

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

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

**April 22, 2013**

**TO:** Honorable Jim Pitts, Chair, House Committee on Appropriations

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

**IN RE: HB98** by Perry (Relating to zero-based budgeting for certain entities funded by this state.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB98, As Introduced: a negative impact of (\$997,394) through the biennium ending August 31, 2015.

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

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$682,578)
2015	(\$314,816)
2016	(\$314,816)
2017	(\$314,816)
2018	(\$314,816)

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

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$682,578)	9.0
2015	(\$314,816)	4.5
2016	(\$314,816)	4.5
2017	(\$314,816)	4.5
2018	(\$314,816)	4.5

**Fiscal Analysis**

The bill would require each institution, department and agency of the state that receives an appropriation (from the state) to submit to the Legislative Budget Board (LBB) a zero-based budget plan according to a schedule adopted by the board.

**Methodology**

The bill would necessitate modifications to LBB information technology systems that are used to receive agency budget requests and to prepare general appropriations bills. Systems would need to be modified to accommodate a description of each activity operated by an agency, three funding levels for each activity (no services, minimal services, and current services), an assessment of each funding level, and a ranking of the relative importance of each activity to the overall goals and purposes of an agency.

Modifying LBB technology systems would require 9.0 FTEs in FY 2014. Maintaining systems would require 4.5 FTEs in each subsequent year. Each FTE would cost approximately \$70,000 per year. However, one-time costs of approximately \$6,000 per FTE would occur in FY 2014.

It is assumed that the data fields noted above would be required only for the agency budget submission stage. If the data fields were required for budget recommendation stages or other stages, the LBB would need additional FTEs.

Based on input from a selection of state entities, it is estimated that institutions, departments, and agencies could develop and submit zero-based budget plans, as required by this bill, within existing resources.

### **Technology**

The bill would require substantive modifications to information technology systems used by LBB staff to produce general appropriation bills.

### **Local Government Impact**

No fiscal impact to local government is anticipated.

**Source Agencies:** 302 Office of the Attorney General, 307 Secretary of State, 454 Department of Insurance, 476 Racing Commission, 529 Health and Human Services Commission, 582 Commission on Environmental Quality, 601 Department of Transportation

**LBB Staff:** UP, KK, SD, PP