

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 28, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB165 by Shapiro (Relating to zero-based budgeting for state agencies as a part of the sunset review process.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB165, As Introduced: a negative impact of (\$1,975,264) through the biennium ending August 31, 2013.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$886,773)
2013	(\$1,088,491)
2014	(\$1,057,199)
2015	(\$1,057,199)
2016	(\$1,057,199)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$886,773)	16.0
2013	(\$1,088,491)	21.0
2014	(\$1,057,199)	21.0
2015	(\$1,057,199)	21.0
2016	(\$1,057,199)	21.0

Fiscal Analysis

The bill would require the director of the Legislative Budget Board (LBB) to prepare and present to the Sunset Commission and to the Governor, a zero-based budget and performance review for each agency under Sunset review. The LBB's review must contain detailed information relating to an agency's responsibilities, the legal authority for each of the agency's activities and an evaluation of the effectiveness and efficiency of the agency's policies, management, fiscal affairs, and operations in relation to each activity. In addition, for each activity, the LBB would be required to: recommend whether the activity should continue; recommend funding at minimum and current service levels; develop a prioritization of activities in terms of relative importance to the overall goals and purpose of the agency at current service levels; and, recommend whether funding should continue.

The bill would require the Sunset Commission to include in its report on each state agency under Sunset review, the recommendations provided by the Legislative Budget Board as well as its evaluation of the LBB's recommendations on funding the agency's activities.

The bill would require the Governor or the Governor's representative to consider the zero-based budget information contained in the Sunset report for each agency under Sunset review during the agency's budget hearing.

The bill would become effective immediately upon a two-thirds vote of each house. Otherwise, the bill would be effective September 1, 2011.

Methodology

The analysis assumes 25 reviews each biennium based on the Sunset Commission's average number of reviews per biennium; 284 work hours per review; 21 additional analyst positions and leasing of office space. The LBB would benefit from some of the information already collected by the Sunset Advisory Commission but the bulk of the work required by the bill's provisions is over and above what's covered a sunset review.

Technology

Other than costs associated with providing computers for the additional 21 analysts positions (\$21,276 during 2012-13), no significant impact to technology is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission

LBB Staff: JOB, KK, MS