

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 181 Session of
2017

INTRODUCED BY MENSCH, BARTOLOTTA, GREENLEAF, BROOKS, ARGALL,
RESCHENTHALER, VULAKOVICH, DISANTO, FOLMER, WAGNER, VOGEL,
STEFANO, EICHELBERGER, LAUGHLIN, RAFFERTY, WHITE, ALLOWAY,
AUMENT, SCARNATI, HUTCHINSON, MARTIN, WARD AND REGAN,
JANUARY 25, 2017

AS REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, JULY 10, 2017

AN ACT

1 ~~Providing for performance based budgeting and tax credit~~ <--
2 ~~efficiency review; establishing the Performance Based Budget~~
3 ~~Board and providing for its powers and duties; and conferring~~ <--
4 ~~powers and imposing duties on the Independent Fiscal Office~~
5 ~~AND PROVIDING FOR PERFORMANCE HEARINGS AND PERFORMANCE~~ <--
6 ~~REVIEWS.~~
7 PROVIDING FOR PERFORMANCE-BASED BUDGETING AND TAX CREDIT <--
8 EFFICIENCY REVIEW; ESTABLISHING THE PERFORMANCE-BASED BUDGET
9 BOARD AND PROVIDING FOR ITS POWERS AND DUTIES; AND CONFERRING
10 POWERS AND IMPOSING DUTIES ON THE INDEPENDENT FISCAL OFFICE.

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

13 ~~Section 1. Short title.~~ <--

14 ~~This act shall be known and may be cited as the Performance~~
15 ~~Based Budgeting and Tax Credit Efficiency Act.~~ <--

16 ~~Section 2. Findings.~~

17 ~~The General Assembly finds and declares as follows:~~

18 ~~(1) The traditional method of budget development, which~~
19 ~~relies upon incremental adjustments to expenditures made in~~

1 ~~the previous financial period, insulates governmental~~
2 ~~activities from the thorough fiscal review expected by~~
3 ~~taxpaying citizens.~~

4 ~~(2) New and changing demands for public services are met~~
5 ~~through excessive budget growth rather than by systematic and~~
6 ~~thorough analysis based on performance measurement and~~
7 ~~established performance benchmarks and the reallocation of~~
8 ~~existing fiscal resources. Traditional budgeting processes~~
9 ~~often result in the continuation of obsolete or ineffective~~
10 ~~programs and increased reliance on taxpayer support. Some~~
11 ~~programs were established so long ago that the original~~
12 ~~statutory basis has either been forgotten or is out of date.~~
13 ~~In time, the budget is driven by inertia rather than by clear~~
14 ~~and defensible purposes.~~

15 ~~(3) Performance based budgeting is an effective method~~
16 ~~to counter the tendency toward perpetuation of outmoded State~~
17 ~~programs.~~

18 ~~(4) A thorough and efficient review of the tax credits <--~~
19 ~~the Commonwealth offers to various individuals, organizations~~
20 ~~and companies is vital to ensuring that the Commonwealth is~~
21 ~~being a good stalwart of the support of taxpayers.~~

22 ~~Section 3. Definitions.~~

23 ~~The following words and phrases when used in this act shall~~
24 ~~have the meanings given to them in this section unless the~~
25 ~~context clearly indicates otherwise:~~

26 ~~"Agency." An agency, board or commission under the~~
27 ~~Governor's jurisdiction.~~

28 ~~"Board." The Performance Based Budget Board established~~
29 ~~under this act.~~

30 ~~"Evaluation." The process of review of a tax credit by the <--~~

1 ~~IFO. The term includes soliciting or accepting public input.~~

2 ~~"Evaluation date." The date by which an evaluation of a tax~~
3 ~~credit by the IFO must be completed.~~

4 ~~"IFO." The Independent Fiscal Office established under~~
5 ~~Article VI B of the act of April 9, 1929 (P.L.177, No.175),~~
6 ~~known as The Administrative Code of 1929.~~

7 ~~"Secretary." The Secretary of the Budget of the~~
8 ~~Commonwealth.~~

9 ~~"Tax Reform Code of 1971." The act of March 4, 1971 (P.L.6, <--~~
10 ~~No.2), known as the Tax Reform Code of 1971.~~

11 ~~Section 4. Performance based budgets.~~

12 ~~(a) Initiation of program. Notwithstanding the provisions~~
13 ~~of sections 610 and 611 of the act of April 9, 1929 (P.L.177,~~
14 ~~No.175), known as The Administrative Code of 1929, to the~~
15 ~~contrary, the secretary BOARD shall for fiscal year 2018 2019 <--~~
16 ~~initiate a program of performance based budget reviews as part~~
17 ~~of the annual budget preparation and program evaluation~~
18 ~~processes.~~

19 ~~(b) Schedule. The secretary, in conjunction with the <--~~
20 ~~director of the IFO, BOARD shall, within 30 days of the <--~~
21 ~~effective date of this act, establish a schedule of performance~~
22 ~~based budget reviews for all agencies. The schedule shall ensure~~
23 ~~that the agencies are subject to a performance based budget~~
24 ~~review at least once every five years.~~

25 ~~(c) Notice. Each time an agency is subject to a~~
26 ~~performance based budget review, the secretary BOARD shall <--~~
27 ~~notify the agency and require the agency to prepare and submit~~
28 ~~such information to the IFO as may be required for the~~
29 ~~preparation of a performance based budget plan. The information~~
30 ~~shall include, but not be limited to:~~

1 ~~(1) Detailed descriptions of all agency line item~~
2 ~~appropriations and programs, including information on~~
3 ~~populations served, grants awarded and subsidies provided for~~
4 ~~grant and subsidy appropriations.~~

5 ~~(2) Descriptive information and data related to existing~~
6 ~~performance measures for agency appropriations and programs.~~

7 ~~(3) An agency mission statement and agency goals and~~
8 ~~objectives for the budget year and successive planning years,~~
9 ~~including specific goals and objectives, where they exist,~~
10 ~~for agency programs.~~

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

12 ~~(d) Submission of information. Agencies shall submit~~
13 ~~performance based budget information contemporaneously to the~~ <--
14 ~~secretary, BOARD AND the IFO, the chairperson and minority~~ <--
15 ~~chairperson of the Appropriations Committee of the Senate and~~
16 ~~the chairperson and minority chairperson of the Appropriations~~
17 ~~Committee of the House of Representatives.~~

18 ~~(e) Concurrent resolutions. The General Assembly may direct~~
19 ~~a performance based budget review for an agency by adoption of a~~
20 ~~concurrent resolution. Upon adoption of a concurrent resolution~~
21 ~~under this subsection, the secretary BOARD shall make~~ <--
22 ~~notification to the agency under subsection (c).~~

23 ~~Section 5. Independent Fiscal Office.~~

24 ~~(a) Development of agency performance based budget plan.~~

25 ~~(1) The IFO, pursuant to its mandate under section 604~~
26 ~~B(a) (3) of the act of April 9, 1929 (P.L.177, No.175), known~~
27 ~~as The Administrative Code of 1929, and this act, shall~~
28 ~~review agency performance based budget information and~~
29 ~~develop an agency performance based budget plan for agencies~~
30 ~~subject to a performance based budget review under section 4.~~

1 ~~(2) In developing performance based budget plans the IFO~~
2 ~~shall evaluate each agency program or line item appropriation~~
3 ~~and develop performance measures for each agency program or~~
4 ~~line item appropriation.~~

5 ~~(3) Performance measurements shall include outcome based~~
6 ~~measures along with efficiency measures, activity cost~~
7 ~~analysis, ratio measures, measures of status improvement of~~
8 ~~recipient populations, economic outcomes and performance~~
9 ~~benchmarks against similar State programs or similar programs~~
10 ~~of other states or jurisdictions.~~

11 ~~(b) Completion and submission of evaluations. The~~
12 ~~evaluations under subsection (a) shall be completed in a timely~~
13 ~~manner and submitted by the IFO to the board for review and~~
14 ~~approval.~~

15 ~~(c) Interagency cooperation. The secretary BOARD and the~~ <--
16 ~~heads of agencies shall cooperate with the IFO and provide any~~
17 ~~information or data that the IFO may require to carry out its~~
18 ~~duties under this act.~~

19 ~~Section 6. Evaluation.~~ <--

20 ~~(a) Evaluation. Beginning January 1, 2018, the IFO shall~~
21 ~~undertake and complete an evaluation of a tax credit by the~~
22 ~~evaluation date as follows:~~

23 ~~(1) On or before January 1, 2019, for the following tax~~
24 ~~credits:~~

25 ~~(i) Article XVII D of the Tax Reform Code of 1971.~~

26 ~~(ii) Article XVII G of the Tax Reform Code of 1971.~~

27 ~~(iii) Article XVIII F of the Tax Reform Code of~~
28 ~~1971.~~

29 ~~(iv) Article XX B of the act of March 10, 1949~~

30 ~~(P.L.30, No.14), known as the Public School Code of 1949.~~

1 ~~(2) On or before January 1, 2020, for the following tax~~
2 ~~credits:~~

3 ~~(i) Article XVII B of the Tax Reform Code of 1971.~~

4 ~~(ii) Article XVIII of the Tax Reform Code of 1971.~~

5 ~~(iii) Article XVIII E of the Tax Reform Code of~~
6 ~~1971.~~

7 ~~(iv) The tax credits authorized under sections 518~~
8 ~~and 519 of the act of October 6, 1998 (P.L.705, No.92),~~
9 ~~known as the Keystone Opportunity Zone, Keystone~~
10 ~~Opportunity Expansion Zone and Keystone Opportunity~~
11 ~~Improvement Zone Act.~~

12 ~~(3) On or before January 1, 2021, for the following tax~~
13 ~~credits:~~

14 ~~(i) Article XVII E of the Tax Reform Code of 1971.~~

15 ~~(ii) Article XVII H of the Tax Reform Code of 1971.~~

16 ~~(iii) Article XVIII C of the Tax Reform Code of 1971.~~

17 ~~(iv) Section 1906 F of the Tax Reform Code of 1971.~~

18 ~~(4) On or before January 1, 2022, for the following tax~~
19 ~~credits:~~

20 ~~(i) Article XVII I of the Tax Reform Code of 1971.~~

21 ~~(ii) Article XIX A of the Tax Reform Code of 1971.~~

22 ~~(iii) Article XIX B of the Tax Reform Code of 1971.~~

23 ~~(iv) Article XIX C of the Tax Reform Code of 1971.~~

24 ~~(v) The tax credit authorized under Chapter 7 of the~~
25 ~~act of July 9, 2008 (1st Sp.Sess., P.L.1873, No.1), known~~
26 ~~as the Alternative Energy Investment Act.~~

27 ~~(5) On or before January 1, 2023, for the following tax~~
28 ~~credits:~~

29 ~~(i) Article XVII A of the Tax Reform Code of 1971.~~

30 ~~(ii) Article XVIII B of the Tax Reform Code of 1971.~~

1 ~~(iii) Article XVIII D of the Tax Reform Code of~~
2 ~~1971.~~

3 ~~(iv) Any other tax credit not specified under this~~
4 ~~subsection.~~

5 ~~(b) Frequency. Tax credits enumerated under subsection (a)~~
6 ~~shall be evaluated by the IFO on or before January 1 of every~~
7 ~~fifth year after the dates specified under subsection (a) (1),~~
8 ~~(2), (3), (4) and (5).~~

9 ~~(c) Future tax credits. Subject to subsection (d), a tax~~
10 ~~credit authorized on or after the effective date of this section~~
11 ~~shall be evaluated by the IFO on or before January 1 of the~~
12 ~~fifth year after enactment.~~

13 ~~(d) Termination. If a tax credit has a termination date~~
14 ~~provided for by law, an evaluation shall be made by the IFO of~~
15 ~~the tax credit on or before January 1 of the year preceding the~~
16 ~~calendar year of the termination date.~~

17 ~~(e) Duty. The IFO must submit a report of the evaluations~~
18 ~~made under this section to the Governor, the chairperson and~~
19 ~~minority chairperson of the Appropriations Committee of the~~
20 ~~Senate, the chairperson and minority chairperson of the Finance~~
21 ~~Committee of the Senate, the chairperson and minority~~
22 ~~chairperson of the Appropriations Committee of the House of~~
23 ~~Representatives and the chairperson and minority chairperson of~~
24 ~~the Finance Committee of the House of Representatives and must~~
25 ~~make the reports available on the IFO's publicly accessible~~
26 ~~Internet website.~~

27 ~~(f) Contents. A report under subsection (e) must include~~
28 ~~all of the following:~~

29 ~~(1) The purpose for which the tax credit was~~
30 ~~established.~~

1 ~~(2) Whether the original intent of the tax credit is~~
2 ~~still appropriate.~~

3 ~~(3) Whether the tax credit is meeting the tax credit's~~
4 ~~stated intent.~~

5 ~~(4) Whether the tax credit could be more efficiently and~~
6 ~~effectively carried out through alternative methods.~~

7 ~~(5) The costs of providing the tax credit, including the~~
8 ~~administrative cost to the Commonwealth and lost revenues to~~
9 ~~the Commonwealth and local governments.~~

10 ~~(6) Whether the tax credit should be continued,~~
11 ~~terminated or amended.~~

12 ~~(7) If the tax credit should be amended, recommended~~
13 ~~changes to make the tax credit more efficient and effective.~~

14 Section 7-6. ~~Performance Based Budget Board.~~ <--

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

20 ~~(b) Members. The board shall consist of the following~~
21 ~~members:~~

22 ~~(1) The secretary DIRECTOR OF THE IFO.~~ <--

23 ~~(2) The chairperson of the Appropriations Committee of~~
24 ~~the Senate.~~

25 ~~(3) The minority chairperson of the Appropriations~~
26 ~~Committee of the Senate.~~

27 ~~(4) The chairperson of the Appropriations Committee of~~
28 ~~the House of Representatives.~~

29 ~~(5) The minority chairperson of the Appropriations~~
30 ~~Committee of the House of Representatives.~~

1 ~~(c) Review and approval.~~

2 ~~(1) The board shall review and approve or disapprove~~
3 ~~each performance based budget plan submitted by the IFO in a~~
4 ~~timely manner.~~

5 ~~(2) Plans shall be approved by a majority vote of the~~
6 ~~board taken at a public meeting.~~

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

10 ~~(4) Plans not approved or disapproved by the board~~
11 ~~within 45 days of submission by the IFO shall be deemed~~
12 ~~approved. If the board disapproves a plan, it shall be~~
13 ~~returned to the IFO with recommendations for revision and~~
14 ~~resubmission to the board.~~

15 ~~(d) Publication. Approved performance based budget plans~~
16 ~~shall be published on the IFO's publicly accessible Internet~~
17 ~~website AND DISTRIBUTED TO THE GENERAL ASSEMBLY AND THE BOARD BY <--~~
18 ~~JANUARY 31 OF EACH YEAR.~~

19 ~~(e) Agency representation during board review. The head of~~
20 ~~the agency, or a deputy secretary level position, shall:~~

21 ~~(1) Attend the performance based budget board meeting~~
22 ~~when the IFO presents the agency's performance based budget~~
23 ~~plan.~~

24 ~~(2) Be available to offer additional explanation for~~
25 ~~information contained in the plan.~~

26 ~~Section 8 7. Governor. <--~~

27 ~~The Governor shall consider approved agency performance based~~
28 ~~budgeting plans and performance measurements related thereto in~~
29 ~~the annual budget development and implementation processes.~~

30 ~~Section 9 8. General Assembly. <--~~

1 ~~The General Assembly shall consider approved agency~~
2 ~~performance based budgeting plans, AND performance measurements~~ <--
3 ~~related thereto and whether or not a tax credit is efficient in~~ <--
4 ~~the annual budget development and implementation processes.~~

5 ~~SECTION 9. PERFORMANCE HEARINGS BY STANDING COMMITTEES.~~ <--

6 ~~(A) APPLICABILITY. THIS SECTION APPLIES TO A PERFORMANCE~~
7 ~~HEARING BY A STANDING COMMITTEE OF THE GENERAL ASSEMBLY TO~~
8 ~~REVIEW AN AGENCY'S PROPOSED APPROPRIATION FOR THE NEXT FISCAL~~
9 ~~YEAR.~~

10 ~~(B) FREQUENCY. EACH STANDING COMMITTEE SHALL CONDUCT AT~~
11 ~~LEAST ONE PERFORMANCE HEARING BETWEEN FEBRUARY 1 AND MAY 30.~~

12 ~~(C) PURPOSE. EACH STANDING COMMITTEE SHALL HEAR A~~
13 ~~PRESENTATION FROM EACH AGENCY THAT IS ASSIGNED TO THAT STANDING~~
14 ~~COMMITTEE. THE PRESENTATION SHALL INCLUDE, BUT NOT BE LIMITED~~
15 ~~TO, THE AGENCY'S PERFORMANCE BASED BUDGET PLAN AND REGULATORY~~
16 ~~AGENDA FOR THE NEXT FISCAL YEAR.~~

17 ~~SECTION 10. PERFORMANCE AUDITS BY DEPARTMENT OF THE AUDITOR~~
18 ~~GENERAL.~~

19 ~~(A) FREQUENCY. THE DEPARTMENT OF THE AUDITOR GENERAL SHALL,~~
20 ~~WITHIN EXISTING RESOURCES, CONDUCT OR CAUSE TO BE CONDUCTED~~
21 ~~PERFORMANCE AUDITS OF ONE OR MORE SPECIFIC PROGRAMS OR SERVICES~~
22 ~~IN AT LEAST TWO AGENCIES ON AN ANNUAL BASIS.~~

23 ~~(B) SELECTION CONSIDERATIONS. IN SELECTING AN AGENCY AND A~~
24 ~~SPECIFIC PROGRAM OR SERVICE FOR A PERFORMANCE AUDIT, THE~~
25 ~~DEPARTMENT OF THE AUDITOR GENERAL SHALL CONSIDER RISK, AUDIT~~
26 ~~COVERAGE, RESOURCES REQUIRED TO CONDUCT THE PERFORMANCE AUDIT~~
27 ~~AND THE IMPACT OF THE AUDITED PROGRAM OR SERVICE ON THE AGENCY'S~~
28 ~~PERFORMANCE BASED GOALS.~~

29 ~~(C) REVIEW. A PERFORMANCE AUDIT OF A PROGRAM OR SERVICE~~
30 ~~SELECTED FOR AUDIT MAY INCLUDE, BUT IS NOT LIMITED TO, A REVIEW~~

1 ~~OF ALL OF THE FOLLOWING:~~

2 ~~(1) THE INTEGRITY OF THE PERFORMANCE MEASURES AUDITED.~~

3 ~~(2) THE ACCURACY AND VALIDITY OF REPORTED RESULTS.~~

4 ~~(3) THE OVERALL COST AND EFFECTIVENESS OF THE AUDITED~~
5 ~~PROGRAM OR SERVICE IN ACHIEVING LEGISLATIVE INTENT AND THE~~
6 ~~PERFORMANCE GOALS.~~

7 ~~(D) TRANSMITTAL. THE DEPARTMENT OF THE AUDITOR GENERAL~~
8 ~~SHALL TRANSMIT EACH PERFORMANCE AUDIT REPORT FOR THE IMMEDIATELY~~
9 ~~PRIOR FISCAL YEAR TO THE CHAIRPERSON AND MINORITY CHAIRPERSON OF~~
10 ~~THE STANDING COMMITTEES WITH JURISDICTION OVER THE AGENCY.~~

11 ~~(E) OTHER REPORTS. THE DEPARTMENT OF THE AUDITOR GENERAL~~
12 ~~SHALL TRANSMIT ANY OTHER AUDIT REPORT REGARDING AN AGENCY THAT~~
13 ~~IS DEEMED RELEVANT FOR REVIEW BY A STANDING COMMITTEE WITH~~
14 ~~JURISDICTION OVER THE AGENCY.~~

15 ~~Section 10 11. Effective date.~~ <--

16 ~~This act shall take effect in 60 days.~~

17 SECTION 1. SHORT TITLE. <--

18 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE PERFORMANCE-
19 BASED BUDGETING AND TAX CREDIT EFFICIENCY ACT.

20 SECTION 2. FINDINGS.

21 THE GENERAL ASSEMBLY FINDS AND DECLARES AS FOLLOWS:

22 (1) THE TRADITIONAL METHOD OF BUDGET DEVELOPMENT, WHICH
23 RELIES UPON INCREMENTAL ADJUSTMENTS TO EXPENDITURES MADE IN
24 THE PREVIOUS FINANCIAL PERIOD, INSULATES GOVERNMENTAL
25 ACTIVITIES FROM THE THOROUGH FISCAL REVIEW EXPECTED BY
26 TAXPAYING CITIZENS.

27 (2) NEW AND CHANGING DEMANDS FOR PUBLIC SERVICES ARE MET
28 THROUGH EXCESSIVE BUDGET GROWTH RATHER THAN BY SYSTEMATIC AND
29 THOROUGH ANALYSIS BASED ON PERFORMANCE MEASUREMENT AND
30 ESTABLISHED PERFORMANCE BENCHMARKS AND THE REALLOCATION OF

1 EXISTING FISCAL RESOURCES. TRADITIONAL BUDGETING PROCESSES
2 OFTEN RESULT IN THE CONTINUATION OF OBSOLETE OR INEFFECTIVE
3 PROGRAMS AND INCREASED RELIANCE ON TAXPAYER SUPPORT. SOME
4 PROGRAMS WERE ESTABLISHED SO LONG AGO THAT THE ORIGINAL
5 STATUTORY BASIS HAS EITHER BEEN FORGOTTEN OR IS OUT OF DATE.
6 IN TIME, THE BUDGET IS DRIVEN BY INERTIA RATHER THAN BY CLEAR
7 AND DEFENSIBLE PURPOSES.

8 (3) PERFORMANCE-BASED BUDGETING IS AN EFFECTIVE METHOD
9 TO COUNTER THE TENDENCY TOWARD PERPETUATION OF OUTMODED STATE
10 PROGRAMS.

11 (4) A THOROUGH AND EFFICIENT REVIEW OF THE TAX CREDITS
12 THE COMMONWEALTH OFFERS TO VARIOUS INDIVIDUALS, ORGANIZATIONS
13 AND COMPANIES IS VITAL TO ENSURING THAT THE COMMONWEALTH IS
14 BEING A GOOD STALWART OF THE SUPPORT OF TAXPAYERS.

15 SECTION 3. DEFINITIONS.

16 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
17 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
18 CONTEXT CLEARLY INDICATES OTHERWISE:

19 "AGENCY." AN AGENCY, BOARD OR COMMISSION UNDER THE
20 GOVERNOR'S JURISDICTION.

21 "BOARD." THE PERFORMANCE-BASED BUDGET BOARD ESTABLISHED
22 UNDER THIS ACT.

23 "IFO." THE INDEPENDENT FISCAL OFFICE ESTABLISHED UNDER
24 ARTICLE VI-B OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175),
25 KNOWN AS THE ADMINISTRATIVE CODE OF 1929.

26 "SECRETARY." THE SECRETARY OF THE BUDGET OF THE
27 COMMONWEALTH.

28 SECTION 4. PERFORMANCE-BASED BUDGETS.

29 (A) INITIATION OF PROGRAM.--NOTWITHSTANDING THE PROVISIONS
30 OF SECTIONS 610 AND 611 OF THE ACT OF APRIL 9, 1929 (P.L.177,

1 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, TO THE
2 CONTRARY, THE SECRETARY SHALL FOR FISCAL YEAR 2018-2019 INITIATE
3 A PROGRAM OF PERFORMANCE-BASED BUDGET REVIEWS AS PART OF THE
4 ANNUAL BUDGET PREPARATION AND PROGRAM EVALUATION PROCESSES.

5 (B) SCHEDULE.--THE SECRETARY, IN CONJUNCTION WITH THE
6 DIRECTOR OF THE IFO, SHALL, WITHIN 30 DAYS OF THE EFFECTIVE DATE
7 OF THIS ACT, ESTABLISH A SCHEDULE OF PERFORMANCE-BASED BUDGET
8 REVIEWS FOR ALL AGENCIES. THE SCHEDULE SHALL ENSURE THAT THE
9 AGENCIES ARE SUBJECT TO A PERFORMANCE-BASED BUDGET REVIEW AT
10 LEAST ONCE EVERY FIVE YEARS. THE SCHEDULE FOR AN AGENCY MAY NOT
11 BE ALTERED UNTIL THE FIVE-YEAR SCHEDULE REVIEW TIME PERIOD HAS
12 EXPIRED FOR THE AGENCY.

13 (C) NOTICE.--EACH TIME AN AGENCY IS SUBJECT TO A
14 PERFORMANCE-BASED BUDGET REVIEW, THE SECRETARY SHALL NOTIFY THE
15 AGENCY AND REQUIRE THE AGENCY TO PREPARE AND SUBMIT SUCH
16 INFORMATION TO THE IFO AS MAY BE REQUIRED FOR THE PREPARATION OF
17 A PERFORMANCE-BASED BUDGET PLAN. THE INFORMATION SHALL INCLUDE,
18 BUT NOT BE LIMITED TO:

19 (1) DETAILED DESCRIPTIONS OF ALL AGENCY LINE ITEM
20 APPROPRIATIONS AND PROGRAMS, INCLUDING INFORMATION ON
21 POPULATIONS SERVED, GRANTS AWARDED AND SUBSIDIES PROVIDED FOR
22 GRANT AND SUBSIDY APPROPRIATIONS.

23 (2) DESCRIPTIVE INFORMATION AND DATA RELATED TO EXISTING
24 PERFORMANCE MEASURES FOR AGENCY APPROPRIATIONS AND PROGRAMS.

25 (3) AN AGENCY MISSION STATEMENT AND AGENCY GOALS AND
26 OBJECTIVES FOR THE BUDGET YEAR AND SUCCESSIVE PLANNING YEARS,
27 INCLUDING SPECIFIC GOALS AND OBJECTIVES, WHERE THEY EXIST,
28 FOR AGENCY PROGRAMS.

29 (4) ANY OTHER INFORMATION AS THE IFO MAY REQUIRE.

30 (D) SUBMISSION OF INFORMATION.--AGENCIES SHALL SUBMIT, IN A

1 TIMELY MANNER AS DETERMINED BY THE IFO TO BE APPROPRIATE TO
2 COMPLETE THE ANALYSIS, PERFORMANCE-BASED BUDGET INFORMATION
3 CONTEMPORANEOUSLY TO THE SECRETARY, THE IFO, THE CHAIRPERSON AND
4 MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE
5 SENATE AND THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE
6 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

7 (E) CONCURRENT RESOLUTIONS.--THE GENERAL ASSEMBLY MAY DIRECT
8 A PERFORMANCE-BASED BUDGET REVIEW FOR AN AGENCY BY ADOPTION OF A
9 CONCURRENT RESOLUTION. UPON ADOPTION OF A CONCURRENT RESOLUTION
10 UNDER THIS SUBSECTION, THE SECRETARY SHALL MAKE NOTIFICATION TO
11 THE AGENCY UNDER SUBSECTION (C).

12 SECTION 5. TAX CREDIT REVIEW.

13 (A) SCHEDULE.--THE SECRETARY, IN CONJUNCTION WITH THE
14 DIRECTOR OF THE IFO, SHALL, WITHIN 30 DAYS OF THE EFFECTIVE DATE
15 OF THIS SUBSECTION, ESTABLISH A SCHEDULE FOR REVIEW FOR ALL TAX
16 CREDITS. THE SCHEDULE SHALL ENSURE THAT TAX CREDITS ARE SUBJECT
17 TO A REVIEW BY THE IFO AT LEAST ONCE EVERY FIVE YEARS. THE
18 SCHEDULE FOR REVIEW OF A TAX CREDIT MAY NOT BE ALTERED UNTIL THE
19 FIVE-YEAR SCHEDULE FOR REVIEW TIME PERIOD HAS EXPIRED FOR THE
20 TAX CREDIT.

21 (B) FUTURE TAX CREDITS.--A TAX CREDIT ENACTED ON OR AFTER
22 THE EFFECTIVE DATE OF THIS SUBSECTION SHALL BE REVIEWED BY THE
23 IFO NO LATER THAN JANUARY 1 OF THE FIFTH YEAR AFTER THE TAX
24 CREDIT IS ENACTED.

25 (C) EXPIRATION.--IF A TAX CREDIT HAS AN EXPIRATION DATE AS
26 PROVIDED UNDER THE LAWS OF THIS COMMONWEALTH, THE TAX CREDIT
27 SHALL BE REVIEWED NO LATER THAN JANUARY 1 OF THE YEAR PRECEDING
28 THE YEAR OF THE TERMINATION DATE.

29 (D) IFO DUTIES.--THE IFO SHALL SUBMIT A REPORT OF A REVIEW
30 MADE UNDER THIS SECTION TO THE BOARD, THE CHAIRPERSON AND

1 MINORITY CHAIRPERSON OF THE FINANCE COMMITTEE OF THE SENATE AND
2 THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE FINANCE
3 COMMITTEE OF THE HOUSE OF REPRESENTATIVES. THE IFO SHALL PUBLISH
4 A REPORT OF A REVIEW UNDER THIS SUBSECTION ON THE IFO'S PUBLICLY
5 ACCESSIBLE INTERNET WEBSITE.

6 (E) REPORT CONTENTS.--A REPORT OF A REVIEW UNDER SUBSECTION
7 (D) SHALL INCLUDE ALL OF THE FOLLOWING CONTENTS:

8 (1) THE PURPOSE FOR WHICH THE TAX CREDIT WAS
9 ESTABLISHED.

10 (2) WHETHER THE TAX CREDIT IS ACCOMPLISHING THE TAX
11 CREDIT'S LEGISLATIVE INTENT.

12 (3) WHETHER THE TAX CREDIT COULD BE MORE EFFICIENTLY
13 IMPLEMENTED THROUGH ALTERNATIVE METHODS.

14 (4) ANY ALTERNATIVE METHODS WHICH WILL MAKE THE TAX
15 CREDIT MORE EFFICIENT IF NECESSARY.

16 (5) THE COSTS OF PROVIDING THE TAX CREDIT, INCLUDING THE
17 ADMINISTRATIVE COSTS TO THE COMMONWEALTH AND THE LOST
18 REVENUES TO THE COMMONWEALTH AND LOCAL GOVERNMENT ENTITIES
19 WITHIN THIS COMMONWEALTH.

20 (F) CONCURRENT RESOLUTIONS.--THE GENERAL ASSEMBLY MAY DIRECT
21 THE IFO TO CONDUCT A TAX CREDIT REVIEW UNDER THIS SECTION BY
22 ADOPTION OF A CONCURRENT RESOLUTION.

23 SECTION 6. INDEPENDENT FISCAL OFFICE.

24 (A) DEVELOPMENT OF AGENCY PERFORMANCE-BASED BUDGET PLAN.--

25 (1) THE IFO, PURSUANT TO ITS MANDATE UNDER SECTION 604-
26 B(A)(3) OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN
27 AS THE ADMINISTRATIVE CODE OF 1929, AND THIS ACT, SHALL
28 REVIEW AGENCY PERFORMANCE-BASED BUDGET INFORMATION AND
29 DEVELOP AN AGENCY PERFORMANCE-BASED BUDGET PLAN FOR AGENCIES
30 SUBJECT TO A PERFORMANCE-BASED BUDGET REVIEW UNDER SECTION 4.

1 (2) IN DEVELOPING PERFORMANCE-BASED BUDGET PLANS THE IFO
2 SHALL EVALUATE EACH AGENCY PROGRAM OR LINE-ITEM APPROPRIATION
3 AND DEVELOP PERFORMANCE MEASURES FOR EACH AGENCY PROGRAM OR
4 LINE-ITEM APPROPRIATION.

5 (3) AS DETERMINED BY THE IFO TO BE APPLICABLE,
6 PERFORMANCE MEASUREMENTS SHALL INCLUDE OUTCOME-BASED
7 MEASURES, INCLUDING EFFICIENCY MEASURES, ACTIVITY COST
8 ANALYSIS, RATIO MEASURES, MEASURES OF STATUS IMPROVEMENT OF
9 RECIPIENT POPULATIONS, ECONOMIC OUTCOMES OR PERFORMANCE
10 BENCHMARKS AGAINST SIMILAR STATE PROGRAMS OR SIMILAR PROGRAMS
11 OF OTHER STATES OR JURISDICTIONS.

12 (B) TAX CREDIT PLAN.--

13 (1) THE IFO, PURSUANT TO ITS MANDATE UNDER SECTION 604-
14 B(A) (3) OF THE ADMINISTRATIVE CODE OF 1929, AND THIS ACT
15 SHALL REVIEW TAX CREDITS AND DEVELOP A TAX CREDIT PLAN FOR
16 TAX CREDITS SUBJECT TO A REVIEW UNDER SECTION 5.

17 (2) IN DEVELOPING TAX CREDIT PLANS THE IFO SHALL
18 EVALUATE EACH TAX CREDIT AND DEVELOP PERFORMANCE MEASURES FOR
19 EACH TAX CREDIT.

20 (3) AS DETERMINED BY THE IFO TO BE APPLICABLE,
21 PERFORMANCE MEASUREMENTS SHALL INCLUDE OUTCOME-BASED
22 MEASURES, INCLUDING EFFICIENCY MEASURES, MEASURES OF STATUS
23 IMPROVEMENTS OF RECIPIENT POPULATIONS, ECONOMIC OUTCOMES OR
24 PERFORMANCE BENCHMARKS AGAINST SIMILAR STATE PROGRAMS OR
25 SIMILAR PROGRAMS OF OTHER STATES OR JURISDICTIONS.

26 (C) COMPLETION AND SUBMISSION OF EVALUATIONS.--THE
27 EVALUATIONS UNDER SUBSECTIONS (A) AND (B) SHALL BE COMPLETED IN
28 A TIMELY MANNER AND SUBMITTED BY THE IFO TO THE BOARD FOR
29 REVIEW.

30 (D) INTERAGENCY COOPERATION.--THE SECRETARY AND THE HEADS OF

1 AGENCIES SHALL COOPERATE WITH THE IFO AND PROVIDE ANY
2 INFORMATION OR DATA THAT THE IFO MAY REQUIRE TO CARRY OUT ITS
3 DUTIES UNDER THIS ACT.

4 SECTION 7. PERFORMANCE-BASED BUDGET BOARD.

5 (A) ESTABLISHMENT.--THE PERFORMANCE-BASED BUDGET BOARD IS
6 ESTABLISHED AS AN INDEPENDENT BOARD TO REVIEW THE PERFORMANCE-
7 BASED BUDGET PLANS DEVELOPED BY THE IFO FOR AGENCIES AND TO MAKE
8 RECOMMENDATIONS ON HOW EACH AGENCY'S OPERATIONS AND PROGRAMS MAY
9 BE MADE MORE TRANSPARENT, EFFECTIVE AND EFFICIENT.

10 (B) MEMBERS.--THE BOARD SHALL CONSIST OF THE FOLLOWING
11 MEMBERS:

12 (1) THE SECRETARY.

13 (2) THE CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF
14 THE SENATE.

15 (3) THE MINORITY CHAIRPERSON OF THE APPROPRIATIONS
16 COMMITTEE OF THE SENATE.

17 (4) THE CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF
18 THE HOUSE OF REPRESENTATIVES.

19 (5) THE MINORITY CHAIRPERSON OF THE APPROPRIATIONS
20 COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

21 (C) REVIEW AND APPROVAL.--

22 (1) THE BOARD SHALL REVIEW EACH PERFORMANCE-BASED BUDGET
23 PLAN SUBMITTED BY THE IFO IN A TIMELY MANNER.

24 (2) PLANS SHALL BE REVIEWED BY THE BOARD AT A PUBLIC
25 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.--REVIEWED 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 (F) SCHEDULE RECOMMENDATION.--ONE YEAR BEFORE THE EXPIRATION
15 OF THE FIRST SCHEDULE FOR REVIEW UNDER SECTIONS 4 AND 5, THE
16 BOARD SHALL, IN CONJUNCTION WITH THE DIRECTOR OF THE IFO,
17 PROVIDE A LONG-TERM SCHEDULE RECOMMENDATION TO THE GENERAL
18 ASSEMBLY.

19 SECTION 8. GOVERNOR.

20 THE GOVERNOR SHALL CONSIDER REVIEWED AGENCY PERFORMANCE-BASED
21 BUDGETING PLANS AND PERFORMANCE MEASUREMENTS RELATED THERETO IN
22 THE ANNUAL BUDGET DEVELOPMENT AND IMPLEMENTATION PROCESSES.

23 SECTION 9. GENERAL ASSEMBLY.

24 THE GENERAL ASSEMBLY SHALL CONSIDER REVIEWED AGENCY
25 PERFORMANCE-BASED BUDGETING PLANS, PERFORMANCE MEASUREMENTS
26 RELATED THERETO AND WHETHER OR NOT A TAX CREDIT IS EFFICIENT IN
27 THE ANNUAL BUDGET DEVELOPMENT AND IMPLEMENTATION PROCESSES.

28 SECTION 10. EFFECTIVE DATE.

29 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.