

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 23, 2007**

**TO:** Honorable Byron Cook, Chair, House Committee on Civil Practices

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

**IN RE: HB3578** by Rose (Relating to the confidentiality of certain communications involving an ombudsman program established by an employer as an alternative dispute resolution service.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would permit employers to establish an ombudsman program as a means of alternative dispute resolution in which all communications would be confidential, privileged and not admissible in any proceeding. The program established must be neutral and functionally independent of the employer. The ombudsman would not be responsible for any essential business functions of the employer, including operations, compliance, human resources or equal employment opportunity. Under the bill an ombudsman would not be permitted to conduct a formal investigation for the employer.

Costs associated with implementing an ombudsman program would vary by agency depending on the level of services an agency would establish as part of the program. However, the cost is not expected to be significant.

The bill would take effect September 1, 2007.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 313 Department of Information Resources, 320 Texas Workforce Commission, 405 Department of Public Safety, 454 Department of Insurance, 479 State Office of Risk Management, 529 Health and Human Services Commission, 539 Aging and Disability Services, Department of, 601 Department of Transportation, 701 Central Education Agency, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

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