

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 23, 2015

TO: Honorable Phil King, Chair, House Committee on State & Federal Power & Responsibility,
Select

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3606 by Krause (Relating to requirements for acceptance or expenditure of federal funds by a political subdivision.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time due to unavailability of comprehensive data on the volume of reporting required by the bill.

The bill would amend the Local Government Code to require a political subdivision, before accepting or expending a federal grant or other funds that have not been appropriated by the legislature, to report specific information to the Legislative Budget Board, the Comptroller of Public Accounts and the Governor about the amount, use, and state impact of the funds. The bill would prohibit a political subdivision from accepting or expending a federal grant or other funds if the political subdivision receives a written disapproval of the acceptance by the Legislative Budget Board, the Comptroller of Public Accounts, or the Governor on or before the 10th business day after submitting the fiscal information.

Local Government Impact

There could be a loss of revenue to political subdivisions depending on if the Legislative Budget Board (LBB), the Comptroller of Public Accounts (CPA), or the Governor disapproved of federal grants awarded to the political subdivision. The amount of revenue loss cannot be determined at this time.

For purposes of this estimate it is assumed that the LBB, CPA and Governor's office would coordinate on the receipt of information from the political subdivisions. The volume of notifications is unknown, but depending on the actual volume and review process there would be costs to the affected agencies.

There would be administrative costs for political subdivisions to comply with the provisions of the bill. These costs would depend on the number of grants awarded to a political subdivision and the administrative resources of each political subdivision.

There would be some administrative costs to local school districts to report the funding to the LBB, CPA, and Governor and to wait for notification before accepting for expending federal funds. These costs would vary from district to district depending on whether the district applied and received federal funds outside of funding already appropriated and the number of federal programs applied to by the district for additional funding.

Lubbock County report costs of \$50,000- \$53,000 for Fiscal Year (FY) 2016- FY 2020, including an additional staff member, computer and office supplies.

Tarrant County reported costs of \$105,000- \$121,551 for FY 2016- FY 2020 to hire an additional staff member to comply with the provisions of the bill. The County reported a potential estimated revenue loss of \$100 million - \$110.2 million from FY 2016- FY 2020.

According to the Comptroller of Public Accounts, the City of Fort Worth received and expended \$59.1 million dollars in federal funds and \$17.8 million in state funds in FY 2014.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: UP, FR, SD, EK, JBi, LBe