



GENERAL BUDGET
PREPARATION PROCEDURES
FOR
PRIORITIZED PROGRAM BUDGET
AMENDED FISCAL YEAR 2023 AND
FISCAL YEAR 2024

Brian P. Kemp
Governor, State of Georgia

Kelly Farr, 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 historically been, and remains, a strong, fiscally conservative state. FY 2022 broke records for economic development and employment, resulting in historically high revenues as well. However, while Georgia's economy remains strong, national economic policies are bringing more significant headwinds to our state as a result of inflation, supply chain disruptions, and increased gas prices that may impact state finances. While we expect state revenues to be sufficient to meet the needs of our growing population, inflationary pressures will be a significant driver in the upcoming budget cycle. Therefore, Governor Kemp is instructing agencies to submit budgets equivalent to their current FY 2023 appropriation for Amended FY 2023 and FY 2024.

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.

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 **September 7, 2022**.

II. Guidelines for Budget Development

Amended FY 2023 (AFY) and FY 2024 Budgets

Budget submissions for AFY 2023 and FY 2024 require agencies to submit budgets equivalent to their current FY 2023 appropriations amounts for each fiscal year. 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 (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. 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 2023 and FY 2024 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 2023 and are deleted from the base. 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 or provide further improvements to your service delivery model. 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.

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. **Budget requests that do not adhere to the budget instructions will be rejected in PBCS and returned to the agency.**

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 2024 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 7.

Ideally, all programs will have at least three measures, including one for each of the following types and actual results for FY 2019 through FY 2022:

- **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 the FY 2024 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 2024 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 2024 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** as budget redistributions from other funding within an agency's budget. Do not request as additional funding.
- 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 7.