

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 6, 2015**

**TO:** Honorable John Kuempel, Chair, House Committee on General Investigating & Ethics

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

**IN RE: HB1085** by Márquez (Relating to the filing of financial disclosure statements by trustees of an independent school district; amending provisions subject to a criminal penalty.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1085, Committee Report 1st House, Substituted: a negative impact of (\$658,164) through the biennium ending August 31, 2017.

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> |
|--------------------|---|
| 2016               | (\$588,172)   |
| 2017               | (\$69,992)  |
| 2018               | (\$69,992)  |
| 2019               | (\$69,992)  |
| 2020               | (\$71,392)  |

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

| <b>Fiscal Year</b> | <b>Probable Savings/(Cost) from General Revenue Fund<br/>1</b> |
|--------------------|--|
| 2016               | (\$588,172)  |
| 2017               | (\$69,992)   |
| 2018               | (\$69,992)   |
| 2019               | (\$69,992)   |
| 2020               | (\$71,392)   |

**Fiscal Analysis**

The bill would amend the Education Code to modify the way in which members of a board of trustees of an independent school district file financial statements. The bill would require each

member of the board of trustees to file financial statements with the Texas Ethics Commission. Under the provisions of the bill, a trustee commits an offense if the individual fails to file the statement. An offense under the section is a Class B misdemeanor. Under the provisions of the bill, Section 11.064(a-1), (a-2), (a-3), (a-4) (d) and Section 11.0641 of the Education Code would be repealed.

The bill would have no direct fiscal implications for the Foundation School Program (FSP) or the operations of the Texas Education Agency (TEA).

### **Methodology**

The Ethics Commission estimates the bill would require approximately 7,000 school board members to file personal financial statements with the agency. The Ethics Commission currently services approximately 2,500 filers with 0.5 FTEs, and therefore estimates that the new filers would require 1.4 additional FTEs in each fiscal year. Using the median salary of an Administrative Assistant III position, the Ethics Commission estimates a cost of \$71,392 in the first year and \$69,992 in each subsequent year from General Revenue for salary and related benefits of the additional FTEs.

### **Technology**

The Texas Ethics Commission estimates a one-time cost of \$588,172 from General Revenue to develop a web-based management application tool that allows each of the state's 1,030 Independent School Districts school board members keep a record of school board members required to file with the commission that would interface with the Commission's electronic filing system. The Ethics Commission indicates that because of the significant number of new filers and amount of turnover within ISD boards, a management tool would be necessary for the Commission to monitor that the personal financial statements, required by the bill, are filed. To develop the application, the Commission estimates that the agency would need to contract with three Java programmers for approximately 1,566 hours (9 months) at \$110.00 per hour for a total cost of \$ 516,780 in fiscal year 2016.

### **Local Government Impact**

Members of school district boards of trustees would be required to file financial statements with the board of trustees and the Texas Ethics Commission. This requirement could be burdensome for small ISDs that have limited qualified candidates.

There could be revenue created from offenses associated with the additional board of trustee members who would be required to file documents under the provisions of the bill; however, these costs would depend on the number of cases, if any, and would only apply in the event of noncompliance.

**Source Agencies:** 356 Texas Ethics Commission, 701 Central Education Agency

**LBB Staff:** UP, FR, SD, EK, EMO, JBi