

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1341 Session of 2015

INTRODUCED BY MENSCH, WAGNER, RESCHENTHALER, BARTOLOTTA, EICHELBERGER, RAFFERTY, AUMENT, GREENLEAF, VULAKOVICH, FOLMER, WHITE, HUTCHINSON, STEFANO, VOGEL, SMUCKER, BROOKS, ALLOWAY, ARGALL AND WARD, JULY 11, 2016

SENATOR BROWNE, APPROPRIATIONS, AS AMENDED, SEPTEMBER 26, 2016

AN ACT

1 ~~Providing for performance based budgeting; establishing the~~ <--
2 ~~Performance based Budget Board and providing for its powers~~
3 ~~and duties; and conferring powers and imposing duties on the~~
4 ~~Independent Fiscal Office.~~

5 PROVIDING FOR PERFORMANCE-BASED BUDGETING; ESTABLISHING THE <--
6 PERFORMANCE-BASED BUDGET BOARD AND PROVIDING FOR ITS POWERS
7 AND DUTIES; AND CONFERRING POWERS AND IMPOSING DUTIES ON THE
8 INDEPENDENT FISCAL OFFICE.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 ~~Section 1. Short title.~~ <--

12 ~~This act shall be known and may be cited as the Performance~~
13 ~~based Budgeting Act.~~

14 ~~Section 2. Findings.~~

15 ~~The General Assembly finds and declares as follows:~~

16 ~~(1) The traditional method of budget development, which~~
17 ~~relies upon incremental adjustments to expenditures made in~~
18 ~~the previous financial period, insulates governmental~~
19 ~~activities from the thorough fiscal review expected by~~
20 ~~taxpaying citizens.~~

1 ~~(2) New and changing demands for public services are met~~
2 ~~through excessive budget growth rather than by pruning~~
3 ~~obsolete programs and redirecting existing funds. Some~~
4 ~~programs were established so long ago that the original~~
5 ~~statutory basis has either been forgotten or is out of date.~~
6 ~~In time, the budget is driven by inertia rather than by clear~~
7 ~~and defensible purposes.~~

8 ~~(3) Performance based budgeting is an effective method~~
9 ~~to counter the tendency toward perpetuation of outmoded State~~
10 ~~programs.~~

11 ~~Section 3. Definitions.~~

12 ~~The following words and phrases when used in this act shall~~
13 ~~have the meanings given to them in this section unless the~~
14 ~~context clearly indicates otherwise:~~

15 ~~"Board." The Performance based Budget Board established~~
16 ~~under this act.~~

17 ~~Section 4. Performance based Budget Board.~~

18 ~~(a) Establishment. The Performance based Budget Board is~~
19 ~~established as an independent board to review the performance~~
20 ~~based budget plans of State agencies and make recommendations on~~
21 ~~how each agency's programs may be made more transparent,~~
22 ~~effective and efficient.~~

23 ~~(b) Members. The board shall consist of the following~~
24 ~~members:~~

25 ~~(1) The Secretary of the Budget.~~

26 ~~(2) The chairperson of the Appropriations Committee of~~
27 ~~the Senate.~~

28 ~~(3) The minority chairperson of the Appropriations~~
29 ~~Committee of the Senate.~~

30 ~~(4) The chairperson of the Appropriations Committee of~~

1 ~~the House of Representatives.~~

2 ~~(5) The minority chairperson of the Appropriations~~
3 ~~Committee of the House of Representatives.~~

4 ~~Section 5. Budget review.~~

5 ~~(a) Board. The following shall apply:~~

6 ~~(1) The board shall review each State agency's~~
7 ~~performance based budget plan submitted under paragraph (2)~~
8 ~~and make recommendations on making the programs administered~~
9 ~~by the agency more transparent, effective and efficient. The~~
10 ~~board shall submit its recommendations to the Independent~~
11 ~~Fiscal Office for review.~~

12 ~~(2) The following shall apply:~~

13 ~~(i) Except as otherwise provided under subparagraph~~
14 ~~(ii), each time a State agency is under review by the~~
15 ~~board, the board shall notify the agency and require the~~
16 ~~agency to prepare and submit a performance based budget~~
17 ~~plan in addition to any other information that may be~~
18 ~~required by statute, rule or directive. At a minimum, the~~
19 ~~plan shall contain the following information:~~

20 ~~(A) A description of those discrete activities~~
21 ~~that comprise the agency and a justification for the~~
22 ~~existence of each activity by reference to statute or~~
23 ~~other legal authority.~~

24 ~~(B) For each activity, a quantitative estimate~~
25 ~~of any adverse impacts that could reasonably be~~
26 ~~expected should the activity be discontinued,~~
27 ~~together with a full description of the methods by~~
28 ~~which the adverse impact is estimated.~~

29 ~~(C) For each activity, an itemized account of~~
30 ~~expenditures that would be required to maintain the~~

1 ~~activity at the minimum level of service required by~~
2 ~~the statutory authority, together with a concise~~
3 ~~statement of the quantity and quality of services~~
4 ~~required at that minimum level.~~

5 ~~(D) For each activity, an itemized account of~~
6 ~~expenditures required to maintain the activity at~~
7 ~~current levels of service, together with a concise~~
8 ~~statement of the quantity and quality of services~~
9 ~~being provided.~~

10 ~~(E) A ranking of all activities that shows the~~
11 ~~relative contribution of each activity to the overall~~
12 ~~goals and purposes of the agency at current service~~
13 ~~levels.~~

14 ~~(F) A mission statement on how the agency is~~
15 ~~accountable to taxpayers.~~

16 ~~(ii) In 2016, the Governor shall submit a~~
17 ~~performance based budget plan to the board for agencies~~
18 ~~with cumulative total expenditures of at least 8% of the~~
19 ~~General Fund budget.~~

20 ~~(3) Each agency shall receive a performance based budget~~
21 ~~review no less often than once every five years. In order to~~
22 ~~implement this schedule, beginning in 2018, approximately 20%~~
23 ~~of agencies shall be subject to performance based budget plan~~
24 ~~review each year.~~

25 ~~(b) Independent Fiscal Office. Within 30 days of receipt of~~
26 ~~the board's recommendations, the Independent Fiscal Office shall~~
27 ~~review the recommendations and prepare a report that approves or~~
28 ~~disapproves the recommendations. The report shall be issued to~~
29 ~~the Governor, the President pro tempore of the Senate, the~~
30 ~~Minority Leader of the Senate, the Speaker of the House of~~

1 ~~Representatives, the Minority Leader of the House of~~
2 ~~Representatives, the chairperson of the Appropriations Committee~~
3 ~~of the Senate and the chairperson of the Appropriations~~
4 ~~Committee of the House of Representatives.~~

5 ~~Section 6. Effective date.~~

6 ~~This act shall take effect in 60 days.~~

7 SECTION 1. SHORT TITLE.

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8 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE PERFORMANCE-
9 BASED BUDGETING ACT.

10 SECTION 2. FINDINGS.

11 THE GENERAL ASSEMBLY FINDS AND DECLARES AS FOLLOWS:

12 (1) THE TRADITIONAL METHOD OF BUDGET DEVELOPMENT, WHICH
13 RELIES UPON INCREMENTAL ADJUSTMENTS TO EXPENDITURES MADE IN
14 THE PREVIOUS FINANCIAL PERIOD, INSULATES GOVERNMENTAL
15 ACTIVITIES FROM THE THOROUGH FISCAL REVIEW EXPECTED BY
16 TAXPAYING CITIZENS.

17 (2) NEW AND CHANGING DEMANDS FOR PUBLIC SERVICES ARE MET
18 THROUGH EXCESSIVE BUDGET GROWTH RATHER THAN BY SYSTEMATIC AND
19 THOROUGH ANALYSIS BASED ON PERFORMANCE MEASUREMENT AND
20 ESTABLISHED PERFORMANCE BENCHMARKS AND THE REALLOCATION OF
21 EXISTING FISCAL RESOURCES. TRADITIONAL BUDGETING PROCESSES
22 OFTEN RESULT IN THE CONTINUATION OF OBSOLETE OR INEFFECTIVE
23 PROGRAMS AND INCREASED RELIANCE ON TAXPAYER SUPPORT. SOME
24 PROGRAMS WERE ESTABLISHED SO LONG AGO THAT THE ORIGINAL
25 STATUTORY BASIS HAS EITHER BEEN FORGOTTEN OR IS OUT OF DATE.
26 IN TIME, THE BUDGET IS DRIVEN BY INERTIA RATHER THAN BY CLEAR
27 AND DEFENSIBLE PURPOSES.

28 (3) PERFORMANCE-BASED BUDGETING IS AN EFFECTIVE METHOD
29 TO COUNTER THE TENDENCY TOWARD PERPETUATION OF OUTMODED STATE
30 PROGRAMS.

1 SECTION 3. DEFINITIONS.

2 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
3 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
4 CONTEXT CLEARLY INDICATES OTHERWISE:

5 "AGENCY." AN AGENCY, BOARD OR COMMISSION UNDER THE
6 GOVERNOR'S JURISDICTION.

7 "BOARD." THE PERFORMANCE-BASED BUDGET BOARD ESTABLISHED
8 UNDER THIS ACT.

9 "IFO." THE INDEPENDENT FISCAL OFFICE ESTABLISHED UNDER
10 ARTICLE VI-B OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175),
11 KNOWN AS THE ADMINISTRATIVE CODE OF 1929.

12 "SECRETARY." THE SECRETARY OF THE BUDGET OF THE
13 COMMONWEALTH.

14 SECTION 4. PERFORMANCE-BASED BUDGETS.

15 (A) INITIATION OF PROGRAM.--NOTWITHSTANDING THE PROVISIONS
16 OF SECTIONS 610 AND 611 OF THE ACT OF APRIL 9, 1929 (P.L.177,
17 NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929, TO THE
18 CONTRARY, THE SECRETARY SHALL FOR FISCAL YEAR 2018-2019 INITIATE
19 A PROGRAM OF PERFORMANCE-BASED BUDGET REVIEWS AS PART OF THE
20 ANNUAL BUDGET PREPARATION AND PROGRAM EVALUATION PROCESSES.

21 (B) SCHEDULE.--THE SECRETARY, IN CONJUNCTION WITH THE
22 DIRECTOR OF THE IFO, SHALL, BY JANUARY 1, 2017, ESTABLISH A
23 SCHEDULE OF PERFORMANCE-BASED BUDGET REVIEWS FOR ALL AGENCIES.
24 THE SCHEDULE SHALL ENSURE THAT THE AGENCIES ARE SUBJECT TO A
25 PERFORMANCE-BASED BUDGET REVIEW AT LEAST ONCE EVERY FIVE YEARS.

26 (C) NOTICE.--EACH TIME AN AGENCY IS SUBJECT TO A
27 PERFORMANCE-BASED BUDGET REVIEW, THE SECRETARY SHALL NOTIFY THE
28 AGENCY AND REQUIRE THE AGENCY TO PREPARE AND SUBMIT SUCH
29 INFORMATION TO THE IFO AS MAY BE REQUIRED FOR THE PREPARATION OF
30 A PERFORMANCE-BASED BUDGET PLAN. THE INFORMATION SHALL INCLUDE,

1 BUT NOT BE LIMITED TO:

2 (1) DETAILED DESCRIPTIONS OF ALL AGENCY LINE ITEM
3 APPROPRIATIONS AND PROGRAMS INCLUDING INFORMATION ON
4 POPULATIONS SERVED, GRANTS AWARDED AND SUBSIDIES PROVIDED FOR
5 GRANT AND SUBSIDY APPROPRIATIONS.

6 (2) DESCRIPTIVE INFORMATION AND DATA RELATED TO EXISTING
7 PERFORMANCE MEASURES FOR AGENCY APPROPRIATIONS AND PROGRAMS.

8 (3) AN AGENCY MISSION STATEMENT AND AGENCY GOALS AND
9 OBJECTIVE FOR THE BUDGET YEAR AND SUCCESSIVE PLANNING YEARS
10 INCLUDING SPECIFIC GOALS AND OBJECTIVES, WHERE THEY EXIST,
11 FOR AGENCY PROGRAMS.

12 (4) ANY OTHER INFORMATION AS THE IFO MAY REQUIRE.

13 (D) SUBMISSION OF INFORMATION.--AGENCIES SHALL SUBMIT
14 PERFORMANCE-BASED BUDGET INFORMATION CONTEMPORANEOUSLY TO THE
15 SECRETARY, THE IFO, THE CHAIR AND MINORITY CHAIR OF THE
16 APPROPRIATIONS COMMITTEE OF THE SENATE AND THE CHAIR AND
17 MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE OF THE HOUSE OF
18 REPRESENTATIVES.

19 (E) CONCURRENT RESOLUTIONS.--THE GENERAL ASSEMBLY MAY DIRECT
20 A PERFORMANCE-BASED BUDGET REVIEW FOR AN AGENCY BY ADOPTION OF A
21 CONCURRENT RESOLUTION. UPON ADOPTION OF A CONCURRENT RESOLUTION
22 UNDER THIS SUBSECTION, THE SECRETARY SHALL MAKE NOTIFICATION TO
23 THE AGENCY UNDER SUBSECTION (C).

24 SECTION 5. INDEPENDENT FISCAL OFFICE.

25 (A) DEVELOPMENT OF AGENCY PERFORMANCE-BASED BUDGET PLAN.--

26 (1) THE IFO, PURSUANT TO ITS MANDATE UNDER SECTION 604-
27 B(A) (3) OF THE ACT OF APRIL 9, 1929 (P.L.177, NO.175), KNOWN
28 AS THE ADMINISTRATIVE CODE OF 1929, AND THIS ACT, SHALL
29 REVIEW AGENCY PERFORMANCE-BASED BUDGET INFORMATION AND
30 DEVELOP AN AGENCY PERFORMANCE-BASED BUDGET PLAN FOR AGENCIES

1 SUBJECT TO A PERFORMANCE-BASED BUDGET REVIEW UNDER SECTION 4.

2 (2) IN DEVELOPING PERFORMANCE-BASED BUDGET PLANS THE IFO
3 SHALL EVALUATE EACH AGENCY PROGRAM OR LINE-ITEM APPROPRIATION
4 AND DEVELOP PERFORMANCE MEASURES FOR EACH AGENCY PROGRAM OR
5 LINE-ITEM APPROPRIATION.

6 (3) PERFORMANCE MEASUREMENTS SHALL INCLUDE OUTCOME-BASED
7 MEASURES ALONG WITH EFFICIENCY MEASURES, ACTIVITY COST
8 ANALYSIS, RATIO MEASURES, MEASURES OF STATUS IMPROVEMENT OF
9 RECIPIENT POPULATIONS, ECONOMIC OUTCOMES AND PERFORMANCE
10 BENCHMARKS AGAINST SIMILAR STATE PROGRAMS OR SIMILAR PROGRAMS
11 OF OTHER STATES OR JURISDICTIONS.

12 (B) COMPLETION AND SUBMISSION OF EVALUATIONS.--THE
13 EVALUATIONS UNDER SUBSECTION (A) SHALL BE COMPLETED IN A TIMELY
14 MANNER AND SUBMITTED BY THE IFO TO THE BOARD FOR REVIEW AND
15 APPROVAL.

16 (C) INTERAGENCY COOPERATION.--THE SECRETARY AND THE HEADS OF
17 AGENCIES SHALL COOPERATE WITH THE IFO AND PROVIDE ANY
18 INFORMATION OR DATA THAT THE IFO MAY REQUIRE TO CARRY OUT ITS
19 DUTIES UNDER THIS ACT.

20 SECTION 6. PERFORMANCE-BASED BUDGET BOARD.

21 (A) ESTABLISHMENT.--THE PERFORMANCE-BASED BUDGET BOARD IS
22 ESTABLISHED AS AN INDEPENDENT BOARD TO REVIEW AND APPROVE THE
23 PERFORMANCE-BASED BUDGET PLANS DEVELOPED BY THE IFO FOR AGENCIES
24 AND TO MAKE RECOMMENDATIONS ON HOW EACH AGENCY'S OPERATIONS AND
25 PROGRAMS MAY BE MADE MORE TRANSPARENT, EFFECTIVE AND EFFICIENT.

26 (B) MEMBERS.--THE BOARD SHALL CONSIST OF THE FOLLOWING
27 MEMBERS:

28 (1) THE SECRETARY.

29 (2) THE CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF
30 THE SENATE.

1 (3) THE MINORITY CHAIRPERSON OF THE APPROPRIATIONS
2 COMMITTEE OF THE SENATE.

3 (4) THE CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF
4 THE HOUSE OF REPRESENTATIVES.

5 (5) THE MINORITY CHAIRPERSON OF THE APPROPRIATIONS
6 COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

7 (C) REVIEW AND APPROVAL.--

8 (1) THE BOARD SHALL REVIEW AND APPROVE OR DISAPPROVE
9 EACH PERFORMANCE-BASED BUDGET PLAN SUBMITTED BY THE IFO IN A
10 TIMELY MANNER.

11 (2) PLANS SHALL BE APPROVED BY A MAJORITY VOTE OF THE
12 BOARD TAKEN AT A PUBLIC MEETING.

13 (3) MEETINGS OF THE BOARD SHALL BE SUBJECT TO THE ACT OF
14 FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE RIGHT-TO-KNOW
15 LAW, AND 65 PA.C.S. CH. 7 (RELATING TO OPEN MEETINGS).

16 (4) PLANS NOT APPROVED OR DISAPPROVED BY THE BOARD
17 WITHIN 45 DAYS OF SUBMISSION BY THE IFO SHALL BE DEEMED
18 APPROVED. IF THE BOARD DISAPPROVES A PLAN, IT SHALL BE
19 RETURNED TO THE IFO WITH RECOMMENDATIONS FOR REVISION AND
20 RESUBMISSION TO THE BOARD.

21 (D) PUBLICATION.--APPROVED PERFORMANCE-BASED BUDGET PLANS
22 SHALL BE PUBLISHED ON THE IFO'S PUBLICLY ACCESSIBLE INTERNET
23 WEBSITE.

24 (E) AGENCY REPRESENTATION DURING BOARD REVIEW.--THE HEAD OF
25 THE AGENCY, OR A DEPUTY SECRETARY-LEVEL POSITION, SHALL:

26 (1) ATTEND THE PERFORMANCE-BASED BUDGET BOARD MEETING
27 WHEN THE IFO PRESENTS THE AGENCY'S PERFORMANCE-BASED BUDGET
28 PLAN.

29 (2) BE AVAILABLE TO OFFER ADDITIONAL EXPLANATION FOR
30 INFORMATION CONTAINED IN THE PLAN.

1 SECTION 7. GOVERNOR.

2 THE GOVERNOR SHALL CONSIDER APPROVED AGENCY PERFORMANCE-BASED
3 BUDGETING PLANS AND PERFORMANCE MEASUREMENTS RELATED THERETO IN
4 THE ANNUAL BUDGET DEVELOPMENT AND IMPLEMENTATION PROCESSES.

5 SECTION 8. GENERAL ASSEMBLY.

6 THE GENERAL ASSEMBLY SHALL CONSIDER APPROVED AGENCY
7 PERFORMANCE-BASED BUDGETING PLANS AND PERFORMANCE MEASUREMENTS
8 RELATED THERETO IN THE ANNUAL BUDGET DEVELOPMENT AND
9 IMPLEMENTATION PROCESSES.

10 SECTION 9. EFFECTIVE DATE.

11 THIS ACT SHALL TAKE EFFECT IN 60 DAYS.