

By: Bettencourt

S.B. No. 641

A BILL TO BE ENTITLED

AN ACT

relating to periodic zero-based budgeting for certain political subdivisions.

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

SECTION 1. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0025 to read as follows:

Sec. 44.0025. PERIODIC ZERO-BASED BUDGET REQUIRED FOR CERTAIN SCHOOL DISTRICTS AND COUNTY DEPARTMENTS OF EDUCATION; CONTENTS. (a) This section applies only to:

(1) a school district with a student enrollment of 50,000 or more; and

(2) a county department of education in a county with a population of 3.3 million or more.

(b) In addition to the required annual itemized budget, the superintendent of the school district or county department of education shall prepare, in plain language and an easily readable and understandable format, a zero-based budget every 12th year that contains:

(1) a description of the discrete activities the district or department conducts or performs with:

(A) a justification for each activity by reference to a statute, rule, or other legal authority; and

(B) an evaluation of the effectiveness and efficiency of the district's or department's policies, management,

fiscal affairs, and operations in relation to each activity;

(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 any minimum level of service required by statute, rule, 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 or performance, together with a concise statement of the quantity and quality of service or performance provided at that level;

(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 district or department at current service levels; and

(6) recommendations to the board of trustees of the district or department regarding whether the district or department should continue funding each activity identified under Subdivision (1) and, if so, at what level.

(c) In preparing the zero-based budget, the superintendent of the school district or county department of education may require any district or department officer or employee to provide

1 information necessary to properly prepare the budget.

2 (d) The superintendent of the school district or county
3 department of education shall file a copy of the zero-based budget
4 with the agency on or before the date the proposed budget is filed,
5 and the copy of the zero-based budget shall be available for public
6 inspection in the district's or department's central administrative
7 office. If the district or department maintains an Internet
8 website, the district or department shall take action to ensure
9 that the zero-based budget is posted on the website.

10 (e) At a public meeting held to adopt a budget, the board of
11 trustees of the school district or county department of education
12 shall consider information presented in the zero-based budget in
13 addition to the proposed budget.

14 SECTION 2. Chapter 102, Local Government Code, is amended
15 by adding Section 102.0055 to read as follows:

16 Sec. 102.0055. PERIODIC ZERO-BASED BUDGET REQUIRED;
17 CONTENTS. (a) This section applies only to a municipality with a
18 population of 225,000 or more.

19 (b) In addition to the annual itemized budget required under
20 Section 102.003, the budget officer shall prepare, in plain
21 language and an easily readable and understandable format, a
22 zero-based budget every 12th year that contains:

23 (1) a description of the discrete activities the
24 municipality conducts or performs with:

25 (A) a justification for each activity by
26 reference to a statute, charter provision, ordinance, or other
27 legal authority; and

1 (B) an evaluation of the effectiveness and
2 efficiency of the municipality's policies, management, fiscal
3 affairs, and operations in relation to each activity;

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

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

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

20 (5) a ranking of activities identified under
21 Subdivision (1) that illustrates the relative importance of each
22 activity to the overall goals and purposes of the municipality at
23 current service levels; and

24 (6) recommendations to the governing body of the
25 municipality regarding whether the municipality should continue
26 funding each activity identified under Subdivision (1) and, if so,
27 at what level.

1 (c) In preparing the zero-based budget, the budget officer
2 may require any municipal officer or board to provide information
3 necessary for the budget officer to properly prepare the budget.

4 (d) The budget officer shall file a copy of the zero-based
5 budget with the municipal clerk on or before the date the proposed
6 budget is filed, and the copy of the zero-based budget shall be
7 available for public inspection. If the municipality maintains an
8 Internet website, the municipal clerk shall take action to ensure
9 that the zero-based budget is posted on the website.

10 (e) At a public hearing held to adopt a budget under this
11 chapter, the governing body of the municipality shall consider
12 information presented in the zero-based budget in addition to the
13 proposed budget.

14 SECTION 3. Subchapter B, Chapter 111, Local Government
15 Code, is amended by adding Section 111.0375 to read as follows:

16 Sec. 111.0375. PERIODIC ZERO-BASED BUDGET REQUIRED;
17 CONTENTS. (a) In addition to the annual itemized budget required
18 under Section 111.034, the county auditor shall prepare, in plain
19 language and an easily readable and understandable format, a
20 zero-based budget every 12th year that contains:

21 (1) a description of the discrete activities the
22 county conducts or performs with:

23 (A) a justification for each activity by
24 reference to a statute, order, or other legal authority; and

25 (B) an evaluation of the effectiveness and
26 efficiency of the county's policies, management, fiscal affairs,
27 and operations in relation to each activity;

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

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

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

17 (5) a ranking of activities identified under
18 Subdivision (1) that illustrates the relative importance of each
19 activity to the overall goals and purposes of the county at current
20 service levels; and

21 (6) recommendations to the commissioners court of the
22 county regarding whether the county should continue funding each
23 activity identified under Subdivision (1) and, if so, at what
24 level.

25 (b) In preparing the zero-based budget, the county auditor
26 may require any district, county, or precinct officer of the county
27 to provide information necessary for the auditor to properly

1 prepare the budget.

2 (c) The county auditor shall file a copy of the zero-based
3 budget with the county clerk on or before the date the proposed
4 budget is filed, and the copy of the zero-based budget shall be
5 available for public inspection. If the county maintains an
6 Internet website, the county clerk shall take action to ensure that
7 the zero-based budget is posted on the website.

8 (d) At a public hearing held to adopt a budget under this
9 subchapter, the commissioners court shall consider information
10 presented in the zero-based budget in addition to the proposed
11 budget.

12 SECTION 4. Subchapter C, Chapter 111, Local Government
13 Code, is amended by adding Section 111.0665 to read as follows:

14 Sec. 111.0665. PERIODIC ZERO-BASED BUDGET REQUIRED;
15 CONTENTS. (a) This section applies only to a county with a
16 population of 225,000 or more.

17 (b) In addition to the annual itemized budget required under
18 Section 111.063, the budget officer shall prepare, in plain
19 language and an easily readable and understandable format, a
20 zero-based budget every 12th year that contains:

21 (1) a description of the discrete activities the
22 county conducts or performs with:

23 (A) a justification for each activity by
24 reference to a statute, order, or other legal authority; and

25 (B) an evaluation of the effectiveness and
26 efficiency of the county's policies, management, fiscal affairs,
27 and operations in relation to each activity;

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

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

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

17 (5) a ranking of activities identified under
18 Subdivision (1) that illustrates the relative importance of each
19 activity to the overall goals and purposes of the county at current
20 service levels; and

21 (6) recommendations to the commissioners court of the
22 county regarding whether the county should continue funding each
23 activity identified under Subdivision (1) and, if so, at what
24 level.

25 (c) In preparing the zero-based budget, the budget officer
26 may require the county auditor or any other district, county, or
27 precinct officer of the county to provide information necessary for

1 the budget officer to properly prepare the budget.

2 (d) The budget officer shall file a copy of the zero-based
3 budget with the county clerk and county auditor on or before the
4 date the proposed budget is filed, and the copy of the zero-based
5 budget shall be available for public inspection.

6 (e) At a public hearing held to adopt a budget under this
7 subchapter, the commissioners court shall consider information
8 presented in the zero-based budget in addition to the proposed
9 budget.

10 SECTION 5. The superintendent of a school district or
11 county department of education, the budget officer of a
12 municipality, or the county auditor or budget officer of a county,
13 as applicable, shall prepare an initial zero-based budget as
14 described by Section 44.0025, Education Code, or Section 102.0055,
15 111.0375, or 111.0665, Local Government Code, as added by this Act,
16 as applicable, for the fiscal year beginning on or after September
17 1, 2019.

18 SECTION 6. This Act takes effect September 1, 2017.