

1.1 A bill for an act

1.2 relating to state government; providing for zero-based budgeting; proposing
1.3 coding for new law in Minnesota Statutes, chapter 16A.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. [16A.106] ZERO-BASED BUDGETING.

1.6 Subdivision 1. Zero-based budget. (a) For each biennium to be covered by a
1.7 proposed state budget, the governor shall require the proposed budgets of each state
1.8 department, institution, and agency of the executive department to prepare a budget using
1.9 zero-based budgeting. The commissioner of management and budget shall provide
1.10 any technical assistance necessary to enable each department, institution, or agency to
1.11 complete its budgetary requests as specified by the commissioner of management and
1.12 budget.

1.13 (b) The commissioner shall adopt rules necessary to provide instruction and guidance
1.14 to each department, institution, and agency to facilitate the provisions of this section.

1.15 (c) As used in this section, "zero-based budgeting" means a method of determining
1.16 the budget of a department, institution, or agency for which the budget of the department,
1.17 institution, or agency for the biennium immediately preceding the biennium covered by
1.18 the budget is:

1.19 (1) deemed to have been zero; and

1.20 (2) each proposed expenditure for the biennium covered by the budget must be
1.21 justified as if it were a new expenditure.

1.22 Subd. 2. Zero-based budget plan. Each department, institution, and agency shall
1.23 provide the following information:

2.1 (1) a description of activities that comprise the agency, and a justification for the
2.2 existence of each activity by reference to statute or other legal authority;

2.3 (2) for each activity, a quantitative estimate of any adverse impacts that could
2.4 reasonably be expected should the activity be discontinued, together with a full description
2.5 of the methods by which the adverse impact is estimated;

2.6 (3) a list of quantifiable program outcomes which measure the efficiency and
2.7 effectiveness of each program;

2.8 (4) for each activity, an itemized account of expenditures that would be required to
2.9 maintain the activity at the minimum level of service required by the statutory authority,
2.10 together with a concise statement of the quantity and quality of services required at that
2.11 minimum level;

2.12 (5) for each activity, an itemized account of expenditures required to maintain the
2.13 quantity and quality of services being provided and the number of personnel required to
2.14 accomplish each program; and

2.15 (6) a ranking of all activities that shows the relative contribution of each activity to
2.16 the overall goals and purposes of the agency at current service levels.

2.17 **Subd. 3. Legislature, judicial branch, and public employees' retirement system.**

2.18 The legislature, judicial branch, and public employees' retirement system shall each
2.19 submit a budget to the legislature in the same format as the proposed executive budget
2.20 under this section. All projections of revenue and any other information concerning future
2.21 state revenue contained in those budgets must be based upon projections and estimates
2.22 prepared by Minnesota Management and Budget.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.24 and must be implemented for the biennium beginning in fiscal year 2012.