

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 141

Session of  
1977

INTRODUCED BY MESSRS. PIEVSKY, FINEMAN, IRVIS, MANDERINO,  
GOODMAN, KOLTER, JOHNSON, WARGO, BARBER, ITKIN, DOMBROWSKI,  
PETRARCA, FEE, RAPPAPORT, WANSACZ, MRS. GILLETTE, MESSRS.  
KOWALYSHYN, MUSTO, COLE, ENGLEHART, PRENDERGAST, RITTER,  
BRUNNER, SHUPNIK, COWELL, MRS. KERNICK AND MR. DOYLE,  
FEBRUARY 8, 1977

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF  
REPRESENTATIVES, AS AMENDED, APRIL 18, 1977

## AN ACT

1 Relating to Commonwealth budget procedures.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the "Budget  
6 Code."

7 Section 2. Office of the Budget.

8 (a) The Office of the Budget is hereby established as an  
9 administrative agency within the Governor's Office. The Office  
10 of the Budget shall continue to exercise the powers and perform  
11 the duties vested in and imposed upon the ~~Budget~~ Secretary OF  
12 THE BUDGET and shall be centrally concerned with the development  
13 of the budget request of the Governor and with the decisions  
14 necessary to allocate revenues among the various Commonwealth  
15 programs.

&lt;—

1 (b) The Governor shall appoint a Secretary of the Budget to  
2 serve during the pleasure of the Governor.

3 (c) The annual salary of the Secretary of the Budget shall  
4 be \$44,000.

5 Section 3. Preparation of budget.

6 (a) The Secretary of the Budget shall, in each year obtain  
7 and prepare financial and program information necessary for the  
8 preparation of a State budget for the budget year beginning July  
9 1 and for the preparation of financial and program projections  
10 FOR THE BUDGET YEAR AND for FOUR succeeding years. He shall, not <—  
11 later than August 15 of such year distribute to the Governor, to  
12 the Lieutenant Governor, TO THE AUDITOR GENERAL, TO THE STATE <—  
13 TREASURER, to each administrative department, to each  
14 independent administrative board and commission, to the Chief  
15 Clerk of the Senate, to the Chief Clerk of the House of  
16 Representatives, to the State court administrator, and to all  
17 institutions or other agencies which desire State appropriations  
18 to be made to them, the proper instructions and blanks necessary  
19 to the preparation of the budget estimates with a request that <—  
20 such blanks be OF THE BUDGET REQUESTS WITH A NOTICE THAT SUCH <—  
21 BLANKS SHALL BE returned with the information desired, not later  
22 than November 1 of the same year. Such blanks shall be in such  
23 form as shall be prescribed by the secretary, to procure any or  
24 all information pertaining to the purposes of all programs to be  
25 funded in the budget, the revenues, expenditures, program  
26 activities and accomplishments for the preceding fiscal year,  
27 for the current fiscal year, and for the budget year and FOR <—  
28 FOUR succeeding years, the appropriations made for the preceding  
29 fiscal year, the expenditures therefrom, encumbrances thereon,  
30 the amount unencumbered and unexpended, an itemized estimate of

1 the revenues and expenditures of the current fiscal year, for  
2 the budget year and succeeding years, and an estimate of the  
3 revenue amounts needed and program activity and accomplishment  
4 levels for the respective departments, boards, commissions, for  
5 expenses of the General Assembly, for the Judicial Department,  
6 and for any and all institutions, or other agencies to which  
7 appropriations are likely to be made by the General Assembly for  
8 the budget year and ensuing years. Such blanks shall also  
9 ~~request~~ REQUIRE the person returning them to accompany them with <—  
10 a statement in writing, giving the purposes of each program to  
11 be funded, the expected levels of activity of the programs, the  
12 expected levels of accomplishments and the measures to be used  
13 to determine to what extent the programs have achieved the  
14 stated purposes. In addition such blanks shall ~~request~~ REQUIRE <—  
15 the person returning them to accompany them with a statement in  
16 writing giving the facts, and an explanation of the methods and  
17 reasons for arriving at the estimates of receipts and  
18 expenditures for the budget year and FOR FOUR succeeding years. <—  
19 It shall be the duty of each administrative department, and each  
20 independent administrative board and commission to comply, not  
21 later than November 1, with any and all requests made by the  
22 Secretary of the Budget in connection with the budget.

23 (b) The Secretary of the Budget may, under the direction of  
24 the Governor, make further inquiries and investigations as to  
25 the financial needs, expenditures, estimates of levels of  
26 program activities and accomplishments, or revenues, of any  
27 department, board, commission, authority, political subdivision,  
28 institution or other agency receiving money from the State  
29 Treasury. The Governor may, after giving to each department,  
30 board or commission an opportunity to be heard, approve,

1 disapprove or alter the ~~estimates~~. BUDGET REQUESTS. The <—  
2 Secretary of the Budget shall, on or before January 1 next  
3 succeeding, submit to the Governor, in writing, the above  
4 information, and any additional requested by the Governor, as  
5 the basis for the Governor's ~~estimates~~ REQUESTS for <—  
6 appropriations for the next succeeding year.

7 Section 4. Program evaluation.

8 The Secretary of the Budget shall have the power and it shall  
9 be his duty to initiate and conduct, under the direction of the  
10 Governor, evaluations of the effectiveness and management  
11 efficiency of programs supported by any agency under the  
12 Governor's jurisdiction; including Federally funded as well as  
13 State funded programs, and to direct, coordinate, assist and/or  
14 advise any agency under the Governor's jurisdiction in the  
15 conduct of evaluations of its programs or of programs which it  
16 supports. It shall also be the duty of the Secretary of the  
17 Budget to prepare reports detailing the results of program  
18 evaluation conducted by the secretary for distribution to the  
19 Governor, the General Assembly, interested agencies, and the  
20 public.

21 Section 5. Fiscal notes.

22 The Office of the Budget shall prepare a fiscal note for  
23 regulatory actions and administrative procedures of the  
24 administrative departments, boards, commissions, OR authorities, <—  
25 ~~political subdivisions, institutions, or other agencies~~ <—  
26 receiving money from the State Treasury. ~~which cause~~ THE FISCAL <—  
27 NOTE SHALL STATE WHETHER THE PROPOSED ACTION OR PROCEDURE CAUSES  
28 a loss of revenue or an increase in the cost of programs to the  
29 Commonwealth or its political subdivisions. Any such regulatory  
30 action or administrative procedure which ~~warrants~~ REQUIRES a <—

1 fiscal note shall be published in the Pennsylvania Bulletin. The  
2 fiscal note shall be published in the Pennsylvania Bulletin at  
3 the same time the proposed change is advertised. The fiscal note  
4 shall provide the following information:

5 (1) The designation of the fund out of which the  
6 appropriation providing for expenditures under the action or  
7 procedure shall be made.

8 (2) The probable cost for the fiscal year the program is  
9 implemented.

10 (3) A projected cost estimate of the program for each of  
11 the five succeeding fiscal years.

12 (4) The fiscal history of the program for which  
13 expenditures are to be made.

14 (5) The probable loss of revenue for the fiscal year of  
15 its implementation.

16 (6) A projected loss of revenue from the program for  
17 each of the five succeeding fiscal years.

18 (7) The line item, if any, of the General Appropriation  
19 Act OR OTHER APPROPRIATION ACT out of which expenditures or  
20 losses of Commonwealth funds shall occur as a result of the  
21 action or procedures.

22 (8) The recommendation, if any, of the Secretary of the  
23 Budget and the reasons therefor.

24 Section 6. Submission of budget to General Assembly.

25 As soon as possible after the organization of the General  
26 Assembly, but not later than the first full week in February of  
27 each year, except in the case where a Governor has been elected  
28 for his first term of office and then no later than the first  
29 full week in March, the Governor shall submit to the General  
30 Assembly copies of agency budget requests and a State budget and

1 program and financial plan embracing:

2 (1) A balanced operating budget for the ensuing fiscal  
3 year setting forth in detail:

4 (i) The amounts recommended by him to be  
5 appropriated to the General Assembly, the Judicial  
6 Department, the Governor, and the several administrative  
7 departments, boards, and commissions of the State  
8 Government, and to institutions within the State, and for  
9 all public purposes, classified by department or agency  
10 and by program.

11 (ii) The estimated revenues or receipts from any and  
12 all sources, and an estimated amount to be raised by  
13 taxation or otherwise, including proposals for new  
14 revenues and receipts.

15 (iii) A capital budget for the ensuing fiscal year  
16 setting forth capital projects to be financed from the  
17 proceeds of obligations of the Commonwealth or of its  
18 agencies or authorities or from operating funds.

19 (2) A program and financial plan for not less than the  
20 prior FISCAL YEAR, THE current FISCAL YEAR, THIS budget YEAR <—  
21 and THE FOUR succeeding fiscal years, which plan shall <—  
22 include for each such fiscal year:

23 (i) Actual or estimated operating expenditures  
24 classified by department or agency and by program, in  
25 reasonable detail, and actual or estimated revenue by  
26 major categories from existing and additional sources.

27 (ii) Clearly stated purposes of each program in  
28 terms of desired accomplishments.

29 (iii) Measures used to determine to what extent such  
30 program has achieved its stated purposes.

(iv) Actual or estimated levels of accomplishment for each program and actual or estimated levels of program activities and their associated costs.

(v) Clearly stated purposes for each recommended new or revised program, measures to be used to determine whether each new or revised program has achieved its purpose, estimated levels of additional or new accomplishment of each new or revised program, estimated levels of additional activities for each such program, and their associated costs.

(vi) When ~~Budget~~ THE Secretary OF THE BUDGET identifies a new or expanded program by criteria used in the budget instructions, the new or expanded program shall be displayed and justified as a separate item in the Governor's budget request. A new ~~or expanded~~ program shall not be considered to be enacted by the General Assembly in its first year unless it is specifically referred to or displayed as a line item in an appropriation bill.

Section 7. List of employees to be furnished to certain State officers.

(a) All administrative departments, boards, and commissions shall, on July 15 of each year, transmit to the Auditor General, the State Treasurer, and the Secretary of the Budget a complete list, and to the Legislative Data Processing Center a computer ~~take~~ TAPE of such list, as of July 1 preceding, of the names of all persons, except day-laborers, entitled to receive compensation from the Commonwealth for services rendered in or to the department, board, or commission, as the case may be. Such list shall show the position occupied by each such person,

1 the date of birth and voting residence of such person, the  
2 salary at which or other basis upon which such person is  
3 entitled to be paid, the date when such person entered the  
4 service of the Commonwealth, whether such person has been  
5 continuously employed by the Commonwealth since that date, and  
6 all periods of service and positions held as an employee of the  
7 Commonwealth, or such part of such information as the Governor  
8 may prescribe.

9 (b) Each month thereafter, the heads of the several  
10 administrative departments, and the several independent  
11 administrative boards and commissions, shall certify to the  
12 Auditor General, the State Treasurer, and the Secretary of the  
13 Budget any changes in the annual list of employees last  
14 transmitted to them which shall have occurred during the  
15 preceding month.

16 (c) The information received by the Auditor General, the  
17 State Treasurer, and the Secretary of the Budget, under this  
18 section, shall be public information.

19 Section 8. Estimates of current expenditures by departments,  
20 boards, and commissions.

21 (a) Each administrative department, board, and commission,  
22 except the departments of which the Auditor General and the  
23 State Treasurer are respectively the heads, shall from time to  
24 time, as requested by the Governor, prepare and submit to the  
25 Secretary of the Budget, for approval or disapproval, an  
26 estimate of the amount of money required and the levels of  
27 activity and accomplishment for each program carried on by each  
28 department, board or commission, during the ensuing month,  
29 quarter, or such other period as the Governor shall prescribe.  
30 All available Federal funds and funds from other sources shall

1 be characterized as such and shall be included in the estimated  
2 expenditures which must be submitted to the Secretary of the  
3 Budget before any expenditures therefrom may be made. If such  
4 estimates do not meet with the approval of the Secretary of the  
5 Budget, it shall be revised as necessary and resubmitted for  
6 approval. The Secretary of the Budget may establish an  
7 authorized personnel complement level in conjunction with the  
8 approved expenditure estimate.

9 (b) After the approval of any such estimate, it shall be  
10 unlawful for the department, board, or commission to expend any  
11 appropriation, Federal funds or funds from other sources or part  
12 thereof, except in accordance with such estimate and the  
13 authorized complement level, unless the same be revised with the  
14 approval of the Secretary of the Budget and within the limits  
15 appropriated by the General Assembly.

16 (c) If any department, board, or commission, to which this  
17 section applies, shall fail or refuse to submit to the Secretary  
18 of the Budget estimates of expenditures, in accordance with the  
19 Governor's request, the Governor may notify the State Treasurer,  
20 in writing, of such failure or refusal, and, after receipt of  
21 such notice, the State Treasurer shall not draw any warrant in  
22 favor of such department, board, or commission, until the  
23 Governor shall have notified the State Treasurer, in writing,  
24 that the delinquent department, board, or commission has  
25 furnished him with, and he has approved, the estimate as  
26 required in this section.

27 Section 9. Estimates of current expenditures by elective  
28 officers.

29 The Auditor General and State Treasurer shall, from time to  
30 time, as requested by the Governor, prepare and submit to the

1 Secretary of the Budget estimates of the amounts of money  
2 required for each activity or function to be carried on by their  
3 respective departments during the ensuing month, quarter, or  
4 such other period as the Governor shall prescribe.

5 Section 10. Fiscal period.

6 (a) All books and accounts kept by the Auditor General and  
7 the State Treasurer and every department, board and commission  
8 shall be kept as of the fiscal year or period. The fiscal year  
9 shall be the period beginning on July 1 of each calendar year  
10 and ending on June 30 of the calendar year next succeeding.

11 (b) The Auditor General and the Department of the Auditor  
12 General shall submit to any accountants appointed by the  
13 Governor for the purpose of making an audit of the affairs of  
14 the Auditor General and the Department of the Auditor General  
15 all books, papers and records in any way pertaining to such  
16 affairs.

17 Section 11. Revenue estimates.

18 (a) The Department of Revenue in conjunction with the  
19 Secretary of the Budget shall make revenue estimates for the use  
20 of the Governor in preparing the budget with periodic revisions  
21 until the final estimate is signed by the Governor ~~at~~ NOT LATER <—  
22 THAN the time he signs the general appropriation bill. The  
23 revenue estimates used to sign any appropriation bill shall show  
24 separately State revenues, Federal funds, and, if specifically  
25 appropriated, funds from other sources. The Governor shall item  
26 veto any part of any appropriation bill that causes total  
27 appropriations to exceed the official estimate plus any  
28 unappropriated surplus. No changes in the revenue estimates  
29 shall be made thereafter unless changes in statutes affecting  
30 revenues and receipts are enacted.

(b) The revenue estimates shall be prepared in a way that they are subject to complete and thorough oversight by the Appropriations Committees of the Senate and the House of Representatives with full knowledge of all data, assumptions, and econometric models which were used to develop the projections AND ANY SUBSEQUENT REVISIONS OF THESE PROJECTIONS. <—

(c) A COMMITTEE CONSISTING OF THE GOVERNOR, THE SECRETARY OF THE BUDGET, THE SECRETARY OF REVENUE AND THE CHAIRPERSONS OF THE APPROPRIATIONS COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES IS HEREBY ESTABLISHED TO OVERSEE THE DEVELOPMENT, MAINTENANCE AND USE OF AN ECONOMETRIC MODEL WHICH SHALL BE DEVELOPED TO ASSIST IN THE FORECASTING OF STATE REVENUES. THE MODEL SHALL BE DEVELOPED IN ACCORDANCE WITH A CONTRACT BETWEEN THE COMMONWEALTH AND THE PERSONS DESIGNATED BY THE COMMITTEE TO PERFORM THIS FUNCTION. THE GOVERNOR'S OFFICE SHALL MAINTAIN AND UPDATE THE MODEL OR APPOINT AN APPROPRIATE AGENCY OR AGENCIES TO PERFORM THIS RESPONSIBILITY. THE GOVERNOR'S OFFICE SHALL INFORM THE OVERSIGHT COMMITTEE OF ANY CHANGES TO BE MADE TO THE MODEL TO KEEP IT UPDATED. THE EQUATIONS OF THE MODEL AND ANY HISTORIC DATA BASES RELATED THERETO SHALL BE AVAILABLE TO ANY MEMBER OF THE OVERSIGHT COMMITTEE OR TO THE MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE SENATE OR HOUSE OF REPRESENTATIVES UPON REQUEST AT ANY TIME FOR ANY REASON. MEMBERS OF THE OVERSIGHT COMMITTEE OR THE MINORITY CHAIRPERSON OF THE APPROPRIATIONS COMMITTEE OF THE SENATE OR THE HOUSE OF REPRESENTATIVES MAY REQUEST THE GOVERNOR'S OFFICE OR THE APPROPRIATE AGENCY TO RUN THE MODEL FOR ANY PURPOSE INCLUDING THE TESTING OF NEW EQUATIONS AND TO PRODUCE FORECASTS. FORECASTS PRODUCED BY THE MODEL AND ANY FORECASTED DATA BASES RELATED THERETO SHALL BE KEPT CONFIDENTIAL

1 BY THE GOVERNOR'S OFFICE AND THE APPROPRIATE AGENCY OR AGENCIES  
2 PRODUCING THESE FORECASTS UNTIL OR UNLESS THE INDIVIDUAL  
3 REQUESTING SUCH FORECAST SHALL RELEASE THEM FROM THIS  
4 REQUIREMENT. IN NO WAY SHALL THIS CONFIDENTIALITY PROVISION BE  
5 CONSTRUED TO PREVENT ACCESS BY THE APPROPRIATIONS COMMITTEES OF  
6 THE SENATE OR HOUSE OF REPRESENTATIVES TO FORECASTS USED IN THE  
7 PREPARATION OF THE GOVERNOR'S REVENUE ESTIMATES AFTER THE  
8 PRESENTATION OF THE BUDGET AS REQUIRED IN SECTION 12(B).

9 Section 12. Transmission of budget information to the General  
10 Assembly.

11 (a) In December of each year, the Governor shall meet with  
12 the Majority and Minority Chairmen of the Appropriations  
13 Committees and the officers of the General Assembly to brief the  
14 legislative leadership on the issues he can foresee as being  
15 imminent in the budget for the next fiscal year and exchange  
16 views with them on issues on the budget before it is formally  
17 submitted to the General Assembly. The Governor's briefing shall  
18 include:

19 (1) Major anticipated increases or decreases in  
20 programs.

21 (2) The results or anticipated results of employee union  
22 negotiations for salaries, wages and other benefits.

23 (3) The statistics involved in preliminary forecasts of  
24 the major programs mandated by statute such as education  
25 subsidies, public assistance, debt service and forecasts of  
26 revenue.

27 (4) Other appropriate budget information.

28 The legislative officers shall also inform the Governor of  
29 financial matters which should be considered in the budget.

30 (b) In the year the Governor is inaugurated, the Governor

1 shall present the budget to the General Assembly no later than  
2 the first full week in March and in other years, no later than  
3 the first full week in February.

4 (c) The budget shall include the results of any program  
5 evaluation report completed by the Budget Office in the fiscal  
6 year preceding the year in which the budget request is made. The  
7 results of the evaluation report and its recommendations shall  
8 be summarized and included in the budget documentation.

9 (d) The Governor and each department or agency of the  
10 Commonwealth, upon request of the Appropriations Committees of  
11 the Senate and the House of Representatives, shall provide  
12 documentation of any budget request, including revenue estimates  
13 upon which the Governor's budget estimate is based.

14 Section 13. Budget implementation data.

15 (a) The Governor shall make quarterly expenditure reports to  
16 the Majority and Minority Chairmen of the Appropriations  
17 Committees of the Senate and the House of Representatives.  
18 Quarterly reports shall be made within 15 days after the end of  
19 the quarter. These quarterly reports shall be prepared in such a  
20 way that the fourth quarter report is a summary inclusive of the  
21 preceding three quarters and be usable to establish a history of  
22 expenditures file. The reports shall be categorized by fund and  
23 by appropriation and shall include:

24 (1) number of filled personnel positions and their  
25 costs;

26 (2) itemized personnel vacancies and their costs;

27 (3) new positions created and their costs;

28 (4) wage and overtime costs;

29 (5) benefit factors being used in the calculation of  
30 personnel costs;

1           (6) costs attributed to salary increases;  
2           (7) allotments and expenditures for operating expenses;  
3           (8) allotments and expenditures for fixed assets;  
4           (9) any changes in the use or rate of usage of Federal  
5 augmentations or nonFederal augmentations;  
6           (10) the rate of expenditures in appropriations for  
7 major subsidies and grant programs during that quarter; and  
8           (11) any other information requested by the  
9 Appropriations Committees of the Senate and House of  
10 Representatives.

11       (b) The Governor shall make monthly revenue reports to the  
12 Majority and Minority Chairmen of the Senate and House of  
13 Representatives Appropriations Committees. The revenue reports  
14 shall show the actual collection of revenue from each source and  
15 a comparison of the actual collections with estimated  
16 collections for each month. The comparison shall be accompanied  
17 by an analysis which would indicate any change in collection  
18 patterns which will cause a shortfall or overrun on the annual  
19 estimates of more than 1%.

20 Section 14. Repeals.

21       Sections 601, 602, 603, 604, 605, 606 and 608, act of April  
22 9, 1929 (P.L.177, No.175), known as "The Administrative Code of  
23 1929," are repealed.

24 Section 15. Effective date.

25       This act shall take effect July 1, 1977 and shall apply to  
26 the 1977-1978 fiscal year and to each fiscal year thereafter.