



LEGISLATIVE BUDGET BOARD

# Strategic Fiscal Review

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE**

**URSULA PARKS, LEGISLATIVE BUDGET BOARD**

**SEPTEMBER 4, 2014**

# STRATEGIC FISCAL REVIEW

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The House Committee on Appropriations and the Legislative Budget Board were both directed by Speaker Straus to undertake a Strategic Fiscal Review of selected state agencies.

# LBB ROLE IN SFR

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The LBB was charged with development of a targeted budget review process. This will include the following elements:

1. Comprehensive and detailed program-level data;
2. Options for alternative funding methods;
3. Increased transparency; and
4. Analysis of program's centrality to the function of the agency and legislative priorities.

In addition, this process will be built so that it may be sustained into future biennia with a new cohort of selected agencies.

# BENEFITS OF SFR

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- Systematic collection and analysis of expenditure patterns at the program level
- Consideration of internal and external factors affecting programs and how those factors impact operations
- Opportunity for a thorough review of all selected programs and methods of finance
- Evaluation of program effectiveness, return on investment and potential alternatives in program structure and delivery

# AFFECTED AGENCIES

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- Trusteed Programs Within the Office of the Governor
- Department of Information Resources
- General Revenue-funded Programs at the Department of Assistive and Rehabilitative Services
- Non-FSP Programs at the Texas Education Agency
- Higher Education Coordinating Board
- University System Offices
- Available University Fund
- State Law Library
- Juvenile Justice Department
- Department of Public Safety
- Texas Emissions Reduction Plan at the Texas Commission on Environmental Quality
- Department of Transportation
- Public Utility Commission

# AFFECTED AGENCIES (continued)

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Selected agencies:

- Reflect all articles
- Diverse in size, mission, and scope
- Represent about 21% of the All Funds budget for the 2014–15 biennium

# SFR PROCESS

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Process developed:

- LBB-developed template

- Will be used both by LBB staff and state agencies to compile the necessary information
- Partially pre-populated before delivery to agencies
- Training provided

# DATA COLLECTION

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- Collect detailed program information from affected state agencies and institutions of higher education
  - Initial source is information from the State Budget by Program database
  - Programs may be further broken apart
  - Program information for the first full year of operations and fiscal years 2010 through 2017 for most data elements



# DATA COLLECTION (continued)

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Within each program:

- Activities, or major functions, within each program will be detailed
  - Each activity description will include methods of finance, objects of expense, FTEs and performance measures
  - Direct Administration will be identified for each program
  - Indirect administration will be a discrete program

# DATA COLLECTION (continued)

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- Also collected for each program:
  - Authority for each program – specific state and/or federal cites
  - Financial data at the method of finance and object of expense level, including FTEs, by activity
  - Populations and clients served, including external factors impacting those populations
  - Areas of cooperation between other governmental entities, private organization, non-profit organizations
  - Capital needs that potentially impact program operations.
  - Audits, evaluations and reviews which have identified program successes and deficiencies
  - Outsourced services to evaluate alternative methods for service delivery
  - Revenue collections, to determine whether they are sufficient and/or appropriate to support the program

# DATA ANALYSIS

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LBB analysis will include but not be limited to:

- Alternative funding options for each program: Constant, Reduced, and Enhanced
- Relationship of program to agency mission and statutes
- Implementation status of various directives
- Assessment of the use of Constitutional and GR–Dedicated funds

# TIMELINE

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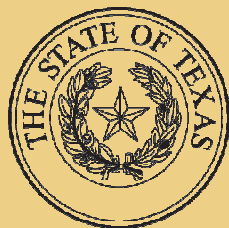
- Instructions to affected agencies 9/4/14
- Training for agencies 9/4/14 and 9/5/14
- Data collection and analysis from September through November

# DELIVERABLES

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The SFR analysis will provide:

- Additional resources for development of the introduced appropriations bill
- Robust and detailed analysis during the legislative session to assist members in making informed and strategic budget and program decisions



## LEGISLATIVE BUDGET BOARD

### **Contact the LBB**

Legislative Budget Board

[www.lbb.state.tx.us](http://www.lbb.state.tx.us)

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