



Testimony in Support of LD 1521:

“An Act to Require All State Agencies to Provide a Zero-based Budget Once Every 10 Years”

Senator Rotundo, Representative Gattine, and the distinguished members of the Committee on Appropriations and Financial Affairs, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, nonprofit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in support of LD 1521: “An Act to Require All State Agencies to Provide a Zero-based Budget Once Every 10 Years.”

This bill represents a bold and necessary reform to Maine’s state budgeting process to increase transparency, improve accountability, and ensure that government spending remains aligned with public priorities.

The Problem with Current Budgeting Practices

Maine’s current budget process is largely incremental. Agency budgets are built upon the previous year’s spending levels, with limited scrutiny of whether those dollars were being used effectively or whether those programs remain necessary. This method encourages inertia, enabling programs to persist indefinitely, even when they no longer serve a critical function or deliver measurable results. This has led to the Governor’s proposed budget for the upcoming biennium being regarded as showing “fiscal responsibility”¹ despite increasing spending by more than half a billion dollars after inflation adjustment compared to the last biennium.

Incremental budgeting also limits the Legislature’s ability to make informed tradeoffs. Inefficiency is baked into the process when spending levels are assumed rather than questioned. Maine taxpayers and businesses must justify every dollar they spend and adjust to changing economic realities. So should our government.

Why Zero-Based Budgeting is the Solution

LD 1521 would establish a cycle in which all Executive, Legislative, and Judicial branch agencies must submit a zero-based budget at least once every ten years. Zero-based budgeting (ZBB) means starting from a “zero base,” requiring agencies to justify all expenditures, not just new ones. Each program is evaluated for its effectiveness, relevance, and alignment with current goals and needs.

¹



This approach offers several clear advantages:

- **Eliminating Waste:** Programs that have outlived their usefulness or duplicate other efforts can be phased out or consolidated.
- **Encouraging Prioritization:** Agencies must rank and justify programs based on merit and outcomes, highlighting which programs are truly the most crucial to government functions.
- **Improving Transparency:** Legislators and the public gain clearer insight into how funds are used.
- **Enhancing Fiscal Discipline:** Budget decisions are guided by performance data and outcomes, not politics or tradition.

Learning from Other States

Maine is not alone in considering this reform. Several states—including Texas,² Florida,³ and Iowa⁴—have implemented zero-based budgeting across government or within targeted departments. These efforts have uncovered millions in savings and redirected resources to high-priority areas without raising taxes. Maine can and should join this growing list of states in demanding better value for taxpayers.

A Reasonable, Flexible Framework

Importantly, LD 1521 balances ambition with realism. It does not require every agency to start from zero every biennium, but instead every ten years. This rotating requirement gives agencies time to prepare, gather data, and restructure how they evaluate spending internally.

Even in the off-years, the bill promotes smart budgeting through:

- Periodic Agency Review
- Targeted Budgeting Alternatives
- 5% and 10% Budget Reduction Proposals

These mechanisms ensure that even when an agency is not undergoing full ZBB, it is still actively engaged in efficiency planning and fiscal restraint.

²

https://www.soah.texas.gov/sites/default/files/2021-01/2022_2023%20Legislative%20Appropriations%20Request.pdf

³

<https://www.justiceadmin.org/ClientAgencies/Budget%20Deficit%20Procedures/FY%2024-25%20LBR%20Instructions.pdf>

⁴ <https://iowaleague.org/resource/budget-systems/>



Conclusion

LD 1521 presents a prudent, thoughtful step toward restoring fiscal responsibility and trust in state government. By institutionalizing zero-based budgeting, the Legislature will better understand program performance and be better positioned to align expenditures with the state's most pressing needs.

We urge this committee to give LD 1521 an "Ought to Pass" recommendation. Thank you for your time and consideration.