

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**April 16, 2007**

**TO:** Honorable Patrick M. Rose, Chair, House Committee on Human Services

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

**IN RE: HB3579** by Rose (Relating to the office of inspector general.), **As Introduced**

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

The bill would add a new Subchapter M to Chapter 531 of the Government Code. The bill would create an independent Office of Inspector General (OIG), administratively attached to the Health and Human Services Commission (HHSC), with authority to investigate fraud, waste, and abuse in the provision or funding of health or human services in Texas. The inspector general would be appointed by the governor to serve two-year terms and he/she would have subpoena and rulemaking authority. The bill would authorize the OIG to employ peace officers.

An office of inspector general currently exists within the HHSC. The bill would repeal Section 531.102, Office of Inspector General, in the Government Code and move the OIG to an independent status with an administrative attachment to HHSC. The bill would take effect immediately with a vote of two-thirds of each house; if not, it would take effect September 1, 2007.

The bill is not expected to have a significant fiscal impact. However, technical concerns have been raised by HHSC, including: 1) the agency assumes no change to the current level of administrative support provided to the OIG; 2) the agency assumes any administrative reductions would apply proportionately to all divisions, including administratively attached entities; 3) since the bill would prohibit HHSC from modifying the OIG's legislative appropriations request, the LBB ABEST system would be modified to accommodate this provision; 4) the requirement to transfer all supporting funds to the OIG would mean only those funds authorized by the appropriations act for transfer by the Executive Commissioner and would not require a separate accounting system or a separate cost allocation plan (some federal funds may not be available for transfer from the operating agency); and 5) certain technology systems would require modifications to support the OIG, but those costs are not estimated at this time.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 308 State Auditor's Office, 529 Health and Human Services Commission

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