

By: Krause

H.B. No. 114

A BILL TO BE ENTITLED

AN ACT

relating to zero-based budgeting for certain entities funded by this state and submission of a zero-based budget by and performance of a financial audit of an agency undergoing review by the Sunset Advisory Commission.

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, are 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

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

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

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

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

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

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

25 (d) Each zero-based budget plan and each estimate or report
26 shall be submitted at a time set by the board and in the manner and
27 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. The heading to Section 325.007, Government Code,
13 is amended to read as follows:

14 Sec. 325.007. AGENCY REPORT TO COMMISSION; ZERO-BASED
15 BUDGET REPORTS.

16 SECTION 4. Section 325.007, Government Code, is amended by
17 amending Subsection (b) and adding Subsection (c) to read as
18 follows:

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

24 (1) describes the discrete activities the entity is
25 charged with conducting or performing, together with a
26 justification for each activity by reference to a statute or other
27 legal authority;

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

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

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

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

21 (c) The reports under this section [~~Subsection (a)~~] must be
22 submitted in electronic format only. The commission shall
23 prescribe the electronic format to be used.

24 SECTION 5. Chapter [325](#), Government Code, is amended by
25 adding Section 325.0074 to read as follows:

26 Sec. 325.0074. FINANCIAL AUDIT. The state auditor shall
27 conduct a financial audit under Section [321.0131](#) of each state

1 agency scheduled to be abolished on a date certain if not continued
2 in accordance with this chapter. The state auditor shall conduct
3 the audit at a time so that the completed audit may be sent to the
4 commission on September 1 of the odd-numbered year before the year
5 the agency is scheduled to be abolished.

6 SECTION 6. Section 401.0445(a), Government Code, is amended
7 to read as follows:

8 (a) The governor shall compile the biennial appropriation
9 budget using information:

10 (1) submitted to the governor in the uniform budget
11 estimate forms; ~~and~~

12 (2) obtained at public hearings, from inspections, and
13 from other sources; and

14 (3) submitted to the Legislative Budget Board under
15 Section 322.007.

16 SECTION 7. (a) The changes in law made by Sections 1, 2, and
17 6 of this Act apply only in regard to information for developing a
18 biennial appropriation budget for a state fiscal biennium beginning
19 on or after the effective date of this Act.

20 (b) The changes in law made by Sections 4 and 5 of this Act
21 apply only in relation to the review by the Sunset Advisory
22 Commission of agencies scheduled to be abolished on or after
23 September 1, 2021, if not continued in accordance with Chapter 325,
24 Government Code, and in relation to any other agencies that by law
25 are reviewed during those review periods by the Sunset Advisory
26 Commission.

27 SECTION 8. This Act takes effect September 1, 2017.