

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 17, 2013

TO: Honorable Tan Parker, Chair, House Committee on Corrections

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1450 by Villarreal (Relating to pay-for-performance contracts for certain criminal justice programs and services.), **As Introduced**

The probable fiscal impact of implementing the bill is indeterminate due to the unavailability of reliable data or information related to pay-for-performance contracts for criminal justice programs.

The bill would amend the Government Code to require the Texas Board of Criminal Justice (TBCJ) to develop and implement a pilot program to assess the feasibility, desirability, and cost-effectiveness of entering into pay-for-performance contracts for certain criminal justice programs and services. The bill would establish an advisory committee for the purpose of advising TBCJ regarding the pay-for-performance contract pilot program, including program selection criteria, contractor performance requirements, evaluation criteria, and methodology for computing the state's return on investment. The advisory committee members would not be entitled to compensation, but would be entitled to reimbursement for actual expenses. The Texas Department of Criminal Justice (TDCJ) indicates the fiscal impact of the bill's provisions are indeterminate at this time because any payments to contractors would depend upon the size of a contract, the program criteria established by the advisory committee, and whether or not a contractor met contract requirements. Regarding costs for advisory committee members, it is determined that no significant fiscal impact would result from the bill's provisions.

The bill would direct the Texas Public Finance Authority (TPFA) to issue general obligation bonds under the authority provided in Article III of the Texas Constitution. Bond proceeds in an amount sufficient to make payments pursuant to TDCJ's pay-for-performance contracts or to make principal and interest payments on the bonds would be deposited into a special fund created by the Comptroller of Public Accounts (CPA). TPFA indicates the bill would have no significant fiscal impact on TPFA regarding debt issuance and management activities. TPFA indicates that without knowing more information about the debt to be issued, the cost of the debt service is indeterminate at this time. The CPA indicates there would be no administrative costs to the CPA, but that the fiscal impact on the state is indeterminate.

The bill would take effect January 1, 2014, but only if a constitutional amendment is approved by voters that would add general obligation bond authority for TPFA for the purpose stated in this bill.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission,

347 Public Finance Authority, 529 Health and Human Services
Commission, 696 Department of Criminal Justice

LBB Staff: UP, ESi, AI, JN, EMo, ES, NV, JGA