

BILL ANALYSIS

C.S.H.B. 651
By: Pitts
Government Reform
Committee Report (Substituted)

BACKGROUND AND PURPOSE

State agencies frequently spend the remainder of their budgets at the end of each fiscal year in an effort to avoid losing the funds or having to undergo budget reductions during the next appropriations cycle. Allowing state agencies to spend a limited amount of general revenue funds saved each fiscal year will not only help discourage this practice, but also allow the agencies to spend the savings on one-time expenditures that will improve the quality, efficiency and effectiveness of agency operations and customer service.

This bill creates a savings incentive program for state agencies by appropriating half of any general revenue saved during the course of a fiscal year, up to two percent of an agency's general revenue funding. Savings realized by state agencies may not be spent on an activity or expense that creates new or expanded services or that requires continued funding. Funds other than general revenue, such as general revenue-dedicated or federal funds, will not be considered for this program.

RULEMAKING AUTHORITY

It is the Committee's opinion that this bill does not expressly grant any additional rulemaking authority to any state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Title 10, Chapter 2108, Government Code, by adding Subchapter C.

Section 2108.101. Notice. Requires a state agency that spends less than its full general revenue appropriation to send notice to the Comptroller of Public Accounts a notice of the amount saved before October 30 following the end of the fiscal year in which the savings were realized.

Section 2108.102. Verification of Savings. The Comptroller shall verify the amount of savings identified in the notice no later than the 60th day following receipt of the notice.

Section 2108.103. Retention of Funds.

(a) Authorizes the agency to retain one-half of the amount of savings verified by the Comptroller, not to exceed two percent of the agency's general revenue appropriation. Funds other than general revenue do not apply.

(b) Savings retained may only be appropriated by the legislature to the affected agency. The agency may only spend the saved funds on an activity or expense that does not create new or expanded services or require ongoing funding at a later date.

SECTION 2. Effective Date.

EFFECTIVE DATE

This Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute modifies the original by raising the maximum percentage of fund retention for an agency from 1% to 2% of the amount of undedicated general revenue derived from nonfederal sources appropriated to the agency for the fiscal year in which the savings are realized.

