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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 2521

Session of  
2008

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INTRODUCED BY BEYER, BEAR, BOYD, FAIRCHILD, GINGRICH, GOODMAN,  
GRELL, HENNESSEY, HORNAMAN, KAUFFMAN, MACKERETH, MANDERINO,  
MCILHATTAN, MCILVAINE SMITH, R. MILLER, MILNE, PICKETT, ROAE,  
SAYLOR, SCHRODER, SIPTROTH, STERN AND SWANGER, MAY 13, 2008

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REFERRED TO COMMITTEE ON APPROPRIATIONS, MAY 13, 2008

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AN ACT

1 Providing for zero-based budgeting.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Zero-based  
6 Budgeting Act.

7 Section 2. Findings.

8 The General Assembly finds and declares as follows:

9 (1) The traditional method of budget development, which  
10 relies upon incremental adjustments to expenditures made in  
11 the previous financial period, insulates governmental  
12 activities from the thorough fiscal review expected by  
13 taxpaying citizens.

14 (2) New and changing demands for public services are met  
15 through excessive budget growth rather than by pruning  
16 obsolete programs and redirecting existing funds. Some

1 programs were established so long ago that the original  
2 statutory basis has either been forgotten or is out-of-date.  
3 In time the budget is driven by inertia rather than by clear  
4 and defensible purposes.

5 (3) Zero-based budgeting is an effective method to  
6 counter the tendency toward perpetuation of outdated State  
7 programs.

### 8 Section 3. Budget review.

9 (a) Review.--The Secretary of the Budget shall subject every  
10 program in State government to zero-based budget review no less  
11 often than once every five years. In order to implement this  
12 schedule, approximately one-fifth of the budget shall be subject  
13 to zero-based budgeting in each year beginning in 2011. In 2009,  
14 the Governor shall submit a zero-based budget for agencies with  
15 a cumulative total of expenditures of at least 20% of the  
16 General Fund budget.

17 (b) Agency plan.--To accommodate zero-based budget review,  
18 the Secretary of the Budget shall require agencies to prepare  
19 and submit a zero-based budget plan in addition to any other  
20 information that may be required by statute, rule or directive.  
21 At a minimum, the plan shall contain the following information:

22 (1) A description of those discrete activities that  
23 comprise the agency and a justification for the existence of  
24 each activity by reference to statute or other legal  
25 authority.

26 (2) For each activity, a quantitative estimate of any  
27 adverse impacts that could reasonably be expected should the  
28 activity be discontinued, together with a full description of  
29 the methods by which the adverse impact is estimated.

30 (3) For each activity, an itemized account of

expenditures that would be required to maintain the activity at the minimum level of service required by the statutory authority, together with a concise statement of the quantity and quality of services required at that minimum level.

(4) For each activity, an itemized account of expenditures required to maintain the activity at current levels of service, together with a concise statement of the quantity and quality of services being provided.

(5) A ranking of all activities that shows the relative contribution of each activity to the overall goals and purposes of the agency at current service levels.

#### Section 4. Educational services.

Notwithstanding section 3, the following shall not be subject to zero-based budget review within the Department of Education:

(1) Class size.

(2) School curriculum.

(3) Direct services offered to students by classroom teachers in the public schools. Examples of direct services are teaching, coaching, library and media services and career counseling services provided within the public school system.

Indirect services such as overhead costs, administrative costs and support services shall be subject to zero-based budget review.

#### Section 5. Effective date.

This act shall take effect in 60 days.