

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 31, 2009**

**TO:** Honorable Burt R. Solomons, Chair, House Committee on State Affairs

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

**IN RE: HB1485** by Pitts (Relating to performance assessments of certain state agencies.), **As Introduced**

**It is assumed that the bill could have a significant fiscal impact to the state; however, the exact cost cannot be estimated with currently available information.**

The bill would amend the Government Code to require each state agency to establish a six-year plan to assess its management, accountability, performance and customer service using the Malcolm Baldrige Criteria for Performance Excellence. The bill would also require agencies to provide progress assessments every two years and to submit the most recent biennial assessment to the Quality Texas Foundation no later than March 1 of each even numbered year.

It is assumed each agency would contract with a vendor that would perform the assessment and provide a report and its recommendations to the presiding officers of each house of the legislature, the Legislative Budget Board, the Governor's Office, and the state agency. If the most recent assessment of a state agency indicates that the agency failed to correct deficiencies from a previous assessment then the agency could be subject to review by the Sunset Commission. Agencies could also receive awards based upon improved performance.

The bill would allow the Governor's Office of Budget and Planning to award up to 10 percent of net savings or revenue increases to a state agency that meets certain criteria. It is assumed that the Governor's Office would only make awards out of funds appropriated or otherwise available for this purpose out of available savings or revenue increases.

The Governor's Office would be required to adopt rules to implement this requirement and to select six state agencies of various sizes to establish the first six year plan and conduct the first assessment. This would be due no later than March 1, 2010. All other state agencies would not be required to submit a biennial assessment before March 1, 2012.

**Local Government Impact**

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

**Source Agencies:** 116 Sunset Advisory Commission, 301 Office of the Governor, 362 Texas Lottery Commission, 405 Department of Public Safety, 455 Railroad Commission, 456 Board of Plumbing Examiners, 476 Racing Commission, 529 Health and Human Services Commission, 582 Commission on Environmental Quality, 601 Department of Transportation

**LBB Staff:** JOB, KJG, MS, BTA, PJK