

## **BILL ANALYSIS**

Senate Research Center  
84R3122 BEF-D

H.B. 5  
By: Otto et al. (Nelson)  
Finance  
4/27/2015  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

#### **Strategic Fiscal Review**

- Directs the Legislative Budget Board (LBB) to perform a strategic fiscal review of state agencies in an effort to promote transparency and identify waste and inefficiencies within the state budget.
- The LBB director must recommend to the board which state agencies to undergo a strategic fiscal review and the board will select which agencies undergo review.
- Not later than September 1 of odd-numbered years, the LBB director must recommend which agencies to review. Then, not later than seven days after the legislative session begins, all reviews conducted since the previous session must be submitted.
- The report will contain:
  - a description of the activities of the agency;
  - a justification for each activity;
  - an evaluation of the effectiveness of the agency's operations in relation to the activity;
  - an estimate of the adverse effects if the activity was discontinued;
  - an itemized account of expenditures required to maintain the activity at a minimum level and at the current level;
  - a ranking of the importance of all activities within the agency; and
  - a recommendation whether the legislature should continue funding the activity and at what level.

The legislature may consider the strategic fiscal review report in connection with the appropriation process.

H.B. 5 amends current law relating to strategic fiscal reviews of state agencies.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Section 322.007, Government Code, to read as follows:

Sec. 322.007. ESTIMATES, REPORTS, AND INFORMATION.

SECTION 2. Amends Sections 322.007(a) and (b), Government Code, as follows:

(a) Requires each institution, department, agency, officer, employee, or agent of the state to submit:

- (1) Creates this subdivision from existing text and makes a nonsubstantive change; and
- (2) any information requested by the Legislative Budget Board (LBB) in connection with a strategic fiscal review.

(b) Requires that each estimate, report, or item of information, rather than requires that each estimate or report, be submitted at a time set by the LBB and in the manner and form prescribed by LBB rules.

SECTION 3. Amends Chapter 322, Government Code, by adding Section 322.0175, as follows:

Sec. 322.0175. STRATEGIC FISCAL REVIEWS OF STATE AGENCIES. (a) Requires the director of the LBB, not later than September 1 of each odd-numbered year, to recommend to the LBB state agencies to undergo strategic fiscal review before the next regular legislative session.

(b) Requires the LBB to select the state agencies to undergo strategic fiscal review and conduct the reviews with the assistance of the director.

(c) Requires the LBB, not later than the seventh day after the date a regular legislative session convenes, to submit to the legislature written reports of the findings of each strategic fiscal review conducted by the LBB since the previous legislative session.

(d) Requires the LBB to include in the written report of the findings of a strategic fiscal review:

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

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

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

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

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

(B) an itemized account of expenditures required to maintain the activity at the minimum level of service or performance required by the statute or other legal authority, together with a concise statement of the quantity and quality of service or performance required at that minimum level; and

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

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

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

(e) Authorizes the legislature to consider reports of the findings of strategic fiscal reviews in connection with the legislative appropriation process.

(f) Authorizes the legislature to consider a state agency's compliance with the strategic fiscal review process in making appropriations to that agency.

(g) Provides that all information, documentary or otherwise, prepared or maintained in conducting the strategic fiscal review or preparing the strategic fiscal review report, including intra-agency and interagency communications and drafts of the strategic fiscal review report or portions of those drafts, until the LBB has completed a strategic fiscal review under this section, is excepted from required public disclosure as audit working papers under Section 552.116 (Exception: Audit Working Papers). Provides that this subsection does not affect whether information described by this subsection is confidential or excepted from required public disclosure under a law other than Section 552.116.

SECTION 4. Effective date: upon passage or September 1, 2015.