

By: Capriglione, et al.

H.B. No. 3770

Substitute the following for H.B. No. 3770:

By: Capriglione

C.S.H.B. No. 3770

A BILL TO BE ENTITLED

AN ACT

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

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

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

(a) In this section, "state agency" has the meaning assigned by Section 2056.001, except that the term includes an institution of higher education, as defined by Section 61.003, Education Code.

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

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

(1) 25 state agencies, which must include at least one state agency from each article of the General Appropriations Act; and

(2) 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.

(b-2) Not later than June 30 of each odd-numbered year, the members of the board shall provide to the director a list of

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

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

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

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

(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;

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

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.

20 (e) If the board performs a strategic fiscal review under
21 Subsection (a) ~~[Until the board has completed a strategic fiscal~~
22 ~~review under this section]~~, all information, documentary or
23 otherwise, prepared or maintained in conducting the strategic
24 fiscal review or preparing the strategic fiscal review report,
25 including intra-agency and interagency communications and drafts
26 of the strategic fiscal review report, or portions of those drafts,
27 is excepted from required public disclosure as audit working papers

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.