

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1341

PRINTER NO. 2080

AMOUNT

FY 2016-17: No Fiscal Impact
FY 2017-18: \$400,000

FUND

General Fund

DATE INTRODUCED

July 11, 2016

PRIME SPONSOR

Senator Mensch

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 1341 is the Performance-based Budgeting Act.

The act is intended to establish a statutorily-authorized performance-based budget component to enhance and improve budget development and decision making associated with the annual budget process.

The legislation:

- Requires the Secretary of the Budget to initiate a program of performance-based budget reviews as part of the annual budget preparation and program evaluation processes beginning in fiscal year 2018-19.
- Requires the Secretary of the Budget, in conjunction with the Executive Director of the Independent Fiscal Office (IFO), to establish a schedule of performance-based budget reviews for all agencies under the Governor's jurisdiction. The schedule must provide that all agencies are subject to review at least once every five years.
- Provides that the General Assembly may direct the conduct of a performance-based budget review by adoption of a concurrent resolution.
- Provides that the Secretary shall, when an agency is scheduled for review, direct the agency to provide such information as the IFO may require to prepare a performance-based budget plan. Such information shall be submitted contemporaneously to the IFO, the Secretary and the chairmen and minority chairmen of the House and Senate Appropriations Committees.
- Provides that the IFO shall develop performance-based budget plans and performance measures for agencies subject to a performance-based budget review. Performance measures must include outcome-based measures, efficiency measures, activity cost analysis, ratio measures, measures of status improvement of recipient populations, economic outcomes and performance benchmarks against similar state programs or similar programs of other states.

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- Requires the IFO to complete reviews in a timely manner and to submit plans to the Performance-based Budget Board for review and approval.
- Establishes the Performance-based Budget Board as an independent board to review and approve performance-based budget plans and to make recommendations on how each agency's operations and programs may be made more transparent, effective and efficient.
- The Board would be comprised of the Secretary of the Budget and the chairmen and minority chairmen of the House and Senate Appropriations Committees.
- Requires plans to be considered at open meetings and provides that the subject agency may participate to respond to any questions regarding the proposed plan and performance measures.
- Plans require a majority vote of the Board for approval. Any plan not approved or disapproved by the Board within 45 days of submission shall be deemed approved.
- Requires the Governor and the General Assembly to consider approved plans during budget development, review and enactment.

FISCAL IMPACT:

The enactment of this legislation will have no fiscal impact for fiscal year 2016-17. Costs associated with the development of the performance-based budget review schedule (January 2017) are expected to be minimal and can be absorbed within existing resources available to the Governor's Budget Office and the IFO.

The IFO may require additional analytical staff beginning in FY 2017-18 to perform performance-based budget reviews and to develop performance-based budget plans. Salary, benefits and operating costs for two analysts and an analyst manager are estimated at approximately \$400,000. It is anticipated that the IFO will require additional staff, beyond the initial three discussed above, in subsequent years as the program matures.

It is not anticipated that the Governor's Budget Office or agency fiscal offices would require additional personnel to comply with the act.