



GENERAL BUDGET
PREPARATION PROCEDURES
FOR
PRIORITIZED PROGRAM BUDGET
AMENDED FISCAL YEAR 2024 AND
FISCAL YEAR 2025

Brian P. Kemp
Governor, State of Georgia

Richard Dunn, Director
Office of Planning and Budget

2 Capitol Square, SW
Atlanta, Georgia, 30334
404-656-3820

opb.georgia.gov

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I. Introduction

Approach to Budgeting

Georgia has continued to exceed expectations as businesses seek to invest in the number one state in which to do business. Georgia's solid economic growth has meant stronger than anticipated revenues for state government and an increasingly stabilized economic environment following the economic downturn caused by COVID-19. This continued growth will enable the state to meet our mandatory spending obligations while providing the opportunity to allow agencies the flexibility to consider strategic enhancements for the first time since FY 2020. Therefore, Governor Kemp is instructing agencies to think critically about potential areas of need or investment within their departments and submit budget enhancements of up to three percent for both the AFY 2024 and FY 2025. Additionally, agencies may discuss with the Office of Planning and Budget other ideas for one-time investment opportunities for consideration in the AFY 2024 budget. These enhancement requests should be targeted at initiatives that can "move the needle" on program outcomes, improve customer service, or provide significant future improvement on how we do business or deliver services as a state.

Additionally, Governor Kemp challenges state agencies to continuously look for opportunities for streamlining and increasing efficiency in how we manage government. Even in positive fiscal climates, agencies should strive to find ways to do business better, whether implementing technological efficiencies, reducing unnecessary regulations, or curtailing low performing or low priority initiatives. Therefore, along with any agency enhancement requests, agencies should also submit FY 2025 budget plans demonstrating opportunities to reduce agency spend through efficiencies by one percent.

Budget Laws

Title 45-12-78 of the Official Code of Georgia Annotated provides that the head of each budget unit, with the exception of the General Assembly and the Judiciary, shall submit to the Office of Planning and Budget (OPB) estimates of the financial requirements of the budget unit for the next fiscal year, on the forms and in the manner prescribed by OPB, with such explanatory data as is required by OPB by a date determined by the Director of OPB. The submission shall utilize programs and object classes and be within expenditure parameters as established by the Governor. The head of a budget unit also may submit additional supporting data as necessary. The estimates submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted.

The budget estimate for the Legislative and Judicial branches shall be prepared and shall be submitted to the director of the budget at the same time as the other budget estimates and in the format and manner designated by OPB. All data relative to the Legislative and Judicial branches of the government shall be for the information and guidance of the Office of Planning and Budget in estimating the total financial needs of the state for the ensuing period, but none of these estimates shall be subject to revision or review by OPB and must be included in the budget report as prepared by them.

Governor's Office of Planning and Budget
Amended FY 2024 and FY 2025 Budget Instructions

This document contains instructions designed to assist managers in meeting submission requirements of the Budget Laws and the Prioritized Program Budgeting process. Agency budget submissions are due to OPB using the Planning and Budget Cloud Services (PBCS) system by **Friday, September 8.**

II. Guidelines for Budget Development

Amended FY 2024 (AFY) and FY 2025 Budgets

Budget submissions for AFY 2024 and FY 2025 allow agencies to submit requests for budget enhancements of up to three percent, noting that some formula or enrollment driven programs will be exempt from both enhancement and reduction calculations. Any requests for additional funds in either year will be allowed only for workload or enrollment driven programs as communicated to you by OPB.

Agencies will select their cutoff amendment in PBCS as part of the development process. Detailed training and instructions for selecting a cutoff amendment and entering budget requests are posted to the OPB website.

The budget submission process in PBCS will consist of the steps below:

1. Base Budget (Cutoff amendment selected by the agency through PBCS)
2. One-Time Deletes (to be communicated by OPB)
3. Redistributions
4. Workload Adjustments (to be communicated by OPB)
5. Enhancements
6. Reductions
7. Other Adjustments

Base Budget

The base budget should be either the AOB or an approved cut-off amendment which will include Statutory, Fiscal Affairs, or Executive Order amendments to date in PBCS. The same base is used for AFY 2024 and FY 2025 budget requests. Agencies should ensure that the base budget accurately reflects the known or planned expense of federal and other funds for the year; however, one-time federal funding associated with the federal COVID-19 relief funding should not be included in the base budget. Agencies may submit amendments to recognize federal COVID-19 relief funds after they have completed any necessary base budget adjustments for the cutoff amendment.

One-Time Deletes

One-time deletes are non-recurring items of expenditure that are considered one-time purchases in FY 2024 and are deleted from the base in subsequent fiscal years. These will be provided by OPB if appropriate for your agency. These items reduce the budget request submitted to OPB. Agencies must select One-time Delete as the change type for these items.

Redistributions

Agencies are encouraged to identify savings within their organization that that may be shifted among programs to meet additional needs, provide further improvements to your service delivery model, or more accurately reflect anticipated resource needs for ongoing activities. Types of changes would include a shift of funds between programs or a realignment of fund sources between programs in order to properly meet projected expenditures.

Agencies are expected to manage their expenditures needs through the flexibility provided in program budgeting. The total of all redistributions and increased funding needs must net to zero. Positions and motor vehicles redistributed from one program to another should be reflected in the position and motor vehicle counts for the programs affected.

Redistribution among object classes and among sub-programs *within a program* should be requested as an amendment to the current budget and should **NOT** be included as part of the agency's budget request. However, requests for redistribution of funds *between programs* must be submitted in PBCS as part of the budget request.

Workload Adjustments

Funding to be included as Workload Adjustments are limited to formula or enrollment driven increases that will be communicated to agencies by OPB prior to budget submission.

Enhancements

For both AFY 2024 and FY 2025, agencies may request up to a 3% increase over their current FY 2024 to support innovative initiatives or process improvements. For each requested enhancement, agencies should also submit a budget enhancement request form supporting the need for the increase. Agencies must prioritize their enhancement requests by ranking each request in order of priority with 1 equaling the highest funding priority for the agency. The Budget Enhancement Request Form is available on the OPB website at opb.georgia.gov and is due with the agency's budget submission on September 8, 2023. Formula or enrollment driven programs may be exempt from the 3% enhancement calculation. OPB will provide you the 3% enhancement calculation for your agency.

Additionally, agencies may request to submit targeted, one-time enhancements for AFY 2024 that may be in excess of their 3% enhancement calculation. These strategic enhancements should represent opportunities to make significant investments in an area of high need that will have substantial outyear impact on state business or services. Agencies who wish to submit such requests should discuss these initiatives with their budget analyst prior to submission. **Budget requests that exceed the 3% enhancement calculation that have not been discussed with OPB will not be accepted in PBCS and returned to the agency.**

Reductions

For FY 2025, agencies must submit a budget reduction of 1% of the FY 2024 adjusted base budget. The adjusted base budget for each agency is calculated as shown below:

FY 2024 Base Budget (AOB or Cutoff Amendment)

– Exemptions

– One-time Deletes

FY 2024 Adjusted Base Budget

Formula or enrollment driven programs may be exempt from the reduction calculation. OPB will provide the 1% reduction calculation for your agency. Requests that do not comply with the full reduction amount will not be accepted and will be returned to the agency.

Other Adjustments

Funding to be included as Other Adjustments are limited to select items that do not fall within formula or enrollment driven increases. Any items falling within this category will be communicated to agencies by OPB prior to budget submission.

Technical guidelines with detailed instructions regarding data entry and submission requirements for PBCS will be available through the OPB website at opb.georgia.gov.

Performance Management

OPB will continue monitoring ongoing program performance for all budgetary programs and require agencies to provide updates to their program performance measures. Performance information provides crucial information for state decision-makers and establishes the context for the state's annual budget. Measuring results contributes to the analysis of the effectiveness of programs and helps identify where improvements can be made. Quality performance measures should provide decision-makers with data on how the program is operated, how well its customers are being served, and whether the program is achieving its intended outcomes. Agencies should use performance data in developing their budget requests to focus funding on programs with higher returns on state investment.

Agencies will enter performance measures in the Planning and Budget Cloud Services system for FY 2025 budget development. Performance measures and data will be carried forward from last year's data entry and agencies need only add the most recent year's data along with any new performance measures and associated data previously agreed to with your budget division. Measures should be entered and submitted no later than September 8.

Ideally, all programs will have at least three measures, including one for each of the following types and actual results for FY 2020 through FY 2023:

- **Input/Output/Workload:** These basic count type measures can be used to develop efficiency measures and to analyze the impact of different scenarios. *This type of measure answers the question – How much did we do?*
- **Efficiency:** These are measures of productivity. Usually, they involve dividing an output or activity by the cost or staff involved. Efficiency measures may also include measures of quality and backlogs/waiting lists. *This type of measure answers the question – How well did we do?*
- **Effectiveness:** These are outcome measures that indicate the program accomplishments or results that occur as a result of the services provided. *This type of measure answers the question – Is anyone better off?*

It is important that measures are based on reliable data, that agencies document the data sources used, and provide information on any limitations on the measures.

Strategic Priorities

The Governor has provided his vision, direction, and priorities of the state through the state goals. These priorities steer the development of the agency's strategic plan, which should identify and communicate the specific action plan the agency will implement to meet its core objectives.

In developing budget requests, agencies should prioritize goals and consider how they support not only the statutory responsibilities of the agency but also statewide initiatives and initiatives within the agency. Existing programs and initiatives, as well as any proposed strategic reductions and redistributions, will be evaluated against state and agency strategic plans during the budget process.

Capital Outlay Requests

FY 2025 Bond Planning Amounts

Bond planning amounts have been established for many (but not all) agencies with ongoing capital programs that request capital projects each year. The FY 2025 planning amounts will be communicated directly via correspondence from OPB to those agencies receiving planning amounts. The amounts are established so agencies can prepare funding requests that align with the state's strong debt management plan and the continued receipt of the highest possible bond ratings, thereby realizing the lowest possible debt payments for the state.

The planning amounts are established after careful review of recent appropriations, agency plans, programs and projects underway and proposed, and the current expected overall financial resources of the state. ***The planning amounts for a given agency are not guaranteed, nor are they to be considered absolute maximum amounts.*** A comprehensive evaluation of all funding requests will be conducted. ***Agencies are strongly encouraged to identify and address all critical capital needs and prioritize accordingly within their planning amounts.*** Agencies may also identify needs above the planning

amounts, however, these will only be considered on a priority basis with other requests within the overall state's financial resources.

Planning amounts were not established for agencies that have smaller and/or infrequent capital project requests. These agencies have been notified that planning amounts were not established and that specific capital requests from the agency will be evaluated on a project-by-project basis.

Requirements for Submission

Agencies must submit their Capital Outlay requests and out-year projections to OPB using PBCS.

Due to their relatively high cost and long service lives, the vast majority of Capital Outlay requests are funded by the authorization of general obligation bonds with the debt service funded through state appropriations. The state may also choose to directly fund smaller capital requests using state general funds (Cash) appropriated in the operating budget.

Agencies should follow this general guidance in preparing and submitting capital funding requests:

- Submit project requests for lower cost items ($\leq \$100,000$) with useful service lives of less than five years through **PBCS** either as budget redistributions from other funding within an agency's budget or as part of the agency's 3% enhancement request.
- Submit project requests for higher cost capital projects ($\geq \$100,000$) having useful service lives of five years or more through **PBCS** as a capital request item. This includes requests for annual funding allocations for repairs, improvements, and renovations at facilities, and vehicle fleet replacements of 10 or more vehicles.

A funding request should only be submitted once either as an operating budget or capital budget item. If necessary, OPB will make modifications to handle a project if the recommended funding differs from that submitted; do not submit duplicate requests for the same item.

All projects must have a priority ranking in PBCS prior to submitting their request to OPB. It is the state's priority to fund construction for existing projects for which we have already authorized funding for the design. Agency funding requests should explicitly prioritize previous partially funded major projects within their established planning amount per the above guidance before requesting funds to initiate new major capital projects. Agencies should also weigh any additional project funding considerations (urgency, operational importance, expected impact/benefit, and leveraging of state funds) in establishing their priority ranking.

Once project information is entered and confirmed in PBCS for all requested and future projected funding, the agency "submits" the projects to OPB. Agencies should contact their OPB budget analyst if there are questions regarding capital outlay requests and projections or the PBCS web-based submittal process. Agencies must submit their completed capital project information to OPB by September 8.