

Introduced by Senator Wolk
(Principal coauthor: Assembly Member Niello)
(Coauthor: Senator Ashburn)
(Coauthor: Assembly Member Buchanan)

February 27, 2009

An act to amend Section 13320 of, and to add Section 13335.5 to, the Government Code, relating to the state budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 777, as introduced, Wolk. State budget.

(1) The California Constitution requires the Governor to submit annually to the Legislature a budget itemizing state expenditures and estimating state revenues and requires the Legislature to pass the Budget Bill by midnight on June 15.

This bill would require that the budget submitted by the Governor to the Legislature for the 2011–12 fiscal year and each fiscal year thereafter be developed pursuant to performance-based budgeting methods, as defined, for each state agency.

(2) Under existing law, a state agency for which an appropriation is made is generally required to submit to the Department of Finance for approval a complete and detailed budget setting forth all proposed expenditures and estimated revenues for the ensuing fiscal year.

The bill would require the budget of the state agency submitted to the department to utilize a performance-based budgeting method, as defined. The bill also would establish a task force comprised of the Director of Finance, the Controller, and the Chairperson of the Joint Legislative Budget Committee to develop performance-based budgeting guidelines and procedures and to develop a training and education program for state agency personnel involved in the budget process.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 13320 of the Government Code is
 2 amended to read:
 3 13320. (a) Every ~~State state~~ agency and court for which an
 4 appropriation has been made; shall submit to the department for
 5 approval; a complete and detailed budget at ~~such~~ *the* time and in
 6 ~~such the~~ form ~~as may be~~ prescribed by the department, setting
 7 forth all proposed expenditures and estimated revenues for the
 8 ensuing fiscal year.
 9 (b) *The budget submitted to the department for approval shall*
 10 *utilize performance-based budgeting methods.*
 11 (c) *A performance-based budget shall identify or update all of*
 12 *the following:*
 13 (1) *The mission of the agency or judicial branch.*
 14 (2) *The goals established to accomplish the mission.*
 15 (3) *The activities developed to achieve state goals.*
 16 (4) *A performance goal and an outcome-oriented performance*
 17 *measure for each activity for which an appropriation is made or*
 18 *requested.*
 19 (5) *Legislatively approved output and performance standards*
 20 *to measure progress toward program objectives. Each performance*
 21 *measure must identify the associated activity contributing to it.*
 22 (6) *Prior-year performance data on approved performance*
 23 *measures and an explanation of deviation from expected*
 24 *performance.*
 25 (7) *Proposed performance incentives and disincentives.*
 26 (d) *As used in this article, “performance-based budgeting*
 27 *method” means establishing clear accountability by achieving*
 28 *measurable performance results from the expenditure of state*
 29 *resources.*
 30 SEC. 2. Section 13335.5 is added to the Government Code, to
 31 read:
 32 13335.5. (a) For the 2011–12 fiscal year, and each fiscal year
 33 thereafter, the budget that the Governor submits to the Legislature,
 34 as required by Section 12 of Article IV of the California

1 Constitution, shall be developed by utilizing performance-based
2 budgeting methods.

3 (b) The amount of each appropriation made in the Budget Act
4 for the 2011–12 fiscal year, and each fiscal year thereafter, for
5 expenditure by any state agency shall be determined by each
6 budgetary unit utilizing performance-based budgeting methods.
7 The Budget Act introduced by the Governor also shall include
8 performance standards, which shall be proposed by the Governor
9 and may be amended by the Legislature in the same manner as
10 amendments to appropriations in the Budget Bill. These standards
11 shall be applied to each state agency, including a method for
12 evaluating whether those standards are met in order to ascertain
13 the effectiveness and efficiency of the state agency.

14 (c) A task force consisting of the Director of Finance, the
15 Controller, and the Chairperson of the Joint Legislative Budget
16 Committee shall do both of the following:

17 (1) Develop guidelines and procedures to be used by state
18 agencies in developing performance-based budgets for the 2011–12
19 fiscal year and following fiscal years, including procedures for
20 implementing activity-based costing or other managerial cost
21 accounting systems in each state agency.

22 (2) Develop a training and education program for appropriate
23 budget personnel to facilitate the development of
24 performance-based budgeting methods by state agencies for the
25 2011–12 fiscal year and following fiscal years.

26 (e) For purposes of this article, the following terms have the
27 following meanings:

28 (1) “Budgetary unit” means the smallest significant operational
29 unit within a state agency that has programmatic responsibilities,
30 including local assistance programs, and authority distinct from
31 other units at the same level in the entity’s organizational structure,
32 and that does not have subdivisions or other units under it that
33 have policy or administrative authority with respect to
34 programmatic responsibilities.

35 (2) “State agency” means any agency, department, or other
36 entity of the state, including a court, that is required to submit a
37 budget pursuant to Article 2 (commencing with Section 13320).

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