

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB112

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Bell, Richard P.

3. Committee: Appropriations

4. Title: Submission of budget using zero-based budgeting principles.

5. Summary: Requires, beginning in the 2014-2016 biennium, that all Executive Budgets' shall be prepared and formulated using zero-based budgeting principles. The bill provides that such zero-based budgets shall reflect the amount of funding deemed necessary to achieve the most cost-effective performance of each agency or department pursuant to an accompanying narrative delineating the tasks to be performed by each agency or department, together with the goals and objectives for each agency or department. Each such budget shall have a zero dollar amount as its initial basis and shall not reflect any prior appropriation amount, adjusted or otherwise.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate

8. Fiscal Implications: The implementation of zero-based budgeting and determining the most cost-effective performance of each agency, together with goals of and objectives of each agency would require additional staff and time in the budget process, both at the Department of Planning and Budget (DPB) and for some other state agencies. DPB would need to develop detailed guidelines about how the methodology would be implemented. State agencies would be required to submit larger and more detailed budget packages to DPB, and then DPB would have to review the additional materials.

At present, the state and its agencies have been working and training to develop a performance based-budgeting process. Additional training and potentially additional staff may be needed in some agencies due to the complexity of the zero-based budget process. Finally, DPB may need to make programming modifications to the new Performance-Based Budgeting System (PB System) and the Executive Budget Document. Any expenses related to such changes would have to be supported through direct appropriation or through increasing rates through the internal service fund that supports the PB System.

9. Specific Agency or Political Subdivisions Affected: All state agencies

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/10/2012

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