

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

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

**April 22, 2013**

**TO:** Honorable Tommy Williams, Chair, Senate Committee on Finance

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

**IN RE:** SB142 by West (Relating to zero-based budgeting for state agencies as a part of the sunset review process.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB142, As Introduced: a negative impact of (\$940,000) 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	(\$470,000)
2015	(\$470,000)
2016	(\$470,000)
2017	(\$470,000)
2018	(\$470,000)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b> <b>1</b>	<b>Change in Number of State Employees from FY 2011</b>
2014	(\$470,000)	10.0
2015	(\$470,000)	10.0
2016	(\$470,000)	10.0
2017	(\$470,000)	10.0
2018	(\$470,000)	10.0

**Fiscal Analysis**

The bill would require the director of the Legislative Budget Board (LBB) to prepare and present to the Sunset Commission and to the Governor, a zero-based budget and performance review for each agency under Sunset review. The LBB's review must contain detailed information relating to

an agency's responsibilities, the legal authority for each of the agency's activities and an evaluation of the effectiveness and efficiency of the agency's policies, management, fiscal affairs, and operations in relation to each activity. In addition, for each activity, the LBB would be required to: recommend whether the activity should continue; recommend funding at minimum and current service levels; develop a prioritization of activities in terms of relative importance to the overall goals and purpose of the agency at current service levels; and, recommend whether funding should continue.

The bill would require the Sunset Commission to include in its report on each state agency under Sunset review, the recommendations provided by the Legislative Budget Board as well as its evaluation of the LBB's recommendations on funding the agency's activities.

The bill would require the Governor or the Governor's representative to consider the zero-based budget information contained in the Sunset report for each agency under Sunset review during the agency's budget hearing.

The bill would become effective immediately upon a two-thirds vote of each house. Otherwise, the bill would be effective September 1, 2013.

### **Methodology**

The analysis assumes 25 reviews each biennium based on the Sunset Commission's average number of reviews per biennium; 284 work hours per review and 10 additional analyst positions. The LBB would benefit from some of the information already collected by the Sunset Advisory Commission but due to the bill's requirements and the timing of preparing the state budget, the bulk of the work required by the bill's provisions is assumed to be independent of what is covered under a sunset review.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 116 Sunset Advisory Commission

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