

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 1, 2013

TO: Honorable Linda Harper-Brown, Chair, House Committee on Government Efficiency & Reform

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3369 by Perry (Relating to the creation of the office of inspector general.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3369, As Introduced: a negative impact of (\$2,864,846) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$1,479,159)
2015	(\$1,385,687)
2016	(\$1,387,703)
2017	(\$1,389,799)
2018	(\$1,391,943)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2013
	1	
2014	(\$1,479,159)	16.0
2015	(\$1,385,687)	16.0
2016	(\$1,387,703)	16.0
2017	(\$1,389,799)	16.0
2018	(\$1,391,943)	16.0

Fiscal Analysis

The bill would amend the Government Code to create the Office of Inspector General, which would be a new agency that reports to the Governor. The office would be responsible for the investigation of fraudulent insurance acts, including Medicaid fraud and workers' compensation fraud. The office would provide assistance to inspectors general of state agencies who have jurisdiction over insurance and to the fraud unit of the Texas Department of Insurance. The bill would also provide general powers and duties of the office, which include the ability to contract with certified public accountants, management consultants, or other professional experts as necessary in order to independently perform investigative services.

The Office of the Governor, Comptroller of Public Accounts, Department of Insurance, and the Health and Human Services Commission indicate the provisions of the bill related to their respective agencies could be implemented within existing resources.

The Legislative Budget Board (LBB) estimates implementation of the bill would require 16.0 full-time equivalent (FTE) employees, with an initial cost of \$1,479,159 out of General Revenue in fiscal year 2014, a cost of \$1,385,687 out of General Revenue in fiscal year 2015, and an average cost of \$1,389,815 each additional fiscal year through fiscal year 2018.

It is assumed the bill would take effect on September 1, 2013.

Methodology

LBB estimates that in order to carry out the duties and responsibilities as required by the bill, the newly created office would require 16.0 FTEs as follows: one Director III position with a midrange salary of \$108,027; one General Counsel III position with a midrange salary of \$98,206; one Administrative Assistant III position with a midrange salary of \$36,005; one Administrative Assistant I position with a midrange salary of \$27,662; five Research Specialist II positions with a midrange salary of \$45,455; five Investigator IV positions with a midrange salary of \$49,590; and two Manager III positions with a midrange salary of \$74,421. Salaries and benefits for the 16.0 FTEs total \$1,159,831 each fiscal year.

One-time start-up costs, which include a desk, credenza, bookcase, filing cabinet, computer, and telephone, are estimated by the LBB to be \$5,965 for each FTE, totaling \$95,440. Consumable supplies and telephone charges for each fiscal year are estimated by the LBB to be \$8,320 for 16.0 FTEs. The LBB also estimates a cost of \$65,568 in fiscal year 2014, \$67,536 in fiscal year 2015, and an average cost of \$71,664 for each following fiscal year, through fiscal year 2018, for the square footage necessary in a new office for 16.0 FTEs.

The bill would also grant the agency the authority to hire contractors for accounting, consulting, and other professional services. The LBB estimates that the agency would require approximately \$150,000 each fiscal year for such services.

Technology

As included above in one-time start-up costs, the LBB estimates a one-time technology cost of \$16,000 in fiscal year 2014 for new computers for 16.0 FTEs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 454
Department of Insurance, 529 Health and Human Services Commission

LBB Staff: UP, KJo, EP, CK, ES