
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 259 Session of
2021

INTRODUCED BY GROVE, JONES, RYAN, STAATS, IRVIN, KAUFFMAN, ROAE,
PICKETT, ROWE, JAMES, OWLETT, COOK, ZIMMERMAN, B. MILLER,
GAYDOS, MOUL, WHEELAND AND GLEIM, JANUARY 26, 2021

REFERRED TO COMMITTEE ON FINANCE, JANUARY 26, 2021

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, providing for preliminary
3 provisions, for taxation, for fiscal affairs and for
4 Commonwealth budget procedures; establishing the Joint
5 Revenue Estimation Committee and the Performance-based
6 Incentive Account; and making related repeals.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Title 72 of the Pennsylvania Consolidated
10 Statutes is amended by adding parts to read:

11 PART I

12 PRELIMINARY PROVISIONS

13 (Reserved)

14 PART II

15 TAXATION

16 Chapter

17 17. (Reserved)

18 CHAPTER 17

19 (Reserved)

1 PART III

2 FISCAL AFFAIRS

3 Chapter

4 100. Commonwealth Budget Procedures

5 CHAPTER 100

6 COMMONWEALTH BUDGET PROCEDURES

7 Subchapter

8 A. General Provisions

9 B. Office of the Budget

10 C. Budget Procedures

11 D. Performance, Transparency and Accountability-based
12 Budgeting

13 E. Expenditures and Lapsed Funds

14 F. Cost Savings and Performance-based Incentive Account

15 G. Implementation

16 SUBCHAPTER A

17 GENERAL PROVISIONS

18 Sec.

19 10001. Scope of chapter.

20 10002. Definitions.

21 10003. Applicability of chapter.

22 § 10001. Scope of chapter.

23 The chapter relates to State measurement for accountable,
24 responsive and transparent (SMART) budgeting for the
25 Commonwealth.

26 § 10002. Definitions.

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

30 "Committee." The Joint Revenue Estimation Committee

1 established in section 10026 (relating to revenue estimates).

2 "Continuous improvement process system." A system that may
3 involve any of the following strategies:

4 (1) Developing a process map that describes the lean
5 government principles or another widely accepted business
6 process improvement system by which an executive agency
7 engages in specific activities that have the purpose of
8 increasing efficiency and eliminating waste in the processes
9 used to deliver goods and services to taxpayers and customers
10 of the Commonwealth. The term includes the measurement of the
11 outcomes regarding increased efficiency and the elimination
12 of waste and procedures by which the executive agency
13 produces goods or serves its customers.

14 (2) Engaging in specific activities to rapidly improve
15 the executive agency's processes that will increase value or
16 decrease staff time, inventory, defects, overproduction,
17 complexity, delays or excessive movement.

18 (3) Involving executive agency employees at all levels
19 to map the executive agency's processes and recommend
20 improvements, with specific importance placed on the
21 involvement of executive agency employees closest to the
22 customer or end user of the State government product or
23 service.

24 (4) Providing the means to measure each process in order
25 to demonstrate the effectiveness of each process or process
26 improvement.

27 (5) Training executive agency employees to mentor and
28 train other executive agency employees in continuous
29 improvement process system methodologies.

30 "Executive agency." Any of the following:

1 (1) The Governor's Office.

2 (2) A department, board, commission, authority or other
3 agency of the Commonwealth that is subject to the policy
4 supervision and control of the Governor.

5 (3) The Office of Lieutenant Governor.

6 (4) An independent department.

7 (5) An independent agency.

8 "Fiscal year." The period beginning on July 1 of each
9 calendar year and ending on June 30 of the next calendar year.

10 "Independent agency." A board, commission, authority or
11 other agency of the Commonwealth that is not subject to the
12 policy supervision and control of the Governor. The term does
13 not include:

14 (1) a court or agency of the unified judicial system; or

15 (2) the General Assembly or an agency of the General
16 Assembly.

17 "Independent department." Any of the following:

18 (1) The Department of the Auditor General.

19 (2) The Treasury Department.

20 (3) The Office of Attorney General.

21 (4) A board or commission of an entity under paragraph
22 (1), (2) or (3).

23 "Performance evaluation." A regular review of an executive
24 agency's outcomes compared to its published performance goals. A
25 performance evaluation shall be based on actual historical
26 information.

27 "Performance goal." A specific, quantifiable goal related to
28 a performance measure adopted by an executive agency.

29 "Performance management system." A formal system of managing
30 the processes and operations of executive agencies.

1 "Performance measure." A quantitative indicator used to
2 assess the operational performance of an executive agency under
3 a published performance plan. A performance measure must:

4 (1) Apply to activities directly under the influence of
5 the executive agency.

6 (2) Demonstrate the executive agency's efficiency and
7 effectiveness in delivering goods or services to customers
8 and taxpayers.

9 (3) Be reasonably understandable to the public.

10 "Performance plan." A document prepared by an executive
11 agency as part of a performance management system. A performance
12 plan must incorporate the impact of management strategies and
13 continuous improvement process system activities on the costs
14 and efficiency of delivering goods and services to taxpayers and
15 customers of the State government. An executive agency shall
16 coordinate performance plans to ensure a continuity of programs
17 affecting similar constituencies.

18 "Process map." A written or visual presentation that
19 describes the steps involved in producing a product or service
20 from beginning to end.

21 "Secretary." The Secretary of the Budget.

22 "Strategic plan." A systemic process of envisioning a
23 desired future and translating the vision into broadly defined
24 goals or objectives and a sequence of steps to achieve them.

25 § 10003. Applicability of chapter.

26 This chapter shall not apply to any of the following:

27 (1) A court or agency of the unified judicial system.

28 (2) The General Assembly or an agency of the General
29 Assembly.

30 (3) A political subdivision.

- 1 (4) A municipal authority or other local authority.
2 (5) An agency of an entity under paragraph (3) or (4).

3 SUBCHAPTER B

4 OFFICE OF THE BUDGET

5 Sec.

6 10011. Administration of office.

7 10012. Duties of office generally.

8 10013. Appointment of secretary.

9 10014. Salary of secretary.

10 10015. Program evaluation.

11 10016. Audit functions.

12 10017. Fiscal note.

13 § 10011. Administration of office.

14 The Office of the Budget shall be an administrative agency
15 within the Governor's Office.

16 § 10012. Duties of office generally.

17 The Office of the Budget shall:

18 (1) Continue to exercise the powers and perform the
19 duties vested in and imposed upon the secretary.

20 (2) Be centrally concerned with the development of the
21 budget request of the Governor and with the decisions
22 necessary to allocate revenues among the various Commonwealth
23 programs.

24 § 10013. Appointment of secretary.

25 The Governor shall appoint a Secretary of the Budget to serve
26 at the pleasure of the Governor.

27 § 10014. Salary of secretary.

28 (a) Amount.--The annual salary of the secretary shall be
29 \$160,000 or at such higher level as is established by the
30 Governor with the approval of the Executive Board.

1 (b) Definition.--As used in this section, the term
2 "Executive Board" is as described in section 204 of the act of
3 April 9, 1929 (P.L.177, No.175), known as The Administrative
4 Code of 1929.

5 § 10015. Program evaluation.

6 The secretary shall have the power and 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 an agency subject to the policy supervision and control of the
10 Governor, including federally funded programs and State-funded
11 programs, and to direct, coordinate, assist or advise the agency
12 in the conduct of evaluations of the agency's programs or
13 programs which the agency supports. The secretary shall also
14 prepare reports detailing the results of program evaluations
15 conducted by the secretary for distribution to the Governor, the
16 Independent Fiscal Office, the General Assembly, interested
17 agencies and the general public.

18 § 10016. Audit functions.

19 The secretary shall initiate and conduct, under the direction
20 of the Governor, audits of the programs supported by an agency
21 subject to the policy supervision and control of the Governor,
22 including federally funded programs and State-funded programs.
23 The audits shall comply with the Single Audit Act of 1984 (31
24 U.S.C. § 7501 et seq.) and the Office of Management and Budget
25 Circular A-133 and any other Federal requirements for a
26 Statewide single audit. The secretary shall also prepare reports
27 detailing the results of audits conducted by the secretary for
28 distribution to the Governor, the Independent Fiscal Office, the
29 members of the General Assembly, interested agencies and the
30 general public.

1 § 10017. Fiscal note.

2 (a) Preparation.--The Office of the Budget shall prepare a
3 fiscal note for regulatory actions and administrative procedures
4 of each executive agency receiving money from the State
5 Treasury. The fiscal note shall state whether the proposed
6 action or procedure causes a loss of revenue or an increase in
7 the cost of programs to the Commonwealth or its political
8 subdivisions.

9 (b) Publication.--Any regulatory action or administrative
10 procedure that requires a fiscal note shall be transmitted to
11 the Legislative Reference Bureau for publication in the
12 Pennsylvania Bulletin at the same time that the proposed change
13 is advertised.

14 (c) Contents.--A fiscal note shall provide the following
15 information:

16 (1) The designation of the fund out of which the
17 appropriation providing for expenditures for the action or
18 procedure shall be made.

19 (2) The projected cost of the action or procedure during
20 the fiscal year in which it is implemented and for each of
21 the five succeeding fiscal years.

22 (3) The projected loss of revenue associated with the
23 action or procedure during the fiscal year in which it is
24 implemented and for each of the five succeeding fiscal years.

25 (4) The fiscal history of the action or procedure for
26 which expenditures are to be made.

27 (5) The line item, if any, of the General Appropriation
28 Act or other appropriation act out of which expenditures or
29 losses of Commonwealth funds shall occur as a result of the
30 action or procedure.

1 (6) Any recommendation of the secretary and the reason
2 for the recommendation.

3 SUBCHAPTER C

4 BUDGET PROCEDURES

5 Sec.

6 10021. Submission of budget information.

7 10022. Mid-year budget review.

8 10023. Balanced budget presentation.

9 10024. Performance hearing.

10 10025. Annual performance plans.

11 10026. Revenue estimates.

12 § 10021. Submission of budget information.

13 (a) Commencement.--On July 1 of each year, the secretary
14 shall begin the process of obtaining and preparing the pertinent
15 financial and program information regarding the next fiscal year
16 for review by the Governor and the General Assembly.

17 (b) Request for information.--

18 (1) Not later than August 1 of each year, the secretary
19 shall distribute the proper instructions and blanks necessary
20 to the preparation of the budget requests.

21 (2) The request for information under paragraph (1)
22 shall contain a notice that the blanks shall be returned with
23 the information desired not later than October 1 of the same
24 year.

25 (3) The request for information under paragraph (1)
26 shall be distributed to the following:

27 (i) Each executive agency.

28 (ii) The Chief Clerk of the Senate.

29 (iii) The Chief Clerk of the House of

30 Representatives.

1 (iv) The State court administrator.

2 (v) Each institution or other agency that desires
3 State appropriations.

4 (c) Return of information.--

5 (1) The information requested by the secretary under
6 subsection (b) shall be returned no later than October 1 of
7 the same year that the request was made.

8 (2) An executive agency and the State court
9 administrator shall designate a person to return the
10 information.

11 (3) An executive agency and the State court
12 administrator shall provide the same information submitted to
13 the secretary to a member of the General Assembly.

14 (d) Additional information.--In addition to the other
15 information submitted under this section, an executive agency
16 shall also submit the following to the secretary, the
17 Independent Fiscal Office and the General Assembly:

18 (1) A performance plan aligned with the executive
19 agency's strategic plan.

20 (2) An update on its continuous improvement process
21 system, including a detailed report on anticipated savings
22 reflected by line item.

23 (3) A strategic plan.

24 (4) A written statement that describes the following:

25 (i) The purposes of each program to be funded.

26 (ii) The expected levels of activity of each program
27 to be funded.

28 (iii) The expected levels of accomplishment
29 regarding each program to be funded.

30 (iv) The measures to be used to determine the extent

1 that each program to be funded has achieved its stated
2 purposes.

3 (v) Each executive agency's reduction of all program
4 expenditures by 100% from the immediate prior fiscal year
5 and the rebuilding of its budget by the following
6 criteria:

7 (A) Justified mandated expenses.

8 (B) Performance criteria for executive agency
9 programs.

10 (e) Publication of information.--Upon receipt of a
11 performance plan of an executive agency, the secretary shall
12 make the performance plan readily accessible on the Office of
13 the Budget's publicly accessible Internet website.

14 (f) Further inquiry and investigation.--The secretary may
15 make further inquiries and investigations regarding the
16 financial needs, expenditures, revenues, expected levels of
17 program activities and accomplishments or other relevant matters
18 of any entity receiving money from the State Treasury.

19 (g) Determination by Governor.--After providing an entity
20 the opportunity to be heard regarding the information submitted
21 under this section, the Governor may approve, disapprove or
22 alter a budget request.

23 (h) Basis for appropriations.--Before December 16 of each
24 year, the secretary shall submit to the Governor in writing the
25 information provided under this section, along with any
26 additional information requested by the Governor, as the basis
27 for the Governor's requests for appropriations for the next
28 fiscal year.

29 § 10022. Mid-year budget review.

30 (a) Review.--No later than December 16 of each year, the

1 Governor and secretary shall provide the members of the General
2 Assembly with a review on the budget for the current fiscal
3 year. This review shall include, but is not limited to, the
4 following:

5 (1) Changes in current revenue projections from the
6 enactment of the General Appropriation Act for the
7 immediately prior fiscal year.

8 (2) State expenditures for the current fiscal year and
9 anticipated overages and lapses from the enactment of the
10 General Appropriation Act for the immediately prior fiscal
11 year.

12 (3) Reviews under this subsection shall specifically
13 include the following:

14 (i) Anticipated increases or decreases in programs,
15 including the specific policy, statute, Federal law,
16 Federal regulation, executive agency contract, executive
17 agency contract amendment, executive agency guideline,
18 executive agency approved entitlement, court case or
19 executive order which is the basis of the anticipated
20 increases or decreases.

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

24 (iii) The statistics involved in preliminary
25 forecasts of the major programs mandated by statute,
26 including, but not limited to, education subsidies,
27 public assistance programs, debt service and forecasts of
28 revenue.

29 (iv) The top five cost-drivers of the budget and any
30 executive agency recommendations to mitigate these costs.

1 (v) Status on the cash flow of the General Fund.

2 (vi) Other appropriate budget information.

3 (b) Briefing by Governor.--

4 (1) In December of each year, the Governor shall meet
5 with the following:

6 (i) The chairperson and minority chairperson of the
7 Appropriations Committee of the Senate.

8 (ii) The chairperson and minority chairperson of the
9 Appropriations Committee of the House of Representatives.

10 (iii) The officers of the General Assembly.

11 (2) During the meeting under this subsection, the
12 Governor shall brief the individuals under paragraph (1) on
13 the issues foreseen as being imminent in the budget for the
14 next fiscal year. The Governor and individuals shall exchange
15 views on the issues before the budget is formally presented
16 to the General Assembly. The individuals shall also inform
17 the Governor of financial matters which should be considered
18 in the budget.

19 (c) Joint hearings.--The Appropriations Committee of the
20 Senate and the Appropriations Committee of the House of
21 Representatives shall form a joint committee to conduct a joint
22 hearing to review the midyear status of the finances of the
23 Commonwealth. The following shall be members of the joint
24 committee:

25 (1) The chairperson and minority chairperson of the
26 Appropriations Committee of the Senate.

27 (2) The chairperson and minority chairperson of the
28 Appropriations Committee of the House of Representatives.

29 (3) Three members of the Appropriations Committee of the
30 Senate appointed by the chairperson of the Appropriations

1 Committee of the Senate.

2 (4) Two members of the Appropriations Committee of the
3 Senate appointed by the minority chairperson of the
4 Appropriations Committee of the Senate.

5 (5) Three members of the Appropriations Committee of the
6 House of Representatives appointed by the chairperson of the
7 Appropriations Committee of the House of Representatives.

8 (6) Two members of the Appropriations Committee of the
9 House of Representatives appointed by the minority
10 chairperson of the Appropriations Committee of the House of
11 Representatives.

12 § 10023. Balanced budget presentation.

13 (a) Contents of submission.--Subject to subsection (h), the
14 Governor shall submit to the Independent Fiscal Office and the
15 General Assembly copies of original agency budget requests, all
16 subsequent revised agency budget requests, a State budget and
17 program, and financial plans that include the following:

18 (1) A balanced operating budget for the next fiscal year
19 specifying the following in detail:

20 (i) The amounts recommended by the Governor to be
21 appropriated to the General Assembly, the Judicial
22 Department, each executive agency and institutions and
23 other agencies within this Commonwealth, and for all
24 public purposes, classified by department or agency and
25 by program.

26 (ii) The estimated revenues or receipts from each
27 source and an estimated amount to be raised by taxation
28 or otherwise, including proposals for new revenues and
29 receipts.

30 (2) A capital budget for the next fiscal year specifying

1 capital projects to be financed from the proceeds of
2 obligations of the Commonwealth or its agencies or
3 authorities or from operating funds.

4 (3) Program and financial plans for not less than the
5 immediately prior fiscal year, the current fiscal year and
6 the next four fiscal years, which shall include the following
7 for each fiscal year:

8 (i) Actual or estimated operating expenditures
9 classified by department or agency and by program, in
10 reasonable detail, and actual or estimated revenue by
11 major categories from existing and additional sources.

12 (ii) Clearly stated purposes of each program in
13 terms of desired accomplishments.

14 (iii) Measures used to determine to what extent each
15 program has achieved its stated purposes.

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

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

26 (vi) Use of Federal funds, including requirements by
27 the Federal Government attached to those funds, the cost
28 in State dollars to meet those requirements and
29 recommendations to mitigate Federal mandates at a lower
30 cost to the Commonwealth.

1 (vii) Cross references to performance measures used
2 to determine funding levels.

3 (4) Specific reasons that program increases or decreases
4 are occurring, including recommendations to eliminate or
5 reduce program increases.

6 (b) Program evaluation.--The budget shall include the
7 results of any program evaluation report or audit findings
8 completed by the Office of the Budget, the Independent Fiscal
9 Office or the Department of the Auditor General in the fiscal
10 year preceding the year in which the budget request is made. The
11 results of any evaluation report and its recommendations shall
12 be concisely summarized and included in the budget
13 documentation.

14 (c) New or expanded programs.--

15 (1) When the secretary identifies a new or expanded
16 program by criteria used in the budget instructions, the new
17 or expanded program shall be displayed and justified as a
18 separate item in the Governor's budget request.

19 (2) A new program shall not be considered to be enacted
20 by the General Assembly in its first year unless it is
21 specifically referred to or displayed as a line item in an
22 appropriation bill.

23 (3) A cost-benefit analysis shall be provided for each
24 new or expanded program.

25 (d) Cost breakouts.--The budget shall include for each
26 executive agency a single, separate line listing the separate
27 cost for each program. The line item shall include:

28 (1) Employee salaries.

29 (2) Health care costs.

30 (3) Pension costs.

- 1 (4) Lease agreements.
- 2 (5) Vehicle, travel and transportation reimbursements.
- 3 (6) Consultants.
- 4 (7) Augmented employees and staff.
- 5 (8) Office supplies.
- 6 (9) Information technology.
- 7 (10) Telecommunications.
- 8 (11) Travel, meals, lodging and similar expenses.
- 9 (12) The cost of purchasing new equipment and supplies.
- 10 (13) The cost of purchasing material, including
11 newspapers, magazines, movies, films and tapes.

12 (e) Performance goals.--The budget shall include a summary
13 of programs by an executive agency which lists each program, if
14 it exceeded, met or did not meet its performance goals of the
15 previous fiscal year and by what percentage the program did or
16 did not meet its performance goals.

17 (f) Cash flow.--The budget shall include an analysis of the
18 cash flow of the General Fund and detail how the budget will
19 impact the cash flow of the General Fund in the ensuing fiscal
20 year.

21 (g) Documentation.--Upon the request of the Independent
22 Fiscal Office, the chairperson of the Appropriations Committee
23 of the Senate or the chairperson of the Appropriations Committee
24 of the House of Representatives, an executive agency shall
25 provide documentation of any budget request, including revenue
26 estimates upon which the budget estimate is based.

27 (h) Timeliness of submission.--The submission under
28 subsection (a) shall occur:

- 29 (1) Subject to paragraph (2), as soon as possible after
30 the organization of the General Assembly, but not later than

1 the first full week in February of each year.

2 (2) Not later than the first full week in March of the
3 first year of the first term of the Governor after the
4 gubernatorial election.

5 § 10024. Performance hearing.

6 (a) Applicability.--This section relates to a performance
7 hearing by a standing committee to review an executive agency's
8 proposed performance measures for the next fiscal year.

9 (b) Frequency.--Each standing committee shall conduct at
10 least one hearing between October 1 and May 15.

11 (c) Purpose.--Each standing committee shall hear a
12 presentation from each executive agency that is assigned to that
13 standing committee that includes, but is not limited to, the
14 executive agency's strategic plan and performance plan for the
15 next fiscal year.

16 (d) Public testimony.--Each standing committee shall allow
17 for written public testimony regarding the presentation by an
18 executive agency.

19 (e) Liaison.--The head of an executive agency shall serve as
20 liaison or designate an individual within the executive agency
21 to serve as liaison with a standing committee. The liaison shall
22 inform the committee of the executive agency's performance
23 management system and performance plan.

24 (f) Recommendations.--After a standing committee holds its
25 performance hearings, the standing committee may make
26 recommendations to the members of the General Assembly on
27 changes to performance data and recommendations for any
28 incentives or disincentives based on program performance
29 measures to use in determining the level of appropriations in
30 the final performance-based budget. By May 30, recommendations

1 shall be submitted to the Appropriations Committee of the house
2 in which the standing committee is making the recommendations
3 under this subsection.

4 § 10025. Annual performance plans.

5 (a) Transmittal.--Following the presentation of the budget
6 under section 10023 (relating to balanced budget presentation),
7 each executive agency shall transmit its annual performance
8 report for the current fiscal year to all of the following:

9 (1) The Independent Fiscal Office.

10 (2) The General Assembly.

11 (b) Posting.--After transmitting the annual performance
12 report under subsection (a), each executive agency shall post
13 the annual performance report on the executive agency's publicly
14 accessible Internet website.

15 (c) Contents.--An annual performance report must include all
16 of the following:

17 (1) A summary of the executive agency's submitted
18 performance plan aligned to the executive agency's strategic
19 plan.

20 (2) A brief summary of the executive agency's budget
21 request.

22 (3) Performance measurements on how the executive agency
23 has moved toward meeting performance goals for the current
24 fiscal year.

25 (4) How performance plans have been coordinated across
26 executive agencies to ensure a continuity of services to
27 residents of this Commonwealth.

28 (5) Continuous improvement process system efforts from
29 the current fiscal year and a detailed analysis of cost
30 savings and service improvement.

1 § 10026. Revenue estimates.

2 (a) Committee established.--The Joint Revenue Estimation
3 Committee is established and shall be convened by the Secretary
4 of Revenue no later than the first week of February following
5 the beginning of each legislative session of the General
6 Assembly.

7 (b) Membership.--The committee shall be comprised of the
8 following members:

9 (1) The secretary.

10 (2) The Secretary of Revenue.

11 (3) The chairperson and minority chairperson of the
12 Appropriations Committee of the Senate.

13 (4) The chairperson and minority chairperson of the
14 Appropriations Committee of the House of Representatives.

15 (5) One resident appointed by the Governor.

16 (6) One resident appointed by the President pro tempore
17 of the Senate.

18 (7) One resident appointed by the Speaker of the House
19 of Representatives.

20 (8) One resident appointed by the Minority Leader of the
21 Senate.

22 (9) One resident appointed by the Minority Leader of the
23 House of Representatives.

24 (10) The Director of the Independent Fiscal Office as an
25 ex officio member.

26 (c) Staff.--The committee shall be staffed by employees of
27 the Department of Revenue who shall prepare any documents
28 requested by a member of the committee.

29 (d) Meetings.--The committee shall meet at least once a
30 month to discuss changes in revenue collected by the

1 Commonwealth during the current month and fiscal year compared
2 to the most recently released estimate made by the committee.

3 (e) Revenue estimates.--Twice each fiscal year, by December
4 16 and May 15, the committee shall prepare a joint estimate of
5 revenue for the General Fund. The estimate shall include revenue
6 the Commonwealth can anticipate collecting for the current
7 fiscal year and the ensuing fiscal year.

8 (f) Approval of revenue estimates.--No revenue estimate
9 shall be approved without being approved by 11 members of the
10 committee. The following shall apply:

11 (1) If, prior to final adjournment of any regular
12 legislative session of the General Assembly, a law is enacted
13 providing for additional or less money to be deposited into
14 the General Fund, the committee shall prepare a joint
15 estimate of those revenues.

16 (2) The committee may release a revised revenue estimate
17 90 days following the release of an approved revenue estimate
18 only if the estimate is approved by 11 members of the
19 committee.

20 (g) Submission.--The committee shall submit the revenue
21 estimates to the Governor, General Assembly, State Treasurer and
22 Independent Fiscal Office.

23 (h) Failure to approve estimate.--If the committee fails to
24 approve a revenue estimate under this section, the Governor and
25 the General Assembly shall utilize the revenue estimates of the
26 Independent Fiscal Office for approving General Fund
27 expenditures.

28 (i) Initial revenue estimate.--The secretary shall convene
29 the committee, which shall release a revenue estimate for the
30 current fiscal year and ensuing fiscal year within 30 days of

1 the effective date of this section. If the committee is unable
2 to agree on a revenue estimate, the Governor and the General
3 Assembly shall use a revenue estimate from the Independent
4 Fiscal Office to enact General Fund expenditures for the ensuing
5 fiscal year.

6 (j) Report on error rates.--The committee shall provide a
7 public report on the error rates of the previous fiscal year
8 revenue estimates no later than October 1 of the following
9 fiscal year. Revenue error rates for each tax must not be
10 greater than 3%. If an error rate is greater than 3%, the
11 committee shall develop a new model to ensure error rates remain
12 under 3%.

13 (k) Duty of Governor.--

14 (1) Prior to signing an appropriation bill or allowing
15 an appropriation bill to become law without the signature of
16 the Governor:

17 (i) the revenue estimates must be completed; and

18 (ii) the Governor shall line item veto any part of
19 an appropriations bill that causes total appropriations
20 to exceed the official estimates plus any unappropriated
21 surplus.

22 (2) No subsequent changes in the revenue estimates shall
23 be made unless changes in statutes affecting revenues and
24 receipts are enacted.

25 (l) Duty of General Assembly.--The General Assembly shall
26 not send a general appropriation bill to the Governor unless the
27 General Assembly has sent legislation to the Governor providing
28 for the revenues and augmentations needed to fund the
29 expenditures in the general appropriation bill.

30 SUBCHAPTER D

PERFORMANCE, TRANSPARENCY AND
ACCOUNTABILITY-BASED BUDGETING

Sec.

10031. Performance management systems.

10032. Performance plans.

10033. Performance evaluations.

10034. Performance and forensic audits.

10035. Electronic access of information and Commonwealth
checkbook.

10036. Estimates of current expenditures by certain executive
agencies.

10037. Estimates of current expenditures by independent
departments.

10038. Books and accounts.

10039. Audit of Auditor General records.

§ 10031. Performance management systems.

(a) Development.--

(1) The Governor shall develop components of a
performance management system for managing executive agencies
through instructions issued by the secretary.

(2) The Judicial Department shall develop components of
a performance management system for managing the judicial
branch through instructions issued by the Administrative
Office of Pennsylvania Courts.

(b) Contents.--A performance management system under this
section must address all of the following:

(1) Strategic plans and priorities that are consistent
with the charge of the respective executive agency or entity
within the Judicial Department.

(2) Strategies for enhancing productivity, improving

1 efficiency, reducing costs and eliminating waste in the
2 processes and operations that deliver goods and services to
3 taxpayers and customers of State government.

4 (3) Parameters for the development of performance plans.

5 (4) A continuous improvement process system.

6 (5) Elements to ensure that employees are appropriately
7 trained to implement the components under this subsection.

8 (6) Suggested incentives for exceeding performance goals
9 and disincentives for not exceeding performance goals.

10 (c) Publication.--By July 1, 2022, and by each subsequent
11 July 1:

12 (1) The Governor shall publish the components under
13 subsection (a)(1).

14 (2) The Judicial Department shall publish the components
15 under subsection (a)(2).

16 (d) Posting.--The secretary and the Administrative Office of
17 Pennsylvania Courts shall post the instructions under subsection
18 (a) on its publicly accessible Internet website.

19 § 10032. Performance plans.

20 (a) Development.--By August 1, 2022, and by each subsequent
21 August 1, each executive agency and the Administrative Office of
22 Pennsylvania Courts shall develop a performance plan in
23 accordance with the developed performance management system.

24 (b) Purpose.--A performance plan shall serve as a guide to
25 the major functions of an executive agency or the Judicial
26 Department and as a tool to evaluate performance goals over
27 time.

28 (c) Contents.--At a minimum, a performance plan must include
29 the following components regarding the executive agency or
30 entity within the Judicial Department:

1 (1) A statement of its mission or vision.
2 (2) A description of its major functions.
3 (3) A strategic plan.
4 (4) Performance measures for its major functions aligned
5 to the executive agency's strategic plan. If reasonable and
6 appropriate, performance measures shall be developed with the
7 input of its employees.

8 (5) Performance goals that correspond to its performance
9 measures and extend to at least three years into the future.

10 (6) A narrative description of the strategies necessary
11 to meet the performance goals.

12 (7) A summary of its most recent performance evaluation.

13 (d) Revisions.--

14 (1) An executive agency or the Administrative Office of
15 Pennsylvania Courts may further refine a performance plan in
16 the performance management system published under section
17 10031 (relating to performance management systems).

18 (2) The secretary or another individual within the
19 Office of the Budget may not edit a transmitted performance
20 plan or any information related to the performance plan.

21 (e) Transmittal.--By August 1, 2022, and by each subsequent
22 August 1, each completed performance plan shall be transmitted
23 to the following:

24 (1) The Governor's Office.

25 (2) The secretary.

26 (3) The Independent Fiscal Office.

27 (4) The General Assembly.

28 (f) Posting.--By August 1, 2022, and by each subsequent
29 August 1, each executive agency and the Administrative Office of
30 Pennsylvania Courts shall post the completed performance plan on

1 its publicly accessible Internet website and on the publicly
2 accessible Internet website of the Office of the Budget.

3 (g) Retirement systems.--The Public School Employees'
4 Retirement System and the State Employees' Retirement System
5 shall comply with the requirements of this section.

6 § 10033. Performance evaluations.

7 (a) Distribution.--An executive agency shall conduct a
8 performance evaluation and distribute it to the Independent
9 Fiscal Office and each member of the General Assembly.

10 (b) Frequency.--A performance evaluation shall be
11 distributed at least twice each calendar year as defined in the
12 published performance management system.

13 (c) Performance checks.--The Independent Fiscal Office shall
14 conduct a performance check on each executive agency's
15 performance evaluations on a rolling five-year cycle.

16 § 10034. Performance and forensic audits.

17 (a) Frequency.--The Department of the Auditor General shall,
18 within existing resources, conduct or cause to be conducted
19 performance audits of one or more specific programs or services
20 in at least two executive agencies on an annual basis during the
21 regular audit of the executive agency.

22 (b) Selection considerations.--In selecting an executive
23 agency and a specific program or service for a performance
24 audit, the Department of the Auditor General shall consider
25 risk, audit coverage, resources required to conduct the
26 performance audit and the impact of the audited program or
27 service on the executive agency's performance-based goals.

28 (c) Review.--A performance audit of a program or service
29 selected for audit may include, but is not limited to, a review
30 of all of the following:

- 1 (1) The integrity of the performance measures audited.
2 (2) The accuracy and validity of reported results.
3 (3) The overall cost and effectiveness of the audited
4 program or service in achieving legislative intent and the
5 performance goals.

6 (d) Transmittal.--The Department of the Auditor General
7 shall transmit electronically each performance audit report for
8 the immediately prior fiscal year to members of the General
9 Assembly and the Independent Fiscal Office.

10 (e) Other reports.--The Department of the Auditor General
11 shall transmit any other audit report regarding an executive
12 agency that is deemed relevant for review by a standing
13 committee with jurisdiction over the executive agency.

14 (f) Forensic audits.--The Department of the Auditor General
15 may conduct forensic audits at the expense of the agency under
16 forensic audit if a prior or current audit shows alleged
17 criminal action, misappropriation of expenditures, misuse of
18 expenditures, accounting discrepancies or passage of a
19 concurrent resolution by the General Assembly.

20 § 10035. Electronic access of information and Commonwealth
21 checkbook.

22 (a) Electronic access of information.--Except for
23 confidential information, the Independent Fiscal Office and the
24 General Assembly shall have access to all information available
25 on inquiry-only screens through the Integrated Central System
26 under section 620.1 of the act of April 9, 1929 (P.L.177,
27 No.175), known as The Administrative Code of 1929.

28 (b) Commonwealth checkbook.--The Office of the Budget shall
29 maintain a public version of financial information and
30 transactions under this chapter, which shall be known as the

1 Commonwealth checkbook.

2 § 10036. Estimates of current expenditures by certain executive
3 agencies.

4 (a) Preparation.--Each executive agency, other than an
5 independent department, shall from time to time as requested by
6 the Governor or a member of the General Assembly, prepare an
7 estimate of the amount of money required and the levels of
8 activity and accomplishment for each program carried on by the
9 executive agency during the next month, quarter or other period
10 as the Governor or member of the General Assembly shall
11 prescribe.

12 (b) Inclusion of other funds.--All available Federal funds
13 and funds from other sources shall be characterized as such and
14 included in the estimate under subsection (a) before any
15 expenditures shall be made.

16 (c) Submittal.--The estimate under this section shall be
17 submitted to the secretary for approval or disapproval and the
18 Appropriations Committee of the Senate and the Appropriations
19 Committee of the House of Representatives.

20 (d) Revision.--If the secretary does not approve an estimate
21 under this section, the estimate shall be revised as necessary
22 and resubmitted for approval.

23 (e) Personnel complement level.--The secretary may establish
24 an authorized personnel complement level in conjunction with the
25 approved estimate under this section.

26 (f) Prohibited spending.--After the approval of the estimate
27 under this section, the executive agency submitting the estimate
28 may not expend all or part of any appropriation, Federal funds
29 or funds from other sources except in accordance with the
30 estimate and any authorized complement level unless the estimate

1 is revised with the approval of the secretary and within the
2 limits appropriated by the General Assembly.

3 (g) Failure to comply.--

4 (1) If an executive agency to which this section applies
5 fails or refuses to submit to the secretary an estimate under
6 this section, the Governor may notify the State Treasurer in
7 writing of the failure or refusal.

8 (2) After receipt of the notice under paragraph (1), the
9 State Treasurer may not draw any warrant in favor of the
10 executive agency until the Governor notifies the State
11 Treasurer in writing that the delinquent executive agency has
12 furnished the Governor with, and the Governor has approved,
13 the required estimate.

14 (h) Disapproval or reduction of appropriated amounts.--

15 (1) The secretary may not, under the authority granted
16 under this section, disapprove or reduce any amount
17 appropriated by the General Assembly for grants or subsidies
18 without the approval of the Appropriations Committee of the
19 Senate and the Appropriations Committee of the House of
20 Representatives.

21 (2) If the secretary favors the disapproval or reduction
22 under paragraph (1), the secretary shall give at least 10
23 days' prior notice to the Independent Fiscal Office, the
24 chairperson and minority chairperson of the Appropriations
25 Committee of the Senate and the chairperson and minority
26 chairperson of the Appropriations Committee of the House of
27 Representatives.

28 (3) The notice under paragraph (2) must include all of
29 the following:

30 (i) The amount of the appropriation to be

1 disapproved or reduced.

2 (ii) The reasons that the appropriation should be
3 disapproved or reduced.

4 (iii) The estimated impact of the disapproval or
5 reduction on the programs, services or purposes for which
6 the appropriation is provided.

7 § 10037. Estimates of current expenditures by independent
8 departments.

9 (a) Preparation.--Each independent department shall from
10 time to time as requested by the Governor, prepare an estimate
11 of the amount of money required for each activity or function to
12 be carried on by the independent department during the next
13 month, quarter or other period as the Governor shall prescribe.

14 (b) Submittal.--The estimate under this section shall be
15 submitted to the secretary for approval or disapproval and to
16 the Appropriations Committee of the Senate, the Appropriations
17 Committee of the House of Representatives and the Independent
18 Fiscal Office.

19 § 10038. Books and accounts.

20 All books and accounts kept by each executive agency shall be
21 kept on a fiscal-year basis utilizing the full accrual
22 accounting method.

23 § 10039. Audit of Auditor General records.

24 The Auditor General and the Department of the Auditor General
25 shall submit to any accountants appointed by the Governor for
26 the purpose of making an audit of the affairs of the Auditor
27 General and the Department of the Auditor General all books,
28 papers and other records that in any way pertain to that
29 position and department.

30 SUBCHAPTER E

1 EXPENDITURES AND LAPSED FUNDS

2 Sec.

3 10041. Total actual revenues less than total estimated
4 revenues.

5 10042. Unexpended appropriations.

6 10043. Encumbered appropriations.

7 10044. Budget implementation data.

8 10045. Revenue data.

9 10046. Lapsed funds.

10 10047. Financial reports due to General Assembly.

11 10048. Disposition of Commonwealth assets.

12 10049. Tax expenditures.

13 10050. Special and restricted funds analysis.

14 § 10041. Total actual revenues less than total estimated
15 revenues.

16 (a) Budgetary reserve.--If the Commonwealth's total actual
17 revenues are less than the Commonwealth's total estimated
18 revenues in any given month, the Governor shall place the amount
19 of appropriations under revenue estimates into budgetary
20 reserve.

21 (b) Reduction of line item.--In depositing the amount of
22 appropriations under revenue estimates under subsection (a), the
23 Governor shall reduce in the General Appropriation Act each line
24 item under the policy supervision and control of the Governor
25 for that fiscal year by the same percentage, excluding debt,
26 pension payments and court orders.

27 (c) Removal and allocation.--If the Commonwealth's total
28 actual revenues exceed the Commonwealth's total estimated
29 revenues for two consecutive months, the Governor may remove
30 appropriations in the budgetary reserve and allocate the

1 appropriations of each line item in the General Appropriation
2 Act under the policy supervision and control of the Governor for
3 that fiscal year by the same percentage as long as total actual
4 revenues continue to exceed the total estimated revenues. Any
5 appropriations remaining in the budgetary reserve after October
6 31 of the preceding fiscal year shall expire and lapse to the
7 General Fund.

8 § 10042. Unexpended appropriations.

9 By May 15 of each year, the Governor shall provide the
10 Independent Fiscal Office and the General Assembly with a
11 detailed report on all potential unexpended appropriations for
12 that fiscal year.

13 § 10043. Encumbered appropriations.

14 By May 15 of each year, the Governor shall provide the
15 Independent Fiscal Office and the General Assembly with a
16 detailed report of specific appropriations of the current fiscal
17 year that may need to be carried over to the next fiscal year.
18 Each report shall also include the following:

19 (1) Each commitment for the next fiscal year by
20 appropriation and line item.

21 (2) The name of the organization to which each
22 commitment was made.

23 (3) The total amount expended during the fiscal year for
24 each commitment.

25 (4) A description of each commitment or project.

26 (5) The location of each commitment or project,
27 including the senatorial district and representative district
28 in which the commitment or project is located.

29 (6) The five-year cash flow demonstrating how each
30 department, board, commission, authority or other agency of

1 the Commonwealth that is subject to the policy supervision
2 and control of the Governor is planning to fund the agency's
3 commitments.

4 (7) The date that each encumbrance was approved.

5 (8) The schedule that each encumbrance is set to be
6 paid.

7 (9) The total amount of the encumbrances.

8 (10) A description of how each executive agency can fund
9 the encumbrances of the executive agency through budgeted
10 appropriations and statutory authority.

11 (11) A statement for each encumbrance as to whether or
12 not the encumbrance is to be expended by October 31 of that
13 calendar year and, if the encumbrance is not to be expended
14 by October 31 of that calendar year, an in-depth explanation
15 of the reason that the encumbrance will continue beyond
16 October 31 of that calendar year.

17 § 10044. Budget implementation data.

18 (a) Duty.--The Governor, the Auditor General, the State
19 Treasurer and the Attorney General shall make monthly
20 expenditure data available to the Independent Fiscal Office and
21 each member of the General Assembly.

22 (b) Timeliness.--Monthly data shall be provided within 15
23 days after the end of each month.

24 (c) Presentation.--

25 (1) Monthly data shall be:

26 (i) prepared in such a way that the last monthly
27 submission is a summary inclusive of the preceding months
28 of the fiscal year; and

29 (ii) able to establish a history of expenditure
30 file.

1 (2) At the discretion of the chairperson and minority
2 chairperson of the Appropriations Committee of the Senate and
3 the chairperson and minority chairperson of the
4 Appropriations Committee of the House of Representatives,
5 monthly data may be provided in a computer file.

6 (3) Monthly data shall be provided by fund,
7 appropriation, department and organization within each
8 department and include all of the following:

9 (i) The number and costs of filled personnel
10 positions.

11 (ii) Itemized personnel vacancies and their costs.

12 (iii) New positions created and their costs.

13 (iv) Wage and overtime costs.

14 (v) Allotments and expenditures for itemized
15 personnel expenses.

16 (vi) Allotments and expenditures for itemized
17 operating expenses.

18 (vii) Allotments and expenditures for itemized fixed
19 assets.

20 (viii) The rate of expenditures in appropriations
21 for major subsidy and grant programs during the month.

22 (d) Other budgetary data.--Upon the request of the
23 Independent Fiscal Office or a member of the General Assembly,
24 the Governor, the Auditor General, the State Treasurer and the
25 Attorney General shall make available to that office or member
26 any other budgetary data as may be requested from time to time.
27 § 10045. Revenue data.

28 (a) Duty.--The Governor shall make monthly revenue reports
29 to the Independent Fiscal Office and the General Assembly.

30 (b) Contents of report.--A revenue report shall show the

1 actual collection of revenue itemized by source and a comparison
2 of the actual collections with estimated collections for each
3 month. The comparison shall be accompanied by an analysis
4 indicating any change in collection patterns that will cause a
5 shortfall or overrun on the annual estimates of more than one
6 percent.

7 (c) Other revenue data.--Upon the request of the Independent
8 Fiscal Office or a member of the General Assembly, the Governor
9 shall make available to that office or member any other revenue
10 data as may be requested from time to time.

11 § 10046. Lapsed funds.

12 (a) Report on lapsed funds.--By May 15 of each year, the
13 Governor shall provide the Independent Fiscal Office and the
14 members of the General Assembly with a detailed report of
15 potential lapsed funds for the preceding fiscal year by line
16 item.

17 (b) Encumbrances generally.--

18 (1) Each action regarding the encumbrance of funds shall
19 be supported by complete documentation.

20 (2) Each procurement document must have a specified
21 delivery date.

22 (3) Encumbrances shall be expended as provided under
23 this section.

24 (c) Personnel services.--Payments for personnel services
25 shall be charged to the fiscal year in which the expense was
26 incurred or the liability accrued.

27 (d) Operational expenses.--Payments for operational expenses
28 or grants and subsidies shall be charged as follows:

29 (1) Purchases of supplies shall be charged to the fiscal
30 year in which the actual expenses or commitment to purchase

1 was incurred.

2 (2) Contracted services and rentals, excluding rentals
3 regarding the Department of General Services, shall be
4 charged to the fiscal year in which the service was provided
5 or rental occurred.

6 (3) Contracted repairs shall be charged to the fiscal
7 year in which the encumbrance was created.

8 (4) Grants and subsidies shall be charged to the fiscal
9 year in which funds were appropriated, encumbered or
10 allocated for their designated purpose.

11 (5) Except as otherwise provided in this section, no
12 encumbrance for operational expenses and grants or subsidies
13 shall be made after May 31 in the fiscal year to which the
14 encumbrance is charged.

15 (6) Encumbrances for operational expenses and grants and
16 subsidies made because of purchase orders issued from
17 purchase requisitions or because of an emergency may be
18 created subsequent to May 31 but not later than June 30.

19 (7) Encumbrances for economic development grants or
20 projects may be retained until the close of the second fiscal
21 year following the fiscal year in which the original grants
22 or projects were encumbered.

23 (e) Fixed assets.--Fixed assets shall be charged as follows:

24 (1) Purchase or cost of fixed assets shall be charged to
25 the fiscal year in which the encumbrance was created.

26 (2) Except as otherwise provided in this section, no
27 encumbrance for fixed assets shall be made after May 31 in
28 the fiscal year to which the encumbrance is charged.

29 (3) Encumbrances for fixed assets made because of
30 purchase orders issued from purchase requisitions or because

1 of an emergency may be created subsequent to May 31 but not
2 later than June 30.

3 (f) Prior year encumbrance.--Outstanding prior year
4 encumbrances shall be canceled as of October 31, except for
5 those involving construction, repairs and improvements or due to
6 litigation.

7 (g) Available balance.--An available balance created by the
8 liquidation or cancellation of an encumbrance from a prior
9 fiscal year shall be lapsed. The balance may not be transferred
10 between major categories of expenditures and may not be used to
11 create any new obligation unless specifically authorized and
12 directed by the General Assembly as an incentive for an
13 executive agency that exceeds its performance goals.

14 (h) Limitation on holding encumbrance.--Except as a result
15 of litigation, an encumbrance may not be held past October 31 of
16 the next complete fiscal year.

17 (i) Limitation on transfer.--In no case shall there be a
18 transfer of funds from an encumbrance in one major category of
19 expenditure to an encumbrance in another major category of
20 expenditure unless specifically authorized and directed by the
21 General Assembly as an incentive for an executive agency that
22 exceeds its performance goals.

23 (j) Deadline.--A deadline for creating an encumbrance shall
24 be extended when the encumbrance applies to an appropriation
25 received after the deadline under this section.

26 (k) Time limitation.--In no case shall an encumbrance be
27 created after June 30 of the fiscal year in which the
28 appropriation was made.

29 (l) Report on encumbered funds.--By November 30 of each
30 year, the secretary shall provide the Governor, the Independent

1 Fiscal Office and the General Assembly a detailed report on the
2 disposition of encumbered funds of the previous fiscal year.

3 (m) Definitions.--The following words and phrases when used
4 in this section shall have the meanings given to them in this
5 subsection unless the context clearly indicates otherwise:

6 "Contracted repairs." All repairs, including costs that will
7 restore an asset to the condition that will permit the effective
8 use of the asset up to but not beyond its previously determined
9 useful life, to buildings, grounds, roads, fixed and movable
10 equipment and furniture, excluding maintenance and repair work
11 performed by State employees.

12 "Economic development." A program to maximize employment
13 opportunities, economic growth and development of communities
14 and the overall economic development of this Commonwealth
15 through industrial development, employability development,
16 community development, resource development, labor-management
17 relations and job training.

18 "Emergency." A situation or circumstance that threatens the
19 continued operation of government or the health, safety or lives
20 of the residents of this Commonwealth.

21 "Encumbrance." An obligation or commitment in the form of
22 purchase orders, field purchase orders, contracts, grant
23 agreements or other authorizing documents related to unperformed
24 contracts for goods and services that are chargeable to an
25 appropriation and for which a part of the appropriation is
26 reserved.

27 "Fixed asset." Includes the following:

28 (1) With respect to machinery, equipment or furniture,
29 an item that can be:

30 (i) expected to have a useful life of more than one

1 year;

2 (ii) used repeatedly without materially changing or
3 impairing its physical condition; and

4 (iii) kept in serviceable condition by normal
5 repair, maintenance or replacement of components.

6 (2) Livestock, game and poultry purchased primarily for
7 farm stock, breeding or similar use.

8 (3) Land acquisitions, acquisitions of buildings or
9 structures, capital improvements to buildings or structures
10 and nonstructural improvements.

11 "Grants and subsidies." Includes any payment, award, bounty
12 or indemnity made by the Commonwealth to a political
13 subdivision, individual, institution or organization for which
14 no direct services are rendered to the Commonwealth.

15 "Litigation." Any pending, proposed or current action or
16 matter, including arbitration or audit, subject to appeal before
17 a court of law or administrative adjudicative body, the decision
18 of which body may be appealed to a court of law.

19 "Major categories of expenditure." Includes personnel
20 services, operational expenses, fixed assets, grants and
21 subsidies, debt service and fixed charges and nonexpense items.

22 "Operational expenses." Includes the following:

23 (1) The cost of commodities, substances or manufactured
24 articles that are used or consumed in current operation or
25 processed in the construction or manufacture of articles.

26 (2) Equipment, expendable tools and other articles not
27 meeting the criteria for machinery and equipment as fixed
28 assets.

29 (3) Services performed by an executive agency or another
30 agency within or outside the Commonwealth, which may include

1 the use of equipment or the furnishing of commodities in
2 connection with these services under an express or implied
3 contract.

4 "Personnel services." Includes the following:

5 (1) The cost of salaries and wages paid to or on behalf
6 of State officials and employees for services rendered.

7 (2) The State share of payroll taxes, employee benefits,
8 unemployment compensation, employee training and annual and
9 sick leave payouts, paid to or on behalf of State officials
10 and employees for services rendered.

11 (3) Benefits paid to State annuitants.

12 "Procurement document." A document authorizing delivery of
13 specified items or the rendering of certain services and the
14 incurrence of a charge for them. The term includes a purchase
15 order, field purchase order, lease, contract or other
16 authorizing document.

17 "Purchase requisition." A written or electronic request to
18 the central purchasing agency for the purchase of specified
19 items.

20 § 10047. Financial reports due to General Assembly.

21 (a) Agency reports on encumbrances.--The Governor shall
22 ensure that each department, board, commission, authority or
23 other agency of the Commonwealth that is subject to the policy
24 supervision and control of the Governor shall submit to the
25 General Assembly by November 30 of each year a report which
26 shall include information regarding the disposition of all
27 encumbrances identified in the annual report submitted under
28 section 10043 (relating to encumbered appropriations).

29 (b) Agency reports on cost savings.--The Governor shall
30 require each department, board, commission, authority or other

1 agency of the Commonwealth that is subject to the policy
2 supervision and control of the Governor to submit a report to
3 the General Assembly about cost savings identified by the agency
4 during the current fiscal year. The report shall include all of
5 the following:

6 (1) The total amount saved by the agency, broken down by
7 appropriation and line item.

8 (2) A description of the cost savings of the agency,
9 including whether the savings are expected to be realized
10 once or on an annual basis.

11 (3) The status on cost savings reported from prior
12 fiscal years.

13 (4) Cost savings realized by the agency from prior
14 fiscal years during the current fiscal year.

15 (5) A statement regarding whether the cost savings
16 realized by the agency were returned to the General Fund or
17 spent. If the cost savings were spent, the statement shall
18 include the purpose for which the cost savings were spent and
19 the line item representing where the cost savings were spent.

20 (c) Reports by secretary.--The Governor shall direct the
21 secretary to provide the Independent Fiscal Office and members
22 of the General Assembly with a report at the end of each quarter
23 of the fiscal year regarding any changes in State encumbrances
24 and appropriations which shall be updated through the Integrated
25 Central System under section 620.1 of the act of April 9, 1929
26 (P.L.177, No.175), known as The Administrative Code of 1929. The
27 report shall also include all of the following:

28 (1) Appropriations which are being expended at a rate
29 which could exceed the authorized amount appropriated by the
30 General Assembly.

1 (2) General Fund expenditures broken down by each
2 department, board, commission, authority or other agency of
3 the Commonwealth that is subject to the policy supervision
4 and control of the Governor.

5 (3) Restricted and special fund expenditures broken down
6 by each department, board, commission, authority or other
7 agency of the Commonwealth that is subject to the policy
8 supervision and control of the Governor.

9 (4) All revenue which has gone into the Commonwealth's
10 restricted or special funds.

11 § 10048. Disposition of Commonwealth assets.

12 Money received from the disposition of assets of the
13 Commonwealth shall be deposited into the Budget Stabilization
14 Reserve Fund established under section 1701-A of the act of
15 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

16 § 10049. Tax expenditures.

17 (a) Applicability.--This section relates to a tax
18 expenditure under any of the following:

19 (1) Sales and use tax imposed under Article II of the
20 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform
21 Code of 1971.

22 (2) Personal income tax imposed under Article III of the
23 Tax Reform Code of 1971.

24 (3) Corporate net income tax imposed under Article IV of
25 the Tax Reform Code of 1971.

26 (4) Capital stock and franchise tax imposed under
27 Article VI of the Tax Reform Code of 1971.

28 (5) Bank and trust company shares tax imposed under
29 Article VII of the Tax Reform Code of 1971.

30 (6) Title insurance companies shares tax imposed under

1 Article VIII of the Tax Reform Code of 1971.

2 (7) Insurance premiums tax imposed under Article IX of
3 the Tax Reform Code of 1971.

4 (8) Gross receipts tax imposed under Article XI of the
5 Tax Reform Code of 1971.

6 (9) Public utility realty tax imposed under Article XI-A
7 of the Tax Reform Code of 1971.

8 (10) Realty transfer tax imposed under Article XI-C of
9 the Tax Reform Code of 1971.

10 (11) Cigarette tax imposed under Article XII of the Tax
11 Reform Code of 1971.

12 (12) Mutual thrift institutions tax imposed under
13 Article XV of the Tax Reform Code of 1971.

14 (13) Malt beverage tax imposed under Article XX of the
15 Tax Reform Code of 1971.

16 (14) Inheritance tax imposed under Article XXI of the
17 Tax Reform Code of 1971.

18 (15) Vehicle registration fees imposed under 75 Pa.C.S.
19 (relating to vehicles).

20 (16) Liquid fuels and fuel use taxes imposed under 75
21 Pa.C.S. Ch. 90 (relating to liquid fuels and fuels tax).

22 (17) Oil company franchise tax imposed under 75 Pa.C.S.
23 Ch. 95 (relating to taxes for highway maintenance and
24 construction).

25 (18) Motor carriers road tax imposed under 75 Pa.C.S.
26 Ch. 96 (relating to motor carriers road tax).

27 (19) Motorbus road tax imposed under 75 Pa.C.S. Ch. 98
28 (relating to motorbus road tax credit or refund).

29 (20) Marine insurance tax imposed under the act of May
30 13, 1927 (P.L.998, No.486).

1 (21) Unemployment compensation contributions imposed
2 under the act of December 5, 1936 (2nd Sp.Sess., 1937
3 P.L.2897, No.1), known as the Unemployment Compensation Law.

4 (22) Co-operative agricultural association corporate net
5 income tax imposed under the act of May 23, 1945 (P.L.893,
6 No.360), known as the Co-operative Agricultural Association
7 Corporate Net Income Tax Act.

8 (23) Exemptions granted under any of the following:

9 (i) 40 Pa.C.S. § 6307(b) (relating to exemptions
10 applicable to certificated professional health service
11 corporations).

12 (ii) 53 Pa.C.S. Ch. 55 (relating to parking
13 authorities).

14 (iii) 53 Pa.C.S. Ch. 56 (relating to municipal
15 authorities).

16 (iv) Section 23 of the act of May 28, 1937 (P.L.955,
17 No.265), known as the Housing Authorities Law.

18 (v) Section 14 of the act of July 5, 1947 (P.L.1217,
19 No.498), known as the State Public School Building
20 Authority Act.

21 (vi) Section 15 of the act of March 31, 1949
22 (P.L.372, No.34), known as The General State Authority
23 Act of one thousand nine hundred forty-nine.

24 (24) Any statutory exemption, reduction, deduction,
25 limitation, exclusion, tax deferral, discount, commission,
26 credit, preferential rate or preferential treatment
27 established after the effective date of this section.

28 (b) Duty to submit plan.--At the time of the presentation of
29 the budget under section 10023 (relating to balanced budget
30 presentation), the Governor shall submit to the General Assembly

1 a tax expenditure plan for not less than the immediately prior
2 fiscal year, the current fiscal year and the next four fiscal
3 years.

4 (c) General contents.--

5 (1) A tax expenditure plan shall include the following
6 information:

7 (i) The actual or estimated revenue loss to the
8 Commonwealth caused by each tax expenditure in each
9 fiscal year covered by the plan.

10 (ii) The actual or estimated cost of administering
11 and implementing each tax expenditure for each fiscal
12 year covered by the plan.

13 (iii) The actual or estimated number and
14 description, in reasonable detail, of taxpayers
15 benefiting from each tax expenditure in each fiscal year
16 covered by the plan.

17 (iv) The purpose of each tax expenditure in terms of
18 desired accomplishments.

19 (2) The data in a tax expenditure plan shall be revised
20 and updated yearly.

21 (d) Specific contents.--A tax expenditure plan shall include
22 the following information according to the following annual
23 schedule:

24 (1) For the first fiscal year in which a tax expenditure
25 plan is required, the plan need only provide the required
26 information for tax expenditures itemized in subsection (a)
27 (1), (5), (6), (7), (12), (20) and (21).

28 (2) For the second year in which a tax expenditure plan
29 is required, the plan need only provide the required
30 information:

1 (i) under paragraph (1); and
2 (ii) for the tax expenditures itemized in subsection
3 (a) (3), (4), (8), (9) and (22).

4 (3) For the third year in which a tax expenditure plan
5 is required, the plan need only provide the required
6 information:

7 (i) under paragraph (2); and
8 (ii) for the tax expenditures itemized in subsection
9 (a) (2), (15), (16), (17) and (18).

10 (4) For the fourth year in which a tax expenditure plan
11 is required, the plan shall provide the required information
12 for all the tax expenditures itemized in subsection (a).

13 (e) Tax expenditure assessment.--The Governor shall submit
14 to the General Assembly and the Independent Fiscal Office an
15 assessment of each tax expenditure based on whether or not each
16 tax expenditure has been successful in meeting the purpose for
17 which it was enacted and on whether each tax expenditure is the
18 most fiscally effective means of achieving its purpose along
19 with the impact the expenditure has on the overall cash flow of
20 the General Fund.

21 (f) Obtaining information.--

22 (1) The secretary may obtain the necessary data and
23 other information required to comply with this section from
24 each executive agency in the same manner as provided for
25 budget information under this chapter.

26 (2) The secretary is authorized to obtain the necessary
27 data and other information required to comply with this
28 section from the appropriate local government officials.

29 (g) Religious institutions.--The General Assembly recognizes
30 that the exemption from taxation accorded religious institutions

1 is founded on principles of church-state separation, and:

2 (1) Nothing in this section is intended to express or
3 imply that tax exemption constitutes subsidization of the
4 religious activities of these institutions.

5 (2) This section shall not be construed to authorize the
6 imposition of any additional requirements on these
7 institutions relating to tax exemption.

8 (h) Definitions.--The following words and phrases when used
9 in this section shall have the meanings given to them in this
10 subsection unless the context clearly indicates otherwise:

11 "Tax expenditure." A reduction in revenue that would
12 otherwise be collected by the Commonwealth as the result of an
13 exemption, reduction, deduction, limitation, exclusion, tax
14 deferral, discount, commission, credit, preferential rate or
15 preferential treatment, except for local tax purposes, under any
16 of the provisions under subsection (a).

17 § 10050. Special and restricted funds analysis.

18 (a) Applicability.--This section relates to a special or
19 restricted fund established by the Treasury Department outside
20 the General Fund.

21 (b) Duty to submit analysis.--At the time of the
22 presentation of the budget under section 10023 (relating to
23 balanced budget presentation), the Governor shall submit to the
24 Independent Fiscal Office and the members of the General
25 Assembly an analysis for not less than the immediately prior
26 fiscal year, the current fiscal year and the next four fiscal
27 years.

28 (c) Contents.--

29 (1) The analysis shall include the following
30 information:

1 COST SAVINGS AND PERFORMANCE-BASED

2 INCENTIVE ACCOUNT

3 Sec.

4 10061. Notice of savings by executive agency.

5 10062. Notice of savings by secretary.

6 10063. Transfer by Treasury Department.

7 10064. Performance-based Incentive Account.

8 § 10061. Notice of savings by executive agency.

9 Following the enactment of the general appropriation bill for
10 a given fiscal year and prior to the passage of the general
11 appropriation bill for the fiscal year that immediately follows,
12 an executive agency shall provide notice of any savings realized
13 from its line items within the enacted appropriation bill to the
14 secretary within 14 calendar days of determining the existence
15 of the savings.

16 § 10062. Notice of savings by secretary.

17 Upon receiving notice under section 10061 (relating to notice
18 of savings by executive agency), the secretary shall send
19 written notification of the savings realized to the following:

20 (1) The Treasury Department.

21 (2) The Independent Fiscal Office.

22 (3) The General Assembly.

23 § 10063. Transfer by Treasury Department.

24 Upon receiving notice under section 10062 (relating to notice
25 of savings by secretary), the Treasury Department shall transfer
26 the reported savings realized into the account established under
27 section 10064 (relating to Performance-based Incentive Account).

28 § 10064. Performance-based Incentive Account.

29 The Performance-based Incentive Account is established as a
30 restricted account within the General Fund to which all cost

1 savings realized under this subchapter shall be deposited for
2 explicit use for providing incentives to executive agencies and
3 their employees when performance goals are exceeded.

4 SUBCHAPTER G

5 IMPLEMENTATION

6 Sec.

7 10071. Budget implementation.

8 10072. List of employees.

9 § 10071. Budget implementation.

10 (a) General rule.--Except as provided in subsection (b),
11 before the enactment of the General Appropriation Act for the
12 current fiscal year, the State Treasurer may not release or
13 approve the transfer of State funds to an executive agency or
14 the General Assembly for any expense that would result in the
15 disbursement of State funds beyond the amount that was enacted
16 or funds not included in the General Appropriation Act for the
17 prior fiscal year.

18 (b) Exception.--The following are not subject to subsection

19 (a):

20 (1) Expenditures required under the Fair Labor Standards
21 Act of 1938 (52 Stat. 1060, 29 U.S.C. § 201 et seq.).

22 (2) Expenditures required in compliance with Federal or
23 State court decisions.

24 § 10072. List of employees.

25 (a) Recipients.--By July 15 of each year:

26 (1) Each executive agency, other than the Department of
27 the Auditor General and the Treasury Department, shall
28 transmit the complete list under subsection (b) to all of the
29 following:

30 (i) The secretary.

1 (ii) The Auditor General.

2 (iii) The State Treasurer.

3 (iv) The Legislative Data Processing Center, in the
4 form of a computer file.

5 (2) The Auditor General and State Treasurer shall
6 transmit the complete list under subsection (b) to both of
7 the following:

8 (i) The secretary.

9 (ii) The Legislative Data Processing Center, in the
10 form of a computer file.

11 (b) Contents.--The list to be transmitted under subsection
12 (a) shall contain the names of all persons, as of the preceding
13 July 1, except day-laborers, entitled to receive compensation
14 from the Commonwealth for services rendered in or to the
15 executive agency. The list shall show the following for each
16 person:

17 (1) The person's:

18 (i) position occupied;

19 (ii) date of birth;

20 (iii) county of residence;

21 (iv) voting residence;

22 (v) salary at which or other basis upon which the
23 person is entitled to be paid; and

24 (vi) date of entry into the service of the
25 Commonwealth.

26 (2) Whether the person has been continuously employed by
27 the Commonwealth since the person's date of entry into the
28 service of the Commonwealth.

29 (3) All periods of service and positions held by the
30 person as an employee of the Commonwealth or the part of the

1 information related to previous service and positions as the
2 Governor may prescribe.

3 (c) Certification of changes.--By the 15th day of each month
4 after July of each year:

5 (1) Each executive agency, other than the Department of
6 the Auditor General and the Treasury Department, shall
7 certify any change to the list under subsection (b) that
8 occurred during the preceding month to all of the following:

9 (i) The secretary.

10 (ii) The Auditor General.

11 (iii) The State Treasurer.

12 (2) The Auditor General and State Treasurer shall
13 certify any change to the list under subsection (b) that
14 occurred during the preceding month to the secretary.

15 (d) Transmittal of updated list.--Any change to the list
16 under subsection (b) shall be transmitted to the Legislative
17 Data Processing Center, in the form of a computer file.

18 (e) Public information.--

19 (1) Except as provided in paragraph (2), the information
20 received by the secretary, Auditor General or State Treasurer
21 under this section shall be public information.

22 (2) Information that identifies the voting residence of
23 a person employed by the Commonwealth shall not be public
24 information.

25 (f) Payment of employees.--An employee of an executive
26 agency shall only be paid by the entity for which the employee
27 works.

28 Section 2. Repeals are as follows:

29 (1) The General Assembly declares that the repeal under
30 paragraph (2) is necessary to effectuate the addition of 72

1 Pa.C.S. Ch. 100.

2 (2) Article VI of the act of April 9, 1929 (P.L.177,
3 No.175), known as The Administrative Code of 1929, is
4 repealed.

5 (3) All other acts or parts of acts are repealed insofar
6 as they are inconsistent with this act.

7 Section 3. The addition of 72 Pa.C.S. Ch. 100 is a
8 continuation of Article VI of the act of April 9, 1929 (P.L.177,
9 No.175), known as The Administrative Code of 1929. The following
10 apply:

11 (1) Except as otherwise provided in 72 Pa.C.S. Ch. 100,
12 all activities initiated under Article VI of The
13 Administrative Code of 1929 shall continue and remain in full
14 force and effect and may be completed under 72 Pa.C.S. Ch.
15 100. Orders, regulations, rules and decisions which were made
16 under Article VI of The Administrative Code of 1929 and which
17 are in effect on the effective date of 72 Pa.C.S. Ch. 100
18 shall remain in full force and effect until revoked, vacated
19 or modified under 72 Pa.C.S. Ch. 100. Contracts, obligations
20 and collective bargaining agreements entered into under
21 Article VI of The Administrative Code of 1929 are not
22 affected nor impaired by the repeal of Article VI of The
23 Administrative Code of 1929.

24 (2) Except as otherwise provided in 72 Pa.C.S. Ch. 100,
25 any difference in language between 72 Pa.C.S. Ch. 100 and
26 Article VI of The Administrative Code of 1929 is intended
27 only to conform to the style of the Pennsylvania Consolidated
28 Statutes and is not intended to change or affect the
29 legislative intent, judicial construction or administration
30 and implementation of The Administrative Code of 1929.

1 (3) Any expenditures needed to implement this act shall
2 be paid using unencumbered or encumbered funds of the
3 respective executive agency.

4 Section 4. This act shall take effect July 1, 2021.