

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
17 programs were established so long ago that the original

1 statutory basis has either been forgotten or is out of date.
2 In time the budget is driven by inertia rather than by clear
3 and defensible purposes.

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5 counter the tendency toward perpetuation of outdated State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

7 Section 3. Budget review.

8 (a) Review.--The Secretary of the Budget shall subject every
9 program in State government to zero-based budget review no less
10 often than once every five years. In order to implement this
11 schedule, approximately one-fifth of the budget shall be subject
12 to zero-based budgeting in each year beginning in 2024. In 2022,
13 the Governor shall submit a zero-based budget for agencies with
14 a cumulative total of expenditures of at least 20% of the
15 General Fund budget.

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

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

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

29 (3) For each activity, an itemized account of
30 expenditures that would be required to maintain the activity

1 at the minimum level of service required by the statutory
2 authority, together with a concise statement of the quantity
3 and quality of services required at that minimum level.

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

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

11 Section 4. Educational services.

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

14 (1) Class size.

15 (2) School curriculum.

16 (3) Direct services offered to students by classroom
17 teachers in the public schools. Examples of direct services
18 are teaching, coaching, library and media services and career
19 counseling services provided within the public school system.
20 Indirect services such as overhead costs, administrative
21 costs and support services shall be subject to zero-based
22 budget review.

23 Section 5. Effective date.

24 This act shall take effect in 60 days.