86R1124 CJC-F

By:  Krause H.B. No. 237

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.

(a-1)  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.

(a-2)  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 (a-1). 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.

(b)  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.

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

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

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

SECTION 3.  The heading to Section 325.007, Government Code, is amended to read as follows:

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

SECTION 4.  Section 325.007, Government Code, is amended by adding Subsection (a-1) and amending Subsection (b) to read as follows:

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

(1)  describes the discrete activities the agency 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), provides 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), provides 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), provides 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)  ranks activities identified under Subdivision (1) in a manner that illustrates the relative importance of each activity to the overall goals and purposes of the agency at current service levels.

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

SECTION 5.  Chapter 325, Government Code, is amended by adding Section 325.0074 to read as follows:

Sec. 325.0074.  FINANCIAL AUDIT. The state auditor shall conduct a financial audit under Section 321.0131 of each state agency scheduled to be abolished on a date certain if not continued in accordance with this chapter. The state auditor shall conduct the audit at a time so that the completed audit may be sent to the commission on September 1 of the odd-numbered year before the year the agency is scheduled to be abolished.

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

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

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

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

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

SECTION 7.  (a) Sections 322.007, 322.008(a), and 401.0445(a), Government Code, as amended by this Act, apply only in regard to information for developing a biennial appropriation budget for a state fiscal biennium beginning on or after the effective date of this Act.

(b)  Section 325.007, Government Code, as amended by this Act, and Section 325.0074, Government Code, as added by this Act, apply only in relation to the review by the Sunset Advisory Commission of agencies scheduled to be abolished on or after September 1, 2023, if not continued in accordance with Chapter 325, Government Code, and in relation to any other agencies that by law are reviewed during those review periods by the Sunset Advisory Commission.

SECTION 8.  This Act takes effect September 1, 2019.