

By: Capriglione, Curry, et al.

H.B. No. 3770

A BILL TO BE ENTITLED

1 AN ACT

2 relating to efficiency and strategic fiscal reviews of state
3 agencies conducted by the Legislative Budget Board.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 322.017, Government Code, is amended by
6 amending Subsections (a), (b), and (c) and adding Subsections
7 (b-1), (b-2), and (f) to read as follows:

11 (b) The board shall [periodically may] review and analyze
12 the effectiveness and efficiency of the policies, programs,
13 management, fiscal affairs, and operations of state agencies.

14 (b-1) The board shall establish a schedule for the review
15 and analysis conducted under Subsection (b). Each state fiscal
16 biennium, the board shall review and analyze at least:

1 programs to be reviewed under Subsection (b) for that state fiscal
2 biennium.

3 (c) Not later than September 1 of each even-numbered year,
4 the [The] board shall report the findings of each [the] review and
5 analysis to the governor and the legislature. A report on a
6 reviewed program must:

7 (1) be published in a format prescribed by the board;
8 and

9 (2) include:

10 (A) recommendations for strategies to improve
11 effectiveness, efficiency, and service to taxpayers; and

12 (B) a table that:

13 (i) analyzes all costs, savings, cost
14 avoidance, expected change to state revenue, and any non-fiscal
15 taxpayer benefit predicted to result from increased program
16 effectiveness and efficiency if the strategies recommended under
17 Paragraph (A) were implemented; and

18 (ii) presents the information described by
19 Subparagraph (i) for a five-year period beginning with the
20 suggested implementation date for the strategies recommended under
21 Paragraph (A).

22 (f) The director shall employ sufficient personnel to carry
23 out the provisions of this section.

24 SECTION 2. Section 322.0175, Government Code, is amended to
25 read as follows:

26 Sec. 322.0175. STRATEGIC FISCAL REVIEW OF STATE AGENCIES
27 AND PROGRAMS. (a) The board may [shall] perform a strategic fiscal

1 review for a [each] state agency if the board determines a review is
2 appropriate [~~currently the subject of Sunset Advisory Commission~~
3 ~~review under Chapter 325 (Texas Sunset Act)~~]. The board may [~~shall~~]
4 not perform a review under this section of state agencies listed in
5 Section 325.025(b) [, ~~Government Code~~,] because those [~~these~~]
6 agencies are not subject to the legislative appropriations process.

7 (b) If a strategic fiscal review is performed for a state
8 agency under Subsection (a), the [~~The~~] board shall prepare and
9 submit a report of the findings of the [~~strategic fiscal~~] review by
10 September 1 of the even-numbered year of the biennium during which
11 the review is conducted to the governor, lieutenant governor, and
12 speaker of the house of representatives and to the members of the
13 senate finance and house appropriations committees.

14 (c) A [~~The~~] strategic fiscal review report must contain:

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

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

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

22 (2) for each activity identified under Subdivision
23 (1):

24 (A) a quantitative estimate of any adverse
25 effects that reasonably may be expected to result if the activity
26 were discontinued, together with a description of the methods by
27 which the adverse effects were estimated;

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6 (C) an itemized account of expenditures required
7 to maintain the activity at the current level of service or
8 performance, together with a concise statement of the quantity and
9 quality of service or performance provided at that current level;

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

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

17 (d) The legislature may consider [the] strategic fiscal
18 review reports in connection with the legislative appropriations
19 process.

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1 under Section [552.116](#) until the review is completed. This
2 subsection does not affect whether information described by this
3 subsection is confidential or excepted from required public
4 disclosure under a law other than Section [552.116](#).

5 SECTION 3. Sections [322.011](#), [322.0165](#), and [322.0171](#),
6 Government Code, are repealed.

7 SECTION 4. Notwithstanding Section [322.017\(b-1\)](#),
8 Government Code, as added by this Act, for the state fiscal biennium
9 ending August 31, 2027, the Legislative Budget Board is required to
10 review and analyze:

11 (1) 12 state agencies; and
12 (2) 20 programs operated by the 12 state agencies
13 reviewed during that state fiscal biennium.

14 SECTION 5. This Act takes effect September 1, 2025.