

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Bill Callegari, Chair, House Committee on Government Reform

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2781 by Coleman (Relating to renaming the State Auditor the Texas Government Accountability Office, and the expansion of the powers and duties of that office, including the creation of an office of inspector general.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2781, As Introduced: a negative impact of (\$1,136,304) through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$580,652)
2009	(\$555,652)
2010	(\$555,652)
2011	(\$555,652)
2012	(\$555,652)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$580,652)
2009	(\$555,652)
2010	(\$555,652)
2011	(\$555,652)
2012	(\$555,652)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	5.0
2009	5.0
2010	5.0
2011	5.0
2012	5.0

Fiscal Analysis

House Bill 2781 would rename the State Auditor's Office, the Texas Government Accountability Office (TGAO). The Legislative Audit Committee (Committee) would no longer be required to approve audits planned or conducted by the Office. The TGAO's general counsel would be

empowered to issue advisory opinions as to the appropriate use of and authority to spend state funds. The TGAO would develop a standard contract provision which would require a contractor to disclose any payment made under the contract to a subcontractor, consultant, or lobbyist. State agencies would be required to include this provision in all contracts. The TGAO would be required to recommend policies for the detection of fraud involving state funds and procedures in dealing with that fraud.

Within the TGAO, the Office of Inspector General would be created. The inspector general would investigate fraud or abuse in state agencies and monitor each agency's compliance with the laws relating to that agency's authority. The Office of the Attorney General (OAG) could assist the inspector general with its investigations. If the inspector general detects possible fraud or abuse involving the use of state funds, the inspector general would refer the matter to the OAG. The OAG would review the matter and issue a written opinion with respect to the existence of fraud or abuse, and whether the OAG would attempt to recover the funds.

The bill would transfer all powers, duties, functions, personnel, property and obligations of an inspector general at other departments that relate to the investigation of fraud or abuse to the Texas Government Accountability Office.

The bill, as drafted, would take effect in September 1, 2005. However, it is assumed that the effective date would be September 1, 2007.

Methodology

The cost to change the name of the SAO to the Texas Government Accountability Office is estimated to be \$10,000 for fiscal year 2008.

The cost to develop an internet site to make contract information available to the public would be \$15,000 in fiscal year 2008. These costs include one administrative assistant to receive and post the contract information from state agencies. This position would have an annual payroll cost of \$40,000. The payroll matching costs for this position would be approximately \$11,316 and other annual operating expenses would be approximately \$4,336 per fiscal year.

It is estimated that the creation of the office of inspector general within the Office would cost approximately \$500,000 per fiscal year. It is estimated that an inspector general would be hired at an annual salary of \$125,000, with two assistant inspector generals at an annual salary of \$90,000 each. One administrative assistant would be hired at an annual salary of \$40,000. The annual payroll matching costs for these positions would be approximately \$97,601. In addition, travel costs would be approximately \$20,000 per year, and other annual operating expenses would be approximately \$37,399 per year.

The OAG anticipates any legal work resulting from the passage of this bill could be reasonably absorbed with current resources. No additional costs are anticipated due to the transfer of inspector generals from other departments.

Technology

For the Office, the costs to develop an information system and internet site in order to receive contract information from state agencies and to post the information on an internet site available to the public, would require system analysis and programming efforts. The fiscal note estimates that approximately \$15,000 of staff time would be needed to develop this reporting system in fiscal year 2008.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 308 State Auditor's Office

LBB Staff: JOB, MN, MS