

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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INTRODUCED BY BUTERA, BURNS, HALVERSON, HONAMAN,
W. D. HUTCHINSON, McCLATCHY, MCGINNIS, PITTS, POLITE, PYLES,
SPENCER, PARKER AND DORR, JUNE 15, 1977

REFERRED TO COMMITTEE ON APPROPRIATIONS, JUNE 15, 1977

AN ACT

1 Relating to Commonwealth budget procedures; providing for sunset
2 review, legislative audit and productivity review and making
3 certain repeals.

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18 Section 801. Effective date.
19 The General Assembly of the Commonwealth of Pennsylvania
20 hereby enacts as follows:

21 CHAPTER 1

22 GENERAL PROVISIONS

23 Section 101. Short title.

24 This act shall be known and may be cited as the "Budget
25 Code."

26 Section 102. Definitions.

27 The following words and phrases when used in this act shall
28 have, unless the context clearly indicates otherwise, the
29 meanings given to them in this section:

30 "Federal agency." Any department, agency or instrumentality

1 in the executive branch of the Federal Government and any wholly
2 owned or controlled Federal Government corporation. The term
3 also includes the United States General Accounting Office when
4 reference is made to audit agencies of the Federal Government.

5 "Malfeasance." Any wrongful conduct of a public officer that
6 affects, interrupts or interferes with the performance of an
7 official duty.

8 "Misfeasance." The performance of a duty in an improper
9 manner by a public officer.

10 "Nonfeasance." The total omission of failure of a public
11 officer to enter upon the performance of some duty or
12 undertaking required by his office.

13 "Performance postauditing." An examination of whether:

14 (1) The desired results or benefits are being achieved.

15 (2) The objectives established by the Legislature are
16 being met.

17 (3) State agencies and political subdivisions have
18 considered alternatives which might yield desired results at
19 lower costs.

20 This differs from fiscal auditing, which is limited to pre and
21 post transaction audits of financial operations and the funds
22 related thereto.

23 "Political subdivision." A separate agency or unit of local
24 government created or established by law and includes, but is
25 not limited to, the following: authority, agency, board, branch,
26 bureau, city commission, consolidated government, county,
27 department, district, institution, metropolitan government,
28 municipality, office, officers, public corporation, quasi-public
29 corporation, town, township, borough and all boards,
30 commissions, committees, bureaus and departments of such

1 political subdivisions.

2 "State agency." A separate unit or recognized entity of
3 Commonwealth government created or established pursuant to law
4 and includes, but is not limited to the following and officers
5 thereof: authority, agency, board, branch, bureau, commission,
6 department, district, division, institution, office, officer, or
7 public corporation, except any such unit or recognized entity
8 within the legislative branch of State Government.

9 CHAPTER 2

10 OFFICE OF THE BUDGET

11 Section 201. Office established.

12 The Office of the Budget is hereby established as an
13 administrative agency within the Governor's Office. The Office
14 of the Budget shall exercise the powers and perform the duties
15 vested in and imposed upon the Budget Secretary and shall be
16 centrally concerned with the development of the budget request
17 of the Governor and with the management and control of the
18 Commonwealth's current and capital budget.

19 Section 202. Appointment of secretary.

20 The Governor shall appoint a Secretary of the Budget to serve
21 during the pleasure of the Governor.

22 Section 203. Salary.

23 The annual salary of the Secretary of the Budget shall be
24 \$40,000.

25 CHAPTER 3

26 PREPARATION OF THE BUDGET AND RELATED MATTERS

27 SUBCHAPTER A

28 GENERAL BUDGET PROVISIONS

29 Section 301. Assembly of information.

30 (a) General rule.--The Secretary of the Budget shall, in

1 each year obtain and prepare financial and program information
2 necessary for the preparation of a State budget for the budget
3 year beginning July 1 and for the preparation of financial and
4 program projections for succeeding years. He shall, not later
5 than August 15 of such year distribute to the Governor, to the
6 Lieutenant Governor, to the Auditor General, to the State
7 Treasurer, to each administrative department, to each
8 independent administrative board and commission, to the Chief
9 Clerk of the Senate, to the Chief Clerk of the House of
10 Representatives, to the State court administrator, and to all
11 institutions or other agencies which desire State appropriations
12 to be made to them, the proper instructions and blanks necessary
13 to the preparation of the budget requests with a notice that
14 such blanks shall be returned with the information desired, not
15 later than November 1 of the same year. Such blanks shall be in
16 such form as shall be prescribed by the secretary, to procure
17 any or all information pertaining to the purposes of all
18 programs to be funded in the budget, the revenues, expenditures,
19 program activities and accomplishments for the preceding fiscal
20 year, for the current fiscal year, and for the budget year and
21 for four succeeding years, the appropriations made for the
22 preceding fiscal year, the expenditures therefrom, encumbrances
23 thereon, the amount unencumbered and unexpended, an itemized
24 estimate of the revenues and expenditures of the current fiscal
25 year, for the budget year and four succeeding years, and an
26 estimate of the revenue amounts needed and program activity and
27 accomplishment levels for the respective departments, boards,
28 commissions, for expenses of the General Assembly, for the
29 Judicial Department, and for any and all institutions, or other
30 agencies to which appropriations are likely to be made by the

1 General Assembly for the budget year and ensuing years. Such
2 blanks shall also require the person returning them to accompany
3 them with a statement in writing, giving the purposes of each
4 program to be funded, the expected levels of activity of the
5 programs, the expected levels of accomplishments and the
6 measures to be used to determine to what extent the programs
7 have achieved the stated purposes. In addition such blanks shall
8 request the person returning them to accompany them with a
9 statement in writing giving the facts, and an explanation of the
10 methods and reasons for arriving at the estimates of receipts
11 and expenditures for the budget year and for four succeeding
12 years. It shall be the duty of each administrative department,
13 and each independent administrative board and commission to
14 comply, not later than November 1, with any and all requests
15 made by the Secretary of the Budget in connection with the
16 budget.

17 (b) Budget manual.--Accompanying the blanks and instructions
18 shall be a comprehensive manual on budget preparation for the
19 use of agency heads and staff. The manual should cover
20 objectives, policies, responsibilities, methods and forms for
21 preparation and presentation of agency budget requests. To
22 insure the proper use of budget blanks and proper execution of
23 instructions, the Budget Secretary shall initiate and maintain
24 periodic and formal training sessions for all executive branch
25 budget staff in all aspects of budgeting including planning,
26 programming, budgeting and program evaluation.

27 (c) Program policy guidelines.--Accompanying the blanks and
28 instructions shall be a statement prepared by the Governor
29 setting out planning and policy guidelines for preparation of
30 budget requests. The Governor shall designate overall spending

1 objectives, priorities, special problems, and goals for the
2 upcoming fiscal year in this statement.

3 Section 302. Inquiry and investigation by secretary.

4 The Secretary of the Budget may, under the direction of the
5 Governor, make further inquiries and investigations as to the
6 financial needs, expenditures, estimates of levels of program
7 activities and accomplishments, or revenues, of any department,
8 board, commission, authority, political subdivision, institution
9 or other agency receiving money from the State Treasury. The
10 Governor may, after giving to each department, board, or
11 commission, an opportunity to be heard, approve, disapprove or
12 alter the budget requests. The Secretary of the Budget shall, on
13 or before the first day of January next succeeding, submit to
14 the Governor, in writing, the above information, and any
15 additional information requested by the Governor, as the basis
16 for the Governor's requests for appropriations for the next
17 succeeding year.

18 Section 303. Lists of department and agency personnel.

19 The names of all department and agency personnel who will be
20 assigned budget preparation duties shall be submitted to the
21 Budget Secretary not later than July 15 of each year. The Budget
22 Secretary shall review the names submitted to determine whether
23 the department and agency staffing is adequate for performance
24 of budgetary responsibilities. If the Budget Secretary
25 disapproves of department or agency staffing plans, he may
26 request alternate or additional names of persons who may be
27 assigned budget preparation duties. A final list of all
28 personnel assigned budget preparation duties shall be prepared
29 by August 1 of each year, and a copy of this list, together with
30 a brief description of the duties of each person thereon shall

1 be transmitted to the Appropriations Committees of the House and
2 Senate upon that date.

3 Section 304. Capital budget requests and procedures.

4 The budget manual and budget blanks and instructions prepared
5 pursuant to section 301 shall include the following requirements
6 for any capital projects:

7 (1) Each agency must prepare a five-year capital
8 improvement plan designed to achieve the goals of the agency
9 in a consistent and well-phased manner.

10 (2) A project, to be included in the five-year capital
11 plan, must be accompanied by a cost estimate and by a
12 description sufficient to support that estimate.

13 (3) A project, to be included in the capital budget for
14 authorization in the upcoming year, must be accompanied by an
15 updated and refined cost estimate and scope, a detailed
16 project description.

17 (4) All scopes and cost estimates shall be reviewed by
18 the Department of General Services, and that department shall
19 prepare scopes and cost estimates for those departments and
20 agencies lacking that ability.

21 (5) To include a project in its five-year plan or in the
22 capital budget for the upcoming year, the department or
23 agency must certify that the project fits within the
24 authorized program goals and needs of the department or
25 agency.

26 (6) Every project that is included in the capital budget
27 request must be accompanied by an estimate of operating costs
28 related to that facility for the next succeeding five years.

29 (7) Included with any capital budget request shall be a
30 summary report showing the following by category:

1 (i) Estimated capital expenditures for the current
2 fiscal year, and actual capital expenditures for the
3 preceding four years.

4 (ii) The status of all capital projects that have
5 been previously authorized, by year of authorization and
6 estimated cost and specified borrowing authorizations,
7 whenever these projects are not complete as of the date
8 of the budget request.

9 (8) Detailed information concerning the status of
10 individual capital projects shall be transmitted to the
11 General Assembly in a computer readable form designated by
12 the Director of the Legislative Data Processing Center. The
13 content of information required on individual projects shall
14 be determined by the Minority and Majority Chairmen of the
15 House and Senate Appropriations Committees in consultation
16 with the Budget Secretary.

17 Section 305. Fiscal notes.

18 (a) Preparation by office.--The Office of the Budget shall
19 prepare a fiscal note for regulatory actions and administrative
20 procedures of the administrative departments, boards,
21 commissions or authorities, receiving money from the State
22 Treasury. The fiscal note shall state whether the proposed
23 action or procedures causes a loss of revenue or an increase in
24 the cost of programs to the Commonwealth or its political
25 subdivisions. The note shall be initially prepared by the agency
26 proposing the regulatory action or administrative procedure, and
27 shall be submitted to the Budget Secretary, who shall insure
28 that the note is procedurally complete and substantively
29 correct. In addition, the Budget Secretary shall add to the note
30 a statement as to whether the regulatory action or

1 administrative procedure is subject to legislative review
2 pursuant to section 333(f), and may add to the note any
3 recommendation of his office. The fiscal note shall be published
4 in the Pennsylvania Bulletin at the same time the proposed
5 change is advertised. The fiscal note shall provide the
6 following information:

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

10 (2) The probable cost for the fiscal year the program is
11 implemented.

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

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

16 (5) The probable loss of revenue for the first fiscal
17 year of its implementation.

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

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

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

25 (9) A reference to the source of the data from which the
26 foregoing fiscal information was obtained, and an explanation
27 of the basis upon which it is computed.

28 (b) Preparation by General Assembly.--The House and Senate
29 of the General Assembly shall require by chamber rules the
30 preparation of a fiscal note for each bill given second

1 consideration reading which may require an expenditure of
2 Commonwealth funds or funds of any political subdivision or
3 which may entail a loss of revenues, except this subsection
4 shall not apply to General Appropriations bills. A fiscal note
5 shall also be required for any changes in a bill caused by
6 amendments, concurrences, or adoption of conference reports
7 which affect the expenditure of Commonwealth funds or funds of
8 any political subdivision or which may entail a loss of
9 revenues. The fiscal notes required by this subsection shall
10 provide the information required by subsection (a)(1) through
11 and including (7), and (9), and shall further include a
12 recommendation by the committee or subcommittee designated in
13 House and Senate Rules as responsible for preparation of the
14 fiscal note, relative to the passage or defeat of the bill.

15 Section 306. Submission of budget to General Assembly.

16 (a) General procedure.--As soon as possible after the
17 organization of the General Assembly, but not later than the end
18 of the first full week in February of each year, except in the
19 case where a new Governor has taken office in January and then
20 no later than the first Tuesday in March, the Governor shall
21 submit to the General Assembly copies of agency budget requests
22 and a State budget and program and financial plan embracing:

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

25 (i) The amounts recommended by him to be
26 appropriated to the General Assembly, the Judicial
27 Department, the Governor, and the several administrative
28 departments, boards and commissions of the State
29 Government, and to institutions within the State and for
30 all public purposes, classified by department or agency

1 and by program.

2 (ii) The estimated revenues or receipts from any and
3 all sources, and an estimated amount to be raised by
4 taxation or otherwise.

5 (iii) A capital budget for the ensuing fiscal year
6 setting forth capital projects to be financed from the
7 proceeds of obligations of the Commonwealth or of its
8 agencies or authorities or from operating funds.

9 (2) A program and financial plan for not less than the
10 prior, current, budget and succeeding fiscal years, which
11 plan shall include for each such fiscal year:

12 (i) Actual or estimated operating expenditures
13 classified by department or agency and by program, in
14 reasonable detail, and actual or estimated revenue by
15 major categories from existing and additional sources.

16 (ii) Clearly stated purposes of each program in
17 terms of desired accomplishments.

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

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

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

30 (b) New or expanded programs.--When the Budget Secretary

1 identifies a new or expanded program by criteria used in the
2 budget instructions and pursuant to section 332(e), the new or
3 expanded program shall be displayed and justified as a separate
4 item in the Governor's budget request. A new or expanded program
5 shall not be considered to be enacted by the General Assembly in
6 its first year unless it is specifically referred to or
7 displayed as a line item in an appropriation bill and authorized
8 pursuant to section 332.

9 (c) Deficits and taxation proposals.--If it appears from the
10 Governor's budget proposal that the current fiscal year will end
11 with a deficit, despite actions taken pursuant to section 312(a)
12 regarding revisions of revenue estimates, then the Governor
13 shall submit a special temporary taxing proposal intended solely
14 to extinguish the deficit. If proposed expenditures for the next
15 fiscal year exceed estimated revenues, then the Governor shall
16 propose tax increases separate from the special temporary
17 increase needed to extinguish any deficits.

18 (d) Presentations to appropriations committees.--Each agency
19 shall make a written budget presentation to the House and Senate
20 Appropriations Committees, not less than one week prior to the
21 agency's budget hearings before the legislative appropriations
22 committees. This presentation shall include a summary of the
23 budget request of the agency, a narrative analysis of the
24 agency's programs, a notation of statutory authorization of the
25 agency's programs, a summary of pertinent fiscal data, output
26 measures, and personnel complement, agency management
27 objectives, program analyses, and productivity improvement
28 programs.

29 Section 307. List of employees to be furnished to certain State
30 officers.

1 (a) Submission of lists.--All administrative departments,
2 boards, commissions, the General Assembly and the Judiciary
3 shall, on July 15 of each year, transmit to the Auditor General,
4 the State Treasurer, the Secretary of the Budget and the
5 Legislative Data Processing Center a complete list, as July 1
6 preceding, of the names of all persons, except day-laborers,
7 entitled to receive compensation from the Commonwealth for
8 services rendered in or to the department, board or commission,
9 as the case may be. Such list shall show the position occupied
10 by each such person, the date of birth and voting residence of
11 such person, the salary at which or other basis upon which such
12 person is entitled to be paid, the date when such person entered
13 the service of the Commonwealth, whether such person has been
14 continuously employed by the Commonwealth since that date, and
15 all periods of service and positions held as an employee of the
16 Commonwealth, or such part of such information as the Governor
17 may prescribe. The Auditor General, the State Treasurer and the
18 Budget Secretary shall include in any lists required to be
19 transferred to any other agency, lists of employees of their
20 respective agencies. Such lists shall be transmitted to the
21 General Assembly by the Secretary of the Budget in both printed
22 copy and in computer readable form as designated by the Director
23 of the Legislative Data Processing Center.

24 (b) Monthly updates.--Each month thereafter, the heads of
25 the several administrative departments and the several
26 independent administrative boards and commissions, shall certify
27 to the Auditor General, the State Treasurer, and the Secretary
28 of the Budget any changes in the annual list of employees last
29 transmitted to them which shall have occurred during the
30 preceding month.

1 (c) Information to be public.--The information received by
2 the Auditor General, the State Treasurer and the Secretary of
3 the Budget, under this section, shall be public information.
4 Section 308. Estimates of current expenditures by departments,
5 boards and commissions.

6 (a) Program approval.--Each administrative department, board
7 and commission, except the departments of which the Auditor
8 General and the State Treasurer are respectively the heads,
9 shall as requested by the Secretary of the Budget, prepare and
10 submit to the Secretary of the Budget, for approval or
11 disapproval, an estimate of the amount of money required for
12 each activity or function, and the complement of employees for
13 each organizational unit, program and job classification
14 required by each department, board or commission, during the
15 ensuing month, quarter, or such other period as the Governor
16 shall prescribe. All available Federal funds and funds from
17 other sources shall be characterized as such and shall be
18 included in the estimated expenditures which must be submitted
19 to the Secretary of the Budget before any expenditures therefrom
20 may be made. If such estimates do not meet with the approval of
21 the Secretary of the Budget, it shall be revised as necessary
22 for the effective management of cash flow through the Treasury
23 of the Commonwealth and resubmitted for approval. The Secretary
24 of the Budget may establish an authorized personnel complement
25 level in conjunction with the approved expenditure estimate.

26 (b) Unlawful expenditure.--After the approval of any such
27 estimate, it shall be unlawful for the department, board or
28 commission to expend any appropriation, Federal funds or funds
29 from other sources or part thereof, except in accordance with
30 such estimate and the authorized complement level, unless the

1 same be revised with the approval of the Secretary of the Budget
2 and within the limits appropriated by the General Assembly.

3 (c) Refusal to comply.--If any department, board or
4 commission, to which this section applies, shall fail or refuse
5 to submit to the Secretary of the Budget estimates of
6 expenditures, in accordance with the Governor's request, the
7 Governor shall notify the State Treasurer, in writing, of such
8 failure or refusal, and, after receipt of such notice, the State
9 Treasurer shall not draw any warrant in favor of such
10 department, board or commission, until the Governor shall have
11 notified the State Treasurer, in writing, that the delinquent
12 department, board or commission has furnished him with, and he
13 has approved, the estimate as required in this section.

14 (d) Budget estimates.--The Governor shall direct the Budget
15 Secretary to request the estimates described in subsection (a)
16 for each fund, not later than 15 days following the signing by
17 the Governor of the appropriations act for each fund, and the
18 Budget Secretary shall specify in his request a date for
19 compliance with his request not later than 15 days following the
20 request. The estimates shall be produced on a monthly and annual
21 basis, and the Budget Secretary may, at his discretion, request
22 additional or revised estimates, and may with 15 days notice to
23 any agency, modify any approved level of spending he has
24 previously approved.

25 Section 309. Monthly budget report.

26 The Budget Secretary shall issue a monthly report on the
27 status of the execution of the budget, and distribute this
28 report to the Legislature, and the Governor and make this report
29 available to the general public. This report shall include:

30 (1) The status of actual revenue collections as compared

1 with earlier estimates made, with an explanation of
2 deviations.

3 (2) Expenditures and status of appropriations to date
4 including a listing by department and fund, for the full
5 fiscal year, the year to date, and the immediately preceding
6 month, of appropriations available, amounts estimated to be
7 required pursuant to section 308, amounts requisitioned,
8 warranted, encumbered and unexpended.

9 (3) Identification of major economic or other factors
10 affecting past or future revenue collections or expenditure
11 rates.

12 (4) Significant developments affecting capital
13 expenditures and debt management.

14 (5) Projections of surplus or deficit position of
15 operating funds.

16 Section 310. Fiscal period.

17 (a) Fiscal year accounting.--All books and accounts kept by
18 the Auditor General and the State Treasurer and every
19 department, board and commission shall be kept as of the fiscal
20 year or period. The fiscal year shall be the period beginning on
21 July 1 of each calendar year and ending on June 30 of the
22 calendar year next succeeding.

23 (b) Audit.--The Auditor General and the Department of the
24 Auditor General shall submit to any accountants appointed by the
25 Governor for the purpose of making an audit of the affairs of
26 the Auditor General and the Department of the Auditor General
27 all books, papers and records in any way pertaining to such
28 affairs.

29 Section 311. Budget implementation data.

30 The Governor shall make quarterly expenditure reports to the

1 Majority and Minority Chairmen of the Appropriation Committees
2 of the Senate and the House of Representatives. Quarterly
3 reports shall be made within 15 days after the end of the
4 quarter. These quarterly reports shall be prepared in such a way
5 that the fourth quarter report is a summary inclusive of the
6 preceding three quarters and be usable to establish a history of
7 expenditures file. The reports shall include all of the
8 following:

- 9 (1) Number of filled personnel positions and their
10 annualized costs.
- 11 (2) Itemized personnel vacancies and their annualized
12 costs.
- 13 (3) New positions created and their costs.
- 14 (4) Wage and overtime costs.
- 15 (5) Benefit factors being used in the calculation of
16 personnel costs.
- 17 (6) Costs attributed to salary increases.
- 18 (7) Allotments and expenditures for operating expenses.
- 19 (8) Allotments and expenditures for fixed assets.
- 20 (9) Any changes in the use or rate of usage of Federal
21 funds or other non-Federal augmentations.
- 22 (10) The rate of expenditures in appropriations for
23 major subsidies and grant programs during that quarter.
- 24 (11) Any other information requested by the
25 Appropriation Committees of the Senate and House of
26 Representatives.

27 Section 312. Revenue estimates.

- 28 (a) Preparation of estimates.--The Department of Revenue in
29 conjunction with the Secretary of the Budget shall make revenue
30 estimates for the use of the Governor in preparing the budget

1 with periodic revisions until the final estimate is signed by
2 the Governor at the time he signs the general appropriation
3 bill. The revenue estimates shall show separately State
4 revenues, Federal funds, and, if specifically appropriated,
5 funds from other sources. If funds from other sources are not
6 specifically appropriated, they shall be separately stated and
7 shall be included in the estimate of State revenue. The Governor
8 shall be required to item veto any part of the general
9 appropriation bill that causes total appropriations to exceed
10 the official estimate plus any unappropriated surplus. Periodic
11 revisions of the official estimate shall be made during the
12 fiscal year, and if the revisions decrease estimated revenues,
13 it shall be the duty of the Governor and the Budget Secretary to
14 abate expenditures by modifying program approvals as provided by
15 section 308.

16 (b) Bureau of Research and Statistics.--The Secretary of
17 Revenue shall delegate authority for the production of revenue
18 estimates to the Bureau of Research and Statistics within the
19 Department of Revenue. The bureau shall consist of a director,
20 and two assistant directors, and other personnel deemed
21 appropriate by the Secretary of Revenue. The director shall be
22 compensated at the rate determined by the Governor, and shall be
23 appointed by the Governor in the manner prescribed in subsection
24 (c). The director must have substantial experience in economic
25 forecasting. The assistant directors shall be compensated at the
26 rate determined by the Governor, and must have graduate degrees
27 in economics, statistics, or mathematics, and must have
28 previously have had experience in economic forecasting.

29 Assistant directors shall be appointed by the director with the
30 approval of the Secretary of Revenue. The Bureau of Research and

1 Statistics shall be provided complete computer support by the
2 Department of Revenue, and shall have access to the computer
3 facilities of the Office of State Planning and Development. The
4 Secretary of Revenue shall review, approve, or modify estimates
5 produced by the Bureau of Research and Statistics.

6 (c) Selection of director.--The Director of the Bureau of
7 Research and Statistics shall be appointed by the Governor from
8 a list of up to three qualified candidates presented to the
9 Governor by a selection panel created to prepare this list. The
10 selection panel shall consist of the Chairman of the Federal
11 Reserve Bank of Philadelphia, the President of the Pennsylvania
12 Economy League, and the Chairmen of the Economics Departments of
13 the University of Pennsylvania, Pennsylvania State University,
14 and the University of Pittsburgh. The members of the panel shall
15 serve without compensation, but shall be reimbursed by the
16 Governor's Office for their reasonable and necessary expenses.
17 It shall be the duty of the panel to conduct a thorough search
18 and to recruit the best possible candidates for the position of
19 Director of the Bureau of Research and Statistics. The panel
20 shall also recommend to the Governor a reasonable starting
21 salary for the recommended candidate or candidates.

22 (d) Submission of estimates.--Each revenue estimate prepared
23 by the Department of Revenue shall be submitted to the Budget
24 Secretary, the Governor and the Appropriations and Finance
25 Committees of the House and Senate, and shall be deemed a public
26 record in the custody of the Department of Revenue, the Budget
27 Secretary, the Governor and the Appropriations Committees.

28 (e) Documentation.--Complete and specific documentation of
29 bases and methods used for each major tax or other revenue
30 source shall be prepared as part of each revenue estimate, and

1 shall be deemed a public record together with the actual
2 estimate and shall be transmitted together with the actual
3 estimate to the Budget Secretary, the Governor, and the
4 Appropriations and Finance Committees of the House and Senate.

5 (f) Conference of experts.--In May of each year the Budget
6 Secretary and the Minority and Majority Chairpersons of the
7 House and Senate Appropriations and Finance Committees shall
8 meet and appoint a group of not fewer than 11 individuals
9 especially qualified by training or experience to review the
10 revenue estimating techniques of the Department of Revenue.
11 These individuals shall meet, and if necessary hold hearings
12 under the sponsorship of the House Finance Committee, to review
13 the effectiveness of past Revenue Department revenue estimating
14 techniques. The conference of experts shall evaluate all
15 information submitted and testimony taken and shall, not later
16 than July 15 of the same year in which the conference is
17 appointed, report their findings for improving the techniques of
18 estimation to the General Assembly, the Governor, the Budget
19 Secretary and the Department of Revenue.

20 (g) Econometric forecasting.--A committee consisting of the
21 Governor, the Secretary of the Budget, the Secretary of Revenue
22 and the majority and minority chairpersons of the Appropriations
23 Committees of the Senate and the House of Representatives is
24 hereby established to oversee the development, maintenance and
25 use of an econometric model which shall be developed to assist
26 in the forecasting of State revenues. The model shall be
27 developed in accordance with a contract between the Commonwealth
28 and the persons designated by the committee to perform this
29 function. The committee shall maintain and update the model or
30 appoint an appropriate agency or agencies to perform this

responsibility. The equations of the model and any historic data bases related thereto shall constitute public records. Members of the oversight committee or the majority or minority leaders of the Senate or the House of Representatives may request the committee 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 constitute public records.

Section 313. Transmission of budget information to the General Assembly.

(a) Reports.--Simultaneous with transmission to the Budget Secretary of the reports designated in section 301, a copy of each report shall be filed with the Appropriations Committees of the House and Senate. All such reports shall be deemed public records in the custody of the Budget Secretary and the General Assembly.

(b) Legislative briefings.--In December of each year, the Governor shall meet with the Majority and Minority Chairmen of the Appropriations Committees and the Speaker of the House, Majority and Minority Leaders of the House and Senate, and the President pro tempore of the Senate, to brief the legislative leadership on the issues he can foresee as being imminent in the budget for the next fiscal year and provide the opportunity for reasonable discussions on issues on the budget before it is formally submitted to the General Assembly. The Governor's briefing shall include:

(1) Major anticipated increases or decreases in programs.

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

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

5 (4) Other appropriate budget information including, but
6 not limited to, an analysis of any pending deficiency
7 appropriation request.

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

10 (c) Transmittal of guidelines.--On or about July 15 of each
11 year the Governor shall transmit to the General Assembly his
12 program policy guidelines for the upcoming fiscal year, together
13 with an explanation thereof.

14 (d) Re-budget.--As soon as possible following passage of the
15 General Appropriations Act and other major appropriations acts,
16 the Budget Secretary shall adjust the allocation schedule
17 proposed in the Governor's recommended budget, if necessary, to
18 reflect changes made by the General Assembly. The revised
19 allocation schedules shall, as soon as possible, be transmitted
20 by the Budget Secretary to the Majority and Minority Chairmen of
21 the House and Senate Appropriations Committees in summary form.
22 Detailed information on allocations shall be available to the
23 appropriations committees upon the request of any member.

24 Section 314. Federal funds.

25 (a) Designation of requisitions.--Any person authorized by
26 law to issue requisitions for the payment of moneys from the
27 State Treasury shall, when submitting any such requisition to
28 the State Treasury, indicate thereon whether any of the funds so
29 requested were derived, in whole or in part, from Federal funds.

30 (b) Matching funds.--Any person authorized by law to issue

1 requisitions for the payment of moneys from the State Treasury
2 shall, when submitting any such requisition to the State
3 Treasurer, indicate thereon whether any of the funds so
4 requested will be used, directly or indirectly, as matching
5 funds to Federal funds.

6 (c) Federal funds to be appropriated.--The State Treasurer
7 is hereby specifically prohibited from issuing any warrant for
8 requisitioned funds which were derived, in whole or in part,
9 from Federal funds unless such funds have been specifically
10 appropriated by an act of the General Assembly. The State
11 Treasurer is hereby specifically prohibited from issuing any
12 warrants for requisitioned funds which will be used, directly or
13 indirectly, as matching funds to Federal funds unless such
14 Federal funds have been specifically appropriated by an act of
15 the General Assembly.

16 (d) Special accounts for Federal fund prohibited.--Except as
17 may be hereinafter provided in this subsection, no Federal
18 funds, whether designated as grants, augmentations, credits or
19 otherwise, received from the Federal Government in any fiscal
20 year shall, by executive order of the Governor or by any other
21 executive action, be deposited in or designated as a special or
22 restricted fund account, separate and distinct from the General
23 Fund account. All such Federal funds shall be deposited in and
24 credited to the General Fund account, be contained in the budget
25 as hereinafter provided, and be available for appropriation by
26 the General Assembly as part of its operating budget, except
27 that such Federal funds need not be deposited in nor disbursed
28 by appropriation from the General Fund account under the
29 following limited statutory circumstances. If the General
30 Assembly has by statutory enactment created a special fund or

1 restricted receipt account and has specifically provided therein
2 for an exclusive, special purpose or purposes for which Federal
3 funds deposited in such special fund or restricted receipt
4 account can only be used, then under such statutory
5 circumstances, Federal funds received which are specifically and
6 exclusively ear-marked for such General Assembly determined
7 special fund or restricted receipt purpose or purposes may be
8 deposited in such statutorily created special fund or restricted
9 receipt account, and, without further statutory appropriation
10 being required, can be used solely and exclusively for such
11 specific statutory special fund or restricted receipt purpose or
12 purposes; but, under no circumstances shall Federal funds
13 received and deposited in such statutorily created special fund
14 or restricted receipt account be disbursed by executive order of
15 the Governor or by any other executive action for any purpose or
16 purposes not specifically prescribed by the statute which
17 created said special or restricted receipt account, except by
18 appropriation made by law, during the fiscal year in which such
19 funds were received.

20 (e) Estimate of Federal funds.--Notwithstanding any thing in
21 law to the contrary, it shall be the duty of the Secretary of
22 Revenue when submitting to the Secretary of the Budget and to
23 the Governor his officially certified estimate of revenues and
24 receipts from any and all sources for use in the preparation of
25 the Governor's proposed budget for the ensuing fiscal year to
26 specifically include therein an estimate of any and all funds
27 received or anticipated to be received from the Federal
28 Government whether such funds are designated as grants,
29 augmentations, credits or otherwise, together with the purposes
30 for which such funds, as aforesaid, are provided or to be

1 provided. The Secretary of Revenue shall provide a Federal funds
2 estimate to the Governor for use by the Governor in signing any
3 appropriation bill.

4 (f) Adjustments.--If the Federal funds received are less
5 than the amount of such funds appropriated by the General
6 Assembly pursuant to this section, and State funds have been
7 appropriated to match the Federal funds, then the State
8 Treasurer shall not issue any warrant for the matching State
9 funds in amounts which exceed the funds needed to match
10 available Federal funds. However, whenever the State Treasurer
11 determines that Federal funds have been allocated to the
12 Commonwealth and will be received prior to the end of the fiscal
13 year, the State Treasurer may warrant the expenditure of State
14 funds in advance of actual receipt of the Federal funds. If the
15 Federal funds received are greater than the amount of such funds
16 appropriated pursuant to this section, the total appropriation
17 level for Federal and State funds allocated for such purpose
18 shall remain at the level appropriated and additional Federal
19 funds cannot be expended until specifically appropriated by the
20 General Assembly.

21 (g) Budget proposals for Federal funds.--Proposals for
22 appropriation of all Federal funds shall be made as part of
23 departmental budget requests prepared pursuant to section 301,
24 or as part of supplemental budget requests prepared pursuant to
25 section 333(d). Estimates of amounts of Federal funds expected
26 shall be prepared in conformity to section 304, and the status
27 of Federal funds shall be shown in the Budget Secretary's
28 monthly report prepared pursuant to section 309.

29 (h) Legislative intent.--The General Assembly hereby
30 declares its legislative intent not to enact any operating

1 budget for any fiscal year unless and until a budget is
2 submitted in accordance with the provisions of this act.

3 (i) Construction.--Notwithstanding any other law or portion
4 of any other law, including section 3 of the act of December 27,
5 1933 (Sp.Sess., P.L.113, No.29), entitled "An act authorizing
6 the State Treasurer to act as custodian of moneys and securities
7 contributed to or deposited with the Commonwealth, or officers,
8 departments, boards or commissions of the Commonwealth;
9 prescribing the manner in which such moneys or securities shall
10 be held and disbursed or delivered up; and making an
11 appropriation to the Treasury Department for the cost of
12 administering such moneys and securities," the provisions of
13 this section shall prevail.

14 (j) Inventory and evaluation of Federal aid programs.--The
15 intergovernmental Relations Division of the Office of the Budget
16 shall perform a regular inventory and evaluation of all Federal
17 aid programs and their coordination. Coordination shall consist
18 of advance approval of all proposed grants to State agencies,
19 and changes in existing grants by the Budget Secretary. Approval
20 shall be based upon a long-range financial impact statement for
21 at least five years in advance. In reviewing grant proposals and
22 agency budget requests, the Budget Secretary shall, subject to
23 approval of the Governor, have the authority to determine the
24 proper agency to receive and administer any grant.

25 Section 315. Continuation of the preceding General
26 Appropriation Act.

27 (a) Statement of legislative intent.--To assure the orderly
28 carrying out of the services and programs of the Commonwealth,
29 the Commonwealth should be able to provide continual support in
30 periods when the budget for the fiscal year has not been

1 enacted. In order to provide sufficient time for adequate
2 consideration of the budget while also permitting services and
3 assistance to continue, the General Assembly hereby establishes
4 a process to permit the previous fiscal year budget to apply to
5 the new fiscal year until such time as that fiscal year budget
6 is enacted.

7 (b) General rule.--In the event a general appropriation bill
8 is not finally enacted by the first day of the fiscal year to
9 which it relates, the general appropriation bill finally enacted
10 for the preceding fiscal year shall remain in full force and
11 effect until the general appropriation act for the next
12 succeeding year takes effect subject to any amendments to such
13 general appropriation bill and subject also to the Governor's
14 certifying to the availability of revenue and surplus for the
15 ensuing fiscal year. If sufficient funds are not available, each
16 appropriation shall be reduced by its pro rata share of the
17 entire general appropriation available for the preceding fiscal
18 year. Such continuation shall be sufficient authority for the
19 State Treasurer to make disbursements of funds.

20 (c) Publication in Pennsylvania Bulletin.--In the event a
21 general appropriation act for any fiscal year has not been
22 enacted into law ten days prior to the commencement of that
23 fiscal year, the Governor shall cause to be published in the
24 Pennsylvania Bulletin prior to the termination of the current
25 fiscal year a statement of the details of the general
26 appropriation act and its amendments that shall be extended into
27 the new fiscal year, with a certification that either sufficient
28 revenues are available to cover such appropriation for the
29 entire fiscal year or a statement of the mandatory reduction of
30 each appropriation. A copy of the statement and certification

hereinbefore required shall be mailed to each member of the General Assembly by certified or registered mail ten days prior to the beginning of the new fiscal year.

(d) Appropriations continued.--Appropriations authorized pursuant to this act shall remain in full force and effect until the enactment into law of a new general appropriation act.

SUBCHAPTER B

SPECIAL BUDGET PROVISIONS

Section 331. Zero based budgeting.

All heads of Commonwealth agencies shall divide all agency programs into five approximately equal groups according to the size of total expenditures by programs and shall include all grant and subsidy activity. In each budget period one of these five groups of programs shall be subject to zero base budgeting procedures in addition to those imposed by section 301. These groups shall be rotated sequentially through zero base budgeting once every five years. All new programs shall be assigned to the group subject to zero base budgeting in the fifth subsequent year. Zero base budgeting procedures shall be established by the Budget Secretary and shall be included in the budget manual prepared pursuant to section 301 and in the budget blanks and instructions distributed pursuant to section 301. The timetables for the submission of zero base budgeting reports shall be the same as those established in section 301. Zero base budget procedures shall include, but not be limited to, the following:

(1) The purposes and goals of each program shall be specified, and quantitative program evaluation criteria identified where appropriate.

(2) The components of expenditure shall be specified for each program, separately identifying for each division,

1 branch or subdivision, personnel costs, materials cost,
2 service costs and the costs of any activities contracted
3 outside the agency administering the program.

4 (3) The efficiency of each component of expenditure
5 shall be evaluated in terms of achieving the goals and
6 program evaluation criteria identified for the program.

7 (4) The agency shall evaluate alternatives to each
8 program for achieving the goals of each program, and shall
9 make recommendations specifying whether it appears most
10 efficient to continue the existing program or to enact a
11 substitute program.

12 Section 332. Authorizations and sunset review.

13 (a) New programs.--New programs shall not be established by
14 an appropriation bill. Such programs shall be proposed and
15 considered in separate authorization bills.

16 (b) Time period.--In enacting any new programs, the General
17 Assembly shall determine a period of time during which the
18 program is authorized. This period of time shall be determined
19 by the length of time required to evaluate the effectiveness of
20 the program.

21 (c) Review.--One year prior to the completion of the
22 authorization period for any program or agency termination as
23 provided in subsection (h) the Joint Committee on Performance
24 Audit Review shall undertake a review of the program and provide
25 at least 120 days prior to the completion of the authorization
26 period of any program a performance audit or review. The General
27 Assembly shall either reenact or modify the program prior to the
28 completion of the authorization period. If an authorization act
29 does not reenact or modify a program or agency, the program or
30 agency shall be terminated or abolished. In deliberating whether

1 to reenact, modify, or abolish a program or agency, a committee
2 of reference in each House of the General Assembly shall hold a
3 public hearing, receiving testimony from the public and the
4 executive director of the agency involved, and in such a hearing
5 the agency shall have the burden of demonstrating a viable
6 public need for its continued existence and the extent to which
7 a change in the type of transfer of the agency may increase the
8 efficiency of administration or operation of the agency. In such
9 hearings, the determination as to whether an agency, board,
10 council or commission has proved a public need for its continued
11 existence shall take into consideration the following factors,
12 among others:

13 (1) The extent to which affirmative action requirements
14 of State or Federal Government have been complied with by the
15 agency, board, council or commission or the industry its
16 regulates.

17 (2) The extent to which the agency, board, council or
18 commission has operated in the most efficient manner.

19 (3) The extent to which the agency, board, council or
20 commission has recommended statutory changes to the General
21 Assembly which would benefit the public as opposed to the
22 persons it regulates.

23 (4) The extent to which the agency, board, council or
24 commission has required the persons it regulates to report to
25 it concerning the impact of rules and decisions of the
26 agency, board, council or commission on the public regarding
27 improved service, economy of service, and availability of
28 service.

29 (5) The extent to which persons regulated by the agency,
30 board, council or commission have been required to assess

1 problems in their industry which affect the public.

2 (6) The extent to which the agency, board, council or
3 commission has encouraged participation by the public in
4 making its rules and decisions as opposed to participation
5 solely by the persons it regulates.

6 (7) The extent to which the agency, board, council or
7 commission has expeditiously processed to completion
8 complaints from the public concerning persons the agency,
9 board, council or commission regulates, which complaints were
10 filed with the agency, board, council or commission.

11 (8) The extent to which changes are necessary in the
12 enabling laws of the agency, board, council or commission to
13 adequately comply with the factors listed in this subsection.

14 (d) Intent.--Each authorization act shall include a
15 statement of legislative intent explaining the purposes,
16 limitations and goals for each program.

17 (e) Modification of existing program.--Whenever the General
18 Assembly wishes to consider a major modification of any program
19 existing as of the effective date of this act, an authorization
20 bill shall be required. A major modification exists whenever the
21 appropriation for a program is proposed to be increased more
22 than 15% above the level of the previous fiscal year, or
23 whenever a program is substantially assigned new goals, duties
24 or responsibilities.

25 (f) Limitations.--Authorization bills shall not include
26 amounts which may be appropriated to programs, but they shall
27 designate which funds will be used to finance the program, and
28 indicate whether current or continuing appropriations are
29 required, and whether capital facilities are authorized for the
30 program.

1 (g) Capital projects.--Individual capital projects shall not
2 require authorization bills.

3 (h) Agency termination.--Unless an authorization act is
4 passed by the General Assembly subsequent to the effective date
5 of this act, every board, commission, council and agency
6 heretofore created by law, or by resolution adopted jointly by
7 the House of Representatives and the Senate or by either of
8 them, shall wind up its affairs and go out of existence
9 according to the following schedule:

10 (1) On July 1, 1978

11 The State Board of Medical Education and Licensure

12 The State Board of Nurse Examiners

13 The State Dental Council and Examining Board

14 State Board of Motor Vehicle Manufacturers, Dealers
15 and Salesmen

16 The Mobile Home Standards Advisory Commission

17 The Advisory Committee for the Aging

18 The Advisory Committee for Nursing Home
19 Administrators

20 The Advisory Committee to the Nursing Home Ombudsman
21 Demonstration Project

22 The State Board of Cosmetology

23 The State Board of Barber Examiners

24 The State Registration Board for Professional
25 Engineers

26 The State Board of Funeral Directors

27 The State Board of Optometrical Examiners

28 The State Board of Pharmacy

29 The State Board of Podiatry Examiners

30 The Pennsylvania Board of Psychologist Examiners

1 The State Board for the Examination of Public
2 Accountants
3 The State Real Estate Commission
4 The State Board of Veterinary Medical Examiners
5 The State Board of the Examination of Architects
6 The State Board of the Examination of Landscape
7 Architects
8 The State Board of the Examination of Auctioneer
9 Examiners
10 The State Board of the Examination of Chiropractic
11 Examiners
12 The Port Authority of the City of Erie
13 The State Highway and Bridge Authority
14 The Hazardous Substances Transportation Board
15 The Pennsylvania Parkway Commission
16 The Southeastern Pennsylvania Transportation
17 Authority
18 The State Transportation Commission
19 The Pennsylvania Turnpike Commission
20 The Delaware Valley Regional Planning Commission
21 The Governor's Youth Traffic Council
22 The Governor's Traffic Safety Council
23 The Regional Transportation Task Force
24 The Examiners for the Pennsylvania Liquor Control
25 Board
26 The Pennsylvania Liquor Control Board
27 The Armory Board of the State of Pennsylvania
28 The Pennsylvania National Guard General Officers
29 The State Veterans' Commission
30 The State Military Reservation Commission

1 The State Council of Civil Defense
2 The Commission on Charitable Organizations
3 The State Horse Racing Commission
4 The State Harness Racing Commission
5 The State Civil Service Commission
6 The State Lottery Commission
7 The Municipal Police Officers' Education and Training
8 Commission
9 The Governor's Commission on Fire Prevention and
10 Control

11 (2) July 1, 1979

12 Board of Trustees for the Allentown State Hospital
13 Board of Trustees for the Ashland State General
14 Hospital
15 The Board of Trustees for the Clarks Summit State
16 Hospital
17 The Board of Trustees for the Coaldale State General
18 Hospital
19 The Board of Trustees for the Connellsville State
20 General Hospital
21 The Board of Trustees for the Cresson Center
22 The Board of Trustees for the Danville State Hospital
23 The Board of Trustees for the Dixmont State Hospital
24 The Board of Trustees for the Eastern State School
25 and Hospital
26 The Board of Trustees for the Ebensburg Center
27 The Board of Trustees for the Embreeville State
28 Hospital
29 The Board of Trustees for the Farview State Hospital
30 The Board of Trustees for the Hamburg Center

1 The Board of Trustees for the Harrisburg State
2 Hospital
3 The Board of Trustees for the Haverford State
4 Hospital
5 The Board of Trustees for the Hazleton State General
6 Hospital
7 The Board of Trustees for the Hollidaysburg State
8 Hospital
9 The Board of Trustees for the Laurelton Center
10 The Board of Trustees for the Locust Mountain State
11 General Hospital
12 The Board of Trustees for the Mayview State Hospital
13 The Board of Trustees for the Nanticoke State General
14 Hospital
15 The Board of Trustees for the Norristown State
16 Hospital
17 The Board of Trustees for the Pennhurst Center
18 Hospital
19 The Board of Trustees for the Philadelphia State
20 Hospital
21 The Board of Trustees for the Philipsburg State
22 General Hospital
23 The Board of Trustees for the Polk Center
24 The Board of Trustees for the Retreat State Hospital
25 The Board of Trustees for the Scotland School for
26 Veteran's Children
27 The Board of Trustees for the Scranton State General
28 Hospital
29 The Board of Trustees for the Selinsgrove Center
30 The Board of Trustees for the Shamokin State General

1 Hospital
2 The Board of Trustees for the Pennsylvania Soldiers'
3 and Sailors' Home
4 The Board of Trustees for the Somerset State Hospital
5 The Board of Trustees of South Mountain Restoration
6 Center
7 The Board of Trustees for the Torrance State Hospital
8 The Board of Trustees for the Warren State Hospital
9 The Board of Trustees for the Wernersville State
10 Hospital
11 The Board of Trustees for the Western Center
12 The Board of Trustees for the White Haven Center
13 The Board of Trustees of Woodhaven Center
14 The Board of Trustees for the Woodville State
15 Hospital
16 The Board of Trustees of Scranton State School for
17 the Deaf
18 The Advisory Committee for General and Special
19 Hospitals
20 The Eastern Youth Development Centers
21 The Western Youth Development Centers
22 The Task Force to Study Mercy-Douglass Hospital
23 Facilities
24 The Eastern Mental Health Center
25 The Eastern Pennsylvania Psychiatric Institute
26 The Advisory Committee for Mental Health and Mental
27 Retardation
28 The Commonwealth Mental Health Research Foundation
29 The Board of the Western Restoration Center

30 (3) July 1, 1980

1 The Board of Trustees for Bloomsburg State College
2 The Board of Trustees for California State College
3 The Board of Trustees for Cheyney State College
4 The Board of Trustees for Clarion State College
5 The Board of Trustees for Edinboro State College
6 The Board of Trustees for East Stroudsburg State
7 College
8 The Board of Trustees for Indiana University of
9 Pennsylvania
10 The Board of Trustees for Kutztown State College
11 The Board of Trustees for Lock Haven State College
12 The Board of Trustees for Mansfield State College
13 The Board of Trustees for Millersville State College
14 The Board of Trustees for Shippensburg State College
15 The Board of Trustees for Slippery Rock State College
16 The Board of Trustees for Pennsylvania State
17 University
18 The Board of Trustees for the University of
19 Pittsburgh
20 The Board of Trustees for Temple University
21 The Board of Trustees for Lincoln University
22 The Board of Trustees for West Chester State College
23 The Board of State College and University Directors
24 The Pennsylvania Public TV Network Commission
25 The State Board of Private Academic Schools
26 The State Board of Private Business Schools
27 The State Board of Private Correspondence Schools
28 The State Board of Trade Schools
29 Board of Trustees for the Thaddeus Stevens State
30 School of Technology

1 The Pennsylvania Higher Education Assistance Agency
2 The State Public School Building Authority
3 The Pennsylvania Higher Education Facilities
4 Authority
5 The Pennsylvania Commission on School Finance
6 The State Apprenticeship and Training Council
7 The Pennsylvania Parent Assistance Authority
8 The Blue Ribbon Committee for the Temple University
9 Hospital of Temple University
10 The State Board of Education
11 The Advisory Council on Library Development
12 The Advisory Committee for Children and Youth
13 The Citizens Commission on Basic Education
14 The Pennsylvania Postsecondary Education Planning
15 Commission
16 The Pennsylvania Commission for Women
17 The Task Force to Eliminate Discrimination Against
18 Woman and Minority Groups in State Government
19 The Governor's Interdepartmental Council on Seasonal
20 Farmworkers
21 The Governor's Committee for Migrant Services
22 The Governor's Council on Opportunity for Spanish-
23 Speaking
24 The Governor's Affirmative Action Council
25 The State Manpower Planning Council
26 The State Manpower Services Council
27 The Pennsylvania Human Relations Commission

28 (4) On July 1, 1981

29 The Adams County Board of Assistance
30 The Allegheny County Board of Assistance

1 The Armstrong County Board of Assistance
2 The Beaver County Board of Assistance
3 The Bedford County Board of Assistance
4 The Berks County Board of Assistance
5 The Blair County Board of Assistance
6 The Bradford County Board of Assistance
7 The Bucks County Board of Assistance
8 The Butler County Board of Assistance
9 The Cambria County Board of Assistance
10 The Cameron County Board of Assistance
11 The Carbon County Board of Assistance
12 The Centre County Board of Assistance
13 The Chester County Board of Assistance
14 The Clarion County Board of Assistance
15 The Clearfield County Board of Assistance
16 The Clinton County Board of Assistance
17 The Columbia County Board of Assistance
18 The Crawford County Board of Assistance
19 The Cumberland County Board of Assistance
20 The Dauphin County Board of Assistance
21 The Delaware County Board of Assistance
22 The Elk County Board of Assistance
23 The Erie County Board of Assistance
24 The Fayette County Board of Assistance
25 The Forest County Board of Assistance
26 The Franklin County Board of Assistance
27 The Fulton County Board of Assistance
28 The Greene County Board of Assistance
29 The Huntingdon County Board of Assistance
30 The Indiana County Board of Assistance

1 The Jefferson County Board of Assistance
2 The Juniata County Board of Assistance
3 The Lackawanna County Board of Assistance
4 The Lancaster County Board of Assistance
5 The Lawrence County Board of Assistance
6 The Lebanon County Board of Assistance
7 The Lehigh County Board of Assistance
8 The Luzerne County Board of Assistance
9 The Lycoming County Board of Assistance
10 The McKean County Board of Assistance
11 The Mercer County Board of Assistance
12 The Mifflin County Board of Assistance
13 The Monroe County Board of Assistance
14 The Montgomery County Board of Assistance
15 The Montour County Board of Assistance
16 The Northampton County Board of Assistance
17 The Perry County Board of Assistance
18 The Philadelphia County Board of Assistance
19 The Pike County Board of Assistance
20 The Potter County Board of Assistance
21 The Schuylkill County Board of Assistance
22 The Sullivan County Board of Assistance
23 The Susquehanna County Board of Assistance
24 The Tioga County Board of Assistance
25 The Union County Board of Assistance
26 The Venango County Board of Assistance
27 The Warren County Board of Assistance
28 The Washington County Board of Assistance
29 The Wayne County Board of Assistance
30 The Westmoreland County Board of Assistance

1 The Wyoming County Board of Assistance
2 The York County Board of Assistance
3 The Advisory Committee for Public Assistance
4 The State Board of Public Welfare
5 (5) On July 1, 1982
6 The Pennsylvania Labor Relations Board
7 The Industrial Board
8 The Pennsylvania Industrial Development Authority
9 The Unemployment Compensation Board of Review
10 The Workmen's Compensation Appeal Board
11 The Industrialized Housing Advisory Commission
12 The Advisory Board (Prevailing Wage Act)
13 The Appeals Board (Prevailing Wage Act)
14 The State Advisory Council (on Employment
15 Compensation)
16 The Board of Arbitration of Claims
17 The State Planning Board
18 The Pennsylvania Housing Finance Agency
19 The Pennsylvania Minority Business Development
20 Authority
21 The Landlord and Tenants Task Force
22 The Professional Standards and Practices Act
23 The Governor's Business Advisory Council
24 The Governor's Commission on Mortgage and Interest
25 Rates
26 The Advisory Committee on Standards
27 The Environmental Quality Board
28 The Governor's Science Advisory Committee
29 The State Farm Products Show Commission
30 The Milk Marketing Board

1 The Pennsylvania Fish Commission
2 The Advisory Board for Boating
3 The Pennsylvania Game Commission
4 The State Board of Certification of Sewage Treatment
5 Plant and Waterworks Operators
6 The State Conservation Commission
7 The Susquehanna River Basin Commission
8 The Advisory Committee on Pennsylvania Solid Waste
9 Management Act
10 The Wheeling Creek Watershed Protection and Flood
11 Prevention Commission
12 The Governor's Energy Council
13 The Governor's Land Inventory Committee
14 The Weather Modification Board
15 The Advisory Committee on Atomic Energy Development
16 and Radiation Control
17 The Governor's Fact Finding Committee, Shippinport
18 Nuclear Power Station
19 The Pennsylvania Public Utility Commission
20 The Pesticide Advisory Board
21 The Environmental Hearing Board
22 The Pennsylvania Science and Engineering Foundation
23 The Sewage Advisory Committee
24 The Valley Forge Park Commission
25 The Washington Crossing Park Commission
26 The Bicentennial Commission of Pennsylvania
27 The Commonwealth of Pennsylvania Council on the Arts
28 The State Art Commission
29 The County Records Committee
30 The Pennsylvania Historical and Museum Commission

1 The Local Government Records Committee
2 The Joint Committee on Documents
3 The Pennsylvania Parkway Commission
4 (6) On July 1, 1983
5 The Interstate Compact Commission for Education
6 The Atlantic States Marine Fisheries Commission for
7 the Commonwealth of Pennsylvania
8 The Independence National Historical Park Advisory
9 Commission
10 The Pennsylvania Commission on Interstate Cooperation
11 The Interstate Oil Compact Commission
12 The Ohio River Basin Commission
13 The Interstate Commission on the Potomac River Basin
14 for the Commonwealth of Pennsylvania
15 The Board of Commissioners on Uniform State Laws
16 The Great Lakes Commission for the Commonwealth of
17 Pennsylvania
18 The Interstate Emergency Medical Services Task Force
19 The Governor's Advisory Council on International
20 Commerce
21 The Ohio River Valley Water Sanitation Commission for
22 the Commonwealth of Pennsylvania
23 The Appalachian National Scenic Trail Advisory
24 Council
25 The Delaware River Joint Toll Bridge Commission
26 The Delaware River Basin Commission
27 The Delaware River Port Authority
28 The Advisory Council for Comprehensive Health
29 Planning
30 The Advisory Health Board

1 The Task Force on Cancer Control
2 The Pennsylvania Diabetes Institute
3 The Commonwealth Developmental Disabilities Planning
4 and Advisory Council
5 The Governor's Committee Concerned with Diabetes and
6 Blindness
7 The Consumer Advisory Committee of Blue Cross of
8 Greater Philadelphia
9 The Pennsylvania Drug, Device and Cosmetic Board
10 The State Athletic Commission
11 The Medical Advisory Board to the State Athletic
12 Commission
13 The Pennsylvania Food Advisory Committee
14 The Governor's Committee on Health Education in
15 Pennsylvania
16 The State Advisory Board on Health Care Costs
17 The Governor's Task Force on Hypertension
18 The Renal Disease Advisory Committee
19 The Governor's Council on Drug and Alcohol Abuse
20 The Governor's Advisory Committee on the Coal Miners
21 Respiratory Disease and Rehabilitation Program
22 The Governor's Task Force on Venereal Disease
23 The Advisory Committee for the Blind
24 The Governor's Study Commission on Capital Punishment
25 The Advisory Committee on Probation
26 The Pennsylvania Board of Probation and Parole
27 The Governor's Justice Commission
28 The Board of Pardons
29 The Pennsylvania Securities Commission
30 The State Tax Equalization Board

1 The Banking Board
2 The Savings Association Board
3 The Governor's Committee on Tax Reform
4 The Governor's Task Force on Inflation and Economy
5 The Pennsylvania Municipal Retirement Board
6 The Special Task Force on State Pension Reform
7 The State Employees' Retirement Board
8 The Public School Employees' Retirement Board
9 The Citizens' Advisory Council

10 (i) Transitional termination provisions.--Whenever any
11 program or agency is terminated or abolished pursuant to this
12 section, the following provisions shall apply:

13 (1) Upon termination, each board, council, commission or
14 agency shall continue in existence until July 1 of the next
15 succeeding year for the purpose of winding up its affairs.
16 Termination shall not reduce or otherwise limit the powers or
17 authority of each respective agency, board, council or
18 commission during that period. Upon the expiration of the one
19 year after termination, each respective agency, board,
20 council or commission shall cease all activities.

21 (2) This act shall not cause the dismissal of any claim
22 or right of a citizen against any such agency, board, council
23 or commission or any claim or right of any agency, board
24 council or commission terminated pursuant to this act which
25 is subject to litigation.

26 (3) The General Assembly shall no terminate the
27 existence or power of any agency which is created as a result
28 of an interstate compact except in accordance with the
29 provisions of the compact for termination of membership.

30 (4) Whenever any agency is terminated pursuant to the

provisions of this act, the Commonwealth shall assume full responsibility for the payment of any outstanding bonded indebtedness of the terminated agency.

Section 333. Appropriation acts.

(a) General rule.--Appropriations shall be made only in separate appropriation bills, and shall not be made in bills establishing or modifying programs.

(b) Separate bills.--Except for supplemental appropriations, nonpreferred appropriations, and new programs, all appropriations to each fund shall be included in a separate and single appropriations bill prepared for each fund.

(c) Procedure for supplemental appropriations.--Whenever supplemental appropriations are to be made to the appropriations bills described in subsection (b), the following procedures shall be followed:

(1) The department or agency to whom the appropriation is made shall prepare and submit to the House and Senate Appropriations Committees a supplemental budget request report at least 15 days prior to committee action on the supplemental appropriations bill.

(2) The supplemental budget report shall explain the need for the supplemental appropriation, demonstrate the relationship between the supplemental appropriation and the department's or agency's most recent comprehensive budget report prepared pursuant to section 301, and shall project for the next five years the impact of conditions justifying the supplemental appropriation.

(3) The Budget Secretary shall submit ten days prior to any appropriations committee action on a supplemental appropriation his full evaluation of the supplemental

1 appropriations report.

2 (4) It shall be the obligation of the personnel
3 designated in section 303 as responsible for agency or
4 department budget preparation to prepare a supplemental
5 appropriations report whenever requested to do so by the
6 Governor, the Budget Secretary, or two-fifths of the
7 membership of either the House or Senate Appropriations
8 Committee.

9 (5) A separate supplemental appropriations bill shall be
10 required for each fund.

11 (6) New programs or major program revisions may have
12 amounts appropriated to them by supplemental appropriation
13 only after the approval of an authorization act pursuant to
14 section 332. New programs and major revisions may be
15 included, if authorized, in the general appropriations bill.

16 (7) In the event the Governor shall certify that a
17 reasonably unforeseeable emergency occurs, an emergency
18 supplemental appropriation bill may be presented irrespective
19 of the time limits specified in paragraphs (1) and (3).

20 (d) Nonpreferred appropriations.--Nonpreferred
21 appropriations shall be made by separate appropriations bills
22 and shall each be supported by a nonpreferred appropriation
23 request report. This report shall be prepared by the institution
24 designated to receive the appropriation, and shall be submitted
25 to the House and Senate Appropriations Committees no later than
26 15 days prior to any committee action on the bills. The report
27 shall contain:

28 (1) A list of all previous Commonwealth appropriations
29 received by the institution, and a description of the uses
30 made of these appropriations.

1 (2) A full description of the purposes and uses for
2 which the appropriation is intended.

3 (3) A plan showing what needs the institution will have
4 for Commonwealth funds in the next five years.

5 (4) A copy of the proposed operating budget of the
6 institution for the previous, current and next fiscal period
7 of the institution.

8 (5) A statement from the Budget Secretary explaining the
9 impact of the proposed nonpreferred appropriation on the
10 overall Commonwealth budget and the Governor's five-year
11 plan, and making recommendations concerning the proposed
12 nonpreferred appropriation.

13 (6) An authorization bill shall not be required for any
14 nonpreferred appropriation.

15 (e) Continuing appropriations.--All amounts not expended or
16 encumbered at the end of each fiscal year shall lapse, except as
17 provided by section 315, unless an appropriation is designated
18 as continuing. Continuing appropriations shall be made only when
19 special circumstances exist which make the date of expenditure
20 uncertain, and the lapsing of the appropriation will pose
21 serious budgetary problems. A separate authorization act
22 prepared pursuant to section 332 shall be required for any
23 continuing appropriation, and shall state in detail the
24 justification for establishing a continuing account. The State
25 Treasurer shall adopt uniform regulations for encumbrances, and
26 shall provide that:

27 (1) Funds shall not be encumbered beyond the end of the
28 fiscal year for any purpose other than satisfying specific
29 actual contractual obligations.

30 (2) Funds shall not be encumbered to satisfy

1 contractural obligations beyond the end of the fiscal year if
2 the expected date of expenditure is more than 30 days after
3 the last day of the fiscal year.

4 The provisions of this subsection shall apply to all
5 appropriations made by the General Assembly, including
6 appropriations to the Judicial and Legislative Branches.

7 (f) Future commitment.--Whenever it is determined by a
8 fiscal note prepared pursuant to section 305, or from other
9 information available to the Budget Secretary, that any
10 executive or administrative action, except as provided in
11 section 2402, act of April 9, 1929 (P.L.177, No.175), known as
12 "The Administrative Code of 1929," or as authorized by the Board
13 of Commissioners of Public Grounds and Buildings, will result in
14 a commitment on the part of the Commonwealth to expend funds not
15 currently appropriated, in amounts sufficient to constitute a
16 new program or program revision pursuant to section 332, and
17 costing at least \$250,000 in any one fiscal year, then the
18 proposed contract, agreement, regulation, or other commitment
19 shall be deemed before the General Assembly for approval. Any
20 such proposed contract, agreement, regulation, or other
21 commitment shall be deemed approved by the General Assembly if
22 not disapproved or modified within 60 days of its submission to
23 the General Assembly in the form of a concurrent resolution.
24 However, approval of a proposed contract, agreement, resolution,
25 or other commitment under this subsection shall not constitute a
26 legally binding commitment upon the General Assembly at any
27 future time to approve any specific appropriation or
28 authorization bills, but shall constitute only a nonbinding
29 expression of current legislative intent and moral commitment.
30 Collective bargaining agreements shall be subject to review

1 under this subsection.

2 Section 334. Capital budgeting.

3 (a) General rule.--The capital budget submitted to the
4 General Assembly by the Governor shall contain the five-year
5 capital improvement plan of each department or agency, as
6 prepared pursuant to section 304, and as approved by the Budget
7 Secretary and the Governor, and shall specify:

8 (1) For each year, estimated appropriations by project
9 and phase of project.

10 (2) For each year, estimated total borrowing
11 authorization.

12 (3) At the end of the fifth year, the estimated
13 appropriations required to complete the remaining phases of
14 projects then underway.

15 (4) The estimated Commonwealth debt limit and the net
16 debt outstanding for each year.

17 (5) The estimated carryover of unspent bond funds at the
18 beginning of the year as well as any estimated carryover of
19 encumbered borrowing authorization and appropriations.
20 Project appropriations and borrowing authorizations that
21 would lapse shall be considered for inclusion in the next
22 year's capital budget.

23 (b) Capital budget bill for ensuing year.--The capital
24 budget bill for the ensuing fiscal year should contain the
25 following:

26 (1) Appropriations to specific projects or phases of
27 projects from the proceeds of borrowing.

28 (2) Appropriations to specific projects or phases of
29 projects from augmentations estimated to be received.

30 (3) The maximum amount of debt authorized to be incurred

1 during the year to finance the projects or phases of projects
2 for which appropriations from borrowing proceeds are made.

3 (4) The estimated total cost of each project for which
4 an appropriation is made. The cost estimates for projects to
5 be authorized in the capital budget should cover all costs,
6 including any land acquisition, plus engineering and design,
7 construction and furniture and equipment.

8 (5) As of the enactment of the first capital budget
9 prepared pursuant to this act, all outstanding borrowing
10 authorizations and appropriations beyond amounts needed to
11 cover contracts in effect, arising out of previous capital
12 budgets, are hereby canceled.

13 (c) Uncompleted contract.--An appropriation and unused
14 borrowing authorization may be encumbered at the end of a fiscal
15 year in the amount necessary to fund an active but uncompleted
16 contract, or phase of a contract.

17 (d) Transfer of funds.--The budget office shall be
18 authorized to transfer funds unneeded in one or more capital
19 appropriations in order to pay contract costs that exceed an
20 appropriation, up to a maximum of 10% excess cost.

21 (e) Debt Policies and Practices Study Commission.--The
22 Minority and Majority Leaders of the House and Senate, the
23 Minority and Majority Chairmen of the House and Senate
24 Appropriations and Revenues Committees, the Budget Secretary,
25 and the Governor, or their designates, are hereby directed to
26 form a standing Debt Policies and Practices Study Commission.
27 This commission shall annually study the following topics, and
28 issue a report with recommendations to the General Assembly on
29 December 1 of each year. The commission shall examine the
30 following:

1 (1) Effectiveness of constitutional debt limit in
2 promoting fiscal stability.

3 (2) Statutory and administrative definition and
4 implementation of the debt limit.

5 (3) Future cost implications of present debt policy.

6 (4) Borrowing procedures.

7 (5) Alternate methods for financing capital
8 improvements.

9 (6) Any other matters substantially affecting the debt
10 policies or practices of the Commonwealth.

11 (f) Construction.--The provisions of this section shall be
12 read in pari-materia with the act of July 20, 1968 (P.L.530,
13 No.217), known as the "Capital Facilities Debt Enabling Act,"
14 except insofar as provisions of that act are explicitly repealed
15 by this act. The provisions of this section shall also be read
16 in pari-materia with section 2001.4 of the act of April 9, 1929
17 (P.L.177, No.175), known as "The Administrative Code of 1929,"
18 creating the State Transportation Advisory Committee.

19 Section 335. Transition planning.

20 (a) Interim procedure.--Whenever a new Governor is elected,
21 the Governor-elect shall within three weeks of his election,
22 designate a person to serve as his Budget Secretary, and the
23 person so designated, if not the Budget Secretary, shall appoint
24 a staff of three nonclassified assistants. The Budget Secretary
25 designate and his three assistants shall be afforded office
26 space and facilities within the Budget Office not later than
27 December 1 of the year of a gubernatorial election.

28 (b) Duties of existing Budget Secretary.--It shall be the
29 duty of the current Budget Secretary to:

30 (1) Assist the Budget Secretary designate in planning

1 the staffing and management of the Budget Office.

2 (2) Familiarize the Budget Secretary designate with all
3 existing phases of planning and evaluation of the
4 Commonwealth's current and Capital Budget.

5 (3) Review with the Budget Secretary designate all
6 department and agency budget requests, the status of current
7 revenues and appropriations, and to advise and assist the Budget
8 Secretary designate in planning the transition budget proposal
9 for the Governor-elect.

10 (4) To direct his staff to cooperate with the Budget
11 Secretary designate and his budget analysts in any and all
12 manners reasonably necessary to facilitate a smooth
13 transition of administrations.

14 (c) Duties of the Budget Secretary designate.--The Budget
15 Secretary designate shall:

16 (1) Have access to all documents, records, and memoranda
17 of the Budget Office.

18 (2) Be afforded the privilege to attend as an observer
19 meetings between the Budget Secretary and departmental budget
20 personnel to discuss any required modifications of
21 departmental budget request.

22 (3) May interview department heads and budgetary
23 personnel concerning their budget requests.

24 (4) May interview any and all personnel of the current
25 budget office regarding any and all phases of their duties
26 and responsibilities.

27 (d) Preparation of transition materials.--In the last year
28 of the term of any Governor, the Budget Secretary shall prepare
29 transition background materials, which he shall make available
30 to the Budget Secretary designate for his consideration not

1 later than December 1 following the election of a new Governor.
2 These materials shall consist at the minimum, of briefing
3 manuals on all phases of Budget Office operation, and staff
4 papers to explain in detail the procedures used by each major
5 component of the Budget Office to discharge its duties and
6 responsibilities.

7 CHAPTER 4

8 LEGISLATIVE AUDIT

9 SUBCHAPTER A

10 JOINT COMMITTEE ON PERFORMANCE

11 AUDIT REVIEW

12 Section 401. Organization.

13 (a) Committee established.--There is hereby created for the
14 General Assembly a Joint Committee on Performance Audit Review
15 which shall be a permanent standing committee of both Houses of
16 the General Assembly.

17 (b) Membership.--The joint committee shall consist of five
18 members of the Senate and five members of the House of
19 Representatives and shall include the Majority and Minority
20 Leaders of both Houses, the Speaker of the House of
21 Representatives, the President pro tempore of the Senate, and
22 the Majority and Minority Chairmen of the Appropriations
23 Committees of both Houses. Each member of the joint committee
24 may designate an alternate, who shall be a member of his
25 legislative body and who may act for him and in his stead at the
26 discretion of the member.

27 (c) Terms.--The terms of appointed members shall end by
28 resignation with the termination of service in the Legislature.

29 (d) Vacancies.--Vacancies on the committee between
30 legislative sessions shall be filled in the same manner as

1 provided for other standing joint committees but shall not be in
2 violation of the provisions herein specified.

3 (e) Organization.--The joint committee shall select its own
4 chairman and such other officers as it may deem necessary from
5 among their membership, provided that chairmanship shall be
6 rotated between the House and Senate every two years, and they
7 shall prescribe their own rules of procedure for the conduct of
8 their affairs.

9 Section 402. Responsibilities of the joint committee.

10 The Joint Committee on Performance Audit Review shall have
11 general oversight responsibility for the powers, duties, and
12 responsibilities of the legislative postauditor. The Joint
13 Committee shall:

14 (1) Evaluate the qualifications of candidates for
15 position of legislative postauditor and hire a qualified
16 person for the position of legislative postauditor.

17 (2) Consider and approve the budget for the Office of
18 the Legislative Postauditor and recommend appropriations
19 therefor.

20 (3) Study and review the postaudit or other reports
21 submitted by the legislative postauditor, confer with the
22 legislative postauditor, his deputies, or assistants, and
23 with other legislative committees in regard to such reports,
24 when necessary confer with representatives of the State
25 agency or political subdivision audited in order to obtain
26 full and complete information in regard to any and all fiscal
27 transactions and governmental operations within the State.

28 (4) Except for executive sessions held for the purpose
29 of considering reports filed under section 425(b), keep
30 minutes of their meetings and hearings which shall, upon

1 request, be available to all members of the General Assembly,
2 to the general public and to audit agencies and audit staffs
3 of other governmental agencies. They shall, except for
4 executive sessions specified above, allow any member of the
5 General Assembly or the public to attend any meetings of the
6 Joint Committee and to present views on any subject which the
7 Joint Committee may be considering pursuant to this act.

8 (5) Refer to the General Assembly or to appropriate
9 legislative committees information that, in their opinion,
10 warrants action by the General Assembly or by such committee.
11 They may request from such committee information on such
12 action as is taken.

13 Section 403. Committee meetings and reimbursement.

14 The Joint Committee on Performance Audit Review shall meet as
15 often as may be necessary, during and between legislative
16 sessions, to perform their duties and functions. The members of
17 the committee shall serve without compensation but shall be
18 reimbursed for their expenses incurred while attending sessions
19 of the joint committee or meetings of any subcommittee of the
20 joint committee or while engaged in other committee business
21 authorized by the committee, or going to and coming from
22 meetings of the committee or its subcommittee or for travel and
23 other committee business when authorized by the committee.

24 Section 404. Postaudit report consideration.

25 In any instance in which a postaudit report of the
26 legislative postauditor cites cases of improper payments;
27 inadequate accounting, operating or administrative system
28 controls, procedures, or related records; inaccuracies; waste;
29 extravagance; unauthorized or unintended activities or programs;
30 or other deficiencies required to be reported, the head of the

1 State agency or the appropriate officer or official of the
2 political subdivision to which the audit report pertains shall
3 on a timely basis, within 90 days of the receipt of said report,
4 advise the Chairman of the Joint Committee on Performance Audit
5 Review of any remedial actions taken or to be taken on matters
6 cited in the report. Where such advice is not forthcoming on a
7 timely basis from the head of the State agency or the
8 appropriate officer or official of any political subdivision or
9 where the joint committee determines that suitable action has
10 not been taken, the joint committee may report the matter
11 immediately to the Governor and to the General Assembly for
12 whatever action the General Assembly deems advisable.

13 Section 405. Fiscal and performance evaluations.

14 The Joint Committee on Performance Audit Review may at any
15 time, without regard to whether the Legislature is in session,
16 take under investigation any matter within the scope of a
17 postaudit completed or being conducted by the legislative
18 postauditor. They may also request investigation and
19 consideration of any matter relative to the expenditures and
20 revenues as well as the fiscal and performance activities,
21 including cost effectiveness and efficiency, of State agencies
22 or political subdivisions of the State pursuant to the
23 objectives otherwise set forth in this act.

24 SUBCHAPTER B

25 OFFICE OF THE LEGISLATIVE POSTAUDITOR

26 Section 421. Organization of office.

27 (a) Establishment of office.--There is hereby created and
28 established an Office of Legislative Postauditor and the
29 Divisions of Performance Audit and Budgetary Analysis within
30 such office. The incumbent of this office shall be responsible

1 for performing the duties imposed by this act.

2 (b) Appointment by committee.--The Joint Committee on
3 Performance Audit Review shall appoint, pursuant to section 422,
4 by majority vote of the members, the legislative postauditor.
5 Compensation for the Office of Legislative Postauditor, which
6 shall not be reduced during his tenure, shall be determined by
7 the joint committee.

8 (c) Qualifications.--The legislative postauditor shall, at
9 the time of his appointment, have demonstrated technical
10 competence and administrative ability. He shall be a certified
11 public accountant or a licensed public accountant and have at
12 least five years experience in a supervisory or management
13 capacity in public accounting; or have received a bachelor's
14 degree from an accredited institution of higher learning in
15 accounting, economics, public affairs and administration,
16 business administration, or similar field of learning and had at
17 least five years of supervisory and management experience in
18 program and performance auditing in the public or private sector
19 or have equivalent experience as determined by the Joint
20 Committee on Performance Audit Review.

21 Section 422. Selection of postauditor and term of office.

22 (a) Advisory Commission established.--An Advisory Commission
23 is hereby established to evaluate and recommend candidates for
24 the position of legislative postauditor. The Advisory Commission
25 shall be composed of five members, and shall include the Dean of
26 the Graduate School of Business Administration, University of
27 Pittsburgh; Dean of the Wharton School, University of
28 Pennsylvania; the Secretary of Budget; the Director of the
29 Pennsylvania Economy League; and the President of the
30 Pennsylvania Institute of Certified Public Accountants.

1 (b) List of candidates.--The Advisory Commission shall
2 review, evaluate and submit a list of three recommended
3 candidates for the position of legislative postauditor in
4 accordance with qualifications of section 421. This list shall
5 be prepared and submitted within 45 days after a vacancy in the
6 position of legislative postauditor occurs.

7 (c) Selection from list.--The Joint Committee on Performance
8 Audit shall select the legislative postauditor from among the
9 list of three recommended candidates submitted by the Advisory
10 Commission within 30 days.

11 (d) Term.--The legislative postauditor shall serve for a
12 term of seven years following the date of his appointment and
13 until a successor has been appointed and shall be eligible for
14 reappointment.

15 (e) Removal from office.--The legislative postauditor may be
16 removed from office by concurrent resolution of the General
17 Assembly, when in the opinion of the General Assembly the
18 legislative postauditor is permanently incapacitated or is
19 guilty of malfeasance, misfeasance, nonfeasance, or has been
20 adjudged by a court of law guilty of any felony or conduct
21 involving moral turpitude. The legislative postauditor shall be
22 suspended by the Joint Committee on Performance Audit Review
23 from his duties whenever such charges as listed above have been
24 filed in a court of record prior to court action. The
25 legislative postauditor shall be provided with retroactive pay
26 and full restoration of duties and responsibilities should these
27 charges be dismissed in a court of record.

28 Section 423. General duties and responsibilities.

29 (a) States of office.--The Office of the Legislative
30 Postauditor constitutes an organization independent of the

1 Governor and the executive departments of the Commonwealth, all
2 State agencies, and all departments of the political
3 subdivisions of the State. It is the stated policy of the
4 General Assembly to provide for the impartial and independent
5 postauditing of the management and performance of the State
6 agencies and political subdivisions by an impartial auditor, who
7 is entirely independent of the State administration whose
8 affairs he is called upon to audit. The legislative postauditor
9 shall be authorized to carry out performance audits of any State
10 board, commission, bureau or department included under the act
11 of April 9, 1929 (P.L.177, No.175), known as "The Administrative
12 Code of 1929," or, if not included in such code, then of any
13 other State board, commission, bureau, department, or agency
14 other than of the legislative and judicial branches of
15 government, including political subdivisions of the State.

16 (b) Objectives of postaudit.--The objectives of postaudit of
17 State agencies and political subdivisions as intended by the
18 General Assembly and to be observed by the legislative
19 postauditor in the conduct of his authorized duties are to
20 independently determine whether the State agency or political
21 subdivision:

22 (1) Is conducting authorized activities or programs in a
23 manner contemplated to accomplish the objectives intended by
24 the General Assembly, the governing bodies of political
25 subdivisions, and, if applicable, Federal law and
26 regulations, as to intent, purpose and authorization.

27 (2) Is conducting programs and activities and expending
28 funds made available in a faithful, efficient, economical and
29 effective manner so as to ascertain performance and program
30 results of such programs and activities, including

determination of whether actual implementation has fulfilled legislative objectives, intent, goals and missions.

(c) Aid to General Assembly.--Committees of the General Assembly may request him, at his discretion to provide long range budgetary analyses support such as technical assistance and advice, make investigations, and provide recommendations in the areas of budgeting and management systems, evaluation processes, and other fiscal areas of interest to committees of the General Assembly. He may provide analyses of legislation for fiscal impact, provide information for utilization in preparation of fiscal notes, analyze executive budget requests and prepare other materials. The General Assembly shall assign to the legislative postauditor no administrative duties, except as may be incidental to the performance of these objectives and functions.

Section 424. Specific duties and responsibilities.

(a) Purpose.--In recognition of the intent and stated objectives of the postaudit function, the Office of the Legislative Postauditor shall be organized and the legislative postauditor shall be responsible for the acts and activities prescribed in this section.

(b) Rules and regulations.--The legislative postauditor shall make and enforce such reasonable rules and regulations as are necessary for the efficient and effective operation of his office, including but not limited to the supervision and training of personnel and the supervision of all expenditures of the office.

(c) Independent status.--The legislative postauditor shall perform his authorized duties independently but under the general oversight of the Joint Committee on Performance Audit

1 Review. However, neither the joint committee nor any department
2 or agency of the executive branch of State Government or
3 political subdivision of the State shall have authority to limit
4 the scope, direction, or report of a postaudit undertaken by the
5 legislative postauditor.

6 (d) Standards.--Performance postaudit made or caused to be
7 made by the legislative postauditor shall be conducted in
8 accordance with standards developed and promulgated by the
9 United States General Accounting Office. It is the intent of the
10 General Assembly that the legislative postauditor will give
11 emphasis to performance audits, undertaking other audit
12 activities only as necessary for the successful completion of a
13 performance audit. It is the intent of the General Assembly that
14 the Auditor General of the Commonwealth continue to perform all
15 financial post-transaction audits and the State Treasurer to
16 conduct all pre-transaction preaudits.

17 (e) Notice not required.--Postaudits conducted by the
18 legislative postauditor may be made at the discretion of the
19 legislative postauditor, without notice to the State department,
20 agency, or political subdivision examined.

21 (f) Additional postaudits.--The legislative postauditor, on
22 his own initiative and as often as he deems necessary or as
23 otherwise requested by the joint committee, shall make or cause
24 to be made postaudits of all or any part of the activities of
25 the several State agencies and wholly or mixed owned
26 corporations having responsibility for the receiving,
27 disbursing, or otherwise handling of Commonwealth, subdivision,
28 or Federal funds. In so doing he shall take into consideration
29 the effectiveness of the established system of performance
30 evaluation so that duplication of auditing effort and expense

1 may be minimized. The scope of coverage shall also include those
2 activities of private corporations, institutions, boards, or
3 other organizations, which are funded in whole or in part by way
4 of grant or contract payments from appropriations of the
5 Commonwealth, political subdivisions, or the Federal Government.

6 (g) Coordination of efforts.--The legislative postauditor at
7 his own discretion may, in the selection of the postaudit areas
8 and in the evaluation of current audit activity, consider and
9 utilize, in whole or in part, the relevant audit coverage and
10 applicable reports of the audit staffs of the various
11 Commonwealth agencies, political subdivisions, independent
12 contractors, the audit staffs of the various Federal agencies,
13 audit agencies of the Federal Government, and the Auditor
14 General and State Treasurer of the Commonwealth. He shall
15 coordinate, to the extent deemed practicable, the postauditing
16 conducted within the Commonwealth to meet the needs of all
17 governmental bodies.

18 (h) Postaudit of Federal agencies.--The legislative
19 postauditor, at his discretion, may perform on a reimbursable
20 basis, specific postauditing services requested by Federal
21 agencies. Such reimbursement as is received from Federal sources
22 for this audit effort shall supplement funds appropriated by the
23 General Assembly to the legislative postauditor.

24 Section 425. Postaudit procedure.

25 (a) General rule.--In recognition of the potential
26 usefulness of the independent postaudit review and report to
27 both the legislative and executive branches of government, the
28 legislative postauditor shall be responsible for providing
29 complete and timely reports of his postaudit activities in
30 accordance with the provisions of this section.

1 (b) Reports of certain conduct.--The legislative postauditor
2 shall immediately report in writing to the Governor, the
3 Attorney General, the Joint Committee on Performance Audit
4 Review, and other appropriate officials such facts as are in his
5 possession which pertain to the apparent violation of penal
6 statutes; apparent instances of misfeasance, malfeasance, or
7 nonfeasance by an officer or employee of the Commonwealth or its
8 political subdivisions. He shall also report to the officials
9 named in this section any information disclosed in a postaudit
10 which indicates that derelictions of the nature herein described
11 may be reasonably anticipated.

12 (c) Review of audit.--At the conclusion of an audit, not
13 encompassing matters relative to subsection (b), the legislative
14 postauditor or his designated representative shall discuss the
15 audit with the official whose office is subject to audit and
16 submit a listing together with necessary underlying facts
17 developed, of all findings which may be included in the audit
18 report. The official shall be permitted 30 days to examine and
19 evaluate the audit findings and shall be permitted to submit to
20 the legislative postauditor or his designated representative a
21 written statement of explanation or rebuttal concerning the
22 audit findings, including a statement of actions taken or under
23 consideration relative to the audit findings. If such statement
24 is not received within the specified time, the legislative
25 postauditor may submit the report without it.

26 (d) Submission of reports generally.--A copy of each audit
27 report not encompassing matters relative to subsection (b) shall
28 be submitted to the Joint Committee on Performance Audit Review
29 who shall have 30 days within which to consider and officially
30 transmit the report with their recommendations to the General

1 Assembly, at which time the report, with recommendations of the
2 Joint Committee on Performance Audit Review, shall be made
3 available to members of the General Assembly and general public.
4 The legislative postauditor shall file in his office a copy of
5 the audit report which shall be a permanent public record and
6 shall make or cause to be made public notice of the report.
7 However, nothing in this subsection shall be construed as
8 authorizing or permitting the publication of information now or
9 hereafter prohibited by law.

10 (e) Opinion as to financial statements.--Where appropriate,
11 the audit report shall contain the professional opinion of the
12 legislative postauditor with respect to the financial statements
13 issued by the respective State agency or political subdivision,
14 or, if an opinion cannot be expressed, a declaration that he is
15 unable to express such opinion and an explanation of the reason
16 therefor.

17 (f) Required contents of report.--Audit reports issued by or
18 for the legislative postauditor shall include a statement of the
19 audit scope encompassed by the review, a statement of the
20 material audit findings disclosed by the review, including a
21 statement of the underlying cause, evaluative criteria used, and
22 the current and prospective significance thereof; a statement of
23 explanation or rebuttal submitted by appropriate State agency or
24 political subdivision officials relevant to the audit findings
25 included in the report; a concise statement of the corrective
26 actions previously taken or contemplated by appropriate State
27 agency or political subdivision officials as a result of the
28 audit disclosures; and, recommendations for additional necessary
29 or desirable action.

30 (g) Infringement not intended.--It is not the intent of the

1 postaudit function, nor shall it be so construed, to infringe
2 upon or deprive the legislative, the executive or judicial
3 branches of the Commonwealth of any rights, powers, or duties
4 vested in or imposed upon them by statute or the Constitution.
5 Accordingly, the postaudit or other reports of the legislative
6 postauditor shall contain such comments, recommendations, and
7 suggestions as he deems necessary, but he shall have no powers
8 of enforcement.

9 Section 426. Additional responsibilities as to budget.

10 (a) General rule.--The legislative postauditor shall also
11 provide the services prescribed in this section as part of his
12 duties and responsibilities, recognizing the close relationship
13 between the legislative postaudit function and the General
14 Assembly's responsibilities in budget formulation and review.

15 (b) Current expenditures.--The legislative postauditor may
16 make current examinations of and report on a timely basis
17 information pertaining to all the Commonwealth's current
18 conditions as to fund expenditures, executive branch allotments,
19 and other analyses so as to improve the General Assembly's
20 understanding of all fiscal plans of the Commonwealth.

21 (c) Revenue estimates.--The legislative postauditor shall
22 conduct research and prepare independent revenue estimates and
23 forecasts of State revenue on a current and continuous basis, to
24 be reported to the General Assembly or its legislative
25 committees.

26 (d) Evaluation of budget format and process.--The
27 legislative postauditor shall have responsibility for evaluation
28 of the effectiveness of the State budgetary format and make
29 recommendations for improving the utility of the budget process
30 to the General Assembly.

1 (e) Debt management practices.--The legislative postauditor
2 shall have responsibility to assess and make recommendations as
3 to the integrity, stability, and operating practices in regard
4 to the Commonwealth's debt management practices.

5 (f) Economic growth and development.--The legislative
6 postauditor shall have responsibility to assess and make
7 recommendations as to the State's economic growth and
8 development and its relationships to the State revenue and
9 expenditure structure.

10 (g) Tax structure.--The legislative postauditor shall have
11 responsibility for conducting analyses of the Commonwealth and
12 political subdivisions' tax structure and make recommendations
13 to improve such structures.

14 (h) Fund structure.--The legislative postauditor shall
15 examine the structure of the Commonwealth budget to determine
16 the necessity and desirability of the continuance of special
17 funds and earmarked revenues.

18 Section 427. Reports and workpapers.

19 The legislative postauditor shall maintain for ten years a
20 complete file of all audit reports and reports of other
21 examinations, investigations, surveys, and reviews issued under
22 his authority, together with workpapers and other evidence and
23 related supportive material directly pertaining to the work of
24 his office. In the interest of intergovernmental cooperation and
25 support and in order to avoid unnecessary duplication of audit
26 effort, pertinent workpapers, and other supportive material
27 related to a previously issued audit report may be available,
28 unless otherwise prohibited by law, for inspection by duly
29 authorized representatives of the executive and audit agencies
30 of the Federal Government, political subdivisions of the

1 Commonwealth, the State Treasurer and the Auditor General, who
2 desire access to and inspection of such records in connection
3 with some matter officially before them.

4 Section 428. Access to records and witnesses.

5 (a) Public records generally.--The legislative postauditor
6 and his authorized representatives shall, for the purpose of
7 examination and audit authorized by this act, have ready access
8 to persons and may examine and copy to the extent deemed
9 necessary, pertinent records, accounts, papers, reports,
10 vouchers, correspondence, books, and other documentation of any
11 Commonwealth agency or political subdivision.

12 (b) Public records in private hands.--The legislative
13 postauditor and his duly authorized representatives shall also
14 have such access to records specified in subsection (a) which
15 are in the possession of any private organization, corporation,
16 institution, association, board or other body and which pertain
17 to:

18 (1) amounts received pursuant to grant or contract from
19 the Federal Government, the Commonwealth, or its political
20 subdivisions; or

21 (2) amounts received, disbursed, or otherwise handled on
22 behalf of the Federal Government, the Commonwealth, or its
23 political subdivisions.

24 (c) Inspection of property, equipment and facilities.--The
25 legislative postauditor shall have the authority and will be
26 provided ready access to examine and inspect all property,
27 equipment, and facilities in possession of any Commonwealth
28 agency or political subdivision, private corporation,
29 institution, association, board, or other organization which
30 were furnished or otherwise provided through grant or contact

1 payments by the Commonwealth, a political subdivision thereof,
2 or the Federal Government.

3 (d) Contracts and grants-in-aid provisions.--All purchase,
4 supply or service contracts or grants-in-aid entered into by
5 Commonwealth agencies or political subdivisions shall include as
6 a necessary part a clause providing access as intended by
7 subsections (b) and (c).

8 Section 429. Duties of Auditor General and State Treasurer.

9 In addition to the duties of the Department of Auditor
10 General and State Treasurer, it shall be the duty of the
11 Department of Auditor General and State Treasurer to coordinate
12 their audit activities with those carried out by the Joint
13 Committee on Performance Audit Review.

14 Section 430. Authority to administer oaths, subpoena witnesses
15 and records, and take depositions.

16 (a) General rule.--For the purpose of this act the
17 legislative postauditor with the consent of a majority of the
18 members of the Joint Committee on Performance Audit Review shall
19 have the power to compel the attendance of witnesses and the
20 production of any papers, books, accounts, and documents to
21 subpoena witnesses, take testimony under oath; to cause the
22 deposition of witnesses, residing within or without the
23 Commonwealth, to be taken in the manner prescribed by law, and
24 to assemble records and documents, by subpoena or otherwise,
25 with the same power and authority as courts of record, and may
26 apply to courts of record for the enforcement of these powers.

27 (b) Failure to comply.--Any person who willfully neglects or
28 refuses to comply with any subpoena issued in behalf of the
29 joint committee, or refuses to testify to any matters regarding
30 which he may be lawfully interrogated, shall be subject to the

1 penalties provided by the laws of the Commonwealth of
2 Pennsylvania.

3 Section 431. Employees.

4 (a) General rule.--The legislative postauditor may appoint,
5 subject to the appropriations available, professional,
6 technical, clerical, and other employees necessary to perform
7 the duties and functions assigned to him by the provisions of
8 this act except for those positions as may be designated from
9 time to time by the Joint Committee on Performance Audit Review,
10 which shall require approval by the joint committee prior to
11 appointment or dismissal. The legislative postauditor shall
12 establish regulations governing appointment, promotion,
13 dismissal, termination, layoff, suspension, and compensation of
14 employees. The Joint Committee on Performance Audit Review shall
15 approve such regulations prior to their effectuation.

16 (b) Legal counsel.--The legislative postauditor may appoint,
17 subject to the appropriations provided, a qualified legal
18 counsel to provide assistance in carrying out the duties and
19 functions assigned by provisions of this act.

20 (c) Delegation of authority.--All powers and duties vested
21 in the legislative postauditor may be delegated by him to
22 deputies, assistants, employees, or other auditors, consultants,
23 professional persons, and experts, whose services are obtained
24 in accordance with the provisions of section 432, but the
25 legislative postauditor shall retain responsibility for the
26 powers and duties so delegated for their acts. The subpoena
27 power of section 430 can be exercised only over the specific
28 written direction of the legislative postauditor.

29 Section 432. Contract auditors, consultants and experts.

30 The legislative postauditor may obtain the services of

1 independent public accountants, qualified management
2 consultants, other professional persons and persons he deems
3 necessary or desirable to carry out the duties and functions
4 assigned under provisions of this act.

5 Section 433. Conflict of interest and political activity.

6 (a) Limitations on outside activity.--In order to preserve
7 the independence and objectivity of the postaudit function, the
8 legislative postauditor shall devote his full time and effort to
9 postaudit examinations and reporting and budgetary analysis. He
10 may not serve in any capacity on an administrative board,
11 commission, or agency of the Commonwealth or of a political
12 subdivision of the Commonwealth that, under the provisions of
13 this act, he has the responsibility to postaudit. He shall not
14 have a material direct or indirect financial or other economic
15 interest in the transaction of any Commonwealth agency or
16 political subdivision. He shall not be responsible for the
17 collection of any money belonging to the Commonwealth or a
18 political subdivision or for the handling or custody of any
19 Commonwealth or political subdivision funds. Neither the
20 legislative postauditor nor any member of his staff shall engage
21 in or be associated with any partisan political activity or hold
22 any public office.

23 (b) Conflict of interest and ineligibility for office.--The
24 legislative postauditor shall neither conduct nor supervise a
25 postaudit of a program or activity for which he was responsible
26 or in which he participated personally, and he shall neither
27 conduct nor supervise a postaudit of any other program or
28 activity of an entity within which he was employed for at least
29 two years after the termination of that employment. The
30 legislative postauditor shall not be eligible for appointment or

1 election to any other public office during his employment and
2 two years thereafter. The joint committee shall otherwise
3 provide for the necessary postaudit of programs and activities
4 within the meaning of this subsection.

5 Section 434. Financial records and audit.

6 The legislative postauditor shall install an adequate
7 accounting system and shall keep, or cause to be kept, a
8 complete, accurate and adequate record of fiscal transactions of
9 his office.

10 Section 435. Cooperation with other governmental bodies.

11 The legislative postauditor shall cooperate, act and function
12 with other central audit or evaluation organizations of the
13 State, including the Secretary of Administration and Secretary
14 of the Budget and the Auditor General and State Treasurer,
15 appropriate councils or committees of other states, governing
16 bodies of the political subdivisions of the State, and with
17 Federal agencies or audit agencies of the Federal Government in
18 an effort to maximize the extent of intergovernmental audit
19 coordination and thereby avoid unnecessary duplication and
20 expense of audit effort. Copies of all audits made by the
21 Department of the Auditor General and the State Treasurer shall
22 be promptly submitted to the General Assembly.

23 Section 436. Internal audit.

24 Nothing in the act shall be construed as divesting State
25 agencies, the State Treasurer, the Auditor General, or political
26 subdivisions or other designated State executive departments of
27 their powers, duties and responsibilities to establish, install,
28 maintain and use adequate systems of internal control, including
29 internal audit, or to carry out their financial pre and post
30 transaction audit responsibilities.

1 CHAPTER 5

2 PRODUCTIVITY IMPROVEMENT

3 SUBCHAPTER A

4 COMMONWEALTH PRODUCTIVITY COUNCIL

5 Section 501. Declaration of purpose.

6 It is the intention of the General Assembly to provide means
7 for improving the quality and quantity of government services
8 rendered to the citizens of this Commonwealth. Such improvements
9 in productivity are especially necessary in regard to:

10 (1) The use of innovative techniques in the utilization
11 of capital and labor.

12 (2) The use of modern technology in service utilization.

13 (3) The use of modern management techniques of systems
14 analysis, planning and evaluation.

15 In order to provide expertise for the research and
16 investigation necessary to such an endeavor, it is appropriate
17 that a Commonwealth Productivity Council be established to study
18 and make recommendations to the Governor and to the General
19 Assembly on methods, approaches, and alternatives to improve
20 governmental productivity and to oversee the activities of the
21 executive branch in these areas.

22 Section 502. Commonwealth Productivity Council.

23 (a) Composition.--There is hereby established an independent
24 advisory council to be known as the Commonwealth Productivity
25 Council, which shall consist of 16 members. The members of the
26 council shall be: the Secretary of Administration, who shall
27 serve as chairman of the council; the Secretary of Commerce; the
28 Secretary of Labor and Industry; the Secretary of Budget; the
29 Governor's Science Advisory; four members appointed by the
30 Governor; one of whom shall be a representative of business

1 management; one of whom shall be a representative of
2 Pennsylvania's labor organizations; one of whom shall be a
3 Commonwealth employee; and one of whom shall be a representative
4 of the consuming public; three members appointed by the Speaker
5 of the House of Representatives; at least two of whom shall be
6 members of the House, providing representation of both political
7 parties; three members appointed by the President pro tempore of
8 the Senate; at least two of whom shall be members of the Senate,
9 providing representation of both political parties; and one
10 member designated by the Local Government Conference as its
11 representative. Members of the council shall be encouraged to
12 make available their staff to assist the council in the conduct
13 of its activities.

14 Section 503. Powers and duties of council.

15 The council shall have the power and its duty shall be to:

16 (1) Examine the Commonwealth's procedures and systems
17 for effectiveness and efficiency measurement and make
18 recommendations to improve such activities so as to
19 complement productivity improvements mentioned herein.

20 (2) Examine the feasibility of applying productivity
21 incentive pay systems to the State Government and consider
22 other productivity improvements in the realm of labor-
23 management relations.

24 (3) Examine methods and approaches to improve worker
25 satisfaction in State Government through recognition,
26 participation, rotation, and other performance incentives.

27 (4) Examine ways to apply improved management and
28 systems approaches to the operations of State Government to
29 increase productivity.

30 (5) Examine existing State systems for monitoring and

1 performance assessment of service delivery to increase
2 productivity.

3 (6) Examine the feasibility of creating a "productivity
4 bank" for the State Capital Budget.

5 (7) Examine State tax policies, financial incentives,
6 program requirements, and planning and administrative systems
7 now being utilized and make recommendations for changes so as
8 to increase outputs of service and administrative operations.

9 (8) Examine and propose better methods for the State to
10 carry out its productivity improvement program including
11 measurements, output classifications, etc.

12 (9) Examine the State's procurement practices to
13 determine where the Commonwealth could best apply and support
14 new technological applications to increase productivity.

15 (10) Examine and make recommendations for changes in
16 State civil service laws that retard productivity
17 improvements.

18 (11) Make recommendations for components of an overall
19 Commonwealth productivity policy.

20 (12) Suggest a model law for productivity bargaining in
21 the governmental sector.

22 (13) Examine any other areas of interest pertaining to
23 the improvement of State and local government productivity.

24 Section 504. Staff and activities of council.

25 The council shall carry out its duties and responsibilities
26 through the hiring of professional staff and assistants,
27 including consultants, and may hold conferences, conduct
28 seminars, formulate model programs, furnish assistance, and
29 carry out any other activities relating to the council's duties
30 and responsibilities delineated in section 503.

1 Section 505. Reports.

2 The council may issue interim reports including a plan of
3 action for increasing the productivity of the government in the
4 Commonwealth.

5 Section 506. Program review and information to General
6 Assembly.

7 The council shall, among its other duties, review and advise
8 the General Assembly on the effectiveness and success of the
9 Governor's productivity improvement program and shall conduct an
10 ongoing quality control and verification process either directly
11 or by contract of the Governor's productivity improvement
12 program.

13 SUBCHAPTER B

14 PRODUCTIVITY IMPROVEMENT PROGRAM

15 Section 521. Declaration of purpose.

16 In order to provide needed revenues to meet citizen needs,
17 while assuring that existing State resources are being used most
18 effectively and efficiently, it is the intent of the General
19 Assembly that all agencies of State Government now begin to
20 establish productivity improvement programs. To accomplish this
21 goal, the General Assembly hereby directs that an ordered
22 schedule and analysis of opportunities for improved productivity
23 within all Commonwealth agencies be prepared and annually
24 transmitted to the General Assembly by the Governor
25 simultaneously with the presentation by the Governor of the
26 capital and operating budgets of the Commonwealth.

27 Section 522. Definitions.

28 The following words and phrases when used in this chapter
29 shall have, unless the context clearly indicates otherwise, the
30 meanings given to them in this section:

1 "Capital investments." Includes State expenditures other
2 than the cost of labor, for equipment, land, buildings,
3 furnishings, and other construction activities and includes any
4 building, structure, facility, or physical betterment or
5 improvement of any land furnishings; or any undertaking to
6 construct, renovate, improve, equip, furnish or acquire any of
7 the foregoing, as well as replacement or modernization of the
8 foregoing.

9 "Outputs." Either intermediate or final work products of an
10 organizational entity which are either quantifiable or at least
11 partially susceptible to qualification and measurable over a
12 period of successive years.

13 "Productivity." The ratio between intermediate or final work
14 products; specifically "outputs" and the units of capital
15 investment and labor necessary to produce them.

16 Section 523. Productivity improvement program and reports.

17 (a) Submission of report.--At the time the Governor submits
18 the proposed executive budget for the 1978-79 budget year, he
19 shall also submit a productivity improvement report to the
20 General Assembly indicating a program of improvements in
21 productivity to be implemented in the coming fiscal year. This
22 report shall be submitted annually thereafter and shall present
23 to the General Assembly standards and benchmarks by which
24 improvements in productivity may be assessed over previous
25 years.

26 (b) Program.--This productivity improvement program and all
27 reports based on the initiation of a productivity improvement
28 program by the Governor, shall use the 1977-78 budget year as
29 the base year in matters pertaining to the establishment of
30 productivity indices and reporting on trends and improvements in

1 productivity in subsequent years. The first report to be
2 submitted simultaneously with the Governor's proposed budget for
3 1978-79 shall provide the standards, criteria and base-line data
4 for measurement of productivity in future years. Reports
5 thereafter shall include trend data, collected by functions for
6 the 1977-78 budget year and for subsequent years, and other
7 evidence incorporating all work measurements or narrative
8 assessments of State activities which are technically feasible
9 including, but not limited to, the following categories:

10 (1) Activities for which objective measurable data has
11 been collected.

12 (2) Activities for which partial or inferential
13 indicators are available including deployment of resources
14 and unit and aggregate changes.

15 (3) Activities for which processing and organizational
16 improvements can be assessed.

17 (4) Activities for which the application of
18 technological improvements can contribute to increased
19 productivity.

20 (5) Activities for which the State has indirect controls
21 such as grant assistance, capable of being measured in one or
22 more of the above categories.

23 The Governor shall devise annual target productivity increases
24 either in the aggregate or by subaggregates on quantitative
25 and/or qualitative bases, depending upon the State activity
26 involved, in accordance with the above categorization. Such
27 targets shall be contained in reports submitted to the General
28 Assembly.

29 (c) Components of program.--The following components shall
30 be included in the annual productivity program submitted by the

1 Governor to the General Assembly:

2 (1) The preparation of a statement of work objectives
3 and units of measurements to be used in productivity
4 determinations, by functions or program area.

5 (2) A timetable of proposed productivity subtargets
6 listed by method of implementation and the estimated savings
7 to be realized for each productivity improvement.

8 (3) Description and analysis of the principal factors
9 influencing the productivity level of each agency of State
10 Government and such actions as are required to increase
11 future governmental productivity.

12 (4) Recommendations for administrative and legislative
13 action to improve the performance, efficiency, and investment
14 opportunities in the use of State resources to improve
15 productivity.

16 Section 524. Productivity measurements.

17 It shall be the duty of the Governor through the Secretary of
18 Administration to establish and implement standards measuring
19 the productivity of agencies of the Commonwealth whenever an
20 agency engages in one or more of the categories of activities
21 outlined in section 523(b). Productivity measurement standards
22 shall be adopted on or before June 30, 1978. Standards
23 measurement and productivity indices and the annual productivity
24 improvement report shall be submitted initially with the
25 presentation of the executive budget for the 1978-79 fiscal year
26 and annually thereafter. Standards and their measurement shall
27 be established for all funds including, but not limited to, the
28 General Fund, revenue programs, special Commonwealth funds and
29 Federal funds administered by the Commonwealth, excepting only
30 those funds established for the servicing of debts: Provided,

1 That productivity standards and indices can be applied in at
2 least one of the categories stated in section 523(b).

3 Section 525. Productivity improvements.

4 The Governor shall have general flexibility in devising
5 methods for applicable productivity improvement including but
6 not limited to better deployment of resources, improved
7 operating procedures and processes, application of technological
8 devices, improved supervisory and management methods,
9 administrative and organizational structure reforms, improved
10 working environments, and performance incentives for workers.
11 The Governor may make recommendations to the General Assembly to
12 eliminate or change obsolete, conflicting or unclear laws and
13 regulations that affect productivity improvement. In making
14 these improvements the Governor may propose limited offsets to
15 the productivity savings based on target figures for investments
16 directly tied to improved productivity. The Governor shall make
17 a concerted effort to involve State employees in the development
18 and implementation of this program.

19 Section 526. Method of implementation.

20 The Governor, in implementing this productivity improvement
21 program, shall not propose elimination of services or programs
22 as sufficient justification for productivity improvement as the
23 intent of this program is to improve the efficiency of
24 governmental services, without reducing the level of essential
25 public services. The inputs to these services may be modified
26 and service consolidations considered as long as output levels
27 are maintained.

28 Section 527. Productivity assessment in capital investments.

29 In addition to the foregoing, the annual productivity report
30 required by this act shall include:

(1) Identification of the productivity potential of each capital and operating budget item involving equipment, land, buildings, furnishings, and other capital investments.

(2) An assessment and priority listing of those investments with highest productivity potential.

(3) An indication of investment opportunities with high productivity potential not included in the capital budget and reasons for their noninclusion.

(4) Recommendations for improving the productivity potential of investments through improved scheduling, tracking, and monitoring processes.

(5) Productivity performance evaluations over a period of time of the productivity actualization of capital investments made by the Commonwealth.

Section 528. Preservation of other activities.

Nothing in this act shall be interpreted as substituting the measuring of productivity for other ongoing activities of the Commonwealth to increase the coverage, scope, and adequacy of cost accounting, work measurement, unit cost determinations and performance effectiveness evaluations. The General Assembly recognizes a need for productivity measurement and improvement as a complementary effort with these other efforts to measure the effectiveness and efficiency of the government of this Commonwealth and not as a substitute for initiatives in these areas.

CHAPTER 6

REPEALS

Section 601. Specific repeals.

The following acts or parts of acts are repealed:

Sections 601, 602, 603, 604, 605, 606 and 608, act of April

1 9, 1929 (P.L.177, No.175), known as "The Administrative Code of
2 1929."

3 The act of August 4, 1959 (P.L.587, No.195), entitled, as
4 amended, "An act creating and establishing the Legislative
5 Budget and Finance Committee; providing for its membership;
6 prescribing its powers, functions and duties; providing for the
7 appointment of an executive director and other personnel, and
8 making an appropriation."

9 Section 3, act of July 20, 1968 (P.L.550, No.217), known as
10 the "Capital Facilities Debt Enabling Act."

11 Subsection (c)(1) of section 2, act of June 30, 1970
12 (P.L.442, No.151), entitled "An act implementing the provisions
13 of Article VIII, section 10 of the Constitution of Pennsylvania,
14 by designating the Commonwealth officers who shall be charged
15 with the function of auditing the financial transactions after
16 the occurrence thereof of the Legislative and Judicial branches
17 of the government of the Commonwealth, establishing a
18 Legislative Audit Advisory Commission, and imposing certain
19 powers and duties on such commission."

20 The act of June 29, 1976 (No.117), entitled "An act relating
21 to the fiscal affairs of the Commonwealth concerning duties of
22 the Governor, the Secretary of Revenue and the Budget Secretary,
23 with respect to the submission of and signing the budget for any
24 fiscal year; and, after a budget is enacted, regulating the
25 issuance of warrants by the State Treasurer for certain
26 requisitioned funds and imposing duties on persons authorized by
27 law to issue requisitions for the payment of moneys from the
28 State Treasury; and prescribing that Federal funds received by
29 the Commonwealth shall be deposited in the General Fund account
30 with certain exceptions."

1 Section 602. General repeal.

2 All other acts and parts of acts are repealed insofar as they
3 are inconsistent herewith.

4 CHAPTER 7

5 APPROPRIATIONS AUTHORIZED

6 Section 701. Joint Committee on Performance Audit Review.

7 The sum of \$500,000 is hereby appropriated to the Joint
8 Committee on Performance Audit Review for the performance of its
9 duties.

10 Section 702. Office of State Planning.

11 The sum of \$120,000 is hereby appropriated to the Office of
12 the Governor to contract for the development of a Pennsylvania
13 Econometric Model.

14 Section 703. Bureau of Research and Statistics.

15 Authorization is hereby granted to augment the budget of the
16 Bureau of Research and Statistics to include the salaries of a
17 new director and assistant directors at the rate determined
18 pursuant to section 312(b).

19 Section 704. Conference of experts in revenue estimation.

20 A sum of \$5,000 is appropriated to the conference of experts
21 in revenue estimation to cover the expenses of the conference.

22 Section 705. Debt Policies and Practices Study Commission.

23 A sum of \$5,000 is appropriated to the Debt Policies and
24 Practices Study Commission to cover the expenses of the
25 commission.

26 Section 706. Commonwealth Productivity Council.

27 A sum of \$100,000 is appropriated to the Commonwealth
28 Productivity Council to carry out its activities.

29 Section 707. Authorizations.

30 The provisions of section 332 requiring authorizations for

1 appropriations shall not apply to the appropriations made by
2 sections 701, 702, 704, 705 and 706 of this act. However, the
3 provisions of section 332 shall apply to any major modifications
4 of these appropriations in subsequent fiscal years. All
5 appropriations made by or authorized under Chapter 7 shall be
6 subject to the review mandated by section 332(c) on the fifth
7 anniversary of the effective date of this act.

8 CHAPTER 8

9 EFFECTIVE DATE

10 Section 801. Effective date.

11 This act shall take effect July 1, 1977 except that section
12 305 shall take effect 90 days after the effective date of the
13 remainder of the act.