



LEGISLATIVE BUDGET BOARD

Strategic Fiscal Review

PRESENTED TO THE STATE AGENCY INTERNAL AUDIT FORUM

Marva Scallion, LEGISLATIVE BUDGET BOARD

NOVEMBER 14, 2014

STRATEGIC FISCAL REVIEW

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.

STRATEGIES AND PROGRAMS

DEPARTMENT OF PUBLIC SAFETY¹

Items of Appropriation:	For the Years Ending	
	August 31, 2014	August 31, 2015
A. Goal: COMBAT CRIME AND TERRORISM		
A.1.1. Strategy: ORGANIZED CRIME	\$ 58,654,629	\$ 58,462,322
A.1.2. Strategy: CRIMINAL INTERDICTION	\$ 12,810,743	\$ 12,833,289
A.1.3. Strategy: BORDER SECURITY	\$ 16,975,803	\$ 18,497,676
A.1.4. Strategy: LOCAL BORDER SECURITY	\$ 23,670,383	\$ 23,564,486
A.2.1. Strategy: COUNTERTERRORISM	\$ 534,072	\$ 534,090
A.2.2. Strategy: INTELLIGENCE	\$ 6,307,787	\$ 6,307,787
A.2.3. Strategy: SECURITY PROGRAMS	\$ 19,777,053	\$ 19,779,609
A.3.1. Strategy: SPECIAL INVESTIGATIONS	\$ 21,871,507	\$ 21,791,999
Total, Goal A: COMBAT CRIME AND TERRORISM	\$ 160,601,977	\$ 161,771,258

GAA

A.3.1 - SPECIAL INVESTIGATIONS

CRIMINAL INVESTIGATIONS (TEXAS RANGER DIVISION)	\$17,564,610	\$17,481,396
DATABASE AND CLEARINGHOUSE FOR MISSING PERSONS	\$1,096,628	\$1,096,628
POLYGRAPH	\$1,233,982	\$1,235,681
SPECIAL WEAPONS AND TACTICS (SWAT)	\$1,457,587	\$1,459,594
TRAFFIC ENFORCEMENT	\$518,700	\$518,700
Strategy Total, SPECIAL INVESTIGATIONS:	\$21,871,507	\$21,791,999

State
Budget by
Program

AFFECTED AGENCIES

- 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)

Selected agencies:

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

BENEFITS OF SFR

- 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

SFR PROCESS

Process developed:

- LBB-developed template
 - Agencies charged with providing data
 - LBB staff will analyze submissions, provide content, and work into a format for distribution

DATA COLLECTION

- Collect detailed program information from affected state agencies and institutions of higher education
 - Initial source is information from the State Budget by Program database
 - <http://sbp.lbb.state.tx.us/>
 - 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: Programs

■ 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 COLLECTION: Activities

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: Funding Alternatives

For each program, agency asked to describe operations at three funding levels:

- Constant, which might include a reallocation of existing resources and/or methods of finance;
- Reduced or eliminated, describing the ramifications of a funding reduction; and
- Enhanced, describing the ramifications of increased funding.

DATA ANALYSIS

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 at the program level

DELIVERABLES

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

Timeline

- August 20: LBB Director provided parameters to affected agencies and institutions
- September 4 & 5: LBB Director and staff provided training for selected agencies and institutions of higher education
- September – November: Data Collection
- October – December: Data Analysis
- January – May: Legislative consideration of SFR information

DEFINITIONS

Programs are defined as an agency function, activity, or group of activities could be defined as a program if it meets one or more of the following criteria:

- a named program, function, or activity [i.e., named in federal and/or state law, agency rules (T.A.C.), or identified by a common name];
- a group of activities designed to achieve a specified goal;
- funded at 1 percent or more of the agency's budget;
- directly related to the core mission of the agency;
- referenced in a rider;
- funding decision point for the legislature; and/or
- historically of interest to the legislature or the public.

Activities are defined as a group of functions that produce one or more products or services (outputs / deliverables) which are directly tied to the program objectives.

Considerations:

- What major functions (products /services / deliverables) are completed to fulfill the needs of the Program?
- Are the functions primarily assigned only to that Activity?
- How can these products or services be logically grouped?

EXAMPLE

PROGRAM:

Establish and maintain standards in examination and education and enforce state regulations relating to the profession.

ACTIVITIES:

Issue Licenses

Administer an application and examination system; solicit and receive applications; examine applicants; determine test results; issue licenses.

Provide an Education and Peer Review System

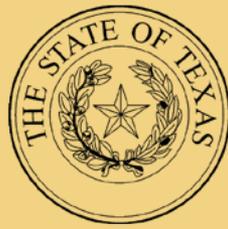
Maintain a comprehensive quality review program for all licensees utilizing industry standards as a measure of competence and oversight through a Peer Review Board. Develop and distribute education materials to licensees and the general public.

Enforce Rules and Regulations

Receive and evaluate complaints; conduct investigations; refer unresolved cases to the State Office of Administrative Hearings (SOAH).

Direct Administration

Propose and implement standards; propose rates for fees and fines; collect revenue related to licenses and enforcement actions.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

www.lbb.state.tx.us

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