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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 39 Session of  
2021

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INTRODUCED BY PHILLIPS-HILL, REGAN, MARTIN, LAUGHLIN, DUSH,  
STEFANO, ARNOLD, J. WARD AND DiSANTO, JANUARY 20, 2021

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REFERRED TO FINANCE, JANUARY 20, 2021

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AN ACT

1 Providing for zero-based budgeting relating to the  
2 Commonwealth's budget review.

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

5 Section 1. Short title.

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

8 Section 2. Findings.

9 The General Assembly finds and declares as follows:

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

15 (2) New and changing demands for public services are met  
16 through excessive budget growth rather than by pruning  
17 obsolete programs and redirecting existing funds. Some  
18 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1 statutory basis has either been forgotten or is out of date.  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 way to manage  
5 costs while maintaining a high level of service and to hold  
6 the State accountable for each dollar it spends.

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 2022. In 2021,  
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 agency and activity by reference to statute or other  
24 legal 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 public schools. Examples of direct services are  
18 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.