
STRENGTHEN THE SOLVENCY OF THE CRIME VICTIMS' COMPENSATION FUND

The Crime Victims' Compensation Fund provides funding for the victims' compensation program administered by the Office of the Attorney General and for a variety of victim services programs. This fund is a constitutionally dedicated account and must first be used for victims' compensation. Any excess funds beyond amounts needed for compensation payments may be appropriated for other victim services programs. At current revenue and expenditures projections, the fund will become insolvent by the end of fiscal year 2011. For the fund to be deemed solvent, the fund must have enough money to pay approved victim compensation claims each year.

A combination of factors led to the increased use of the revenues deposited into the Crime Victims' Compensation Fund, including greater demand for compensation payments, increased appropriations to the Victim Assistance grant program at the Office of the Attorney General, and increased appropriations to other state agencies for victim services. The Seventy-ninth Legislature in 2005 reduced appropriations from the Crime Victims' Compensation Fund by \$105.6 million for the 2006–07 biennium to other agencies for victim services and substituted the Crime Victims' Compensation Fund monies with General Revenue Funds. By increasing the revenues to and reducing specific expenditures from the Crime Victims' Compensation Fund, \$6.1 million more in funds would be available for victim compensation payments in the 2008–09 biennium and the long term solvency of the fund would be improved.

CONCERNS

- ◆ Collection rates of courts costs and fees in some jurisdictions have been as low as 33 percent. The consolidated court cost is the single largest source of revenue for the Crime Victims' Compensation Fund, bringing in over \$75.0 million each year to the fund.
- ◆ The lack of complete information about restitution at the state level, including amounts charged and collection rates, affects the fund's revenue and the state's ability to make more effective restitution policies.
- ◆ The Crime Victims' Auxiliary Fund, into which unclaimed restitution paid by probationers is deposited, has a balance that grows every year by \$750,000 to

\$1.4 million. On average, less than \$26,000 per year in claims are made to the fund.

- ◆ There are no statutory provisions or guidance to maintain a minimum fund balance in the Crime Victims' Compensation Fund for victim compensation.
- ◆ The appropriation of excess funds to various victim assistance programs reduces the amount available for compensation payments in future years.

RECOMMENDATIONS

- ◆ **Recommendation 1:** Include rider language in the 2008–09 General Appropriations Bill for the Office of Court Administration to report the progress in implementing the Collection Improvement Program, a program that assists with best practices in court collections.
- ◆ **Recommendation 2:** Amend Texas Government Code §76.013 and the Texas Code of Criminal Procedure §42.037 to improve the collection of restitution by establishing reporting requirements for the county and district courts, local community supervision and corrections (probation) departments, the Community Justice Assistance Division of the Texas Department of Criminal Justice, the Parole Division of the Texas Department of Criminal Justice, and the Juvenile Probation Commission.
- ◆ **Recommendation 3:** Amend the Texas Code of Criminal Procedure, Chapter 56, to allow 25 percent of the end of year fund balance in the Crime Victims' Compensation Auxiliary Fund to be transferred to the Crime Victims' Compensation Fund for compensation payments as long as the Auxiliary Fund balance is greater than \$5.0 million.
- ◆ **Recommendation 4:** Amend the Texas Code of Criminal Procedure §56.541 to create a minimum end of fiscal year reserve in the Crime Victims' Compensation Fund from excess funds that equals at least 10 percent of the next fiscal year's projected compensation payments.
- ◆ **Recommendation 5:** Consider reducing appropriations for fiscal years 2008–09 for victim services funded from

the Crime Victims' Compensation Fund to ensure sufficient funding for victim compensation payments in future years.

DISCUSSION

The Crime Victim's Compensation (CVC) Fund provides victims' compensation. The Texas Code of Criminal Procedure §56.54 (e) prohibits the use of General Revenue Funds for compensation payments. The CVC Fund is a General Revenue-Dedicated account established by the Texas Constitution, Article III, Section 31. Statute permits excess funds to be appropriated for victim services and defines excess funds as funds beyond the amounts needed for compensation payments in a given year.

From the fund's inception in 1980 through March 2005, Texas paid over \$670 million on behalf of crime victims. The Victim Compensation Program run by the Office of the Attorney General (OAG) acts as a payer of last resort to crime victims. Victims who exhausted other means, such as insurance, can apply for payment for specific out-of-pocket expenses. Covered benefits include hospital care and other medical needs, counseling, loss of wages or support, funeral, relocation, dependent care, crime scene clean-up, travel, and emergency awards.

MAXIMUM VICTIM AWARD AND PAYMENT TRENDS

The Texas Code of Criminal Procedure §56.42 sets the state's maximum victim compensation award at \$50,000, plus up to an additional \$75,000 for catastrophic injury resulting in permanent disability. Texas' maximum award is higher than most other states. The average maximum award of 48 states is \$25,854 and the median maximum award is \$25,000. Of

a group of peer states (the nine most populous states), the average maximum award is \$35,778 and the median maximum award is \$27,000. New York is excluded from these amounts because it does not have a maximum award limit.

The demand for compensation payments from the CVC Fund in Texas for the 2006-07 biennium is estimated to total \$139.1 million. Though the state's maximum victim award is \$50,000, the average total victim compensation payments are less than \$5,000. **Figure 1** shows the average victim compensation awards from fiscal years 2000 to 2005.

Examining victim awards and the total award patterns is also important to understanding the demands to the CVC Fund for victim compensation. As **Figure 2** shows, over 75 percent of victim awards are \$5,000 or less.

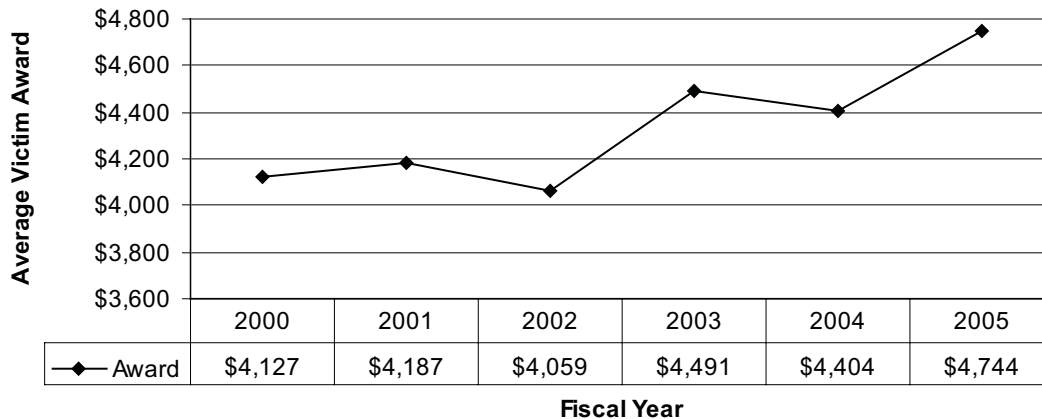
REVENUES SOURCES FOR THE CVC FUND

The CVC Fund receives revenue from a variety of sources. The primary revenue sources include:

Consolidated Court Cost: As laid out in the Texas Local Government Code §133.102(a), the CVC Fund receives 37.63338 percent of revenues from the Consolidated Court Cost. The court costs total \$40 for Class C Misdemeanors, \$83 for Class A and B Misdemeanors, and \$133 for felonies.

Restitution: Restitution provides reimbursement from offenders to victims for costs incurred as a result of the crime and is ordered by a judge. If a victim also receives payment from the compensation program, he or she is required to submit any restitution payments to the fund. Also, the OAG

**FIGURE 1
AVERAGE VICTIM AWARD FROM COMPENSATION PROGRAM, FISCAL YEARS 2000 TO 2005**



SOURCE: Legislative Budget Board.

FIGURE 2
VICTIM COMPENSATION AWARDS TOTALS
FISCAL YEARS 2000–2006

DOLLARS PAID RANGE*	NUMBER OF VICTIM AWARDS WITHIN THE PAYMENT RANGE	PERCENTAGE OF VICTIM AWARDS WITHIN DOLLAR RANGE
\$1 to \$5,000	49,065	75%
\$5,001 to \$10,000	6,736	10
\$10,001 to \$20,000	4,588	7
\$20,001 to \$30,000	1,854	3
\$30,001 to \$40,000	883	1
\$40,001 to \$50,000	1,898	3
\$50,001 to \$75,000	137	0
\$75,001 to \$100,000	43	0
\$100,001 to \$125,000	11	0
\$125,001 to \$150,000	3	0
Total victim awards	65,218	100%

*The data provided by the Office of the Attorney General includes payments for fiscal years 2000 to 2006. Any payments made to victims outside that timeframe are excluded.

SOURCE: Office of the Attorney General.

works with local prosecutors to provide information about victim compensation payments prior to a judgment, so that restitution payments by the offender may be included in the judgment and can reimburse the fund up to the amount of a compensation award.

Restitution Installment Fee: For offenders needing to pay restitution in installments, a one-time fee of \$12 may be charged. Half of this amount is deposited to the CVC Fund.

This new fee was established by House Bill 1751, Seventy-ninth Legislature, Regular Session, 2005.

Federal VOCA Grant: The federal Victims of Crime Act (VOCA) allows the collection of fines, fees, and forfeitures for federal convictions. Passed in 1984, VOCA awarded grants to the state's compensation program since 1986. These grants are made on the basis of a formula that gives each state 60 percent of the state's fund paid to victims two years prior. The VOCA grant received by the OAG can only be used for compensation payments.

Parole Administrative Fee: This fee is an \$8 administrative fee paid each month by all parolees on active supervision for crimes occurring after September 1, 1993.

Donations: Jurors receive information about the CVC Fund and have the option to donate their daily reimbursements to the fund.

Subrogation: When a court awards a crime victim money in a settlement or a civil suit, the OAG shall ask that the victim or claimant reimburse the fund for the amount paid on behalf of the victim, up to the amount of the civil award.

Figure 3 shows the amounts for each of these revenues sources for fiscal years 2004 to 2007.

CAUSES OF POTENTIAL INSOLVENCY

At current expenditure levels, the OAG projects insolvency of the CVC Fund by the end of fiscal year 2011. Several factors have contributed to its depletion:

- The demand for compensation payments under the Victim Compensation Program increased dramatically. Compensation payment expenditures from the CVC

FIGURE 3
REVENUES TO CRIME VICTIMS' COMPENSATION FUND, FISCAL YEARS 2004 TO 2007

REVENUE SOURCE	REVENUE CODE	2004	2005	2006	2007
Consolidated Court Cost	3713	\$76,882,164	\$78,919,506	\$77,904,317	\$87,671,000
Restitution	3734	1,019,533	1,061,706	1,158,280	1,256,000
Restitution Installment Fee	3801	n/a	n/a	30	10,000
Federal VOCA Grant	3700	28,319,354	39,341,339	23,731,211	23,743,000
Parole Supervision Fee	3727	2,505,539	2,932,635	3,217,040	3,414,000
Donations	3740	192,837	191,342	218,565	205,000
Subrogation	3805	473,872	668,260	697,304	727,000
Total Revenue		\$109,393,299	\$123,114,788	\$106,926,747	\$116,089,472

SOURCES: Legislative Budget Board; Comptroller of Public Accounts; Office of the Attorney General.

Fund have increased 161 percent in the last 10 years, from \$27.6 million in fiscal year 1998, to a budgeted \$72.0 million in fiscal year 2007. The OAG attributes this increase in part to better communication with victim service providers, who in turn can better educate victims about their options.

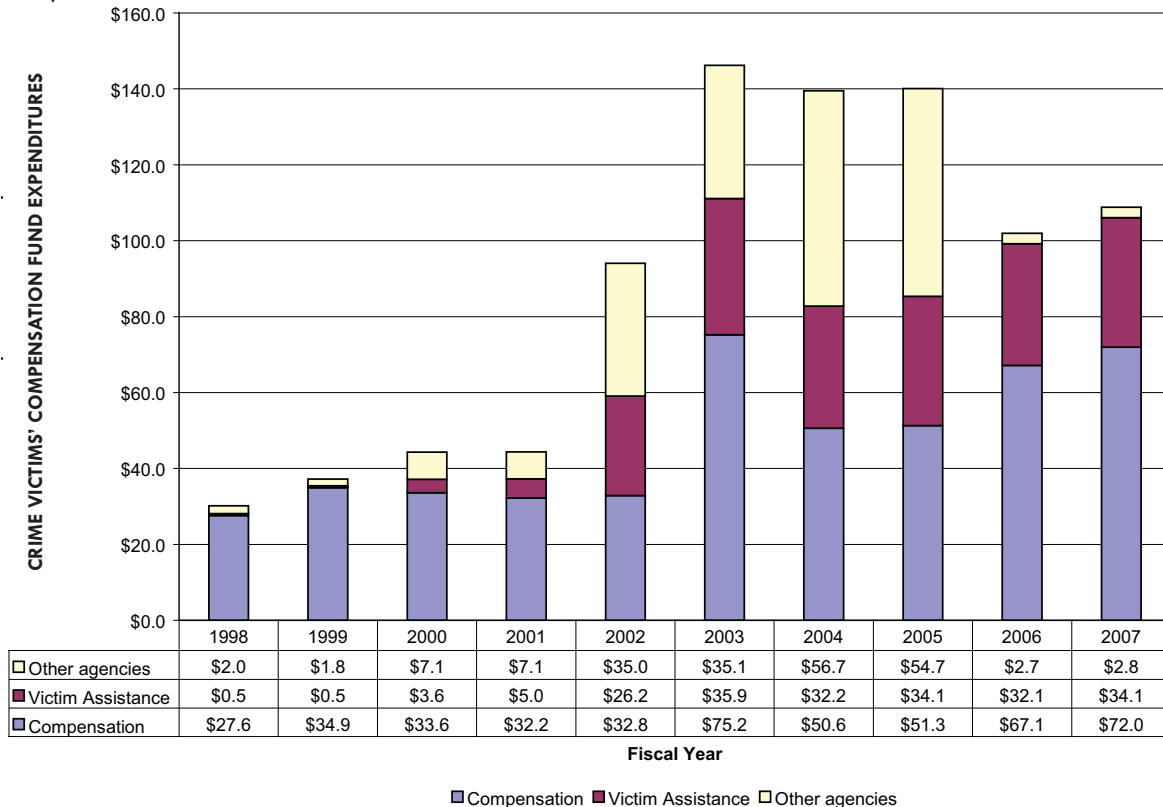
- Expenditures of the Victim Assistance Program, a grant-based victim services program at the OAG, have increased 6,717 percent from fiscal years 1998 to 2007. The OAG's Victim Assistance Program began in the 1998–99 biennium and grants funds to victim services providers. During the 1998–99 biennium, \$1 million was expended for Court Appointed Special Advocates (CASA), which was the only provider to receive grant funding. These expenditures represented 1 percent of the total Crime Victims Compensation Fund expenditures for the biennium. Over the next four biennia, grant funding to victim services providers substantially increased. For the 2006–07 biennium, estimated expenditures for the Victim Assistance Program from

the CVC Fund total \$66.1 million. These estimated expenditures represent 31 percent of the total Crime Victims Compensation fund appropriations for the biennium. **Figure 4** shows these expenditures.

- Appropriations from the CVC Fund to state agencies other than the OAG to pay for victim services programs substantially increased over a 10-year period. During the 1998–99 biennium, \$3.8 million was expended by other state agencies, which represented 6 percent of the total Crime Victims' Compensation Fund expenditures. During the 2004–05 biennium, CVC Fund expenditures by other state agencies totaled \$111.5 million, which represented 40 percent of the total the fund's expenditures during the biennium. To prevent the depletion of the fund, the Seventy-ninth Legislature in 2005 reduced appropriations to other state agencies by \$105.6 million over 2004–05 levels. An estimated \$5.5 million is expected to be expended during the 2006–07 biennium. **Figure 4** shows the

FIGURE 4
CRIME VICTIMS' COMPENSATION FUND EXPENDITURES, FISCAL YEARS 1998 TO 2007

(IN MILLIONS)



SOURCE: Legislative Budget Board.

three major categories of expenditures for fiscal years 1998–2007.

Ensuring the solvency of the Crime Victims' Compensation Fund will require improving the collection rate of court costs, fees, and restitution and establishing a fund reserve policy and limiting future expenditures from the fund.

CONSOLIDATED COURT COST

One of the primary sources of revenue for the CVC Fund is the Consolidated Court Cost. The consolidated court cost is charged to offenders convicted of misdemeanors and felonies. An estimated \$165.6 million in revenues is expected to be deposited to the Crime Victims Compensation Fund from the consolidated court cost in the 2006–07 biennium.

Collection of court costs, fees, and fines has been an area where many court jurisdictions have struggled. In 1996 the Office of Court Administration (OCA) created a program to improve court collections, based on experience at Dallas County. The new Collection Improvement program emphasized:

- a clear line of responsibility for the collection of court costs, fees, and fines;
- uniform collections policy;
- establishment of realistic collection goals and targets; and
- judicial commitment to the program.

The collections program was available for municipal, justice of the peace, county, and district courts and was implemented on a voluntary basis. For programs entering the Collection Improvement Program, the average collection rate for those participating was 33 percent. At the end of fiscal year 2005, the average post-implementation collection rate for participating programs was 62 percent. To continue improving collection rates, the Seventy-ninth Legislature, Regular Session, 2005, passed legislation requiring counties over 50,000 in population and cities over 100,000 in population to operate a Collection Improvement Program. From this legislation, 78 jurisdictions are required to implement collections programs. As of October 2006, 34 mandatory programs have been implemented with more expected during fiscal year 2007 and 40 voluntary programs are in operation.

Recommendation 1 would create a reporting requirement for the Office of Court Administration to the Legislative

Budget Board and the Governor's Office that includes the number of voluntary programs implemented each year under the Collection Improvement Program. The following rider could be included in the 2008–09 General Appropriations Bill to implement this recommendation:

Performance Reporting for the Collection Improvement Program.

The Office of Court Administration shall report on an annual basis the following information to the Legislative Budget Board and Governor: (1) the number of mandatory Collection Improvement programs in operation, (2) the number of mandatory programs not in compliance, (3) the number of voluntary programs in operation, (4) the number of new voluntary programs in operation, (5) the total additional state revenue per voluntary program, and (6) per program revenue from all participating programs. The Office of Court Administration should seek to increase the number of voluntary programs by five each fiscal year.

Establishing five new voluntary programs per year would continue the expansion of best practices in court collections. By expanding the Collection Improvement Program on a voluntary basis to other jurisdictions, the state could continue to improve its collection of not only the consolidated court cost, but other court costs, fees, and fines. The OCA should identify counties and municipalities interested in expanding and provide them with assistance to implement a Collection Improvement Program. If implemented, five new programs per year for the biennium would provide an estimated \$111,267 in additional revenue to the CVC Fund. Given the agency's established staff and efforts on this program, the OCA would not require any additional resources for this recommendation.

VICTIM RESTITUTION

Restitution is payment made by the offenders to a victim to reimburse him or her for costs incurred due to the crime. Restitution has historically been difficult to track and collect, and Texas does not have a statewide system to collect information on the amount of restitution ordered or collected.

Multiple parties are involved in the restitution process including local courts, community supervision and corrections departments (CSCDs), the Parole Division and the Community Justice Assistance Division (CJAD) of the Texas Department of Criminal Justice, the OCA, the Juvenile Probation Commission (JPC), and the OAG. The courts

order and determine restitution amounts, yet they do not have to report the amounts they order to the state. There is no information available that can identify the total amounts of court-ordered restitution statewide.

Though statewide data is unavailable, there are a few sources of information that help provide some insight on restitution. From the Legislative Budget Board's Texas Community Supervision Revocation Project, September 2006, a sample of 227 revoked probationers in four counties (Bexar, Harris, Tarrant, and Travis) were assessed \$332,254 in restitution and at the time of revocation, only \$68,132 had been paid, reflecting a 21 percent collection rate. The average amount owed by these probationers was \$1,464, with an average of \$300 collected. Approximately 40 percent of the revoked probationers in the study owed restitution. In addition, 68.6 percent of revoked probationers in this study had received technical violations for failure to pay fees or restitution.

The CJAD estimates that over 90 percent of those paying restitution are under community supervision. Though the division has been gathering restitution collection information from CSCDs since 1999, the reporting by CSCDs of restitution ordered for offenders under community supervision and the overall amounts collected is not mandatory. Since 2001, voluntary reporting on restitution by the 121 CSCDs has ranged from a low of 74 percent in 2005 to a high of 95 percent in 2002. During this five-year period, reported restitution collections ranged from \$38.8 million to \$48.9 million per year. A small percentage of offenders paying restitution are on parole. For parole, restitution collected included \$1 million each fiscal year from 2004 to 2006. **Figure 5** shows the restitution amounts collected in the last three fiscal years. CSCDs and the Parole Division have expressed concern about restitution amounts

that far exceed an offender's ability to pay during the supervision term served.

Restitution has an important relationship with the Crime Victims' Compensation (CVC) Fund. If a victim has not received restitution payments, he or she can apply to receive reimbursement for crime-related costs falling within any approved benefit areas. Though the OAG attempts to cross-check compensation applicants with those who have received restitution, there is not a unified system of reporting for the courts, parole and community supervision, so there is a possibility of duplication in payments.

To make effective long term restitution reform, the state needs accurate information about restitution to develop policies that can make a significant impact regarding amounts ordered, improving collection, and improving distribution to victims. In the absence of good, reliable information it is difficult to craft effective policies for restitution ordered and collected.

The Texas Code of Criminal Procedure §42.037 outlines the requirements for ordering restitution or, if restitution is not ordered or provides only partial reimbursement, it requires the courts to state on the record the reasons for not making the order or for the limited order. If restitution is not ordered, a judge can require the offender to make a one-time payment to the CVC Fund in the amount of \$50 for misdemeanors and \$100 for felonies. The Seventy-ninth Legislature passed House Bill 1751, which assisted the restitution process and the CVC Fund in two ways. First, it allowed offenders to pay the CVC Fund directly if compensation payments have already been made to a victim. Second, if the court requires the defendant to make restitution in specified installments, in addition to the installment payments, the court may require the defendant to pay a one-time restitution fee of \$12, \$6 of which is deposited to the CVC Fund.

At the outset, judges need to order restitution that balances cost incurred by a victim and an offender's ability to pay. Information about how much restitution is ordered for a given crime, about a victim's costs, under what circumstances an offender is paying restitution (community supervision or parole), and the amount collected would be helpful to the state in developing restitution policies that are more effective. Recommendation 2 would amend the Texas Government Code §76.013 and the Texas Code of Criminal Procedure §42.037 to require OCA, CJAD, OAG, and the Parole Division to develop reporting requirements for all the involved entities and build upon existing computer systems

FIGURE 5
RESTITUTION COLLECTED STATEWIDE
FISCAL YEARS 2004–2006

COLLECTING ENTITY OR FUND	2004	2005	2006
Parole, TDCJ (Fund 984)	\$1,031,264	\$995,803	\$973,915
Community Supervision and Corrections Departments	\$41,916,685	\$38,811,079	Data not available
OAG (CVC Fund 469)	\$1,019,533	\$1,061,706	\$1,158,280

SOURCES: Legislative Budget Board; Texas Department of Criminal Justice; Comptroller of Public Accounts.

for electronic reporting. **Figure 6** summarizes some of the information that may be useful to collect for making future policy.

FIGURE 6
REPORTING REQUIREMENT CONSIDERATIONS FOR RESTITUTION

PERSONS OR ENTITIES INVOLVED IN RESTITUTION	RECOMMENDED DATA COLLECTION FOR ANNUAL REPORTING ON RESTITUTION
Local courts and judges	How much is ordered in each case? Aggregate?
Community Supervision and Corrections Departments	Are there trends in amount of restitution ordered (based on crime and level of offense)?
Parole	Where is the offender paying restitution placed (community supervision, jail, etc.)?
Offender	What is the collection rate for individual cases and aggregate?
Victim	

SOURCE: Legislative Budget Board.

One system that may be useful to build upon is the Office of Court Administration's Collections System. This system is in the development and training stage. Of the courts participating in the Collection Improvement Program, mandatory programs are required and voluntary programs are encouraged to report monthly data on court cost and fees collected via the Collection System. Courts could be required to report the amounts of ordered restitution on a monthly basis. However, using this collection mechanism would only provide aggregate information on amounts ordered. It would not provide a better method of cross-checking victim restitution payments with reimbursements from the victim compensation program. The OCA also has a judicial database system that could be used.

CRIME VICTIMS' AUXILIARY FUND

Local community supervision departments, according to Texas Government Code §76.013, must retain money paid by an offender for a period of five years and make a good faith effort to locate the victim if the money goes unclaimed. After five years, the community supervision department may retain 5 percent as a fee and then remit the remainder to the Comptroller, where it is deposited into the Crime Victims' Compensation Auxiliary Fund (494). After this time, a victim seeking the restitution must apply to the Comptroller. As of the end of fiscal year 2006, a balance of \$12.2 million remained in the fund.

In the last five years, only a small amount of the funds have been claimed. **Figure 7** shows the amounts claimed, deposited, and end of year balances.

Recommendation 3 would amend the Code of Criminal Procedures, Chapter 56 to transfer up to 25 percent of each previous end of fiscal year's fund balance to the Crime Victims' Compensation Fund for compensation payments if the fund balance was higher than \$5 million. This recommendation would provide an additional \$6.1 million in funding in the 2008–09 biennium.

CVC FUND RESERVE POLICY

Currently, all monies in the CVC Fund can be spent. There is no policy for requiring a minimum balance in the fund at the end of each fiscal year. For many years the CVC Fund had a very large fund balance. From fiscal years 1998–2006 the CVC Fund end-of-year balances ranged from \$67.0 million to \$269.5 million. **Figure 8** shows the end-of-year fund balances.

Recommendation 4 proposes creating a mandatory reserve policy for the CVC Fund by amending the Code of Criminal Procedure §56.541 during fiscal years when insolvency is

FIGURE 7

CRIME VICTIMS' COMPENSATION AUXILIARY FUND (494), FISCAL YEARS 2000 TO 2006

FINANCIAL INFORMATION	2000	2001	2002	2003	2004	2005	2006
Beginning balance	\$4,302,104	\$5,062,441	\$6,121,528	\$6,860,132	\$8,033,380	\$9,337,429	\$10,439,637
Restitution deposits	514,950	765,670	546,472	1,017,130	1,203,125	884,590	1,355,903
Warrants Voided	0	0	0	616	1,359	0	214
Interest	264,043	305,948	212,025	147,755	124,660	239,817	470,697
Claims paid	(18,655)	(12,531)	(19,892)	(7,726)	(25,094)	(22,198)	(21,656)
Ending balance	5,062,441	6,121,528	6,860,132	8,017,907	9,337,429	10,439,637	12,244,795

NOTE: This chart is based on 2000 to 2006 Annual Cash Reports and additional claims information provided by the Comptroller of Public Accounts.
SOURCE: Comptroller of Public Accounts.

FIGURE 8**CRIME VICTIMS' COMPENSATION FUND END OF YEAR BALANCES, FISCAL YEARS 1998 TO 2006**

FUND INFORMATION	1998	1999	2000	2001	2002	2003	2004	2005	2006
End of Year Fund Balance	\$167,882,912	\$205,351,021	\$234,869,494	\$269,461,671	\$260,526,166	\$191,711,244	\$137,460,021	\$84,524,849	\$67,058,646
Change in Fund Balance	n/a	37,468,110	29,518,473	34,592,177	(8,935,505)	(68,814,922)	(54,251,223)	(52,935,172)	(17,466,203)
Compensation payments	\$ 27,619,111	34,915,132	33,582,918	32,235,285	32,845,001	75,232,263	50,603,489	51,282,971	67,148,545
Payments as a percentage of balance	16.5%	17.0%	14.3%	12.0%	12.6%	39.2%	36.8%	60.7%	100.1%

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

projected. Reserving 10 percent at the end of each fiscal year for the next year's compensation payments would provide a cushion to help pay for increasing demand of compensation payments. To prevent excessive fund balances, the Code of Criminal Procedure §56.54(h) limits the fund balance carried forward to the next fiscal year to 25 percent of the current year's compensation payments. If no minimal reserve mechanism is in place, it makes insolvency more likely after several years of high demand for compensation and victim services funding. The Code of Criminal Procedure §56.54(i) also provides for an emergency contingency of \$10 million if there are available funds in the CVC Fund, but the language is permissive. This recommendation would only be implemented during years when insolvency is likely. In years when this occurs, victim services expenditures would need to be reduced to create the 10 percent reserve for victim compensation payments. The CVC Fund is not projected to become insolvent until fiscal year 2011, so there would not be a fiscal impact for the 2008–09 biennium.

CVC VICTIM SERVICES FUNDING

Victim services funding has comprised an increasing amount of CVC Fund expenditures over the last seven fiscal years. As shown in **Figure 8**, for several years the CVC Fund had significant fund balances. During tight budget times, more of these funds were appropriated to victim services programs at the OAG and other state agencies. The Victim Assistance program at OAG funds eight different grant programs for various services including counseling, staff training, sexual assault prevention, and victim advocacy. During the period fiscal year 1998 to 2007, eight programs at seven state agencies (other than the OAG) received CVC funds. Though victim services programs provide needed assistance to crime victims, all monies appropriated to these programs are funds that cannot be used for compensation payments, which is the

primary purpose of the fund. **Figure 9** shows the money expended for victim assistance programs.

A reduction in victim services expenditures from the CVC Fund over the long term would assist in maintaining the fund's solvency. During the 2004–05 biennium, expenditures by other states agencies peaked at \$111.5 million, which included seven agencies. For the 2004–05 biennium, Victim Assistance expenditures at the OAG totaled \$66.2 million.

For the 2006–07 biennium, estimated CVC Fund expenditures at other state agencies totals \$5.5 million. These expenditures were restricted to the Employees Retirement System (ERS) for Public Safety Death Benefits and the Texas Department of Criminal Justice (TDCJ) for victim notification of offender status once in the correctional system and other victim services. For the 2006–07 biennium, estimated CVC Fund expenditures for Victim Assistance at the OAG total \$66.1 million.

Recommendation 5 suggests consideration of long term small appropriation reductions for victim services from the CVC Fund beginning in the 2008–09 biennium over fiscal year 2007 expenditures. Small reductions in appropriations for victim services, which are not the primary funding purpose of the fund, would ensure funds for compensation as well as level funding for victim services in future years. Over time, small reductions can have a major impact.

For example, a 10 percent reduction in victim services funding from the fiscal year 2007 level would total \$3.8 million per year. Based on current and projected revenues and expenditures through fiscal year 2013, this reduction over the long term would help maintain the solvency of the fund through 2011 with a \$4.7 million deficit by the end of 2012. Without this reduction, the fund would be insolvent by the end of fiscal year 2011 and would have a negative

FIGURE 9
VICTIM ASSISTANCE PROGRAM EXPENDITURES, FISCAL YEARS 1998–2007

TYPE OF VICTIM SERVICE	1998–99	2000–01	2002–03	2004–05	2006–07
OAG VICTIM ASSISTANCE					
Victim Coordinator/Liaison	\$0	\$1,512,741	\$4,827,523	\$4,707,671	\$4,837,553
Statewide Victim Notification System	0	0	3,761,850	6,828,305	6,961,622
Sexual Assault and Crisis Prevention	0	853,592	12,050,287	13,789,311	13,674,637
Other Victim Assistance	0	0	23,557,728	21,164,764	20,915,430
Children's Advocacy Centers	0	2,748,749	7,997,068	7,998,006	7,998,006
CASA	1,000,000	3,000,000	4,122,795	5,969,737	6,000,000
Legal Services Grants	0	0	5,035,738	5,000,000	5,000,000
Sexual Assault Services (TAASA)	0	453,682	750,000	750,000	750,000
OAG Victim Assistance total	\$1,000,000	\$8,568,764	\$62,102,989	\$66,207,794	\$66,137,248
OTHER AGENCIES					
SHSU (Crime Victims' Institute)	\$245,881	\$1,054,235	\$430,566	\$555,534	\$0
Texas Department of Criminal Justice - BIPP	0	1,900,000	2,494,432	2,499,999	0
Texas Department of Criminal Justice - Victim Services	0	2,708,747	2,847,086	2,699,337	3,006,661
HHSC - Family Violence Shelters	3,600,000	8,600,000	30,725,641	34,693,696	0
DFPS - Foster Care & Adult Protection	0	0	31,965,418	65,565,418	0
ERS	0	0	0	3,291,976	2,512,500
OCA - Foster Care Courts	0	0	1,599,139	2,161,691	0
CPA	0	1,835	167	16,750	70
Other agency total	\$3,845,881	\$14,264,817	\$70,062,449	\$111,484,401	\$5,519,231

SOURCES: Legislative Budget Board; Office of the Attorney General.

balance of \$36.3 million by the end of fiscal year 2012. This example assumes the revenue gains from Recommendations 1 and 3, which total \$6.2 million in revenue gains to the fund for the 2008–09 biennium. A higher reduction in CVC funding for victim services would lessen or eliminate the deficit.

For the 2008–09 biennium, implementing this recommendation would require reducing appropriations for victim services to the OAG, ERS, and TDCJ. Alternative sources of funding for the reduction, such as General Revenue, could be sought.

The recommendations provided in this report involve a combination of short and long term strategies. While the short term strategies may assist in preventing the Crime Victims' Compensation Fund's insolvency during the 2008–09 biennium, incorporating more long term strategies will help ensure victims will be able receive needed compensation payments in future years.

FISCAL IMPACT OF THE RECOMMENDATIONS

Implementing these recommendations would result in a gain to the CVC Fund of \$6.1 million and a cost to the CVC Auxiliary Fund of \$6.1 million in the 2008–09 biennium.

Implementing Recommendation 1 would make an additional \$111,267 available to the Crime Victims' Compensation Fund during the 2008–09 biennium by establishing five new collections programs each year. This recommendation assumes \$28,530 per program for a total \$142,650 in fiscal year 2008 and \$285,308 in fiscal year 2009 in additional revenue from collected courts costs and fees. Of this amount, approximately 26 percent would be deposited to the CVC Fund. The fiscal impact from Recommendation 1 constitutes a revenue gain to the CVC Fund, but due to the voluntary nature of these program expansions, the projected revenue gains are not included in the five-year fiscal impact.

Implementing Recommendation 2 would have no significant fiscal impact for the 2008–09 biennium. This

recommendation is intended to develop better reporting practices and develop more effective restitution policies in future years based on new data.

Implementing Recommendation 3 would make an additional \$6.1 million available to the Crime Victims' Compensation Fund during the 2008–09 biennium by allowing 25 percent of the fund balance from the Crime Victims' Compensation Auxiliary Fund (494) to be transferred to Fund 469. The fiscal impact from Recommendation 3 constitutes a revenue gain to the CVC Fund.

Implementing Recommendation 4 would reserve 10 percent of the projected compensation payments for the year prior to a fiscal year in which the Crime Victims' Compensation Fund is projected to go insolvent. Current projections for the fund do not indicate insolvency during the 2008–09 biennium, so there is no fiscal impact reflected in **Figure 10**.

Implementing Recommendation 5, which proposes a small long term reduction in CVC Fund appropriations for victim services, would have a fiscal impact equivalent the to the dollar amounts reduction. The example used is a ten percent reduction, which would constitute a savings of \$7.6 million to the CVC Fund for the 2008–09 biennium, if implemented at that level. This reduction is not included in the fiscal impact table.

The introduced 2008–09 General Appropriations Bill includes a rider to implement Recommendation 1. The introduced 2008–09 General Appropriations Bill does not address Recommendations 2, 3, 4, or 5.

**FIGURE 10
FIVE YEAR FISCAL IMPACT**

FISCAL YEAR	PROBABLE REVENUE GAIN/(LOSS) TO THE CRIME VICTIMS' COMPENSATION FUND (GENERAL REVENUE–DEDICATED FUNDS)	PROBABLE SAVINGS/(COST) TO CRIME VICTIMS' AUXILIARY FUND (GENERAL REVENUE–DEDICATED FUNDS)
2008	\$3,344,314	(\$3,344,314)
2009	2,791,350	(2,791,350)
2010	2,376,628	(2,376,628)
2011	2,065,586	(2,065,586)
2012	1,832,304	(1,832,304)

SOURCE: Legislative Budget Board.