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This bill requires the governor to submit a proposed state budget for each biennium using a “zero-based budgeting” approach.

Under the state’s current approach to budgeting, most spending is assumed to continue at enacted or forecasted levels in the next biennium, for planning and budget-forecast purposes. An agency’s “base” budget is an estimate of the amount of money required to administer current laws and programs at existing—or in the case of entitlement programs, projected—levels of funding. A governor’s proposed “change items” are shown as increases or decreases in spending relative to the agency’s base budget.

Under zero-based budgeting, all spending would require justification as if it were a new expenditure. Instead of assuming continuation of the base budget as the starting point, an agency’s budget would start from a presumption of zero spending, with scrutiny given to all spending, including the base and any proposed changes.

The bill proposes a shift to a zero-based budgeting model beginning with fiscal year 2020. Specific details for submitting a proposed budget under this model are included in subdivisions 2 and 3 of the bill.