AN ACT

Providing for zero-based budgeting.

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

Section 1. Short title.

This act shall be known and may be cited as the Zero-Based Budgeting Act.

Section 2. Findings.

The General Assembly finds and declares as follows:

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

(2) New and changing demands for public services are met through excessive budget growth rather than by pruning obsolete programs and redirecting existing funds. Some
programs were established so long ago that the original statutory basis has either been forgotten or is out of date. In time, the budget is driven by inertia rather than by clear and defensible purposes.

(3) Zero-based budgeting is an effective method to counter the tendency toward perpetuation of outdated State programs.

Section 3. Budget review.

(a) Review.--The Secretary of the Budget shall subject every program in State government to zero-based budget review no less often than once every five years. In order to implement this schedule, approximately one-fifth of the budget shall be subject to zero-based budgeting in each year beginning in 2026. In 2024, the Governor shall submit a zero-based budget for agencies with a cumulative total of expenditures of at least 20% of the General Fund budget.

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

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

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

(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.