The BON, TSBP and TMB combined regulate over 500,000 nurses, pharmacists, and physicians and have combined budgets of $26 million. Granting self-directed, semi-independent status (SDSI status) will give them the ability to operate more like a business and to fulfill their mission to protect the public more efficiently and effectively.

**Request**

Support SB 1375 by Hinojosa / HB 2361 by Darby granting SDSI status to the BON, TSBP and TMB. All three agencies will undergo Sunset review in 2017 which will provide an opportunity for evaluating the application of SDSI status to health care licensing agencies. Although nine agencies currently have SDSI status, none are health care licensing agencies. The Sunset Commission recently reviewed the SDSI status of the accounting, engineering, and architectural boards which have had SDSI status on a pilot basis since 2001 and made several recommendations for improving SDSI. SB 1375 / HB 2361 incorporate those recommendations.

**Agencies with SDSI Status**

The Legislature has granted nine agencies SDSI status since 2001.

<table>
<thead>
<tr>
<th>Year</th>
<th>Agency Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Board of Public Accountancy, Board of Professional Engineers, Board of Architectural Examiners</td>
</tr>
<tr>
<td>2009</td>
<td>Finance Commission, Department of Banking, Department of Savings &amp; Mortgage Lending, Office of Consumer Credit Commissioner, Credit Union Department</td>
</tr>
<tr>
<td>2011</td>
<td>Texas Real Estate Commission, Financial Examiners and Actuarial Divisions of Texas Department of Insurance</td>
</tr>
</tbody>
</table>

**How Will SDSI Work for BON, TSBP, TMB**

1. Agency’s operations will be supported solely by licensing and other fees paid by licensees.
2. Agency will continue as a state agency in respect to:
   a. Agency board appointed by Governor;
   b. Agency subject to:
      * open meeting law;
      * public information law;
      * administrative procedures act; and
      * sunset review (2017);
   c. Agency contested cases heard by SOAH;
   d. Agency represented by Office of the Attorney General;
   f. Agency subject to state purchasing rules;
   g. Agency will have sovereign immunity
   h. Agency employees are state employees and members of the Texas Employees Retirement System.
3. Agency will become responsible for facility leases, equipment, supplies and records.
4. Agency reports to the Legislature and the Governor.

The Legislature retains jurisdiction of the Nursing Practice Act, Pharmacy Act, and Medical Practice Act, and it can revise or rescind SDSI status at any time.

**Appropriations and Budget for BON, TSBP, TMB**

1. Agency removed from the legislative appropriation process and budget set by the Agency’s Governor-appointed Board.
2. Agency establishes fees to cover costs of operations but authority limited to costs of running agency programs.
3. Agency contracts with the Office of the State Auditor to conduct financial and performance audits.
4. Agency pays other state agencies, e.g., Auditor, Comptroller, Attorney General and SOAH, for any services received.
5. Agency reports expenses and revenue collections to the Legislature, the Legislative Budget Board, and the Governor.
6. Agency liabilities are its responsibility and not the State’s.
7. Agency will contribute a legislatively-determined amount of funds to general revenue each biennium.

**Advantages**

1. Permits Agency to operate more like a business with flexibility to expand and contract resources as needed resulting in enhanced responsiveness to public and licensees including more timely resolution of licensing and disciplinary matters.
2. Reduces Agency’s administrative oversight burden to State - fewer reports to oversight agencies with most reports being on an annual basis.
3. Makes Agency more accountable to stakeholders through an annual budget process that will involve licensees and interested constituents in evaluating cost of operation.
4. Requires Agency to pay all of their cost of doing business and which increases funding to State oversight agencies and the Texas Facilities Commission.
5. Increases Agency’s financially transparency by displaying correlation of the collections of fees and cost of operations.
6. Permits Agency to respond more quickly to the financial needs of third party groups who provide direct services to licensees such as peer assistance programs and healthcare workforce data centers.

**Who Supports**

- Texas Medical Association
- Texas Academy of Physician Assistants
- Texas Nurses Association
- Coalition for Nurses in Advanced Practice
- Texas Nurse Practitioners
- Career Colleges and Schools of Texas
- Texas Pharmacy Assn
- Texas Federation of Drug Stores
- Texas Pharmacy Bus Council
- Texas Soc of Health System Pharmacists
<table>
<thead>
<tr>
<th>ISSUE</th>
<th>WHAT HAPPENS NOW?</th>
<th>WHAT WILL CHANGE UNDER SELF-DIRECTED/SEMI-INDEPENDENT STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGENCY BUDGET</strong></td>
<td>The agency budget is set by the Legislature.</td>
<td>The agency budget will be set by the members of the agency board. All of the members continue to be appointed by the Governor. However, the agency will file annual reports on the agency budget to the House Appropriations Committee, the Senate Finance Committee, the Legislative Budget Board, and the Governor.</td>
</tr>
<tr>
<td><strong>OVERSIGHT – The agency’s subject to oversight by the following</strong></td>
<td><strong>Legislature</strong></td>
<td>The Legislature passes all laws relating to control scope of practice and other requirements such as licensure and enforcement requirements outlined in the practice acts of the agencies.</td>
</tr>
<tr>
<td></td>
<td><strong>Governor’s Office</strong></td>
<td>The agency is assigned a policy analyst who monitors the agency’s activity.</td>
</tr>
<tr>
<td></td>
<td><strong>State Auditor’s Office</strong></td>
<td>Periodic audits are conducted by SAO.</td>
</tr>
<tr>
<td></td>
<td><strong>Comptroller’s Office</strong></td>
<td>The agency is assigned an Appropriations Control Officer (ACO) who monitors the agency.</td>
</tr>
<tr>
<td></td>
<td><strong>Sunset Advisory Commission</strong></td>
<td>The agency is subject to Sunset Review every 12 years. The next Sunset Review for all three agencies is scheduled for 2017.</td>
</tr>
<tr>
<td></td>
<td><strong>State Laws affecting State Agencies</strong></td>
<td>The agency is subject to state laws governing its operations such as Open Meetings Act, Public Information Act, Administrative Procedures Act, Government Code, and Ethics Laws.</td>
</tr>
<tr>
<td><strong>EMPLOYEES</strong></td>
<td>The agency is responsible for paying from funds generated by the agency the state’s portion of all employee benefits including social security, Insurance, and employee retirement.</td>
<td>No Change</td>
</tr>
<tr>
<td><strong>SERVICES PERFORMED BY OTHER STATE AGENCIES</strong></td>
<td>The agency pays from revenue generated through agency fees a prorated share of expenses to the Comptroller, Attorney General, State Office of Administrative Hearings, and the State Auditor’s Office</td>
<td>The agency will pay actual costs for all services provided by another state agency.</td>
</tr>
</tbody>
</table>