
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 410 Session of
2017

INTRODUCED BY WARNER, SAYLOR, DUNBAR, CUTLER, TOEPEL, GROVE,
STEPHENS, D. COSTA, WARD, KAUFFMAN, BLOOM, MILLARD, ORTITAY,
ZIMMERMAN, SANKEY, SIMMONS, RADER, GABLER AND GILLEN,
FEBRUARY 8, 2017

REFERRED TO COMMITTEE ON STATE GOVERNMENT, FEBRUARY 8, 2017

AN ACT

1 Providing for performance-based budgeting; establishing the
2 Performance-Based Budget Board and providing for its powers
3 and duties; and conferring powers and imposing duties on the
4 Independent Fiscal Office.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Performance-
9 Based Budgeting Act.

10 Section 2. Findings.

11 The General Assembly finds and declares as follows:

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

17 (2) New and changing demands for public services are met
18 through excessive budget growth rather than by systematic and

1 thorough analysis based on performance measurement and
2 established performance benchmarks and the reallocation of
3 existing fiscal resources. Traditional budgeting processes
4 often result in the continuation of obsolete or ineffective
5 programs and increased reliance on taxpayer support. Some
6 programs were established so long ago that the original
7 statutory basis has either been forgotten or is out of date.
8 In time, the budget is driven by inertia rather than by clear
9 and defensible purposes.

10 (3) Performance-based budgeting is an effective method
11 to counter the tendency toward perpetuation of outmoded State
12 programs.

13 Section 3. Definitions.

14 The following words and phrases when used in this act shall
15 have the meanings given to them in this section unless the
16 context clearly indicates otherwise:

17 "Agency." An agency, board or commission under the
18 Governor's jurisdiction.

19 "Board." The Performance-Based Budget Board established
20 under this act.

21 "IFO." The Independent Fiscal Office established under
22 Article VI-B of the act of April 9, 1929 (P.L.177, No.175),
23 known as The Administrative Code of 1929.

24 "Secretary." The Secretary of the Budget of the
25 Commonwealth.

26 Section 4. Performance-based budgets.

27 (a) Initiation of program.--Notwithstanding the provisions
28 of sections 610 and 611 of the act of April 9, 1929 (P.L.177,
29 No.175), known as The Administrative Code of 1929, to the
30 contrary, the secretary shall for fiscal year 2018-2019 initiate

1 a program of performance-based budget reviews as part of the
2 annual budget preparation and program evaluation processes.

3 (b) Schedule.--The secretary, in conjunction with the
4 director of the IFO, shall, within 30 days of the effective date
5 of this act, establish a schedule of performance-based budget
6 reviews for all agencies. The schedule shall ensure that the
7 agencies are subject to a performance-based budget review at
8 least once every five years.

9 (c) Notice.--Each time an agency is subject to a
10 performance-based budget review, the secretary shall notify the
11 agency and require the agency to prepare and submit such
12 information to the IFO as may be required for the preparation of
13 a performance-based budget plan. The information shall include,
14 but not be limited to:

15 (1) Detailed descriptions of all agency line item
16 appropriations and programs, including information on
17 populations served, grants awarded and subsidies provided for
18 grant and subsidy appropriations.

19 (2) Descriptive information and data related to existing
20 performance measures for agency appropriations and programs.

21 (3) An agency mission statement and agency goals and
22 objectives for the budget year and successive planning years,
23 including specific goals and objectives, where they exist,
24 for agency programs.

25 (4) Any other information as the IFO may require.

26 (d) Submission of information.--Agencies shall submit
27 performance-based budget information contemporaneously to the
28 secretary, the IFO, the chairperson and minority chairperson of
29 the Appropriations Committee of the Senate and the chairperson
30 and minority chairperson of the Appropriations Committee of the

1 House of Representatives.

2 (e) Concurrent resolutions.--The General Assembly may direct
3 a performance-based budget review for an agency by adoption of a
4 concurrent resolution. Upon adoption of a concurrent resolution
5 under this subsection, the secretary shall make notification to
6 the agency under subsection (c).

7 Section 5. Independent Fiscal Office.

8 (a) Development of agency performance-based budget plan.--

9 (1) The IFO, pursuant to its mandate under section 604-
10 B(a)(3) of the act of April 9, 1929 (P.L.177, No.175), known
11 as The Administrative Code of 1929, and this act, shall
12 review agency performance-based budget information and
13 develop an agency performance-based budget plan for agencies
14 subject to a performance-based budget review under section 4.

15 (2) In developing performance-based budget plans the IFO
16 shall evaluate each agency program or line-item appropriation
17 and develop performance measures for each agency program or
18 line-item appropriation.

19 (3) Performance measurements shall include outcome-based
20 measures along with efficiency measures, activity cost
21 analysis, ratio measures, measures of status improvement of
22 recipient populations, economic outcomes and performance
23 benchmarks against similar State programs or similar programs
24 of other states or jurisdictions.

25 (b) Completion and submission of evaluations.--The
26 evaluations under subsection (a) shall be completed in a timely
27 manner and submitted by the IFO to the board for review and
28 approval.

29 (c) Interagency cooperation.--The secretary and the heads of
30 agencies shall cooperate with the IFO and provide any

1 information or data that the IFO may require to carry out its
2 duties under this act.

3 Section 6. Performance-Based Budget Board.

4 (a) Establishment.--The Performance-Based Budget Board is
5 established as an independent board to review and approve the
6 performance-based budget plans developed by the IFO for agencies
7 and to make recommendations on how each agency's operations and
8 programs may be made more transparent, effective and efficient.

9 (b) Members.--The board shall consist of the following
10 members:

11 (1) The secretary.

12 (2) The chairperson of the Appropriations Committee of
13 the Senate.

14 (3) The minority chairperson of the Appropriations
15 Committee of the Senate.

16 (4) The chairperson of the Appropriations Committee of
17 the House of Representatives.

18 (5) The minority chairperson of the Appropriations
19 Committee of the House of Representatives.

20 (c) Review and approval.--

21 (1) The board shall review and approve or disapprove
22 each performance-based budget plan submitted by the IFO in a
23 timely manner.

24 (2) Plans shall be approved by a majority vote of the
25 board taken at a public meeting.

26 (3) Meetings of the board shall be subject to the act of
27 February 14, 2008 (P.L.6, No.3), known as the Right-to-Know
28 Law, and 65 Pa.C.S. Ch. 7 (relating to open meetings).

29 (4) Plans not approved or disapproved by the board
30 within 45 days of submission by the IFO shall be deemed

1 approved. If the board disapproves a plan, it shall be
2 returned to the IFO with recommendations for revision and
3 resubmission to the board.

4 (d) Publication.--Approved performance-based budget plans
5 shall be published on the IFO's publicly accessible Internet
6 website.

7 (e) Agency representation during board review.--The head of
8 the agency, or a deputy secretary-level position, shall:

9 (1) Attend the performance-based budget board meeting
10 when the IFO presents the agency's performance-based budget
11 plan.

12 (2) Be available to offer additional explanation for
13 information contained in the plan.

14 Section 7. Governor.

15 The Governor shall consider approved agency performance-based
16 budgeting plans and performance measurements related thereto in
17 the annual budget development and implementation processes.

18 Section 8. General Assembly.

19 The General Assembly shall consider approved agency
20 performance-based budgeting plans and performance measurements
21 related thereto in the annual budget development and
22 implementation processes.

23 Section 9. Effective date.

24 This act shall take effect in 60 days.