

**To:** All Legislators

**From:** Representative Rob Hutton & Senator David Craig

**Date:** June 12, 2017

**RE:** Co-sponsorship of LRB-3711/1, relating to: submission of base budget review reports by state agencies, the legislature and the courts.

**DEADLINE:** June 20, 2017 by 4 pm

We are introducing this legislation, fundamentally reforming the budget process, to reclaim a better sense of fiscal responsibility for our state agencies. This bill will require every state agency, including the Legislature and the courts, to submit a base budget review once every third biennium. The base budget review must include a description of all programs and activities conducted by each agency and they must justify their spending for the prior three fiscal years and for the last two quarters of each of the prior three fiscal years.

In 2002, Republicans amended the budget to include base budget review. Their provision required state agencies, every two years during the state budget process, to submit reports defending agency spending. In 2009, Governor Doyle repealed this good-government law. This bill would reinstate this additional level of transparency that would ensure taxpayer dollars are being used wisely.

While Act 201 from 2015 requires each executive state agency to propose a budget with current spending from the previous biennium and another budget with a five percent reduction, each executive state agency does not have to justify their base. Far too often, once a government program is created, it never dies and rarely is its existence justified in succeeding biennia whether it achieves its objectives or not. As our nation's 40<sup>th</sup> President, Ronald Reagan said, "No government ever voluntarily reduces itself in size. Government programs, once launched, never disappear." During the budget process, much time is spent arguing about adjustments to the spending increases for each agency but no time is dedicated to discussing the justification for the original base budget of the agency. This legislation will ensure that the legislature is exercising due diligence to maximize the use of government resources by making sure every dollar of state spending is subject to periodic review.

The Madison State Journal opined for a return to zero-based budgeting in an op-ed on September 8, 2009.

[http://host.madison.com/wsj/news/opinion/editorial/bring-back-zero-based-budgeting-in-wisconsin/article\\_781e33d4-9c8a-11de-96b6-001cc4c03286.html](http://host.madison.com/wsj/news/opinion/editorial/bring-back-zero-based-budgeting-in-wisconsin/article_781e33d4-9c8a-11de-96b6-001cc4c03286.html)

**If you wish to co-sponsor LRB 3711/1, please contact Phil in Rep. Hutton's office or Bill in Sen. Craig's office at 6-5400 by Thursday June 20 by 4pm**

### ***Analysis by the Legislative Reference Bureau***

This bill requires that every state agency, including the legislature and the courts, submit a base budget review report once every third biennium. The report must include a description of each programmatic activity of the agency and provide for each programmatic activity an accounting, by fund source, of expenditures for the prior three fiscal years and for the last two quarters of each of the prior three fiscal years. Under the bill, the secretary of administration must develop categories for state agencies to use in organizing the required expenditure information.

The bill provides that the reports must be included with state agency budget requests and submitted to the Department of Administration and the Legislative Fiscal Bureau by September 15, of the even-numbered year in which an agency is required to prepare a base budget review report. Under the bill, the secretary of administration, beginning with agency budget requests submitted for the 2019-21 biennium, must select one-third of all state agencies to submit the required base budget review information for that biennial budget. In addition, the bill requires that for the 2021-23 biennium, the secretary select half of the remaining agencies to submit their base budget review information for that biennium and stipulate that the remaining agencies would then be required to submit base budget review information for the 2023-25 biennial budget. The cycle would then be repeated in succeeding biennia.