FISCAL IMPACT REPORT

		LAST UPDATED	
SPONSOR	Tobiassen/Muñoz/Campos	**ORIGINAL DATE**	2/21/2025
SHORT TITLE	Identify Agencies Failing To Meet Standards	**BILL NUMBER**	Senate Bill 496
		ANALYST	Fischer

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*
(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	No fiscal impact	No fiscal impact	No fiscal impact			

Parentheses ( ) indicate expenditure decreases.
*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

SUMMARY

Synopsis of Senate Bill 496

Senate Bill 496 requires the Legislative Finance Committee to identify agencies that have failed to meet Accountability in Government Act performance standards in the General Appropriation Act and recommend reductions in the budgets of those agencies. This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The performance review and budget-making activities in SB496 would not add significantly to the existing activities of the LFC staff. Therefore, there would be no impact on the office's operating budget. There would be presumed savings to the state from reductions proposed to the budgets of underperforming agencies, but the levels of reductions and the number of underperforming agencies would likely change from year to year.

SIGNIFICANT ISSUES

The bottom line of performance-based budgeting is the effective use of taxpayer dollars. By measuring performance—quantifying what an agency does and the results—and setting goals, policymakers and the public can see whether a program is working and cost-effective.

Performance reports, such as the LFC's quarterly Accountability in Government Act report cards, are the foundation of the LFC's overall "legislating for results" policy and budgeting frameworks.

The provisions of SB469 require the LFC recommend budget reductions for all low-performing agencies, reinforcing the committee's emphasis on using performance information in making budgetary decisions.

However, it should be noted that performance information alone is unlikely to tell which factors caused the outcomes and to what extent each factor contributed to an outcome. Nor can this information identify how many dollars of appropriation are linked to the successful achievement of an outcome. These issues require additional evaluation and investigation. In addition, performance information seldom identifies specific actions needed to correct problems. It can, however, offer useful clues as to what needs to be done and where.

MF/rl/hg