
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2488

Session of
1976

INTRODUCED BY WOJDAK, FINEMAN, IRVIS, MANDERINO, PRENDERGAST,
WARGO, SHUPNIK, PIEVSKY, SHANE, GEISLER, O'BRIEN, GOODMAN,
JOHNSON, KOLTER, BELLOMINI, ENGLEHART, FEE, KOWALYSHYN,
A. K. HUTCHINSON, BRUNNER AND LaMARCA, JUNE 7, 1976

REFERRED TO COMMITTEE ON APPROPRIATIONS, JUNE 7, 1976

AN ACT

1 Relating to Commonwealth budget procedures.

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

4 Section 1. Short Title.--This act shall be known and may be
5 cited as the "Budget Code."

6 Section 2. Office of the Budget.--(a) The Office of the
7 Budget is hereby established as an administrative agency within
8 the Governor's Office. The Office of the Budget shall continue
9 to exercise the powers and perform the duties vested in and
10 imposed upon the Budget Secretary and shall be centrally
11 concerned with the development of the budget request of the
12 Governor and with the decisions necessary to allocate revenues
13 among the various Commonwealth programs.

14 (b) The Governor shall nominate and, by and with the advice
15 and consent of two-thirds of all the members of the Senate,
16 appoint a Secretary of the Budget to serve during the pleasure

1 of the Governor.

2 (c) The annual salary of the Secretary of the Budget shall
3 be \$40,000 payable in semi-monthly installments.

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

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

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

1 first day of January next succeeding, submit to the Governor, in
2 writing, the above information, and any additional requested by
3 the Governor, as the basis for the Governor's estimates for
4 appropriations for the next succeeding year.

5 Section 4. Program Evaluation.--The Secretary of the Budget
6 shall have the power and it shall be his duty to initiate and
7 conduct, under the direction of the Governor, evaluations of the
8 effectiveness and management efficiency of programs supported by
9 any agency under the Governor's jurisdiction; including
10 Federally funded as well as State funded programs, and to
11 direct, coordinate, assist and/or advise any agency under the
12 Governor's jurisdiction in the conduct of evaluations of its
13 programs or of programs which it supports. It shall also be the
14 duty of the Secretary of the Budget to prepare reports detailing
15 the results of program evaluation conducted by the secretary for
16 distribution to the Governor, the General Assembly, interested
17 agencies, and the public.

18 Section 5. Fiscal Notes.--The Office of the Budget shall
19 prepare a final note for regulatory actions and administrative
20 procedures of the administrative departments which cause a loss
21 of revenue or an increase in the cost of programs to the
22 Commonwealth or its political subdivisions. The fiscal note
23 shall be published in the Pennsylvania Bulletin at the same time
24 the proposed change is advertised.

25 Section 6. Submission of Budget to General Assembly.--As
26 soon as possible after the organization of the General Assembly,
27 but not later than the first Tuesday in February of each year,
28 except in the case where a new Governor has taken office in
29 January and then no later than the first Tuesday in March, the
30 Governor shall submit to the General Assembly copies of agency

1 budget requests and a State budget and program and financial
2 plan embracing:

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

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

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

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

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

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

25 (ii) Clearly stated purposes of each program in terms of
26 desired accomplishments.

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

29 (iv) Actual or estimated levels of accomplishment for each
30 program and actual or estimated levels of program activities and

1 their associated costs.

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

8 Section 7. List of Employees to Be Furnished to Certain
9 State Officers.--All administrative departments, boards, and
10 commissions shall, on June 15 of each year, transmit to the
11 Auditor General, the State Treasurer, and the Secretary of the
12 Budget a complete list, as June 1 preceding, of the names of all
13 persons, except day-laborers, entitled to receive compensation
14 from the Commonwealth for services rendered in or to the
15 department, board, or commission, as the case may be. Such list
16 shall show the position occupied by each such person, the date
17 of birth and voting residence of such person, the salary at
18 which or other basis upon which such person is entitled to be
19 paid, the date when such person entered the service of the
20 Commonwealth, whether such person has been continuously employed
21 by the Commonwealth since that date, and all periods of service
22 and positions held as an employee of the Commonwealth, or such
23 part of such information as the Governor may prescribe.

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

1 The information received by the Auditor General, the State
2 Treasurer, and the Secretary of the Budget, under this section,
3 shall be public information.

4 Section 8. Estimates of Current Expenditures by Departments,
5 Boards, and Commissions.--Each administrative department, board,
6 and commission, except the departments of which the Auditor
7 General and the State Treasurer are respectively the heads,
8 shall from time to time, as requested by the Governor, prepare
9 and submit to the Governor, for approval or disapproval, an
10 estimate of the amount of money required and the levels of
11 activity and accomplishment for each program carried on by each
12 department, board or commission, during the ensuing month,
13 quarter, or such other period as the Governor shall prescribe.
14 All available Federal funds and funds from other sources shall
15 be characterized as such and shall be included in the estimated
16 expenditures which must be submitted to the Governor before any
17 expenditures therefrom may be made. If such estimates do not
18 meet with the approval of the Governor, it shall be revised as
19 necessary for the effective management of cash flow through the
20 Treasury of the Commonwealth and resubmitted for approval.

21 After the approval of any such estimate, it shall be unlawful
22 for the department, board, or commission to expend any
23 appropriation, Federal funds or funds from other sources or part
24 thereof, except in accordance with such estimate, unless the
25 same be revised with the approval of the Governor and within the
26 limits appropriated by the General Assembly.

27 If any department, board, or commission, to which this
28 section applies, shall fail or refuse to submit to the Governor
29 estimates of expenditures, in accordance with the Governor's
30 request, the Governor may notify the State Treasurer, in

1 writing, of such failure or refusal, and, after receipt of such
2 notice, the State Treasurer shall not draw any warrant in favor
3 of such department, board, or commission, until the Governor
4 shall have notified the State Treasurer, in writing, that the
5 delinquent department, board, or commission has furnished him
6 with, and he has approved, the estimate as required in this
7 section.

8 Section 9. Estimates of Current Expenditures by Departments
9 of Elective Officers.--The Auditor General and State Treasurer
10 shall, from time to time, as requested by the Governor, prepare
11 and submit to the Governor estimates of the amounts of money
12 required for each activity or function to be carried on by their
13 respective departments during the ensuing month, quarter, or
14 such other period as the Governor shall prescribe.

15 Section 10. Fiscal Period.--All books and accounts kept by
16 the Auditor General and the State Treasurer and every
17 department, board and commission shall be kept as of the fiscal
18 year or period. The fiscal year shall be the period beginning on
19 July 1 of each calendar year and ending on June 30 of the
20 calendar year next succeeding.

21 The Auditor General and the Department of the Auditor General
22 shall submit to any accountants appointed by the Governor for
23 the purpose of making an audit of the affairs of the Auditor
24 General and the Department of the Auditor General all books,
25 papers and records in any way pertaining to such affairs.

26 Section 11. Revenue Estimates.--The Department of Revenue in
27 conjunction with the Secretary of the Budget shall make revenue
28 estimates for the use of the Governor in preparing the budget
29 with periodic revisions until the final estimate is signed by
30 the Governor at the time he signs the general appropriation

1 bill. The Governor shall item veto any part of the general
2 appropriation bill that exceeds the official estimate. No
3 changes in the revenue estimates shall be made thereafter unless
4 new revenue sources are authorized. The revenue estimate shall
5 embody revenue from all sources including Federal funds, other
6 augmentations funds from all sources, and lapses or other
7 unappropriated balances at the end of the fiscal year.

8 The revenue estimates shall be prepared in a way that they
9 are subject to complete and thorough oversight by the
10 Appropriations Committees of the Senate and the House of
11 Representatives with full knowledge of all data, assumptions,
12 and econometric models which were used to develop the
13 projections.

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

23 (1) Major anticipated increases or decreases in programs.

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

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

29 (4) Other appropriate budget information.

30 The legislative officers shall also inform the Governor of

1 financial matters which should be considered in the budget.

2 (b) In the year the Governor is inaugurated, the Governor
3 shall present the budget to the General Assembly no later than
4 the first full week in March and in other years, no later than
5 the first full week in February.

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

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

16 Section 13. Federal Funds.--(a) Funds received by the
17 Commonwealth from the Federal Government shall only be spent or
18 encumbered in accordance with appropriation laws of the
19 Commonwealth.

20 (b) No department, agency, board, commission, authority,
21 political institution or other agency receiving money from the
22 State Treasury shall use Federal funds to perform any functions
23 or employ any personnel until the Federal funds are appropriated
24 therefor by the General Assembly.

25 (c) No money received from the Federal Government shall be
26 paid out of the treasury, except on appropriations therefor made
27 by law by the General Assembly.

28 (d) No Commonwealth funds appropriated for the purpose of
29 directly or indirectly matching Federal funds shall be spent or
30 encumbered unless the funds received from the Federal Government

1 are appropriated in accordance with subsection (a). Invoices for
2 matching funds shall show what Federal funds are being matched
3 and the authority for the expenditure.

4 (e) Any person who knowingly violates the provisions of this
5 section is guilty of a felony of the third degree.

6 Section 14. Budget Implementation Data.--(a) The Governor
7 shall make quarterly expenditure reports to the Majority and
8 Minority Chairmen of the Appropriation Committees of the Senate
9 and the House of Representatives. Quarterly reports shall be
10 made within 15 days after the end of the quarter. These
11 quarterly reports shall be prepared in such a way that the
12 fourth quarter report is a summary inclusive of the preceding
13 three quarters and be usable to establish a history of
14 expenditures file. The reports shall include:

- 15 (1) number of filled personnel positions and their costs;
- 16 (2) itemized personnel vacancies and their costs;
- 17 (3) new positions created and their costs;
- 18 (4) wage and overtime costs;
- 19 (5) benefit factors being used in the calculation of
20 personnel costs;
- 21 (6) costs attributed to salary increases;
- 22 (7) allotments and expenditures for operating expenses;
- 23 (8) allotments and expenditures for fixed assets;
- 24 (9) any changes in the use or rate of usage of Federal
25 augmentations or non-Federal augmentations;
- 26 (10) the rate of expenditures in appropriations for major
27 subsidies and grant programs during that quarter; and
- 28 (11) any other information requested by the Appropriation
29 Committees of the Senate and House of Representatives.

30 (b) The Governor shall make monthly revenue reports to the

1 Majority and Minority Chairmen of the Senate and House of
2 Representatives. The revenue reports shall show the actual
3 collection of revenue from each source and a comparison of the
4 actual collections with estimated collections for each month.
5 The comparison shall be accompanied by an analysis which would
6 indicate any change in collection patterns which will cause a
7 short-fall or over-run on the annual estimates of more than 1%.

8 Section 15. Repeals.--Sections 601, 602, 603, 604, 605, 606
9 and 608, act of April 9, 1929 (P.L.177, No.175), known as "The
10 Administrative Code of 1929," are repealed.

11 Section 16. Effective Date.--This act shall take effect July
12 1, 1976.