

## House Bill 509 (COMMITTEE SUBSTITUTE)

By: Representatives Harbin of the 118<sup>th</sup>, Keen of the 179<sup>th</sup>, and Burkhalter of the 50<sup>th</sup>

## A BILL TO BE ENTITLED

## AN ACT

To amend Chapter 12 of Title 45 of the Official Code of Georgia Annotated, relating to the Governor, so as to provide for program budgeting; to provide for definitions; to change certain provisions regarding budget estimates; to change certain provisions regarding required reserve of certain appropriations; to provide for the comprehensive revision of provisions regarding the revenue shortfall reserve; to change certain provisions regarding the promotion of state development; to change certain provisions regarding policy documents with respect to strategic state planning; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

**SECTION 1.**

Chapter 12 of Title 45 of the Official Code of Georgia Annotated, relating to the Governor, is amended by striking Code Section 45-12-71, relating to definitions regarding budgetary and financial affairs, and inserting in its place a new Code Section 45-12-71 to read as follows:

"45-12-71.

As used in this part, the term:

(1) 'Annual operating budget' means the operating budget for each budget unit which details the appropriations passed by the General Assembly for that budget unit.

(2) 'Appropriation' means an authorization by the General Assembly to a budget unit to expend, from public funds, a sum of money not in excess of the sum specified, for the purposes specified in the authorization and under the procedure described in this part.

(3) 'Appropriation Act' means an Act of the General Assembly which authorizes the expenditure of state money.

(4) 'Budget' means the complete financial plan for the fiscal year as proposed in the budget report and modified and adopted by appropriation and revenue Acts.

(5) 'Budget allotment' means a process of authorizing the withdrawal of state funds from the treasury based on a determination that the budget allotment request is consistent with an approved work program.

(6) 'Budget class' means one of the kinds of expenditures denoting a class of service or commodities purchased or properties acquired as specified in the classification of expenditures provided for in this part for use in expenditure accounting, in the making of budget estimates, and in the budget reports and budgets.

(7) 'Budget estimate' means the statement with accompanying explanations, as provided in this part, in which a budget unit states its financial requirements and requests appropriations.

(8) 'Budget message' means the required statement by the Governor to the General Assembly after its convening which gives a summary description of the Governor's proposed financial policies and plans contained in the budget report, together with recommendations for additional revenues, if any.

(9) 'Budget report' ~~means~~ and 'program budget report' mean recommendations of the Governor to the General Assembly as to financial plans, ~~and~~ expenditures to be authorized, and agency program information, with the accompanying statements and explanations provided for in this part.

(10) 'Budget unit' means a department, institution, agency, or other unit of organization for which separate appropriations are made.

(11) 'Core businesses' means policy areas that a budget unit was created to address. These are fundamental activities or groups of activities critical to the organization's overall mission.

(12) 'Outcome measure' means quantitative and qualitative indicators by which the performance of a program can be assessed against adopted goals and objectives.

(13) 'Program' means a discrete set of activities undertaken to carry out an agency's core businesses.

~~(12)~~(14) 'Strategic planning' means the process through which a preferred future direction and organizational mission are established and periodically updated in light of changing trends and issues and goals, objectives, and strategies are adopted and implemented to guide an organization toward that preferred future direction."

## SECTION 2.

Said chapter is further amended by striking paragraph (2) of Code Section 45-12-73, relating to powers and duties of the Office of Planning and Budget, and inserting in its place a new paragraph (2) to read as follows:

"(2) Develop and implement ~~an outcome-based~~ a program budgeting system that relates funding to achievement of established goals and objectives, measures agency performance against attainment of planned outcomes, and provides for program evaluations for policy and funding determinations. Program evaluations may include cost benefit analyses, decision analyses, statistical analyses, comparisons with similar programs in other jurisdictions, relevant historical trends, and demographic factors and other useful techniques;"

### SECTION 3.

Said chapter is further amended by striking subsection (a) of Code Section 45-12-78, relating to submission of annual budget estimates by heads of budget units, and inserting in its place a new subsection (a) to read as follows:

"(a) Not earlier than August 1 of each year or later than September 1 of each year, the head of each budget unit, other than the General Assembly and the judiciary, shall submit to the Office of Planning and Budget, the House Budget Office, and the Senate Budget Office estimates of the financial requirements of the budget unit for the next fiscal year, on the forms and in the manner prescribed by the Office of Planning and Budget, with such explanatory data as is required by the Office of Planning and Budget. The Governor may extend the time for submission if the Governor determines that particular circumstances require such an extension. Such submission shall utilize such budget classes and be within such expenditure parameters as may be established by the Governor. The head of a budget unit also may submit such additional data as is helpful. The estimates so submitted shall bear the approval of the board or commission of each budget unit for which a board or commission is constituted."

### SECTION 4.

Said chapter is further amended by striking Code Section 45-12-93, relating to the revenue shortfall reserve, and inserting in its place a new Code Section 45-12-93 to read as follows:

"45-12-93.

~~(a) As of June 30 of each fiscal year, the state auditor shall reserve from the state surplus an amount equal to not less than 3 nor more than 5 percent, as directed by the director of the budget, of the net revenue collections of such fiscal year, to the extent that such surplus is available therefor. This reserve shall be entitled the revenue shortfall reserve and shall be in lieu of the working reserve for high-income and low-income periods; provided, however, that the director of the budget may, with regard to all or any part of the fourth and fifth percentile so reserved, direct the return of the same to the general fund of the state treasury for appropriation according to law.~~

~~(b) As of June 30 of each fiscal year, the state auditor shall reserve from the state surplus an amount equal to 1 percent of the net revenue collections of such fiscal year, to the extent that such surplus is available therefor. This amount shall be reserved before the amount shall be reserved for the revenue shortfall reserve as provided in subsection (a) of this Code section. This reserve shall be entitled the midyear adjustment reserve and shall be available for appropriation by the General Assembly of Georgia for such purposes as it may select.~~

~~(c) Any other provision of law notwithstanding, the General Assembly of Georgia is authorized to appropriate \$5 million for State Fiscal Year 1983 from the revenue shortfall reserve.~~

~~(d) Any other provision of law notwithstanding, the General Assembly of Georgia is authorized to appropriate \$12,500,000.00 for State Fiscal Year 1985 from the revenue shortfall reserve, for the purpose of financing the construction of water and sewer projects, through loans to local governments by the Georgia Development Authority.~~

~~(e) Any other provision of law notwithstanding, the General Assembly of Georgia is authorized to appropriate \$208,632,306 for State Fiscal Year 2004 from the revenue shortfall reserve.~~

~~(f) Any other provision of law notwithstanding, the General Assembly of Georgia is authorized to appropriate \$7 million for State Fiscal Year 2005 from the revenue shortfall reserve.~~

(a) There shall be a reserve of state funds known as the 'Revenue Shortfall Reserve.'

(b) The amount of all surplus in state funds existing as of the end of each fiscal year shall be reserved and added to the Revenue Shortfall Reserve. Funds in the Revenue Shortfall Reserve shall carry forward from fiscal year to fiscal year and shall be maintained, accumulated, appropriated, and otherwise disbursed only as provided in this Code section.

(c) For each existing fiscal year, the General Assembly may appropriate from the Revenue Shortfall Reserve an amount up to 1 percent of the net revenue collections of the preceding fiscal year.

(d) The Governor may release for appropriation by the General Assembly a stated amount from funds in the Revenue Shortfall Reserve that are in excess of 4 percent of the net revenue of the preceding fiscal year.

(e) As of the end of each fiscal year, an amount shall be released from the Revenue Shortfall Reserve to the general fund to cover any deficit by which total expenditures and contractual obligations of state funds authorized by appropriation exceed net revenue and other amounts in state funds made available for appropriation.

(f) The combined Revenue Shortfall Reserve and the Midyear Adjustment Reserve existing on the effective date of this subsection shall become the Revenue Shortfall Reserve provided for in this Code section.

1 (g) Any other provision of law notwithstanding, the General Assembly is authorized to  
2 appropriate \$ 7 million for State Fiscal Year 2005 from the Revenue Shortfall Reserve."

3 **SECTION 5.**

4 Said chapter is further amended by striking subsection (d) of Code Section 45-12-173,  
5 relating to promotion of state development, and inserting in its place a new subsection (d) to  
6 read as follows:

7 "(d) The Governor shall prepare and submit to the General Assembly a ~~development~~  
8 program budget report for the consideration and review of the General Assembly. The  
9 ~~development~~ program budget report shall be submitted within five days after the  
10 organization of the General Assembly for review with the budget document."

11 **SECTION 6.**

12 Said chapter is further amended by striking subsection (b) of Code Section 45-12-177,  
13 relating to review and establishment of certain goals and policies, and inserting in its place  
14 a new subsection (b) to read as follows:

15 "(b) The Governor, through the Office of Planning and Budget, shall prepare an annual  
16 policy document to reflect the state strategic plan and address state-wide goals, objectives,  
17 and opportunities. A program budget report shall satisfy this requirement. Such policy  
18 document shall be transmitted to the General Assembly at the beginning of each legislative  
19 session beginning with the ~~1994~~ 2006 session."

20 **SECTION 7.**

21 This Act shall become effective upon its approval by the Governor or upon its becoming law  
22 without such approval.

23 **SECTION 8.**

24 All laws and parts of laws in conflict with this Act are repealed.