

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Talmadge Heflin, Chair, House Committee on Appropriations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3441 by Pickett (Relating to a reduction in expenditures of certain state governmental entities, including changes affecting the Commission on Human Rights, benefits under the state employees group benefits program, attorney general's office, management of certain accounts and funds, and certain election-related forms.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3441, Committee Report 1st House, Substituted: a positive impact of \$70,460,798 through the biennium ending August 31, 2005.

Estimated savings should be compared to funding levels sufficient to conform to current policies and law. Estimated savings should not be compared to agency Initial General Revenue/Building Block requests.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2004 | \$35,230,399 |
| 2005 | \$35,230,399 |
| 2006 | \$36,777,019 |
| 2007 | \$36,777,019 |
| 2008 | \$36,777,019 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i> | Probable Revenue Gain from <i>New General Revenue Dedicated</i> | Probable Savings/ (Cost) from <i>GR DEDICATED ACCOUNTS 994</i> | Probable Savings/ (Cost) from <i>New General Revenue Dedicated</i> |
|-------------|---|---|--|--|
| 2004 | \$35,230,399 | \$24,946,055 | \$1,886,407 | (\$7,217,696) |
| 2005 | \$35,230,399 | \$7,340,000 | \$1,886,407 | (\$7,391,415) |
| 2006 | \$36,777,019 | \$7,340,000 | \$1,886,407 | (\$7,391,415) |
| 2007 | \$36,777,019 | \$7,340,000 | \$1,886,407 | (\$7,391,415) |
| 2008 | \$36,777,019 | \$7,340,000 | \$1,886,407 | (\$7,391,415) |

| Fiscal Year | Probable Revenue (Loss) from FEDERAL FUNDS 555 | Probable Savings from FEDERAL FUNDS 555 | Probable Savings from STATE HIGHWAY FUND 6 | Probable Savings from OTHER FUNDS 997 |
|--------------------|---|--|---|--|
| 2004 | (\$1,546,620) | \$7,073,376 | \$6,351,557 | \$7,800,000 |
| 2005 | (\$1,546,620) | \$7,073,376 | \$6,351,557 | \$7,800,000 |
| 2006 | \$0 | \$7,073,376 | \$6,351,557 | \$7,800,000 |
| 2007 | \$0 | \$7,073,376 | \$6,351,557 | \$7,800,000 |
| 2008 | \$0 | \$7,073,376 | \$6,351,557 | \$7,800,000 |

| Fiscal Year | Probable Savings from OTHER SPECIAL STATE FUNDS 998 | Change in Number of State Employees from FY 2003 |
|--------------------|--|---|
| 2004 | \$126,001 | 107.5 |
| 2005 | \$126,001 | 107.5 |
| 2006 | \$126,001 | 107.5 |
| 2007 | \$126,001 | 107.5 |
| 2008 | \$126,001 | 107.5 |

Fiscal Analysis

Regarding the Office of the Attorney General (OAG), the bill would: transfer the functions of the Commission on Human Rights to the civil rights division of the OAG; allow the Attorney General to determine whether the crime victims institute would continue to perform its duties based on appropriations from the legislature; amend statute to allow, but not require, the distribution of the premarital handbook; and repeal provisions related to the administrative attachment to the State Office of Risk Management (SORM).

In addition, regarding funds administered by the Preservation Board, the bill would designate the Comptroller of Public Accounts as trustee of the Capitol Trust Fund, which is held outside the state treasury; create the General Revenue-Dedicated Capitol Account for all deposits other than donations and securities; create the General Revenue -Dedicated Capital Renewal Account for the maintenance and preservation of the Capitol, the General Land Office Building, their contents and their grounds; provide for the transfer of funds from the Capitol Account to the Capital Renewal Account; and, create the General Revenue-Dedicated Bob Bullock Texas State History Museum Account for purposes connected with the museum.

Further, the bill would implement benefit design changes to the employees' group benefits program. The bill would also repeal the requirement for the Ethics Commission to send forms to filers and local filing authorities.

Methodology

Transfer to of the duties of the Commission on Human Rights to the Office of the Attorney General. The Commission on Human Rights reports that the state could lose up to two years of federal funding from the federal Equal Employment Opportunity Commission (\$729,480/year) and the Department of Housing and Urban Development (\$817,140/year) since the Attorney General's Civil Rights Division would need to be certified by these two federal agencies prior to being eligible to receive federal funds. In fiscal years 2004 and 2005, it is assumed that general revenue funds (\$1,546,620) would be used to fund employment and housing discrimination cases. However this amount would be offset partially by savings due to the elimination of 13 administrative FTEs, estimated at \$520,000 each fiscal year, including salaries and benefits.

Crime Victims Institute at the Office of the Attorney General. Based on expenditure levels for fiscal year 2003, \$257,956 could be saved out of the General Revenue-Dedicated Crime Victims Compensation Account No. 469, if the office were eliminated.

Creation of Certain General Revenue-Dedicated Accounts for the Preservation Board. Currently there are three Funds held outside the state treasury under the authority of the Preservation Board: the

Capitol Trust Account, the Capital Renewal Account and the Museum Account. Assumptions for the fiscal note include the deposit of fiscal year 2003 fund balances from the funds currently held outside the state treasury to the new GR-Dedicated Accounts totaling \$18,406,055 and consisting of \$4,552,508 (excluding donations) from the Capitol Fund, \$11,778,104 from the Capital Renewal Fund, and \$2,075,443 from the Museum Fund. In addition, approximately \$7 million in revenue each fiscal year would be deposited to the new GR-Dedicated Accounts for a total of \$24.9 million in FY 2004 and \$7 million each year thereafter.

Also, it is assumed that expenditures previously made out of the Funds held outside the state treasury would be made from the new GR-Dedicated Accounts totaling approximately \$7.3 million each fiscal year. Amounts in the Capital Renewal Account could be supplemented with transfers from the GR-Dedicated Capitol Account to make up for any shortfall in revenues to support projected expenditures. Implementation of this provision would result in an increase of 120.5 FTEs previously paid from funds held outside the state treasury.

Revision to benefit design changes in the Uniform Group Insurance Program. Benefit design changes would result in annual savings of \$59.2 million in All Funds, including \$36.2 million in General Revenue funds.

Repeal of provisions relating to the distribution of forms to filers and local filing authorities. It is estimated that \$36,404 per fiscal year out of General Revenue Funds would be saved by eliminating the costs associated with printing and mailing forms.

Note: Because the bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 327 Employees Retirement System, 344 Commission on Human Rights, 356 Texas Ethics Commission, 479 State Office of Risk Management, 809 Preservation Board

LBB Staff: JK, JO, SD, TL, MS