

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 23, 2011

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

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

IN RE: HB2448 by Harper-Brown (Relating to the creation of the office of inspector general and the appointment of deputy inspectors general at the Health and Human Services Commission, Texas Youth Commission, Texas Department of Criminal Justice, Texas Education Agency, and Texas Department of Transportation; providing penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to create a new state agency, the Office of Inspector General (OIG). The OIG would be responsible for the investigation of fraud, waste, and abuse in the provision or funding of services by or for an agency to which the chapter applies or under a program implemented, administered, or overseen by or for the agency. The bill's provisions would apply to the Health and Human Services Commission (HHSC), the Texas Youth Commission (TYC), the Texas Department of Criminal Justice (TDCJ), the Texas Education Agency (TEA), and the Texas Department of Transportation (TxDOT). The OIG would be granted rulemaking and subpoena authority and would be authorized to employ and commission peace officers.

The bill would require the Office of Attorney General (OAG) to prosecute and litigate OIG referrals and determinations of evidence of fraud, waste, or abuse. The OIG would coordinate with the OAG to develop a memorandum of understanding concerning processing of all types of cases and would jointly prepare and submit a semiannual report. The OAG would also provide legal defense services for the OIG. The OAG anticipates any legal work resulting from the passage of this bill could be reasonably performed with existing resources.

The bill would require the Inspector General to designate a deputy inspector general for each applicable state agency. The bill would require the affected agency to provide support staff, facilities, salary and other administrative support to the deputy inspectors general.

The bill would require the transfer of all personnel, vacant full-time equivalent (FTE) positions, and assets engaged in the performance, or support, of agency functions relating to the detection, investigation, and prevention of fraud, waste, and abuse from applicable agencies to the OIG. This analysis assumes there would be no net increase in expenditures or FTE levels.

TEA does not currently have an OIG, so would not have assets to transfer. HHSC has noted that OIG operations as contemplated by the bill would require the development of a cost allocation rate methodology, which could change the ability to match federal funds and to bill other agencies for their services. The new rate methodology would likely require federal approval in order to secure matching funds. If not approved, then additional General Revenue Funds may be needed, or a reduction in scope of the OIG might be required.

It is assumed that the cost of deputy inspectors general and support staff could be met with existing agencies resources. Any potential revenue impact from expanded enforcement and investigation has not been estimated by the affected agencies and is not assumed in this analysis.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 529 Health and Human Services Commission, 601 Department of Transportation, 694 Youth Commission, 696 Department of Criminal Justice, 701 Central Education Agency

LBB Staff: JOB, KM, JI, KY, JJ