

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 1

April 8, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1386 by Hamric (Relating to creating an on-line central customer service center for licensing activities regulated by the state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1386, As Introduced: a positive impact of \$112,000 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$215,000)
2005	\$327,000
2006	\$327,000
2007	\$1,043,000
2008	\$4,832,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Probable Savings/(Cost) from PHARMACY BD OPERATING ACC 523	Change in Number of State Employees from FY 2003
2004	(\$215,000)	(\$16,000)	3.0
2005	\$327,000	\$25,000	(66.0)
2006	\$327,000	\$25,000	(132.0)
2007	\$1,043,000	\$79,000	(132.0)
2008	\$4,832,000	\$364,000	(132.0)

Fiscal Analysis

The bill would implement recommendation GG 6 from the Comptroller's *e-Texas* report, *Limited Government, Unlimited Opportunity*. The bill would require the Department of Information Resources (DIR) to contract with a private vendor to design and implement a Central Customer Service Center (Center) which would provide customer service functions for the Board of Barber Examiners, Board of Chiropractic Examiners, Cosmetology Commission, Court Reporters Certification Board, Board of Dental Examiners, Funeral Service Commission, Board of Professional Land Surveying, Board of Medical Examiners, Board of Nurse Examiners, Board of Vocational Nurse Examiners, Optometry Board, Structural Pest Control Board, Board of Pharmacy, Executive Council of Physical Therapy and Occupational Therapy Examiners, Board of Plumbing Examiners, Board of Podiatric Medical

Examiners, Board of Tax Professional Examiners, Polygraph Examiners Board, Board of Examiners of Psychologists, Board of Veterinary Medical Examiners, Real Estate Commission, Appraiser Licensing and Certification Board, Board of Public Accountancy, Board of Architectural Examiners, Board of Professional Engineers, and Texas Department of Licensing and Regulation (TDLR).

Other licensing agencies would be allowed to use the Center with TDLR's permission. TDLR would manage and oversee the Center and would establish policies, procedures, and training requirements for the Center in cooperation with DIR, the TexasOnline Authority, the steering committee for electronic occupational licensing transactions, and the vendor selected by DIR.

DIR, TDLR, and the private vendor would be required to report on the status of the center to the Legislature by November 1, 2004.

The bill would take effect September 1, 2003.

Methodology

This analysis assumes that each licensing agency with an annual budget of at least \$500,000 would have its appropriations reduced by 2 percent beginning in fiscal 2005, based on the general revenue funds in its 2003 budget. The general revenue budget reductions would total \$733,290. An additional \$55,467 would be reduced from the Board of Pharmacy budget, which is funded through GR Account 0523—Pharmacy Board Operating. The total cuts would be \$788,757.

The budget cuts would cover ongoing facility and training costs for the center and associated staff. Beginning in fiscal 2005, staff training and facility costs for the center would be \$342,000 per year.

According to the Comptroller, the Department of Information Resources (DIR) could provide the management and oversight functions with one FTE position, which would cost \$95,000 (salary and benefits) per year beginning in fiscal 2004.

The Texas Department of Licensing and Regulation (TDLR) would require two managerial employees to manage the project during fiscal 2004, to work with DIR to develop vendor specifications and service-level agreements, and to procure the vendor. The cost of these additional employees would be about \$136,000, based on TDLR's average management-level staff salary of \$68,000 each, including benefits. Once the customer service center became operational in fiscal 2005, these employees would be paid for through savings achieved from FTE reductions.

This analysis assumes the vendor contract would be executed in fiscal 2004 and the center would be operational at the beginning of fiscal 2005. The vendor contract would require the vendor to pay the initial costs for designing and developing the center (\$6.4 million), plus ongoing system and technical support costs of \$1.3 million per year.

According to the Comptroller, the estimated fiscal impact reflects assumptions based on fiscal 2002 law and practice. To the extent that those assumptions no longer apply, the fiscal impact could change.

To achieve the savings identified, affected agency appropriations would be reduced accordingly.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 204 Court Reporters Certification Board, 304 Comptroller of Public Accounts, 313 Department of Information Resources, 329 Real Estate Commission, 452 Department of Licensing and Regulation, 457 Board of Public Accountancy, 502 Board of Barber Examiners, 503 Board of Medical Examiners, 504 Texas State Board of Dental Examiners, 505 Cosmetology Commission, 507 Board of Nurse Examiners

LBB Staff: JK, JO, GO, RT, RB