARY

AGENCY	PERCENTAGE OF PERFORMANCE TARGETS ACHIEVED ¹	NUMBER OF KEY PERFORMANCE MEASURES
Board of Public Accountancy	44%	9
State Office of Administrative Hearings	90	10
Board of Architectural Examiners	50	6
Board of Barber Examiners	40	5
Board of Chiropractic Examiners	63	8
Cosmetology Commission	82	11
Credit Union Department	100	7
Texas State Board of Dental Examiners	56	9
Board of Professional Engineers	57	7
Finance Commission of Texas:	100	1
Department of Banking	57	7
Office of the Consumer Credit Commissioner	80	10
Savings and Loan Department	78	9
Funeral Service Commission	67	6
Department of Insurance	82	33
Office of Public Insurance Counsel	60	10
Board of Professional Land Surveying	100	8
Department of Licensing and Regulation	44	16
Board of Medical Examiners	39	18
Board of Nurse Examiners	56	9
Board of Vocational Nurse Examiners	56	9
Optometry Board	80	5
Structural Pest Control Board	63	8
Board of Pharmacy	67	9
Executive Council of Physical Therapy and Occupational Therapy Examiners	47	15
Board of Plumbing Examiners	71	7
Board of Podiatric Medical Examiners	50	6
Board of Examiners of Psychologists	100	8
Racing Commission	82	17
Real Estate Commission	100	13
Securities Board	22	9
Board of Tax Professional Examiners	88	8
Public Utility Commission of Texas	62	13
Office of Public Utility Counsel	75	8
Board of Veterinary Medical Examiners	64	11
Workers' Compensation Commission	85	13
Research and Oversight Council on Workers' Compensation	100	5

¹ *Percentage of Performance Targets Achieved* reflects those measures (excluding explanatory) for which performance has attained or exceeded 95 percent of the established target.

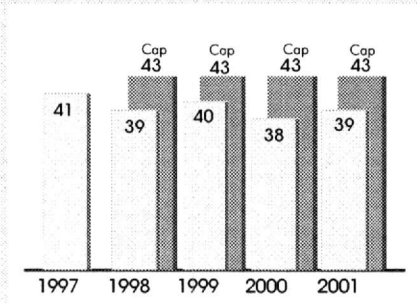
BOARD OF PUBLIC ACCOUNTANCY

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Navigant Consulting *
Consultant to board committees
\$70,000
- William Foerster *
Consultant to board committees
\$50,000
- Navigant Consulting *
Consultant to board committees
\$49,900
- William Foerster *
Consultant to board committees
\$15,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 98.3 percent of the agency's expenditures in fiscal year 2001.

The agency's appropriations for the 2000-01 biennium were slightly increased for audit services and other administrative expenses.

The Seventy-seventh Legislature, 2001, enacted Senate Bill 736, which allows the agency to participate in the Self-Directed Semi-Independent Agency Program authorized by Senate Bill 1438 (Seventy-sixth Legislature, 1999). Under this program, agencies are removed from the legislative budgeting process and generally allowed to operate outside the provisions of the 2002-03 General Appropriations Act.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency continued to have trouble retaining employees and has not been fully staffed since fiscal year 1997.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Small Agency Management Control Audit* by the State Auditor's Office found that all three measures reviewed were certified.

BOARD OF PUBLIC ACCOUNTANCY

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 44 percent of its nine established key performance targets.

The agency attained or exceeded both of its outcome targets and two of its seven output/efficiency targets.

In fiscal year 2001, the *Percentage of Accounting Firms Receiving Favorable Reviews* slightly exceeded the target and remained relatively unchanged from prior years.

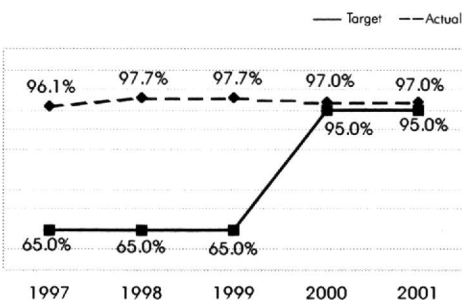
The number of individual licenses issued in fiscal year 2001 was lower than expected and the agency allocated more resources to licensing than in the previous fiscal year, both of which contributed to the agency exceeding its target for *Average Licensing Cost per Individual License Issued*.

The *Number of Quality Reviews Conducted* fell below the targeted amount in fiscal year 2001 because a greater number of firms than anticipated filed for an exemption to the review based on the type of work performed. A firm can be exempt from review if its work does not attest to a company's financial standing, such as preparing income tax returns.

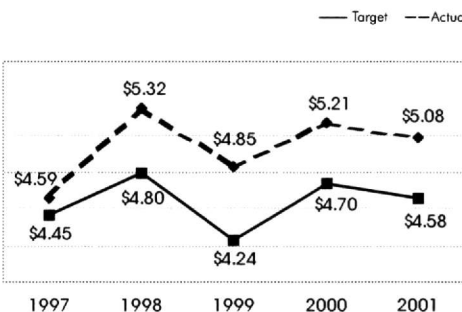
The agency kept the *Average Time for Complaint Resolution* below the targeted level by emphasizing correctional and educational actions over punitive and disciplinary actions.

SELECTED PERFORMANCE MEASURES

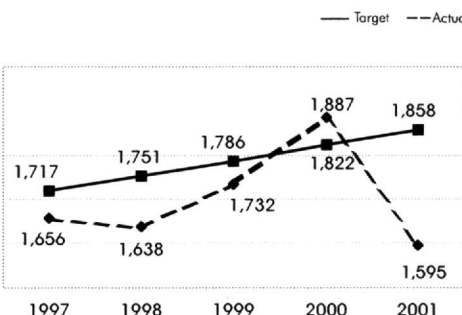
PERCENTAGE OF ACCOUNTING FIRMS RECEIVING FAVORABLE REVIEW



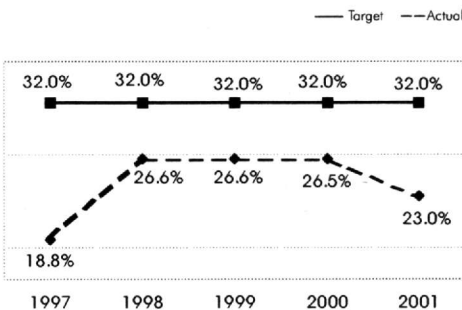
AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED



NUMBER OF QUALITY REVIEWS CONDUCTED



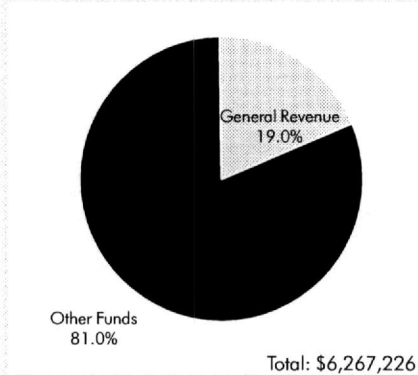
PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION



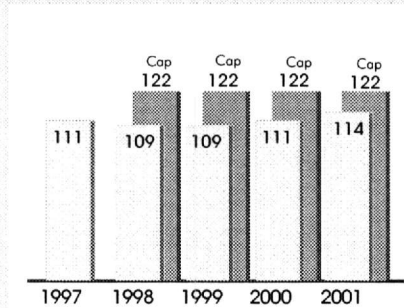
STATE OFFICE OF ADMINISTRATIVE HEARINGS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Robert Boomer
Temporary administrative law judge services
\$80,000

Earl Corbitt
Temporary administrative law judge services
\$80,000

James Doherty
Temporary administrative law judge services
\$80,000

Ernest Fortenberry
Temporary administrative law judge services
\$80,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency is generally supported by fees it charges other state agencies to hold contested hearings. In fiscal year 2001, approximately 80 percent of the agency's appropriations were interagency contracts.

Lump sum contracts with three agencies (Department of Public Safety, Public Utility Commission of Texas, and Texas Natural Resource Conservation Commission) made up 83 percent of the agency's interagency contracts.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. While the agency has been unable to meet its FTE cap since fiscal year 1998, the number of positions filled has increased each of the most recent three fiscal years.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications none of the three performance measures reviewed. The audit recommended improving the agency performance appraisal system. The agency responded to this recommendation by developing employee performance evaluations with job-specific criteria for measuring the accomplishment of those expectations. This method of performance appraisal was adopted to coincide with the implementation of the career ladder for Administrative Law Judges.

The agency received a Texas Star Award from the Governor in November 2001 for organizational achievement.

STATE OFFICE OF ADMINISTRATIVE HEARINGS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 90 percent of its 10 established key performance targets.

The agency attained or exceeded its single outcome target and eight of its nine output/efficiency targets.

The agency almost achieved its fiscal year 2001 target for *Percentage of Participants Surveyed Expressing Satisfaction with Overall Process*. Parties to hearings (i.e., individuals, attorneys, and agencies) were surveyed. Survey topics included efficiency levels of the hearings and the agency's level of courtesy, professionalism, fairness, objectivity, and knowledge of applicable procedures.

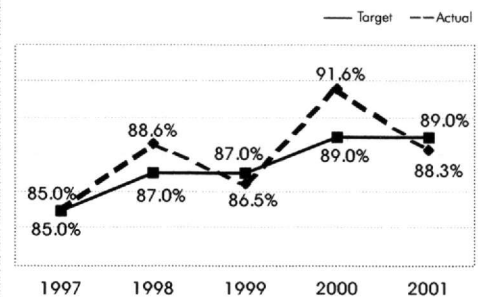
The agency exceeded its target for *Number of Administrative License Revocation Cases Docketed and Decided*. Changes in statutes implemented in January 2000 that decreased the legal limit for blood alcohol concentration continued to result in a higher number of administrative license revocation cases heard by agency judges.

The agency re-evaluated the method of calculating direct and indirect costs associated with the administrative license revocation program and determined the need to change the method to conform with new measure requirements. This action resulted in the *Average Cost per Administrative License Revocation Cases Docketed and Decided* to be higher than the targeted level in fiscal year 2001.

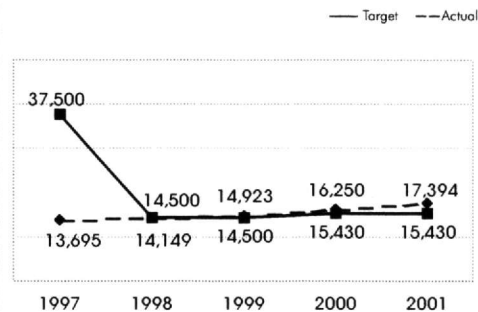
The *Average Cost per Alternative Dispute Resolution Proceeding* was less than half the target and similar to the average cost in the preceding fiscal year, even though there were substantially fewer Alternative Dispute Resolution (ADR) proceedings held in fiscal year 2001 than in fiscal year 2000. The low average cost indicates that the length and complexity of ADR proceedings were below estimated levels. In addition, during the fourth quarter of the fiscal year, the agency refined the ADR process to resolve matters more efficiently.

SELECTED PERFORMANCE MEASURES

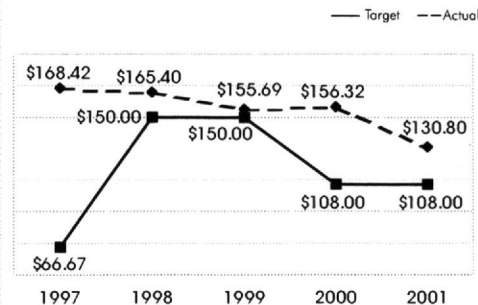
PERCENTAGE OF PARTICIPANTS SURVEYED EXPRESSING SATISFACTION WITH OVERALL PROCESS



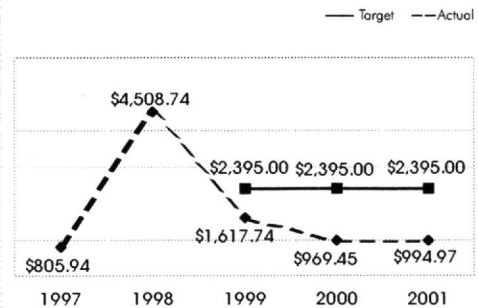
NUMBER OF ADMINISTRATIVE LICENSE REVOCATION CASES DOCKETED AND DECIDED



AVERAGE COST PER ALR CASES DOCKETED AND DECIDED

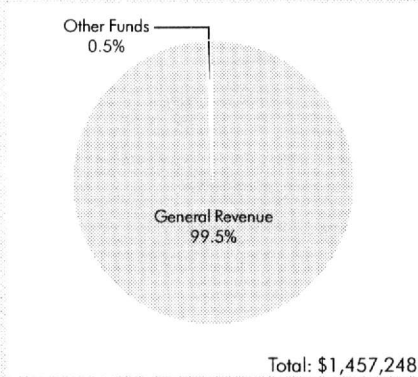


AVERAGE COST PER ALTERNATIVE DISPUTE RESOLUTION PROCEEDING

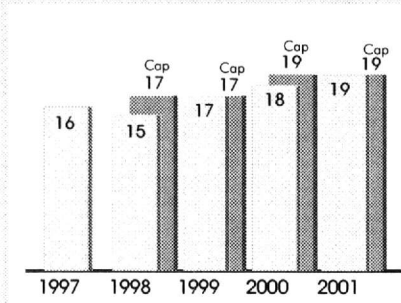


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc.	Computer technical support	\$60,000
Rupert & Penhall, P.C.	Accounting services	\$32,500
Professional Development Partners, Inc.	Feasibility study	\$23,785
New Horizons Computer Learning Center	Employee training	\$19,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 99.5 percent of the agency's expenditures in fiscal year 2001.

The agency received additional funding for travel, database improvements, and enforcement enhancements in fiscal year 2001.

The Seventy-seventh Legislature, 2001, enacted Senate Bill 736, which allows the agency to participate in the Self-Directed Semi-Independent Agency Program authorized by Senate Bill 1438 (Seventy-sixth Legislature, 1999). Under this program, agencies are removed from the legislative budgeting process and generally allowed to operate outside the provisions of the 2002-03 General Appropriations Act.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Although the agency was given an additional investigator position for the biennium, it was not fully staffed until fiscal year 2001.

RELATED REPORTS AND REVIEWS

A February 2001 *Quarterly Report on Full-Time-Equivalent State Employees for the Quarter Ending November 30, 2000* published by the State Auditor's Office (SAO) found that the agency was one of four agencies that exceeded its FTE cap. The agency exceeded its cap by 4.2 percent, or 0.8 FTEs.

A February 1995 *Audit Report on Performance Measures at 18 State Agencies* issued by the SAO certified two of the three measures reviewed. The third measure was found to be inaccurate.

BOARD OF ARCHITECTURAL EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its six established key performance targets.

The agency attained or exceeded both of its outcome targets and one of its four output/efficiency targets.

In fiscal year 2001, the *Percent of Licensees with No Recent Violations* increased to just above 99 percent, slightly above the target level and greater than the previous two fiscal years. The agency licensed approximately 20,000 individuals in fiscal year 2001.

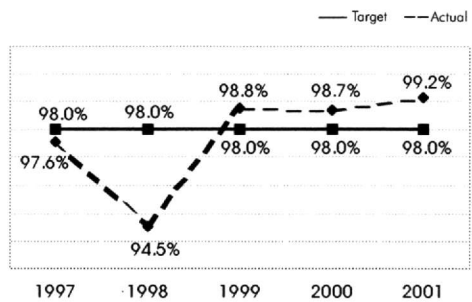
Complaints Resolved was far below the targeted level, partly because there were fewer complaint referrals from the Department of Licensing and Regulation, which reduced the overall number of complaints received in fiscal year 2001. A number of the complaints the agency received, however, were complex and required more time and resources to resolve, further reducing the agency's ability to achieve its target.

The *Number of New Licenses Issued to Individuals* was favorably influenced by a large number of reciprocity applications, which resulted in a greater number of licenses issued than anticipated in the target. The increase in reciprocity applications was likely the result of an increase in out-of-state firms doing business in Texas. More firms were conducting business in Texas in response to an upswing in the state's economy in fiscal year 2001. Architects working on a project in Texas must have a Texas license regardless of where the firm is located.

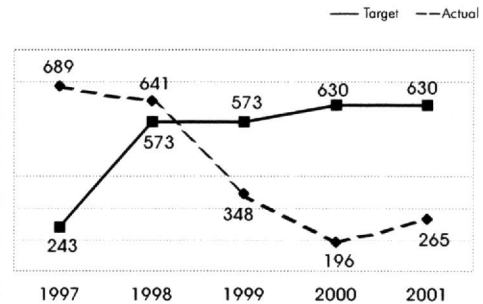
The *Number of Licenses Renewed to Individuals* was lower than the target amount because a new "inactive" license status was implemented in fiscal year 2001.

SELECTED PERFORMANCE MEASURES

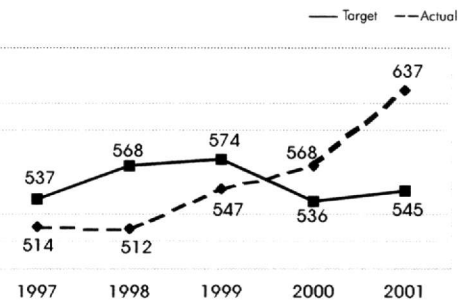
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



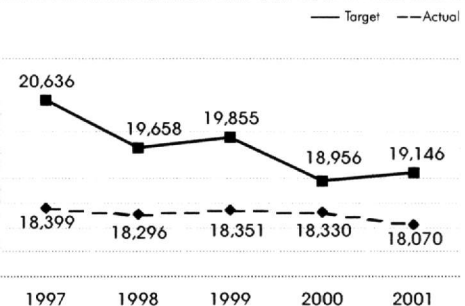
COMPLAINTS RESOLVED



NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



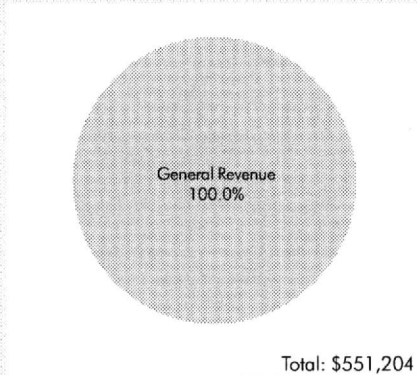
NUMBER OF LICENSES RENEWED TO INDIVIDUALS



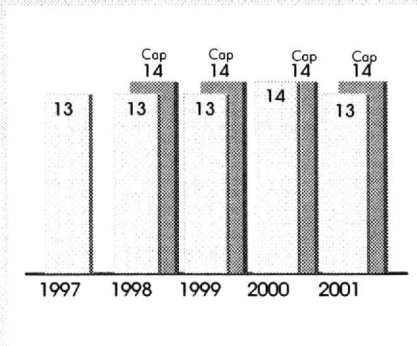
BOARD OF BARBER EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

XEROX Corporation *
Copiers
\$19,009

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

The agency was entirely supported by fee-generated General Revenue Funds in fiscal year 2001. The agency was given additional resources to implement Senate Bill 846, Seventy-sixth Legislature, 1999, relating to the enforcement of barbering regulations.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

The fourth quarter *Claims Division Quarterly Report of Fiscal Year 2000 Post-Payment Audits* issued by the Comptroller of Public Accounts in October 2000 audited a sample of purchase, travel, and payroll transactions. Certain deficiencies were found in the agency's purchasing procedures. The amount of purchase errors, when projected into the population, resulted in a significant purchase error rate. The travel error rate and the payroll error rate were low. A limited number of fixed assets that were within the sample were verified to be in their intended location and properly recorded in the State Property Accounting system. According to the agency, all purchasing procedure errors discovered in the audit have since been corrected and all suggestions from the Comptroller of Public Accounts have been implemented.

A January 1999 *Follow-Up Audit on Management Controls at the Board of Barber Examiners* issued by the State Auditor's Office (SAO) did not certify any of the five measures reviewed because there was a lack of supporting data documentation to re-create the reported performance. The SAO recommended that the agency develop a system to collect, calculate, and report its key performance measures. By June 1999, the agency initiated a comprehensive review of performance data and agency key measures. It has adopted a formalized risk-ranking criterion for frequency of inspection, prioritized by urgency of action.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 40 percent of its five established key performance targets.

The agency attained or exceeded its single outcome target and one of its four output/efficiency targets.

The *Number of New Licenses Issued to Individuals* was below the fiscal year 2001 target for several reasons; for example, the rate of individuals tested who passed the barber examination was lower in fiscal year 2001 than anticipated, and not all barbers passing the exams applied for a license.

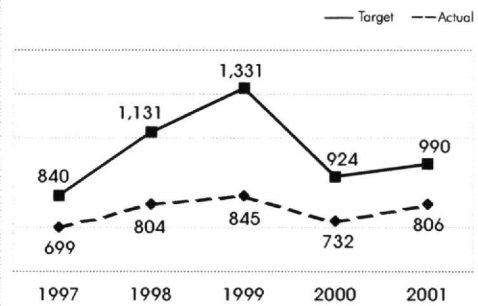
The *Number of Licenses Renewed to Individuals* was below target and less than the number of renewals in the previous fiscal year. Fiscal year 2001 license renewals reflect the lower number of licenses issued and renewed in 1999, as barber licenses are renewed biennially. The agency encourages individuals to renew licenses when due. Unlicensed individuals found working by agency inspectors are assessed fines.

The target for *Percent of Licensees with No Recent Violations* has been achieved consistently since fiscal year 1998. Types of violations have included working without a license, working with an expired license, and employing unlicensed individuals.

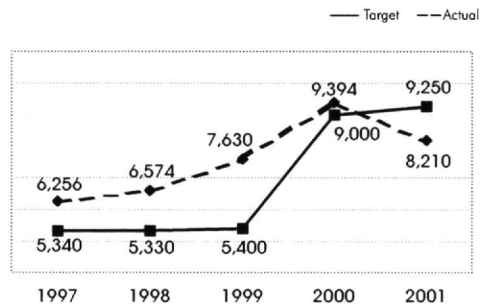
The agency reached only 40 percent of the *Complaints Resolved* target, but it resolved 94 percent of the 127 complaints received in fiscal year 2001.

SELECTED PERFORMANCE MEASURES

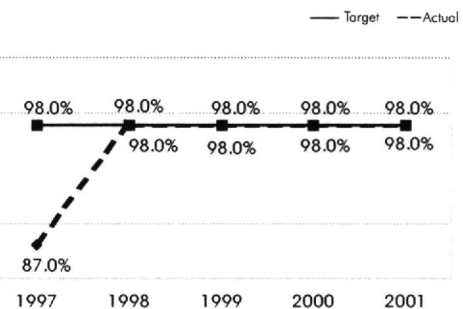
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



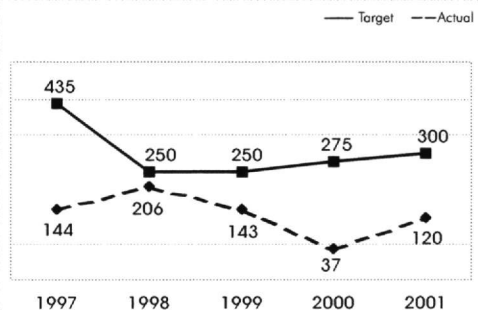
NUMBER OF LICENSES RENEWED TO INDIVIDUALS



PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



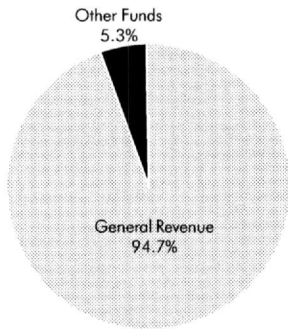
COMPLAINTS RESOLVED



BOARD OF CHIROPRACTIC EXAMINERS

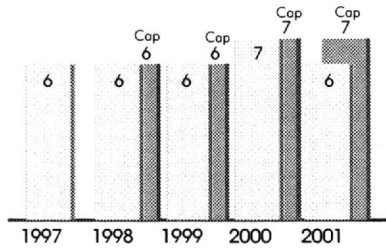
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$348,249

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for approximately 95 percent of the agency's expenditures in fiscal year 2001. The agency also received Other Funds through the sale of publications.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Although the agency has been fully staffed in prior fiscal years, it fell below the cap in fiscal year 2001.

The agency's cap was increased for the 2000-01 biennium to hire an administrative technician for the enforcement section.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 report on *Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified with qualifications one of the four measures reviewed. The other three measures were inaccurate. Pursuant to the audit findings, the agency implemented a corrective action plan to address the issues identified and to ensure accuracy in future reports.

BOARD OF CHIROPRACTIC EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its eight established key performance targets.

The agency attained or exceeded one of two outcome targets and four of its six output/efficiency targets.

The *Number of New Licenses Issued to Individuals* exceeded the target level in fiscal year 2001 by 21 percent and has consistently increased each year since fiscal year 1997. An increase in the number of jurisprudence examinations conducted contributed to this trend. The jurisprudence examination tests an applicant's knowledge of state law and is required regardless of any other eligible licensing reciprocity.

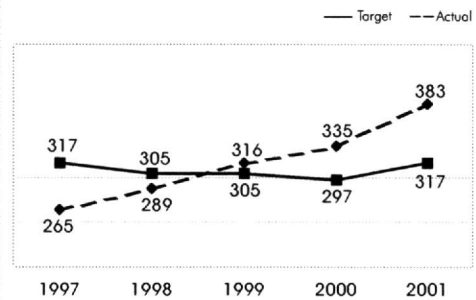
The agency has not attained the targeted *Number of Licenses Renewed (Individuals)* since fiscal year 1998. The measure accounts for the number of renewed chiropractor licenses and radiological technician recertifications processed by the agency. The agency did not meet the target in fiscal year 2001 as a result of fewer radiological technicians being able to recertify under more stringent requirements imposed by the Texas Department of Health.

Despite investigator staff turnover and training, the *Number of Complaints Resolved* in fiscal year 2001 exceeded the targeted level by 70 percent, or 201 cases, and was twice the number of cases resolved in the prior fiscal year. The agency focused on completing more cases of lower complexity, which offset complex cases requiring more time to resolve.

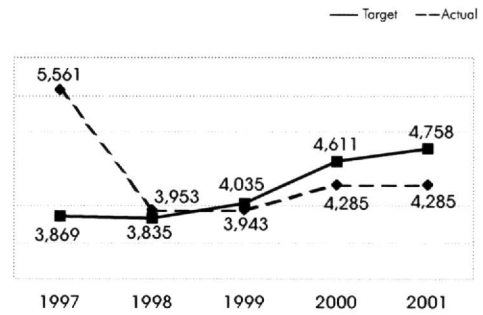
The targeted *Average Time for Complaint Resolution (Days)* was not attained in fiscal year 2001 as a result of the agency resolving several complex cases from previous fiscal years that required extensive Enforcement Committee deliberations. Investigator staff turnover and training also increased the time required to resolve outstanding complex cases. The average time required to resolve complaints increased from fiscal year 2000 to 2001 by nine days, or 11 percent.

SELECTED PERFORMANCE MEASURES

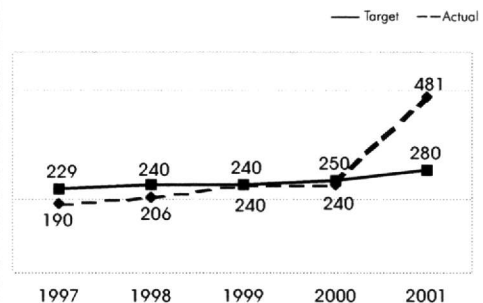
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



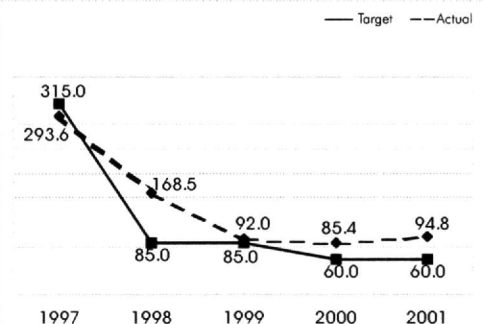
NUMBER OF LICENSES RENEWED (INDIVIDUALS)



NUMBER OF COMPLAINTS RESOLVED



AVERAGE TIME FOR COMPLAINT RESOLUTION (DAYS)

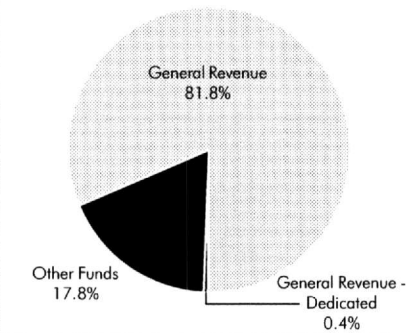


COSMETOLOGY COMMISSION

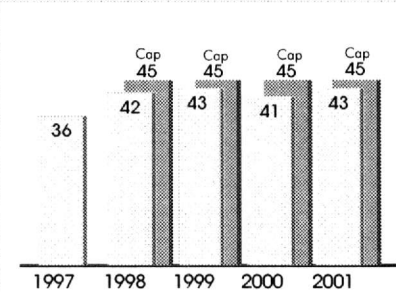
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED

Total: \$2,275,909



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The majority of the agency's \$2.3 million budget came from General Revenue Funds generated by professional license fees. Appropriated Receipts collected from the sale of the agency's rule book accounted for \$405,000 of the agency's fiscal year 2001 budget.

General Revenue-Dedicated Funds (Private Beauty Culture (Cosmetology) School Tuition Account) were used to pay expenses and refunds to students who could not complete their courses because of a school closure.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency fills vacant positions as needed. For example, a position in the Examinations Division was left unfilled when a decline in school enrollment was observed and it was later filled after school enrollment increased.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Control Audit* issued by the State Auditor's Office certified five of the six performance measures reviewed. One measure was found to be inaccurate. In December 2000, the agency submitted a corrective action plan for the inaccurate performance measure. Corrective actions for all performance measures included reviewing the computer software logic codes that report the counts and percentages for performance measure results, correcting codes when errors were apparent from a comparison to hard copy documents, and re-evaluating the results reported for efficiency measures based on the results of the Mevatec Corporation activity-based costing study in fiscal year 2000.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 82 percent of its 11 established key performance targets.

The agency attained or exceeded both of its outcome targets and seven of its nine output/efficiency targets.

The *Number of New Licenses Issued to Individuals* in fiscal year 2001 was below the targeted number. The agency encourages individuals who complete cosmetology training and cosmetologists who move into Texas from other states to seek licensing, although some do not. Administrative fines are imposed on those found working without a valid license.

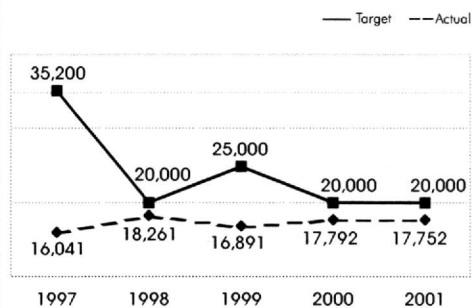
The *Number of Licenses Renewed (Individuals)* has increased each year since fiscal year 1999, but the actual number of renewals in fiscal year 2001 was below the targeted level. The agency sends renewal notices to all licensees prior to expiration of licenses to encourage renewals.

The *Average Licensing Cost per Individual License Issued* has increased each year since fiscal year 1998. Increases in external costs for postage, contracts for mailing services, and computer services have raised the average licensing cost.

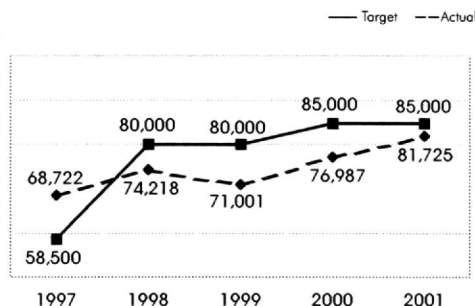
The agency received more complaints in fiscal year 2001 than anticipated and resolved all complaints received, resulting in the *Number of Complaints Resolved* exceeding the target. The agency places a high priority on complaint resolution.

SELECTED PERFORMANCE MEASURES

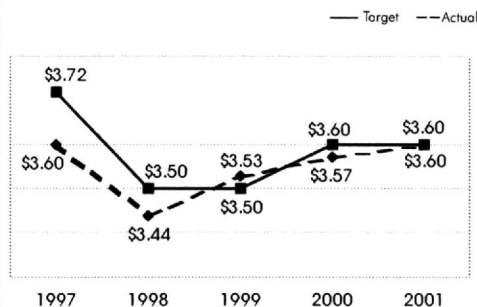
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



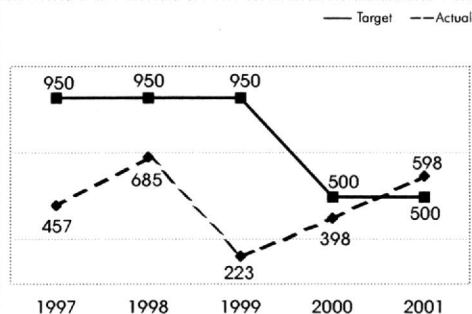
NUMBER OF LICENSES RENEWED (INDIVIDUALS)



AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED

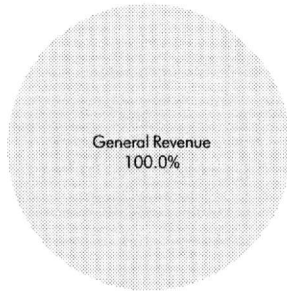


NUMBER OF COMPLAINTS RESOLVED



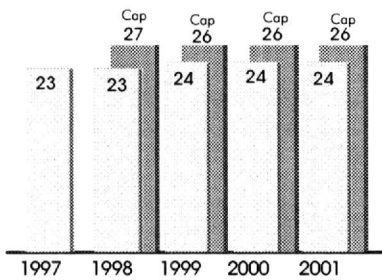
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$1,307,403

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 100 percent of the agency's expenditures in fiscal year 2001. The majority of the agency's expenditures was used to ensure the safe and sound operation of state-chartered credit unions.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

The agency has had trouble retaining financial examiners. The Seventy-seventh Legislature, 2001, addressed the issue by appropriating an additional \$300,000 to the agency for financial examiners' salaries. Difficulty maintaining financial examiner staff was also prevalent in other state agencies.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1994 *Audit Report on Performance Measures at 25 State Agencies* issued by the State Auditor's Office certified without qualifications seven of the eight measures reviewed. The non-certified measure was found to be inaccurate.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its seven established key performance targets.

The agency attained or exceeded all four of its outcome targets and all three of its output/efficiency targets.

The fiscal year 2001 target for *Percentage of Credit Unions Receiving Regular Examinations Annually* was exceeded. As staffing of examiners began to stabilize, their experience level and skill improved, resulting in the ability to conduct more examinations.

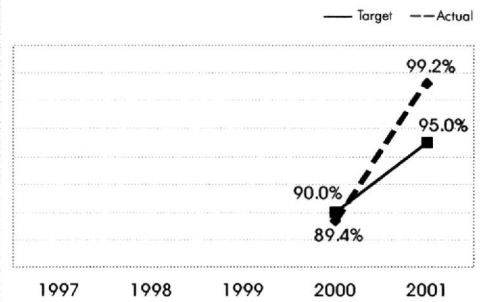
The target for *Percentage of Safe and Sound Credit Unions* was exceeded because greater stability in examiner personnel increased their effectiveness. This in turn resulted in improved supervision of problem credit unions and fewer seriously troubled credit unions.

Lower examiner turnover increased the number of credit union examinations the agency was able to perform and therefore, the target for *Number of Examinations Performed* was met.

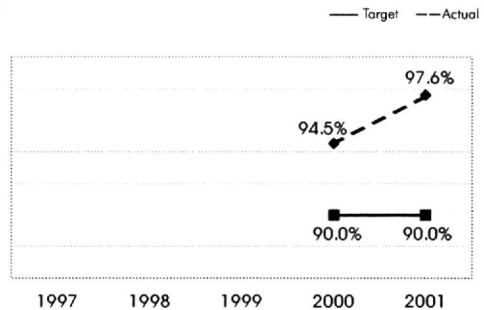
The agency exceeded the target for *Average Cost per Regular Examination* as a result of increased examiner efficiency, which came with higher experience levels.

SELECTED PERFORMANCE MEASURES

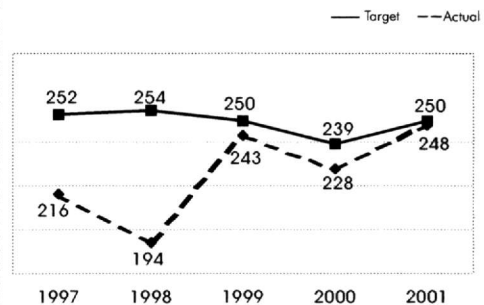
PERCENTAGE OF CREDIT UNIONS RECEIVING REGULAR EXAMINATIONS ANNUALLY



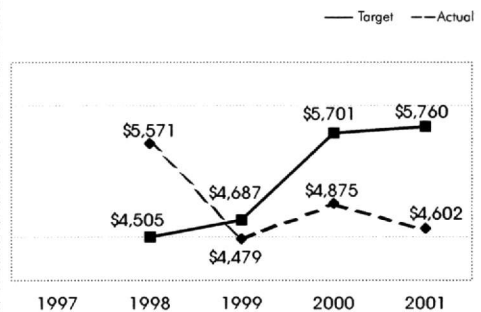
PERCENTAGE OF SAFE AND SOUND CREDIT UNIONS



NUMBER OF EXAMINATIONS PERFORMED



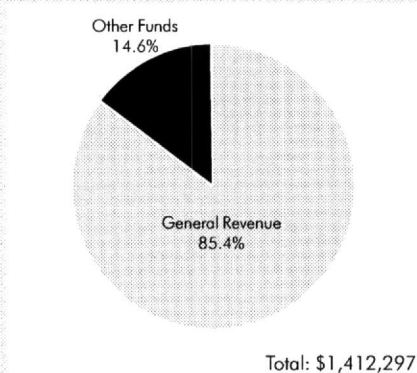
AVERAGE COST PER REGULAR EXAMINATION



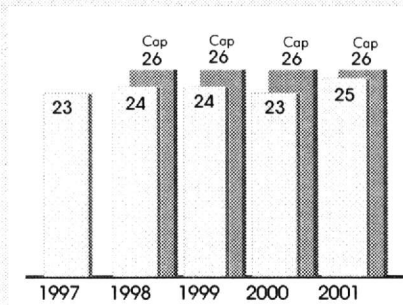
TEXAS STATE BOARD OF DENTAL EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc. *
Computer services
\$100,018

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

An increase of \$20,341 above prior year levels in Other Funds revenues from the sale of printed and electronically produced records resulted in fee-generated General Revenue Funds accounting for 85 percent of the agency's expenditures in fiscal year 2001. General Revenue Funds in previous fiscal years accounted for 87 percent of the agency's expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

Agency FTE levels have been consistently below the cap since fiscal year 1998. The agency's turnover rate exceeded the statewide averages in fiscal years 1999, 2000, and 2001. The agency's FTE cap increased by 0.5 FTEs during the 2000-01 biennium to accommodate additional licensing functions.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A November 1999 report issued by the State Auditor's Office, *Fiscal Year 2000 Small Agency Management Control Audit*, certified without qualifications five of the eight measures reviewed. Two measures were certified with qualifications and one measure was found to be inaccurate. Three of five recommendations from a previous audit were found to have been fully implemented and the remaining two were partially implemented. The report also noted that the agency was not always addressing investigator findings when imposing disciplinary actions.

TEXAS STATE BOARD OF DENTAL EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 56 percent of its nine established key performance targets.

The agency attained or exceeded one of its two outcome targets and four of its seven output/efficiency targets.

The *Number of New Licenses Issued to Individuals* exceeded targeted amounts in fiscal year 2001 as a result of additional license applications being received above anticipated levels. Fewer licenses were issued by credential to new applicants in fiscal year 2001 than in 2000 and more were issued based on examinations. The number of new applicants passing exams in fiscal year 2001 accounted for 739, or 84 percent, of all new licenses issued. In fiscal year 2000, new applicants passing exams accounted for 715, or 82 percent, of all new licenses issued.

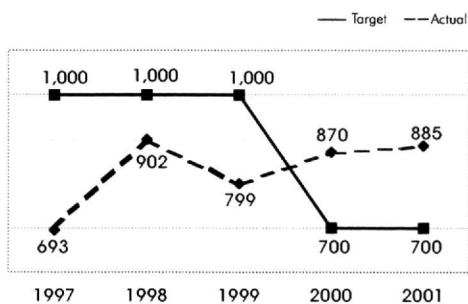
The *Number of Licenses Renewed (Individuals)* was within five percent of the targeted amount in fiscal year 2001. Renewals increased approximately 3 percent above fiscal year 2000 levels and 5 percent above fiscal year 1997 levels.

The *Number of Complaints Resolved* in fiscal year 2001 exceeded the targeted level by 33 cases. New desk-review procedures implemented during the prior fiscal year allowed the agency to process a greater number of cases more efficiently.

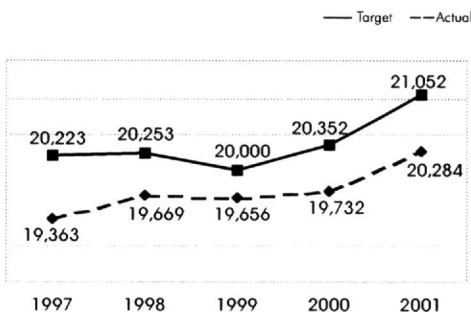
The *Percent of Complaints Resulting in Disciplinary Action* was below targeted levels in fiscal year 2001 because a majority of the resolved complaints did not involve a violation of the Dental Practice Act or agency rules, or have sufficient evidence to impose disciplinary actions.

SELECTED PERFORMANCE MEASURES

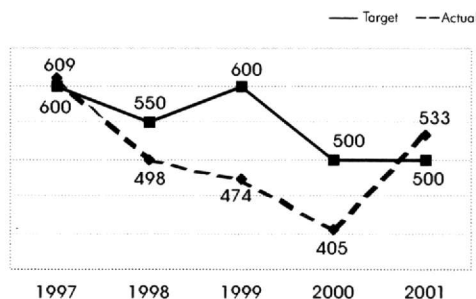
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



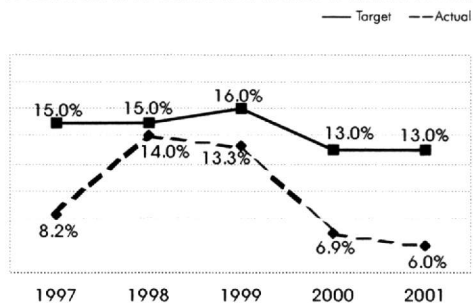
NUMBER OF LICENSES RENEWED (INDIVIDUALS)



NUMBER OF COMPLAINTS RESOLVED



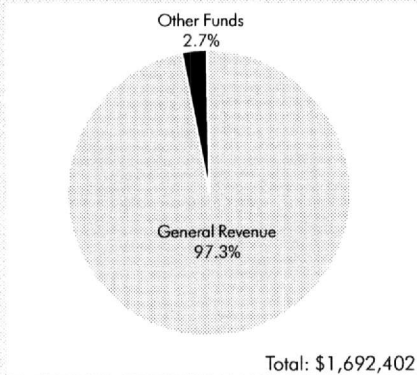
PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION



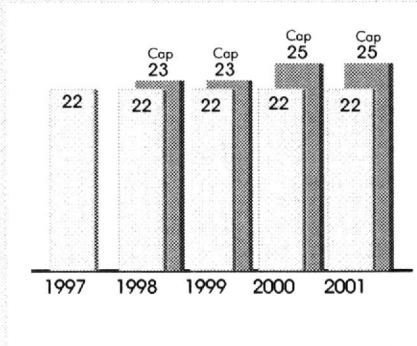
BOARD OF PROFESSIONAL ENGINEERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 97.3 percent of the agency's expenditures in fiscal year 2001.

The agency was appropriated additional funds to strengthen its Enforcement Division and also began the registration of engineering firms in fiscal year 2001.

The Seventy-seventh Legislature, 2001, enacted Senate Bill 736, which allows the agency to participate in the Self-Directed Semi-Independent Agency Program authorized by Senate Bill 1438 (Seventy-sixth Legislature, 1999). Under this program, agencies are removed from the legislative budgeting process and generally allowed to operate outside the provisions of the 2002-03 General Appropriations Act.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Although the agency was given two additional investigator positions in fiscal years 2000 and 2001, the number of actual FTE positions has remained constant since 1997.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 report on *Performance Measures at 36 State Agencies* issued by the State Auditor's Office certified all three of the measures reviewed.

BOARD OF PROFESSIONAL ENGINEERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 57 percent of its seven established key performance targets.

The agency attained or exceeded one of its two outcome targets and three of its five output/efficiency targets.

In fiscal year 2001, the *Number of New Licenses Issued to Individuals*, although higher than in the previous fiscal year, was below the targeted amount because fewer individuals than originally projected passed the engineering exam.

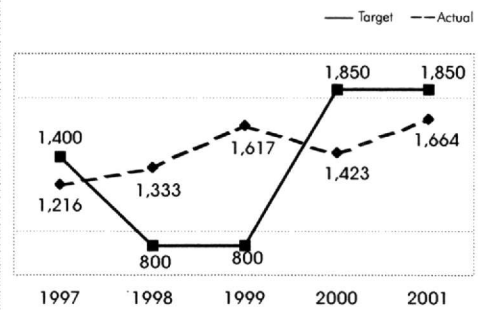
The *Average Licensing Costs per Individual License Issued* was higher than the targeted level, although slightly lower than in the previous fiscal year. The higher cost can be attributed to additional resources given to the agency during the biennium.

The *Percent of Complaints Resulting in Disciplinary Action* was well below target. There were a number of complex cases pending resolution. Had those cases been resolved before the end of the fiscal year, the actual percentage resulting in disciplinary cases may have remained as reported or could have been higher, depending on the investigation findings.

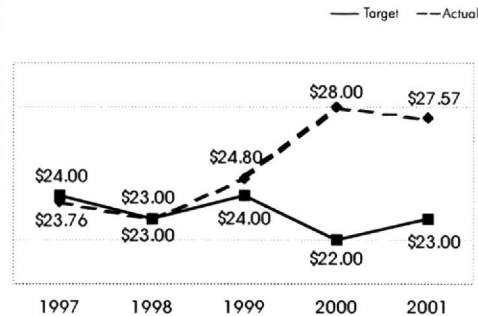
The agency had a higher number of *Complaints Resolved* than targeted because of enforcement of the firm registration provisions of the Texas Engineering Practice Act. These provisions were added to the Act by House Bill 1544, Seventy-sixth Legislature, 1999.

SELECTED PERFORMANCE MEASURES

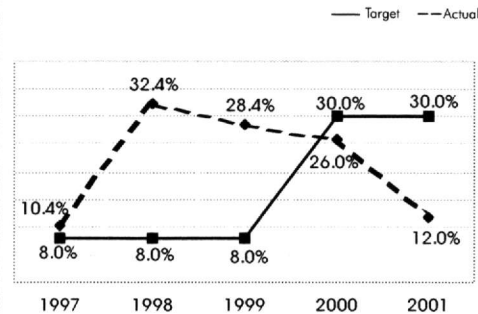
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



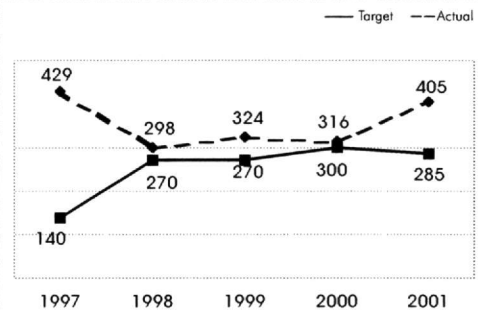
AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED



PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION

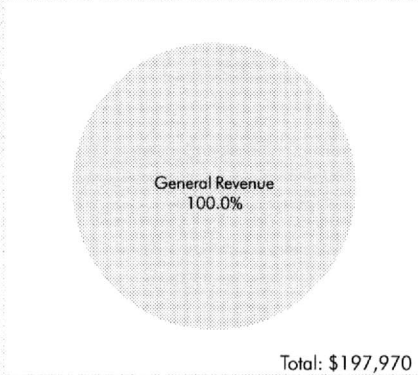


COMPLAINTS RESOLVED

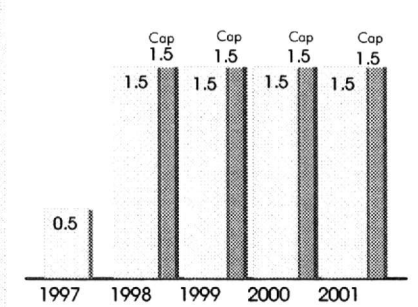


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 BUDGETED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Analytica, Inc. *
Consumer lending study
\$89,300

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for all of the agency's expenditures in fiscal year 2001.

Fiscal Year 2001 was the last year in which the Finance Commission operated as an independent agency. While the commission will continue as an oversight body, it will not maintain any employees. Instead, responsibilities will be transferred to the Department of Banking, Office of Consumer Credit Commissioner, and Savings and Loan Department.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The fiscal year 2001 FTE cap remained the same as the previous year and included one full-time administrative law judge and a part-time executive director.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *Audit Report on Performance Measures at 11 State Agencies* issued by the State Auditor's Office did not certify the single measure reviewed. The name and definition of the measure were not in alignment, but have since been modified.

PERFORMANCE HIGHLIGHTS

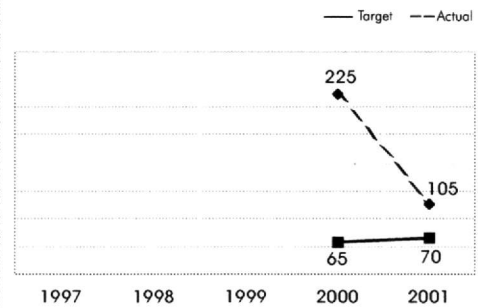
During fiscal year 2001, the agency attained (within 5 percent) or exceeded its single established key performance target.

The agency attained its single output/efficiency target. The agency did not have any outcome targets in fiscal year 2001.

The fiscal year 2001 target for *Number of Cases Set for Hearing* was exceeded because the Office of Consumer Credit Commissioner (OCCC) filed more cases in fiscal year 2001 than estimated. The OCCC files cases in three areas with the administrative law judge: denials of license applications, ongoing or serious problems with licensees, and appeals of penalties by licensees. The increase in cases filed is attributed to cases related to annual reports, which licensees are required to file. Seventy-seven new licensees, most of which came from the home equity market, did not file these annual reports. The OCCC set hearings against these companies after sending warning letters.

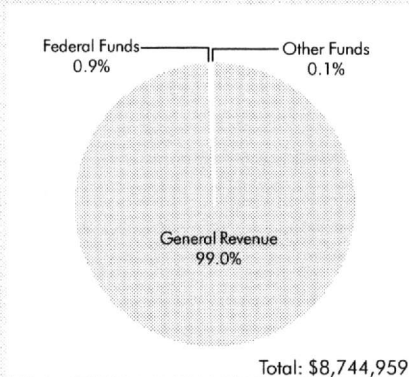
SELECTED PERFORMANCE MEASURES

NUMBER OF CASES SET FOR HEARING

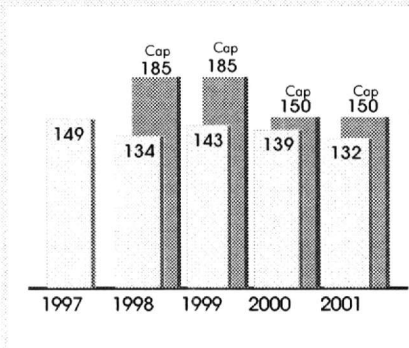


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- ACS *
Optical imaging system
\$131,923
- Garza, Gonzalez & Associates *
Auditing services
\$62,000
- Evins Personnel *
Temporary services
\$22,100

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 99 percent of the agency's expenditures for fiscal year 2001.

Salaries and wages accounted for 75.5 percent of total expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The FTE cap remained the same as in the previous year. The examiner positions experienced high turnover, with 19 examiners leaving and 20 new examiners hired as part of the 93 budgeted examiner positions. The Seventy-seventh Legislature, 2001, appropriated an additional \$2.2 million for examiners' salaries.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1994 *Audit Report on Performance Measures at 25 State Agencies* issued by the State Auditor's Office certified without qualifications five of the seven measures reviewed. Two measures were found to be inaccurate. One of the two is no longer used as a performance measure. The definition of the other, *Number of Business Applications Processed*, was changed to be more specific about which applications are counted.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 57 percent of its seven established key performance targets.

The agency attained or exceeded two of its three outcome targets and two of its four output/efficiency targets.

Although the fiscal year 2001 target for *Percentage of Banks Receiving Examinations when Due* was met, performance was adversely impacted because relatively low salaries caused examiner turnover. The Federal Deposit Insurance Corporation and the Federal Reserve rotate examination schedules with the agency in order to reduce costs. Of the 33 institutions that were not examined when due, 27 were the responsibility of the agency.

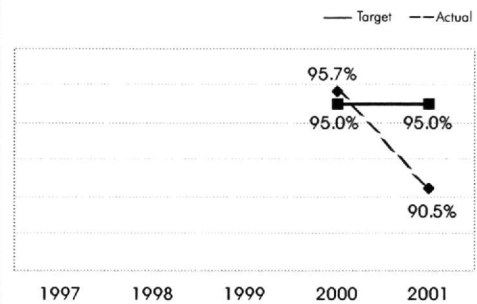
The target for *Number of Commercial Bank Examinations Performed* was not met in fiscal year 2001 as a result of staff turnover and the ensuing loss of examination time to training. In addition, industry consolidation resulted in fewer examinations being required than anticipated.

Training of new staff, extended periods between examinations, deteriorating industry conditions, and operating with fewer investigators than needed caused the agency to miss the target for *Number of Special Audit Licensees Examined* in fiscal year 2001. One of the eight examination staff members was on extended medical leave for most of two fiscal quarters.

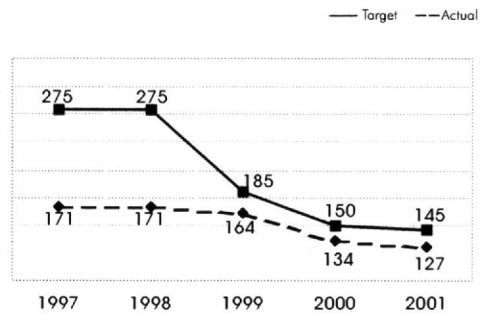
The agency exceeded the target for *Number of Bank and Trust Applications, Notices, and Filings Completed*. Applications for articles for associations amendments, branch relocations, changes of control, new charters, facilities closures, and home office relocations all exceeded projections by 33 percent or more.

SELECTED PERFORMANCE MEASURES

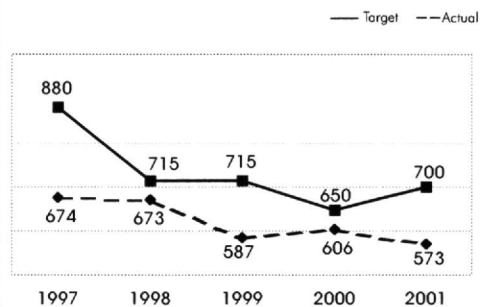
PERCENTAGE OF BANKS RECEIVING EXAMINATIONS WHEN DUE



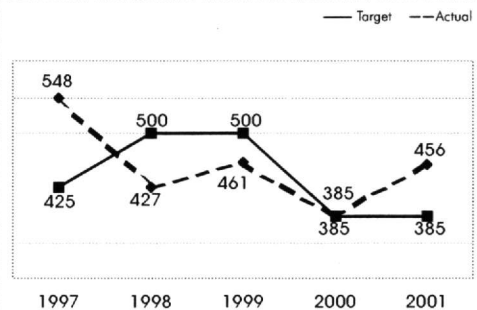
NUMBER OF COMMERCIAL BANK EXAMINATIONS PERFORMED



NUMBER OF SPECIAL AUDIT LICENSEES EXAMINED

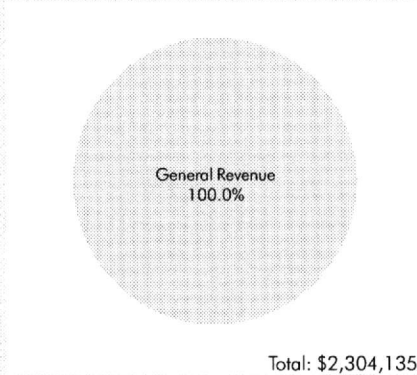


NUMBER OF BANK AND TRUST APPLICATIONS, NOTICES, AND FILINGS COMPLETED

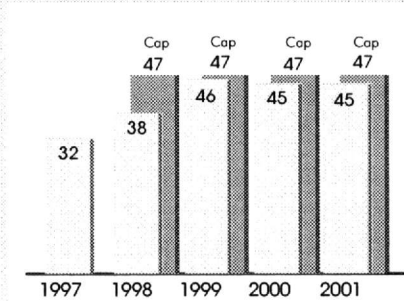


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Rainbow Analysis Systems Group, Inc. *
LAN emergency maintenance
\$38,526

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Six lawsuits with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 100 percent of the agency's expenditures in fiscal year 2001.

The agency received additional resources to fund its portion of a document imaging system in the 2000-01 biennium.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The cap remained the same as for the previous year, and normal turnover kept the agency below the cap.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *Audit Report on Performance Measures* issued by the State Auditor's Office (SAO) found that all five of the measures reviewed were inaccurate. The report also noted that the agency needed to implement policies and procedures for gathering and reporting data to the Automated Budget and Evaluation System of Texas before final submission. The agency made changes to performance measures reporting based on the SAO's concerns. The SAO was unable to guarantee a prompt re-audit, so the agency procured an outside audit in December 2000 of all key measures. The outside audit certified all measures examined.

OFFICE OF CONSUMER CREDIT COMMISSIONER

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 80 percent of its 10 established key performance targets.

The agency attained or exceeded three of its four outcome targets and five of its six output/efficiency targets.

The agency met its fiscal year 2001 target for *Number of Field Investigations Initiated*. The agency focused on complaints related to payday lenders (lenders who loan small amounts of money based on future pay checks). Because these lenders are not licensed, and therefore not known as well by the agency, they are more likely to require field investigations.

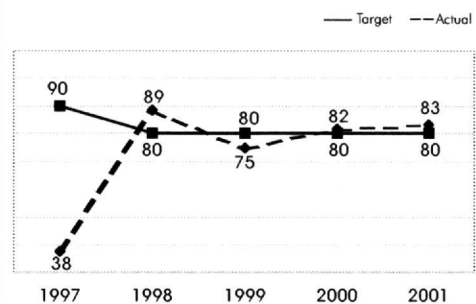
The amount of *Monies Returned to Consumers from Licensed Lenders (in Thousands)* was above the target because the agency found three lenders with system-wide computer errors. These errors resulted in larger refund amounts being sent to hundreds of customers across the state.

The agency exceeded the target for *Number of Consumers Receiving In-person Services* as a result of an event in the first quarter which was attended by more than 10,000 people.

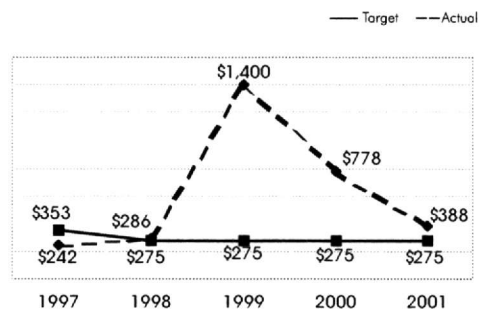
The target for *Number of Complaints Closed* was not met because an anticipated increase in the level of home equity lending complaints did not occur. The number of complaints closed has decreased since fiscal year 1997 after more stringent requirements were implemented for opening and closing complaints. In addition, the complaints received became more complex as consumers entered into more complex contracts such as home equity loans. In fiscal year 1998, the agency began using a new data record-keeping system, and in fiscal years 1999 and 2000, the State Auditor's Office reviewed the complaint system. Complaint requirements were further adjusted after each of these events.

SELECTED PERFORMANCE MEASURES

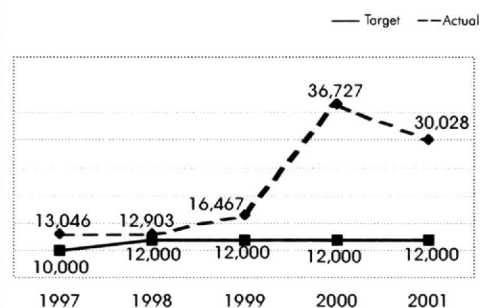
NUMBER OF FIELD INVESTIGATIONS INITIATED



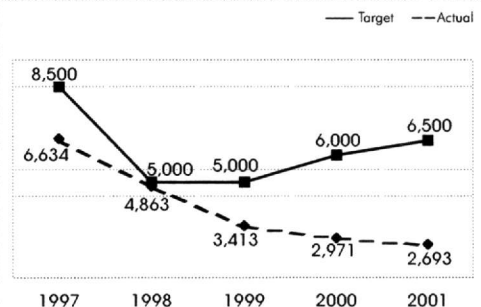
MONIES RETURNED TO CONSUMERS FROM LICENSED LENDERS (IN THOUSANDS)



NUMBER OF CONSUMERS RECEIVING IN-PERSON SERVICES



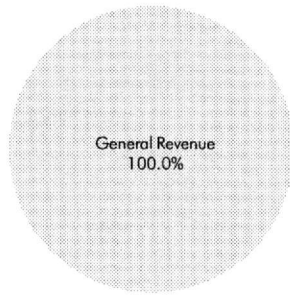
NUMBER OF COMPLAINTS CLOSED



SAVINGS AND LOAN DEPARTMENT

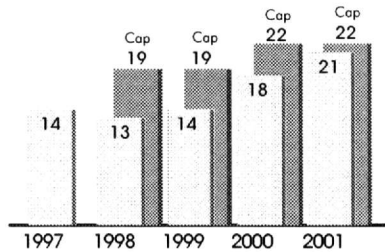
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$1,265,624

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Architectural Habitat of Austin, Inc. *
Remodeling of office space
\$23,827

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 100 percent of the agency's expenditures in fiscal year 2001.

The agency received \$275,106 to implement the Mortgage Broker License Act passed by the Seventy-sixth Legislature, 1999. The act requires that mortgage brokers and loan officers be licensed by the agency.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Staff turnover kept the agency below the FTE cap in fiscal years 2000 and 2001; however, the agency was fully staffed at the beginning of fiscal year 2002. The agency received an additional \$41,136 for financial examiners' salaries in the 2002-03 biennium.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1994 report on *Performance Measures at 25 State Agencies* issued by the State Auditor's Office certified without qualifications all six of the measures reviewed.

SAVINGS AND LOAN DEPARTMENT

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 78 percent of its nine established key performance targets.

The agency attained or exceeded three of its five outcome targets and all four of its output/efficiency targets.

Fiscal year 2001 was the second consecutive year the agency met its target for *Number of Examinations Performed*. Examinations of state chartered savings banks are conducted jointly with the Federal Deposit Insurance Corporation. Examinations generally take four to six weeks to complete.

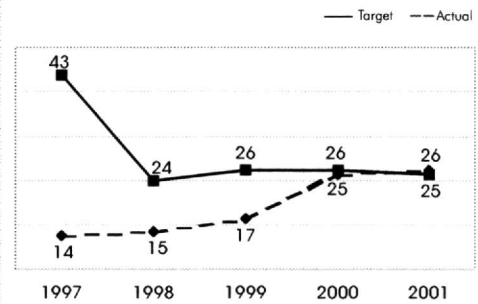
The target for *Percent of State-chartered S&Ls and Savings Banks Receiving Examinations as Required by Priority Schedule* was met. The agency completed examinations for all institutions scheduled for fiscal year 2001, and began work on examinations scheduled for fiscal year 2002.

Although the agency processed all applications filed, it did not meet the target for *Number of Applications Processed* because there was less branching and merging activity of savings institutions than projected. Applications for a charter are required when new institutions are created.

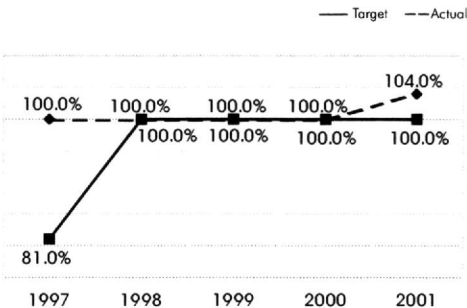
The *Number of Consumer Complaints Completed* target was not met in fiscal year 2001. The trend in the number of consumer complaints filed against state chartered savings institutions has slowed. In the past, complaints have followed closely the amount of refinancing activity in the home mortgage market. Twelve complaints were filed in fiscal year 2001. The two that were not completed were received late in the fiscal year.

SELECTED PERFORMANCE MEASURES

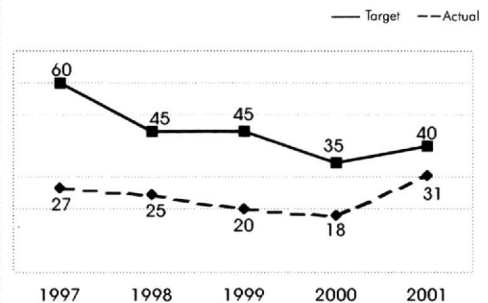
NUMBER OF EXAMINATIONS PERFORMED



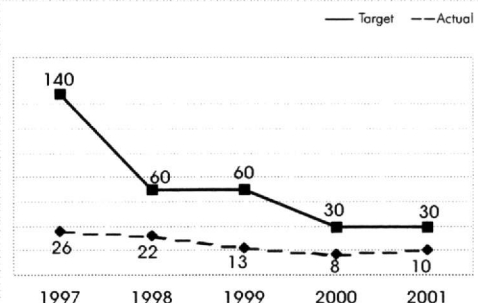
PERCENT OF STATE-CHARTERED S&LS AND SAVINGS BANKS RECEIVING EXAMINATIONS AS REQUIRED



NUMBER OF APPLICATIONS PROCESSED



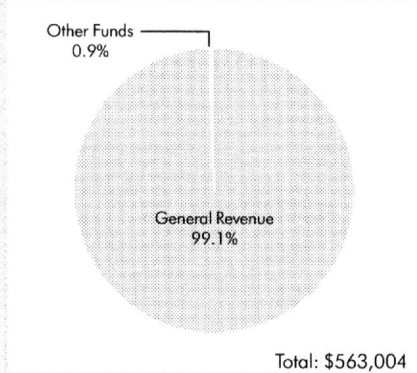
NUMBER OF CONSUMER COMPLAINTS COMPLETED



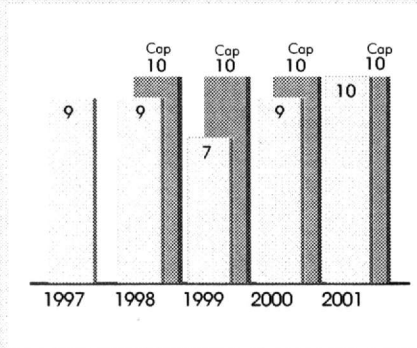
FUNERAL SERVICE COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Netgineer Data Systems, Inc. *
Computer programming services
\$17,155

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 99 percent of the agency's expenditures in fiscal year 2001. About 60 percent of the agency's expenditures in fiscal year 2001 supported enforcement functions.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. After experiencing nearly 100 percent turnover in fiscal years 1999 and 2000, the agency became fully staffed under new management in fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 1999 *Small Agency Management Control Audit* report issued by the State Auditor's Office (SAO) certified five of the seven measures reviewed. The remaining two measures were found to be inaccurate. The agency has taken steps to implement the SAO's recommendations concerning the accuracy of the two measures.

FUNERAL SERVICE COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 67 percent of the its six established key performance targets.

The agency attained or exceeded one of its two outcome targets and three of its four output/efficiency targets.

The *Percent of Licensees with No Recent Violations* remained relatively constant at 97 percent in fiscal year 2001, with the agency having licensed 2,200 individuals and 1,240 facilities.

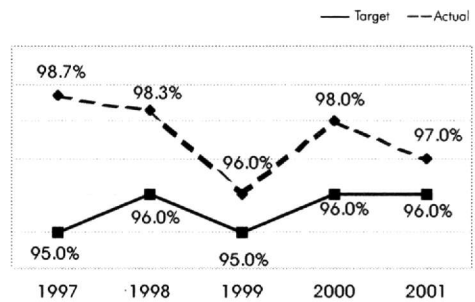
New management implemented processes that improved turnaround time in issuing new licenses. The improved turnaround time, combined with there having been an increase in the number of applicants, resulted in the agency exceeding its target for *Number of New Licenses Issued to Individuals*.

The *Number of Complaints Resolved* continues to be greater than the target as a result of efforts by the agency's Enforcement Division.

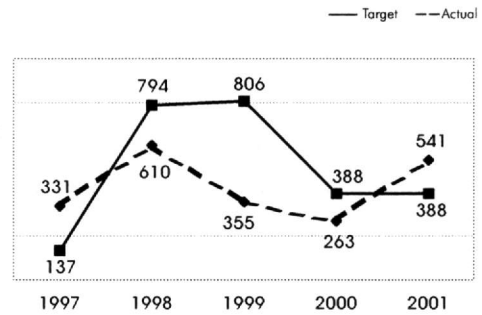
Although closer to reaching the target for *Average Time (in Days) for Complaint Resolution*, the agency fell short of the target again in fiscal year 2001. The amount of time required to resolve a complaint varies based on the complexity of the case.

SELECTED PERFORMANCE MEASURES

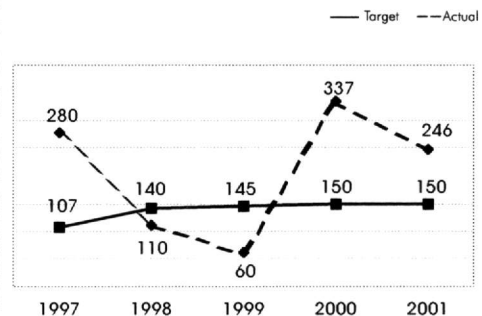
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



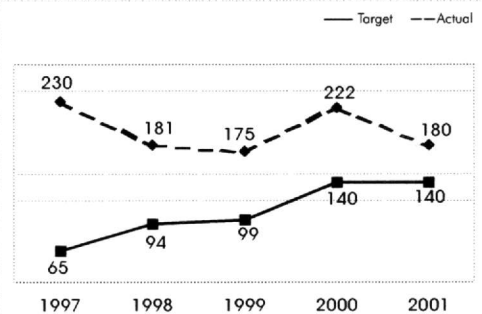
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



NUMBER OF COMPLAINTS RESOLVED



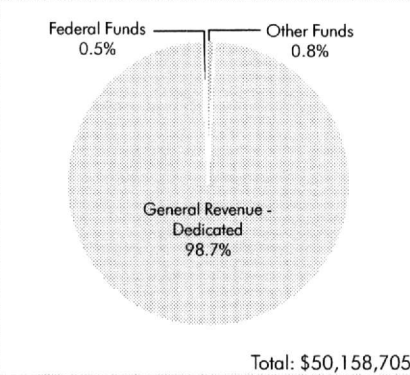
AVERAGE TIME (IN DAYS) FOR COMPLAINT RESOLUTION



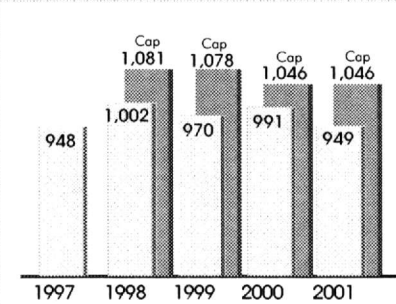
DEPARTMENT OF INSURANCE

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

QA Systems
Laptop computers
\$419,870
Milliman & Robertson, Inc. *
Cost-benefit analysis
\$248,000
Vista Solutions Group *
Software and services
\$175,183
Oracle Corporation
Software and hardware maintenance
\$166,256

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

Five lawsuits with a specified potential liability amount totalling **\$1,118,829**.

BUDGET HIGHLIGHTS

Fee-generated General Revenue–Dedicated Funds accounted for 98.7 percent of the agency’s expenditures in fiscal year 2001. The revenue was generated by insurance company maintenance taxes and agency fees.

All Federal Funds came from the State Planning Grant sponsored by the US Department of Health and Human Services. The funds were provided to help expand health insurance coverage for the uninsured.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Agency FTE levels have been consistently below the cap since fiscal year 1998. Because of a competitive job market, the agency had a difficult time hiring and retaining staff. The agency has had specific problems with turnover among financial examiners, information technology professionals, actuaries, and attorneys. The Seventy-seventh Legislature, 2001, appropriated an additional \$1.3 million for financial examiners’ salaries to help alleviate this problem.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 *Audit Report on Performance Measures* issued by the State Auditor’s Office certified without qualifications four of the six measures reviewed. Another measure was certified with qualifications and the sixth measure was found to be inaccurate. The agency has since implemented a corrective action plan to address the audit report findings and to ensure the accuracy of future reports.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 82 percent of its 33 established key performance targets.

The agency attained or exceeded 10 of its 12 outcome targets and 17 of its 21 output/efficiency targets.

The *Percent of Autos in Underserved Markets with Voluntary Coverage* has exceeded targeted amounts since fiscal year 1998. Autos with voluntary coverage are vehicles covered by voluntary private passenger automobile policies. Agency regulatory efforts to move eligible drivers from the assigned risk pool into the voluntary market contributed to increasing the number of automobiles with voluntary coverage.

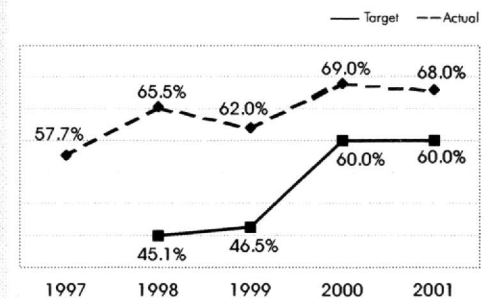
The *Percent of Companies Rehabilitated after Texas Department of Insurance (TDI) Intervention* was below the targeted amount in fiscal year 2001, but was within a 5 percent variance of the targeted amount. The agency uses "integrated action" to identify and intervene at the earliest indication of problems, which aids in rehabilitation efforts.

The *Average Number of Days from "At Risk" Identification to Solvency Action* has been less than the targeted amount since fiscal year 1997. The agency was able to enter into many solvency-related regulatory actions without a notice of hearing requirement, which significantly reduced the average amount of time required.

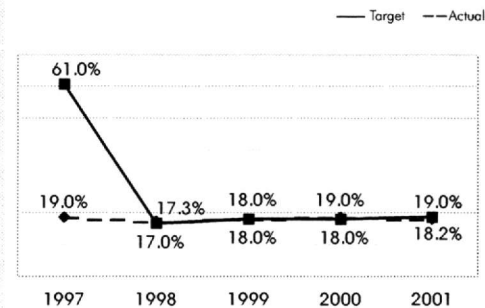
The *Number of Contested Cases Closed* has increased each year since fiscal year 1997. Factors contributing to the agency exceeding its target in fiscal year 2001 included reluctance of agents to take cases to the State Office of Administrative Hearings and several cases having default orders against agents for not responding to hearing notices.

SELECTED PERFORMANCE MEASURES

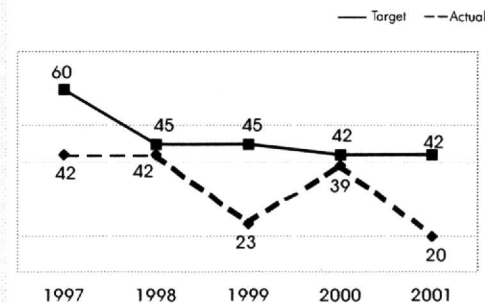
PERCENT OF AUTOS IN UNDERSERVED MARKETS WITH VOLUNTARY COVERAGE



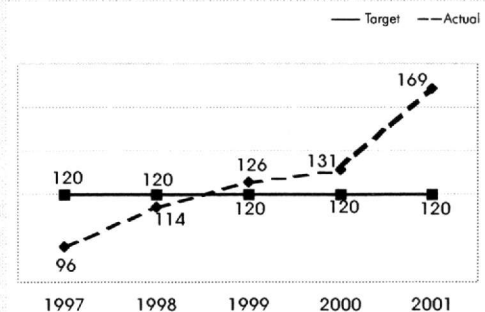
PERCENT OF COMPANIES REHABILITATED AFTER AGENCY INTERVENTION



AVERAGE NUMBER OF DAYS FROM "AT RISK" IDENTIFICATION TO SOLVENCY ACTION

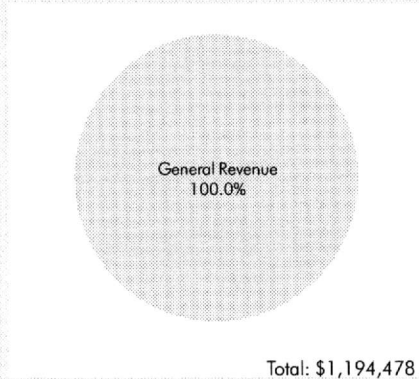


NUMBER OF CONTESTED CASES CLOSED

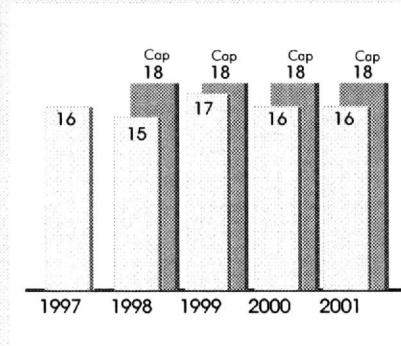


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

AIS Risk Consultants *
Actuarial services
\$106,000
Allen I. Schwartz *
Expert witness services
\$75,000
Stephen G. Hill Associates, Inc. *
Actuarial services
\$30,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 100 percent of the agency's expenditures in fiscal year 2001. The agency's General Revenue Fund expenditures are funded by revenue from assessments on property and casualty, title, and other types of insurance products.

The agency uses the funds to provide expert testimony and other information supporting the interests of consumers in rulemaking decisions by the insurance commissioner, the State Office of Administrative Hearings, and court proceedings.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Since fiscal year 1998, the agency has consistently been below its FTE cap. Because many of the positions require unique sets of qualifications, it takes the agency longer to fill vacant positions. Also, the agency held a position open during each of the past four years for employees who took long-term medical leave without pay.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 *Audit Report on Performance Measures: Phase 12* issued by the State Auditor's Office certified without qualifications all five measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 60 percent of its 10 established key performance targets.

The agency attained or exceeded two of its four outcome targets and four of its six output/efficiency targets.

The agency did not meet its fiscal year 2001 target for *Number of Industry-wide Rate Hearings in which the Office of Public Insurance Counsel (OPIC) Participated*. Agency participation levels have been below targeted amounts each fiscal year since 1999 as a result of the number of hearings scheduled by the Texas Department of Insurance. The agency participated in all scheduled hearings.

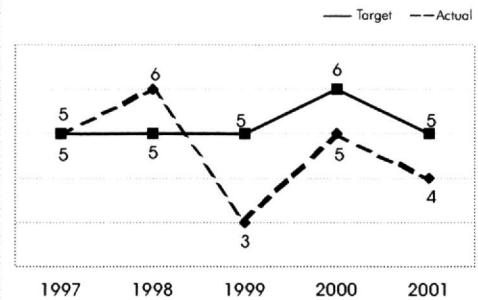
Although the *Number of Rulemaking Proceedings in which OPIC Participated* has been less than targeted each fiscal year from 1997–2000, it exceeded targeted levels in fiscal year 2001 and increased 126 percent over the previous fiscal year. The agency's involvement depends on the number of rules proposed and the effect they may have on consumers. The primary increase was due to more policy forms undergoing review through the rulemaking process in fiscal year 2001 than in the previous fiscal year.

The target for the *Number of Judicial Proceedings in which OPIC Participated as a Party of Record* was not met in fiscal year 2001 because the agency did not participate in any proceedings. The agency's involvement depends on lawsuits filed and appeals made concerning administrative decisions made by the Department of Insurance.

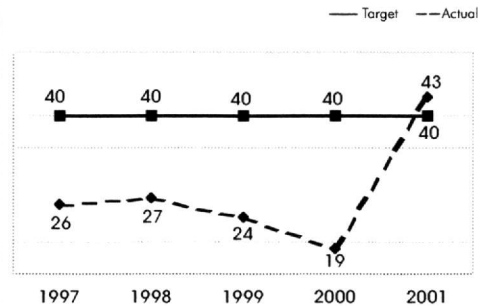
Savings (in Millions) to Consumers as a Result of Rate Hearings Participation in fiscal year 2001 was \$206 million below the targeted level and 54 percent less than savings realized during the previous fiscal year. In fiscal year 2001, rate recommendations made by insurance industry parties during industry-wide rate hearings did not differ substantially from Office of Public Insurance Counsel rate recommendations.

SELECTED PERFORMANCE MEASURES

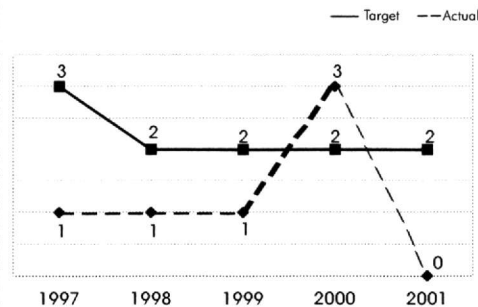
NUMBER OF INDUSTRY-WIDE RATE HEARINGS IN WHICH OPIC PARTICIPATED



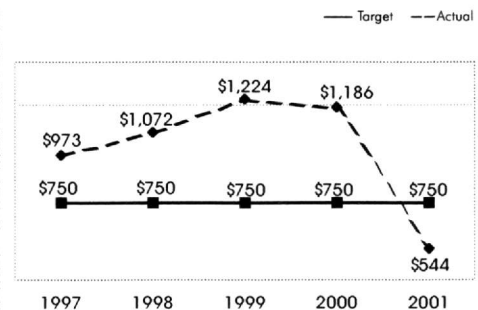
NUMBER OF RULEMAKING PROCEEDINGS IN WHICH OPIC PARTICIPATED



NUMBER OF JUDICIAL PROCEEDINGS IN WHICH OPIC PARTICIPATED AS A PARTY OF RECORD



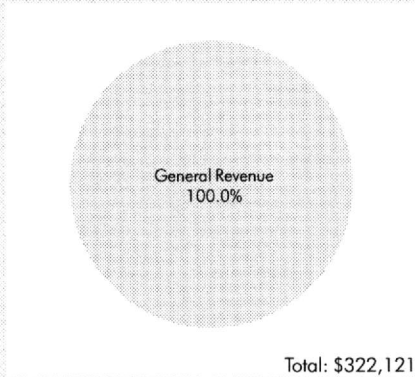
SAVINGS (IN MILLIONS) TO CONSUMERS AS A RESULT OF RATE HEARINGS PARTICIPATION



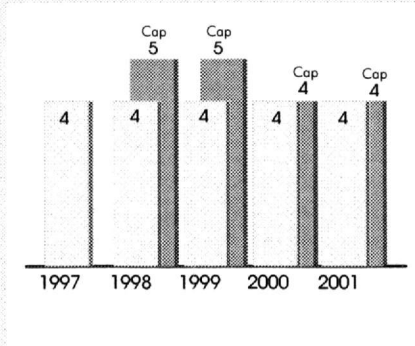
BOARD OF PROFESSIONAL LAND SURVEYING

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency is funded solely from General Revenue Funds collected through licensing fees. Licensing and education accounted for 97 percent of the agency's expenditures in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency's employee level continues to be constant at four FTE positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A December 1995 *Small Agency Management Control Audit* issued by the State Auditor's Office certified with qualifications one of the four measures reviewed. Two measures were inaccurate and one measure had factors that prevented certification. According to the agency, all of the issues raised in the SAO report have been addressed.

BOARD OF PROFESSIONAL LAND SURVEYING

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its eight established key performance targets.

The agency attained or exceeded both of its outcome targets and all six of its output/efficiency targets.

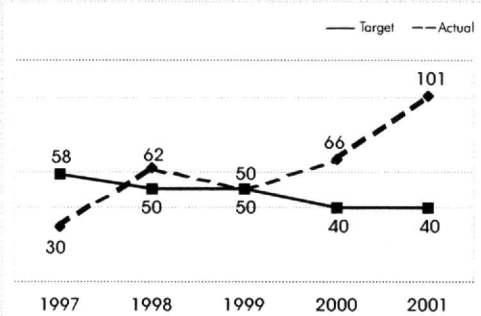
The agency exceeded its target for *Number of New Licenses Issued to Individuals* in fiscal year 2001, in part, due to a strong economy and continued growth in real estate sales. In addition, more people applied for licenses in fiscal year 2001 because effective January 1, 2003, licensure requirements change. A four-year college degree is required and experience cannot be used in lieu of education.

The *Number of Complaints Resolved* was higher than projected because many of the cases were less complex than in previous years and did not require lengthy investigations.

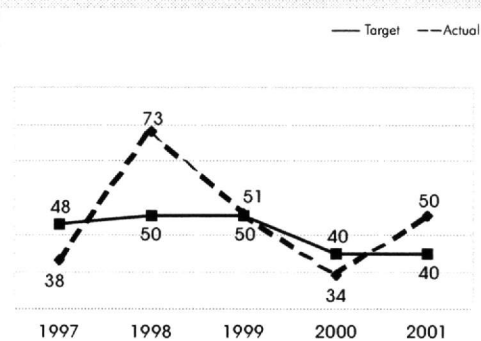
The agency exceeded its target for *Median Time (in Days) for Complaints Resolved within Six Months* and for *Percent of Documented Complaints Resolved within Six Months* because fewer hearings were conducted and less time was spent on investigations. *Percent of Documented Complaints Resolved within Six Months* was not a key measure in fiscal years 1998–1999, therefore, no targets were set.

SELECTED PERFORMANCE MEASURES

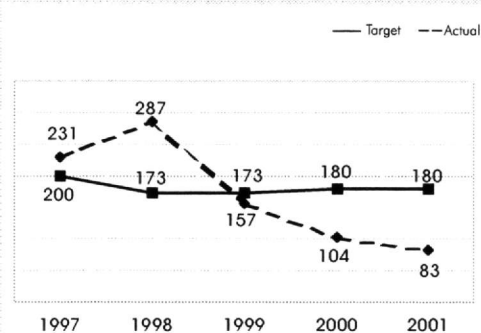
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



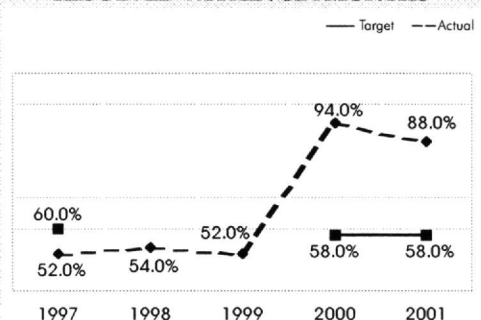
NUMBER OF COMPLAINTS RESOLVED



MEDIAN TIME (IN DAYS) FOR COMPLAINTS RESOLVED WITHIN SIX MONTHS



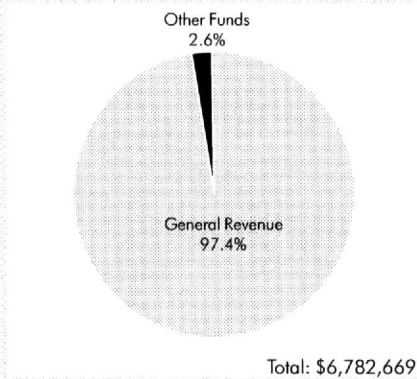
PERCENT OF DOCUMENTED COMPLAINTS RESOLVED WITHIN SIX MONTHS



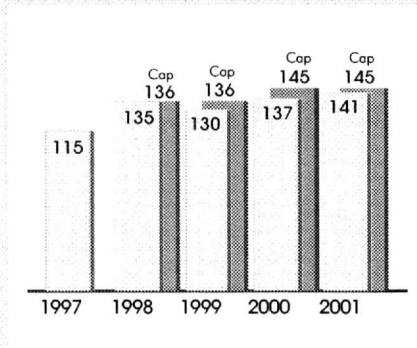
DEPARTMENT OF LICENSING AND REGULATION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Monday N. Rufus, P.C. *
Auditing services
\$31,440

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

One lawsuit with a specified potential liability amount totalling **\$365,000**.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 97.4 percent of the agency's expenditures in fiscal year 2001. The agency received \$649,320 in additional appropriations in fiscal years 2000-01 to implement new legislation related to regulating service contract providers and to complaint resolution.

The Auctioneer Education and Recovery Trust Fund No. 898, Appropriated Receipts, and interagency contracts accounted for 2.6 percent of expenditures.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency was authorized five additional FTEs in fiscal years 2000-01 to implement new legislation, but remained below their FTE cap at the end of fiscal year 2001 due to four vacant inspector positions.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Audit* issued by the State Auditor's Office certified without qualifications all five measures reviewed.

DEPARTMENT OF LICENSING AND REGULATION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 44 percent of its 16 established key performance targets.

The agency attained or exceeded four of its seven outcome targets and three of its nine output/efficiency targets.

The agency exceeded its target for *Number of Complaints Resolved* in fiscal year 2001 because it was able to resolve a large number of the complaints quickly, having improved their procedures for handling complaints.

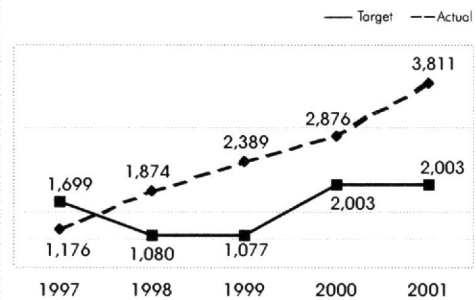
Although the agency increased the *Percent of Applications Processed within Established Time Frames*, the target was not met. At the end of fiscal year 2001, procedural changes were made that improved the process time for applications, but this did not occur in time to meet the targeted amount for the fiscal year.

The *Number of Inspections Completed by Agency Staff* continued to remain below the targeted amount. Since building owners have discretion to use an agency inspector or a third party inspector, the agency cannot control the number of boiler inspections or architectural barrier inspections completed each year.

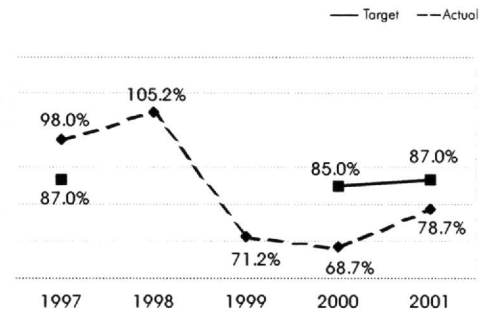
The *Number of Licenses Issued to Individuals* was below the amount targeted in fiscal year 2001. The drop in the number of licenses issued to individuals was likely a result of an economic downturn in the latter part of the fiscal year. During a sluggish economy, there appeared to be fewer people interested in pursuing occupations to certify boilers, or work as an air conditioner contractor or water well driller and pump installer.

SELECTED PERFORMANCE MEASURES

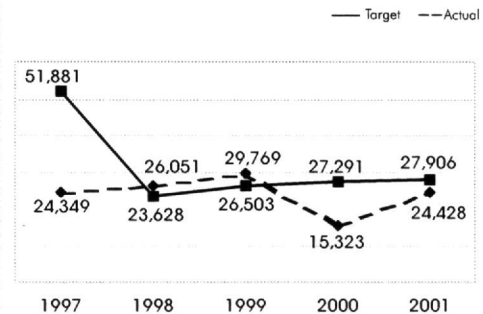
NUMBER OF COMPLAINTS RESOLVED



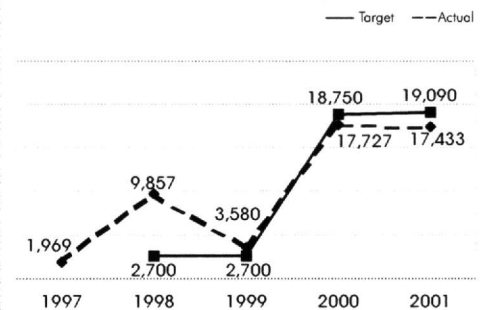
PERCENT OF APPLICATIONS PROCESSED WITHIN ESTABLISHED TIME FRAMES



NUMBER OF INSPECTIONS COMPLETED BY AGENCY STAFF



NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



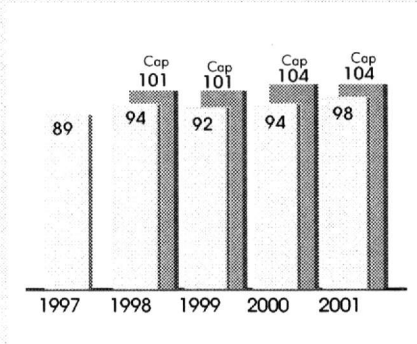
BOARD OF MEDICAL EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- C2MS Productivity Solutions, Inc. *
Computer programming services
\$496,000
- BCS Systems, Inc. *
Imaging system
\$180,237
- KPMG Peat Marwick *
Assessment of agency operations
\$86,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 96 percent of the agency's expenditures in fiscal year 2001. Expenditures included \$472,529 for a physician profile program in accordance with House Bill 110, Seventy-sixth Legislature, 1999, and \$14,100 for the regulation of physicians who administer anesthesia or perform surgical procedures for which anesthesia services are provided in certain outpatient settings in accordance with Senate Bill 1340, Seventy-sixth Legislature, 1999.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Agency FTE levels have consistently been below the cap since fiscal year 1998. The agency's turnover rate exceeded the statewide averages in fiscal years 1999, 2000, and 2001.

The agency's FTE cap was raised each of the four fiscal years preceding 2001. Additional FTEs were approved during the 2000-01 biennium to establish and administer a physician profile program.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit Report on Performance Measures at 26 State Agencies* issued by the State Auditor's Office (SAO) certified without qualifications four out of six measures reviewed. The agency has since implemented a corrective action plan that addressed all of the recommendations made by the SAO to ensure the accuracy of future reports.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 39 percent of its 18 established key performance targets.

The agency attained or exceeded three of its four outcome targets and four of its 14 output/efficiency targets.

Board approval is required for final approval of licenses, and the August 2001 board meeting was delayed until September 2001 due to agency expenditure constraints. As a result of the meeting being delayed until the next fiscal year (2002), the target for *Number of New Licenses Issued to Individuals (Physician)* was not met in fiscal year 2001.

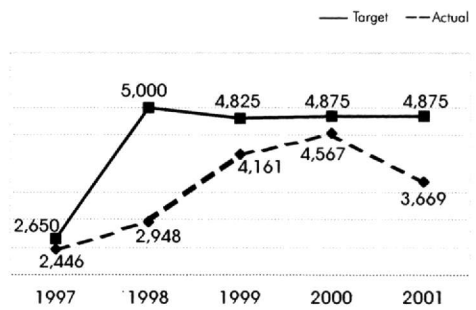
The target for *Number of New Licenses Issued to Individuals (Physician Assistant)* was below the targeted amount in fiscal year 2001. A decline in jobs available in the physician assistant field in Texas resulted in a decrease in the number of applicants coming to the state and a decrease in the number of students graduating with a degree in the field from Texas institutions of higher education.

Delaying the August board meeting by one month caused the *Number of Complaints Resolved (Physician)* to fall below the targeted level for fiscal year 2001 because board approval is required for final closure of disciplinary actions.

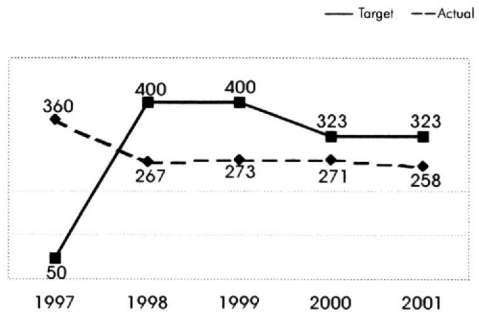
The agency did not meet its target for *Average Time for Complaint Resolution (Physician)* in fiscal year 2001 due to a high employee turnover rate of 28.5 percent, a focus on older complaints pending litigation at the State Office of Administrative Hearings, and because the August 2001 board meeting was delayed until September 2001.

SELECTED PERFORMANCE MEASURES

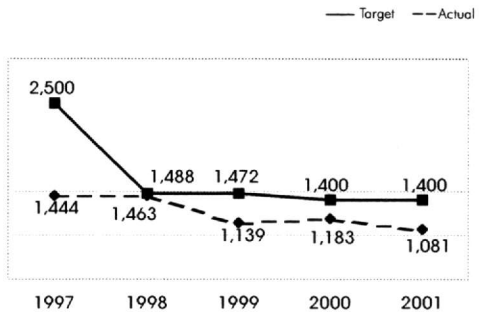
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS (PHYSICIAN)



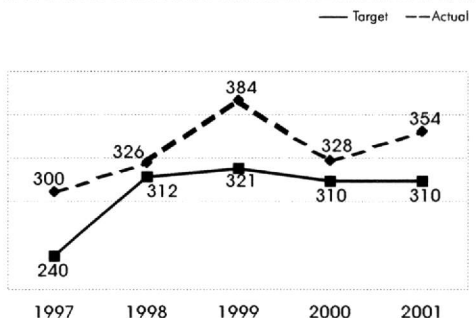
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS (PHYSICIAN ASSISTANT)



NUMBER OF COMPLAINTS RESOLVED (PHYSICIAN)



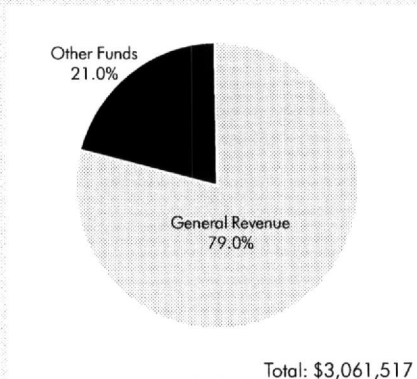
AVERAGE TIME IN DAYS FOR COMPLAINT RESOLUTION (PHYSICIAN)



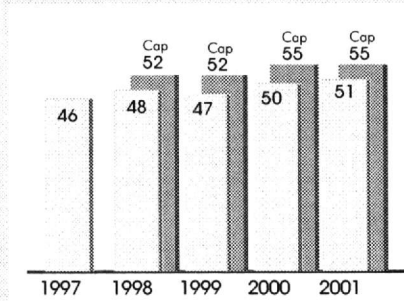
BOARD OF NURSE EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Mary Anne Hanley
Nursing consultant
\$20,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 79 percent of the agency's total expenditures in fiscal year 2001. The agency received appropriations for three additional investigators for the 2000-01 biennium.

Appropriated Receipts from publishing sales constituted the other 21 percent of all funds expended by the agency in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The FTE cap remained the same as in the previous year. The agency reported that it had trouble filling and retaining investigator positions because of competitive salaries in the private sector and a scarcity of qualified individuals.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 *Audit Report on Performance Measures at 36 State Entities* issued by the State Auditor's Office certified without qualifications all three measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 56 percent of its nine established key performance targets.

The agency attained or exceeded two of its three outcome targets and three of its six output/efficiency targets.

The agency did not meet its fiscal year 2001 target for *Number of New Licenses Issued to Individuals*. The agency has experienced a decrease in the number of licensing examination candidates, as fewer students enter nursing schools.

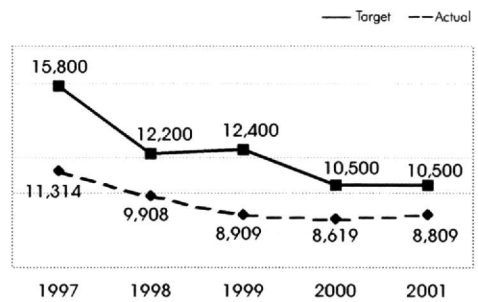
A full staff of investigators and a more efficient case review process contributed to the agency meeting the target for *Number of Complaints Resolved* in fiscal year 2001.

The target for *Average Time for Complaint Resolution (in Days)* was higher than the targeted level because of the agency's focus on resolving older, longer running cases.

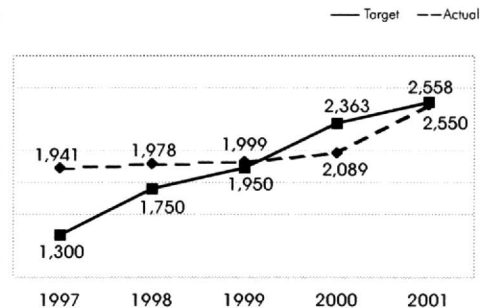
The *Number of Licensed Individuals Participating in a Peer Assistance Program* was below the target for fiscal year 2001, because fewer registered nurses were referred to the program. The Peer Assistance Program helps registered nurses in recovery from chemical dependency and mental illness. The program is administered by the Texas Peer Assistance Program for Nurses.

SELECTED PERFORMANCE MEASURES

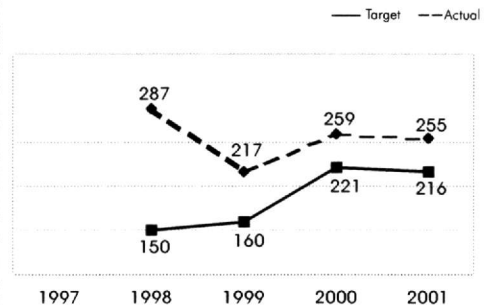
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



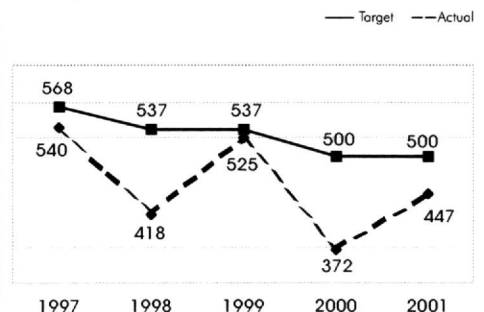
NUMBER OF COMPLAINTS RESOLVED



AVERAGE TIME FOR COMPLAINT RESOLUTION (IN DAYS)



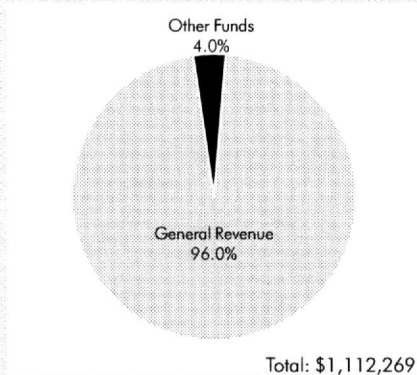
NUMBER OF LICENSED INDIVIDUALS PARTICIPATING IN A PEER ASSISTANCE PROGRAM



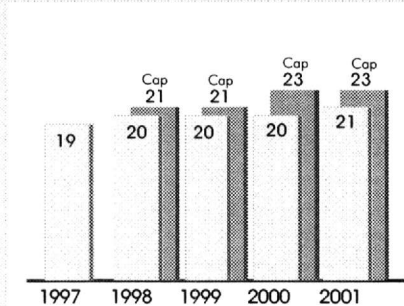
BOARD OF VOCATIONAL NURSE EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

One lawsuit with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 96 percent of the agency's expenditures in fiscal year 2001. The agency received additional appropriations for enforcement and licensing in the 2000-01 biennium.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The FTE cap remained the same as in the previous year. The agency was below its FTE cap because of staff turnover, including that of the executive director, and difficulty in filling open positions. The executive director position was not filled until November 2001.

The agency received two additional FTEs in the 2000-01 biennium for administrative technician positions; the licensing and enforcement divisions each received one of the new FTE positions.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit Report on Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified without qualifications one of the eight measures reviewed. Seven measures were considered to be inaccurate. The agency has subsequently taken steps to improve accuracy and documentation for the inaccurate measures. No audit has been performed since these changes were implemented.

BOARD OF VOCATIONAL NURSE EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 56 percent of its nine established key performance targets.

The agency attained or exceeded both of its outcome targets and three of its seven output/efficiency targets.

The target for *Number of New Licenses Issued to Individuals* was not achieved in fiscal year 2001. Nursing school enrollments have declined in Texas, as well as across the nation, reducing the pool of potential licensees.

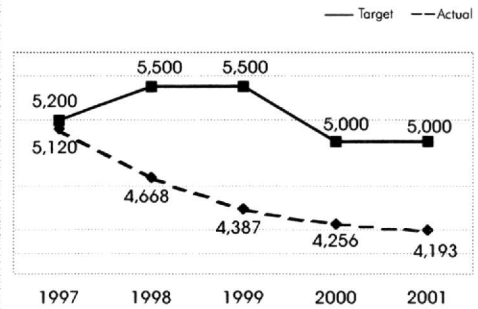
The target for *Number of Complaints Resolved* was exceeded because more complaints were received than expected. The agency resolved 1,283 of the 1,371 complaints received.

The agency failed to meet the target for *Average Time for Complaint Resolution*. An increase in the complexity of the cases, along with one unfilled investigator position, contributed to this performance level. Turnover has caused the agency's performance to decline each year since fiscal year 1998.

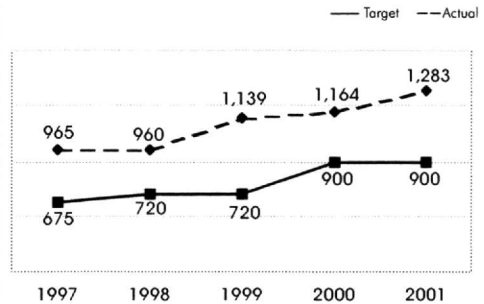
The *Number of Licensed Individuals Participating in a Peer Assistance Program* was slightly below the target for fiscal year 2001. Several factors contributed to the agency not meeting the target, including the number of new contracts, persons completing the program, and participants who dropped out before completing the program. The Peer Assistance Program helps registered vocational nurses in recovery from chemical dependency and mental illness. The program is administered by the Texas Peer Assistance Program for Nurses.

SELECTED PERFORMANCE MEASURES

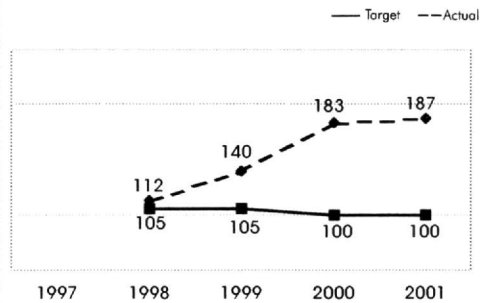
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



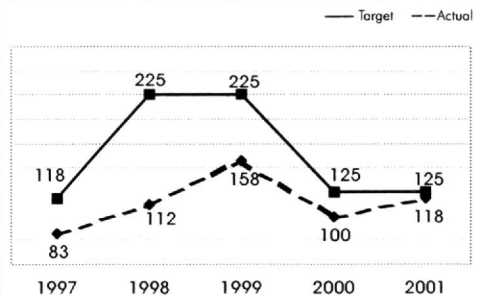
NUMBER OF COMPLAINTS RESOLVED



AVERAGE TIME FOR COMPLAINT RESOLUTION

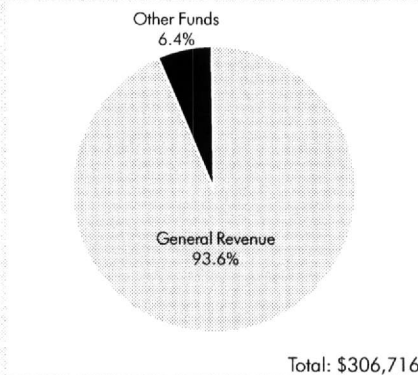


NUMBER OF LICENSED INDIVIDUALS PARTICIPATING IN A PEER ASSISTANCE PROGRAM

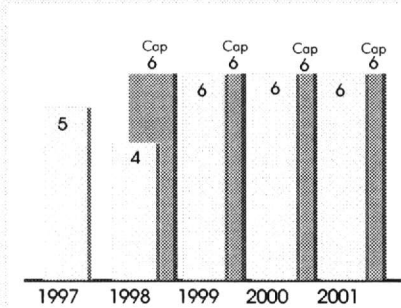


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 93.6 percent of the agency's expenditures in fiscal year 2001. The agency's General Revenue Fund appropriations were slightly increased to pay for its portion of the Health Professions Council's imaging system.

Appropriated Receipts from publications sales comprised 6.4 percent of the agency's funding in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions in fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *Audit Report on Performance Measures* issued by the State Auditor's Office (SAO) certified with qualifications four of the five measures reviewed. The fifth measure was found to be inaccurate. The report noted that the agency should document detailed procedures for gathering performance data and management reviews of data before and after submissions. According to the agency, they have complied with the SAO's recommendations.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 80 percent of its five established key performance targets.

The agency attained or exceeded its only outcome target and three of its four output/efficiency targets.

The agency has consistently met its *Percent of Licensees with No Recent Violations* target. Only two licensees have been reported with violations. The violations included an individual practicing without renewing their license and a licensee prescribing medication without the authority.

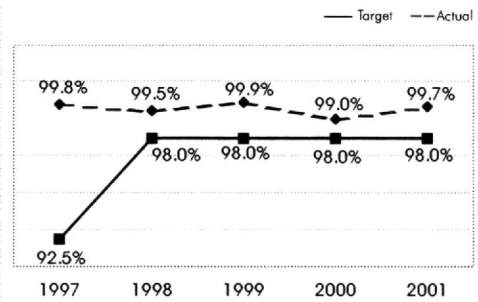
The fiscal year 2001 target for *Number of New Licenses Issued to Individuals* was exceeded because more applicants than anticipated passed the Texas Jurisprudence and the national licensing examinations. Most licenses were issued in the second and third quarters of the year.

The agency met its target for *Number of Licenses Renewed (Individuals)* by sending renewal forms to licensees to remind them when their license was due to expire.

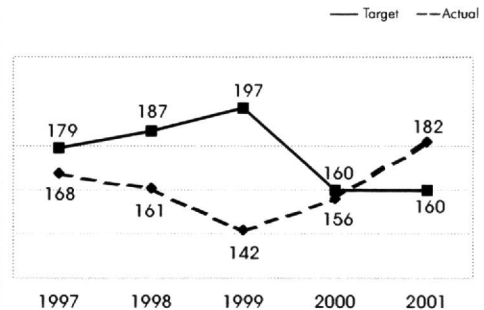
The agency did not meet the target for *Complaints Resolved* because it did not receive as many jurisdictional complaints as projected.

SELECTED PERFORMANCE MEASURES

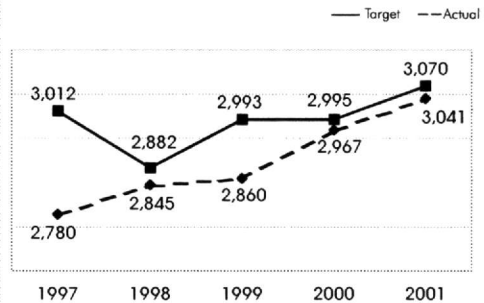
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



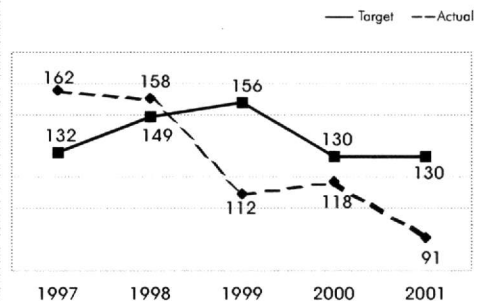
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



NUMBER OF LICENSES RENEWED (INDIVIDUALS)



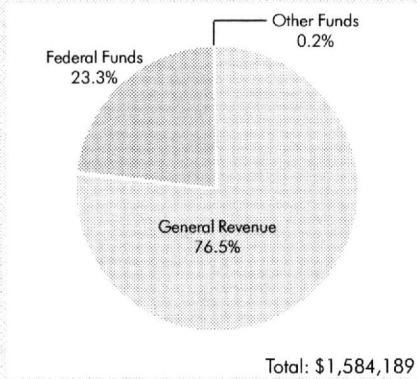
COMPLAINTS RESOLVED



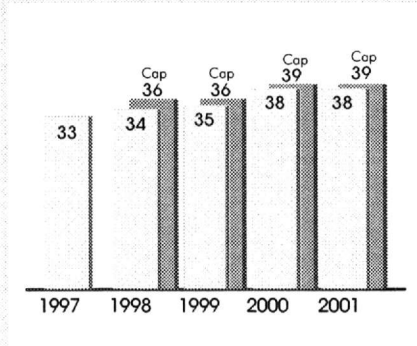
STRUCTURAL PEST CONTROL BOARD

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 76.5 percent of the agency's expenditures for fiscal year 2001. The agency received \$172,000 for the 2000-01 biennium to fund three additional investigator positions.

The agency received \$368,902 in Federal Funds for fiscal year 2001. Of this amount, \$193,925 was part of a state-federal cooperative agreement tied to the enforcement of the Federal Insecticide Fungicide and Rodenticide Act.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency experienced a 30.6 percent turnover rate, predominately in the Enforcement Division; however, they were fully staffed by the end of the fiscal year.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 *Audit Report on Performance Measures, Phase 12* issued by the State Auditor's Office certified with qualifications one of the two measures reviewed. The agency has since corrected a programming problem to ensure the accuracy of future reports.

STRUCTURAL PEST CONTROL BOARD

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 63 percent of its eight established key performance targets.

The agency attained or exceeded both of its outcome targets and three of its six output/efficiency targets.

The agency exceeded its fiscal year 2001 target for the *Number of New Licenses Issued to Individuals*, despite a slight drop in the total number of licenses issued to individuals for fiscal year 2001. According to the agency, businesses hired fewer technicians due to a slower economy.

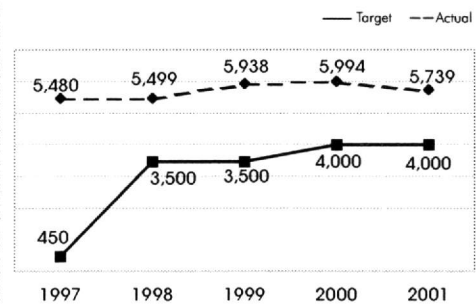
The agency did not meet its target for the *Average Cost per Individual License Issued*. Fewer licenses were issued in the first two quarters of fiscal year 2001, which caused the average cost of each license to increase. The agency also changed the methodology for calculating the average cost per license, reflecting a more accurate average.

The agency exceeded the target for *Number of Complaints Resolved* in fiscal year 2001. Although the agency received three additional FTEs in fiscal years 2000 and 2001, they were not fully staffed until the end of fiscal year 2001. The agency was able to exceed its target because there were fewer complaints filed during the period of time that the agency's Enforcement Department was understaffed.

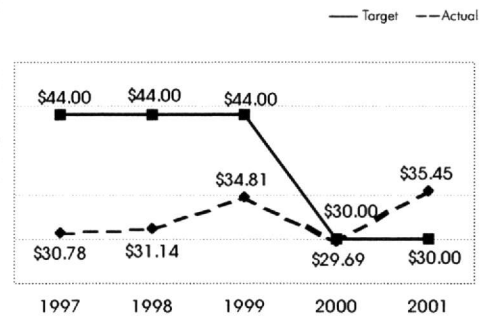
While the agency attained the target for *Percent of Licensees with No Recent Violations*, performance was lower than in fiscal year 2000. The target was based on licensees who have not had any violations in fiscal year 2001 nor in the previous two years. Of the 17,671 licenses issued to individuals during the targeted period, an average of 3 percent were in violation.

SELECTED PERFORMANCE MEASURES

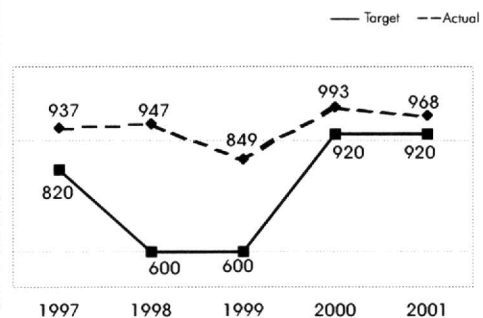
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



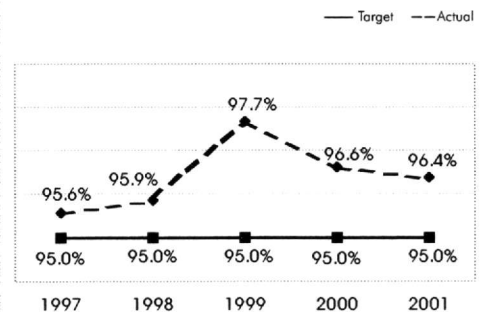
AVERAGE COST PER INDIVIDUAL LICENSE ISSUED



NUMBER OF COMPLAINTS RESOLVED

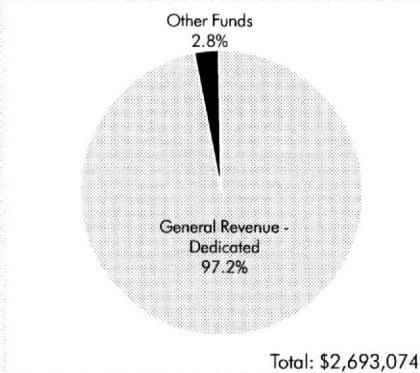


PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS

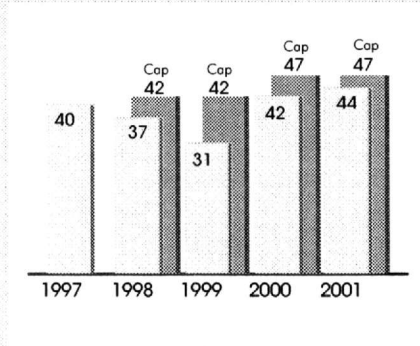


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc.
 Computer programming services
 \$108,000

Texas Pharmacy Association
 Employee assistance program
 \$108,000

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue–Dedicated Funds accounted for 97 percent of the agency's funding in fiscal year 2001. The agency was given additional resources for enforcing board regulations and to begin registering pharmacy technicians as a result of the enactment of Senate Bill 730, Seventy-sixth Legislature, 1999.

The agency also received a small amount of Other Funds through the sale of publications.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency's FTE cap was increased by four in fiscal years 2000 and 2001 related to Senate Bill 730, Seventy-sixth Legislature, 1999, which required the agency to enforce board regulations and to begin registering pharmacy technicians. The agency was also given one FTE for enforcement.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Audit Report on Performance Measures* issued by the State Auditor's Office certified without qualifications all eight of the measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 67 percent of its nine established key performance targets.

The agency attained or exceeded both of its outcome targets and four of its seven output/efficiency targets.

The agency has consistently attained the target for *Percent of Licenses with No Recent Violations*. Reported violations that did occur in fiscal year 2001 consisted of drug audit and continuing education audit discrepancies identified by agency investigators.

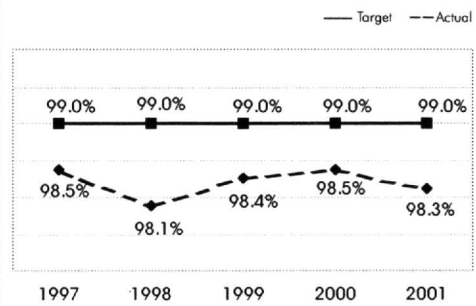
A fully staffed legal division consisting of agency investigators contributed to the *Percent of Complaints Resulting in Disciplinary Action* exceeding the targeted level.

A one-year increase in the length of the pharmacy degree program resulted in a decrease of pharmacy graduates; therefore, the agency did not meet its target for *Number of New Licenses Issued to Individuals*.

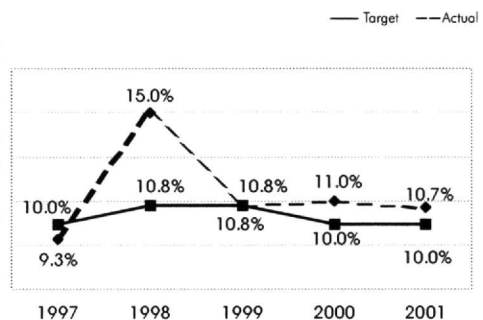
The agency attained the target for *Average Licensing Cost per Individual License Issued* despite the fact there were 92 fewer individuals in the new licensee population than anticipated and there was an increase in salary costs.

SELECTED PERFORMANCE MEASURES

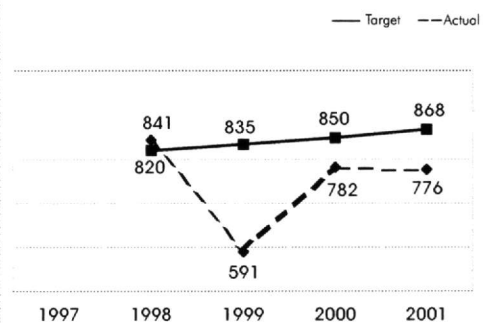
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



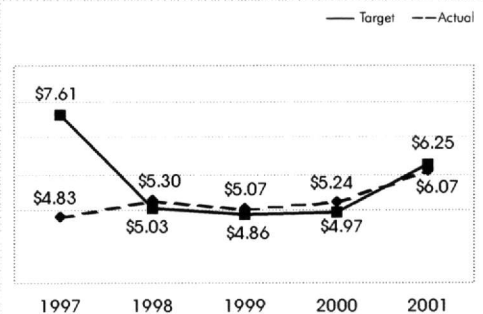
PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION



NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS

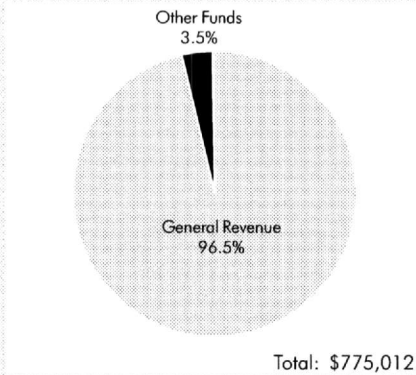


AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED

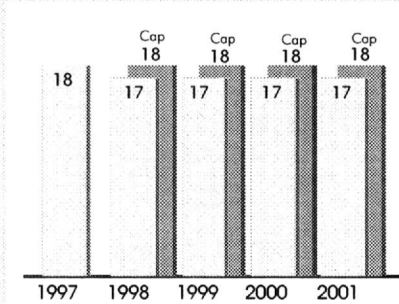


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for approximately 97 percent of the agency's expenditures in fiscal year 2001. The agency also received Other Funds through the sale of publications.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. Agency staff levels have been consistently below the FTE cap since fiscal year 1998 as a result of staff turnover in the agency.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications three of the 13 performance measures reviewed. Three measures were certified with qualifications, two were inaccurate, and five measures had factors that prevented certification. The agency has since implemented a corrective action plan pursuant to the audit findings to address the identified issues and to ensure the accuracy of future reports.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 47 percent of its 15 established key performance targets.

The agency attained or exceeded two of its four outcome targets and five of its 11 output/efficiency targets.

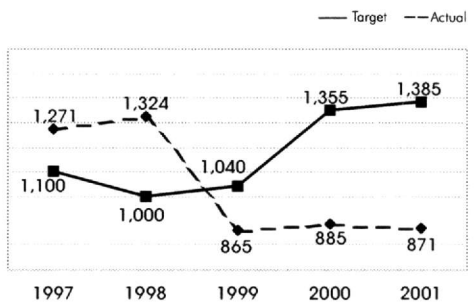
The agency has not attained targeted levels for the *Number of New Licenses Issued to Individuals: Physical Therapy* or for the *Number of New Licenses Issued to Individuals: Occupational Therapy* for the past three fiscal years because managed care and Medicare reimbursement caps have reduced the number of available jobs in these fields. Consequently, fewer students are expected to graduate in these fields in the future and fewer currently licensed professionals are expected to come to Texas.

Targeted levels for the *Number of Complaints Resolved: Physical Therapy* have not been met since fiscal year 1997. Investigator staff turnover and training time reduced the number of physical therapy complaints the agency was able to resolve during the previous two fiscal years.

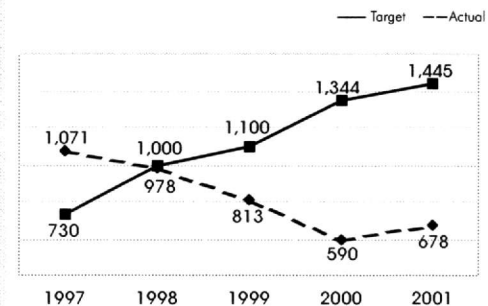
The *Number of Complaints Resolved: Occupational Therapy* exceeded targeted levels in fiscal year 2001. Although turnover and training time impacted the number of complaints resolved for occupational therapy just as it did for physical therapy, the impact was not as severe because occupational therapy cases are less complex than physical therapy cases.

SELECTED PERFORMANCE MEASURES

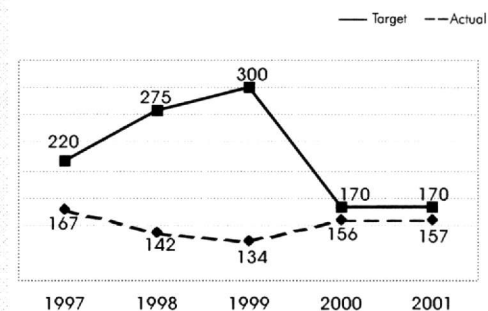
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS: PHYSICAL THERAPY



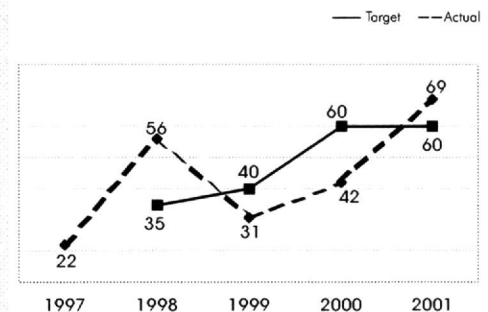
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS: OCCUPATIONAL THERAPY



NUMBER OF COMPLAINTS RESOLVED: PHYSICAL THERAPY



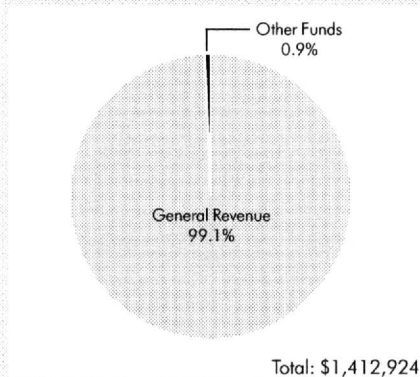
NUMBER OF COMPLAINTS RESOLVED: OCCUPATIONAL THERAPY



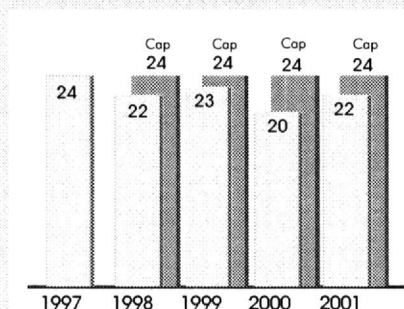
BOARD OF PLUMBING EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 99 percent of the agency's expenditures. The agency's 2000-01 appropriations were slightly increased so the Enforcement Division could assign a field representative in El Paso.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A July 1996 *Audit Report on Performance Measures at 20 State Agencies and 1 Educational Institution* by the State Auditor's Office audited six measures, and only one was certified without qualification. Three measures were certified with qualifications, one was inaccurate, and one measure had factors which prevented certification. According to the agency, errors in the data base and automated reports have been corrected.

BOARD OF PLUMBING EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 71 percent of its seven established key performance targets.

The agency attained or exceeded one of its two outcome targets and four of its five output/efficiency targets.

The *Percentage of Complaints Resolved Resulting in Disciplinary Action* fell below the fiscal year 2001 target because not all of the complaints resulted in violations. Also, some licensees voluntarily comply by resolving the complaint immediately in an effort to avoid disciplinary action.

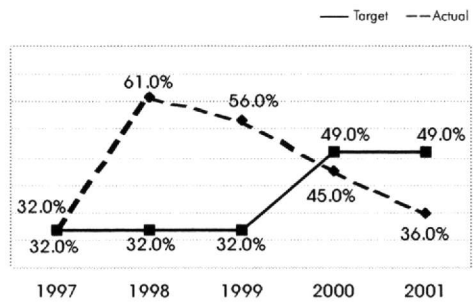
The agency attained the target for *Percentage of Licensees with No Recent Violations*. Those violations that did occur consisted of licensees evading responsibility to a customer, plumbing code violations, employing unlicensed persons for work requiring a license, and engaging in plumbing without a proper license.

The *Number of New Licenses Issued to Individuals* exceeded the target because a greater number of exams were given than anticipated. This was due, in part, to diligent enforcement of regulations and the continuing demand for licensed plumbers.

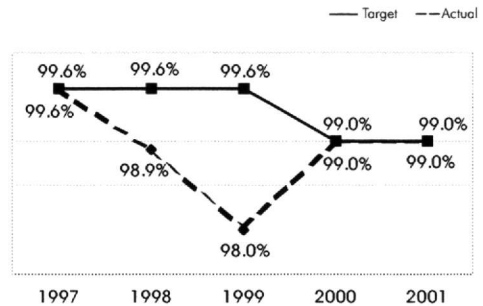
The final disposition of a number of outstanding complaints and the quick resolution of others contributed to the *Number of Complaints Resolved* exceeding the target in fiscal year 2001. A corrected computer glitch allowed a significant number of complaints from previous reporting periods to be closed in fiscal year 1999.

SELECTED PERFORMANCE MEASURES

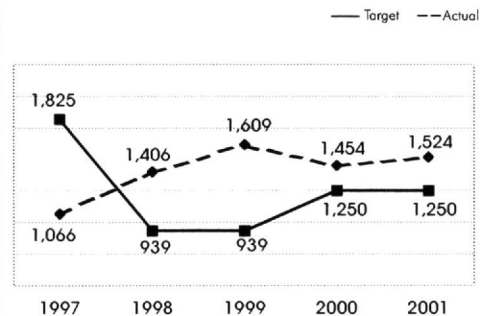
PERCENTAGE OF COMPLAINTS RESOLVED RESULTING IN DISCIPLINARY ACTION



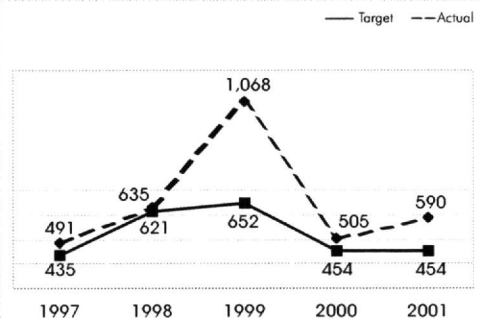
PERCENTAGE OF LICENSEES WITH NO RECENT VIOLATIONS



NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



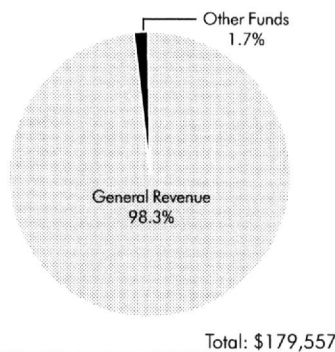
NUMBER OF COMPLAINTS RESOLVED



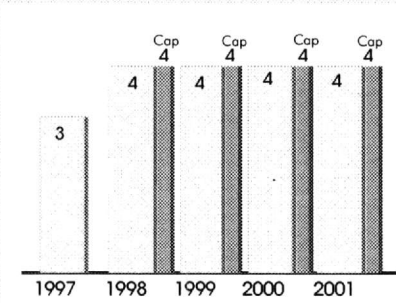
BOARD OF PODIATRIC MEDICAL EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 98.3 percent of the agency's expenditures in fiscal year 2001.

The agency also received a small amount of Other Funds through the sale of publications.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency has consistently had four full-time equivalent positions since fiscal year 1998.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

The December 1999 report *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications three of the six measures reviewed. In a February 2001 follow-up audit, steps were implemented and all six measures were in compliance.

BOARD OF PODIATRIC MEDICAL EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 50 percent of its six established key performance targets.

The agency attained or exceeded one of its two outcome targets and two of its four output/efficiency targets.

The *Number of New Licenses Issued to Individuals* continued to remain below the targeted level in fiscal year 2001. One reason for the lower number of new licenses issued has been a drop in the number of students graduating from podiatric medical schools since fiscal year 1999.

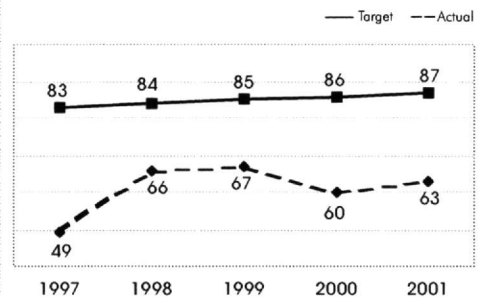
The agency exceeded its target for *Average Licensing Cost per Individual License Issued* for fiscal year 2001. Although fewer licenses were issued in the first and third quarters of fiscal year 2001, the agency continued to remain well below the targeted level.

While the agency attained the target for *Percent of Licensees with No Recent Violations*, performance was slightly lower than in fiscal year 2000. The target is based on licensees who had no violations in either fiscal year 2001 or in the previous two fiscal years.

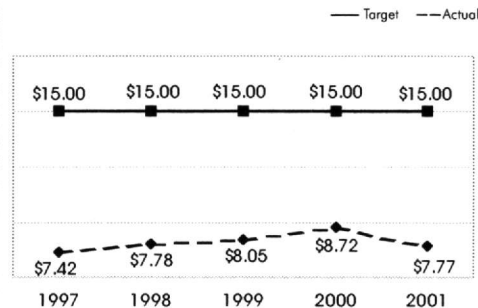
The agency exceeded its target for *Complaints Resolved* because the current investigator has gained more experience in processing complaints filed and has standardized the complaint process in order to maintain the current caseload.

SELECTED PERFORMANCE MEASURES

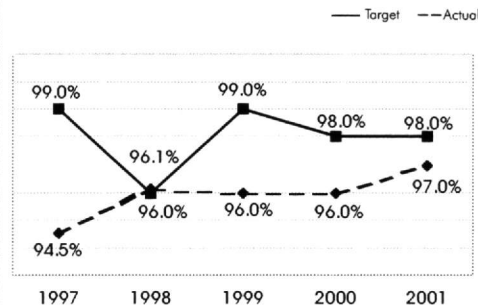
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



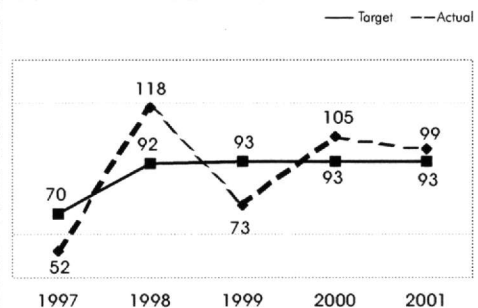
AVERAGE LICENSING COST PER INDIVIDUAL LICENSE ISSUED



PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



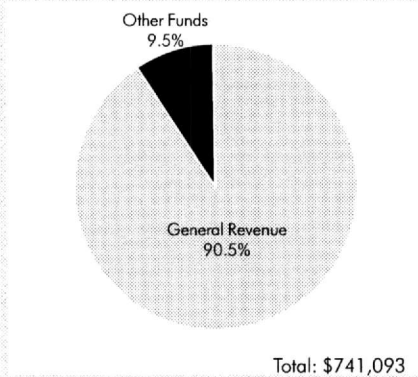
COMPLAINTS RESOLVED



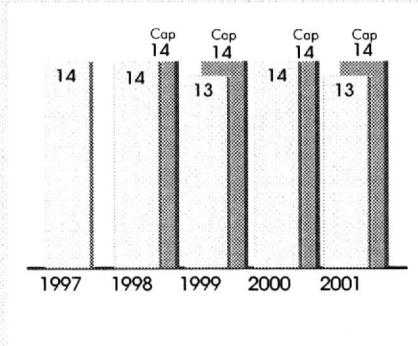
BOARD OF EXAMINERS OF PSYCHOLOGISTS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

Three lawsuits with an unspecified potential liability amount.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 90.5 percent of the agency's expenditures in fiscal year 2001.

Appropriated Receipts provided almost 10 percent of the agency's spending. This method of financing was made up of revenue from the sale of publications, copy fees, and written verification letters.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency experienced a high turnover rate in the investigator position and additional turnover in the attorney and open records officer positions; however, the agency was fully staffed by the end of the fiscal year.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A February 1996 *Small Agency Management Control Audit* issued by the State Auditor's Office certified with qualifications one of the two measures reviewed. According to the agency, the other measure has been redefined and is in compliance.

BOARD OF EXAMINERS OF PSYCHOLOGISTS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its eight established key performance targets.

The agency attained or exceeded both of its outcome targets and all six of its output/efficiency targets.

The target for *Number of New Certificates/Licenses Issued to Individuals* was exceeded in fiscal year 2001, in part as a result of the implementation of a computerized national Examination for the Professional Practice in Psychology (EPPP). Additionally, the Jurisprudence Exam can now be mailed to applicants. Prior to the computerized EPPP, applicants could only sit for the exam twice a year. The easy access of the computerized and mailout exams allowed for an increase in the number of applicants becoming licensed.

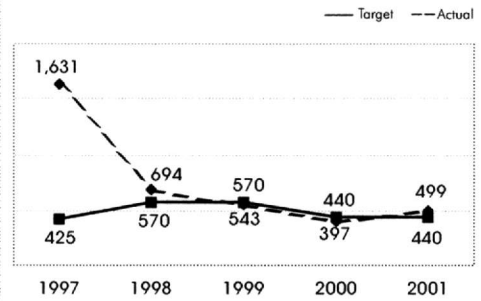
The target for *Number of Certificates/Licenses Renewed to Individuals* was exceeded in fiscal year 2001. It is difficult for the agency to predict how many individuals will retire or move to inactive status, so this figure can vary greatly from year to year.

The agency exceeded its target for *Number of Complaints Resolved*. Although the target was exceeded overall, there were significantly fewer complaints resolved between the first and second quarters because of a 50 percent turnover in investigators. At the end of the fiscal year, the Enforcement Division was fully staffed. Over half of the complaints resolved were continuing education noncompliance complaints, which are easily resolved.

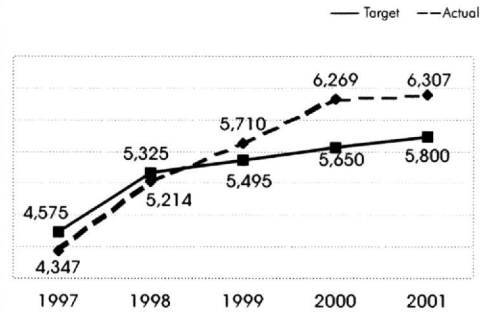
The *Average Time in Days for Complaint Resolution* was lower than in the previous fiscal year and exceeded the target for fiscal year 2001 because the Enforcement Division was fully staffed.

SELECTED PERFORMANCE MEASURES

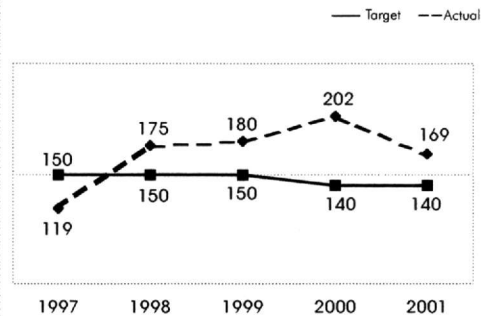
NUMBER OF NEW CERTIFICATES/LICENSES ISSUED TO INDIVIDUALS



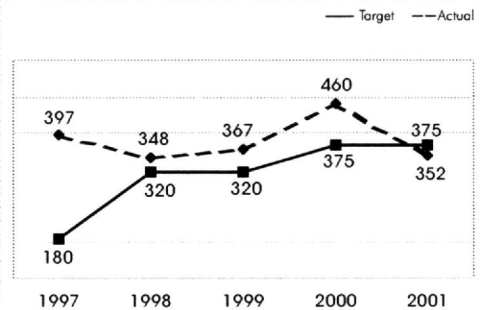
NUMBER OF CERTIFICATES/LICENSES RENEWED TO INDIVIDUALS



NUMBER OF COMPLAINTS RESOLVED

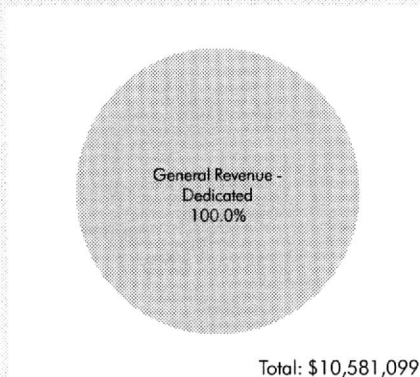


AVERAGE TIME IN DAYS FOR COMPLAINT RESOLUTION

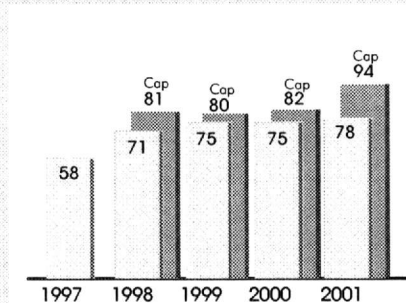


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Monday N. Rufus, PC. *
Auditing services
\$75,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Pass-through funds for the Texas Bred Incentive Program (TBIP) accounted for 60 percent of the agency's \$10.6 million annual budget. The remaining 40 percent was used for agency operations. The TBIP is used to reward breeders in Texas who produce winning horses.

The agency collected \$12.4 million in General Revenue—Dedicated Funds from various sources of revenue, including licensing fees and the TBIP purse supplement.

The newest track, Valley Race Park in Harlingen, opened for simulcast operations in fiscal year 2000 and began live racing in November of fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions in fiscal year 2001. Fourteen of the FTE positions included in the fiscal year 2001 cap of 94 were contingent on the agency's increased responsibility related to the possible opening of new racetracks. A new racetrack to be built in Amarillo has been licensed and a racetrack in Laredo has applied for a license.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Control Audit* issued by the State Auditor's Office certified five of the six measures reviewed. The sixth measure lacked adequate controls to be certified.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 82 percent of its 17 established key performance targets.

The agency attained or exceeded all five of its outcome targets and nine of its 12 output/efficiency targets.

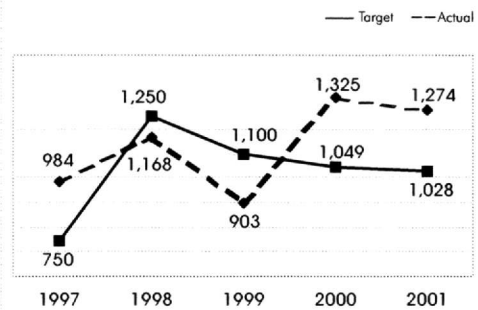
The agency exceeded its fiscal year 2001 target for *Number of Investigations Completed*. This number is affected by many factors, including current occupational licensing activity, number of live race dates, and number of criminal history reports received from the Department of Public Safety and the Federal Bureau of Investigation. As the licensee database has grown, the need for investigations has also grown.

Average Regulatory Cost per Horse Racetrack and *Average Regulatory Cost per Greyhound Racetrack* have matched since fiscal year 1998, when inspection procedures and regulatory administration became the same for the two types of tracks. The actual average costs in fiscal year 2001 were slightly higher than the projected targets.

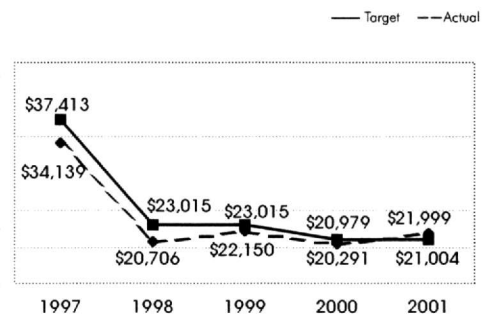
Total Take to the State Treasury from Pari-Mutuel Wagering on Live and Simulcast Races (in Millions) exceeded the projected amount in fiscal year 2001. Although the total pari-mutuel handle was slightly lower than forecasted, the total take to the state treasury was up because of a shift from simulcast wagering to cross-species simulcast wagering. Cross-species simulcast wagers are taxed at 1.25 percent and simulcast wagers are taxed at 1 percent.

SELECTED PERFORMANCE MEASURES

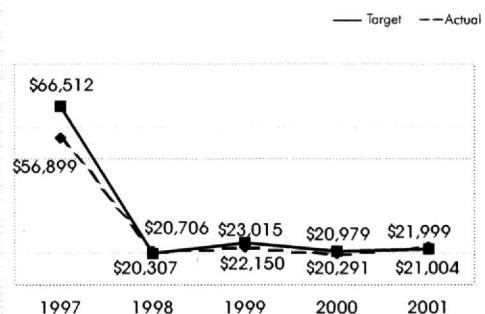
NUMBER OF INVESTIGATIONS COMPLETED



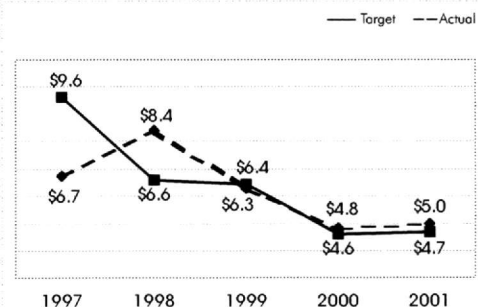
AVERAGE REGULATORY COST PER HORSE RACETRACK



AVERAGE REGULATORY COST PER GREYHOUND RACETRACK

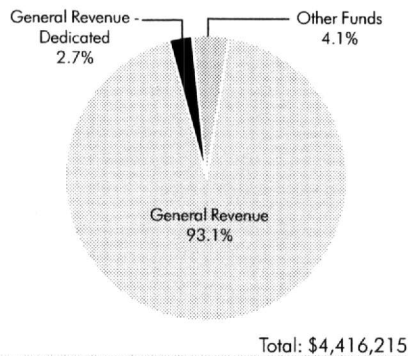


TOTAL TAKE TO THE STATE TREASURY FROM PARI-MUTUEL WAGERING ON LIVE AND SIMULCAST RACES (IN MILLIONS)

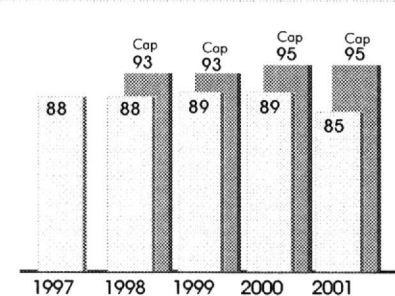


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

- Technology Resolutions Inc. *
Computer system
\$284,995
- Garza, Gonzalez & Associates *
Auditing services
\$24,000
- Garza, Gonzalez & Associates *
Financial reviews
\$20,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 93.1 percent of the agency's expenditures in fiscal year 2001. The agency received \$107,280 for the 2000-01 biennium to fund two enforcement positions.

Appropriated Receipts constituted 4.1 percent of the agency's fiscal year 2001 expenditures. The majority of this revenue came from sales of the agency's quarterly newsletter.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency has been consistently below its FTE cap since fiscal year 1998. In fiscal year 2001, the agency experienced turnover throughout the agency and has had a difficult time replacing staff.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 1998 *Audit Report on Performance Measures at 36 State Entities* issued by the State Auditor's Office certified without qualifications all four performance measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its 13 established key performance targets.

The agency attained or exceeded all three of its outcome targets and all 10 of its output/efficiency targets.

The agency exceeded its target for *Number of New Licenses Issued to Individuals* in fiscal year 2001 because of the strength of the state's economy and real estate market. An individual can renew an expired license for up to six years, therefore, late renewals are included in the definition for this measure.

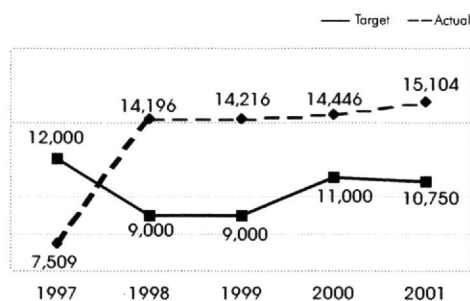
The agency exceeded its target for *Number of Complaints Resolved* as a result of streamlining resolution procedures. The agency received additional funding for a case manager and a legal assistant during the 2000–01 biennium. The agency also implemented other streamlining procedures, including having the legal assistants open complaints, maximizing the usefulness of the attorneys' time, and instituting standards for the number of investigative reports per quarter performed by each investigator and number of cases closed per quarter by each attorney.

The target for *Number of New Licenses and Certifications Issued to Individuals (Appraisers Only)* was exceeded for fiscal year 2001 because of higher demand for real estate appraisals due to the state's strong real estate market.

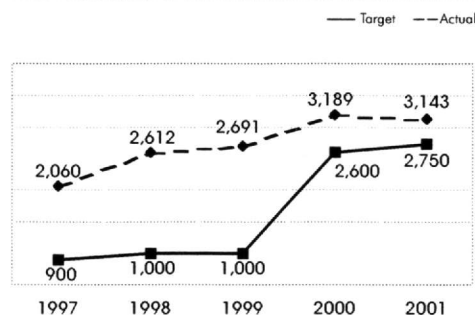
The agency attained its target for *Complaints Resolved (Appraisers Only)*. While there were slightly fewer complaints received than expected, the target was met because the average complaint took less time to resolve than projected.

SELECTED PERFORMANCE MEASURES

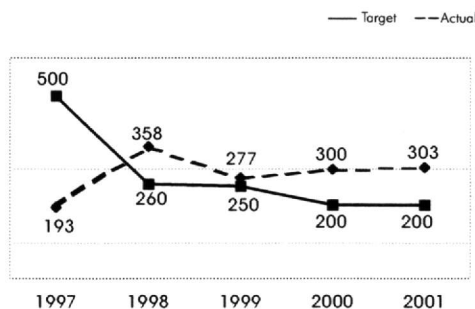
NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



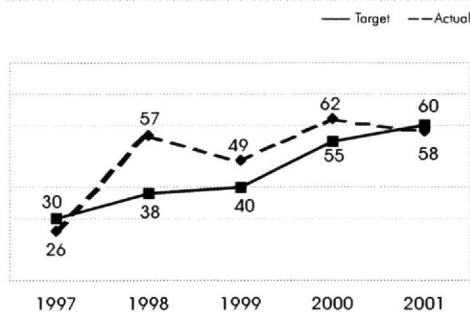
NUMBER OF COMPLAINTS RESOLVED



NUMBER OF NEW LICENSES AND CERTIFICATIONS ISSUED TO INDIVIDUALS (APPRAISERS ONLY)

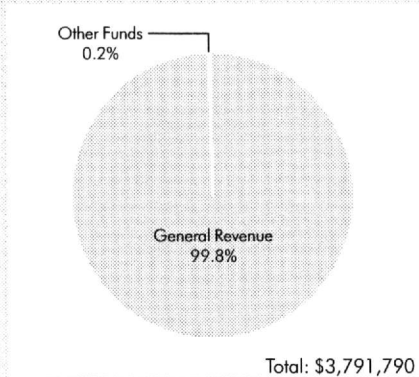


COMPLAINTS RESOLVED (APPRAISERS ONLY)

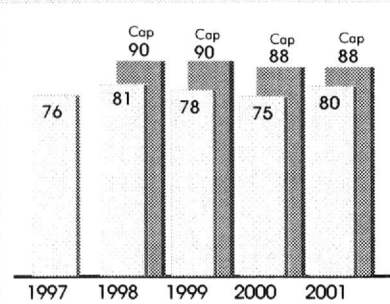


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

KPMG, LLP
Auditing services
\$17,500

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for 99.8 percent of the agency's expenditures in fiscal year 2001.

Of the agency's fiscal year 2001 total expenditures, 37.1 percent (\$1.4 million) was used for investigation-related matters.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The FTE cap remained the same as in the previous year. Because of salary competition for financial investigators, the agency remained understaffed in fiscal year 2001. The Seventy-seventh Legislature, 2001, addressed the issue by appropriating additional funding to increase financial investigators' salaries.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 *Audit Report on Performance Measures at 11 State Agencies* issued by the State Auditor's Office certified with qualifications all five measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 22 percent of its nine established key performance targets.

The agency did not attain or exceed any of its three outcome targets. The agency attained or exceeded two of its six output/efficiency targets.

The *Percentage of Texas Dealers Inspected* in fiscal year 2001 was higher than in fiscal year 2000, but lower than targeted because the agency had fewer financial investigators on staff than expected. While the agency projected to have 14 financial investigator FTEs on staff when identifying the targets, they only had 11 FTEs for fiscal year 2001.

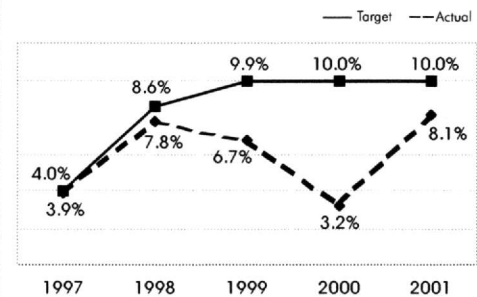
The agency failed to meet the target for *Number of Inspections Conducted* because of the high turnover and lack of experience within its financial investigation staff. Of the 12 financial investigators employed with the agency at the end of fiscal year 2001, eight were hired in calendar year 2000 or later.

The agency's low level of financial investigator experience and the amount of training of new investigators were factors that also pushed the *Average Cost per Inspection* above the targeted level.

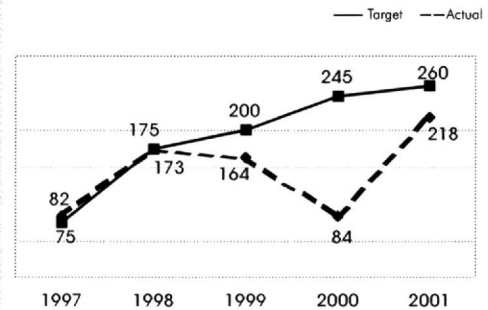
The agency did not meet the target for *Number of Enforcement Actions Taken* because of turnover in the professional staff. While they failed to meet the target, the agency did improve slightly over the previous year's performance.

SELECTED PERFORMANCE MEASURES

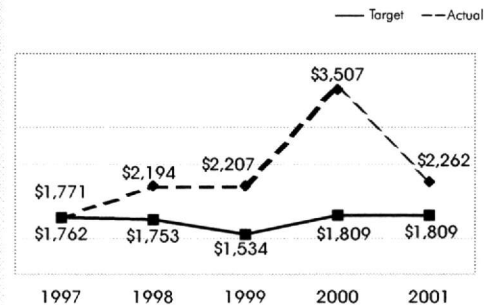
PERCENTAGE OF TEXAS DEALERS INSPECTED



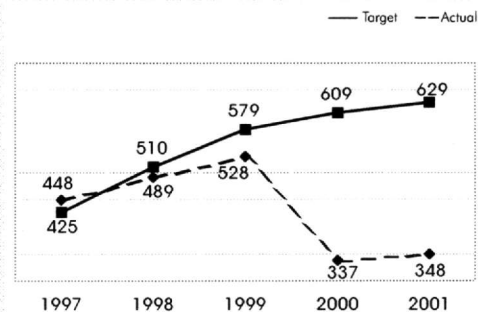
NUMBER OF INSPECTIONS CONDUCTED



AVERAGE COST PER INSPECTION



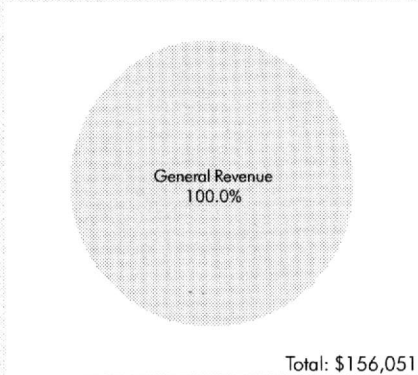
NUMBER OF ENFORCEMENT ACTIONS TAKEN



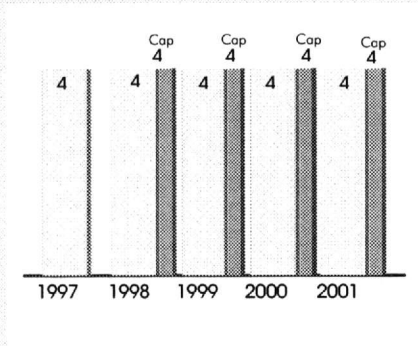
BOARD OF TAX PROFESSIONAL EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 100 percent of the agency's expenditures in fiscal year 2001, remaining unchanged from the previous year.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A March 2000 *Small Agency Management Control Audit* issued by the State Auditor's Office certified without qualifications two of the five performance measures reviewed. The other three measures were certified with qualifications. The agency has since addressed the issues in the audit report.

BOARD OF TAX PROFESSIONAL EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 88 percent of its eight established key performance targets.

The agency attained or exceeded all three of its outcome targets and four of its five output/efficiency targets.

The agency has consistently met the *Percent of Licensees with No Recent Violations* target. The violations that have occurred were for those licensed individuals that did not become recertified within the required five-year period.

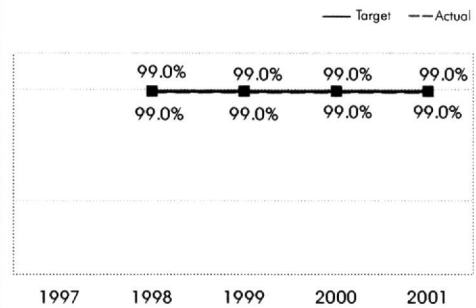
The *Percent of Complaints Resulting in Disciplinary Action* was exceeded in fiscal year 2001 because the agency has not received any valid complaints against any licensee in the past five years. Most of the licensees were released by their employer before an actual complaint was filed.

The target for *Number of Persons Certified/Recertified* was not met. Registrants have a five-year recertification requirement after their initial certification, making it difficult to forecast how many registrants will continue in the field. Many of the persons previously certified have retired or left the field.

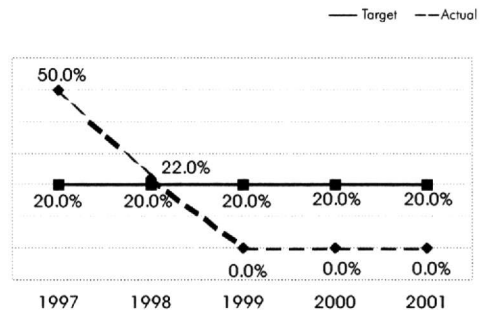
The *Number of New Licenses Issued to Individuals* exceeded the target because the number of persons certified/recertified decreased, leading employers who lost employees to hire replacements for retirees or those who left the field with individuals who needed to be issued a new license.

SELECTED PERFORMANCE MEASURES

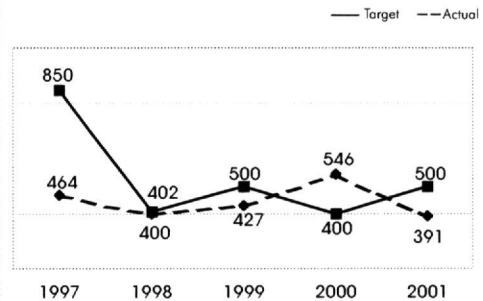
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



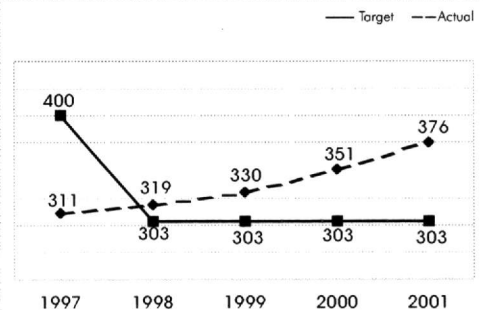
PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION



NUMBER OF PERSONS CERTIFIED/RECERTIFIED

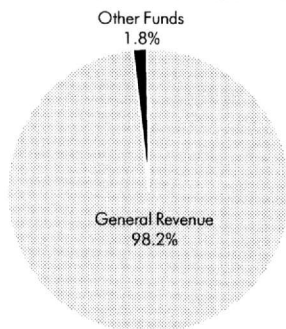


NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



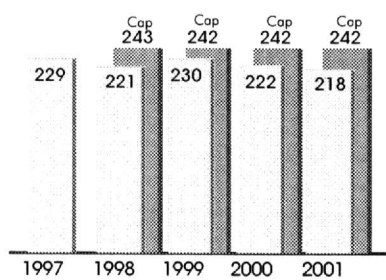
SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



Total: \$24,932,710

FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Shmuel Oren *
Market oversight and monitoring
\$41,500

Barbara Alexander *
Customer service research
\$32,000

Warinner Gesinger & Associates *
Financial and management audit
\$31,277

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

General Revenue Funds accounted for 98.2 percent of the agency's expenditures in fiscal year 2001. Of that amount, 49 percent was expended from the System Benefit Fund for customer education related to electric deregulation.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its caps for full-time-equivalent (FTE) positions for fiscal year 2001. The agency continued to experience a high turnover rate with fiscal year 2001 showing a 28.7 percent increase in turnover, particularly in the Call Center and Central Records Section. In addition, the agency serves as a training ground in utilities law for many professionals; as staff becomes more experienced in utilities law, they become a valuable asset to both the public and private sectors and are frequently hired away by the private sector.

RELATED REPORTS AND REVIEWS

A May 2001 *Review of Selected Controls* by the State Auditor's Office (SAO) concluded that the agency has adopted rules to implement Senate Bill 7, Senate Bill 86, and Senate Bill 560, Seventy-sixth Legislature, 1999; improved its financial management practices, including cash management; improved its reporting on key performance measures; and, experienced a turnover rate of 33 percent in fiscal year 2000 (state average was 21 percent).

A May 1998 *Audit Report on Performance Measures: Phase 12* issued by the SAO certified without qualifications none of the four measures reviewed. The agency has since completed a corrective action plan that addressed the audit report's findings.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 62 percent of its 13 established key performance targets.

The agency attained or exceeded five of its six outcome targets and three of its seven output/efficiency targets.

The agency attained its fiscal year 2001 target for *Average Cost of Electricity per kWh in Texas For Residential Customers as a Percentage of the National Residential Average*. The rise in natural gas prices was a major factor that caused the increase. Texas is more reliant on natural gas to generate electricity than other parts of the country.

The agency exceeded the target for *Percentage of Households in Texas with Telephone Service in Place*. A major factor was the level of prosperity enjoyed by Texans in recent years along with low levels of unemployment. This has led to an increase in the level of subscribership of land line telephone service (does not include mobile or cellular).

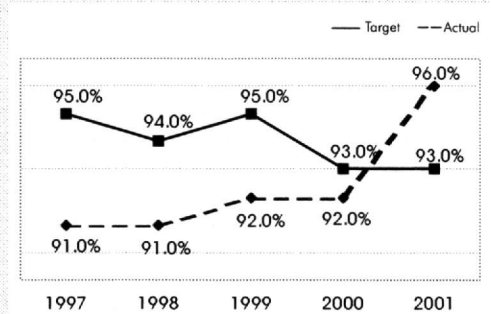
The target for *Number of Rate Cases Completed* was not met as a result of legislative changes enacted by Senate Bill 7 and Senate Bill 560, Seventy-sixth Legislature, 1999. These bills restructured the electric industry for competition and further opened the telecommunications industry to competition, essentially limiting the need for the agency to set and review prices on services.

The *Average Annual Residential Telephone Bill for Basic Service in Texas as a Percentage of the National Average* target was met by the agency. The average annual single-line residential rate in Texas was \$9.16 per month in fiscal year 2001, which was better than the national monthly average of \$13.64.

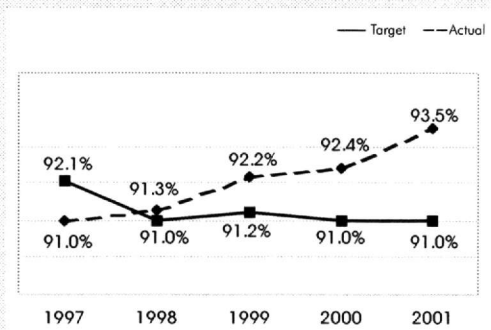
The target for *Number of Compliance Investigations Conducted* was not met by the agency because several investigations were still pending at the end of fiscal year 2001. Investigations determine compliance with agency statutes, rules, and orders. The agency conducted 72 compliance investigations with a target of 80, which was an increase from 52 over the number of investigations conducted in fiscal year 2000.

SELECTED PERFORMANCE MEASURES

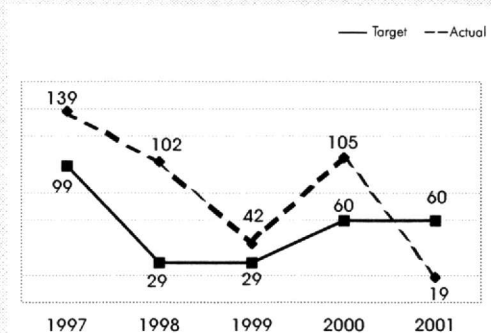
AVERAGE COST OF ELECTRICITY PER kWh IN TEXAS FOR RESIDENTIAL CUSTOMERS AS A PERCENTAGE OF THE NATIONAL RESIDENTIAL AVERAGE



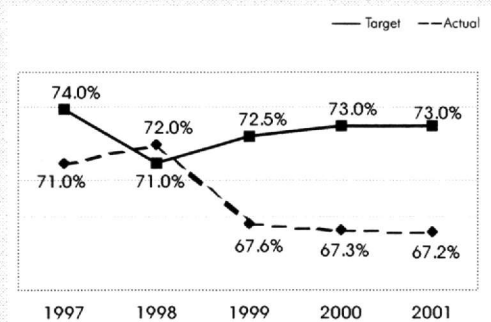
PERCENTAGE OF HOUSEHOLDS IN TEXAS WITH TELEPHONE SERVICE IN PLACE



NUMBER OF RATE CASES COMPLETED

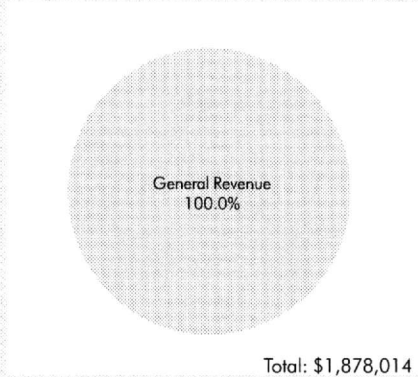


AVERAGE ANNUAL RESIDENTIAL TELEPHONE BILL FOR BASIC SERVICE IN TEXAS AS A PERCENTAGE OF THE NATIONAL AVERAGE

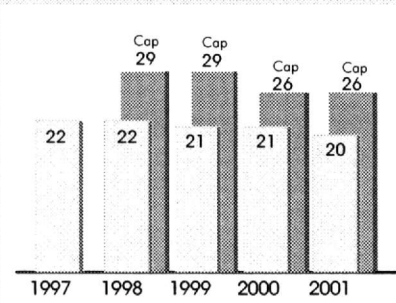


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency received \$337,877 in System Benefit Funds from the Public Utility Commission for administrative costs related to electric utility deregulation in fiscal year 2001.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency has discretion in hiring FTEs and outside expert witnesses to represent the interests of residential and small commercial consumers.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit Report on Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified all of the measures reviewed.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 75 percent of its eight established key performance targets.

The agency attained or exceeded all three of its outcome targets and three of its five output/efficiency targets.

Senate Bill 7, Seventy-sixth Legislature, 1999, mandated the deregulation of the electric utility industry in Texas by January 1, 2002. As a first step toward industry deregulation, entities must reorganize into competitive and non-competitive (transmission function) entities. The Public Utility Commission (PUC) held a number of hearings to oversee this process. The Office of Public Utility Counsel's (OPUC) involvement in this process caused the *Percentage of Major Electric Rate Cases in which OPUC Participates* to exceed the target in fiscal year 2001 and more than double since 1999.

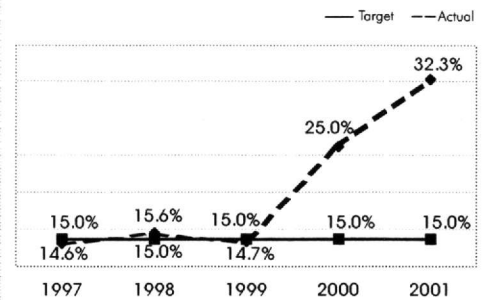
The target for *Number of Significant Major Electric Rate Cases in which OPUC Participates* was exceeded by the agency as a result of Senate Bill 7, Seventy-sixth Legislature, 1999. The agency participated in more cases because all electric utility entities had to have a hearing in front of the PUC to separate the regulated and now deregulated functions before January 1, 2002.

The agency exceeded the target for *Percentage of State Served by New and/or Advanced Services and Technologies as a Result of Cases in which OPUC Participates* by the increased participation in rule-making cases that covered the entire state. One of the cases in which the agency participated was the automatic enrollment for universal service. Automatic enrollment makes it easier to provide phone service to many low income individuals.

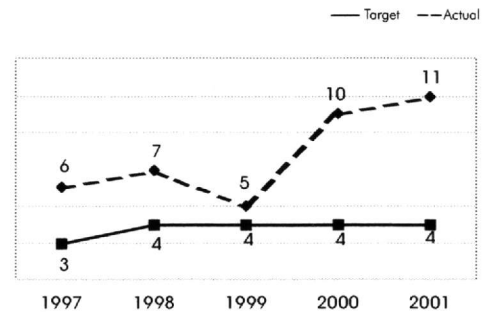
The agency attained the target for *Number of Telecommunications Projects in which OPUC Participates*, although the number had decreased compared to the previous fiscal year. One reason for the decline was that the agency focused on projects with broader scopes. One portion of a project included stopping fraudulent activities, such as having services switched without the customer's consent.

SELECTED PERFORMANCE MEASURES

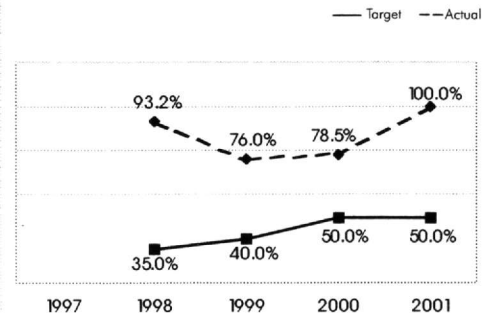
PERCENTAGE OF MAJOR ELECTRIC RATE CASES IN WHICH OPUC PARTICIPATES



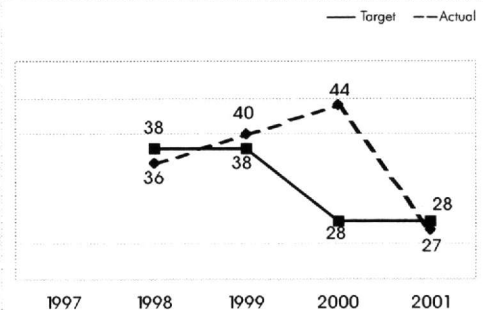
NUMBER OF SIGNIFICANT MAJOR ELECTRIC RATE CASES IN WHICH OPUC PARTICIPATES



PERCENTAGE OF STATE SERVED BY NEW AND/OR ADVANCED SERVICES AND TECHNOLOGIES AS A RESULT OF CASES IN WHICH OPUC PARTICIPATES



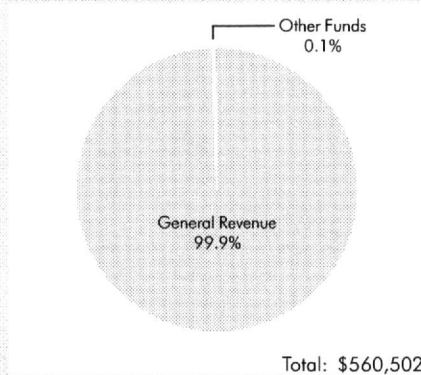
NUMBER OF TELECOMMUNICATIONS PROJECTS IN WHICH OPUC PARTICIPATES



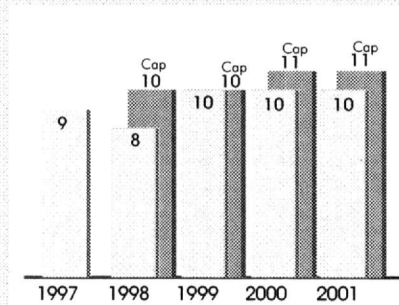
BOARD OF VETERINARY MEDICAL EXAMINERS

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

Fee-generated General Revenue Funds accounted for most of the agency's funding in fiscal year 2001. Other Funds decreased because the agency no longer contracts with the Optometry Board for an attorney through an interagency contract.

The agency received an increase of \$54,131 in 2001 in fee-generated General Revenue Funds related to corporate ownership of veterinary medical practices (House Bill 3446, Seventy-sixth Legislature, 1999).

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency's FTE cap was increased by one additional position for implementing House Bill 3446, Seventy-sixth Legislature, 1999.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1999 report on *Performance Measure Certification for Peer Assistance Programs* issued by the State Auditor's Office (SAO) certified with qualifications four of the five measures reviewed. The fifth measure was found to be inaccurate. According to the agency, it has since implemented procedures to ensure accurate reporting.

An August 1997 report on *Performance Measures at 26 State Agencies* issued by the SAO certified without qualifications three of the four measures reviewed. The fourth measure was certified with qualifications. According to the agency, it has since implemented procedures to ensure accurate reporting.

BOARD OF VETERINARY MEDICAL EXAMINERS

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 64 percent of its 11 established key performance targets.

The agency attained or exceeded two of its three outcome targets and five of its eight output/efficiency targets.

Publishing in the agency's newsletter the names of licensees who violate regulations helped the agency meet its fiscal year 2001 target for *Percent of Licensees with No Recent Violations*, by serving as a deterrent.

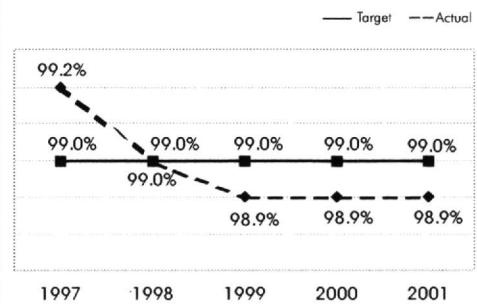
An additional investigator in fiscal year 2001 made it possible for the agency to resolve more complaints prior to the need for any disciplinary actions and ensured the agency met its target for *Percent of Complaints Resulting in Disciplinary Action*. The disciplinary actions that did occur involved standard-of-care issues.

The agency exceeded the targeted level for *Number of New Licenses Issued to Individuals* because an additional licensing examination was administered during fiscal year 2001, providing more opportunities to obtain a license. Further, the format of the examination was changed, which encouraged more applicants to seek a license.

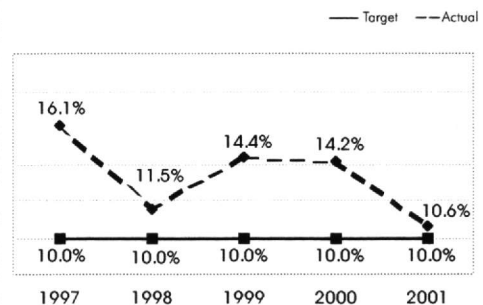
The agency exceeded the target for *Average Licensing Cost for Individual License* because the agency licensed more individuals than anticipated, thus reducing the cost per license.

SELECTED PERFORMANCE MEASURES

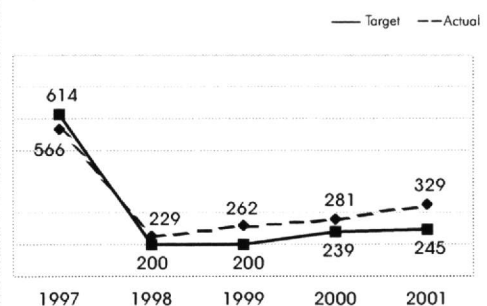
PERCENT OF LICENSEES WITH NO RECENT VIOLATIONS



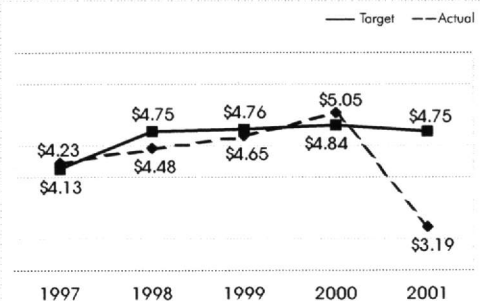
PERCENT OF COMPLAINTS RESULTING IN DISCIPLINARY ACTION



NUMBER OF NEW LICENSES ISSUED TO INDIVIDUALS



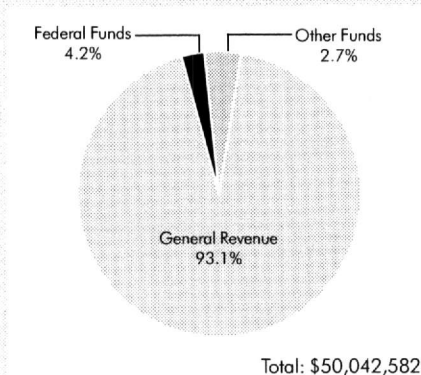
AVERAGE LICENSING COST FOR INDIVIDUAL LICENSE



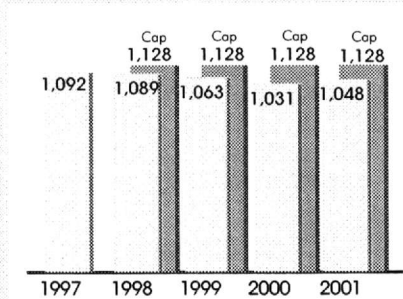
WORKERS' COMPENSATION COMMISSION

SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

Northrup Grumman Technical Services, Inc. *
Mainframe services
\$7,571,992

Northrup Grumman Technical Services, Inc. *
Seat management services
\$3,649,253

Ingenix, Inc. *
Guidelines development
\$350,000

Milliman USA
Guidelines development
\$350,000

* Known multi-year contract

LAWSUITS REPORTED, 2000-01

25 lawsuits with a specified potential liability amount totalling **\$31,000**.

BUDGET HIGHLIGHTS

The agency generated 93.1 percent in General Revenue Funds through the maintenance tax on workers' compensation insurance premiums in fiscal year 2001.

Federal Funds, constituting 4.2 percent of agency expenditures in fiscal year 2001, were expended on health and safety education programs.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency experienced a 19 percent turnover rate, predominantly in the fraud investigator area.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

An August 1997 *Audit of Performance Measures at 26 State Agencies* issued by the State Auditor's Office certified without qualifications all 11 measures reviewed.

The agency is eligible to implement an enhanced compensation program for employees during fiscal year 2002, pursuant to Article IX, Section 6.31(d) of the 2002-03 General Appropriations Act. Agency eligibility is based on attainment of at least 80 percent of key performance targets in fiscal year 2001 and certification that at least 70 percent of audited key measures are accurate. Classified employees who directly contribute to improvements in agency performance may be awarded up to 6.8 percent of their base salary.

WORKERS' COMPENSATION COMMISSION

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 85 percent of its 13 established key performance targets.

The agency attained or exceeded three of its four outcome targets and eight of its nine output/efficiency targets.

The agency exceeded its target for *Percent of Compensation Benefit Dispute Cases Resolved Informally* in fiscal year 2001 because timeframes were defined for resolving cases and staff training was conducted on procedures for streamlining the dispute resolution process.

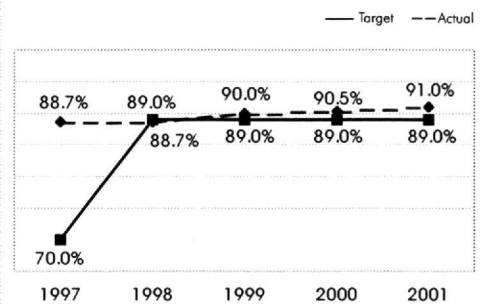
The agency came within 5 percent of its target for *Percent of Compensation Benefit Dispute Cases Resolved in Benefit Review Conference*. The number of cases resolved in Benefit Conference Review was lower than projected because agency staff were able to resolve more cases during the informal process.

The agency continued to see a decrease in the *Incidence of Injuries and Illness per 100 Full-time Employees* in fiscal year 2001. This rate was the lowest recorded rate for Texas since fiscal year 1990 and continues to remain below the national rate. Health and safety training the agency provided to businesses was one contributing factor to the low number of employee injuries and illnesses that occurred on the job.

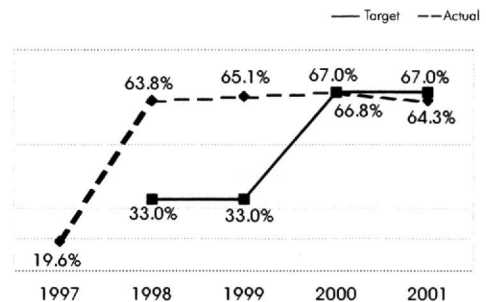
The target for *Number of Fraud Investigations Completed* was exceeded in fiscal year 2001. The agency achieved having a fully trained and experienced fraud investigator staff in place and was able to reduce a large backlog of cases from fiscal year 2000.

SELECTED PERFORMANCE MEASURES

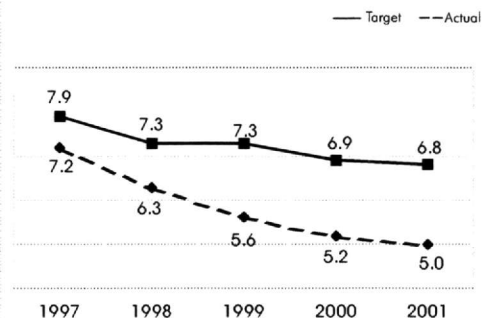
PERCENT OF COMPENSATION BENEFIT DISPUTE CASES RESOLVED INFORMALLY



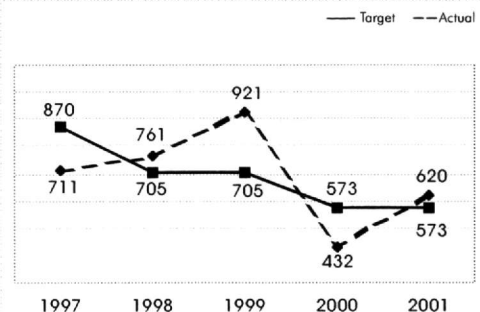
PERCENT OF COMPENSATION BENEFIT DISPUTE CASES RESOLVED IN BENEFIT REVIEW CONFERENCE



INCIDENCE OF INJURIES AND ILLNESSES PER 100 FULL-TIME EMPLOYEES

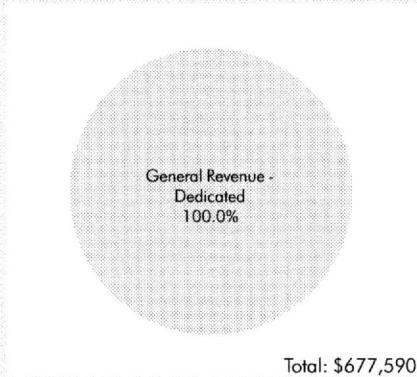


NUMBER OF FRAUD INVESTIGATIONS COMPLETED

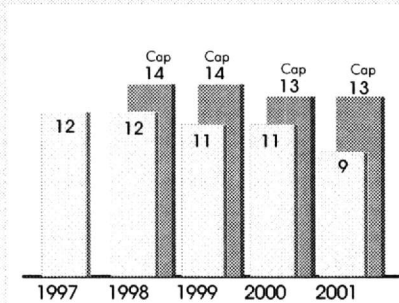


SELECTED BUDGET INFORMATION

ALL FUNDS, 2001 EXPENDED



FULL-TIME-EQUIVALENT POSITIONS



MAJOR CONTRACTS REPORTED, 2001

None reported.

LAWSUITS REPORTED, 2000-01

None reported.

BUDGET HIGHLIGHTS

The agency is funded solely from General Revenue–Dedicated Funds, which are derived from a portion of the maintenance tax collected annually from all Workers' Compensation insurance carriers other than governmental entities. The maintenance tax amount is set by the Texas Workers' Compensation Commission.

FULL-TIME-EQUIVALENT EMPLOYEES

The agency did not exceed its cap for full-time-equivalent (FTE) positions for fiscal year 2001. The agency experienced a high turnover rate, predominately in the Research Department; however, the Research Department was fully staffed by the end of fiscal year 2001. The agency used FTE funding during the 2000–01 biennium to offset an increase in rent. The Seventy-seventh Legislature, 2001, appropriated funds for the rent increase in the 2002–03 biennium, and the agency has subsequently hired needed staff in order to be fully staffed.

RELATED REPORTS AND REVIEWS

No special reports or reviews of the agency were identified for fiscal year 2001.

A May 2000 report on *Performance Measures at 11 State Agencies* issued by the State Auditor's Office (SAO) certified with qualifications three reviewed measures. On a follow-up to a January 1999 audit, five measures were certified with qualifications. The SAO recommended that the agency clarify with the Legislative Budget Board the definition of how the quarterly publication was counted. The agency has since corrected the definition to reflect a more accurate count.

PERFORMANCE HIGHLIGHTS

During fiscal year 2001, the agency attained (within 5 percent) or exceeded 100 percent of its five established key performance targets.

The agency attained or exceeded both of its outcome targets and all three of its output/efficiency targets.

The agency achieved its target for *Number of Professional Studies Completed by the Agency* in fiscal year 2001. Many of the studies were conducted during the Regular Session of the Seventy-seventh Legislature, 2001, and related to House Bill 2600.

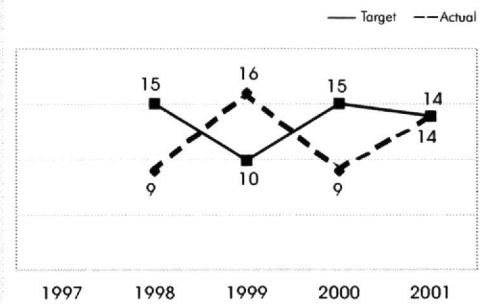
The agency exceeded its target for *Percentage of Professional Studies Completed within Schedule* by completing all studies that were assigned in fiscal year 2001.

The agency attained its target for *Average Cost per Professional Study Completed by the Agency*. The average cost is determined by taking the total dollars appropriated for professional studies and dividing that dollar amount by the number of studies conducted. Since all 14 studies were completed, the average cost targeted and the actual amount spent in fiscal year 2001 were the same.

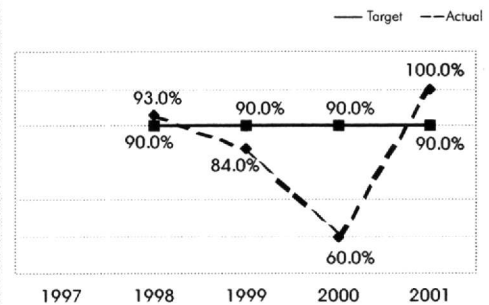
The *Number of Publications Distributed* continued to exceed the targeted levels, in part, due to the availability of publications on the agency's website. In addition, the agency produced three reports as a result of House Bill 3697, Seventy-sixth Legislature, 1999. The large demand for these three reports also contributed to the increased number of publications distributed in fiscal year 2001.

SELECTED PERFORMANCE MEASURES

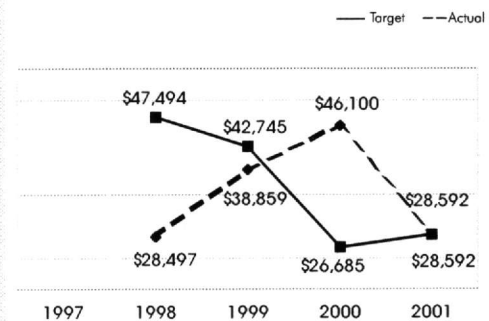
NUMBER OF PROFESSIONAL STUDIES COMPLETED BY THE AGENCY



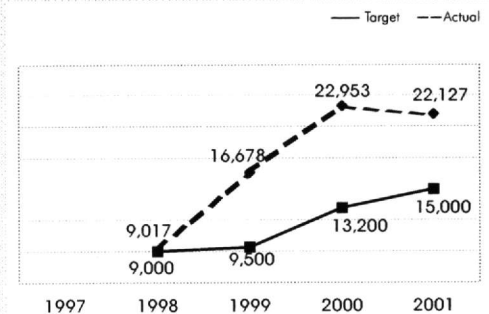
PERCENTAGE OF PROFESSIONAL STUDIES COMPLETED WITHIN SCHEDULE



AVERAGE COST PER PROFESSIONAL STUDY COMPLETED BY THE AGENCY



NUMBER OF PUBLICATIONS DISTRIBUTED



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