

## **BILL ANALYSIS**

Senate Research Center  
84R29945 BEF-F

C.S.H.B. 5  
By: Otto et al. (Nelson)  
Finance  
5/14/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

C.S.H.B. 5 directs the Legislative Budget Board (LBB) to perform a strategic fiscal review of state agencies in an effort to promote transparency and identify waste and inefficiencies within the state budget. The LBB director must recommend to the board which state agencies to undergo a strategic fiscal review and the board will select which agencies undergo review. Not later than September 1 of odd-numbered years, the LBB director must recommend which agencies to review. After which all reviews conducted since the previous session must be submitted, not later than seven days after the legislative session begins.

The report will contain:

- a description of the activities of the agency;
- a justification for each activity;
- an evaluation of the effectiveness of the agency's operations in relation to the activity;
- an estimate of the adverse effects if the activity was discontinued;
- an itemized account of expenditures required to maintain the activity at a minimum level and at the current level;
- a ranking of the importance of all activities within the agency; and
- a recommendation whether the legislature should continue funding the activity and at what level.

The legislature may consider the strategic fiscal review report in connection with the appropriation process.

C.S.H.B. 5 amends current law relating to strategic fiscal reviews of state agencies and program.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 322, Government Code, by adding Section 322.0175, as follows:

Sec. 322.0175. STRATEGIC FISCAL REVIEW OF STATE AGENCIES AND PROGRAMS. (a) Requires the Legislative Budget Board (LBB) to perform a strategic fiscal review for each state agency currently the subject of Sunset Advisory Commission review under Chapter 325 (Sunset Law), Government Code.

(b) Requires LBB to prepare and submit a report of the findings of the strategic fiscal review by September 1 of the even-numbered year of the biennium during which the review is conducted to the governor, lieutenant governor, and speaker of the house of representatives and to the members of the senate finance and house appropriations committees.

(c) Requires that the strategic review report contain:

(1) a description of the discrete activities the state agency is charged with conducting or performing together with:

(A) a justification for each activity by reference to a statute or other legal authority; and

(B) an evaluation of the effectiveness and efficiency of the state agency's policies, management, fiscal affairs, and operations in relation to each activity;

(2) for each activity identified under Subdivision (1), a quantitative estimate of any adverse effects that reasonably may be expected to result if the activity were discontinued, together with a description of the methods by which the adverse effects were estimated;

(3) for each activity identified under Subdivision (1), an itemized account of expenditures required to maintain the activity at the minimum level of service or performance required by the statute or other legal authority, together with a concise statement of the quantity and quality of service or performance required at that minimum level;

(4) for each activity identified under Subdivision (1), an itemized account of expenditures required to maintain the activity at the current level of service or performance, together with a concise statement of the quantity and quality of service or performance provided at that current level;

(5) a ranking of activities identified under Subdivision (1) that illustrates the relative importance of each activity to the overall goals and purposes of the state agency at current service or performance levels; and

(6) recommendations to the legislature regarding whether the legislature should continue funding each activity identified under Subdivision (1) and, if so, at what level.

(d) Authorizes the legislature to consider the strategic fiscal review reports in connection with the legislative appropriation process.

(e) Provides that all information, documentary or otherwise, prepared or maintained in conducting the strategic fiscal review or preparing the strategic fiscal review report, including intra-agency and interagency communications and drafts of the strategic fiscal review report or portions of those drafts, until the LBB has completed a strategic fiscal review under this section, is excepted from required public disclosure as audit working papers under Section 552.116 (Exception: Audit Working Papers). Provides that this subsection does not affect whether information described by this subsection is confidential or excepted from required public disclosure under a law other than Section 552.116.

SECTION 2. Effective date: upon passage or September 1, 2015.