Background

History has a way of not only repeating itself, but also deleting itself. Approaching the 40th anniversary of the Texas Sunset Act, Sunset staff feared that without a permanent record of its genesis and development, the Sunset process could fall victim to the passage of time, causing lessons learned to be lost and history needlessly repeated. The following material provides such a record.

The creation and expansion of Sunset in the United States happened in a time of widespread concern during the 1970s about the growth of federal and state agencies and a need for tools to give legislatures more control over state agencies and programs. Colorado was the first state to adopt a Sunset Act in 1976. Texas soon followed with the enactment of the Texas Sunset Act in 1977 and the concept rapidly expanded to 35 states by 1982.1,2

Texas recognized the need to better control government expansion in 1973 preceding enactment of Sunset. In that year the state initiated a system of program budgeting and evaluation requiring state agencies to identify their programs, the need for those programs, and a way to quantify the results of those programs.3 Then, in 1974, the Texas Legislature met as a constitutional convention to consider a comprehensive overhaul to the state’s primary law to further streamline and improve Texas government. This 1974 effort to amend the constitution failed, along with a second effort in 1975.4

Although failing, these constitutional revision attempts are significant in Sunset’s history in Texas because they included consideration of a Sunset provision, fully two years before the first enactment of Sunset in the United States. The provision would have limited the life cycle of most state agencies to 10 years.5

The Texas Legislature continued concentrated work to make state government more efficient, effective, and accountable through its 1975 Joint Advisory Committee on Government Operations composed of 18 legislative and public members including the chair, Lieutenant Governor William Hobby; and vice chair, Speaker of the House Bill Clayton.6 The Hobby-Clayton Committee, as it was called, performed an extensive review of government operations and submitted its recommendations, including a proposal to create a Sunset process, to Governor Dolph Briscoe and members of the 65th Legislature in 1977.7

The Legislature took that advice and spent considerable time and effort writing the provisions of the Texas Sunset Act. The table on the following page, Selected Differences in House and Senate Versions of the Original Texas Sunset Act, displays a few of the significant differences in the first Sunset bill. The Legislature ultimately enacted the Texas Sunset Act through Senate Bill 54, authored by Senator Lloyd Doggett and sponsored by Representative John Wilson, adding Sunset to oversight tools available to the Texas Legislature.
### Selected Differences in House and Senate Versions of the Original Texas Sunset Act

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Senate Version</th>
<th>House Version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies subject to Sunset review</td>
<td>79 licensing and regulatory agencies and their advisory committees</td>
<td>179 agencies and their advisory committees</td>
</tr>
<tr>
<td>Agency life cycle / Sunset date</td>
<td>8 years</td>
<td>12 years</td>
</tr>
<tr>
<td>Sunset governing body:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Name</strong></td>
<td>Joint Legislative Committee for Review of Regulatory Agencies</td>
<td>Sunset Advisory Commission</td>
</tr>
<tr>
<td><strong>Membership</strong></td>
<td>8 (4 members of the Senate, 4 members of the House)</td>
<td>11 (3 members of the Senate, 3 members of the House, 3 public members, and the lieutenant governor and speaker by virtue of election to their offices)</td>
</tr>
<tr>
<td><strong>Term of members</strong></td>
<td>4 years, with maximum service of 6 years</td>
<td>6 years, with maximum service of 6 years (term limitation not applicable to the lieutenant governor and speaker)</td>
</tr>
<tr>
<td><strong>Chair</strong></td>
<td>Elected by committee membership every two years, alternating between House and Senate</td>
<td>Elected by committee membership every two years no alternating provision</td>
</tr>
<tr>
<td>Criteria used to evaluate agencies under review</td>
<td>15 criteria aimed at licensing and regulatory agencies</td>
<td>24 criteria applicable to a broad range of agencies</td>
</tr>
<tr>
<td>Reports submitted by agencies under review</td>
<td>Agency required to submit report on its advisory committees to Secretary of State. No requirement for a “self evaluation report.”</td>
<td>Agency required to submit a “self evaluation report” to the Sunset Advisory Commission, but no separate report on advisory committees.</td>
</tr>
</tbody>
</table>

### Evolution of the Texas Sunset Act

The final version of the Sunset bill featured compromises that still form the foundation of the Texas Sunset Act. The text that follows outlines those foundational elements and the most significant changes made to the process over Sunset’s 40-year history. The timeline on the following page, *Selected Significant Events in the History of Sunset in Texas*, capsulizes major events in Sunset’s history.

### Agencies Subject to Sunset

The Texas Sunset Act defines the entities subject to review through the definition of “state agency” found in the Act. Initially, the Act’s definition limited state agencies to those “expressly made subject” to the Sunset law; or an entity created after 1977 that is part of any branch of state government that has statewide jurisdiction, with the exception of institutions of higher education.

While broad, the definition excluded regional entities such as river authorities from Sunset. Legislative interest in reviewing river authorities resulted in their addition to the definition of “state agency” in 1985, making these entities clearly within Sunset’s scope.\(^9,10\)
## Selected Significant Events in the History of Sunset in Texas

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>Proposed amendments to the Texas Constitution, including a Sunset provision, fail at the polls.</td>
</tr>
<tr>
<td>1975</td>
<td>Two public members added to the Sunset Commission, bringing its membership to 10.</td>
</tr>
<tr>
<td>1977</td>
<td>Joint Advisory Committee on Government Operations (Hobby-Clayton Committee) recommends enactment of Sunset.</td>
</tr>
<tr>
<td>1980</td>
<td>Texas Sunset Act signed by the governor. The act places 177 agencies under Sunset review, creates an eight-member Sunset Advisory Commission with four House and four Senate members, and designates the Legislative Budget Board as staff of the commission.</td>
</tr>
<tr>
<td>1981</td>
<td>Sunset required to review and comment on legislation creating a new regulatory agency. Later amended in 2007 to expand the review to state agencies generally.</td>
</tr>
<tr>
<td>1985</td>
<td>River authorities added to the Sunset schedule for review but not abolished in 1991.</td>
</tr>
<tr>
<td>1990</td>
<td>Restrictions on the definition of “state agency,” a term clarifying entities under Sunset, amended a final time to simply include those agencies “expressly made subject” to the act.</td>
</tr>
<tr>
<td>1991</td>
<td>River authorities removed from Sunset before their scheduled 1991 reviews.</td>
</tr>
<tr>
<td>1999</td>
<td>Requirement to review Harris County, Corpus Christi, Austin, and Dallas transit authorities repealed.</td>
</tr>
<tr>
<td>2000</td>
<td>Sunset required to consider an agency’s effectiveness; authority relating to fees, inspections, enforcement and penalties; and hearing process in its reviews.</td>
</tr>
<tr>
<td>2001</td>
<td>Additional criteria for Sunset to use in evaluating occupational licensing agencies added to the Sunset Act.</td>
</tr>
<tr>
<td>2003</td>
<td>Self-directed semi-independent agencies, currently numbering eight, required to pay the cost of their Sunset reviews.</td>
</tr>
<tr>
<td>2007</td>
<td>Authority of the Sunset Commission and its staff to attend any public or private meeting of an agency or its governing board in connection with a Sunset review; and to inspect any privileged or confidential documents of these agencies subject to appropriate safeguards, statutorily affirmed.</td>
</tr>
<tr>
<td>2010</td>
<td>Sunset required to recommend continuing or abolishing each statutory reporting requirement imposed on an agency under review.</td>
</tr>
<tr>
<td>2013</td>
<td>Sunset required to consider agency compliance with purchasing guidelines and programs for historically underutilized businesses.</td>
</tr>
</tbody>
</table>
Actions of the 1987 and 1989 Legislatures stripped away the river authority language and other parts of the definition except the simple provision that a state agency means “an agency expressly made subject” to Sunset. The simplified definition remains in the act today and gives the Legislature flexible authority to add or remove entities from Sunset oversight through amendment to agency statutes. Entities included for review have ranged from port authorities to individual programs of agencies such as the Office of Child Support Enforcement at the attorney general’s office.

Structure of the Sunset Advisory Commission

Membership. The Legislature has changed the composition and operation of the commission as experience suggested the need. Initially, the commission comprised four senators and four representatives appointed by the lieutenant governor and speaker to four-year terms. These two officers could appoint themselves to the commission to replace one of their appointed positions, a provision that remains in place today but has never been used. Members of the commission elected the chair each biennium, with the chair alternating between House and Senate.

In 1981, the Legislature made a number of significant additions to the commission’s composition by adding two public members, one each appointed by the speaker and lieutenant governor to two-year terms, bringing the commission membership to 10. The Legislature also changed the method of selecting the chair from election by commission members to appointment by the speaker and lieutenant governor, as is done today. Then, in 2003, the Legislature once again increased the size of the commission by adding another House and Senate member to arrive at the current 12-member commission. These changes to the act emphasized the importance of input from persons outside government or elected office, and recognized the need for a larger number of legislative leaders to serve as Sunset bill authors and sponsors familiar with Sunset recommendations.

Voting. Initially, the Sunset Act specified no final action or recommendation of the commission could be made without affirmative votes from at least three speaker appointments and three lieutenant governor appointments. That voting requirement changed in 1981 when the Legislature added two public members to bring membership to 10 and changed the vote for final action to simply a majority of the full membership of the commission. The act was silent, however, on voting requirements for actions that were not final until 2007 when the Legislature clarified that all other actions be decided by the less onerous requirement of a majority of the members present and voting. This change codified the commission’s actual practice in considering agency-related recommendations in commission meetings throughout the biennium while taking one final vote by majority of all commission members to submit all recommendations to the Legislature.

Staff. Sunset’s enabling legislation first named personnel of the Legislative Budget Board as the Sunset Commission’s staff. In 1981, the Legislature made Sunset a separate agency with its own executive director and staff in the arrangement used currently. This change allowed the commission to receive focused attention from a separate staff without responsibilities for performing budget-related work, the primary focus of the Legislative Budget Board.

Reporting and Hearing Requirements

Most substantive Sunset reporting and hearing requirements in the 1977 Sunset Act still continue. These requirements include, in the order of occurrence, an agency’s self evaluation report to the Sunset Commission, a Sunset staff report containing staff findings and recommendations on a reviewed agency, Sunset Commission hearings to consider recommendations, and finally the commission’s report to the Legislature compiling the commission’s final recommendations. Changes to reporting often dealt with
timing for submission or completion of reporting and hearing elements. One notable exception was the Legislature’s addition of a reviewed agency’s “report on reports” in 2011, in which an agency must identify the list of reports statute requires it to prepare and the need for those reports.17

The table, Changes in Timing of Sunset Reporting and Hearing Requirements, displays modifications in reporting and hearing dates over Sunset’s 40 years. Overall, changes result in giving more time to develop staff reports and hold Sunset Commission hearings.

<table>
<thead>
<tr>
<th>Changes in Timing of Sunset Reporting and Hearing Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Self Evaluation Report due:</td>
</tr>
<tr>
<td>Agency report on reports due:</td>
</tr>
<tr>
<td>Performance evaluation / agency review due:</td>
</tr>
<tr>
<td>Hearings finished:</td>
</tr>
<tr>
<td>Commission reports due:</td>
</tr>
</tbody>
</table>

Criteria for Reviewing Agencies Under Sunset

The Legislature has both clarified and expanded on the 13 evaluative criteria set out in the first Sunset Act to guide evaluation of agencies being reviewed. The following count among the major substantive revisions.

- In 1999, the Legislature required Sunset to evaluate how well an agency complies with purchasing requirements for historically underutilized businesses and keeps records in a way that allows fast response to requests for public information.18

- In 2007, the Legislature made many clarifying changes in existing criteria, among them requiring Sunset to consider not only an agency’s efficiency but also its effectiveness; to assess an agency’s authority relating to fees, inspections, enforcement, and penalties; and to evaluate an agency’s hearings process.19

- In 2011, the Legislature required Sunset to evaluate whether the various reporting requirements imposed on an agency justify their continuance.20

- In 2013, the Legislature added a new list of criteria to apply to agencies that license occupations or professions.21
These and other changes speak to the Legislature’s continuing interest in using Sunset not only to determine the need for an agency but also to evaluate agencies’ performance and success in serving the public and the appropriate scope and value of an agency’s authority.

**Sunset Commission Duties**

Since its inception, the Sunset Act has laid out duties of the commission beyond evaluation of agencies based on the statutory criteria. The Legislature has increased Sunset’s duties over time to address oversight gaps and help watch over creation of new agencies.

In 1981, the Legislature charged Sunset with reviewing the implementation of commission recommendations and legislation from the prior biennium. The commission reports its findings to the Legislature each biennium in a “compliance” report.\(^\text{22}\)

In 1985 and as refined in 2007, the Legislature directed Sunset to review and, if asked to do so, comment on legislation creating a new state agency.\(^\text{23}\) In a related provision from 2013, a member of the Legislature may submit proposed legislation creating a new occupational licensing program or substantially affecting an existing one to the Sunset Commission for review and analysis. If the commission’s chair agrees to the review, the commission must report to the Legislature on the need for the legislation.\(^\text{24}\)

**Sunset Commission Recommendations**

The Sunset Act specifies the types of recommendations the commission must include in its final report to the Legislature each biennium. The act initially addressed the topics of abolition, continuation, or reorganization of agencies and their advisory committees; recommended appropriation levels for these entities; and drafts of legislation to implement recommendations. While the act still addresses these topics in the same or modified form, the Legislature added substantially to recommendation-related provisions.

Amendments in 1981 clarified the commission could make recommendations on consolidation, transfer, or reorganization of programs in agencies not under review if they duplicated functions of an agency being reviewed.\(^\text{25}\) Then, in 1987 and later enactments, the Legislature charged the commission with forwarding management recommendations to the state auditor, who could, if desired, examine and report on the implementation of these recommendations in future audits.\(^\text{26}\) The Legislature later amended the act to codify actual commission practice by stating the Sunset Commission could recommend improvements in the operations of agencies under review, including non-statutory management recommendations.\(^\text{27}\)

Non-statutory recommendations have proven to be an effective tool for Sunset, as agencies often have sufficient authority, but may fail to successfully manage operations. Finally, in keeping with other amendments to simplify agency reporting requirements, in 2011 the Legislature directed the commission to recommend continuing or abolishing each statutory reporting requirement imposed on an agency under review.\(^\text{28}\)

**Procedure After an Agency Terminates Under Sunset**

The basic termination provisions giving an agency one year to wind down its business have remained intact since enactment of the Sunset Act. The act’s provision requiring the abolished agency and the state’s workforce agency to help relocate displaced employees has been part of the act from the outset, although never used.

Most amendments to the termination procedure that have occurred over time have clarified the disposition of remaining funds and assets and agencies charged with those responsibilities. As one of the more
important amendments, immediately after the 1977 passage of the act, the Legislature added language in the first called session of 1977 to clearly recognize the state’s continuing obligation to pay bonded indebtedness and other obligations of an agency abolished under Sunset.  

### Major Oversight Powers and Process Protections

The Sunset Act includes various process powers and protections to ensure the commission’s access to information necessary to do its oversight job. Since its inception, the commission has had the authority to subpoena witnesses and information, a power that has never been amended substantively or used.

In 2003, to ensure open discussion with agency employees and stakeholders, the Legislature excepted from public disclosure Sunset working papers used to evaluate an agency and prepare a report. The Legislature also affirmed that confidential records Sunset receives from other agencies remain confidential in the commission's hands.

Issues related to confidentiality reappeared in 2013. Reacting to questions about the authority of the commission and its staff, the Legislature defined within Sunset’s scope the right to attend any proceeding of a state agency or its governing board, whether open or closed to the public. The Legislature clarified Sunset’s authority to inspect the records of any state agency, including, among others, records made privileged or confidential by law. The Legislature also took steps to ensure Sunset stayed within appropriate bounds, affirming access to such sensitive information did not waive confidentiality requirements protected by law or procedure and allowing a state agency to require the commission or its staff to sign a confidentiality agreement. Finally, the Legislature cautioned that a person’s misuse of confidential information, as defined in the Sunset Act, creates an offense.

### Changes in Agencies Subject to Sunset Review

Over time, the Legislature has added and removed agencies from Sunset’s original list of 177. The net effect of these actions, including 37 agencies abolished through Sunset, results in 139 agencies subject to the Texas Sunset Act today. The Legislature also has adjusted Sunset to fit changes in state agency structures. Some of the more notable examples follow.

#### River Authorities

River authorities as a group were first added to the Sunset Act in 1985 for review, but not abolishment, in 1991. However, the Legislature repealed these provisions in 1989 before they came under review. River authorities once again made their appearance in the Sunset Act in 2015 for review, but not abolishment. Statute staggers the review of 18 authorities in the biennia ending in fiscal years 2017, 2019, 2021, and 2023.

#### Metropolitan Transit Authorities

The Legislature added Metropolitan Transit Authority of Harris County, Corpus Christi Regional Transit Authority, Dallas Area Rapid Transit Authority, and Capital Metropolitan Transportation Authority under Sunset in 1987 and 1989. Review but not abolishment of these authorities occurred over two biennia ending in fiscal years 1989 and 1991. These authorities were removed from the Sunset schedule in 2001.
Self-Directed Semi-Independent (SDSI) Agencies

Although not put into operation until 2001, in 1999 the Legislature enacted the Self-Directed Semi-Independent Project Act. This act granted the accountancy, architecture, and engineer boards authority to operate outside the appropriations process and made them responsible for their own operations and expenses. The Legislature has granted SDSI status to an additional five agencies since that time.

All of these agencies undergo Sunset review, but their status as SDSI agencies changed how Sunset funds their reviews. For most state agencies, Sunset pays for a review out of its budget. In 2013, the Legislature amended the Sunset Act to require SDSI agencies to compensate Sunset for reviewing their agencies, a change in line with SDSI agencies’ control over their own budget and freedom of operations. The Legislature also has required other entities to pay for the cost of their Sunset reviews in certain situations, such as a review of entities not typically included in the Sunset schedule or not included in the state’s appropriation process.

Final Thoughts

Sunset is now marking its 40th year in the Legislature’s oversight toolbox and is cited as a national model for the process. States enacting Sunset laws could have reached about 40 at one point, but remaining states with an active Sunset process now number about 15.

Several reasons can be cited for this reduction. Sunset processes nationally have not met early expectations of eliminating large numbers of agencies and saving significant sums of money. Also, most agencies, even small and possibly unnecessary ones, have vocal constituencies who oppose agency termination. Finally, change is difficult. For example, businesses dependent on a regulatory structure for their success generally oppose deregulation. An effective Sunset process requires legislative decisions that take into account these many pressures from the business community or other constituencies.

Sunset in Texas has experienced these same expectations and difficulties. History in Texas also shows that Sunset’s central feature of requiring a bill to pass to continue an agency adds complexity to steering Sunset bills to enactment. These bills can attract potentially controversial provisions from related legislation that may otherwise fail, endangering passage of Sunset legislation.

Sunset has continued in Texas because, despite difficulties, the Legislature has found and capitalized on opportunities for more efficient and effective government through Sunset. The results achieved have outweighed Sunset’s downsides, as witnessed by the continuation of Sunset today.

Results

Eliminating agencies and saving money are not the only benefits of Sunset as originally envisioned, but Sunset does have strong positive results in these areas. Since 1977, Sunset has helped streamline state government through the outright abolishment of 37 agencies and the consolidation of another 46 agencies and programs. Benefits to taxpayers amount to $980 million in savings and increased revenues.

Beyond reduction in agencies and savings, the lasting benefits of Sunset stem from an ongoing oversight process making state government more efficient and accountable in various ways.

• Sunset recommendations reorganizing aspects of state government may not always produce immediate savings but often result in more efficient operations. Examples include the reorganization of health and human services agencies voted into law in the 2015 legislative session, creation and promotion of the Texas Department of Licensing and Regulation as an umbrella licensing agency for many
occupations, and the 2011 consolidation of the Texas Youth Commission and the Texas Juvenile Probation Commission into the Texas Juvenile Justice Department.

- Many implemented Sunset recommendations simply make state government work better, more openly, and more fairly for the public and the regulated community. For example, a large number of occupational licensing agencies have implemented many best practices stemming from Sunset's Licensing Model, and agencies such as the Health and Human Services Commission are reforming large contracting operations affecting hundreds of millions of dollars as a result of recommendations coming from their Sunset reviews.46

- Sunset public hearings enable all groups affected by the actions of a state agency to have a forum to identify problems, suggest solutions to those problems, and offer other ideas for better government operations. Many such suggestions have worked their way into Sunset legislation over the years.

- The Legislature has used Sunset to increase accountability of agencies experiencing problems. These agencies are sometimes moved forward in the Sunset review schedule, thus keeping attention focused on their issues. In a related effect, the desire to avoid an unfavorable Sunset report leads many agencies to assess and improve their operations before Sunset arrives for a review. Sunset staff often find an agency has implemented positive changes the year before its Sunset review begins.

Much more detail on the results of the Sunset process in Texas is contained in the publication Sunset in Texas, available on the Sunset Commission website.47

Structure of Sunset
These results flow in part from a solid foundation underlying Sunset. The Sunset Act contains important provisions for success, including criteria directing the focus of reviews; appropriate oversight powers, including authority to attend closed meetings and inspect confidential materials subject to appropriate limitations; reporting, hearing, and other provisions promoting transparency and openness; and a professional staff to assist in development of recommendations. Also, as shown above, the act has been amended over time to iron out procedural or structural problems.

Legislative leadership has played a critical role in the results of Sunset. They have paid close attention to managing and shaping the Sunset tool. As part of this attention, leadership have appointed influential, active, and knowledgeable legislative and public members to the commission to shape recommendations and help guide Sunset bills through the Legislature.

Sunset is not an easy process, but it has achieved meaningful results. Its future, as its past, depends on the value legislators place on its effectiveness to help them do their important, constitutionally-driven job of creating and overseeing state government operations.
The History of Sunset in Texas


10. Certain river authorities were put under Sunset in that same year, as described later in this document.


35 Although the Legislature removed the provision scheduling all river authorities for Sunset review in 1991, Sunset reviewed the board of directors of the Guadalupe-Blanco River Authority in 1995.
39 The Legislature subsequently placed, and Sunset reviewed, the Capital Metropolitan Transportation Authority in 2011.
43 The LBJ School of Public Affairs at The University of Texas at Austin in partnership with Deloitte Research, Executing Government Transformation: Case Studies of Implementation Challenges (Austin, TX: The LBJ School of Public Affairs at The University of Texas at Austin in partnership with Deloitte Research, May 2008), 88; Cynthia Opheim, Landon Curry, and Patricia M. Shields, "Sunset as Oversight: Establishing Realistic Objectives," American Review of Public Administration 24, no. 3 (September 1994), 254.