

SB 346 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

Action Date: 04/02/19

Action: Without recommendation as to passage and request referral to Ways and Means.

Vote: 4-0-1-0

Yeas: 4 - Dembrow, Girod, Hass, Riley

Exc: 1 - Olsen

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Tyler Larson, LPRO Analyst

Meeting Dates: 3/28, 4/2

WHAT THE MEASURE DOES:

Declares policy of the state to use zero-based budgeting in developing biennial budget plans. Requires biennial agency request budget submitted to the Department of Administrative Services to contain information justifying each agency activity, adverse impacts if activity ceased, expenditures required to maintain activity, quantity and quality of service, and ranking of activities based on contribution to overall goals of the agency. Applies to biennial budgets prepared for biennia beginning on or after July 1, 2021.

ISSUES DISCUSSED:

- Relative merits of current service levels versus zero-based budgets
- Benefits of zero-based budgets in curbing growth and helping agencies focus on statutory missions
- Ongoing efforts to identify appropriate agency to pilot zero-based budget concept

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Executive agencies act with the permission of the Legislative Assembly and under the direction of the Governor to administer and enforce public programs. Each agency operates with a budget approved by the Legislative Assembly. Current statute requires each agency to submit a biennial request budget to the Department of Administrative Services (DAS) before September 1 of each even-numbered year. DAS and the Legislative Fiscal Officer prepare a tentative biennial budget with estimated revenues and projected costs for continuing currently authorized programs.

Senate Bill 346 declares a state policy to use zero-based budgeting, which begins with the assumption that the funding amount for each component of the budget is zero, and each expense must be justified. The measure requires biennial agency request budgets to contain information justifying each agency activity, a quantitative analysis of the adverse impact if the activity ceased, expenditures required to maintain the current activity, quantity and quality of service for each activity, and a ranking of activities based on their contribution to the overall goals of the agency.