

By: Krause

H.B. No. 204

A BILL TO BE ENTITLED

AN ACT

relating to zero-based budgeting for certain entities funded by this state and requiring a state agency that is undergoing review by the Sunset Advisory Commission to undergo a financial audit and submit a zero-based budget in connection with the review.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 322.007, Government Code, is amended to read as follows:

Sec. 322.007. ESTIMATES AND REPORTS; SCHEDULED ZERO-BASED BUDGET PLANNING. (a) Each institution, department, agency, officer, employee, or agent of the state shall submit to the board any estimate or report relating to appropriations requested by the board or under the board's direction.

(b) The board shall adopt a schedule for the submission of zero-based budget plans by institutions, departments, and agencies of this state so that:

(1) one-third of the entities, or as near as possible to one-third of the entities, is scheduled to submit a zero-based budget plan before each regular legislative session; and

(2) each entity is scheduled to submit a zero-based budget plan before every third regular legislative session.

(c) Each institution, department, and agency of this state that receives an appropriation shall submit to the board a zero-based budget plan in accordance with the schedule adopted

under Subsection (b). A zero-based budget plan must contain:

(1) a description of the discrete activities the entity is charged with conducting or performing together with a justification for each activity by reference to a statute or other legal authority;

(2) for each activity identified under Subdivision (1), a quantitative estimate of any adverse effects that reasonably may be expected to result if the activity were discontinued, together with a description of the methods by which the adverse effects were estimated;

(3) for each activity identified under Subdivision (1), an itemized account of expenditures required to maintain the activity at the minimum level of service required by the statute or other legal authority, together with a concise statement of the quantity and quality of service required at that minimum level;

(4) for each activity identified under Subdivision (1), an itemized account of expenditures required to maintain the activity at the current level of service, together with a concise statement of the quantity and quality of service provided at that level; and

(5) a ranking of activities identified under Subdivision (1) that illustrates the relative importance of each activity to the overall goals and purposes of the institution, department, or agency at current service levels.

(d) Each zero-based budget plan and each estimate or report shall be submitted at a time set by the board and in the manner and form prescribed by board rules.

1        (e) Each zero-based budget plan and each ~~[(c) An]~~ estimate  
2 or report required under this section is in addition to a budget  
3 plan or an estimate or report required by other law, including those  
4 estimates or reports relating to appropriations required by Chapter  
5 401.

6        SECTION 2. Section 322.008(a), Government Code, is amended  
7 to read as follows:

8        (a) Based on information provided under Section 322.007,  
9 the ~~[The]~~ director, under the direction of the board, shall prepare  
10 the general appropriations bill for introduction at each regular  
11 legislative session.

12        SECTION 3. Section 401.0445(a), Government Code, is amended  
13 to read as follows:

14        (a) The governor shall compile the biennial appropriation  
15 budget using information:

16                (1) submitted to the governor in the uniform budget  
17 estimate forms; ~~[and]~~

18                (2) obtained at public hearings, from inspections, and  
19 from other sources; and

20                (3) submitted to the Legislative Budget Board under  
21 Section 322.007.

22        SECTION 4. Section 325.007, Government Code, is amended to  
23 read as follows:

24        Sec. 325.007. AGENCY REPORT TO COMMISSION. (a) Before  
25 September 1 of the odd-numbered year before the year in which a  
26 state agency subject to this chapter is abolished, the agency shall  
27 report to the commission:

1           (1) information regarding the application to the  
2 agency of the criteria in Section 325.011; and

3           (2) any other information that the agency considers  
4 appropriate or that is requested by the commission.

5           (b) Before November 1 of the odd-numbered year before the  
6 year in which a state agency subject to this chapter is abolished,  
7 the agency shall present to the commission a zero-based budget for  
8 the state fiscal year that begins on the date the agency is  
9 scheduled to be abolished that:

10           (1) describes the discrete activities the entity is  
11 charged with conducting or performing together with a justification  
12 for each activity by reference to a statute or other legal  
13 authority;

14           (2) for each activity identified under Subdivision  
15 (1), a quantitative estimate of any adverse effects that reasonably  
16 may be expected to result if the activity were discontinued,  
17 together with a description of the methods by which the adverse  
18 effects were estimated;

19           (3) for each activity identified under Subdivision  
20 (1), an itemized account of expenditures required to maintain the  
21 activity at the minimum level of service required by the statute or  
22 other legal authority, together with a concise statement of the  
23 quantity and quality of service required at that minimum level;

24           (4) for each activity identified under Subdivision  
25 (1), an itemized account of expenditures required to maintain the  
26 activity at the current level of service, together with a concise  
27 statement of the quantity and quality of service provided at that

1 level; and

2 (5) a ranking of activities identified under  
3 Subdivision (1) that illustrates the relative importance of each  
4 activity to the overall goals and purposes of the institution,  
5 department, or agency at current service levels.

6 (c) [(b)] The reports under Subsections (a) and (b) must be  
7 submitted in electronic format only. The commission shall  
8 prescribe the electronic format to be used.

9 SECTION 5. Chapter 325, Government Code, is amended by  
10 adding Section 325.0075 to read as follows:

11 Sec. 325.0075. FINANCIAL AUDIT. The state auditor shall  
12 conduct a financial audit under Section 321.0131 of each state  
13 agency scheduled to be abolished on a date certain if not continued  
14 in accordance with this chapter. The state auditor shall conduct  
15 the audit at a time so that the completed audit may be sent to the  
16 commission on September 1 of the odd-numbered year before the year  
17 the agency is scheduled to be abolished.

18 SECTION 6. The changes in law made by Sections 1, 2 and, 3  
19 apply only in regard to information for developing a biennial  
20 appropriation budget for a state fiscal biennium beginning on or  
21 after the effective date of this Act. The changes in law made by  
22 Sections 4 and 5 apply only in relation to the review by the Sunset  
23 Advisory Commission of agencies scheduled to be abolished on or  
24 after September 1, 2017, if not continued in accordance with  
25 Chapter 325, Government Code, and in relation to any other agencies  
26 that by law are reviewed during those review periods by the Sunset  
27 Advisory Commission.

1           SECTION 7.   This Act takes effect September 1, 2013.