

Senate Bill No. 14

Passed the Senate September 1, 2011

Secretary of the Senate

Passed the Assembly August 30, 2011

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2011, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Sections 13335.1, 13335.3, 13335.5, and 13335.7 to the Government Code, relating to the State Budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 14, 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 2013–14 fiscal year and each fiscal year thereafter, as specified in a plan developed by the Department of Finance and distributed to the appropriate committees of the Legislature by August 1, 2012, be developed pursuant to performance-based budgeting, 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 a state agency, as defined, submitted to the department as specified in the plan developed by the department, to utilize performance-based budgeting for all programs, as defined to include those performed not only by state agencies, but by local agencies, contractors, or others that have a material relationship with the state, or its authorities and activities. For those programs not administered by the state, but which confer a benefit that would not otherwise be conferred but for the action of state government, state departments would be required to develop a process for consulting with responsible local agencies, contractors or other responsible entities, and stakeholders to develop information related to performance standards and program performance. The bill would require the department to include specified performance-based budgeting information in the Governor's Budget proposal and to post that information on the department's Internet Web site.

Implementation of the requirement to use performance-based budgeting for departments and programs would be contingent on an appropriation of funding for that requirement in the annual Budget Act.

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

SECTION 1. Section 13335.1 is added to the Government Code, to read:

13335.1. (a) It is the intent of the Legislature in enacting Sections 13335.3, 13335.5, and 13335.7 to provide a system of analysis that supports a results-oriented framework for the delivery of public services and the operation of state departments and programs. That framework should prioritize understanding the results of programs and funding that are subject to a transfer of authority and responsibility from state government to county governments.

(b) The Legislature hereby finds and declares the following:

(1) State government must focus on the outcomes of public policy decisions and public programs to ensure opportunities are available for all Californians to achieve a high quality of life.

(2) The Legislature must ensure that policymakers, public program administrators, and rank-and-file state workers have access to relevant and timely information so that they can make informed decisions in the design and delivery of public programs.

(3) The focus of that information must be on the goals of those public programs and the performance of the public agencies in administering those programs.

(4) Goal and performance information should be widely available, relevant, and timely for informing budget, policy, and oversight decisions.

(5) In order to identify performance measurements relevant to budget, policy, and oversight decisionmaking, public agencies must consult with the public, rank-and-file state workers, supervisors, and other officials responsible for the delivery of public programs.

(6) Performance measurements, including information on outcomes and other metrics relevant to improving those outcomes, should be designed to ensure that limited public resources are well spent.

(7) Establishing goal, performance, and outcome information for public programs should be part of a systematic review of the effectiveness and efficiency of those programs.

(8) Goal, performance, and outcome information should be made widely available to the public.

(9) Goal, performance, and outcome information should be used in the annual budget and policymaking process to inform fiscal and policy decisions and by the Legislature to enhance oversight of public programs and to ensure results-based accountability.

(10) As a component of legislative oversight, goal, performance, and outcome information should be used to identify programs that require fundamental reforms to improve outcomes and programs subject to elimination because they are ineffective.

SEC. 2. Section 13335.3 is added to the Government Code, to read:

13335.3. (a) As used in this article, “performance-based budgeting” means a system of budgeting that uses information on performance to inform resource allocation decisions, thereby establishing clear accountability.

(b) The purpose of performance-based budgeting is to inform policy, fiscal, and oversight decisions by the Governor and Members of the Legislature; to focus managers, supervisors, and rank-and-file workers on achieving desired goals; and to communicate to the public the value of public programs, progress toward desired results, and the choices available to improve the expenditure of public funds.

(c) Every state agency for which an appropriation has been made shall submit to the department for approval a complete and detailed budget at the time and in the form prescribed by the plan developed by the department pursuant to Section 13335.5 that sets forth all proposed expenditures and estimated revenues for the ensuing fiscal year.

(d) Budgets submitted to the department pursuant to subdivision (c) shall use performance-based budgeting to make clear to policymakers and the public the value and results of existing operations and proposed changes.

(e) A budget using performance-based budgeting shall identify and update all of the following:

(1) The mission and goals of the agency.

(2) The activities and programs focused on achieving those goals.

(3) Performance metrics that reflect desired outcomes for existing and proposed activities and a targeted performance level for the following year.

(4) Prior year performance data and an explanation of deviation from previous year targets.

(5) Proposed changes in statute, including the creation of incentives or elimination of disincentives that could improve outcomes or hold down costs.

(6) A description of the impacts and consequences to parties affected by a program proposed for modification or elimination.

(f) Performance-based budgeting shall be used by each state agency as specified in the plan submitted by the department pursuant to Section 13335.5 and shall allow the public and policymakers to understand the effectiveness and efficiency of each program. For those programs that are not administered by the state, but that confer a benefit that would not otherwise be conferred were it not for the action of the state government, departments shall develop a process for consulting with the responsible local agencies, contractors or other responsible entities, and stakeholders to develop information related to performance standards and program performance.

(g) The department shall include performance-based budgeting information in the Governor's Budget proposal, as specified in Section 13335.7, in both printed and electronic formats if prepared, and post the information on its Internet Web site where it routinely posts budget information. That information shall include, but not be limited to, information on all of the following:

(1) The mission and goals of each agency provided spending authority in the budget proposal.

(2) The activities and programs focused on achieving those goals.

(3) Performance metrics that reflect desired outcomes for existing and proposed activities and a targeted performance level for the following year.

(4) Prior year performance data and an explanation of deviation from previous year targets.

(5) A description of the impacts and consequences to parties affected by a program proposed for modification or elimination.

SEC. 3. Section 13335.5 is added to the Government Code, to read:

13335.5. No later than August 1, 2012, the Department of Finance shall prepare and distribute to the appropriate committees of the Legislature, and to the Legislative Analyst's Office, a plan and a timeline to implement the requirements of Section 13335.3, including information on strategies and a timeline for the integration of performance-based budgeting into the FISCAL system as defined by Chapter 7 (commencing with Section 15849.20) of Part 10b of Title 2, as follows:

(a) The plan shall identify those departments and programs for which performance-based budgeting shall be used beginning with the development of the Governor's Budget for fiscal year 2013–14, and shall specify the rate of expansion in the number of departments and programs for which performance-based budgeting is to be used in subsequent years.

(b) The plan and timeline shall describe how state employees and other affected parties will be involved in establishing and implementing performance standards.

(c) The plan shall identify training needs and opportunities to ensure that state employees have appropriate opportunities for education, training, and support to ensure the successful implementation of performance-based budgeting and management by state agencies.

SEC. 4. Section 13335.7 is added to the Government Code, to read:

13335.7. (a) Beginning with the budget submitted by the Governor to the Legislature pursuant to Section 12 of Article IV of the California Constitution for the 2013–14 fiscal year, the department shall require the use of performance-based budgeting for those departments and programs required by the plan submitted by the department to the Legislature pursuant to Section 13335.5 to use performance-based budgeting for the applicable fiscal year.

(b) The budget submitted by the Governor to the Legislature pursuant to Section 12 of Article IV of the California Constitution for the 2018–19 fiscal year, and for every fiscal year thereafter, shall be developed for each program and department using performance-based budgeting.

(c) The Legislative Analyst’s Office shall review the adequacy of performance metrics and progress toward targeted outcomes in preparing its review of the Governor’s Budget proposal.

(d) For purposes of Sections 13335.3 and 13335.5, “state agency” means any agency, department, or other entity of the executive branch of the state that is required to submit a budget pursuant to Article 2 (commencing with Section 13320).

SEC. 5. Implementation of Section 13335.7 of the Government Code is contingent on an appropriation of funding for its purposes in the annual Budget Act.

Approved _____, 2011

Governor