

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 16, 2013**

**TO:** Honorable Judith Zaffirini, Chair, Senate Committee on Government Organization

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB12** by Flynn (Relating to gifts and other consideration made to state agencies for state employee salary supplement or other purposes, and to publication by state agencies of staff compensation and related information.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB12, As Engrossed: a negative impact of (\$288,000) through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$198,000)
2015	(\$90,000)
2016	(\$90,000)
2017	(\$90,000)
2018	(\$90,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2013</b>
	<b>1</b>	
2014	(\$198,000)	1.4
2015	(\$90,000)	0.6
2016	(\$90,000)	0.6
2017	(\$90,000)	0.6
2018	(\$90,000)	0.6

**Fiscal Analysis**

The bill would amend the Government Code to prohibit a state agency from accepting a gift to supplement an employee's salary unless certain criteria are met. The bill would require a state

agency to post information on online regarding the amount of supplement donated and the methodology, including market analysis, to determine amount of supplement donated. The bill would require agencies to adopt rules relating to conflict of interest provisions on accepting gifts for salary supplements and post those rules on agency websites.

The bill would require state agencies to report to the State Auditor information on whether a donor is an individual or entity; what type of entity, including nonprofit status and classification by the Internal Revenue Service. The bill would require the State Auditor's Office to develop a schedule and form for the required information posting and to compile a report to the Legislature on gift and donor information submitted by agencies. The bill would require agencies to post on agency websites information relating to staffing and salaries, including the number of employees employed by the agency, appropriations, compensation methodology for executive staff, and the average compensation of non-executive staff. The bill takes effect immediately if it receives a vote of two-thirds of all the members elected to each house. Otherwise, it takes effect September 1, 2013.

### **Methodology**

The State Auditor's Office (SAO) estimated the total cost to comply with the provisions of the bill would be \$198,000 in General Revenue in fiscal year 2014 and \$90,000 in General Revenue in subsequent fiscal years. The SAO indicates that receiving and reporting information relating to agency salary supplement gifts and related donor information would require the development of a new automated system. The agency indicates that the system would need to have the capability to be queried and to send reminder emails to entities who have not submitted the required information and to produce reports. SAO estimates that initial development of reporting guidelines and the development of the new system would require 1,200 hours to complete. Based on the agency's current billing rate of \$90 per hour, this would total \$108,000 for fiscal year 2014. Additionally, SAO estimates it would take 1,000 hours per year, beginning in fiscal year 2014, to assist agencies in reporting the required information, to maintain the automated reporting system, and to compile and produce a report on an annual basis, with an estimated cost of \$90,000 per year, beginning in fiscal year 2014. These costs include the addition of 1.4 auditor positions and salary costs of \$127,600 in fiscal year 2014 and \$58,000 and 0.6 FTEs in subsequent fiscal years.

A sample of agencies including the Office of the Attorney General, the Cancer Prevention and Research Institute, the Comptroller of Public Accounts, the Health and Human Services Commission, the Railroad Commission, the Department of Agriculture, the Texas Department of Insurance, and the Texas Workforce Commission anticipate any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

### **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, 320 Texas Workforce Commission, 455 Railroad Commission, 529 Health and Human Services Commission, 542 Cancer Prevention and Research Institute of Texas, 551 Department of Agriculture

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