

BILL ANALYSIS

C.S.H.B. 3770
By: Capriglione
Delivery of Government Efficiency
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that the Legislative Budget Board (LBB) plays a critical role in evaluating the performance and budgetary efficiency of state agencies. Under current statute, the LBB is authorized to conduct efficiency reviews of state agencies to analyze the effectiveness of the policies, management, and operations of those agencies. The LBB additionally is required to conduct fiscal reviews of agencies undergoing review by the Sunset Advisory Commission. The author has informed the committee that, as the state continues to focus on responsible fiscal management, enhancing these programs could provide for an opportunity to improve agency efficiency and optimize the use of taxpayer dollars.

To support this goal, C.S.H.B. 3770 revises these LBB functions by strengthening the process of efficiency reviews and instituting a schedule for the review of state agencies and by decoupling the fiscal review program with an agency's sunset review and authorizing the LBB to conduct those reviews as it considers appropriate. The bill aims to build on the LBB's current practices by establishing a more systematic and proactive approach to identifying opportunities for improving efficiency and reducing government waste.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3770 amends the Government Code to do the following regarding provisions relating to efficiency reviews of state agencies by the LBB:

- include a public institution of higher education in the definition of "state agency" for purposes of such reviews;
- replace an authorization for the LBB to periodically review and analyze the effectiveness and efficiency of the policies, management, fiscal affairs, and operations of state agencies with a requirement for the LBB to review and analyze the effectiveness and efficiency of the policies, programs, management, fiscal affairs, and operations of state agencies;
- require the LBB to establish a schedule for such review and analysis;
- require the LBB to review and analyze at least the following each state fiscal biennium:
 - 25 state agencies, which must include at least one state agency from each article of the General Appropriations Act; and

- 40 programs operated by the state agencies under review during that biennium, which must include at least one program operated by each state agency under review;
- require the members of the LBB, not later than June 30 of each odd-numbered year, to provide to the director of the LBB a list of programs to be reviewed under these provisions for that state fiscal biennium;
- with respect to the requirement for the LBB to report the findings of the review and analysis to the governor and the legislature, clarify that the LBB reports the findings of each review and analysis, and set a deadline for the LBB to report the findings not later than September 1 of each even-numbered year;
- require such a report to be published in a format prescribed by the LBB and to include the following:
 - recommendations for strategies to improve effectiveness, efficiency, and service to taxpayers; and
 - a table that does the following:
 - analyzes all costs, savings, cost avoidance, expected change to state revenue, and any non-fiscal taxpayer benefit predicted to result from increased program effectiveness and efficiency if the strategies recommended under these provisions were implemented; and
 - presents the information in that analysis for a five-year period beginning with the suggested implementation date for the strategies recommended under these provisions; and
- require the director of the LBB to employ sufficient personnel to carry out the bill's provisions relating to efficiency reviews of state agencies.

C.S.H.B. 3770 requires the LBB to review and analyze 12 state agencies and 20 programs operated by those state agencies for the 2026-2027 state fiscal biennium.

C.S.H.B. 3770 replaces the requirement of the LBB to perform a strategic fiscal review for each state agency currently the subject of Sunset Advisory Commission review under the Texas Sunset Act with an authorization for the LBB to perform a strategic fiscal review for a state agency if LBB determines a review is appropriate.

C.S.H.B. 3770 repeals Government Code provisions relating to the following:

- the requirement for the LBB to establish a system of performance audits and evaluations designed to provide a comprehensive and continuing review of the programs and operations of each state institution, department, agency, or commission, the authorization for the LBB to evaluate the programs and operations of any institution, department, agency, or commission that is a state agency or received an appropriation in the most recent General Appropriations Act, and the requirement for the LBB to make a performance report to the governor and the legislature analyzing the operational efficiency and program performance of each entity evaluated;
- the authorization for the LBB to periodically review the effectiveness and efficiency of the budgets and operations of public junior colleges and general academic teaching institutions and the requirements for the LBB, if a review is initiated, to prepare a report showing the results of each review, file the report with certain entities, and make the report available to the public on the LBB website; and
- the authorization for the LBB to periodically review and analyze the effectiveness and efficiency of the policies, management, fiscal affairs, and operations of a river authority and the requirement for the LBB to report the findings of a review and analysis to the governor and the legislature.

C.S.H.B. 3770 repeals Sections 322.011, 322.0165, and 322.0171, Government Code.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3770 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes the following provisions absent from the introduced:

- a requirement for the members of the LBB, not later than June 30 of each odd-numbered year, to provide to the director a list of programs to be reviewed for that state fiscal biennium; and
- a replacement of the requirement for the LBB to perform a strategic fiscal review for each state agency currently the subject of Sunset Advisory Commission review with an authorization for the LBB to perform a strategic fiscal review for a state agency if LBB determines a review is appropriate.