

A CONCURRENT RESOLUTION creating the Budget Reform Task Force.

WHEREAS, in working to solve multiple years of budget shortfalls, it is necessary for the General Assembly to have a clear understanding of spending practices and the priorities of government spending in this Commonwealth, and to establish budgeting best practices; and

WHEREAS, the fiscal year 2013-2014 ended with a \$90.9 million budgeted shortfall in the General Fund and a \$22.2 million budgeted shortfall in the Road Fund; and

WHEREAS, prioritizing and efficiently delivering core government services is paramount to eliminate the structural deficits created through years of overspending; and

WHEREAS, the General Assembly cannot continue a "business-as-usual" budgeting approach by enacting tax increases, raiding non-General Fund accounts, delaying funding for some legislation, and postponing meaningful budget reforms; and

WHEREAS, the timing for spending and budget reform is ripe since effective budget reform must be performed simultaneously and in conjunction with tax reform and pension reform to ensure that appropriations are expended in an efficient manner; and

WHEREAS, to make innovative reforms, invest in long-term savings, and ensure fiscal stability, the General Assembly first needs to know the right questions to ask based on the evidence needed to evaluate the best budget process;

NOW, THEREFORE,

***Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky, the Senate concurring therein:***

➔Section 1. The Legislative Research Commission is directed to create the Budget Reform Task Force. During the 2015 Interim, the Budget Reform Task Force is directed to study issues relative to priorities of government spending and budget reform. In performing the study, the task force may consult with the Office of State Budget Director, the Finance and Administration Cabinet, and any other relevant state agencies to

better understand the current budget process employed in Kentucky.

➔Section 2. The task force shall be composed of the following members, with the final membership being subject to the consideration and approval of the Legislative Research Commission:

(1) The House co-chair of the Interim Joint Committee on Appropriations and Revenue who shall serve as the co-chair of the task force;

(2) The Senate co-chair of the Interim Joint Committee on Appropriations and Revenue who shall serve as the co-chair of the task force;

(3) The remaining members of the Interim Joint Committee on Appropriations and Revenue; and

(4) A total of two additional Senate members who may be assigned by the President of the Senate, and a total of two House members who may be assigned by the Speaker of the House.

➔Section 3. The task force shall identify and document:

(1) How the Commonwealth currently reviews and prioritizes government spending and the budget process, including but not limited to:

- (a) The General Fund, the Road Fund, and all cabinets, agencies, and programs;
- (b) The provisions in the Kentucky Revised Statutes related to the budget process;
- (c) The mission statements of state agencies within the Commonwealth;
- (d) The strategic plans and progress reports required by KRS 48.810; and
- (e) The General Assembly's budget review subcommittee processes;

(2) The best practices for evaluating the priorities of government in the various budgeting processes, including but not limited to:

- (a) 1. Line-item budget or incremental budgeting;
2. Performance-driven or priority-based budgeting; and
3. Any other budget methodologies;

(b) What budget methodologies are used by the Commonwealth's surrounding

states and other states of similar size or population and the experience of those states; and

(c) The appropriate process to critically review and analyze the effectiveness and efficiency of programs, activities, and initiatives on an ongoing basis for state government; and

(3) Any recommendations for statutory changes resulting from the study of budget reform.

➔Section 4. The task force shall submit a report detailing its findings to the Legislative Research Commission no later than November 30, 2015.

➔Section 5. Notwithstanding the provisions of this Resolution to the contrary, the Legislative Research Commission shall have the authority to alternatively assign the issues identified herein to another Interim Joint Committee and to assign an alternative completion date.