

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2488

Session of
1976

INTRODUCED BY MESSRS. WOJDAK, FINEMAN, IRVIS, MANDERINO,
PRENDERGAST, WARGO, SHUPNIK, PIEVSKY, SHANE, GEISLER,
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FEE, A. K. HUTCHINSON, BRUNNER AND LaMARCA, JUNE 7, 1976

AS REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 8, 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~~ FISCAL note for regulatory actions and
20 administrative procedures of the administrative departments
21 which cause a loss of revenue or an increase in the cost of
22 programs to the Commonwealth or its political subdivisions. The
23 fiscal note shall be published in the Pennsylvania Bulletin at
24 the same time the proposed change is advertised. THE FISCAL NOTE
25 SHALL PROVIDE THE FOLLOWING INFORMATION:

26 (1) THE DESIGNATION OF THE FUND OUT OF WHICH THE
27 APPROPRIATION PROVIDING FOR EXPENDITURES UNDER THE ACTION OR
28 PROCEDURE SHALL BE MADE.

29 (2) THE PROBABLE COST FOR THE FISCAL YEAR THE PROGRAM IS
30 IMPLEMENTED.

(3) A PROJECTED COST ESTIMATE OF THE PROGRAM FOR EACH OF THE FIVE SUCCEEDING FISCAL YEARS.

(4) THE FISCAL HISTORY OF THE PROGRAM FOR WHICH EXPENDITURES ARE TO BE MADE.

(5) THE PROBABLE LOSS OF REVENUE FOR THE FISCAL YEAR OF ITS IMPLEMENTATION.

(6) A PROJECTED LOSS OF REVENUE ESTIMATE FROM THE PROGRAM FOR EACH OF THE FIVE SUCCEEDING FISCAL YEARS.

(7) THE LINE ITEM, IF ANY, OF THE GENERAL APPROPRIATION ACT OUT OF WHICH EXPENDITURES OR LOSSES OF COMMONWEALTH FUNDS SHALL OCCUR AS A RESULT OF THE ACTION OR PROCEDURES.

(8) THE RECOMMENDATION, IF ANY, OF THE SECRETARY OF THE BUDGET AND THE REASONS THEREFOR.

(9) A REFERENCE TO THE SOURCE OF THE DATA FROM WHICH THE FOREGOING FISCAL INFORMATION WAS OBTAINED, AND AN EXPLANATION OF THE BASIS UPON WHICH IT IS COMPUTED.

Section 6. Submission of Budget to General Assembly.--As soon as possible after the organization of the General Assembly, but not later than the first Tuesday in February of each year, except in the case where a new Governor has taken office in January and then no later than the first Tuesday in March, the Governor shall submit to the General Assembly copies of agency budget requests and a State budget and program and financial plan embracing:

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

(i) The amounts recommended by him to be appropriated to the General Assembly, the Judicial Department, the Governor, and the several administrative departments, boards, and commissions of the State Government, and to institutions within the State, and

1 for all public purposes, classified by department or agency and
2 by program.

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

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

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

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

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

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

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

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

30 Section 7. List of Employees to Be Furnished to Certain

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

16 Each month thereafter, the heads of the several
17 administrative departments, and the several independent
18 administrative boards and commissions, shall certify to the
19 Auditor General, the State Treasurer, and the Secretary of the
20 Budget any changes in the annual list of employees last
21 transmitted to them which shall have occurred during the
22 preceding month.

23 The information received by the Auditor General, the State
24 Treasurer, and the Secretary of the Budget, under this section,
25 shall be public information.

26 Section 8. Estimates of Current Expenditures by Departments,
27 Boards, and Commissions.--Each administrative department, board,
28 and commission, except the departments of which the Auditor
29 General and the State Treasurer are respectively the heads,
30 shall from time to time, as requested by the Governor, prepare

1 and submit to the Governor, for approval or disapproval, an
2 estimate of the amount of money required and the levels of
3 activity and accomplishment for each program carried on by each
4 department, board or commission, during the ensuing month,
5 quarter, or such other period as the Governor shall prescribe.
6 All available Federal funds and funds from other sources shall
7 be characterized as such and shall be included in the estimated
8 expenditures which must be submitted to the Governor before any
9 expenditures therefrom may be made. If such estimates do not
10 meet with the approval of the Governor, it shall be revised as
11 necessary for the effective management of cash flow through the
12 Treasury of the Commonwealth and resubmitted for approval.

13 After the approval of any such estimate, it shall be unlawful
14 for the department, board, or commission to expend any
15 appropriation, Federal funds or funds from other sources or part
16 thereof, except in accordance with such estimate, unless the
17 same be revised with the approval of the Governor and within the
18 limits appropriated by the General Assembly.

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

30 Section 9. Estimates of Current Expenditures by Departments

1 of Elective Officers.--The Auditor General and State Treasurer
2 shall, from time to time, as requested by the Governor, prepare
3 and submit to the Governor estimates of the amounts of money
4 required for each activity or function to be carried on by their
5 respective departments during the ensuing month, quarter, or
6 such other period as the Governor shall prescribe.

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

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

18 Section 11. Revenue Estimates.--The Department of Revenue in
19 conjunction with the Secretary of the Budget shall make revenue
20 estimates for the use of the Governor in preparing the budget
21 with periodic revisions until the final estimate is signed by
22 the Governor at the time he signs the general appropriation
23 bill. The Governor shall item veto any part of the general
24 appropriation bill that exceeds the official estimate. No
25 changes in the revenue estimates shall be made thereafter unless
26 new revenue sources are authorized. The revenue estimate shall
27 embody revenue from all sources including Federal funds, other
28 augmentations funds from all sources, and lapses or other
29 unappropriated balances at the end of the fiscal year.

30 The revenue estimates shall be prepared in a way that they

1 are subject to complete and thorough oversight by the
2 Appropriations Committees of the Senate and the House of
3 Representatives with full knowledge of all data, assumptions,
4 and econometric models which were used to develop the
5 projections.

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

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

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

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

21 (4) Other appropriate budget information.

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

24 (b) In the year the Governor is inaugurated, the Governor
25 shall present the budget to the General Assembly no later than
26 the first full week in March and in other years, no later than
27 the first full week in February.

28 (c) The budget shall include the results of any program
29 audit completed by the Budget Office in the fiscal year
30 preceding the year in which the budget request is made. The

1 results of the audit and its recommendations shall be summarized
2 and included in the budget documentation.

3 (d) The Governor and each department or agency of the
4 Commonwealth, upon request of the Appropriations Committees of
5 the Senate and the House of Representatives, shall provide
6 documentation of any budget request, including revenue estimates
7 upon which the Governor's budget estimate is based.

8 Section 13. Federal Funds.--(a) Funds received by the
9 Commonwealth from the Federal Government shall only be spent or
10 encumbered in accordance with appropriation laws of the
11 Commonwealth.

12 (b) No department, agency, board, commission, authority,
13 political institution or other agency receiving money from the
14 State Treasury shall use Federal funds to perform any functions
15 or employ any personnel until the Federal funds are appropriated
16 therefor by the General Assembly.

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

20 (d) No Commonwealth funds appropriated for the purpose of
21 directly or indirectly matching Federal funds shall be spent or
22 encumbered unless the funds received from the Federal Government
23 are appropriated in accordance with subsection (a). Invoices for
24 matching funds shall show what Federal funds are being matched
25 and the authority for the expenditure.

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

28 Section 14. Budget Implementation Data.--(a) The Governor
29 shall make quarterly expenditure reports to the Majority and
30 Minority Chairmen of the Appropriation Committees of the Senate

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

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

8 (2) itemized personnel vacancies and their costs;

9 (3) new positions created and their costs;

10 (4) wage and overtime costs;

11 (5) benefit factors being used in the calculation of

12 personnel costs;

13 (6) costs attributed to salary increases;

14 (7) allotments and expenditures for operating expenses;

15 (8) allotments and expenditures for fixed assets;

16 (9) any changes in the use or rate of usage of Federal
17 augmentations or non-Federal augmentations;

18 (10) the rate of expenditures in appropriations for major
19 subsidies and grant programs during that quarter; and

20 (11) any other information requested by the Appropriation
21 Committees of the Senate and House of Representatives.

22 (b) The Governor shall make monthly revenue reports to the
23 Majority and Minority Chairmen of the Senate and House of
24 Representatives. The revenue reports shall show the actual
25 collection of revenue from each source and a comparison of the
26 actual collections with estimated collections for each month.
27 The comparison shall be accompanied by an analysis which would
28 indicate any change in collection patterns which will cause a
29 short-fall or over-run on the annual estimates of more than 1%.

30 Section 15. Repeals.--Sections 601, 602, 603, 604, 605, 606

1 and 608, act of April 9, 1929 (P.L.177, No.175), known as "The
2 Administrative Code of 1929," are repealed.

3 Section 16. Effective Date.--This act shall take effect July
4 1, 1976.