

## **BILL ANALYSIS**

H.B. 1485  
By: Pitts  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Under the current system of preparing and submitting strategic plans and reporting budget performance measures, Texas state agencies have an existing framework by which to set goals and directions and objectively measure performance. What is lacking is a consistent method for agencies to continue to improve their performance and ensure accountability to the public.

Efforts to provide feedback on a state agency's performance, such as the current Survey of Organizational Excellence, are useful only when applied consistently and continuously over time. In the absence of a clear requirement that agencies participate in a system of evaluation and feedback—and a clear timetable for participation in such a system—the progress generated by Texas' current efforts will remain piecemeal at best.

H.B. 1485 directs state agencies to implement a system that provides the framework for agencies to assess their organizational structure and performance, and to receive feedback that will help guide them toward improved performance and better accountability for the use of taxpayer dollars.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Governor's Office of Budget and Planning in SECTIONS 3 and 5 of this bill.

### **ANALYSIS**

H.B. 1485 amends the Government Code to require a state agency to establish a six-year plan to assess the agency's management, accountability, performance, and customer service using the Malcolm Baldrige Criteria for Performance Excellence, and biennially to assess the agency's progress in implementing the plan. The bill requires the agency, not later than March 1 of each even-numbered year following the year a state agency establishes a six-year assessment plan, to submit its most recent biennial assessment to the Quality Texas Foundation or another similar independent assessment entity selected by the Governor's Office of Budget and Planning. The bill requires the foundation or other entity to use the assessment to independently assess the agency's quality management, accountability, and performance evaluation systems, using criteria developed or adopted by the foundation or entity and to evaluate the effectiveness of the agency's leadership, planning, customer focus, performance measurement, employee focus, and process management.

H.B. 1485 requires the foundation or entity to submit a report of its assessments and recommendations for legislation or further action by a state agency to the presiding officers of each house of the legislature, the Legislative Budget Board, the Governor's Office of Budget and Planning, and the state agency that submitted the assessment. The bill requires the report to be submitted not later than December 1 of the year the foundation or entity receives an assessment from a state agency.

H.B. 1485 authorizes if the most recent assessment of the state agency indicates that the agency failed to significantly improve any deficiencies noted by the foundation or entity in a previous assessment, the lieutenant governor and the speaker of the house of representatives jointly to require that the agency be included in the group of state agencies to be reviewed by the Sunset Advisory Commission prior to the next legislative session. The bill requires the state agency to cooperate with the review in the manner required by the Texas Sunset Act, as if the state agency were scheduled to be abolished, if the lieutenant governor and speaker recommend review by the Sunset Advisory Commission.

H.B. 1485 authorizes the office to grant an award of up to 10 percent of the net savings or revenue increases to a state agency that demonstrates, in an assessment by the foundation or other entity, significant improvement in any deficiency noted in a previous assessment, and increases state revenues, reduces state expenditures by increasing agency efficiency, or increases agency productivity as a direct result of the improvement. The bill requires an award to be computed using a cost-benefit analysis on the net annual actual or projected savings or increased revenues that equal or exceed \$500 after implementation costs, and that are certified by the affected state agency and the Legislative Budget Board. The bill authorizes a state agency to use an award for targeted salary increases or one-time merit payments for employees and for information technology hardware or software designed to increase state agency accountability and customer satisfaction. The bill establishes that these awards are granted from funds appropriated or otherwise available for an award.

H.B. 1485 requires the Governor's Office of Budget and Planning to adopt rules necessary to implement the provisions of this bill not later than October 1, 2009. The bill requires the office to consult with and consider the comments of the Legislative Budget Board in developing the rules.

H.B. 1485 requires Governor's Office of Budget and Planning, not later than October 1, 2009, to select two state agencies with at least 800 full-time employees, two state agencies with at least 100 and not more than 799 full-time employees, and two state agencies with not more than 100 full-time employees, to conduct assessments. The bill requires a selected state agency to establish its six-year plan, conduct its first biennial assessment, and submit that assessment not later than March 1, 2010. The bill specifies that a state agency not selected as one of those six agencies is not required to submit a biennial assessment before March 1, 2012.

H.B. 1485 defines "foundation" for the purpose of the performance assessment.

**EFFECTIVE DATE**

September 1, 2009.