

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 65

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DATE	D-PG	OFFICIAL STATUS
01/11/2017	100	Introduction and first reading
		Referred to State Government Finance and Policy and Elections
02/16/2017	623a	Comm report: To pass as amended and re-refer to Finance

- 1.1 A bill for an act
- 1.2 relating to state government; providing for zero-based budgeting; amending
- 1.3 Minnesota Statutes 2016, section 16A.10, subdivision 2; proposing coding for new
- 1.4 law in Minnesota Statutes, chapter 16A.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2016, section 16A.10, subdivision 2, is amended to read:
- 1.7 Subd. 2. **By October 15 and November 30.** By October 15 of each even-numbered
- 1.8 year, an agency must file the following with the commissioner:
- 1.9 (1) budget estimates for the most recent and current fiscal years;
- 1.10 (2) ~~its upcoming biennial budget estimates~~ a proposed detailed operating budget prepared
- 1.11 according to zero-based budgeting as required under section 16A.107;
- 1.12 (3) a comprehensive and integrated statement of agency missions and outcome and
- 1.13 performance measures; and
- 1.14 (4) a concise explanation of any planned changes in the level of services or new activities.
- 1.15 The commissioner shall prepare and file the budget estimates for an agency failing to
- 1.16 file them. By November 30, the commissioner shall send the final budget format, agency
- 1.17 budget estimates for the next biennium, and copies of the filed material to the Ways and
- 1.18 Means and Finance Committees, except that the commissioner shall not be required to
- 1.19 transmit information that identifies executive branch budget decision items.

2.1 Sec. 2. [16A.107] ZERO-BASED BUDGETING.

2.2 Subdivision 1. Zero-based budget. (a) By October 15 and November 30 in each
2.3 even-numbered year, each state department, institution, and agency of the executive branch
2.4 must submit to the commissioner a proposed detailed operating budget using zero-based
2.5 budgeting, including a zero-based budgeting plan. The commissioner of management and
2.6 budget shall provide technical assistance to enable each department, institution, or agency
2.7 to complete its proposed detailed operating budget as specified by the commissioner of
2.8 management and budget.

2.9 (b) The commissioner of management and budget shall adopt policies and procedures
2.10 for each department, institution, and agency to implement the provisions of this section.

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

2.15 (1) deemed to have been zero; and

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

2.18 Subd. 2. Zero-based budget plan. A "zero-based budget plan" includes the following
2.19 information:

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

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

2.25 (3) a list of quantifiable program outcomes that measure the efficiency and effectiveness
2.26 of each program;

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

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

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

3.6 **EFFECTIVE DATE.** This section is effective July 1, 2017, and must be implemented
3.7 for the biennium beginning in fiscal year 2020.