

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 13, 2021

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1541 by Zaffirini (Relating to the definition of business case for major information resources projects.), **As Introduced**

The fiscal impact of the bill would be dependent on the number of major information resources projects (MIRP) that would be required to undergo an independent third party assessment. However, the number of MIRPs cannot be determined. Therefore, it is assumed that the bill would have a cost related to third party assessments; however, the cost is indeterminate at this time and would be based on project scope and complexity.

The bill would amend Section 2054.003 of the Government Code to define a business case for major information resources projects and would prescribe requirements for business cases, including a comparison of costs and benefits, validation for major information resource projects, alternative financing models, and an independent third party analysis. The resources necessary to acquire independent third party analyses for major information resource projects is unknown and likely to be variable based on project scope and complexity.

Currently the state's Quality Assurance Team (QAT) performs oversight on all Major Information Resources Projects (MIRPs) at state agencies, excluding institutions of higher education. In fiscal year 2020 QAT approved the framework for nineteen projects for a current cost of \$352,367,775. The provisions of the bill would add a cost to MIRP's for a scoring method delivered by an independent third party assessment. It is assumed that a MIRP would have an estimated cost for the assessment between one percent and five percent of the project cost. For the projects in fiscal year 2020, the estimated cost for the assessment would be within a range of \$3,523,678 and \$17,618,389. It is assumed that some agencies may be able to absorb the costs related to the third party assessment.

The Texas Facilities Commission (TFC) does not anticipate a significant fiscal impact from implementing the provisions of the bill related to cost/benefits analyses, project validation, and alternative financing analyses. However, TFC indicates that there would be a negative fiscal impact to the agency related to acquiring independent third-party analysis of major information resource projects. The Health and Human Services Commission indicates that the agency would use a configurable, software-as-a-service tool to implement the provisions of the bill at a cost of \$673,044 in General Revenue and \$934,913 in All Funds for the biennium, including one-time technology-related costs of \$500,000 for software configuration and integration with HHS systems, \$150,000 annually for software subscription costs and software enhancements, and \$23,044 for staff costs associated with administering the tool. The agency's estimated five-year cost is \$1,138,417 to General Revenue and \$1,581,355 in All Funds. The Department of Public Safety indicates there would be no significant fiscal impact to the agency based on the bill's provisions.

The State Auditor's Office (SAO) indicates that the bill could result in additional requests for technical assistance from the SAO as part of the agency's non-voting, advisory capacity on the Quality Assurance Team (QAT), and that any administrative costs associated with the bill would not be significant and could be absorbed within existing resources. Therefore, it is assumed that the QAT agencies could absorb any additional requests for technical assistance within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 303 Facilities Commission, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 405 Department of Public Safety, 529 Hlth & Human Svcs Comm

LBB Staff: JMc, SZ, LCO, MBO