

1 **STATE ZERO-BASED BUDGETING**

2 2007 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Wayne L. Niederhauser**

5 House Sponsor: Wayne A. Harper

6

7 **LONG TITLE**

8 **General Description:**

9 This bill creates a legislative committee to develop and implement a zero-based budget
10 process and requires entities seeking appropriations to provide certain information to
11 the committee.

12 **Highlighted Provisions:**

13 This bill:

14 ▶ requires each entity that seeks state moneys and appropriations to submit a
15 zero-based budget to the Legislature's Zero Base Budget Review Committee
16 beginning in 2008; and

17 ▶ creates the Zero Base Budget Review Committee and defines its membership,
18 duties, and powers.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 None

23 **Utah Code Sections Affected:**

24 ENACTS:

25 **36-27-101**, Utah Code Annotated 1953

26 **36-27-102**, Utah Code Annotated 1953

27 **36-27-103**, Utah Code Annotated 1953



28 36-27-104, Utah Code Annotated 1953

29 63-38-2.1, Utah Code Annotated 1953



31 *Be it enacted by the Legislature of the state of Utah:*

32 Section 1. Section 36-27-101 is enacted to read:

33 **CHAPTER 27. ZERO BASE BUDGET REVIEW COMMITTEE**

34 **36-27-101. Title.**

35 This chapter is known as the "Zero Base Budget Review Committee."

36 Section 2. Section 36-27-102 is enacted to read:

37 **36-27-102. Definitions.**

38 As used in this chapter:

39 (1) "Budget entity" means any state agency or other entity that seeks state monies and
40 appropriations through an appropriations act.

41 (2) "Zero-based budget" means a budget that requires a budget entity to justify all
42 requested expenditures rather than simply justifying amounts requested in excess of the
43 previous fiscal year's funding.

44 (3) "Zero-based budget review and evaluation" means a comprehensive review and
45 evaluation of a budget entity to:

46 (a) determine if the merits of the activities of the entity support its continuation; and

47 (b) recommend a budget amount for each of that entity's programs or services based
48 upon a justification by the budget entity of each of its programs and services from a zero base.

49 Section 3. Section 36-27-103 is enacted to read:

50 **36-27-103. Zero Base Budget Review Committee -- Membership.**

51 There is created a Zero Base Budget Review Committee.

52 (1) The committee shall be composed of 11 legislators appointed as follows:

53 (a) four senators appointed by the president of the Senate, with one senator from the
54 minority party; and

55 (b) seven representatives appointed by the speaker of the House of Representatives,
56 with two representatives from the minority party.

57 (2) The president of the Senate shall designate one of the Senate appointees as one
58 cochair of the committee and the speaker of the House of Representatives shall designate one

59 of the House of Representatives appointees as the other cochair.

60 (3) Committee members serve for two years but may be reappointed by the speaker or
61 president.

62 (4) In conducting all of its business, the committee shall comply with interim rules.

63 (5) The committee shall meet at least monthly during the interim and at the call of the
64 chairs.

65 (6) The Legislative Fiscal Analyst shall provide staff services to the committee.

66 Section 4. Section **36-27-104** is enacted to read:

67 **36-27-104. Committee duties.**

68 (1) The committee shall:

69 (a) implement a zero-based budget review and evaluation process for the committee to
70 use in reviewing and evaluating the budgets of budget entities beginning in April, 2008;

71 (b) in cooperation with the Governor's Office of Planning and Budget, establish a
72 schedule to review activities, services, programs, and budgets for each budget entity at least
73 once every four years;

74 (c) develop forms, standards, criteria, and requirements governing budget entity
75 submission of zero-based budget information to the committee as required by Section
76 63-38-2.1;

77 (d) review and evaluate each activity, service, program, and budget submitted under
78 Section 63-38-2.1;

79 (e) if desired, invite or require representatives from budget entities whose activities,
80 services, programs, and budgets are subject to committee review and evaluation to attend
81 committee meetings and provide the committee with information about the activities, services,
82 programs, and budgets;

83 (f) submit recommendations to the Executive Appropriations Committee and the
84 appropriate subcommittees for adjustments to budgets based upon the committee's review;

85 (g) recommend changes to statutes governing a budget entity's activities, services, and
86 programs, as necessary; and

87 (h) recommend changes to the zero-based budget review and evaluation process
88 established by this chapter and Section 63-38-2.1.

89 (2) In reviewing and evaluating a budget entity's activities, services, programs, and

90 budgets, the committee shall:

91 (a) identify and scrutinize the budget entity's activities, services, programs,
92 performance, management, and budget;

93 (b) consider the objectives, operations, measures of performance, and costs of all
94 activities, services, and programs of the budget entity;

95 (c) identify whether the activities, services, and programs provided by the budget entity
96 are needed or effective;

97 (d) determine whether the budget entity is the best entity to provide those activities,
98 services, and programs and consider alternate means of providing those activities, services, and
99 programs;

100 (e) identify and determine what benefit the state is receiving from the expenditure of
101 taxpayer resources for the activity, service, or program;

102 (f) evaluate alternative budget amounts for various levels of effort for each activity,
103 service, or program of each budget entity; and

104 (g) prioritize the budget entity's activities, services, and programs within the budget
105 request.

106 (3) The committee may consider the following questions in reviewing and evaluating a
107 budget entity's activities, programs, and services:

108 (a) Would the termination of the activity, service, or program significantly harm or
109 endanger the public health, safety, or welfare?

110 (b) Has the activity, service, or program met the objectives of the statute that created
111 it?

112 (c) Do the functions of the activity, service, or program duplicate or overlap the
113 functions of any other entity?

114 (d) Is the activity, service, or program meeting the needs of its constituency and the
115 public?

116 (4) In establishing forms, standards, criteria, and requirements governing budget entity
117 submission of zero-based budget information to the committee, the committee may require
118 budget entities to submit the following information:

119 (a) a description of those discrete activities, services, and programs that comprise the
120 budget entity and justification for the existence of each activity, service, or program by

121 reference to statute or other legal authority;

122 (b) for each activity, service, or program, a quantitative estimate of any adverse
123 impacts that could reasonably be expected should the activity, service, or program be
124 discontinued, together with a full description of the methods by which the adverse impact is
125 estimated;

126 (c) for each activity, service, or program, an itemized account of expenditures that
127 would be required to maintain the activity, service, or program at the minimum level of service
128 required by the statutory or other legal authority, together with a concise statement of the
129 quantity and quality of services required at that minimum level;

130 (d) for each activity, service, or program, an itemized account of expenditures that
131 would be required to maintain the activity, service, or program at current levels of service,
132 together with a concise statement of the quantity and quality of services being provided; and

133 (e) a ranking of all activities, services, and programs that shows the relative
134 contribution of each to the overall goals and purposes of the budget entity at current service
135 levels.

136 Section 5. Section **63-38-2.1** is enacted to read:

137 **63-38-2.1. State agencies and other budget entities to submit zero-based budget --**
138 **Schedule.**

139 (1) As used in this section:

140 (a) "Budget entity" means any state agency or other entity that seeks state moneys and
141 appropriations in an appropriations act.

142 (b) "Zero-based budget" means a budget presented by a budget entity that:

143 (i) justifies all requested expenditures rather than simply justifying amounts requested
144 in excess of the previous fiscal year's funding; and

145 (ii) complies with the format, standards, criteria, and requirements established by the
146 Zero Base Budget Review Committee under Title 36, Chapter 27, Zero Base Budget Review
147 Committee.

148 (2) Each budget entity that seeks state monies and appropriations shall submit a
149 zero-based budget according to the schedule established by the Zero Base Budget Review
150 Committee by April 1, beginning April 1, 2008.

151 (3) The budget entity shall ensure that:

152 (a) the zero-based budget is in the form and contains the information required by the
153 committee; and

154 (b) contains the agency's entire proposed budget using the best currently available data
155 for the fiscal year beginning in July of the calendar year following the year in which the budget
156 is submitted to the committee.

Legislative Review Note
as of 1-22-07 6:49 AM

Office of Legislative Research and General Counsel

S.B. 63 - State Zero-based Budgeting

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill would require \$341,200 to provide staffing and analysis to a newly created budget committee. It would further require \$36,900 for legislator travel and per diem for 11 legislators and 10 meetings per year. Finally, the executive branch would need \$83,300 to support committee endeavors. Total General Fund appropriations needed in FY 2008 would come to \$461,500, including \$60,500 for one-time start-up and equipment costs.

| | <u>FY 2007</u> <u>Approp.</u> | <u>FY 2008</u> <u>Approp.</u> | <u>FY 2009</u> <u>Approp.</u> | <u>FY 2007</u> <u>Revenue</u> | <u>FY 2008</u> <u>Revenue</u> | <u>FY 2009</u> <u>Revenue</u> |
|------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund | \$0 | \$400,900 | \$400,900 | \$0 | \$0 | \$0 |
| General Fund, One-Time | \$0 | \$60,500 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$461,400 | \$400,900 | \$0 | \$0 | \$0 |

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.
