

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1356/2	Introduction Number AB-0127
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Description
 Preparation of zero-based biennial budget requests by executive branch agencies, preparation and passage of biennial budget bill or bills, state budget deficit, and generally accepted accounting principles

Fiscal Effect

State:

- | | | |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|--|---|

Local:

- | | | |
|--|--|--|
| <input type="checkbox"/> No Local Government Costs
<input type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected
<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

Fund Sources Affected

- GPR FED PRO PRS SEG SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By

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Date

3/20/2009

Fiscal Estimate Narratives

DOA 3/20/2009

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Description Preparation of zero-based biennial budget requests by executive branch agencies, preparation and passage of biennial budget bill or bills, state budget deficit, and generally accepted accounting principles					

Assumptions Used in Arriving at Fiscal Estimate

AB-127 has three major components. First, the legislation provides that beginning with the 2011-13 biennium, the Department of Administration (DOA) require 20% of executive branch agencies to submit biennial budget requests using zero-based budgeting principles. For each biennium thereafter, DOA would require a different 20% of agencies to submit a zero-based biennial budget request, until all agencies had submitted one. Thereafter, each agency would be required to submit a zero-based budget request at least once during any 5 consecutive fiscal biennia.

Secondly, the bill provides that beginning in 2015-17, the legislature may not pass any budget bill or bills that produce a state budget deficit according to generally accepted accounting principles (GAAP). In addition, beginning January 1, 2011, the biennial budget bill would have to be prepared according to GAAP. It also states that no Executive budget bill could be submitted that would create a state budget deficit according to GAAP principles.

Lastly, the bill discusses the receipt of federal stimulus dollars from the 111th Congress and their use in relation to a state structural budget deficit. The bill language states that neither house of the legislature may pass a 2009-11 budget bill if the bill appropriates federal economic stimulus funds unless the Governor submits a plan to eliminate the state's structural deficit by the end of the 2015-16 fiscal year.

A change to zero-based budgeting would be a major procedural and process change for state agencies in the way they compile their biennial budget requests. In addition, the State Budget Office would need to modify the current processes they use to compile, review and compare agency budget requests. It is not possible at this time to accurately estimate the increased staff and programming time that would be needed to implement these changes.

According to the 2009-11 Executive Budget Summary prepared by the State Budget Office, the projected General Fund GAAP deficit at the close of FY11 is <-\$2,278,900,000>. In order to submit a biennial budget bill prepared under GAAP that does not create a state budget deficit according to GAAP, revenues would have to be increased and/or expenditures decreased by this net amount. There may also be increased personnel costs for accounting services, if all current accounting and budgeting methods (cash and modified accrual) were to be transferred to a GAAP format.

There would be no fiscal effect on DOA or state agencies for the bill language regarding the legislature's ability to pass legislation that produces budget deficits. In addition, there would be no specific cost associated with the requirement that the Governor put forth a structural deficit elimination plan if utilizing federal economic stimulus funds.

Long-Range Fiscal Implications

Unknown.