

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 25, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
 Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB1675** by Bonnen, Dennis (Relating to the sunset review process and certain governmental entities subject to that process.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1675, Conference Committee Report: a negative impact of (\$76,656) 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, Six-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$76,656)
2015	\$0
2016	(\$172,976)
2017	(\$19,164)
2018	\$0
2019	\$0

All Funds, Six-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Appropriated Receipts</i> 666	Probable Revenue Gain/(Loss) from <i>Appropriated Receipts</i> 666	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1
2014	(\$165,228)	\$165,228	(\$76,656)	\$0
2015	(\$17,248)	\$17,248	\$0	\$0
2016	(\$56,743)	\$56,743	(\$419,442)	\$246,466
2017	(\$5,749)	\$5,749	(\$45,994)	\$26,830
2018	(\$392,101)	\$392,101	\$0	\$0
2019	(\$43,119)	\$43,119	\$0	\$0

Fiscal Year	Change in Number of State Employees from FY 2013
2014	1.5
2015	1.5
2016	6.0
2017	6.0
2018	3.0
2019	3.0

Fiscal Analysis

The bill would amend various Codes and Acts relating to governmental entities subject to the sunset review. The bill would address the Sunset Advisory Commission's (SAC) access to confidential state agency records and information. The bill would also require sunset reviews and establish a sunset date for the University Interscholastic League (UIL) of September 1, 2015, and the Sulphur River Basin Authority (SRBA) of September 1, 2017. The bill would require both of these entities and self-directed and semi-independent (SDSI) agencies to pay the SAC for the cost of performing the required reviews. The bill would also require sunset reviews and establish a sunset date for the Employees Retirement System (ERS) of September 1, 2017.

The bill would change previously established sunset dates for certain entities. The bill would change the sunset dates for the Texas Education Agency (with scope of review restrictions), and the Texas Facilities Commission to September 1, 2015. The bill would change the sunset dates for the Department of Transportation and the Texas Railroad Commission (RRC) to September 1, 2017. The bill would require a full re-review of the RRC and would require the RRC to pay the costs of the review. The bill would authorize SAC to contract out for expertise as needed for the RRC review. The bill would change the sunset dates to September 1, 2019, for the Regional Education Service Centers, the Finance Commission, the Office of Banking Commissioner (OBC), the Office of the Commissioner and the Department of Savings and Mortgage Lending (DSML), the Office of Consumer Credit Commissioner (OCCC), the Texas Windstorm Insurance Association (TWIA), the State Securities Board, and the Texas State Board of Public Accountancy. The bill would change the sunset date to September 1, 2021 for the Texas Invasive Species Coordinating Committee, the Division of Workers' Compensation of the Texas Department of Insurance, and the Office of Injured Employee Counsel. The bill would require the Early Childhood Health and Nutrition Interagency Council sunset review to be conducted with the review for the Department of Agriculture.

The bill would also require the SAC to conduct a study, in consultation with the Legislative Budget Board, and issue a report regarding the SDSI status of state agencies. The bill would require the report to address several issues, including: (1) the criteria and process for determining whether an agency should be given SDSI status and whether that status should be revoked; (2) measures to ensure adequate oversight of SDSI agencies; and (3) appropriations issues related to an agency's transition to or from SDSI status. The bill would require the Sunset Commission to submit the report to the Governor, Lieutenant Governor, and each member of the legislature not later than August 31, 2014.

The bill would provide for a limited scope review of Department of Housing and Community Affairs (TDHCA) in fiscal year 2017 if the TDHCA Sunset bill is not enacted. The bill would require the review to focus only on appropriateness of the 2013 Sunset recommendations. The bill would also provide for a review of the State Employee Charitable Campaign (SECC) in fiscal year 2025 if the SECC Sunset bill is not enacted.

The bill would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2013.

Methodology

This analysis is based on costs realized by the SAC for the 2012-13 special purpose review of the Port of Houston Authority. Based on that information, it is assumed that costs of \$9,582 would be realized per analyst assigned to a review team for each month required to conduct a review. This amount includes the costs for salaries, benefits, and other operating costs necessary for staff to conduct these reviews. Travel costs are reflected separately below based on the project location. This analysis also assumes that approximately 90 percent of the review time for each project would be required in the first fiscal year of the respective biennium and the remaining 10 percent would be required in the following fiscal year.

Based on information provided by the SAC, it is assumed that the review for the UIL review would be in addition to other projects scheduled for fiscal years 2014-15 and the SRBA, RRC, and ERS would be in addition to other projects scheduled for fiscal years 2016-17. As such, these would require additional Full-Time-Equivalent positions in fiscal years 2014-17. Similarly, it is also assumed that the reviews for the TWIA, the Finance Commission, OBC, DSML, and the OCCC would be in addition to other projects scheduled for fiscal years 2018-19 and as such would require additional Full-Time-Equivalent positions in each of those years.

Based on information provided by the SAC, the following is assumed for projects for which the SAC would be reimbursed for performing reviews. These costs and revenues from payments to the SAC as a reimbursement for the special reviews are reflected as Appropriated Receipts in the table above.

- 1) Three analysts would be necessary for the UIL review which would last 6 months with travel costs of \$10,000. Total costs for this project would include \$165,228 in fiscal year 2014 and \$17,248 in fiscal year 2015.
- 2) Two analysts would be necessary for the SRBA review which would last 3 months with travel costs of \$5,000. Total costs for this project would include \$56,743 in fiscal year 2016 and \$5,749 in fiscal year 2017.
- 3) Three analysts would be necessary for the TWIA review which would last 5 months with travel costs of \$1,000. Total costs for this project would include \$130,357 in fiscal year 2018 and \$14,373 in fiscal year 2019.
- 4) Two analysts would be necessary for the OBC review which would last 5 months with travel costs of \$1,000. Total costs for this project would include \$87,238 in fiscal year 2018 and \$9,582 in fiscal year 2019.
- 5) Two analysts would be necessary for the DSML review which would last 5 months with travel costs of \$1,000. Total costs for this project would include \$87,238 in fiscal year 2018 and \$9,582 in fiscal year 2019.
- 6) Two analysts would be necessary for the OCCC review which would last 5 months with travel costs of \$1,000. Total costs for this project would include \$87,238 in fiscal year 2018 and \$9,582 in fiscal year 2019.

This analysis assumes there would be no fiscal impact to the state for changing previously

established sunset dates for other entities included in the bill.

Based on information provided by the SAC, the SDSI study report required by the provisions of the bill would require two full-time staff to conduct a four month review, resulting in a total cost of \$76,656 in fiscal year 2014 in General Revenue Funds. Also, it is assumed that 4 FTEs would be required during the 2016-17 biennium for the RRC and ERS reviews. It is assumed that the RRC review would result in the need to dedicate four full-time staff to conduct a 7-month review, resulting in costs to the Commission of \$246,466 in fiscal year 2016, including \$5,000 in estimated travel costs, and \$26,830 in fiscal year 2017. It is assumed that the ERS review would result in the need to dedicate four full-time staff to conduct a 5-month review, resulting in costs to the Commission of \$172,976 in FY 2016, including \$500 in estimated travel costs, and \$19,164 in FY 2017. General Revenue gains in the table above reflect payments received from the RRC for the cost of the sunset review.

Local Government Impact

This analysis assumes the SRBA would realize reimbursement costs of conducting a special review and those costs would be \$56,743 in fiscal year 2016 and \$5,749 in fiscal year 2017. In addition, it is assumed that the POHA would realize costs of conducting a special review and those costs would be \$216,084 in fiscal year 2016 and \$24,009 in fiscal year 2017.

Source Agencies: 116 Sunset Advisory Commission, 508 Board of Chiropractic Examiners,
720 The University of Texas System Administration

LBB Staff: UP, AG, MW, SD, KJo