

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 23, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB1952** by Ellis, Rodney (Relating to the reorganization of, efficiency in, regulation by, and other reform measures applying to state government; providing penalties.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1952, As Engrossed: a positive impact of \$263,210,959 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	\$158,334,934
2005	\$104,876,025
2006	\$78,296,529
2007	\$81,851,194
2008	\$74,109,765

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings/ (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain/(Loss) from <i>FOUNDATION</i> <i>SCHOOL FUND</i> 193	Probable Savings/ (Cost) from <i>All General Revenue</i> <i>Dedicated Accounts</i>
2004	\$95,757,580	\$61,978,354	\$599,000	\$2,166,899
2005	\$102,256,230	\$2,020,795	\$599,000	\$4,965,733
2006	\$97,381,230	(\$19,683,701)	\$599,000	\$7,016,428
2007	\$97,381,230	(\$16,129,036)	\$599,000	\$9,526,885
2008	\$99,006,230	(\$25,495,465)	\$599,000	\$11,617,673

Fiscal Year	Probable Savings/ (Cost) from <i>All Fed Funds outside</i> <i>GR</i>	Probable Savings/ (Cost) from <i>All Other Funds</i>	Change in Number of State Employees from FY 2003
2004	\$2,906,065	\$2,580,224	(358.0)
2005	\$11,649,768	\$3,680,887	(720.0)
2006	\$14,563,368	\$3,735,487	(893.0)
2007	\$19,360,968	\$7,486,687	(1,237.0)
2008	\$24,282,768	\$10,702,687	(1,561.0)

## **Fiscal Analysis**

The bill would make certain changes to state government policies and operations. Those changes with a measurable fiscal impact are discussed below.

## **Methodology**

All analysis is compared to current appropriations and law. Comparisons to the conference committee version of HB1 may yield different results.

The bill would abolish the Commission on Private Security and transfer its functions to the Department of Public Safety. General revenue savings would be an annual \$230,000.

The bill would increase the fees on landscape architects, interior designers, land surveyors and property tax consultants by \$200, with \$50 allocated to the Foundation School Account and \$150 to general revenue. Gains to general revenue would be an annual \$1,796,000 and gains to the Foundation School Account would be an annual \$599,000.

The bill would TBPC to develop a program for commercial use of state agency parking garages in Austin. TBPC estimates an revenue gain to general revenue of an annual \$728,091.

The bill would lower the allocation of office space per employee from 153 square feet to 135 square feet. TBPC estimates general revenue savings would be \$12,406,124 in fiscal 2004 and \$18,167,742 in fiscal 2005.

The bill would grant TBPC broader authority to dispose of surplus property and place the proceeds from sales in general revenue. TBPC estimates an annual general revenue savings of \$2,722,397.

The bill would delay contributions for new employees to their Employees Retirement System of Texas (ERS) or Teacher Retirement System of Texas (TRS) account for 90 days. For ERS, general revenue savings would be \$2,837,000 in fiscal 2004 and \$3,095,000 each year thereafter; savings to GR-dedicated accounts would be \$221,711 in fiscal 2004 and \$245,545 each year thereafter; savings to federal funds would be \$909,065 in fiscal 2004 and \$1,039,968 each year thereafter; and savings to other funds would be \$841,224 in fiscal 2004 and \$965,487 each year thereafter. For TRS, general revenue savings would be \$42,020,174 in fiscal 2004 and \$43,280,779 in fiscal 2005, and savings to GR-dedicated accounts would be \$1,604,188 in fiscal 2004 and \$1,652,188 in fiscal 2005. Estimates for both ERS and TRS are based upon historical hiring rates. Further, for both pension funds, the savings would be offset by additional trust fund liabilities. For TRS, the additional liability is estimated to be approximately \$65 million.

The bill would reduce human resources staffing in state agencies. General revenue savings would be \$5,640,000 in fiscal 2004 and \$8,460,000 each year thereafter; savings to GR-dedicated accounts would be \$341,000 in fiscal 2004 and \$512,000 each year thereafter; savings to federal funds would be \$1,997,000 in fiscal 2004 and \$2,997,000 each year thereafter; and savings to other funds would be \$1,739,000 in fiscal 2004 and \$2,608,000 each year thereafter.

The bill would require state agencies with 100 or more FTEs to reach a 1:11 manager to staff ratio by 2007. This analysis presumes these changes would not take effect until fiscal 2005. Fiscal 2005 general revenue savings would be \$6,152,400; fiscal 2005 savings to GR-dedicated accounts would be \$2,556,000; fiscal 2005 savings to federal funds would be \$7,612,800; and fiscal 2005 savings to other funds would be \$107,400.

The bill would change the rules that determine the date on which demutualized insurance company proceeds become unclaimed property. Revenue gains to general revenue would be \$3,250,000 in both fiscal 2004 and 2005, but revenue losses would occur in fiscal 2006 and 2007.

The bill would establish a minimum presumptive value of used vehicles for motor vehicle sales tax purposes. The Comptroller's office estimates this will generate an annual revenue gain to general revenue of approximately \$86,000,000.

The bill would eliminate paid insurance for certain volunteers to the state. General revenue savings would be an annual \$1,550,000.

The bill would define the period after which unclaimed wages would become abandoned for the purposes of becoming state-claimed unclaimed property. Preliminary estimates of general revenue gains would be approximately \$6,500,000 per year beginning in fiscal 2005.

The bill would reduce the number of members of the Higher Education Coordinating Board (HECB) to nine. General revenue savings would be an annual \$18,000.

The bill would require the HECB to conduct a review of university system administration. The HECB indicates the cost of the study would be \$337,792.

The bill would allow the Railroad Commission to adopt fees to be assessed on railroads to recover costs necessary to administer the rail safety program. Revenue gains to general revenue would be \$1,410,092 in fiscal 2004 and \$1,408,742 each year thereafter.

The bill would create an interim legislative committee to investigate wrongful convictions in the state. General revenue costs would be \$35,541 in fiscal 2004 and \$36,963 in fiscal 2005.

The bill creates the Texas B-On-time Student Loan Program to provide zero interest loans for eligible students at institutions of higher education. General revenue costs would be \$2,588,555 in fiscal 2004 and \$7,806,758 in fiscal 2005.

The bill makes certain changes to the operation of bingo in the state. General revenue losses from changes in bingo taxes and license revenue would be an annual \$149,000.

The bill creates the Texasnextstep Grant Program to pay for tuition, required fees and books for students pursuing a certificate, associate degree or a baccalaureate degree at a Texas public community, technical or two-year state college, beginning in fiscal 2005. General revenue costs would be \$361,136 in fiscal 2004 and \$72,448,894 in fiscal 2005.

The bill would reorganize the functions of the Texas Legislative Council, the Sunset Advisory Commission and the State Auditor's Office. General revenue savings would be \$600,080 in fiscal 2004 and \$1,359,489 each year thereafter.

Reductions in FTEs reflected above come primarily from the provisions regarding human resources staffing and manager/staff ratios.

## **Technology**

Assorted technological costs and savings are reflected in the above tables and description.

## **Local Government Impact**

Minimal direct fiscal implications to units of local government are anticipated.

**Source Agencies:** 301 Office of the Governor, 356 Texas Ethics Commission, 476 Racing Commission, 655 Department of Mental Health and Mental Retardation, 781 Higher Education Coordinating Board, 302 Office of the Attorney General, 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 323 Teacher Retirement System, 327 Employees Retirement System, 332 Department of Housing and Community Affairs, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 454 Department of Insurance, 456 Board of Plumbing Examiners, 464 Board of Professional Land Surveying, 467 Texas Commission on Private Security, 472 Structural Pest Control Board, 481 Board of Professional Geoscientists, 502 Board of Barber Examiners, 505 Cosmetology Commission, 507 Board of Nurse Examiners, 511 Board of Vocational Nurse Examiners, 513 Funeral Service Commission, 601 Department of Transportation

**LBB Staff:** JK, JO, GO, WP